



**ANNUAL REPORT 2005**



## **HYATT REGENCY HOTELS & TOURISM (HELLAS) GROUP**

**ANNUAL FINANCIAL STATEMENTS**  
**for the period January 1 to December 31, 2005**

**According to the International Financial Reporting Standards**  
**that have been adopted by the European Union**



## MESSAGE FROM THE PRESIDENT

Dear Shareholders,

In the course of 2005, HYATT REGENCY HOTELS AND TOURISM (HELLAS) S.A. once again posted positive financial results, further advanced towards its business goals and laid the foundations for future growth.

In 2005, the Group's turnover rose to € 307.6 million, compared to € 297.5 million in 2004. Net profits to be distributed to Company's shareholders rose to € 60.6 million, compared to € 46.7 million in 2004.

The completion and commencement of operation of the new, state-of-the-art cable-car system at the REGENCY CASINO MONT PARNES in April 2006 was arguably an important development for the Company. Constructed by Austrian DOPPELMAYR, the largest company in its field, the new cable-car along with the aesthetically pleasing Lower Station and its underground and open garages, accommodating a combined 1,500 vehicles, marks the end of the first phase of renovation of the Mont Parnes complex by the Company - a total investment of € 64.000.000. The first phase, completed within schedule and with great respect for the mountain, opens the way for the full renovation of the Mont Parnes and signals the creation of a new, luxury entertainment complex, operating according to the highest international standards.

In March 2006, within the framework of its investment strategy, the Company sold the total of its shares in the REGENCY CASINO TIRANA, in Albania.

A true milestone for the Company was the sale of the majority stake (51,57%) of HELLENIC CASINOS COMPANY (owned by the Laskaridis, Pritzker and Theocharakis families) to BC PARTNERS, a leading international private equity firm. This proved to be one of the greatest investment deals of the private sector in Greece, testifying to the sound strategic decisions and competent management of the Company.

The new shareholders committed to maintaining the same strategic orientation and management team - thus, the transition of the Company into a new era is certain to be smooth.

Following the Company's positive course, the Board of Directors proposed to the General Assembly the distribution of a dividend of € 0.11 per share, in addition to the interim dividend of € 0.28 distributed in December 2005.

A flexible strategy, careful management and adherence to corporate values make the Company sustain its leading position in the Greek casino sector. Having completed ten successful years of operation, HYATT REGENCY HOTELS AND TOURISM (HELLAS) S.A. plans its future course of action with the aim to continue its business growth and maintain the trust of its shareholders.

**George Galanakis**  
**President and C.E.O.**

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# CHAPTER



BRIEF FINANCIAL DATA



## 1.1 INCOME STATEMENT OF THE GROUP

| (in thousand €)                      | Notes    | 31.12.2005<br>IFRS | 31.12.2004<br>IFRS | 31.12.2003<br>GR GAAP |
|--------------------------------------|----------|--------------------|--------------------|-----------------------|
| Turnover                             |          | 307,564            | 297,497            | 231,916               |
| Less: Share of Greek State           | 3        | -98,142            | -95,101            | 73,563                |
| <b>Net Turnover</b>                  | <b>3</b> | <b>209,422</b>     | <b>202,396</b>     | <b>158,353</b>        |
| Cost of sales                        | 4        | -70,472            | -65,719            | 51,809                |
| <b>Gross Margin</b>                  |          | <b>138,950</b>     | <b>136,677</b>     | <b>106,544</b>        |
| Other operating income               |          | 1,971              | 733                | 3,145                 |
| Administrative expenses              | 4        | -30,253            | -26,661            | 24,207                |
| Selling and distribution expenses    | 4        | -15,875            | -10,961            | 7,419                 |
| <b>Operating Profit</b>              |          | <b>94,793</b>      | <b>99,788</b>      | <b>78,063</b>         |
| Income from sale of investments      |          | 17,072             | 0                  | 0                     |
| Share of profit/(loss) in associates |          | 0                  | 472                | 0                     |
| Interest income                      |          | 2,202              | 1,305              | 1,993                 |
| Finance costs                        | 5        | -6,113             | -5,939             | 6,839                 |
| <b>Profit before Tax</b>             |          | <b>107,954</b>     | <b>95,626</b>      | <b>73,217</b>         |
| Income tax                           | 7        | -31,571            | -34,074            | 30,743                |
| <b>Profit for the Year</b>           |          | <b>76,383</b>      | <b>61,552</b>      | <b>42,474</b>         |
| Allocated to:                        |          |                    |                    |                       |
| Holding Company shareholders         |          | 60,608             | 46,744             | 38,450                |
| Minority interest                    |          | 15,775             | 14,808             | 4,024                 |
| <b>Total</b>                         |          | <b>76,383</b>      | <b>61,552</b>      | <b>42,474</b>         |
| Earnings per share (in €)            | 6        | 0.72               | 0.56               | 0.46                  |

The annual financial statements have been approved by the Board of Directors of HYATT REGENCY HOTELS AND TOURISM (HELLAS) S.A. on March 13, 2006 and they are pending the approval of the General Meeting of the Shareholders and they have hanged in the Company's internet address [www.hyatt.gr](http://www.hyatt.gr)

## BALANCE SHEET OF THE GROUP

| (in thousand €)                      | Notes | 31.12.2005<br>IFRS | 31.12.2004<br>IFRS | 31.12.2003<br>GR GAAP |
|--------------------------------------|-------|--------------------|--------------------|-----------------------|
| <b>ASSETS</b>                        |       |                    |                    |                       |
| <b>Fixed Assets</b>                  |       |                    |                    |                       |
| Tangible fixed assets                | 8     | 158,987            | 129,487            | 118,978               |
| Intangible fixed assets              | 9     | 26,130             | 23,137             | 28,243                |
| Subsidiaries                         | 10    | 0                  | 0                  | 1,844                 |
| Investments in associates            |       | 32                 | 11,595             | 0                     |
| Long-term receivables                |       | 170                | 168                | 168                   |
| Deferred tax asset                   | 11    | 2,643              | 2,321              | 0                     |
| <b>Total Fixed Assets</b>            |       | <b>187,962</b>     | <b>166,708</b>     | <b>149,233</b>        |
| <b>Current Assets</b>                |       |                    |                    |                       |
| Inventory                            | 12    | 1,877              | 1,661              | 1,491                 |
| Trade and other receivables          | 13    | 22,654             | 22,862             | 20,328                |
| Commercial portfolio                 | 14    | 1,000              | 0                  | 0                     |
| Other receivables - prepaid expenses |       | 2,198              | 1,118              | 1,319                 |
| Cash and cash equivalents            | 15    | 61,051             | 79,699             | 65,994                |
| <b>Total current assets</b>          |       | <b>88,780</b>      | <b>105,340</b>     | <b>89,132</b>         |
| <b>TOTAL ASSETS</b>                  |       | <b>276,742</b>     | <b>272,048</b>     | <b>238,365</b>        |
| <b>EQUITY AND LIABILITIES</b>        |       |                    |                    |                       |
| <b>Capital and Reserves</b>          |       |                    |                    |                       |
| Share Capital                        | 16    | 30,240             | 30,240             | 30,240.00             |
| Share premium                        | 16    | 1,761              | 1,761              | 1,761                 |
| Reserves                             | 17    | 14,356             | 13,238             | 10,753                |
| Retained earnings                    | 18    | -13,033            | -8,766             | -34,800               |
| Shareholders' equity holding company |       | 33,324             | 36,473             | 7,974                 |
| Minority interest                    |       | 52,730             | 49,571             | 37,422                |
| <b>Total equity</b>                  |       | <b>86,054</b>      | <b>86,044</b>      | <b>45,376</b>         |
| <b>Non-Current Liabilities</b>       |       |                    |                    |                       |
| Long-term borrowings                 | 19    | 52,972             | 99,213             | 103,032               |
| Retirement benefit obligation        | 20    | 6,789              | 6,363              | 6,592                 |
| <b>Total non-current liabilities</b> |       | <b>59,761</b>      | <b>105,576</b>     | <b>109,624</b>        |
| <b>Current Liabilities</b>           |       |                    |                    |                       |
| Bank overdrafts and loans            | 19    | 62,499             | 3,805              | 1,902                 |
| Trade and other payables             |       | 10,963             | 7,101              | 8,518                 |
| Current tax obligations              |       | 29,851             | 36,026             | 43,520                |
| Dividends payable                    |       | 811                | 10,140             | 19,258                |
| Other current liabilities            | 21    | 26,804             | 23,356             | 10,167                |
| <b>Total current liabilities</b>     |       | <b>130,927</b>     | <b>80,428</b>      | <b>83,365</b>         |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |       | <b>276,742</b>     | <b>272,048</b>     | <b>238,365</b>        |

## 1.2 INCOME STATEMENT OF THE COMPANY

| (in thousand €)                      | Notes    | 31.12.05<br>IFRS | 31.12.04<br>IFRS | 31.12.03<br>GR GAAP |
|--------------------------------------|----------|------------------|------------------|---------------------|
| Turnover                             |          | 172,935          | 176,424          | 175,567             |
| Less: Share of Greek State           | 3        | -52,108          | -53,311          | 53,973              |
| <b>Net Turnover</b>                  | <b>3</b> | <b>120,827</b>   | <b>123,113</b>   | <b>121,594</b>      |
| Cost of sales                        | 4        | -36,236          | -35,380          | 35,184              |
| <b>Gross Margin</b>                  |          | <b>84,591</b>    | <b>87,733</b>    | <b>86,410</b>       |
| Other operating income               |          | 621              | 299              | 3,010               |
| Administrative expenses              | 4        | -14,069          | -14,437          | 16,477              |
| Selling and distribution expenses    | 4        | -11,723          | -7,937           | 7,230               |
| <b>Operating Profit</b>              |          | <b>59,420</b>    | <b>65,658</b>    | <b>65,713</b>       |
| Income from sale of investments      |          | 4                | 0                | 0                   |
| Share of profit/(loss) in associates |          | 4,869            | 0                | 0                   |
| Interest income                      |          | 1,189            | 391              | 974                 |
| Finance costs                        | 5        | -5,700           | -5,871           | 6,000               |
| <b>Profit before Tax</b>             |          | <b>59,782</b>    | <b>60,178</b>    | <b>60,687</b>       |
| Income tax                           | 7        | -19,751          | -21,584          | 24,133              |
| <b>Profit for the Year</b>           |          | <b>40,031</b>    | <b>38,594</b>    | <b>36,554</b>       |
| Allocated to:                        |          |                  |                  |                     |
| Holding Company shareholders         |          | 40,031           | 38,594           | 36,554              |
| Minority interest                    |          | 0                | 0                | 0                   |
| <b>Total</b>                         |          | <b>40,031</b>    | <b>38,594</b>    | <b>36,554</b>       |
| Earnings per share (in €)            | 6        | 0.48             | 0.46             | 0.44                |

## BALANCE SHEET OF THE COMPANY

| (in thousand €)                      | Notes | 31.12.2005<br>IFRS | 31.12.2004<br>IFRS | 31.12.2003<br>GR GAAP |
|--------------------------------------|-------|--------------------|--------------------|-----------------------|
| <b>ASSETS</b>                        |       |                    |                    |                       |
| <b>Fixed Assets</b>                  |       |                    |                    |                       |
| Tangible fixed assets                | 8     | 84,753             | 87,291             | 88,702                |
| Intangible fixed assets              | 9     | 5,273              | 7,138              | 9,757                 |
| Subsidiaries                         | 10    | 78,439             | 98,656             | 97,451                |
| Investments in associates            |       | 0                  | 9,990              | 0                     |
| Long-term receivables                |       | 159                | 161                | 162                   |
| Deferred tax asset                   | 11    | 529                | 453                | 0                     |
| <b>Total Fixed Assets</b>            |       | <b>169,153</b>     | <b>203,689</b>     | <b>196,072</b>        |
| <b>Current Assets</b>                |       |                    |                    |                       |
| Inventory                            | 12    | 1,333              | 1,270              | 1,195                 |
| Trade and other receivables          | 13    | 16,262             | 31,066             | 20,435                |
| Commercial portfolio                 | 14    | 1,000              | 0                  | 0                     |
| Other receivables - prepaid expenses |       | 1,295              | 724                | 1,591                 |
| Cash and cash equivalents            | 15    | 25,835             | 17,126             | 24,799                |
| <b>Total current assets</b>          |       | <b>45,725</b>      | <b>50,186</b>      | <b>48,020</b>         |
| <b>TOTAL ASSETS</b>                  |       | <b>214,878</b>     | <b>253,875</b>     | <b>244,092</b>        |
| <b>EQUITY AND LIABILITIES</b>        |       |                    |                    |                       |
| <b>Capital and Reserves</b>          |       |                    |                    |                       |
| Share Capital                        | 16    | 30,240             | 30,240             | 30,240                |
| Share premium                        | 16    | 1,761              | 1,761              | 1,761                 |
| Reserves                             | 17    | 12,858             | 12,556             | 10,647                |
| Retained earnings                    | 18    | 35,298             | 59,409             | 40,758                |
| Shareholders' equity holding company |       | 80,157             | 03,966             | 83,406                |
| Minority interest                    |       | 0                  | 0                  | 0                     |
| <b>Total equity</b>                  |       | <b>80,157</b>      | <b>103,966</b>     | <b>83,406</b>         |
| <b>Non-Current Liabilities</b>       |       |                    |                    |                       |
| Long-term borrowings                 | 19    | 36,688             | 99,213             | 103,032               |
| Retirement benefit obligation        | 20    | 2,014              | 1,698              | 1,822                 |
| <b>Total non-current liabilities</b> |       | <b>38,702</b>      | <b>100,911</b>     | <b>104,854</b>        |
| <b>Current Liabilities</b>           |       |                    |                    |                       |
| Bank overdrafts and loans            | 19    | 62,499             | 3,805              | 1,902                 |
| Trade and other payables             |       | 3,031              | 2,452              | 2,790                 |
| Current tax obligations              |       | 17,762             | 21,741             | 27,399                |
| Dividends payable                    |       | 811                | 10,140             | 19,258                |
| Other current liabilities            | 21    | 11,917             | 10,860             | 4,483                 |
| <b>Total current liabilities</b>     |       | <b>96,019</b>      | <b>48,998</b>      | <b>55,832</b>         |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |       | <b>214,878</b>     | <b>253,875</b>     | <b>244,092</b>        |

## CHAPTER



INFORMATION ON THE DRAFTING  
OF THE ANNUAL REPORT

## 2.1 INFORMATION ON THE DRAFTING OF THE ANNUAL REPORT

The present Annual Report refers to the year 2005 and includes all information and financial data required for the accurate evaluation of the property, activity, financial situation, results and prospects of HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A. (here after referred to as the “Company” or the “Issuer”) by its investors and their investment advisors.

This Annual Report was prepared and is distributed pursuant to the provisions of Article 8 of Decision 5/204/14.11.2000 of the Hellenic Capital Markets Commission, as most recently amended by Decision 7/372/15.02.2006 of the Hellenic Capital Markets Commission.

Publication of this Annual Report constitutes confirmation that the annual financial reports referenced herein were approved by the Board of Directors of HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A. on 30.03.2006 and have been published on its website ([www.hyatt.gr](http://www.hyatt.gr)).

The parties responsible for drafting the present Annual Report, who guarantee the accuracy of the data contained herein, are:

- George Galanakis, Chairman of the Board of Directors and Chief Executive Officer of the Company (49, Ag. Konstantinou St., Maroussi 151 24, Athens, Greece, tel. +30 210 6149800, Fax: +30 210 6149801, e-mail: [hrht@hyatt.gr](mailto:hrht@hyatt.gr)).
- Christos Tagas, Director of Finance (C.F.O.) and member of the Board of Directors (49, Ag. Konstantinou St., Maroussi 151 24, Athens, Greece, tel. +30 210 6149800, Fax: +30 210 6149801, e-mail: [hrht@hyatt.gr](mailto:hrht@hyatt.gr)).

The Company’s Board of Directors hereby declares that:

1. All its members have knowledge of the contents of the Annual Report and, along with its editors, certify that, with all acknowledged parties, all information and data contained in the Annual Report are complete and accurate.
2. No further data exist and no events have taken place, the withholding or omission of which could render all or part of the data and information contained in the Annual Report misleading.
3. There are no important pending litigations or arbitrations that can have significant implications on its financial position. The attached Appendix and the December 31, 2004 Balance Sheet contain a notation on a pending litigation, initiated by a lawsuit filed by the LOUTRAKI CASINO CONSORTIUM against the company under the trade name HELLENIC TOURIST PROPERTIES S.A. (currently TOURIST DEVELOPMENT Co.), HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A., the subsidiary company ATHENS RESORT CASINO HOLDING S.A. and HELLINIKI TECHNODOMIKI S.A. According to the afore-said lawsuit, the plaintiffs request damages of € 44,971,720 and the declaration of invalidity of the contract between TOURIST DEVELOPMENT Co. and the aforementioned subsidiary, as well as the company HELLINIKI TECHNODOMIKI S.A., by virtue of which 49% of the shares of HELLENIC CASINO OF PARNITHA S.A. (HCP S.A.) were transferred to the company under the trade name ATHENS RESORT CASINO HOLDING S.A. and the management was assigned to the Company. By virtue of the Decision No. 3350/2.6.2005, the Athens Multi-membered Court of First Instance dismissed the lawsuit and fully vindicated the Company. Finally, two members of the LOUTRAKI CASINO CONSORTIUM have appealed to the State Council (Supreme Court of Administrative Justice) to request the annulment of a certificate of clearance filed in favor of a Consortium member.

The Annual Report is available to investors and shareholders at no cost after the publication of the Annual Financial Reports and at least ten working days prior to the Annual Ordinary General Meeting of the Shareholders. Copies of the Annual Report are sent to the Hellenic Capital Markets Commission and the Athens Exchange. Shareholders and investors who wish to make further inquiries are kindly requested to contact the Investor Relations Department of the Company (49, Ag. Konstantinou St., Maroussi 151 24, Athens, Greece, tel. +30 210 6149800, Fax: +30 210 6149801, e-mail: [hrht@hyatt.gr](mailto:hrht@hyatt.gr), Department Head: Marianna Skoutzi), where the present Annual Report is available during working days and hours.

## **2.2 INFORMATION ON THE COMPANY AUDITORS**

The Company is audited by Certified Auditors - Accountants. The audit for the Financial Years 2003, 2004 and 2005 was conducted by the company DELOITTE - HADJIPAVLOU, SOFIANOS & CAMBANIS S.A. (250-254, Kifissias Av., Athens 152 31, Greece), specifically by the Certified Auditor Mr. Emmanuel Pelides (Charter Auditor - Accountant under Reg. No. 12021) for the years 2003 και 2004 and Mr. Antonios Markou (Charter Auditor - Accountant under Reg. No.19901) for 2005. The audits' certificates are provided in the Appendix attached to the published Balance Sheet. The Company's financial data were found accurate and sincere.

## **2.3 TAX AUDITS**

The Company has gone under an ordinary taxation audit by the Inter-peripheral Audit Center, for a period ranging from its establishment up to December 31, 2003. Its financial data and results were found accurate, sincere and definitive.

## CHAPTER



ABOUT THE COMPANY



### 3.1 GENERAL INFORMATION

HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A. was founded in its present legal form on November 28, 1994 (Issue 6620/29.11.1994 of the SAs and LLCs Bulletin of the Government Gazette) and is registered with the Register of Sociétés Anonymes of the Ministry of Development, under No. 32167/06/B/94/49. The first financial year of the Company expired on exception on December 31, 1995, while its business activity (i.e. operation of the REGENCY CASINO THESSALONIKI) began on August 28, 1996. The Company's duration has been set for 99 years, expiring on November 28, 2093. The Company's headquarters are located in Maroussi, Attika (49, Ag. Konstantinou St., Maroussi 151 24).

According to the third Article of its Statute, the Company has the following goals:

1. The management of hotel and tourist complexes, as well as the operation of all kinds of tourist businesses (such as hotels, hostels, complexes of special tourist infrastructure, etc.).
2. The provision of various services in the tourism sector, such as offering organizational and technical support; transmitting know-how in the management of hotels, tourist complexes and facilities; as well as overall tourist activity.

Since the foundation of the Company, its objective remains unchanged and has not undergone any modification.

The Company currently focuses its business activity on the operation and management of casinos and hotel units.

### 3.2 HISTORY

The company under the trade name HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A. was established in its present legal form on November 28, 1994 (Issue No. 6620/29.11.1994 of the SAs and LLCs Bulletin of the Government Gazette) and was initially registered with the Register of Sociétés Anonymes under number 32167/01/B/94/559.

In 1994, by virtue of a decision by the Minister of Tourism on the granting of a license for the establishment, operation and management of a casino within the area of the Thessaloniki Prefecture and following the lawful completion of a public tender, a licence under No. 2064/94 was issued in favor of the consortium under the trade name HELLENIC CASINOS CONSORTIUM (HCC), which was acting on behalf of the Company.

The business activity of the Company commenced on August 28, 1996 with the operation of the REGENCY CASINO THESSALONIKI within the Thessaloniki Prefecture. The total cost of building of the Casino reached \$ 103,000,000 - exceeding by far the amount of \$ 77,250,000, which, according to Presidential Decree 290/1995, was required by the licensee as a minimum investment for the construction of the casino complex.

The HYATT REGENCY THESSALONIKI Hotel & Conference Center opened for business on April 5, 1999. Its cost reached the amount of \$ 43,000,000, exceeding the minimum amount of \$ 30,350,000 which, according to Presidential Decree 290/1995, was required by the licensee as a minimum investment for the construction of the complex.

It is noted that the Company created over 1,400 new employment positions, exceeding greatly the minimum of 938 stipulated in the license.

The Company entered the Main Market of the Athens Stock Exchange (known today as the Athens Exchange) on September 27, 1999, at which time it also registered with the pertinent Register of Sociétés Anonymes of the Ministry of Development, under Reg. No. 32167/06/B/94/49.

During 2000, HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A. acquired 18.36% of the Share Capital of HELLENIC HOTELS LAMPSA S.A., a company owning the historical GRANDE BRETAGNE HOTEL in Athens. In November 2001, the GRANDE BRETAGNE HOTEL suspended its operation, as the main shareholders of the parent company decided to carry out an extensive renovation of the hotel, reaching a cost of € 85,000,000. The renovated GRANDE BRETAGNE HOTEL, one of the most luxurious hotels in Europe and a member of the Starwood Hotels Luxury Collection, opened its gates to the public in March 2003.

In May 2003, the Company, together with HELLINIKI TECHNODOMIKI S.A., through the consorting company ATHENS RESORT CASINO HOLDING S.A. (70% and 30% participation respectively) acquired, after an international tender, 49% of the shares of the corporation under the trade name HELLENIC CASINO OF PARNITHA S.A. (HCP S.A.) for the amount of € 110,000,000. 51% of the shares remained with HELLENIC TOURIST PROPERTIES S.A. (known today as TOURIST DEVELOPMENT Co), which is under the control of the Greek State. According to the shares transfer arrangement, the administration and management of the casino and hotel complex on Parnitha (Mont Parnes) were fully assigned to the Company. An interim renovation of the complex at a cost of € 11,000,000 was completed in January 2004.

In December 2004, the Company's Board of Directors signed a preliminary agreement with VENTURE ABILITY S.A. for the sale of the equity holding of HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A. in HELLENIC HOTELS LAMPASA S.A., representing 20.1% of LAMPASA's total Share Capital. The resolved sale aimed at the inflow of significant capital into the Company, the increase of liquidity and the focus on its main area of activity-namely the ownership and management of casinos. The transfer of shares to VENTURE ABILITY S.A. took place on January 31, 2005, through the Athens Exchange, against an aggregate consideration of € 30,403,196.42.

In April 2005, a consortium formed by HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A. and two subsidiaries was granted a fifteen-year exclusive license for the operation of the first casino in the city of Tirana in Albania, following an international tender. The bid for acquiring the license reached \$ 10,000,000. The Company participated in the business entity in question by 60% through its subsidiary GAMING INVESTMENTS OVERSEAS S.A., which held 51% of the Albanian company under the trade name REGENCY INTERNATIONAL CASINO S.H.A., holder of the operating license of the casino in Tirana. The remaining 49% belonged to a company of Albanian interests that also owned the property on which the casino would be housed. The management of the casino would be exercised exclusively by the Company through UNITED RESERVE S.A, a wholly owned (100%) subsidiary, in consideration of significant fees.

Also, April 2005 marked the commencement of the first phase of the extensive renovation of the Mont Parnes complex, with a budget of € 19,000,000. The works included the upgrading and modernization of the existing cable-car system as well as the construction of an underground parking area at the lower station. Completion of the first phase is expected by the end of 2005. The second phase, which includes the full modernization and reconstruction of the complex, has a total budget of € 90,000,000.

The REGENCY CASINO TIRANA, with a capacity of 17 table games and 240 slot machines, commenced operation in December 2005.

In January 2006, HELLENIC CASINOS COMPANY, major shareholder of the Company, agreed to sell its stake (51,57%) to DIONYSOS LEISURE S.A., controlled by the leading international private equity company BC PARTNERS. The European Commission cleared the transfer of Company shares owned by HELLENIC CASINOS COMPANY in February 2006, while the actual transaction was consummated in March 2006.

Moreover, in March 2006, the Company, within the framework of the new investment strategy of the Group, proceeded to the divestiture of its holdings in GAMING INVESTMENTS OVERSEAS S.A. HOLDING and UNITED RESERVE S.A. RENDERING MANAGEMENT SERVICES to TOBIAS ENTERPRISES LTD.

In April 2006, the first phase of the renovation of the Mont Parnes complex reached completion. Works included the installation of a new, state-of-the-art cable-car system, the construction of a new passenger embarkation and disembarkation station, as well as the construction of an underground parking at the Lower Station. The total investment for the first phase rose to € 64,000,000. The second phase will include the full renovation and reconstruction of the entire complex and is estimated to involve a cost of € 80,000,000.

### 3.3 DESCRIPTION OF BUSINESS

The Company's business activity focuses on the fast-growing casino sector as well as on the hospitality sector, particularly luxury hotels, through the construction and management of a casino and a hotel and conference center in the area of Thessaloniki, as well as the management of the Mont Parnes complex on Mount Parnitha.

Specifically, the Company owns, exploits and/or manages:

- A luxury casino in Thessaloniki (REGENCY CASINO THESSALONIKI), designed according to the highest international standards, which presently occupies a leading position in Greece and Europe, based on its size, as well as the number of table games (roulette, black-jack etc.) and slot machines offered.
- A five-star hotel in Thessaloniki, accompanied by a state-of-the-art conference center (HYATT REGENCY THESSALONIKI).
- The Mont Parnes complex on Mount Parnitha (REGENCY CASINO MONT PARNES), which includes a casino, a hotel and a cable-car system.
- A luxurious casino complex in Tirana (REGENCY CASINO TIRANA), designed and operating according to highest international standards (until March 2006).

#### 3.3.1 REGENCY CASINO THESSALONIKI

The REGENCY CASINO THESSALONIKI is located on the 12th km of the Thessaloniki-Airport National Road, in the area of Pasa Chair of the Neo Rissio Community, adjacent to the "Makedonia" Airport. The casino occupies a total area of 11,504 m<sup>2</sup>, on a plot of land measuring 68,184.10 m<sup>2</sup>.

The facilities are divided into:

- Gaming areas covering a surface of approximately 4,200 m<sup>2</sup>, including table games, slot machines and a private hall (Club Regency).
- Areas of peripheral activities occupying approximately 8,300 m<sup>2</sup> and including a showroom, restaurants, bars, a gift shop, offices etc.
- An outdoor parking area covering 25,000 m<sup>2</sup> and offering a total of 2,000 parking spaces.

#### Gaming Areas

Gaming areas are divided into the main hall and the private Club Regency hall.

The main gaming area, which occupies a surface of 3,835 m<sup>2</sup>, currently includes 66 table games and 893 slot machines. The Club Regency, which occupies a surface of 365 m<sup>2</sup>, includes 11 table games and 18 slot machines. Admittance to the Club Regency is restricted to members. In addition to the gaming area, the Club Regency also features:

- A restaurant with facilities for private dining
- A bar
- A lounge
- A Business Center providing secretarial, phone and other services.

The types of table games as well as the types of slot machines per minimum bet available on December 31, 2005 are shown on the following tables:

|                  | Roulette | Black-Jack | Poker | Punto Banco | Total |
|------------------|----------|------------|-------|-------------|-------|
| Number of Tables | 38       | 29         | 9     | 1           | 77    |

|                         | € 0.01 | € 0.05 | € 0.10 | € 0.20 | € 0.50 | € 1 | € 2.5 | € 5 | Total |
|-------------------------|--------|--------|--------|--------|--------|-----|-------|-----|-------|
| Number of Slot Machines | 62     | 174    | 170    | 257    | 130    | 91  | 21    | 6   | 911   |

### Areas of Peripheral Activities

These areas include:

- The **Vergina** theater, a state-of-the-art showroom with a capacity of 600 seats, which hosts performances by well-known Greek artists, as well as select international productions.
- The award-winning **Alfredo's** restaurant, located in the Club Regency and operating during the winter months.
- The **O Kepos** (Garden) restaurant, operating during the summer and catering to non-casino members as well.
- The **Jewels** restaurant in the main gaming area, operating as a Self-Service Buffet.
- The **Night Shades** bar, operating in the main gaming area on a 24-hour basis.
- The **Club Regency** bar, catering only to its members.
- The **Vergina** bar, located in the showroom.
- The **Impulse** store, offering souvenirs, gifts and tobacco products.

In addition, the complex features support facilities of the casino (administration offices, employee service halls, cashiers, ATMs, a bank branch etc.), as well as auxiliary areas serving for housing and storage of mechanical and electrical equipment.

The REGENCY CASINO THESSALONIKI has been certified by HACCP Systems of quality assurance, which ensures adherence to all hygiene and proper management regulations and guarantees the safety of the Company's customers and employees.

### 3.3.2 HYATT REGENCY THESSALONIKI HOTEL & CONFERENCE CENTER

Lying within a kilometer from the REGENCY CASINO THESSALONIKI, the HYATT REGENCY THESSALONIKI complex operates since April 1999 and includes a luxurious five-star hotel and a state-of-the-art conference center.

The HYATT REGENCY THESSALONIKI is located within the boundaries of the Municipality of Thermi in the Thessaloniki Prefecture, on the 13th km of the Thessaloniki-Perea National Road. It occupies a plot of land of approximately 100.000 m<sup>2</sup>, owned by the Thermi Municipality and leased to the Company as of December 18, 1996, with a set duration of 25 years. The lessee retains the right of extending the leasing period for another 25 years, after negotiating the lease anew. The annual rental fee was agreed at the amount of GRD 80,000,000 or € 234,776,23 and it is readjusted annually following the cost-of-living index of the previous twelve months multiplied by 1.1%. In the event of termination or expiry of the lease, the title to the property shall transfer to the lessor.

The facilities consist of:

### Hotel

The Hotel features 118 luxury rooms and 34 suites, as well as ample areas for recreation, dining and support, which include:

- The **Ambrosia** restaurant
- The **Pool Bar Restaurant & Grill Oceana**
- The **Lobby Lounge**
- The **Bar Afficionado**
- The **Club Olympus** - a fully equipped Fitness Center
- Three pools (one indoor and two outdoor)
- Two tennis courts
- A squash court
- Souvenir - and gift shops
- Business Center facilities
- Meeting and conference halls
- A Parking area accomodating 1,000 cars (shared with the Conference Center)

It is noted that the license holder retains the right of future expansion of the hotel by 100 rooms, granted by the Greek National Tourism Organization.

### Conference Center

The state-of-the-art Conference Center covers a total surface of 1,685 m<sup>2</sup> and includes:

- The **Grand Ballroom** hall, with a capacity of 1,050 people, which can be divided into three smaller halls according to specific customer needs.
- The **Regency Ballroom**, a medium-size reception hall with a capacity of 500 people, which occupies two levels and opens to the gardens of the complex.
- An exhibition area (foyer) connected to the grand reception hall, the smaller rooms of the Conference Center and the gardens of the complex.
- Six conference halls of various sizes, meant to accommodate the needs of all customers.
- Outdoor spaces suitable for hosting summer events.
- A Parking area for 1,000 cars (shared with the Hotel).

In addition, the complex features support facilities (administration offices, employee service halls, cashiers etc.), as well as necessary auxiliary areas serving for housing and storage of mechanical and electrical equipment.

The HYATT REGENCY THESSALONIKI is certified by HACCP Systems of quality assurance, which ensures adherence to all hygiene and proper management regulations and guarantees the safety of the Company's customers and employees.

### 3.3.3 REGENCY CASINO MONT PARNES

The Mont Parnes complex is located in one of the most privileged areas of Attica and has a 45-year history in Athenian entertainment.

After undertaking the management of Mont Parnes in May 2003, HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A. commenced an extensive renovation and development program amounting to € 140,000,000, which will be implemented in two phases. The first phase, completed in April 2006, included the installation of a new, state-of-the-art cable-car system, as well as the construction of passenger embarkation and disembarkation Stations and an underground parking at the Lower Station. The second phase includes the full upgrading of the casino and hotel. After its completion, the Mont Parnes will be transformed into a full recreational complex that will change the hospitality and entertainment face of Athens.

Following an interim renovation program amounting to € 64,000,000, the REGENCY CASINO MONT PARNES currently has new gaming areas, a new high-quality restaurant, a new café-bar as well as a private hall for its members. Moreover, all the communal spaces have been renovated and decorated with priceless works of art found on its premises and conserved by the Company.

The facilities, covering an overall surface of 17,936 m<sup>2</sup>, include:

- Gaming areas of 3,400 m<sup>2</sup>, including table games, slot machines and a private hall (Club Regency).
- Areas of peripheral activities covering approximately 360 m<sup>2</sup> and including a restaurant and a café-bar.
- Open-air and underground parking facilities, with a combined capacity of 1,700 cars (200 at the Upper and 1,500 at the Lower Station)
- A cable car accommodating approximately 2000 people per hour.
- A hotel that remains closed at present.

In addition, the complex features supporting facilities of the casino (administration offices, employee service halls, cashiers, etc.), as well as other necessary auxiliary areas serving for housing and storage of mechanical and electrical equipment.

#### Gaming Areas

The gaming areas are divided into the main hall and the private Club Regency hall.

The main hall of the casino, which has been completely renovated, features 53 table games and 508 state-of-the-art slot machines.

The Club Regency includes:

- A gaming area with nine table games.
- A bar with a private lounge.
- A games room exclusively for Club Regency members

The types of table games, as well as the types of slot machines per minimum bet amount offered on December 31, 2005, are shown on the following tables:

|                  | Roulette | Black-Jack | Poker | Punto Banco | Total |
|------------------|----------|------------|-------|-------------|-------|
| Number of Tables | 36       | 20         | 4     | 2           | 62    |

|                         | € 0.01 | € 0.02 | € 0.05 | € 0.10 | € 0.20 | € 0.50 | € 1 | Total |
|-------------------------|--------|--------|--------|--------|--------|--------|-----|-------|
| Number of Slot Machines | 79     | 20     | 93     | 192    | 114    | 87     | 73  | 658   |

### Areas of Peripheral Activities

The areas of peripheral activities include:

- The café-restaurant **1,055**, offering a magnificent view of Athens and high-quality services.
- A tobacco shop.

### Cable-Car

The installation of the complex's new cable-car system was completed in 2005. The new cable-car has been operating since March 2006 and is the most advanced system in Europe. Environmentally friendly, the new cable-car consists of 23 cabins accommodating 25 people each, and 2 private cabinets - all with continuous flow. It functions under any weather conditions - even under winds of 120km/hr - and carries over 2,000 passengers per hour, substantially increasing the number of casino visitors. The installation of the new cable-car system was completed by the creation of a unique Lower Station, decorated with exceptional works of art, as well as underground and open-air parkings accommodating a total of 1,500 cars.

### Hotel

The hotel, which sustained severe damage during the 1999 earthquake, ceased its operation in July 2003.

### Program of Renovation and Future Investments

After the completion of the extensive renovation program, the Mont Parnes will include:

- A five-star luxury hotel with 91 rooms (all with a view to the Attica basin)
- A state-of-the-art spa with heated indoor-outdoor pool
- Three restaurants
- A bar
- Conference halls
- A business center
- A casino with 110 tables and 1,500 slot machines
- A private casino hall with separate access, a bar, lounges and a restaurant

The REGENCY CASINO MONT PARNES has been certified by HACCP Systems of quality assurance, which ensures adherence to all hygiene and proper management regulations and guarantees the safety of the Company's customers and employees.

### 3.3.4 REGENCY CASINO TIRANA

The REGENCY CASINO TIRANA is located right in the heart of Tirana, on Park Rinia square, and occupies a total of 1715 m<sup>2</sup>.

Its facilities are divided into:

- Gaming areas covering a surface of approximately 1,070 m<sup>2</sup>, including table games, slot machines, two bars and a private hall (Club Regency).
- Areas of peripheral activities occupying approximately 645 m<sup>2</sup> and including offices, a staff restaurant, auxiliary areas etc.

#### Gaming Areas

Gaming areas are divided into the main hall and the private Club Regency hall.

The main gaming hall consists of the table games area, occupying 365 m<sup>2</sup>, and the slot area, occupying 630 m<sup>2</sup>, including 17 tables and 240 slot machines respectively. The Club Regency, which occupies a surface of 75 m<sup>2</sup>, includes 2 American roulette- and 2 Black Jack gaming tables. Admittance to the Club Regency is restricted to members only.

The types of games as well as the types of slot machines per minimum bet amount available on December 31, 2005 are shown on the following tables:

|                  | Roulette | Black Jack | Poker | Total |
|------------------|----------|------------|-------|-------|
| Number of Tables | 13       | 6          | 2     | 21    |

| Denomination            | 1 Leke | 5 Leke | 10 Leke | 20 Leke | 50 Leke | Total |
|-------------------------|--------|--------|---------|---------|---------|-------|
| Number of Slot Machines | 50     | 50     | 40      | 80      | 20      | 240   |

#### Areas of Peripheral Activities

These areas include two bars located on the main gaming floor, one serving tables and one serving slots. In addition, the complex features support facilities of the casino (administration offices, employee service halls, cashiers etc), as well as auxiliary areas serving for housing and storage of mechanical and electrical equipment.

## 3.4 FIXED ASSETS - GUARANTEES & REAL SAFETIES

#### Intangible Assets (REGENCY CASINO THESSALONIKI Operational License)

The intangible assets of the Company, which amount to € 22,890,682.32, refer exclusively to the cost of license granting for the "establishment, operation and management of the casino business and its accompanying facilities, according to Article 2 of the Ministerial Decree under No. 2064 (Issue of the Government Gazette 904/6.12.1994), in the community of Neo Rissio in Thessaloniki, under the conditions and prerequisites prescribed in the Decree in question". For the granting of license, the Company deposited the amount of GRD 7,800,000,000 or € 22,890,682.32, as proved by the voucher under number 32544371994 of the Bank of Greece (par. 9.2, Ministerial Decree 920/1994/Issue of the Government Gazette 422 B).

#### Trademarks

The Company uses certain distinctive devices which, as a rule, are owned by the HYATT GROUP and are registered and subject to protection as trademarks in the European Union. These trademarks are also protected in Greece for HYATT INTERNATIONAL, which, based on the agreements between parties, has granted the Company the right to use the HYATT INTERNATIONAL brand names ("REGENCY" and "HYATT REGENCY" among others) for the duration of the agreements. Likewise, it is verified that the Company has been granted the right of using the term "HYATT" in its brand name for the duration of these agreements.



Specifically, the brands for which a license of use has been granted in Greece are the following:

- REGENCY CASINOS
- REGENCY CASINOS (logo)
- REGENCY
- REGENCY CLUB
- HYATT
- HYATT REGENCY
- HYATT (logo)

## Privately Owned Land - Building Facilities

### Plots of Land

- Plot of land covering an area of 68,184.10 m<sup>2</sup> at Pasa Chair, in the Neo Rissio Municipal District of the Municipality of Thermi, in the Thessaloniki Prefecture. The land where the REGENCY CASINO THESSALONIKI is located lies 12 km away from the center of Thessaloniki, on the Thessaloniki-Airport National Road, and adjoins the Thessaloniki International Airport "Makedonia".
- Plot of land covering an area of 2,518.46 m<sup>2</sup> in the Municipality of Thermi in Thessaloniki. This land is used as a parking area for Company employees.
- Plot of land covering an area of 8,420.92 m<sup>2</sup> in the Municipality of Thermi in Thessaloniki. This land is used as a parking area for Company customers.

The following table shows the privately-owned property of the Company:

### PLOTS OF LAND

| Location (in the Thessaloniki Prefecture)  | Use            | Area (m <sup>2</sup> ) | Percentage of Ownership |
|--|----------------|------------------------|-------------------------|
| Pasa Chair, M.D. of N. Rissio<br>(12th km of Airport-Thessaloniki National Road) | Casino Complex | 68,184.10              | 100%                    |
| Touba, Thermi Municipality   | Parking Lot    | 2,518.46               | 100%                    |
| Touba, Thermi Municipality   | Parking Lot    | 8,420.92               | 100%                    |

### Building Facilities

- Facilities of the REGENCY CASINO THESSALONIKI, covering an area of approximately 11,504 m<sup>2</sup>, located on the afore-said plot of land, covering 68,184.1 m<sup>2</sup> in Pasa Chair, in the territory of the Neo Rissio Municipal District in the Thessaloniki Prefecture.
- Facilities of the HYATT REGENCY THESSALONIKI, located on a plot of land covering approximately 100,000 m<sup>2</sup> in the Valtos area of the Municipality of Thermi, in the Thessaloniki Prefecture, on the 13th km of the Thessaloniki-Perea National Road and a kilometer away from the REGENCY CASINO THESSALONIKI. The land is property of the Municipality of Thermi, with which the Company has signed a 25-year leasing contract. The lessee retains the right of extending the leasing period for another 25 years, after negotiating the lease anew.

The following table shows the largest privately-owned buildings of the Company:

## BUILDINGS

| Location (in the Thessaloniki Prefecture) | Use   | Area (m <sup>2</sup> ) | Year of Construction |
|---|---|------------------------|----------------------|
| Pasa Chair M.D. of N. Rissio              | Casino Complex                                | 11,504                 | 1996                 |
| Valtos Area of the Thermi Municipality    | Hotel<br>& Conference Center<br>(leased land) | 23,240                 | 1999                 |

The Company manages two branches:

- The first is located at the REGENCY CASINO THESSALONIKI in the Municipality of Thermi, on the 12th km of the Thessaloniki - Airport National Road, in the Thessaloniki Prefecture.
- The second is located at the HYATT REGENCY THESSALONIKI in the Municipality of Thermi, on the 13th km of the Thessaloniki - Perea Regional Road, in the Thessaloniki Prefecture.

## Leased Fields - Building Facilities

### Plots of Land

In order to meet the needs for customer service and parking, as well as other needs of the HYATT REGENCY THESSALONIKI, the Company has leased the following plots of land:

| Location<br>(in the Thessaloniki Prefecture) | Use                          | Area (m <sup>2</sup> ) | Beginning<br>of Leasing | Duration<br>of Leasing (years) | Annual<br>of Leasing 2004 (€) |
|--|------------------------------|------------------------|-------------------------|--------------------------------|-------------------------------|
| Rural Area of the<br>Thermi Municipality     | Parking Lot                  | 3,000.00               | 1.9.2001                | 5                              | 9,578.80                      |
| Rural Area of the<br>Thermi Municipality     | Parking Lot                  | 7,000.00               | 1.9.2001                | 5                              | 23,477.62                     |
| Neo Rissio                                   | Parking Lot                  | 7,320.10               | 1.1.2001                | 4                              | 8,606.37                      |
| Rural Area of the<br>Thermi Municipality     | Parking Lot                  | 2,700.00               | 1.12.2000               | 4                              | 5,691.89                      |
| Valtos Area of the<br>Thermi Municipality    | Hotel &<br>Conference Center | 100.000                | 18.12.1996              | 25 (+25)                       | 322,756.42                    |
| <b>Total</b>                                 |                              | <b>120,020.10</b>      |                         |                                | <b>372,203.07</b>             |

### Building Facilities

In order to meet the needs of its executives, the Company has leased the following residences:

| Location (in the Thessaloniki Prefecture)                     | Area (m <sup>2</sup> ) | Starting Date of<br>Leasing | Duration<br>of Leasing (years) | Monthly<br>Lease (€) |
|---|------------------------|-----------------------------|--------------------------------|----------------------|
| 1, Karavangeli St., Panorama                                  | 250                    | 31.5.2005                   | 1                              | 1,172.00             |
| 13-15, Hesiodou St., Perea                                    | 180                    | 1.11.2005                   | 1                              | 710.00               |
| 163, Kountouriotou St., N. Epivates                           | 110                    | 5.12.2005                   | 1                              | 662.00               |
| 3, Solonos St., Perea   | 72                     | 20.6.2005                   | 1                              | 376.45               |
| 37, Konstantinoupoleos St., N. Rissio                         | 120                    | 1.8.2005                    | 1                              | 630.96               |
| 751, Philellinon N. St.,<br>Stavronikita settlement, Panorama | 155                    | 30.6.2005                   | 1                              | 1,100.20             |

|                           |     |            |   |                 |
|---------------------------|-----|------------|---|-----------------|
| 28, Philippou St., Perea  | 111 | 30.7.2005  | 1 | 631.61          |
| 18, Philippou St., Perea  | 220 | 15.11.2005 | 1 | 710.00          |
| 751, Imvrou St., Panorama | 236 | 31.10.2005 | 1 | 1,400.00        |
| <b>Total</b>              |     |            |   | <b>5,616.77</b> |

It is noted that according to the private leasing contracts for the above-mentioned residences, the Company retains the right to partially extend the leases for another year, by handing a written announcement to the owner in question at least two months prior to the expiration of the lease.

### Machinery

The machinery, electronic monitoring system and means of transportation owned by the Company are shown in detail on the following table:

| Type of Equipment                               | Description  | Technology/Brand   |
|---|--|--|
| Audiovisual Monitoring System<br>VIACON C.C.T.V | 36 Screens, 146 VCR, 231 Cameras<br>& 54 PRZ<br>12 Multiplex Systems, 95 Microphones<br>1 Color Printer<br>1 Radio transmitter<br>3 Monitoring Systems | VHF<br><br>STARGATE,<br>CADTRACK,<br>MULTIMAX  |
| MECHANICAL EQUIPMENT*                           | PC servers<br>PC Stations<br>Network<br><br>O/S<br>T solutions   | HP Compaq (15 items)<br>Dell (220 items), IBM, HP<br>fast ethernet gigabit,<br>dell ethernet gigabit,<br>firewall, check point,<br>cisco pix TCP/IP,<br>WAN, VPN, Routers<br>Windows 2000, 2003, Windows XP<br>ScoUnix 5<br>Fidelio<br>Micros<br>ERP Logic-Dis |
| MEANS OF TRANSPORTATION                         | 5 passenger cars<br>2 trucks of 1,142 kg workload each<br>1 truck of 1,019 kg workload<br>3 14-seater transit buses                                    | Nissan, Rover, Mercedes<br>Ford<br>Ford<br>Ford  |

\* The Company's machinery also includes 911 slot machines of the REGENCY CASINO THESSALONIKI.

### Other Equipment

The equipment of the Company also includes furniture and other fixtures of the REGENCY CASINO THESSALONIKI (including gaming tables) and the HYATT REGENCY THESSALONIKI (cf. Chapter 3.3).

### Fixed Assets Value

The following table shows the Profit and Loss statement of the Company's fixed assets, as presented in the Balance Sheet for the financial year 2005.

## BOOK VALUE OF FIXED ASSETS

|  | ACQUISITION VALUE<br>BEFORE PERIOD | PURCHASE<br>DURING 2005 | REVALUATION OF<br>BUILDING | ASSETS SOLD<br>OR DESTROYED<br>DURING<br>2005 | ACQUISITION<br>VALUE<br>31.12.2005 | DEPRECIATION<br>31.12.2005 | DEPRECIATION<br>31.12.2004 | TOTAL<br>DEPRECIATION | NET BOOK<br>VALUE    |
|--|------------------------------------|-------------------------|----------------------------|---|------------------------------------|----------------------------|----------------------------|-----------------------|----------------------|
| Installation costs                         | 1,588,690.56                       | 0.00                    | 0.00                       | 0.00  | 1,588,690.56                       | 5,258.71                   | 1,582,810.93               | 1,588,069.64          | 620.92               |
| Foreign exchange differences               |                                    |                         |                            |   |                                    |                            |                            |                       |                      |
| from loans for asset purchases             | 0.00                               | 0.00                    | 0.00                       | 0.00  | 0.00                               | 0.00                       | 0.00                       | 0.00                  | 0.00                 |
| Loans' interest                            | 81,145.47                          | 0.00                    | 0.00                       | 0.00  | 81,145.47                          | 0.00                       | 81,145.47                  | 81,145.48             | -0.01                |
| Other installation costs                   | 2,468,630.53                       | 118,770.06              | 0.00                       | 0.00  | 2,587,400.59                       | 81,811.62                  | 2,240,342.26               | 2,322,153.88          | 265,246.71           |
| Licenses and rights                        | 22,890,682.32                      | 0.00                    | 0.00                       | 0.00  | 22,890,682.32                      | 1,907,556.86               | 15,896,307.17              | 17,803,864.03         | 5,086,818.29         |
| Other Fixed Assets                         | 92,509.21                          | 0.00                    | 0.00                       | 0.00  | 92,509.21                          | 0.00                       | 92,509.21                  | 92,509.21             | 0.00                 |
| Plots of Land                              | 14,700,000.00                      | 0.00                    | 0.00                       | 0.00  | 14,700,000.00                      | 0.00                       | 0.00                       | 0.00                  | 14,700,000.00        |
| Buildings and Constructions                | 86,844,106.41                      | 122,304.31              | 0.00                       | 0.00  | 86,966,410.72                      | 3,154,033.81               | 22,148,035.37              | 25,302,069.18         | 61,664,341.54        |
| Machinery-Technical                        |                                    |                         |                            |   |                                    |                            |                            |                       |                      |
| Installations                              | 11,865,663.52                      | 1,224,158.77            | 0.00                       | 29,224.23                                     | 13,060,598.06                      | 877,242.94                 | 7,378,791.67               | 8,256,034.61          | 4,804,563.45         |
| Means of Transportation                    | 383,731.64                         | 40,893.99               | 0.00                       | 48,517.44                                     | 376,108.19                         | 36,962.61                  | 178,583.65                 | 215,546.26            | 160,561.93           |
| Furniture and Fixtures                     | 18,555,471.76                      | 946,657.76              | 0.00                       | 8,436.67                                      | 19,493,692.85                      | 906,671.34                 | 15,323,305.18              | 16,229,976.52         | 3,263,716.33         |
| Fixed assets under construction & advances | 37,686.82                          | 122,212.86              | 0.00                       | 0.00  | 159,899.68                         | 0.00                       | 0.00                       | 0.00                  | 159,899.68           |
| <b>Total</b>                               | <b>159,508,318.24</b>              | <b>2,574,997.75</b>     | <b>0.00</b>                | <b>86,178.34</b>                              | <b>161,997,137.65</b>              | <b>6,969,537.90</b>        | <b>64,921,830.91</b>       | <b>71,891,368.81</b>  | <b>90,105,768.84</b> |

## Guarantees & Real Safeties

### Real Safeties

No mortgages, prenotices or other encumbrances have been registered or exist on the above-mentioned fixed assets (plots of land, property and buildings) owned by HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A.

### Insurance Coverage

The Company has signed an annual insurance contract with the GENERALI GROUP concerning the REGENCY CASINO THESSALONIKI and the HYATT REGENCY THESSALONIKI (for the term November 1, 2004 - November 1, 2005). The contract is renewed on an annual basis and includes:

- Property damage coverage of the REGENCY CASINO THESSALONIKI for the amount of € 42,500,000 and of the HYATT REGENCY THESSALONIKI for the amount of € 47,200,000.
- Coverage against an insured event of business interruption of the REGENCY CASINO THESSALONIKI up to the insured amount of € 55,200,000 and the HYATT REGENCY THESSALONIKI up to the insured amount of € 830,000.
- Third-Party insurance with a € 2,000,000 limit per incident and a group limit of € 3,000,000.

## 3.5 EVOLUTION OF THE SHARE CAPITAL

The Company's Share Capital amounts to € 30,240,000, divided into 84,000,000 ordinary registered shares, each of a nominal value of € 0.36.

The above Share Capital evolved as follows:

- The initial Share Capital was set on November 29, 1994 at GRD 10,000,000, divided into 1,000 ordinary registered shares, each of a nominal value of GRD 10,000, and was fully paid-in in cash by the founders of the Company (Issue of the Government Gazette 6973/20.12.94). The corporation under the trade name HELLENIC CASINOS CO. (HELLENIC CASINOS COMPANY registered with the Cayman Islands - Caledonian House, Mary George Town, Grand Cayman) subscribed for 999 of these shares and paid-in GRD 9,900,000, while Mr. Michael Evanof, acting on behalf of the Group of companies of the Laskaridis families, acquired one share and paid in GRD 10,000.
- Upon permission granted by the General Meeting of the Shareholders, held on November 29, 1994, Michael Evanof, son of Welchner, transferred his one share to the HELLENIC CASINOS CO, this transfer being certified by the Company's Board of Directors during a meeting held on November 29, 1994. Thereby, HELLENIC CASINOS CO became the sole shareholder of the Company.
- On November 30, 1994, the General Meeting of the Shareholders resolved upon an increase of the Share Capital by GRD 1,990,000,000. The increase was subscribed in full and duly paid-in in cash by the Company's sole shareholder, HELLENIC CASINOS CO. On December 13, 1994, the Company's Board of Directors resolved upon the issuance of one temporary share certificate representing 200,000 ordinary registered shares, each of a nominal value of GRD 10,000. As a result, the Company's Share Capital was adjusted to GRD 2,000,000,000, divided into 200,000 ordinary registered shares, each of a nominal value of GRD 10,000 (Issue of the Government Gazette 7211/30.12.94).
- The Extraordinary General Meetings of the Shareholders convened on February 18, 1999, April 26, 1999 and June 10, 1999 respectively, adopted the following unanimous resolutions, among others:
  - The listing of the entirety of the shares on the Main Market of the Athens Stock Exchange.
  - The reduction of the nominal value of each of the Company's shares from GRD 10,000 to GRD 100.
  - The increase of the Company's Share Capital by GRD 100,000,000, by way of issuance of 1,000,000 new ordinary registered shares, each of a nominal value of GRD 100 and their offering to a large number of investors (individual and institutional ones), by means of an IPO (Initial Public Offering) in accordance with the legislation on the listing of companies on the Athens Stock Exchange (Presidential Decree 350/85). Following the increase of the Company's Share Capital upon completion of the public offering, the Share Capital was adjusted at GRD 2,100,000,000, divided into 21,000,000 ordinary registered shares, each of a nominal value of GRD 100.

- The waiver by the existing sole shareholder of its preemption rights to the increase of the Share Capital by means of the public offering, in order for the necessary diffusion of shares to be achieved.
- The award to future shareholders of the right to collect dividends from the profit of the Financial Year 1999.
- During the Extraordinary General Meetings, the sole shareholder of HELLENIC CASINOS COMPANY committed itself to sell 3,725,000 existing ordinary registered shares, representing 18.63% and 17.74% of the Company's Share Capital, before and after its increase respectively, in accordance with the provisions of the Presidential Decree (P.D.) 350/1985, as amended by Law 2651/1998. Their disposal at the price set by the Lead Underwriters was effected as follows:
  - 3,500,000 existing ordinary registered shares corresponding to 17.50% and 16.67% of the Company's Share Capital, before and after its increase respectively, were to be disposed of by means of a public offering to a large number of individual and institutional investors, in accordance with the provisions of the Presidential Decree (P.D.) 350/85, as amended in accordance with the provisions of Law 2651/1998.
  - 225,000 existing ordinary registered shares corresponding to 1.13% and 1.07% of the Company's Share Capital before and after its increase respectively and to 5% of the total amount of the public offering, were to be made available in the context of a private placement to the Employees and Associates of the Company, in accordance with P.D. 350/85, as amended accordingly by the provisions of Law 2651/1998.
- At a meeting held on July 23, 1999, the Lead Underwriters and the Board of Directors of the Company, duly authorized to this end by the General Meetings, set the disposition price of the offered Company's shares (new and existing ones) at GRD 7,000 per share. The margin from the issuing of the new shares above par amounted to GRD 6,900,000,000 and was credited to the account Issuing of Shares Above Par Reserve.
- By virtue of a resolution of the Extraordinary General Meeting of the Shareholders, dated December 16, 1999, the Company's Share Capital was increased through a capitalization of a part of the special Issuing of Shares Above Par Reserve by a total amount of GRD 6,300,000,000 by means of issuance and distribution free-of-charge of 63,000,000 new shares, each of nominal value of GRD 100. The Share Capital increase (rights issue) was effected by way of issuance of 3 new shares for each existing share; new shares were distributed to existing shareholders. Following the Share Capital increase, the Company's Share Capital stood at GRD 8,400,000,000, divided into 84,000,000 common registered shares of a nominal value of GRD 100 each.
- The Ordinary General Meeting of the Shareholders, dated June 27, 2002, resolved upon the re-denomination of the Company's Share Capital into Euro and its increase by means of a capitalization of part of the variation of the valuation adjustments of investment subsidies - the variation of the valuation adjustments of the remaining assets, as they appear on the Balance Sheet of the Company, dated December 31, 2001 and in particular its recording in the liabilities section, in the own funds chapter, by the amount of € 5,588,495.96, through an increase of the nominal value of each share whereby the nominal value of each share was adjusted from € 0.29, to € 0.36.

The evolution of the Share Capital from the establishment of the Company to date appears on the following table:

#### SHARE CAPITAL EVOLUTION OF HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A.

| SHARE CAPITAL EVOLUTION                                       | G.M. DATE        | GGV NUMBER    | INCREASE AMOUNT<br>(in thousand GRD) | SHARE CAPITAL AFTER INCREASE<br>(in thousand GRD) |                       | TOTAL NUMBER OF SHARES | NOMINAL SHARE VALUE      |
|---|------------------|---------------|--------------------------------------|---|-----------------------|------------------------|--------------------------|
|   |                  |               |                                      | CASH  | CAPITALIZATION        |                        |                          |
| INITIAL CAPITAL   |                  | 6973/20.12.94 | 10,000                               | 0   | 10,000                | 1,000                  | 10,000                   |
| CASH  | 30.11.1994       | 7211/30.12.94 | 1,990,000                            | 0   | 2,000,000             | 200,000                | 10,000                   |
| <b>TOTAL BEFORE INCREASE</b>                                  |                  |               | <b>2,000,000</b>                     | <b>0</b>  | <b>2,000,000</b>      | <b>20,000,000</b>      | <b>100</b>               |
| PRESENT INCREASE  | 18.2.99/26.4.99  |               | 100,000                              | 0   | 100,000               | 1,000,000              | 100                      |
| <b>TOTAL AFTER INCREASE</b>                                   |                  |               | <b>2,100,000</b>                     | <b>0</b>  | <b>2,100,000</b>      | <b>21,000,000</b>      | <b>100</b>               |
| FREE DISPOSITION  | 16.12.1999       |               | 0                                    | 6,300,000   | 6,300,000             | 63,000,000             | 100                      |
| <b>TOTAL AFTER INCREASE</b>                                   |                  |               | <b>2,100,000</b>                     | <b>6,300,000</b>                                  | <b>8,400,000</b>      | <b>84,000,000</b>      | <b>100</b>               |
| <b>REDENOMINATION OF THE SH.C. INTO EURO AND ITS INCREASE</b> | <b>27.6.2002</b> |               |                                      | <b>0</b>  | <b>€ 5,588,495.96</b> | <b>€ 30,240,000</b>    | <b>84,000,000 € 0.36</b> |

### 3.6 EQUITY CAPITAL - BOOK VALUE OF SHARE

The Equity of the Company and the book value of its share during the last three years are presented on the following table:

|  | 2004                  | 2005                 |
|--|-----------------------|----------------------|
| Number of shares   | 84,000,000            | 84,000,000           |
| Nominal value (€)  | 0.36                  | 0.36                 |
| Share Capital  | 30,240,000.00         | 30,240,000.00        |
| Issuing of shares above par reserve                            | 1,760,821.72          | 1,760,821.72         |
| Variation of the valuation adjustments of the remaining assets | 317,515.69            | 1,317,660.02         |
| Other reserves   | 12,238,189.92         | 11,540,596.45        |
| Profit carried forward   | 59,409,378.00         | 35,298,360.59        |
| <b>Total Equity</b>  | <b>103,965,905.32</b> | <b>80,157,438.77</b> |
| Share book value (€)   | 1.24                  | 0.95                 |

### 3.7 SHAREHOLDERS - SHARE CAPITAL COMPOSITION

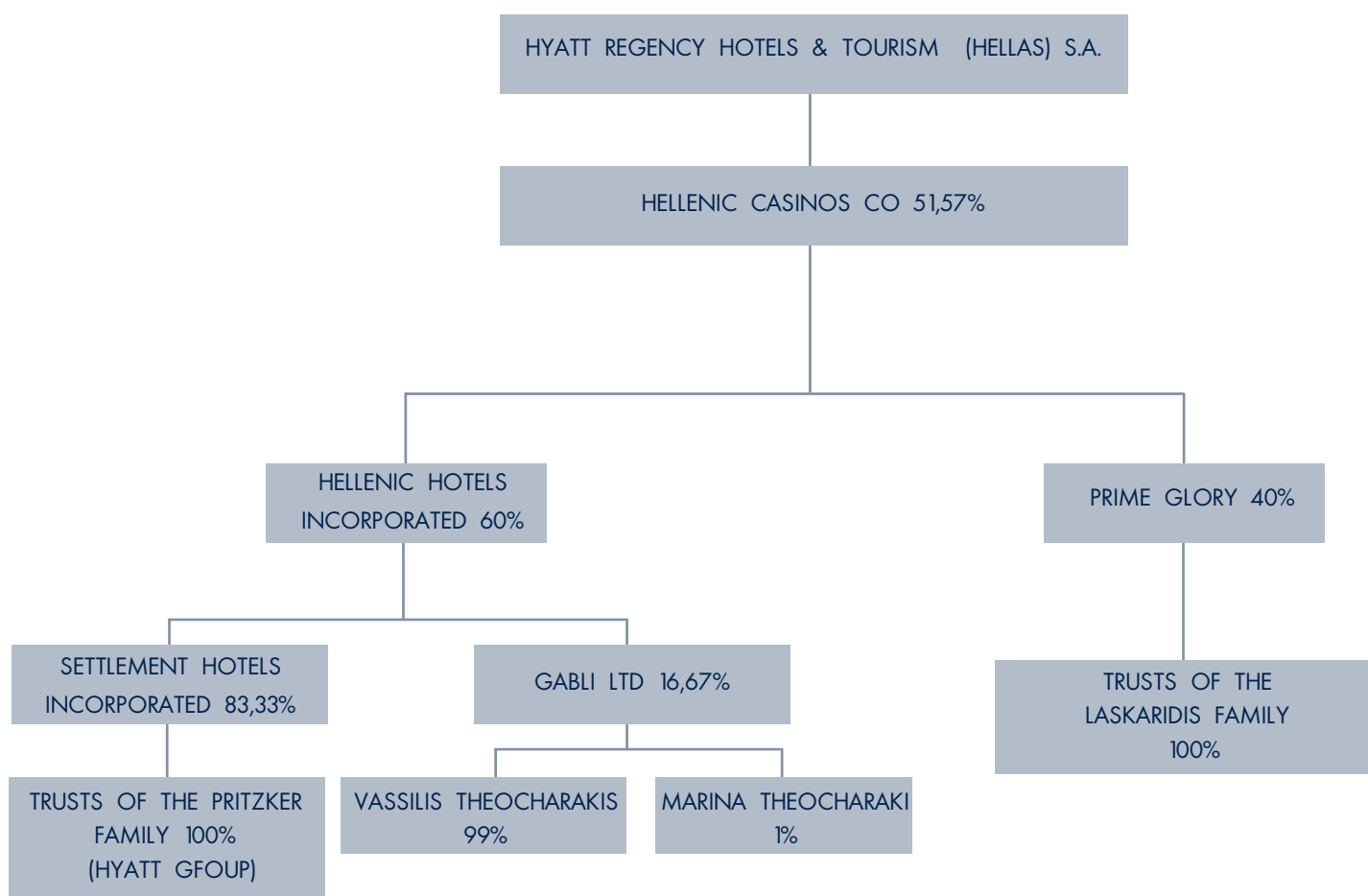
#### Shareholder Composition

Shareholder composition before and after its listing in the Athens Stock Exchange (September 27, 1999) is shown on the following table:

| Shareholder          | Before the Offer |                   | After the Offer |                   | Shareholder Composition on December 31, 2004 |                   |
|----------------------|------------------|-------------------|-----------------|-------------------|--|-------------------|
|                      | %                | No. of Shares     | %               | No. of Shares     | %  | No. of Shares     |
| HELLENIC CASINOS Co. | 100.00%          | 20,000,000        | 77.50%          | 16,275,000        | 51.57%                                       | 43,321,960        |
| GREEK STATUTORY      |                  |                   | 5.71%           | 1,200,000         | 20.36%                                       | 17,100,000        |
| FOREIGN STATUTORY    |                  |                   | 0.71%           | 150,000           | 14.46%                                       | 12,150,000        |
| INVESTORS            |                  |                   | 16.08%          | 3,375,000         | 13.61%                                       | 11,428,040        |
| <b>TOTAL</b>         | <b>100.00%</b>   | <b>20,000,000</b> | <b>100.00%</b>  | <b>21,000,000</b> | <b>100%</b>                                  | <b>84,000,000</b> |

### Major Shareholders

On 31.12.2005, HELLENIC CASINOS COMPANY remained the principal shareholder of the Company. The shareholders of HELLENIC CASINOS COMPANY are presented on the graph below:



In March 2006, HELLENIC CASINOS COMPANY sold its stake (51,57%) in the Company to a fund management company, controlled by BC PARTNERS.



## HYATT GROUP

HYATT CORPORATION opened its first hotel in Los Angeles on September 27, 1957. A rapid expansion took place in the following decade and by 1969 HYATT CORPORATION was operating 13 hotels within the United States. That year also marked HYATT's first international opening, as the newly formed HYATT INTERNATIONAL CORPORATION opened its first hotel in Hong Kong.

Today, there are 213 hotels and resorts (over 90,000 rooms) in 45 countries around the world, operating under the Hyatt®, Hyatt Regency®, Grand Hyatt® and Park Hyatt® brands. Another 28 Hyatt hotels and resorts are currently under development, (including 10 new hotels in China). HYATT CORPORATION and HYATT INTERNATIONAL CORPORATION are subsidiaries of Chicago-based GLOBAL HYATT CORPORATION, which, in turn, is the owner of HYATT VACATION CLUB, Inc. (timeshare), HYATT EQUITIES, L.L.C. (hotel ownership) and U.S. FRANCHISE SYSTEMS, Inc. (with franchises Hawthorn Suites, Microtel and Best Inns).

The HYATT GROUP is the world's leader in the field of managing luxury hotels, resorts and casinos. Its properties are diversified to meet the increasing needs of its various target audiences and to host leisure- or business travelers, large-scale meetings, conferences and conventions. The Group's properties stand out for their unique architecture that blends classic and modern design; their open public spaces and gardens; as well as their excellent service, luxury and friendliness.

## LASKARIDIS GROUP

The LASKARIDIS GROUP is a substantial ship-owning group, mainly operating refrigerated cargo ships worldwide. Currently it operates a fleet of nearly 70 reefers, ranging in size between 130,000 and 560,000 cubic feet. Moreover, the Group owns two important repair shipyards in Spain (Astican and Astander).

The LASKARIDIS GROUP is the main shareholder (95%) of the RIGA TRANSPORT FLEET (RTF) in Riga, Latvia - a listed company with long experience and expertise in reefers. The Group is also the founding member and largest shareholder of ALPHA REEFER TRANSPORT POOL in Hamburg, Germany. Also participating in this Consortium are the fleets of the RIGA TRANSPORT FLEET, the KLAIPEDA TRANSPORT FLEET and YUGREFTRANSFLOT in Sevastopol, Ukraine. The Pool fleet consists of 55 ships. At the same time, the Group controls SUNMAR SHIPPING INC., based in Seattle, Washington, which operates reefers and tankers. Since 1990, the Group is also the exclusive bunker fuel supplier within the territorial waters of the Falkland Islands, acting as a subcontractor for the British State.

The LASKARIDES GROUP maintains offices in Athens, London, Hamburg, Madrid, Las Palmas, Vigo, Seattle, Shanghai, Riga, Pusan and the Falkland Islands.

In addition, a Group subsidiary owns a 27% interest in AEGEAN AIRLINES, Greece's largest private airline. The Group's interests also include the luxurious U.K. country house hotel LUCKNAM PARK, located in Wiltshire, close to Bath. Finally, a Group subsidiary is controlling shareholder of HELLENIC HOTELS LAMPASA S.A., owner of the historical GRANDE BRETAGNE HOTEL in Athens, Greece, as well as the HYATT REGENCY BELGRADE (June 2006).

## THEOCHARAKIS GROUP

The THEOCHARAKIS GROUP is composed of a number of companies that are either related by interest or are under the ownership of the Theocharakis family. Its activity focuses mainly on the sector of automobiles, replacement parts and accessories and, more precisely, on the dealership and distribution of NISSAN passenger cars and pick-up trucks, through the company NIKI.THEOCHARAKIS S.A. The latter also owns the dealerships of SUZUKI outboard motors, BOMBARDIER yachts, CLARION car sound systems, NISSAN forklift vehicles, MERLO concrete process equipment, as well as WYNN'S motor oils and lubricants.

The THEOCHARAKIS GROUP is also active in the areas of long-term automobile leasing (PRAXIS S.A.), cosmetics (TEOROS COMMERCIAL & INDUSTRIAL), properties acquisition (TEODOMI S.A.), as well as the dealerships of various products, including YOKOHAMA tires, CROMORUOTE automobile wheel rims and DAEWOO (THEOCHARAKIS S.A.) electric and electronic appliances.

Finally, the THEOCHARAKIS GROUP engages in shipping (TEO SHIPPING LTD) and participates in the Capital Share of the EGNATIA BANK and PERSEUS HEALTH CARE S.A.

## 3.8 ADMINISTRATION - MANAGEMENT OF THE COMPANY

### 3.8.1 BOARD OF DIRECTORS

The Board of Directors constitutes the supreme corporate management body of the Company. The Board of Directors lays out the strategy of the Company, supervises the management of its assets and is responsible for pursuing its goals - apart from issues which, according to either the Greek Law or the Company Charter, are under the jurisdiction of the General Meeting of Shareholders.

According to the Company's Charter, the Board of Directors consists of four to ten members, elected by the General Meeting. The Board of Directors serves for a three-year term, which may be extended until the first Ordinary General Meeting taking place after the three-year period, but certainly before the end of the fourth year.

The Company's present Board of Directors consists of eight members (including the President) and has been elected for a term of three years; its tenure ends on June 30, 2008.

The composition of the Board is as follows:

| Name                                       | Position in the B.o.D.           | Home Address                     | Nationality |
|--|----------------------------------|----------------------------------|-------------|
| George Galanakis, son of Emmanuel          | President of the B.o.D.          | 37, Karaiskaki St., Kifissia     | Greek       |
| Maurice Modiano, son of Joseph             | Vice-President of the B.o.D.     | 31, Kalvou St., P. Psychico      | American    |
| Christos Tagas, son of Panagiotis          | Secretary of the B.o.D.          | 100, Iphigenias St., Kallithea   | Greek       |
| Panagiotis Throuvalas, son of Konstantinos | Consultant                       | 5, Kadmou St., P. Phaliro        | Greek       |
| Ian Gosling, son of Albert - Victor        | Consultant                       | 14, Giasemion St., Ekali         | British     |
| Markos Tsaktanis, son of Petros            | Independent non-executive Member | 16B, Evrialis St., Kifissia      | Greek       |
| Vassileios Kourtesis, son of Artemios      | Independent non-executive Member | 24, Scholeiou St., Ag. Paraskevi | Greek       |
| Eleftheria Kallini, daughter of Alexandros | Consultant                       | 434, Ioustinianou St., Glyfada   | Greek       |

Pursuant to a resolution of the Board of Directors of March 26, 1998, the Company is represented for any matter whatsoever by members of the Board of Directors Messrs. George Galanakis and/or Maurice Modiano, acting singly or jointly.

The Curriculum Vitae of the members of the Company's Board of Directors are briefly presented below.

#### **George Emm. Galanakis, President of the B.o.D. and Chief Executive Officer**

He studied Law and Political Science at the University of Athens. He has been working as a Lawyer and Legal Advisor since 1976, with a specialization in Maritime and Commercial Law. He is also Vice-President and Chief Executive Officer of HELLENIC CASINO OF PARNITHA S.A.

#### **Maurice Modiano, Vice-President of the B.o.D.**

He studied Engineering at Columbia University and Financial Engineering at Stanford University. He has worked as an Engineer and Operations Manager for FRANK BASIL INC., as well as an Engineering Advisor. He is also President of HELLENIC HOTELS LAMPSA S.A.

#### **Ian Gosling, Chief Operating Officer**

He studied Accounting in the United Kingdom. He has been working in the casino sector since 1978, in several countries including Swaziland, Mauritius, Seychelles, Switzerland, the U.S.A., the United Kingdom, Turkey and Cyprus. He has been working for the Company since 1996, as Slots Director, Operations Manager and Executive Vice-President successively.

#### **Christos P. Tagas, Secretary**

He studied Economics and Business Administration at the University of Piraeus. He has worked as a Certified Accountant and Director of the Tax Department of DELOITTE & TOUCHE S.A. He has been working for the Company since 1995, as a Director of Finance (C.F.O.).

**Panagiotis Throuvalas, Member of the B.o.D.**

He studied Economics at the University of Athens and received a post-graduate degree in Economics from the University of Manitoba, Canada. He is the Financial Director of the THEOCHARAKIS GROUP and a member of the B.o.D. in most of the Group's companies. He is, also, a member of the B.o.D. of EGNATIA BANK and the METROPOLITAN HOSPITAL.

**Eleftheria Kallini, Member of the B.o.D.**

She studied at the Private Shipping College in Greece. She currently holds an executive position in the shipping sector.

**Markos Tsaktanis, Member of the B.o.D.**

He studied Economics at the University of Athens and received a post-graduate degree in Business Administration (MBA) from London Business School. He has worked in the jewellery (ZOLOTAS GROUP OF COMPANIES), banking (BANK OF AMERICA) and personal security (GROUP 4 SECURITAS) sectors. He is currently President and Chief Executive Officer of GLOBAL AVIATION, a company active in Private and Business Aviation.

**Vassileios Kourtesis, Member of the B.o.D.**

He studied at the Philosophical School of the University of Athens and specialized in Marketing and Business Administration in Paris and Brussels. Over the course of the past twenty years he has worked as Commercial Director and Chief Executive Officer for several companies.

**Compensation of Members of the Board of Directors**

In 2005, the compensation of Mr. G. Galanakis amounted to € 150,000, while that of Mr. Maurice Modiano amounted to € 107.800. B.o.D. members M. Tsaktanis and V. Kourtesis received a compensation of € 20,000 each, while Ian Gosling did not receive any compensation for the year 2005. Additionally, a compensation of € 3,516 was granted to each of the remaining four members of the Company's Board of Directors.

It is noted that members of the Company's Board of Directors are not remunerated by affiliated companies and have no transaction with them.

**3.8.2 CORPORATE GOVERNANCE**

The Chief Executive Officer is the supreme executive manager of the Company. Mr. George Galanakis has been elected as Chief Executive Officer of the Company for a period of two years, until June 30, 2008.

The General Managers of all facilities report to the Chief Executive Officer.

- Mr. Craig Ballantyne, aged 55, of British citizenship, is General Manager of the REGENCY CASINO THESSALONIKI since 2004. He has thirty years of experience in the casino sector worldwide.
- Mr. Emmanuel Matsakis, aged 63, of Greek citizenship, is General Manager of the HYATT REGENCY THESSALONIKI since 2005. He has a solid experience in the hospitality and tourism sector worldwide.
- Mr. Shaun-David Cunningham, aged 49, of British citizenship, is General Manager of the REGENCY CASINO MONT PARNES since January 2006. He has a solid experience in the casino and public administration sectors worldwide.

The postal addresses of the B.o.D members and managers of the Company are the same as that of the Company.

- Mr. John James, aged 50, of British citizenship, is General Manager of the REGENCY CASINO TIRANA since its first day of operation. He has a solid experience in the casino sector worldwide.

It is noted that none of the B.o.D members or any executive of the Company has been convicted of dishonest acts or financial crimes, or is involved in any judicial proceedings that relate to bankruptcy or felonious acts and prohibit them from practicing:

- any business activity
- any stock exchange transactions
- any profession (as investment consultant, bank or insurance company manager, underwriter, stock broker e.t.c.)

There are no family relations up to and including the second degree between Board of Directors members and the executive directors of the Company.

### 3.8.3 PARTICIPATION OF BOARD OF DIRECTORS MEMBERS AND MAJOR SHAREHOLDERS IN OTHER COMPANIES

The participation of the Company's Board of Directors members and Major Shareholders in the capital and administration of other companies is as follows:

| Name                 | Companies they participate in                        | Position in the B.o.D                    | % of Participation |
|----------------------|--|--|--------------------|
| George Galanakis     | ATHENS RESORT CASINO HOLDING S.A.                    | President of the B.o.D.<br>& C.E.O.      |                    |
|                      | ACR HOLDING S.A.                                     | President of the B.o.D.<br>& C.E.O.      |                    |
|                      | GAMING INVESTMENTS OVERSEAS<br>S.A. INVESTMENTS      | President of the B.o.D.<br>& C.E.O.      |                    |
|                      | UNITED RESERVE S.A.<br>RENDERING MANAGEMENT SERVICES | President of the B.o.D.<br>& C.E.O.      |                    |
|                      | HCP S.A.   | Vice-President of the B.o.D.<br>& C.E.O. |                    |
|                      | HELLENIC HOTELS LAMPSA S.A.                          | Advisor                                  |                    |
|                      |  |  |                    |
| Maurice Modiano      | HELLENIC HOTELS LAMPSA S.A.                          | President of the B.o.D.                  |                    |
|                      | ROKAS S.A.   | Member of the B.o.D.                     |                    |
|                      | ACR HOLDING S.A.                                     | Advisor                                  |                    |
| Christos Tagas       | ACR HOLDING S.A.                                     | Secretary                                |                    |
|                      | UNITED RESERVE S.A.                                  |  |                    |
|                      | RENDERING MANAGEMENT SERVICES                        | Vice-President                           |                    |
| Vassileios Kourtesis | ATLANTIC UNION                                       | Advisor                                  | 25%                |
|                      | AKTIS ATE  | President of the B.o.D.                  |                    |
| Markos Tsaktanis     | GLOBAL AVIATION S.A.                                 | President of the B.o.D.                  | Over 10%           |
|                      | GLOBAL AIR SERVICES S.A.                             | President of the B.o.D.                  |                    |
|                      | RIZOTIA S.A.   | President of the B.o.D.                  |                    |
|                      | ONAR S.A.  | Advisor                                  |                    |
|                      | TZANNES S.A.   | Advisor                                  |                    |
|                      | HELLENIC HOTELS LAMPSA S.A.                          | Member of the B.o.D.                     |                    |
|                      | AEGEAN AIRLINES                                      | Member of the B.o.D.                     |                    |

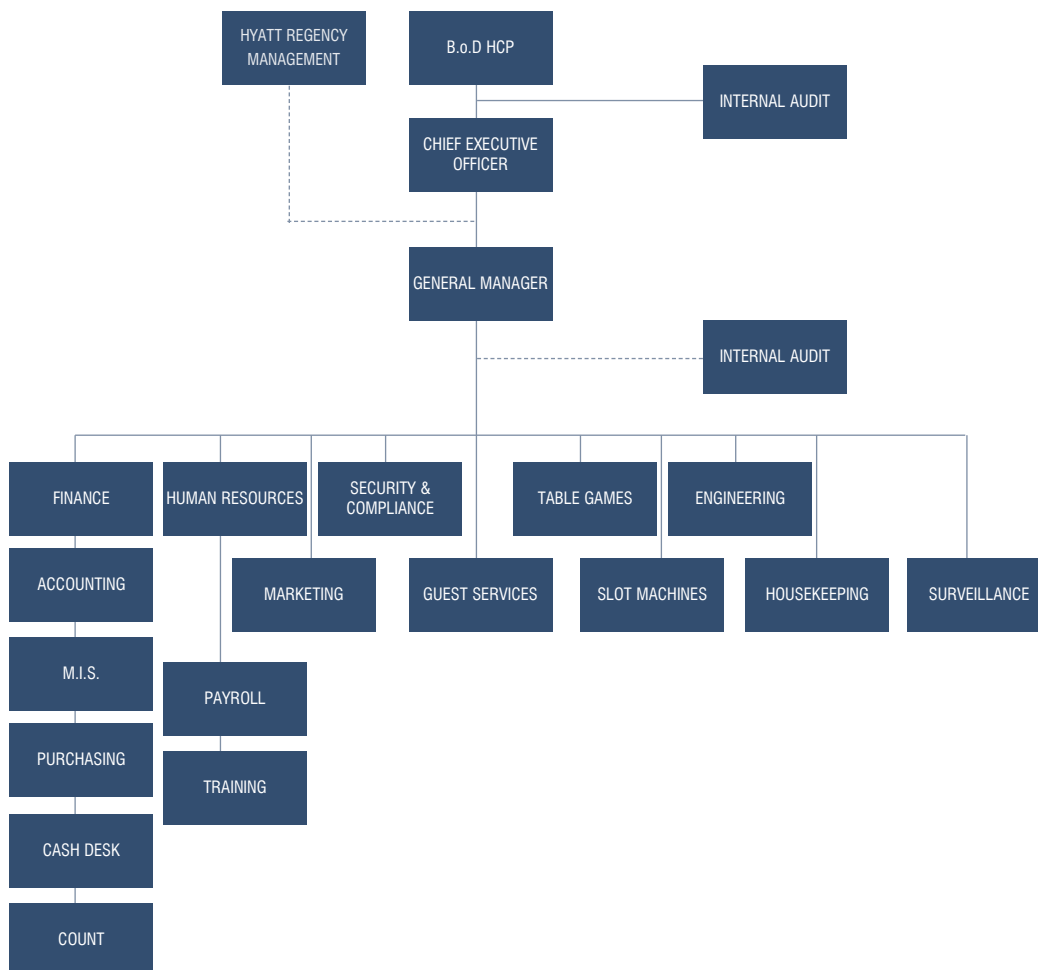
Panagiotis Throuvalas

THEODOMI AKTE  
EGNATIA BANK S.A.  
EGNATIA M.F.M.C.  
TECOM S.A.  
N.I. THEOCHARAKIS S.A.  
PERSEUS HEALTH CARE S.A.

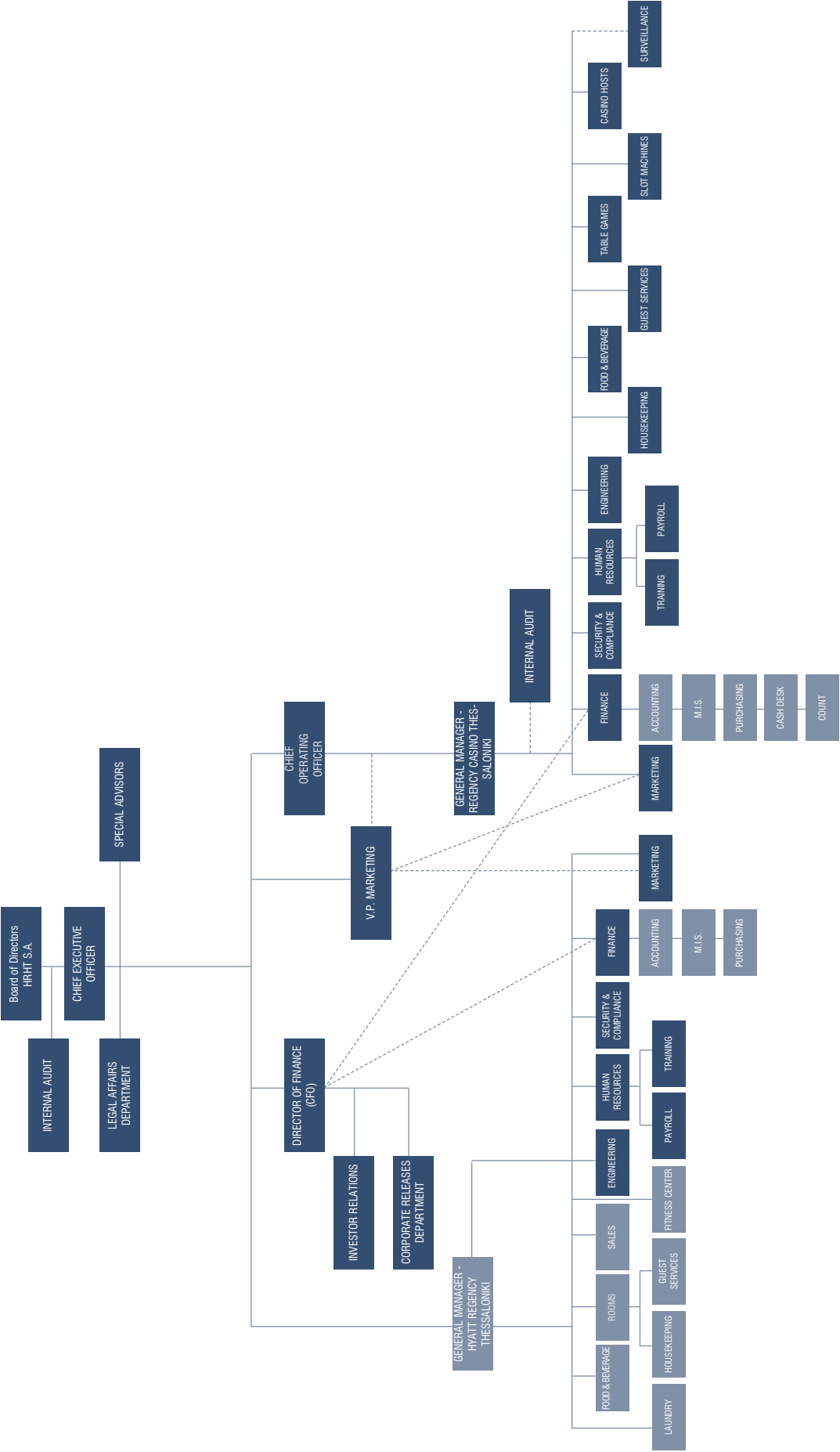
Vice-President  
Advisor  
Advisor  
Advisor  
Advisor  
Advisor

Members of the B.o.D. and Major Shareholders of the Company state that they neither exert any influence nor have any relationship with other companies, with the exception of those mentioned above and in Chapter 7. Additionally, no business relation, agreement, contract or transaction is taking place between the Company and companies in which B.o.D. members and/or major shareholders participate in the capital and management, except those mentioned in Chapter 7.

### 3.8.4 ORGANIZATIONAL STRUCTURE OF HELLENIC CASINO OF PARNITHA S.A.



3.8.5 ORGANIZATIONAL STRUCTURE OF HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A.



Shared responsibilities between HYATT REGENCY THESSALONIKI and REGENCY CASINO THESSALONIKI.

## 3.9 MATERIAL AGREEMENTS

### 3.9.1 MANAGEMENT AND OPERATION AGREEMENT FOR THE HYATT REGENCY THESSALONIKI

The Company and HYATT INTERNATIONAL entered into a Management and Operation Agreement for the HYATT REGENCY THESSALONIKI in January 1999. According to the agreement, HYATT INTERNATIONAL maintains the absolute control on the operation of the complex. Its jurisdiction over the control and operation of the HYATT REGENCY THESSALONIKI includes its use for all intended purposes; the setting of rates regarding accommodation, entertainment and board (Food and Beverage); employment contracts (wages, hirings, dismissals); monitoring of bank accounts; and asset holding in the Company's name. HYATT INTERNATIONAL is in charge of the advertising campaign and communication policy of the hotel, while it also provides booking services abroad, through its subsidiaries. HYATT INTERNATIONAL is also responsible for keeping the accounting books and records of the Company based on preset accounting standards, and rendering them available for auditing by the internal auditors of HYATT INTERNATIONAL or its subsidiaries. Authorized employees of HYATT INTERNATIONAL are also entitled, following a notification to the administration of the complex, to conduct audits related to the condition of the facilities and the quality of services provided.

HYATT INTERNATIONAL retains the right to purchase goods or services from its subsidiaries, provided that the cost and terms of the procurement are competitive to those offered by third parties. Additionally, HYATT INTERNATIONAL retains the right to use the hotel facilities for purposes of training of persons employed in other hotels owned by itself or its subsidiaries.

The initial term of the Management Agreement is twelve years. HYATT INTERNATIONAL reserves the right to extend the initial term for consecutive periods of ten years. The agreement provides for fees payable to HYATT INTERNATIONAL equal to 3% of the turnover and 10% of the gross profit of the business. The two companies have limited rights as to the termination of the agreement without cause.

### 3.9.2 MANAGEMENT AGREEMENT FOR THE REGENCY CASINO MONT PARNES

The Company and the companies HELLENIC CASINO OF PARNITHA S.A. and ATHENS RESORT CASINO HOLDING S.A. entered into an Administration and Management Agreement for the REGENCY CASINO MONT PARNES in May 2003. According to the agreement, the Company undertook the management of the Mont Parnes Casino, which operates in accordance with a license granted to the HELLENIC CASINO OF PARNITHA S.A., in May 2003. The management was assigned in the context of the privatization plan of the company, following an international tender.

On the basis of the agreement, the Company undertook the obligation to manage the business affairs of the REGENCY CASINO MONT PARNES in a prudent and diligent manner, appropriate with its expertise, experience and know-how of the casino sector. Its obligations include, without limitation, carrying out any current affair of the business, operating the casino in accordance with international standards and abiding by the relevant legal framework. The Company's responsibilities also include the selection and training of employees; the adherence to safety regulations; the preservation of the facilities in good condition; as well as the elaboration and implementation of marketing and promotion programs to ensure the profitability of the business. The Company's duties also include maintenance, care and supervision of the reconstruction project of the complex. The agreement expressly stipulates that the Company is granted full control of the operation and is entitled to resolve upon any relevant issue.

In way of Law 3139, HELLENIC CASINO OF PARNITHA S.A. transfers the exclusivity of the casino license that ensures its uninterrupted operation to the Company. The Company is also responsible for all alterations, additions and improvements expected to be performed on the complex within the context of its reconstruction. In this respect, it undertakes the selection and remuneration of the staff employed for the completion of the project, as well as the procurement of necessary equipment.

The Management Agreement remains in effect throughout the course of the casino operating license. The management fee is based on a percentage on the turnover or the gross operating profit, as specifically provided for in the transfer agreement.

### 3.9.3 MANAGEMENT AGREEMENT FOR THE REGENCY CASINO TIRANA

UNITED RESERVE S.A., a subsidiary of the Issuer, and REGENCY INTERNATIONAL CASINO SHA, which owns the management licence of the first casino in Tirana, Albania, entered into an Administration and Management Agreement for the REGENCY CASINO TIRANA in November 2005.

According to the agreement, UNITED RESERVE S.A. undertook the management of the REGENCY CASINO TIRANA for a period of ten years.

On the basis of the agreement, UNITED RESERVE S.A. undertook the obligation to manage the business affairs of the REGENCY CASINO MONT PARNES in a prudent and diligent manner, appropriate with its expertise, experience and know-how of the casino sector, as well as with Albanian legislation. Its obligations include, without limitation, carrying out any current affair of the business, operating the casino in accordance with international standards and abiding by the relevant legal framework. The Company's responsibilities also include the selection and training of employees; the adherence to safety regulations; the preservation of the facilities in good condition; as well as the elaboration and implementation of marketing and promotion programs to ensure the profitability of the business. The agreement expressly stipulates that the Company is granted full control of the operation and is entitled to resolve upon any relevant issue.

According to the Agreement, UNITED RESERVE S.A. has the exclusive control over the management and may make relevant decisions within the framework of Albanian legislation. The Agreement provides for fees to the Manager (3% of turnover) and 10% on gross profit as a incentive. The Agreement also stipulates reimbursement of the manager by 2% of the gross profit if the annual turnover is less than € 10,000,000 and 8% on partial operating profits if they are lower than € 6,000,000. The two companies have limited rights as to the termination of the Agreement without cause.

## 3.10 HUMAN RESOURCES

### 3.10.1 EMPLOYEES

The following table shows the evolution of the number of Company employees, expressed with reference to December 31 of each year:

**EVOLUTION OF COMPANY EMPLOYEES, AVERAGE 2003 - 2005**

| Area of Specialization | 2002  | 2003  | 2004  |
|------------------------|-------|-------|-------|
| Administrative Staff   | 243   | 189   | 186   |
| Gaming Sector          | 839   | 798   |       |
| Food & Beverage        | 363   | 356   | 334   |
| Peripheral Activities  | 52    | 107   | 106   |
| Total                  | 1,497 | 1,466 | 1,424 |

### 3.10.2 EMPLOYEE DEVELOPMENT POLICY

The management team gives great emphasis on the advancement of the Company's employees - especially in the Gaming Sector - and aims at their continuous training through specialized programs. Employee training includes internal programs organized by the relevant departments, supplemented by hands-on training in the workplace, participation in conferences and meetings, information acquired through specialized magazines etc. Specifically, table game staff (dealers) are initially trained for two to three months and, after the elapse of a certain period of time and the acquisition of basic skills, participate in seminars aiming to promote them to table inspectors or table group inspectors (pit bosses). Additionally, within the context of the Company's constant development and training policy, all employees take part in various training programs overseen by the international HYATT Group, while senior staff members also attend special seminars abroad.



### 3.10.3 OTHER EMPLOYEE BENEFITS

With the aim to protect the health of its employees, the Company maintains an Infirmary staffed with a doctor and nurses and operating daily on a 16-hour basis, providing first-aid to employees. The Company provides private insurance coverage to its employees and offers free annual medical checkups to staff members in the Food & Beverage Department, as well as free vaccinations to certain groups of employees (gardeners, technical service staff and chambermaids).

In addition, the Company offers its employees free meals at the staff restaurants located on all premises and operating on a 24-hour basis, while it also supplies and launders staff uniforms.

### 3.11 PENDING LITIGATION

According to the Legal Department, the Company is party to the following court cases deriving from its current business activity. The Company does not expect that the outcome of the cases in total will have any substantial negative impact on its financial status and annual results.

The court cases are the following:

- A fine of GRD 213,600,000 or € 626,852.53 was imposed on the Company by virtue of Decision No. 270-273/1998 of the Head of the Athens Corporations Tax Office (FAEE) on the imposition of a fine for violations of the Code of Books and Records at the REGENCY CASINO THESSALONIKI. The Company filed an application before the administrative courts against the aforesaid decision on May 28, 1998, through which the Company believes that it will be vindicated before the Greek Courts.
- A fine of GRD 120,116,400 or € 352,505.94 was imposed on the Company by virtue of Decision No. 414/1999 of the Head of the Athens Corporations Tax Office (FAEE) on the imposition of a fine for the alleged failure to issue 398 honorary tickets to the Vergina theater of the REGENCY CASINO THESSALONIKI. The Company filed an application before the administrative courts against the aforesaid decision on February 9, 2000, through which the Company believes that it will be vindicated before the Greek Courts.
- A fine of GRD 152,500,000 or € 447,542.19 was imposed on the Company by virtue of Decision No. T/4840/2000 of the Minister of Development on the imposition of a fine for non-operation of the closed circuit surveillance system and due to the purchase of chips not only from the tables, but also from the cashier of the REGENCY CASINO THESSALONIKI. Against these decisions, an application for reconsideration was filed on December 11, 2000 with the Minister of Development, requesting the annulment or declaration of nullity of the decisions imposing the fines.
- In addition, applications have been filed against various decisions imposing fines of a total amount of GRD 31,255,519 or € 91,725.66.
- Claims against the Greek State pending before courts for the year 2002 amount to € 572,177.84.
- Finally, the regular Tax Audit for the Financial Years 1998 to 2001 was completed in March 2003. As a result of it, taxes and surcharges of a total amount of € 4,937,190 were imposed upon the Company. An amount of € 3,607,099 was recorded in the Distribution of Results Table for 2003 (as deduction to the net results of the year 2003), while the remaining amount of € 1,330,091 was recorded at Extraordinary Results of 2003 as an expense for previous years.

There are no serious pending court or arbitration cases that may have a significant impact on the Company's financial status. The Appendix also attached to the Balance Sheet, dated December 31, 2004, contains a note on a pending court case, initiated by a law suit filed by the LOUTRAKI CASINO CONSORTIUM against the company under the trade name HELLENIC TOURIST PROPERTIES S.A. (now TOURIST DEVELOPMENT Co.), HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A., the subsidiary company ATHENS RESORT CASINO HOLDING S.A. and HELLINIKI TECHNODOMIKI S.A. According to the aforesaid law suit, the plaintiffs request damages of € 44,971,720 and the declaration of invalidity of the contract between TOURIST DEVELOPMENT Co. and the aforementioned subsidiary, as well as the company HELLINIKI TECHNODOMIKI S.A., by virtue of which 49% of the shares of HELLENIC CASINO OF PARNITHA S.A. (HCP S.A.) was transferred to the company under the trade name ATHENS RESORT CASINO HOLDING S.A. and the management was assigned to the Company. By virtue of the Decision No. 3350/2.6.2005, the Athens Multi-membered Court of First Instance dismissed the law suit and

fully vindicated the Company. Finally, two members of the LOUTRAKI CASINO CONSORTIUM have appealed to the State Council (Supreme Court of Administrative Justice) to request the annulment of a certificate of transparency issued in favor of a member of the Consortium.

### 3.12 CORPORATE SOCIAL RESPONSIBILITY

Contribution to society has always been one of the fundamental principles of the Company. Social contribution remains an integral part of the corporate philosophy of the Company, which, as a genuinely anthropocentric business, implements an extensive Corporate Social Responsibility program and contributes actively to social prosperity. The CSR program encompasses all of Greece, placing particular emphasis on areas where the Company is active. It includes actions to support and promote significant cultural, educational, social and athletic activities, as well as actions for the protection of the environment.

In the course of 2005, the Company's social work included:

- The organization of the Annual Fund - Raising event titled «Do you want to be my Santa Claus», which, like every year, took place at Christmas at the HYATT REGENCY THESSALONIKI and the REGENCY CASINO THESSALONIKI, in order to raise funds to support children of welfare organizations in Thessaloniki (the Melissa Foundation for Orphan Girls, SOS Village for Children, the Down Syndrome Society etc.).
- The contribution of all revenue earned during the opening nights of all performances and on the occasion of special events organized at the Vergina theater of the REGENCY CASINO THESSALONIKI for the support of welfare organizations (Aktis, KEPEP, St. Demetrius, St. Stylianos Orphanage).
- The support of schools, foundations and institutions through either donations (S.O.S. Village for Children, Hellenic Mountaineering Club, Kozani Refuge) or the supply of technological or other equipment, such as computers, furniture, electric appliances etc. (Handicapped Life, St. Athanasios Club of Trilofos, Elementary School of Stanou, Trilofos Cultural Club, Intercultural Center of NeoI Epivates, Alexander the Great Sports Club etc.).
- The participation in the Tele-marathon organized by ERT S.A. for the Tsunami victims in Southeast Asia.
- Participation in the Annual Fund Drive organized by the Hellenic Red Cross.

In the course of 2005, special emphasis was given by the Company to the preservation and promotion of the Parnitha National Forest, home of the REGENCY CASINO MONT PARNES. Within this framework, financial support was given to the ?? of Parnitha, a Volunteer Program for Cleaning the Parnitha National Forest was implemented and donations were made to the Bafi refuge and the Phyli Cultural Society.

In addition to social contribution, the Company also effectively displays its interest and sensitivity for the environment. Within this framework, the facilities of the REGENCY CASINO THESSALONIKI and the HYATT REGENCY THESSALONIKI have been designed and operate with the outmost respect to the environment (control of power consumption, recycling, use of natural gas instead of oil, use of biodegradable detergents etc.). The new cable-car system at the REGENCY CASINO MONT PARNES contributes greatly to the control of transportation and pollutants on the mountain, whereas equal sensitivity is exemplified by the further reconstruction plans of the complex.

Finally, the Company annually spends significant amounts for the maintenance and landscaping of its outdoor green areas, which occupy a large proportion of the total surface of the land where its complexes are situated.

**Social product**

The contribution of the Company to the Social Product in 2005 is as follows:

| (in thousand €)   | 2005              |
|---|-------------------|
| Company Turnover  | 172,934.99        |
| Sundry Profit   | 6,787.83          |
| Operating and other Expenses<br>(before Wages & Taxes) & Depreciation | (30,237.63)       |
| <b>Social Product</b>   | <b>149,485.19</b> |

The Social Product and its Distribution

| (in thousand €)  | 2005              |
|--|-------------------|
| <b>I. Greek State</b>                                      |                   |
| Greek State Participation in Casino Revenue                | 52,107.52         |
| Revenue Tax & other Taxes                                  | 19,407.29         |
| Contribution to Social Security Organizations              | 11,338.66         |
| Value Added Tax  | 3,321.69          |
| Payroll Tax  | 2,280.47          |
|  | <b>88,455.63</b>  |
| <b>II. Company</b>   |                   |
| Undistributed Profit/Reserves                              | <b>11,933.56</b>  |
| <b>III. Staff</b>  |                   |
| Total Gross Pay  | 26,590.20         |
| Other Benefits to the Staff                                | 1,231.79          |
| Payroll Tax  | (2,280.47)        |
| Contribution of the Staff to Social Security Organizations | (4,165.53)        |
|  | <b>21,375.99</b>  |
| <b>IV. Shareholders</b>                                    |                   |
| Net Dividend   | <b>27,720.00</b>  |
| <b>Social Product</b>                                      | <b>149,485.19</b> |

## CHAPTER



MARKET DATA

## 4.1 THE CASINO SECTOR

### Overview of the Gaming Sector

The gaming sector is one of the fastest-rising of the global economy. In the European Union, the most important activities of the sector, which yield the largest part of its revenue, are:

- Lottery, LOTTO, PRO-PO, XYSTO
- Horse-racing (traditionally a popular sport in Great Britain and Ireland)
- Bingo (particularly popular in Spain and Great Britain)
- Internet Gaming
- Other betting games
- Casinos
- Slot Machines.

### Casinos

The casino sector internationally is characterized by growth tendencies and clustering of relevant facilities in resort centers or in areas seeking financial development through high taxation. A common characteristic of all casinos is their operation according to particularly strict and fairly limiting regulations, although without convergence between individual nations. It is worth noting that the European Union currently offers no common institutional context on the organization and operation of casinos for member-states to comply with. As a result, one notes significant variation among the legislation of individual member-states.

In Europe, France, Germany, Spain, the Netherlands, Portugal and Greece currently offer the largest number and widest selection of table games and slot machines.

### The Casino Sector in Greece

Until 1995, Greece was one of the least developed European countries in the casino sector. The first casino in Greece opened to the public in 1962 on the island of Corfu and operated for a brief period of time, while the Mont Parnes Casino began operating a few years later, in 1971.

A turning point for the casino sector was the operation of the first private casinos in the 90's. The emergence of private casinos, which offered quality services and extended working hours, revived the sector, boosted the number of visitors and increased the betting amounts.

Greece currently has a total of nine operating casinos (only one of them is still owned by the state), while licenses for another three are still pending.

## 4.2 POSITION OF THE COMPANY IN THE SECTOR

The company, the only one in Greece currently managing two casinos (REGENCY CASINO THESSALONIKI and REGENCY CASINO MONT PARNES), currently holds the leading position in the casino sector in Greece.

The establishment of the high-class REGENCY CASINO THESSALONIKI in 1996 marked a new era for gambling in Greece, as it established, for the first time, a new association of casinos with entertainment in a luxurious environment. Trading in the Athens Stock Exchange since 1999, the Company, which remains the only floating Greek casino business, follows a steady upward course, thanks to select investments and a dynamic response to the changing needs of its customers. After taking over the management of the historical casino of Mont Parnes, which was renamed REGENCY CASINO MONT PARNES, the Company currently constitutes the leading force in Greece.

In 2005, REGENCY CASINO THESSALONIKI and REGENCY CASINO MONT PARNES jointly accounted for 49% of the total revenue of Greek casinos, as well as 54% of the total entry tickets, with 1,536,029 visits.

## CHAPTER



## ANALYSIS OF FINANCIAL DATA

## 5.1 FINANCIAL STATEMENTS

### 5.1.1 INCOME STATEMENT

| (in thousand €)                      | Notes    | GROUP          |                | COMPANY        |                |
|--------------------------------------|----------|----------------|----------------|----------------|----------------|
|                                      |          | 31.12.05       | 31.12.04       | 31.12.05       | 31.12.04       |
| Turnover                             |          | 307,564        | 297,497        | 172,935        | 176,424        |
| Less: Share of Greek State           | 3        | -98,142        | -95,101        | -52,108        | -53,311        |
| <b>Net Turnover</b>                  | <b>3</b> | <b>209,422</b> | <b>202,396</b> | <b>120,827</b> | <b>123,113</b> |
| Cost of sales                        | 4        | -70,472        | -65,719        | -36,236        | -35,380        |
| <b>Gross Margin</b>                  |          | <b>138,950</b> | <b>136,677</b> | <b>84,591</b>  | <b>87,733</b>  |
| Other operating income               |          | 1,971          | 733            | 621            | 299            |
| Administrative expenses              | 4        | -30,253        | -26,661        | -14,069        | -14,437        |
| Selling and distribution expenses    | 4        | -15,875        | -10,961        | -11,723        | -7,937         |
| <b>Operating Profit</b>              |          | <b>94,793</b>  | <b>99,788</b>  | <b>59,420</b>  | <b>65,658</b>  |
| Income from sale of investments      |          | 17,072         | 0              | 4              | 0              |
| Share of profit/(loss) in associates |          | 0              | 472            | 4,869          | 0              |
| Interest income                      |          | 2,202          | 1,305          | 1,189          | 391            |
| Finance costs                        | 5        | -6,113         | -5,939         | -5,700         | -5,871         |
| <b>Profit before Tax</b>             |          | <b>107,954</b> | <b>95,626</b>  | <b>59,782</b>  | <b>60,178</b>  |
| Income tax                           | 7        | -31,571        | -34,074        | -19,751        | -21,584        |
| <b>Profit for the Year</b>           |          | <b>76,383</b>  | <b>61,552</b>  | <b>40,031</b>  | <b>38,594</b>  |
| Allocated to:                        |          |                |                |                |                |
| Holding Company shareholders         |          | 60,608         | 46,744         | 40,031         | 38,594         |
| Minority interest                    |          | 15,775         | 14,808         | 0              | 0              |
| <b>Total</b>                         |          | <b>76,383</b>  | <b>61,552</b>  | <b>40,031</b>  | <b>38,594</b>  |
| Earnings per share (in €)            | 6        | 0.72           | 0.56           | 0.48           | 0.46           |

### 5.1.2 BALANCE SHEET

| (in thousand €)                       | Notes | GROUP      |            | COMPANY    |            |
|---------------------------------------|-------|------------|------------|------------|------------|
|                                       |       | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| ASSETS                                |       |            |            |            |            |
| Fixed Assets                          |       |            |            |            |            |
| Tangible fixed assets                 | 8     | 158,987    | 129,487    | 84,753     | 87,291     |
| Intangible fixed assets               | 9     | 26,130     | 23,137     | 5,273      | 7,138      |
| Subsidiaries                          | 10    | 0          | 0          | 78,439     | 98,656     |
| Investments in associates             |       | 32         | 11,595     | 0          | 9,990      |
| Long term receivables                 |       | 170        | 168        | 159        | 161        |
| Deferred tax asset                    | 11    | 2,643      | 2,321      | 529        | 453        |
| Total Fixed Assets                    |       | 187,962    | 166,708    | 169,153    | 203,689    |
| Current Assets                        |       |            |            |            |            |
| Inventory                             | 12    | 1,877      | 1,661      | 1,333      | 1,270      |
| Trade and other receivables           | 13    | 22,654     | 22,862     | 16,262     | 31,066     |
| Commercial portfolio                  | 14    | 1,000      | 0          | 1,000      | 0          |
| Others receivables - prepaid expenses |       | 2,198      | 1,118      | 1,295      | 724        |
| Cash and cash equivalents             | 15    | 61,051     | 79,699     | 25,835     | 17,126     |
| Total current assets                  |       | 88,780     | 105,340    | 45,725     | 50,186     |
| TOTAL ASSETS                          |       | 276,742    | 272,048    | 214,878    | 253,875    |

## EQUITY AND LIABILITIES

### Capital and Reserves

|                                      |    |               |               |               |                |
|--------------------------------------|----|---------------|---------------|---------------|----------------|
| Share Capital                        | 16 | 30,240        | 30,240        | 30,240        | 30,240         |
| Share premium                        | 16 | 1,761         | 1,761         | 1,761         | 1,761          |
| Reserves                             | 17 | 14,356        | 13,238        | 12,858        | 12,556         |
| Retained earnings                    | 18 | -13,033       | -8,766        | 35,298        | 59,409         |
| Shareholders' equity holding company |    | 33,324        | 36,473        | 80,157        | 103,966        |
| Minority interest                    |    | 52,730        | 49,571        | 0             | 0              |
| <b>Total equity</b>                  |    | <b>86,054</b> | <b>86,044</b> | <b>80,157</b> | <b>103,966</b> |

### Non-Current Liabilities

|                                      |    |               |                |               |                |
|--------------------------------------|----|---------------|----------------|---------------|----------------|
| Long-term borrowings                 | 19 | 52,972        | 99,213         | 36,688        | 99,213         |
| Retirement benefit obligations       | 20 | 6,789         | 6,363          | 2,014         | 1,698          |
| <b>Total non-current liabilities</b> |    | <b>59,761</b> | <b>105,576</b> | <b>38,702</b> | <b>100,911</b> |

### Current Liabilities

|                                  |    |                |               |               |               |
|----------------------------------|----|----------------|---------------|---------------|---------------|
| Bank overdrafts and loans        | 19 | 62,499         | 3,805         | 62,499        | 3,805         |
| Trade and other payables         |    | 10,963         | 7,101         | 3,031         | 2,452         |
| Current tax obligations          |    | 29,851         | 36,026        | 17,762        | 21,741        |
| Dividends payable                |    | 811            | 10,140        | 811           | 10,140        |
| Other current liabilities        | 21 | 26,804         | 23,356        | 11,917        | 10,860        |
| <b>Total current liabilities</b> |    | <b>130,927</b> | <b>80,428</b> | <b>96,019</b> | <b>48,998</b> |

|                                     |  |                |                |                |                |
|-------------------------------------|--|----------------|----------------|----------------|----------------|
| <b>TOTAL EQUITY AND LIABILITIES</b> |  | <b>276,742</b> | <b>272,048</b> | <b>214,878</b> | <b>253,875</b> |
|-------------------------------------|--|----------------|----------------|----------------|----------------|

## 5.1.3 STATEMENT OF CHANGES IN EQUITY

### Group Information

| (in thousand €)                           | Share Capital | Share Premium | Reserves      | Retained Earnings | Total          | Minority Interest | Total          |
|---|---------------|---------------|---------------|-------------------|----------------|-------------------|----------------|
| <b>On 31.12.2004</b>                      |               |               |               |                   |                |                   |                |
| On 01.01.2004                             | 30,240        | 1,761         | 10,883        | -16,195           | <b>26,689</b>  | 37,619            | <b>64,308</b>  |
| Transfers                                 | 0             | 0             | 2,355         | -2,355            | <b>0</b>       | 0                 | <b>0</b>       |
| Dividends                                 | 0             | 0             | 0             | -36,960           | <b>-36,960</b> | -2,856            | <b>-39,816</b> |
| Net profit                                | 0             | 0             | 0             | 46,744            | <b>46,744</b>  | 14,808            | <b>61,552</b>  |
| On 31.12.2004                             | 30,240        | 1,761         | 13,238        | -8,766            | <b>36,473</b>  | 49,571            | <b>86,044</b>  |
| <b>On 31.12.2005</b>                      |               |               |               |                   |                |                   |                |
| On 01.01.2005                             | 30,240        | 1,761         | 13,238        | -8,766            | <b>36,473</b>  | 49,571            | <b>86,044</b>  |
| Transfers                                 | 0             | 0             | 1,118         | -1,118            | <b>0</b>       | 142               | <b>142</b>     |
| Dividends                                 | 0             | 0             | 0             | -63,840           | <b>-63,840</b> | -12,762           | <b>-76,602</b> |
| <b>Results that go directly to equity</b> | 0             | 0             | 0             | 83                | <b>83</b>      | 4                 | <b>87</b>      |
| Net profit                                | 0             | 0             | 0             | 60,608            | <b>60,608</b>  | 15,775            | <b>76,383</b>  |
| <b>On 31.12.2005</b>                      | <b>30,240</b> | <b>1,761</b>  | <b>14,356</b> | <b>-13,033</b>    | <b>33,324</b>  | <b>52,730</b>     | <b>86,054</b>  |



## Company Information

| (in thousand €)      | Share Capital | Share Premium | Reserves | Retained Earnings | Total   |
|----------------------|---------------|---------------|----------|-------------------|---------|
| <b>On 31.12.2004</b> |               |               |          |                   |         |
| On 01.01.2004        | 30,240        | 1,761         | 10,647   | 59,684            | 102,332 |
| Transfers            | 0             | 0             | 1,909    | -1,909            | 0       |
| Dividends            | 0             | 0             | 0        | -36,960           | -36,960 |
| Net profit           | 0             | 0             | 0        | 38,594            | 38,594  |
| On 31.12.2004        | 30,240        | 1,761         | 12,556   | 59,409            | 103,966 |
| <b>On 31.12.2005</b> |               |               |          |                   |         |
| On 01.01.2005        | 30,240        | 1,761         | 12,556   | 59,409            | 103,966 |
| Transfers            | 0             | 0             | 302      | -302              | 0       |
| Dividends            | 0             | 0             | 0        | -63,840           | -63,840 |
| Net profit           | 0             | 0             | 0        | 40,031            | 40,031  |
| On 31.12.2005        | 30,240        | 1,761         | 12,858   | 35,298            | 80,157  |

## 5.1.4 CASH FLOW STATEMENT

| (in thousand €)   | GROUP          |                | COMPANY       |                |
|---|----------------|----------------|---------------|----------------|
|   | 31.12.2005     | 31.12.2004     | 31.12.2005    | 31.12.2004     |
| <b>Operating Activities</b>   |                |                |               |                |
| Profit before tax   | 107,954        | 95,627         | 59,782        | 60,178         |
| Adjustments for:  |                |                |               |                |
| Depreciation  | 11,320         | 10,982         | 6,958         | 6,798          |
| Provisions  | 425            | 649            | 316           | 289            |
| Results from investing activities                                     | -2,485         | -1,288         | -6,061        | -374           |
| Gain on sale of investments   | -17,072        | 0              | 0             | 0              |
| Interest expense and finance charges                                  | 6,113          | 5,939          | 5,700         | 5,871          |
| Gain/loss on sale of fixed assets                                     | -82            | 15             | -12           | 15             |
| Operating cash inflows/(outflows) before movements in working capital | 106,173        | 111,924        | 66,683        | 72,777         |
| Decrease/(increase) of inventory                                      | -216           | -171           | -63           | -75            |
| Decrease/(increase) of receivables                                    | -472           | -2,215         | 14,235        | -9,762         |
| Increase/decrease of payables except banks                            | 7,454          | 12,689         | 1,544         | -524           |
| Less:   |                |                |               |                |
| Interest expense and finance charges paid                             | -6,147         | -5,902         | -5,733        | -5,835         |
| Income taxes paid   | -38,117        | -34,634        | -23,805       | -20,375        |
| <b>Net Cash Provided by/(used in) Operating Activities (a)</b>        | <b>68,675</b>  | <b>81,691</b>  | <b>52,861</b> | <b>36,206</b>  |
| <b>Investing Activities</b>   |                |                |               |                |
| Purchase of tangible and intangible fixed assets                      | -45,757        | -17,668        | -2,564        | -3,515         |
| Gain on sale of fixed assets  | 230            | 25             | 20            | 25             |
| Purchase of commercial portfolio                                      | -1,000         | 0              | -1,000        | 0              |
| Interest received   | 2,486          | 1,288          | 6,057         | 374            |
| (Purchase)/sale of investments in associates                          | 30,456         | -9,845         | 30,335        | -11,195        |
| <b>Net Cash Provided by/(used in) Investing Activities (b)</b>        | <b>-13,585</b> | <b>-26,200</b> | <b>32,848</b> | <b>-14,311</b> |
| <b>Financing Activities</b>   |                |                |               |                |

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Increase/(decrease) in Share Capital of minorities  | 24             | 0              | 0              | 0              |
| Cash inflow from new loans obtained   | 16,000         | 0              | 0              | 0              |
| Dividends paid  | -85,931        | -39,816        | -73,169        | -27,598        |
| Repayment of borrowings   | -3,831         | -1,969         | -3,831         | -1,969         |
| <b>Net Cash Provided by/(used in) Financing Activities (c)</b>                              | <b>-73,738</b> | <b>-41,785</b> | <b>-77,000</b> | <b>-29,567</b> |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents for the Period: (a) + (b) + (c)</b> | <b>-18,648</b> | <b>13,706</b>  | <b>8,709</b>   | <b>-7,672</b>  |
| <b>Cash and Cash Equivalents, Beginning of Year</b>   | <b>79,699</b>  | <b>65,993</b>  | <b>17,126</b>  | <b>24,798</b>  |
| <b>Cash and Cash Equivalents, End of Year</b>   | <b>61,051</b>  | <b>79,699</b>  | <b>25,835</b>  | <b>17,126</b>  |

## 5.2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

### 5.2.1 GENERAL INFORMATION

HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A. (the Company) was established in its current legal form on 28.11.1994 (Issue 6620/29.11.1994 Bulletin S.A. and EPE). The Company's duration is ninety nine (99) years. The head office and headquarters of the Company are located at 49, Ag. Konstantinou St., Maroussi 151 24, Athens, Greece. The Company was listed on the Athens Stock Exchange (ASE) on 27.09.1999 and was simultaneously registered in the register of the Ministry of Development under No. 32167/06/B/94/49.

The principal activities of the Company and its subsidiaries and its main operations involve the operation of the casinos and the exploitation of the hotel and all relevant tourist activities (note 10).

The financial statements are presented in Euro, since it is the currency in which most transactions of the Group companies are performed.

The total number of employees for 2005 were 2.640 (2004: 2.543) for the Group and 1.401 (2004: 1.391) for the Company.

### 5.2.2 BASIS OF COMPILATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group were prepared by 31.12.2004, according to Law 2190/1920 and the Greek Accounting Principles, which, in many instances, differ from the International Financial Reporting Standards (IFRS). According to requirement 1606/2002 of the European Union and Law 3229/04 (as amended by Law 3301/04), Greek companies listed on any Stock Exchange (local or foreign) are required to prepare financial statements, for periods commencing from 01.01.2005 onwards, in accordance with IFRS. According to IFRS 1 «First-time adoption of International Financial Reporting Standards» and the above-mentioned requirement, all above-mentioned companies are required to present comparative financial statements, in accordance to the IFRS, at least for one period (31.12.2004), with 01.01.2004 being the effective conversion date to IFRS.

The consolidated financial statements as well as those of the holding and subsidiary companies have been compiled according to the first-time adoption requirements of IFRS. Reconciliation is provided in note 27 to the notes of these financial statements that show the effect on the financial statements of Greek GAAP and IFRS. The Group's effective date of IFRS application is deemed to be 01.01.2004.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and liabilities (cash, mutual funds etc.). The Company of the Group revalued land and buildings to their fair value, at the date of IFRS adoption, and this was used as the cost during the above effective date for IFRS application.

### 5.2.3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New and revised Standards and Interpretations have been issued, which are compulsory for accounting periods commencing on 01.01.2006 or later and are analyzed as follows:

- IAS 19 (revised) Employee Benefits (effective 01.01.2006).
- IAS 39 (revised) Financial Instruments: Recognition and Measurement (effective 01.01.2006).
- IAS 39 (revised) Fair value measurement (effective 01.01.2006).
- IAS 39 (revised) and IFRS 4 (revised) Insurance contracts (effective 01.01.2006).
- IFRS 1 (revised) First-time adoption of International Financial reporting Standards and IFRS 6 Exploration for and evaluation of Mineral Resources (effective 01.01.2007).
- IFRS 7 Financial Instruments, Disclosures and additional amendment to IAS 1 Presentation of Financial Statements (effective 01.01.2006).
- Interpretation 4, Determining whether an Arrangement contains a Lease (effective 01.01.2006).
- Interpretation 5, Rights to interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective 01.01.2006).

Management of the Group and Company estimate that the impact of adopting these new and revised standards is that they do not have a material impact on the financial statements of the Group, either because they do not apply to the Group or because they relate only to additional information (disclosure).

### 5.2.4 SIGNIFICANT ACCOUNTING POLICIES

The basic accounting policies adopted in the preparation of the financial statements are further analyzed below.

#### Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Société Anonyme HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A. and entities controlled by the Company (its subsidiaries) for the year ended on 31.12.2005. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at fair values at the date of acquisition. In the case where cost is greater than fair values, the difference is recognized as goodwill. In the case, however, where cost is less than fair values (e.g. discounts on purchase), the difference is taken to the income statement in the year acquired.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring them in line with those used by other members of the Group.

#### All intra-group income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Losses applicable the minority interest in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

#### Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but this is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition, is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in income statement.

Where a group entity transacts with an associate of the Group (including the consolidated subsidiaries), profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

### **Goodwill**

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition.

Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. An impairment loss is recognized immediately in income statement.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### **Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business. (Casino, Hotel etc.) Amounts received on behalf of third parties, such as sales, related taxes, good and service taxes, and VAT are excluded from revenue.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and reward of ownership to the lessee. All other leases are classified as operating leases.

#### **The Group as Lessor**

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset recognized on a straight-line basis over the lease term.

#### **The Group as Lessee**

For operating leases, lease payments are recognized as an expense according to the straight line method over the duration of the lease.

### Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in the functional currency of the Company which is the functional currency of the Group and the presentation currency for the consolidated financial statements. The functional currency of the Company and its subsidiaries is the Euro (functional currency).

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

At each balance sheet date:

- Monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.
- Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items with respect to which gains and losses are recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Euro using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's transaction reserve. Such translation differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

### Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the income statement in the period in which they incurred.

### Government Grants

Government grants towards staff re-training costs are recognized in the income statement over the periods necessary to match them with the related costs and are deducted in reporting the expense.

### Retirement Benefit Costs

Retirement benefit costs (except for termination costs) in cash and kind are recognized as an expense when accrued. The Group's liability towards the contributions to the defined contribution retirement benefit plan is limited to those agreed upon with a fund (insurance company).

The defined benefit contribution plan is obliged to pay a lump sum compensation to each employee upon retirement. For defined benefit retirement plans, the cost of providing benefits is determined using the Project Unit Cost Method, with actuarial valuations being carried out at each balance sheet date.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation at the balance sheet date, adjusted for any unrecognized actuarial gains and losses, adjusted for any unrecognized past service costs and reduced by the fair value of plan assets (if any).

## **Taxation**

Income tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against the deductible temporary differences that can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized.

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## **Tangible Fixed Assets**

Tangible fixed assets, reflected under Assets in the balance sheet, are stated in the balance sheet at cost or revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Cost includes all direct costs attributable to the acquisition of the asset.

Subsequent costs increase the net book value of the tangible fixed assets or are recorded as a separate asset only to the extent that the cost increases the remaining useful life of the asset. The cost of repairs and maintenance is recognized in the income statement in the period in which they are incurred.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on the cost in equal annual installments over the estimated remaining useful life of the assets, except for land and assets under construction. Under the straight-line method, the depreciation charge to the income statement is the same for the useful life of the asset, except if this changes.

The following depreciation rates are used:

|                        |   |
|------------------------|---|
| Casino building        | 3%  |
| Hotel building         | 25 years or according to the remaining useful life of the lease |
| Slot machines          | 11%   |
| Tables - Roulettes     | 15%   |
| Furniture and Fittings | 15%   |

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

#### **Patents and Trademarks**

Patents and trademarks are measured initially at purchase cost and are amortized on a straight-line basis over their estimated useful lives.

#### **Impairment of Tangible and Intangible Assets Excluding Goodwill**

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The discounted present value does not reflect the risks for which future cash flows have been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount (impairment loss). An impairment loss is recognized immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net book value) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in selling (marketing, selling and distribution costs).

#### **Financial Instruments**

Financial assets and financial liabilities are recognized on the Group's financial statements when the Group becomes a party to the contractual provisions of the instrument, which have been agreed upon by the Group companies and the holders of the instrument, in order to ensure that the Financial Statements reflect the contracts entered into by the Group as a whole.

## **Trade Receivables**

Trade receivables are measured on initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method, less a write down provision. The allowance recognized is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The provision for doubtful debts is recognized in the income statement when there is probable doubt that there is a reduction in the amount of the trade receivable.

## **Investments**

Investments are recognized on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

At subsequent reporting dates, debt securities that the Company has the expressed intention and ability to hold to maturity are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts. An impairment loss is recognized in the income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the investments carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investments recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortized cost would have been had the impairment not been recognized.

Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in the income statement for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognized directly in equity. Upon disposal of the security or if it is determined to be impaired, the cumulative gain or loss previously recognized in equity is included in the income statement for the period. Impairment losses recognized in profit or loss for equity investments classified as available for sale are not subsequently reversed through the income statement. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

## **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term (up to 3 months) highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## **Bank Loans**

Interest-bearing bank loans and overdrafts are recorded in the period received and are initially measured at fair value. They are subsequently measured at amortized cost, using the effective interest rate method.

## **Trade Payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

## **Provisions**

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.



### 5.3 INCOME AND BUSINESS SEGMENTATION

Income is analyzed as follows:

| (in thousand €)                      | GROUP                     |                           | COMPANY                   |                           |
|--------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                      | 01.01.2005-<br>31.12.2005 | 01.01.2004-<br>31.12.2004 | 01.01.2005-<br>31.12.2005 | 01.01.2004-<br>31.12.2004 |
| <b>Casino</b>                        |                           |                           |                           |                           |
| Income from tables                   | 142,427                   | 135,466                   | 70,568                    | 74,114                    |
| Income from slots                    | 151,757                   | 148,443                   | 81,280                    | 81,474                    |
| Income from tickets                  | 558                       | 892                       | 195                       | 458                       |
| Income from meals and drinks         | 1,407                     | 1,257                     | 693                       | 571                       |
| Other sales income                   | 2,150                     | 2,062                     | 1,249                     | 1,227                     |
| <b>Total</b>                         | <b>298,299</b>            | <b>288,120</b>            | <b>153,985</b>            | <b>157,844</b>            |
| Less: Share of State                 | 98,142                    | 95,101                    | 52,108                    | 53,311                    |
| <b>Total</b>                         | <b>200,157</b>            | <b>193,019</b>            | <b>101,877</b>            | <b>104,533</b>            |
| <b>Hotel</b>                         |                           |                           |                           |                           |
| Income from meals and drinks (Hotel) | 4,445                     | 4,350                     | 4,445                     | 4,350                     |
| Income from room rentals             | 3,960                     | 4,136                     | 3,960                     | 4,136                     |
| Income from banqueting               | 336                       | 387                       | 336                       | 387                       |
| Other sales income                   | 524                       | 503                       | 524                       | 503                       |
| <b>Total</b>                         | <b>9,265</b>              | <b>9,377</b>              | <b>9,265</b>              | <b>9,377</b>              |
| Management Fee - Mont Parnes         | 0                         | 0                         | 9,685                     | 9,203                     |
| <b>Net Turnover</b>                  | <b>209,422</b>            | <b>202,396</b>            | <b>120,827</b>            | <b>123,113</b>            |

For business purposes, the Company currently assesses its activities in the casino and hotel divisions. These divisions are the basis on which the Company reports its primary segment information. Segment information about the Company's operations is presented below:

| (in thousand €)   | Period from 01.01.2005 to 31.12.2005 |               |                |
|---|--------------------------------------|---------------|----------------|
|   | Casino                               | Hotel         | Total          |
| Net Revenue   |                                      |               |                |
| External sales  | 200,157                              | 9,265         | 209,422        |
| Inter-company sales                                       | 0                                    | 0             | 0              |
| <b>Total Revenue from Operations</b>                      | <b>200,157</b>                       | <b>9,265</b>  | <b>209,422</b> |
| <b>Segment Result from Operations - Profit before Tax</b> | <b>101,665</b>                       | <b>-1,694</b> | <b>99,971</b>  |
| Unallocated expenses                                      |                                      |               | 5,177          |
| <b>Operating profit from operations</b>                   |                                      |               | <b>94,794</b>  |
| Income from sale of investments                           |                                      |               | 17,072         |
| Share of profit in associates                             |                                      |               | 0              |
| Interest income   |                                      |               | 2,202          |
| Finance costs   |                                      |               | -6,114         |
| <b>Profit before Tax</b>                                  |                                      |               | <b>107,954</b> |
| Income tax expense  |                                      |               | -31,571        |
| <b>Profit for the Year from Continuing Operations</b>     |                                      |               | <b>76,383</b>  |

|   |                 |               |                |
|---|-----------------|---------------|----------------|
| <b>Assets</b>                                     |                 |               |                |
| Segment assets                                    | 174,358         | 38,708        | 213,066        |
| Interests in associates                           | 0               | 0             | 33             |
| Unallocated assets                                |                 |               | 63,676         |
| <b>Consolidated Total Asset</b>                   | <b>174m358</b>  | <b>38,708</b> | <b>276,742</b> |
| <b>Liabilities</b>                                |                 |               |                |
| Segment liabilities                               | 33,146          | 1,744         | 34,890         |
| Unallocated liabilities                           |                 |               | 155,799        |
| <b>Consolidated Total Liabilities</b>             | <b>33,146</b>   | <b>1,744</b>  | <b>190,689</b> |
| <b>Other information</b>                          |                 |               |                |
| Segment additions of tangible & intangible assets | Casino<br>45,51 | Hotel<br>193  | Other<br>13    |
| Segment depreciation                              | 9,164           | 2,097         | 59             |

| (in thousand €)   | Period from 01.01.2004 to 31.12.2004 |               |                |
|---|--------------------------------------|---------------|----------------|
|   | Casino                               | Hotel         | Total          |
| <b>Net Revenue</b>  |                                      |               |                |
| External sales  | 193,019                              | 9,377         | 202,396        |
| Inter-segment sales                                       | 0                                    | 0             | 0              |
| <b>Total Revenue from Operations</b>                      | <b>193,019</b>                       | <b>9,377</b>  | <b>202,396</b> |
| <b>Segment Result from Operations - Profit before Tax</b> |                                      |               |                |
|   | <b>108,031</b>                       | <b>-1,396</b> | <b>106,635</b> |
| Unallocated expenses                                      |                                      |               | 6,848          |
| Operating profit from operations                          |                                      |               | 99,787         |
| Income from sale of investments                           |                                      |               | 0              |
| Share of profit in associates                             |                                      |               | 472            |
| Interest income   |                                      |               | 1,306          |
| Finance costs   |                                      |               | -5,939         |
| <b>Profit before Tax</b>                                  |                                      |               | <b>95,926</b>  |
| Income tax expense  |                                      |               | -34,074        |
| <b>Profit for the Year</b>                                |                                      |               | <b>61,552</b>  |
| <b>Assets</b>   |                                      |               |                |
| Segment assets  | 131,655                              | 39,875        | 171,530        |
| Interests in associates                                   | 0                                    | 0             | 0              |
| Unallocated assets  |                                      |               | 100,519        |
| <b>Consolidated Total Assets</b>                          | <b>131,655</b>                       | <b>39,875</b> | <b>272,049</b> |
| <b>Liabilities</b>  |                                      |               |                |
| Segment liabilities                                       | 26,153                               | 1,463         | 27,616         |
| Unallocated liabilities                                   |                                      |               | 158,389        |
| <b>Consolidated Total Liabilities</b>                     | <b>26,153</b>                        | <b>1,463</b>  | <b>186,005</b> |
| <b>Other information</b>                                  |                                      |               |                |
| Segment additions of tangible & intangible assets         | Casino<br>17,192                     | Hotel<br>294  | Other<br>182   |
| Segment depreciation                                      | 8,826                                | 2,115         | 41             |

Contingent assets and liabilities are not recorded in the Financial Statements, but are disclosed in the notes accompanying them.

## 5.4 EXPENSES

| (in thousand €)                          | GROUP                    |                          | COMPANY                  |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 01.01.2005<br>31.12.2005 | 01.01.2004<br>31.12.2004 | 01.01.2005<br>31.12.2005 | 01.01.2004<br>31.12.2004 |
| <b>Cost of Sales</b>                     |                          |                          |                          |                          |
| Staff payroll                            | 47,957                   | 43,454                   | 22,604                   | 22,398                   |
| Depreciation & amortization              | 5,395                    | 5,206                    | 3,534                    | 3,393                    |
| Depreciation of intangible assets        | 3,567                    | 3,522                    | 1,907                    | 1,907                    |
| Third-party fees                         | 2,729                    | 3,538                    | 1,956                    | 1,930                    |
| Consumables                              | 5,702                    | 5,289                    | 3,206                    | 2,991                    |
| Other expenses                           | 5,122                    | 4,710                    | 3,029                    | 2,761                    |
| <b>Total</b>                             | <b>70,472</b>            | <b>65,719</b>            | <b>36,236</b>            | <b>35,380</b>            |
| <b>Selling and Distribution expenses</b> |                          |                          |                          |                          |
| Advertising                              | 2,845                    | 3,359                    | 526                      | 789                      |
| Other expenses                           | 12,085                   | 6,873                    | 10,497                   | 6,598                    |
| Depreciation                             | 134                      | 109                      | 74                       | 73                       |
| Staff payroll                            | 811                      | 620                      | 626                      | 477                      |
| <b>Total</b>                             | <b>15,875</b>            | <b>10,961</b>            | <b>11,723</b>            | <b>7,937</b>             |
| <b>Administrative expenses</b>           |                          |                          |                          |                          |
| Staff payroll                            | 15,491                   | 14,299                   | 7,553                    | 7,065                    |
| Depreciation                             | 2,224                    | 2,145                    | 1,443                    | 1,425                    |
| Third party fees                         | 3,832                    | 4,227                    | 2,056                    | 2,181                    |
| Administrators' fee                      | 395                      | 366                      | 332                      | 366                      |
| Other expenses                           | 6,294                    | 5,624                    | 2,685                    | 3,300                    |
| Pre-operating expenses (Albania)         | 2,017                    | 0                        | 0                        | 0                        |
| <b>Total</b>                             | <b>30,253</b>            | <b>26,661</b>            | <b>14,069</b>            | <b>14,437</b>            |

## 5.5 FINANCE COSTS

| (in thousand €)                     | GROUP                    |                          | COMPANY                  |                          |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                     | 01.01.2005<br>31.12.2005 | 01.01.2004<br>31.12.2004 | 01.01.2005<br>31.12.2005 | 01.01.2004<br>31.12.2004 |
| Interest on long-term loans         | 5,420                    | 5,593                    | 5,421                    | 5,593                    |
| Interest on short-term loans        | 284                      | 0                        | 0                        | 0                        |
| Other bank expenses and commissions | 409                      | 346                      | 279                      | 278                      |
| <b>Total</b>                        | <b>6,113</b>             | <b>5,939</b>             | <b>5,700</b>             | <b>5,871</b>             |

## 5.6 EARNINGS PER SHARE

|   | GROUP                    |                          | COMPANY                  |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | 01.01.2005<br>31.12.2005 | 01.01.2004<br>31.12.2004 | 01.01.2005<br>31.12.2005 | 01.01.2004<br>31.12.2004 |
| Net profit for the year (in thousand €)     | 60,608                   | 46,744                   | 40,031                   | 38,594                   |
| Weighted average numbers of ordinary shares | 84,000,000               | 84,000,000               | 84,000,000               | 84,000,000               |
| Earnings per share (in €)                   | 0.72                     | 0.56                     | 0.48                     | 0.46                     |

## 5.7 INCOME TAX

| (in thousand €)  | GROUP                    |                          | COMPANY                  |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 01.01.2005<br>31.12.2005 | 01.01.2004<br>31.12.2004 | 01.01.2005<br>31.12.2005 | 01.01.2004<br>31.12.2004 |
| Current year tax   | 29,340                   | 32,939                   | 17,762                   | 21,296                   |
| Previous year's taxes arising from previous year tax audit | 2,064                    | 0                        | 2,064                    | 0                        |
| Deferred tax   | 167                      | 1,135                    | -75                      | 288                      |
| <b>Income Tax for the Period</b>                           | <b>31,571</b>            | <b>34,074</b>            | <b>19,751</b>            | <b>21,584</b>            |

The arrangement between the effective and the proper tax percentage is analyzed as follows:

| (in thousand €)  | GROUP                    |               |                          |               |
|--|--------------------------|---------------|--------------------------|---------------|
|  | 01.01.2005<br>31.12.2005 |               | 01.01.2004<br>31.12.2004 |               |
| Profit before tax  | 107,954                  |               | 95,626                   |               |
| Tax at the tax rate of 32% (2004: 35%)   | 34,545                   | 32.00%        | 33,469                   | 35.00%        |
| Tax effect of expenses that are not deductible in determining tax expense          | -5,205                   | -4.82%        | -530                     | -0.55%        |
| Difference in previous year tax audit  | 2,064                    | 1.91%         | 0                        | 0%            |
| Decrease in deferred tax liability which arose as a result of decrease in tax rate | 167                      | 0.16%         | 1,135                    | 1.19%         |
| <b>Tax Expense and Effective Tax Rate for the Period</b>                           | <b>31,571</b>            | <b>29.24%</b> | <b>34,074</b>            | <b>35.63%</b> |

| (in thousand €)  | COMPANY                  |               |                          |               |
|--|--------------------------|---------------|--------------------------|---------------|
|  | 01.01.2005<br>31.12.2005 |               | 01.01.2004<br>31.12.2004 |               |
| Income before tax  | 59,782                   |               | 60,178                   |               |
| Tax at the tax rate of 32% (2004: 35%)   | 19,130                   | 32.00%        | 21,063                   | 35.00%        |
| Tax effect of expenses that are not deductible in determining tax expense          | -1,368                   | -2.29%        | 233                      | 0.38%         |
| Difference in prior year tax audit   | 2,064                    | 3.45%         | 0                        | 0.00%         |
| Decrease in deferred tax liability which arise as a result of decrease in tax rate | -75                      | -0.13%        | 288                      | 0.48%         |
| <b>Tax Expense and Effective Tax Rate for the Period</b>                           | <b>19,751</b>            | <b>33.04%</b> | <b>21,584</b>            | <b>35.87%</b> |

Reference is made to the open tax years of the Group, in the Contingent Liabilities note (note 23) to the Financial Statements.

## 5.8 TANGIBLE FIXED ASSETS

The tangible fixed assets are analyzed as follows:

### Group Information

| (in thousand €)                  | Land     | Buildings     | Machinery and Other Equipment | Motor Vehicles | Furniture and Fittings | Under Construction and Advances | Total         |
|----------------------------------|----------|---------------|-------------------------------|----------------|------------------------|---------------------------------|---------------|
| <b>Cost</b>                      |          |               |                               |                |                        |                                 |               |
| On 01.01.2004                    | 18,075   | 104,116       | 17,704                        | 630            | 22,056                 | 1,893                           | 164,474       |
| Purchases - additions            | 0        | 3,169         | 2,423                         | 305            | 2,460                  | 8,977                           | 17,334        |
| Disposals - scrapped             | 0        | 0             | 0                             | -34            | -126                   | 0                               | -160          |
| On 01.01.2005                    | 18,075   | 107,285       | 20,127                        | 901            | 24,390                 | 10,870                          | 181,648       |
| Purchases - additions            | 0        | 2,349         | 8,263                         | 119            | 3,193                  | 23,149                          | 37,073        |
| Disposals - scrapped             | 0        | 0             | -161                          | -49            | -18                    | 0                               | -228          |
| On 31.12.2005                    | 18,075   | 109,634       | 28,229                        | 971            | 27,565                 | 34,019                          | 218,493       |
| <b>Accumulated Depreciation</b>  |          |               |                               |                |                        |                                 |               |
| On 01.01.2004                    | 0        | 20,102        | 9,045                         | 214            | 15,641                 | 0                               | 45,002        |
| Depreciation charge for the year | 0        | 3,761         | 1,776                         | 105            | 1,517                  | 0                               | 7,159         |
| <b>On 01.01.2005</b>             | <b>0</b> | <b>23,863</b> | <b>10,821</b>                 | <b>319</b>     | <b>17,158</b>          | <b>0</b>                        | <b>52,161</b> |
| On 01.01.2005                    |          |               |                               |                |                        |                                 |               |
| Depreciation charge for the year | 0        | 3,774         | 1,762                         | 114            | 1,803                  | 0                               | 7,453         |
| Disposals - scrapped             | 0        | 0             | -64                           | -38            | -6                     | 0                               | -108          |
| <b>On 31.12.2005</b>             | <b>0</b> | <b>27,637</b> | <b>12,519</b>                 | <b>395</b>     | <b>18,955</b>          | <b>0</b>                        | <b>59,506</b> |
| <b>Net Book Value</b>            |          |               |                               |                |                        |                                 |               |
| On 31.12.2004                    | 18,075   | 83,422        | 9,306                         | 582            | 7,232                  | 10,870                          | 129,487       |
| On 31.12.2005                    | 18,075   | 81,997        | 15,710                        | 576            | 8,610                  | 34,019                          | 158,987       |

### Company Information

| (in thousand €)                  | Land          | Buildings     | Machinery and Other Equipment | Motor Vehicles | Furniture and Fittings | Under Construction and Advances | Total          |
|----------------------------------|---------------|---------------|-------------------------------|----------------|------------------------|---------------------------------|----------------|
| <b>Cost</b>                      |               |               |                               |                |                        |                                 |                |
| On 01.01.2004                    | 14,700        | 86,699        | 10,216                        | 297            | 17,167                 | 0                               | 129,079        |
| Purchases - additions            | 0             | 145           | 1,650                         | 120            | 1,485                  | 38                              | 3,438          |
| Disposals - scrapped             | 0             | 0             | 0                             | -34            | -97                    | 0                               | -131           |
| <b>On 01.01.2005</b>             | <b>14,700</b> | <b>86,844</b> | <b>11,866</b>                 | <b>383</b>     | <b>18,555</b>          | <b>38</b>                       | <b>132,386</b> |
| Purchases - additions            | 0             | 122           | 1,224                         | 41             | 936                    | 122                             | 2,445          |
| Disposals - scrapped             | 0             | 0             | -18                           | -49            | -8                     | 0                               | -75            |
| <b>On 31.12.2005</b>             | <b>14,700</b> | <b>86,966</b> | <b>13,072</b>                 | <b>375</b>     | <b>19,483</b>          | <b>160</b>                      | <b>134,756</b> |
| <b>Accumulated Depreciation</b>  |               |               |                               |                |                        |                                 |                |
| On 01.01.2004                    | 0             | 18,999        | 6,628                         | 180            | 14,482                 | 0                               | 40,289         |
| Depreciation charge for the year | 0             | 3,149         | 777                           | 35             | 845                    | 0                               | 4,806          |
| <b>On 01.01.2005</b>             | <b>0</b>      | <b>22,148</b> | <b>7,405</b>                  | <b>215</b>     | <b>15,327</b>          | <b>0</b>                        | <b>45,095</b>  |
| On 01.01.2004                    |               |               |                               |                |                        |                                 |                |
| Depreciation charge for the year | 0             | 3,154         | 877                           | 37             | 907                    | 0                               | 4,975          |
| Disposals - scrapped             | 0             | 0             | -26                           | -37            | -4                     | 0                               | -67            |
| <b>On 31.12.2005</b>             | <b>0</b>      | <b>25,302</b> | <b>8,256</b>                  | <b>215</b>     | <b>16,230</b>          | <b>0</b>                        | <b>50,003</b>  |

**Net Book Value**

|               |        |        |       |     |       |     |        |
|---------------|--------|--------|-------|-----|-------|-----|--------|
| On 31.12.2004 | 14,700 | 64,696 | 4,461 | 168 | 3,228 | 38  | 87,291 |
| On 31.12.2005 | 14,700 | 61,664 | 4,816 | 160 | 3,253 | 160 | 84,753 |

There are no encumbrances on the fixed assets of the Company and/or the Group.

Included in buildings is the hotel complex HYATT REGENCY THESSALONIKI, which is built on a plot of approximately 100.000m<sup>2</sup>, owned by the Municipality of Themi, with a net book value of approximately € 35.243,000 on 31.12.05. The Company has entered a 25-year leasing agreement with the Municipality of Themi, with the option of renegotiating the lease for another 25 years.

**5.9 INTANGIBLE ASSETS**

| (in thousand €)                  | Software     | GROUP<br>Licenses | Goodwill     | Total         | Software   | COMPANY<br>Licenses | Total         |
|----------------------------------|--------------|-------------------|--------------|---------------|------------|---------------------|---------------|
| <b>Cost</b>                      |              |                   |              |               |            |                     |               |
| On 01.01.2004                    | 1,624        | 39,032            | 1,822        | 42,478        | 706        | 22,891              | 23,597        |
| Purchases - additions            | 335          | 0                 | 0            | 335           | 78         | 0                   | 78            |
| <b>On 01.01.2005</b>             | <b>1,959</b> | <b>39,032</b>     | <b>1,822</b> | <b>42,813</b> | <b>784</b> | <b>22,891</b>       | <b>23,675</b> |
| Purchases - additions            | 557          | 8,127             | 0            | 8,684         | 119        | 0                   | 119           |
| Disposals - scrapped             | 0            | 0                 | -1,822       | -1,822        | 0          | 0                   | 0             |
| <b>On 31.12.2005</b>             | <b>2,516</b> | <b>47,119</b>     | <b>0</b>     | <b>49,675</b> | <b>903</b> | <b>22,891</b>       | <b>23,794</b> |
| <b>Accumulated Depreciation</b>  |              |                   |              |               |            |                     |               |
| On 01.01.2004                    | 789          | 15,065            | 0            | 15,854        | 557        | 13,989              | 14,546        |
| Depreciation charge for the year | 300          | 3,522             | 0            | 3,822         | 83         | 1,908               | 1,991         |
| <b>On 01.01.2005</b>             | <b>1,089</b> | <b>18,587</b>     | <b>0</b>     | <b>19,676</b> | <b>640</b> | <b>15,897</b>       | <b>16,537</b> |
| Depreciation charge for the year | 302          | 3,567             | 0            | 3,869         | 76         | 1,908               | 1,984         |
| <b>On 31.12.2005</b>             | <b>1,391</b> | <b>22,154</b>     | <b>0</b>     | <b>23,545</b> | <b>716</b> | <b>17,805</b>       | <b>18,521</b> |
| <b>Net Book Value</b>            |              |                   |              |               |            |                     |               |
| On 31.12.2004                    | 870          | 20,445            | 1,822        | 23,137        | 144        | 6,994               | 7,138         |
| On 31.12.2005                    | 1,125        | 25,005            | 0            | 26,130        | 187        | 5,086               | 5,273         |

**5.10 SUBSIDIARIES**

The following subsidiary companies are included in the consolidated financial statements of the holding company.

| Name of Subsidiary                       | Place of<br>Incorporation | Proportion of<br>Ownership<br>interest<br>(%) | Participation<br>in Share<br>Capital<br>(in thousand €) | Principal activity  |
|--|---------------------------|---|---|---|
| ATHENS RESORT<br>CASINO INVESTMENTS S.A. | Maroussi/Attika           | 70%   | 78,162  | 49% holding of shares<br>in HELLENIC CASINO<br>of MONT PARNES S.A.        |
| ACR S.A.                                 | Maroussi/Attika           | 95%   |   | Participation in Share<br>Capital of various Société<br>Anonyme companies |

|   |                  |       |   |
|---|------------------|-------|---|
| GAMING INVESTMENTS OVERSEAS S.A. INVESTMENTS      | Kallithea/Attika | 60%   | Investment in Share Capital of Société Anonyme companies in any foreign company and management of investments in hotels, casino operations and general tourist complexes and resorts.   |
| UNITES RESERVE S.A. RENDERING MANAGEMENT SERVICES | Kallithea/Attika | 100%  | Provision of management services exclusively abroad to casino companies and companies providing lucky games and the participation in the share capital of local or foreign Société Anonyme companies, with the purpose of operating hotels and tourist complexes. |
| REGENCY INTERNATIONAL CASINO TIRANA S.A.          | Tirana           | 30.6% | Operation of investments in the casino in Albania   |

#### Total

The Holding Company participates in HELLENIC CASINO of MONT PARNES S.A. via its subsidiary ATHENS RESORT CASINO INVESTMENTS S.A. and has the management of the company. ATHENS RESORT CASINO INVESTMENTS S.A. participates in HELLENIC CASINO of MONT PARNES S.A. with 49%.

On 31/01/2005, the Parent Company and the 100% subsidiary companies STELLAR INVESTMENTS CORPORATION, VANESSA INVESTMENT CORPORATION and MILLENNIUM PIONEER S.A. sold their participation (total 20,1%) in LAMPSA S.A. The resulting profit which arose in the consolidated balance sheet, according to IFRS, amounted to € 17.072.172,61 while the profit in the parent company's balance sheet amounted to € 61.680,93. As a result, the above subsidiary companies were liquidated and therefore are not included in the above consolidation for the period 01.01.05 - 31.12.2005.

The Holding Company participates in REGENCY INTERNATIONAL CASINO TIRANA S.A. via its subsidiary GAMING INVESTMENTS OVERSEAS S.A. and has the management of the company. On 10.01.2006 the aforesaid participation sold to GAMING INVESTMENTS OVERSEAS S.A. at share value.

On 13.03.2006 the Board of Directors of the Holding Company decided to sell the investments held in the companies GAMING INVESTMENTS OVERSEAS S.A. and UNITED RESERVE S.A. RENDERING MANAGEMENT SERVICES, to TOBIAS ENTERPRISES LTD for € 2.940.000 and € 60.000 respectively. The sale was made in line with the new investment strategy of the Company. The income of the above mentioned companies has been included in the sector of casino operations.

Upon the preparation of the financial statements on 31.12.05 the management of the company did not have the intention to sell the investments held in the companies GAMING INVESTMENTS OVERSEAS S.A. and UNITED RESERVE S.A. RENDERING MANAGEMENT SERVICES.

## 5.11 DEFERRED TAX

The major deferred tax liabilities and assets are as follows:

### Group Information

| (in thousand €)                                     | Retirement Benefit<br>Obligation | Depreciation<br>Expense | Pre-operating<br>Expenses | Total        |
|---|----------------------------------|-------------------------|---------------------------|--------------|
| <b>On 01.01.2004</b>                                | 2,253                            | 1,204                   | 0                         | 3,457        |
| Credit/(charge) to income<br>statement for the year | -19                              | -435                    | 0                         | -454         |
| Effect of change in tax rate                        | -644                             | -38                     | 0                         | -682         |
| <b>On 01.01.2005</b>                                | <b>1,590</b>                     | <b>731</b>              | <b>0</b>                  | <b>2,321</b> |
| Effect on profit for the year                       | 107                              | -200                    | 463                       | 370          |
| Effect of change in tax rate                        | 0                                | -48                     | 0                         | -48          |
| <b>On 31.12.2005</b>                                | <b>1,697</b>                     | <b>483</b>              | <b>463</b>                | <b>2,643</b> |

### Company Information

| (in thousand €)               | Retirement Benefit<br>Obligation | Depreciation<br>Expense | Pre-operating<br>Expenses | Total      |
|-------------------------------|----------------------------------|-------------------------|---------------------------|------------|
| <b>On 01.01.2004</b>          | 493                              | 247                     | 0                         | 740        |
| Effect on profit for the year | 71                               | -197                    | 0                         | -126       |
| Effect of change in tax rate  | -140                             | -21                     | 0                         | -161       |
| <b>On 01.01.2005</b>          | <b>424</b>                       | <b>29</b>               | <b>0</b>                  | <b>453</b> |
| Effect on profit for the year | 79                               | -3                      | 0                         | 76         |
| <b>On 31.12.2005</b>          | <b>503</b>                       | <b>26</b>               | <b>0</b>                  | <b>529</b> |

## 5.12 INVENTORY

Inventory is analyzed as follows:

| (in thousand €) | GROUP        |              | COMPANY      |              |
|-----------------|--------------|--------------|--------------|--------------|
|                 | 31.12.2005   | 31.12.2004   | 31.12.2005   | 31.12.2004   |
| Finished goods  | 197          | 164          | 148          | 122          |
| Raw materials   | 1,680        | 1,497        | 1,185        | 1,148        |
| <b>Total</b>    | <b>1,877</b> | <b>1,661</b> | <b>1,333</b> | <b>1,270</b> |



### 5.13 RECEIVABLES

Receivables are analyzed as follows:

| (in thousand €)                   | GROUP         |               | COMPANY       |               |
|-----------------------------------|---------------|---------------|---------------|---------------|
|                                   | 31.12.2005    | 31.12.2004    | 31.12.2005    | 31.12.2004    |
| Income tax advance                | 18,023        | 18,018        | 11,677        | 11,677        |
| Trade receivables (third parties) | 1,211         | 823           | 1,191         | 821           |
| Trade receivables (inter-company) | 0             | 0             | 1,057         | 16,053        |
| Doubtful receivables              | 1,597         | 2,095         | 1,591         | 2,091         |
| Taxes withheld                    | 289           | 247           | 214           | 147           |
| Various receivables               | 1,419         | 1,622         | 428           | 221           |
| Cheques, bills receivable         | 0             | 0             | 0             | 0             |
| Advances                          | 115           | 57            | 104           | 56            |
| <b>Total</b>                      | <b>22,654</b> | <b>22,862</b> | <b>16,262</b> | <b>31,066</b> |

### 5.14 COMMERCIAL PORTFOLIO

The commercial portfolio, amounting to € 1,000, represents one capital mutual fund which was fairly valued on 31.12.05 and a gain of approximately € 202 thousand, realized and recorded in the income statements.

### 5.15 CASH AND CASH EQUIVALENTS

The cash and cash equivalents represent cash and bank deposits. The cash and cash equivalents of the Group and Company are analyzed as follows:

| (in thousand €)           | GROUP         |               | COMPANY       |               |
|---------------------------|---------------|---------------|---------------|---------------|
|                           | 31.12.2005    | 31.12.2004    | 31.12.2005    | 31.12.2004    |
| Cash on hold and at banks | 48,652        | 11,743        | 19,740        | 9,379         |
| Short-term bank deposits  | 0             | 57,080        | 0             | 2,300         |
| Cash                      | 12,399        | 10,876        | 6,095         | 5,447         |
| <b>Total</b>              | <b>61,051</b> | <b>79,699</b> | <b>25,835</b> | <b>17,126</b> |

The weighted average interest rate on short-term bank deposits on 31.12.05 was 2.29%.

### 5.16 SHARE CAPITAL

The Share Capital of the Company is composed of 84.000.000 ordinary, fully paid up shares, with a par value of € 0.36. The total share capital amounts to € 30,240,000. The shares of the Company have been listed on the Athens Stock Exchange since 27.09.1999.

The share premium arose from the issue of shares for cash, at a price greater than the par value of the share. The share premium amounts to € 1,761.000.

During the period under review (and the corresponding comparative period), there was no movement in the Share Capital of the Company.

## 5.17 RESERVES

The reserves of the Group and Company are analyzed as follows:

### GROUP

| (in thousand €)              | Legal Reserve | Tax Free Reserves under Special Laws | Special reserves | Revaluation Reserves | Total         |
|------------------------------|---------------|--------------------------------------|------------------|----------------------|---------------|
| Balance on 01.01.2004        | 7,976         | 1,461                                | 1,000            | 317                  | 10,754        |
| 2004 changes                 | 2,355         | 0                                    | 0                | 129                  | 2,484         |
| <b>Balance on 01.01.2005</b> | <b>10,331</b> | <b>1,461</b>                         | <b>1,000</b>     | <b>446</b>           | <b>13,238</b> |
| 2005 changes                 | 1,118         | 0                                    | 0                | 0                    | 1,118         |
| <b>Balance on 31.12.2005</b> | <b>11,449</b> | <b>1,461</b>                         | <b>1,000</b>     | <b>446</b>           | <b>14,356</b> |

### COMPANY

| (in thousand €)              | Legal Reserve | Tax Free Reserves under Special Laws | Special Reserves | Revaluation Reserve | Total         |
|------------------------------|---------------|--------------------------------------|------------------|---------------------|---------------|
| Balance on 01.01.2004        | 7,868         | 1,461                                | 1,000            | 318                 | 10,647        |
| 2004 changes                 | 1,909         | 0                                    | 0                | 0                   | 1,909         |
| <b>Balance on 01.01.2005</b> | <b>9,777</b>  | <b>1,461</b>                         | <b>1,000</b>     | <b>318</b>          | <b>12,556</b> |
| 2005 changes                 | 302           | 0                                    | 0                | 0                   | 302           |
| <b>Balance on 31.12.2005</b> | <b>10,079</b> | <b>1,461</b>                         | <b>1,000</b>     | <b>318</b>          | <b>12,858</b> |

## 5.18 RETAINED EARNINGS - LOSSES

The retained earnings on 31.12.05 for the Group and Company are analyzed as follows:

### Accumulated Profits - Retained Earnings

| (in thousand €)   | GROUP          | COMPANY       |
|---|----------------|---------------|
| Balance on 01.01.2004                                     | -16,195        | 59,684        |
| Dividends   | -36,960        | -36,960       |
| Net profit for the year 2004                              | 46,744         | 38,594        |
| Transfers to reserves                                     | -2,355         | -1,909        |
| <b>Balance on 01.01.2005</b>                              | <b>-8,766</b>  | <b>59,409</b> |
| Net profit for the year 2005                              | 60,608         | 40,031        |
| Dividends   | -63,840        | -63,840       |
| Transfers to reserves                                     | -1,118         | -302          |
| Net income recorded directly to equity (foreign exchange) | 83             | 0             |
| <b>Balance on 31.12.2005</b>                              | <b>-13,033</b> | <b>35,298</b> |

During the period under review, a final dividend of € 0.26 per share (€ 21,840,000) was paid from the 2004 profits according to the decision made by the Ordinary General Meeting, an interim dividend per share of € 0.22 (€ 18,480,000) was paid from the current year profits and a dividend of € 0.28 per share (€ 23,520,000) from prior period profit according to the decision made by the Extraordinary General Meeting.

The Board of Directors has recommended to the General Meeting that a total dividend of € 0.33 per share be paid for the current year. Hence an additional dividend of € 0.11 per share is to be paid.

## 5.19 LONG AND SHORT-TERM BANK LOANS

The long and short-term bank loans of the Company are analyzed as follows:

| (in thousand €)  | GROUP          |                | COMPANY       |                |
|--|----------------|----------------|---------------|----------------|
|  | 31.12.2005     | 31.12.2004     | 31.12.2005    | 31.12.2004     |
| Loan from NATIONAL BANK OF GREECE (London branch), which matures on 30.11.2006       | 26,413         | 26,412         | 26,413        | 26,412         |
| Loan from EUROBANK/ERGASIAS, which matures on 30.11.2006                             | 32,282         | 32,282         | 32,282        | 32,282         |
| Joint Venture loan (NATIONAL BANK OF GREECE & EUROBANK), which matures on 07.11.2012 | 40,492         | 44,325         | 40,492        | 44,324         |
| Loan from NATIONAL BANK OF GREECE (Psychiko branch), which matures on 23.06.2009     | 16,284         | 0              | 0             | 0              |
| <b>Total</b>   | <b>115,471</b> | <b>103,018</b> | <b>99,187</b> | <b>103,018</b> |

The above loans will be repaid as follows:

| (in thousand €)               | GROUP          |                | COMPANY       |                |
|-------------------------------|----------------|----------------|---------------|----------------|
|                               | 31.12.2005     | 31.12.2004     | 31.12.2005    | 31.12.2004     |
| In 2006                       | 62,499         | 3,805          | 62,499        | 3,805          |
| In 2007                       | 8,471          | 64,428         | 3,805         | 64,428         |
| In 2008-2010                  | 23,032         | 11,414         | 11,414        | 11,414         |
| 2010                          | 21,469         | 23,371         | 21,469        | 23,371         |
| <b>Total</b>                  | <b>115,471</b> | <b>103,018</b> | <b>99,187</b> | <b>103,018</b> |
| Less short term portion loans | -62,499        | -3,805         | -62,499       | -3,805         |
| Total Long Term Loans         | 52,972         | 99,213         | 36,688        | 99,213         |

The average interest rate of the loan that will mature on 30.11.2006 is 5-year Euribor, plus spread 1.25%.

The interest of the joint venture loan that will mature on 07.11.2012 is one month Euribor, plus spread 1.5%.

The interest of the loan that will mature on 23.06.2009 is three month Euribor, plus spread 1.3%.

## 5.20 RETIREMENT BENEFIT OBLIGATION

The retirement benefit obligation is recognized on the balance sheet as follows:

| (in thousand €)                     | GROUP        |              | COMPANY      |              |
|-------------------------------------|--------------|--------------|--------------|--------------|
|                                     | 2005         | 2004         | 2005         | 2004         |
| Present value of funded obligations | 8,002        | 6,853        | 2,710        | 1,999        |
| Unrecognized actuarial losses       | -1,213       | -490         | -696         | -301         |
| <b>Total</b>                        | <b>6,789</b> | <b>6,363</b> | <b>2,014</b> | <b>1,698</b> |

Amounts which recognized in administrative in respect of the defined benefit plan are as follows:

| (in thousand €)                         | GROUP        |              | COMPANY    |            |
|---|--------------|--------------|------------|------------|
|   | 2005         | 2004         | 2005       | 2004       |
| Current service cost                    | 719          | 632          | 318        | 260        |
| Interest on obligation                  | 296          | 308          | 90         | 70         |
| Actuarial losses recognized in the year | 4            | 0            | 4          | 0          |
| Past service cost                       | 324          | 357          | 222        | 138        |
| <b>Total</b>                            | <b>1.343</b> | <b>1.297</b> | <b>634</b> | <b>468</b> |

| (in thousand €)         | GROUP |       | COMPANY |      |
|-------------------------|-------|-------|---------|------|
|                         | 2005  | 2004  | 2005    | 2004 |
| Cost of Sales           | 917   | 1,009 | 318     | 180  |
| Administration expenses | 426   | 288   | 316     | 268  |

Changes in the present value of the defined benefit obligation are as follows:

| (in thousand €)                                   | GROUP        |              | COMPANY      |              |
|---|--------------|--------------|--------------|--------------|
|   | 2005         | 2004         | 2005         | 2004         |
| Opening defined benefit obligation                | 6,853        | 6,438        | 1,999        | 1,410        |
| Service cost                                      | 719          | 632          | 318          | 260          |
| Interest cost                                     | 295          | 308          | 90           | 70           |
| Obligations transferred on disposal of subsidiary | -917         | -1,372       | -318         | -180         |
| Contributions by employer                         | 310          | 357          | 209          | 138          |
| Actuarial losses                                  | 742          | 490          | 412          | 301          |
| <b>Total</b>                                      | <b>8,002</b> | <b>6,853</b> | <b>2,710</b> | <b>1,999</b> |

The principal assumptions used for the purpose of the actuarial valuation were as follows:

|                                     | GROUP       |       | COMPANY |       |
|-------------------------------------|-------------|-------|---------|-------|
|                                     | 2005        | 2004  | 2005    | 2004  |
| Discount rate                       | 4.00%       | 4.50% | 4.00%   | 4.50% |
| Expected rate of salary increases   | 3.50%       | 3.50% | 3.50%   | 3.50% |
| Expected remaining employment years | 17.61-22.51 | 22.35 | 22.51   | 22.35 |

## 5.21 OTHER SHORT-TERM LIABILITIES

The short term liabilities of the Group and the Company on 31.12.05 and 31.12.04 are analyzed as follows:

| (in thousand €)                       | GROUP         |               | COMPANY       |               |
|---------------------------------------|---------------|---------------|---------------|---------------|
|                                       | 31.12.2005    | 31.12.2004    | 31.12.2005    | 31.12.2004    |
| Other taxes and duties                | 12,169        | 12,600        | 6,671         | 6,617         |
| Sundry creditors                      | 5,406         | 3,586         | 1,466         | 497           |
| Social security contributions payable | 3,655         | 3,038         | 1,807         | 1,498         |
| Other provisions                      | 1,233         | 1,556         | 603           | 606           |
| Cheques payable                       | 1,836         | 63            | 0             | 0             |
| Accruals and deferred income          | 2,505         | 2,513         | 1,370         | 1,642         |
| <b>Total</b>                          | <b>26,804</b> | <b>23,356</b> | <b>11,917</b> | <b>10,860</b> |

## 5.22 RELATED PARTY TRANSACTIONS

(a) The transactions of the Company towards related parties and receivables and payable towards these parties on 31 December 2005, are analyzed further:

| (in thousand €)  | Sales of Goods        |                       | Purchase of Goods     |                       | Amounts owed by related parties |                       | Amounts owed by related parties |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------|-----------------------|---------------------------------|-----------------------|
|  | Year ended 31.12.2005 | Year Ended 31.12.2004 | Year Ended 31.12.2005 | Year Ended 31.12.2004 | Year Ended 31.12.2005           | Year Ended 31.12.2004 | Year Ended 31.12.2005           | Year Ended 31.12.2004 |
| HELLENIC CASINO OF MONT PARNES S.A.<br>(Management Fee)                                | 9,686                 | 9,209                 | 0                     | 0                     | 1,055                           | 15,833                | 0                               | 0                     |
| HELLENIC CASINO OF MONT PARNES S.A.<br>(Interest on delayed payment of Management Fee) | 329                   | 0                     | 0                     | 0                     | 0                               | 0                     | 0                               | 0                     |
| ATHENS RESORT CASINO INVESTMENT S.A.<br>Dividend for 2005                              | 4,869                 | 0                     | 0                     | 0                     | 0                               | 0                     | 0                               | 0                     |
| <b>Total</b>   | <b>14,884</b>         | <b>9,209</b>          | <b>0</b>              | <b>0</b>              | <b>1,055</b>                    | <b>15,833</b>         | <b>0</b>                        | <b>0</b>              |

The amount of € 329,000 relates to interest that has been calculated on the management fee receivable from HELLENIC CASINO OF MONT PARNES S.A. by the Company for the period from May 2003 up to April 2005. During this period, the decision by International Arbitration was pending, relating to the calculation of the fee, which was questioned by a party of shareholders. The International Arbitration ruled in favor of the Company on 06.06.2005.

(b) The remuneration of directors and other members of key management during the year was as follows:

| (in thousand €)          | 2005       | 2004       |
|--------------------------|------------|------------|
| Board of Directors' fees | 308        | 204        |
| Payroll                  | 380        | 245        |
| Bonus                    | 179        | 117        |
| Employers contributions  | 17         | 16         |
| <b>Total</b>             | <b>884</b> | <b>582</b> |

## 5.23 CONTINGENT LIABILITIES

The Company is involved in the following court cases that have arisen in the normal course of business. The Company does not anticipate a material affect on its financial position and financial results, based on the outcome of cases below in total.

1. A penalty amounting at Grd 213,600,000 or € 626,852.53 was imposed on the Company according to decision 270 and 273/1998 by the Supervisor of the Athens Tax Authorities for société anonyme companies, for various discrepancies from the Greek Chart of Accounts at the REGENCY CASINO THESSALONIKI. A lawsuit was made against the above decision, which was rejected. An Appeal was made to the above decision, which was rejected. Against these decisions, an application for cassation was made to the Supreme Court and it was decided it will be heard on 05.04.2006.
2. A penalty amounting to Grd 119,400,000 or € 350,403.52 was imposed on the Company according to decision 414/1999 by the Supervisor of the Athens Tax Authorities for société anonyme companies, for the supposed non-issue of 398 complimentary perforated entrance tickets to the Vergina theater at the casino. A law suit was made against the above decision and a decision was issued by the Athens Governmental Court of First Issuance, which accepted the lawsuit made by the Company and cancelled the decision to impose a penalty. An appeal against this decision was made by the State and no court date has been set to date.
3. A penalty amounting to Grd 50,000,000 and Grd 100,000,000 or €441,085.84 was imposed on the Company according to decision T/4840/2000 by the Ministry of Development, for not operating the closed circuit surveillance and for the purchase of chips not only for the tables but also for the cash desk of the Casino. An Appeal was made against the above decision to the Ministry of Development whereby it is requested for the cancellation or the recall of the decisions imposing the penalty.
4. Further Appeals have been made for various penalties imposed amounting to Grd 31,255,519 or € 91,725.66.
5. There are various labor-related court cases pending against the Company and HELLENIC CASINO MONT PARNES S.A., the outcomes of which are not expected to have a material effect on the results of the period.
6. The Group's tax contingencies as of 31.12.05 are as follows:
  - HYATT REGENCY HOTELS AND TOURISM (HELLAS) S.A.  
A tax audit has not been performed for the tax years 2004 up to 2005.
  - ACR INVESTMENTS S.A.  
A tax audit has not been performed since establishment on 23.08.2002.
  - ATHENS RESORT CASINO INVESTMENTS S.A.  
A tax audit has not been performed since establishment on 26.08.2002.
  - HELLENIC CASINO OF MONT PARNES S.A.  
A tax audit has not been performed for the open tax years 2003 up to 2005.
  - GAMING INVESTMENT OVERSEAS S.A.  
A tax audit has not been performed since its establishment in 2005.
  - UNITED RESERVE S.A.  
A tax audit has not been performed since its establishment in 2005.
  - REGENCY INTERNATIONAL CASINO TIRANA S.A.  
A tax audit has not been performed since its establishment in 2005.

## 5.24 CAPITAL COMMITMENTS

The company ATHENS RESORT CASINO INVESTMENTS S.A., in which the Issuer has a 70% holding, is committed to fulfilling the Development Program that is referred to in the Share Transfer Agreement and the transfer of the management of the company HELLENIC CASINO OF MONT PARNES S.A. with the company HELLENIC TOURIST ASSETS as follows:

The Development Program will have to be completed within seven hundred and fifty (750) calendar days upon receiving all necessary licenses. The Development Program will cover the following key areas: (a) Casino area: upgrade of the floor area, exploitation of casino license for table games and slot machines and operating the casino on a 24-hour basis, (b) Casino hotel: upgrade to a luxury hotel, (c) Xenia hotel: development to five star hotel and (d) Outdoor areas: upgrading, development of new green areas, upgrading of areas connecting casino and hotel.

Management estimate that the above investments will amount to approximately the € 110 million, of which approximately € 30 million have occurred. At the Balance Sheet date, all the necessary licenses have not been received.

## 5.25 OPERATING LEASE ARRANGEMENTS

The Company has the outstanding commitments under non-cancelable leases, which fall due as follows:

### Future Commitments

| (in thousand €)                         | GROUP      |            | COMPANY    |            |
|---|------------|------------|------------|------------|
|   | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| Within one year                         | 721        | 872        | 618        | 707        |
| In the second to fifth year's inclusive | 1,495      | 1,830      | 1,464      | 1,696      |
| After five years                        | 5,289      | 5,675      | 5,289      | 5,675      |

### Future assets

| (in thousand €)                         | GROUP      |            | COMPANY    |            |
|---|------------|------------|------------|------------|
|   | 31.12.2005 | 31.12.2004 | 31.12.2005 | 31.12.2004 |
| Within one year                         | 90         | 87         | 63         | 61         |
| In the second to fifth year's inclusive | 0          | 90         | 0          | 63         |

The subsidiary company HELLENIC CASINO OF MONT PARNES has the following annual commitments:

1. Commencing on 01.01.2003, the above-mentioned company is required to pay € 300,000 to the Prefecture of East Attica the maintenance of the existing road network that connects the REGENCY CASINO MONT PARNES with the surrounding road network.
2. Commencing in 2003, the above-mentioned company is required to pay €300,000, subject to a 5% annual increase, to the managing body of the National Parks Board of Parnitha for the development and protection of the Board, and, upon its establishment, to the Parks Board of Mont Parnes, for the fire protection program and the implementation of improvement works and environmental protection and upgrading.
3. Commencing on 01.01.2003 and for a period of twenty (20) years, the above-mentioned company is required to pay the amount of €300,000, adjusted annually for inflation, to the Municipality of Acharnai for the management and exploitation of 51,000m<sup>2</sup>.

## 5.26 SUBSEQUENT EVENTS

On 13.03.2006, the Board of Directors of the Holding Company decided to sell the investments held in the companies GAMING INVESTMENTS OVERSEAS S.A. and UNITED RESERVE RENDERING MANAGEMENT SERVICES S.A. to TOBIAS ENTERPRISES LTD for € 2,940,000 and € 60,000 respectively. The sale was made in relation to the new investment strategy of the Company. The income of the above mentioned companies has been included in the sector of casino operations.

There are no subsequent events of the balance sheet as of December 31, 2005 that affect the Group or Company and need to be disclosed according to International Financial Reporting Standards (IFRS).

## 5.27 ADJUSTMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

According to the need to provide comparative information in accordance with IFRS, the revaluation and adjustments to the value of the various assets and liabilities of the Group and the Company were performed on 31.12.2003. This resulted in a change in the financial statements which were previously prepared and published in accordance to Law 2190/1920.

The change in accounting standards adopted resulted in a change in the Total Equity as of 01.01.2004 and 31.12.2004, as follows:

### RECONCILIATION OF EQUITY FOR THE GROUP

| (in thousand €)   | GROUP      |            | COMPANY    |            |
|---|------------|------------|------------|------------|
|   | 01.01.2004 | 31.12.2004 | 01.01.2004 | 31.12.2004 |
| Net income in the beginning of period<br>(according to Greek accounting standards)  | 45,376     | 61,284     | 83,406     | 81,265     |
| Fixed asset revaluation   | 375        | -          | -          | -          |
| Adjustment to the provision for staff termination<br>indemnity according to the actuarial valuation and not<br>according to L. 2166/93 as reflected in the Greek<br>balance sheet | 154        | 965        | 412        | 498        |
| Reversal of 2003 dividends prior to the Board of<br>Directors approval on 30.6.2004 and recognized when<br>paid after the approval, as per IFRS                                   | 18,480     | 21,840     | 18,480     | 21,840     |
| Adjustment to goodwill  | (95)       | 1,718      | -          | -          |
| Write off of net book value of intangible fixed assets,<br>according to IFRS  | (3,439)    | (2,131)    | (707)      | (91)       |
| Difference in fair value of investments   | -          | 46         | -          | -          |
| Recognition of deferred tax liability according to IFRS   | 3,456      | 2,321      | 741        | 454        |
| Net income at beginning of period (according to IFRS)   | 64,307     | 86,043     | 102,332    | 103,966    |

### RECONCILIATION OF EQUITY FOR THE GROUP

| (in thousand €)   | GROUP      | COMPANY    |
|---|------------|------------|
|   | 01.01.2004 | 31.12.2004 |
| Net income after tax (according to Greek accounting standards)            | 60,522     | 38,179     |
| Adjustment to staff termination indemnity based on<br>actuarial valuation | 810        | 86         |
| Adjustment to the depreciation of intangible fixed assets                 | 1,308      | 617        |
| Difference in fair value of investments in subsidiaries                   | 47         | -          |
| Recognition of deferred tax liability according to IFRS                   | (1,135)    | (288)      |
| Net income after tax (according to IFRS)                                  | 61,552     | 38,594     |



Reconciliation of Balance Sheet on January 1, 2004 between IFRS and Law 2190/1920:

| (in thousand €)             | GROUP                             |                            |                            | COMPANY                           |                            |                            |
|-----------------------------|-----------------------------------|----------------------------|----------------------------|-----------------------------------|----------------------------|----------------------------|
|                             | 01.01.2004 (Based on Law 2190/20) | Effect of IFRS Adjustments | 01.01.2004 (Based on IFRS) | 01.01.2004 (Based on Law 2190/20) | Effect of IFRS Adjustments | 01.01.2004 (Based on IFRS) |
| <b>ASSETS</b>               |                                   |                            |                            |                                   |                            |                            |
| <b>Fixed Assets</b>         |                                   |                            |                            |                                   |                            |                            |
| Tangible assets             | 118,977                           | 376                        | 119,353                    | 88,702                            | -                          | 88,702                     |
| Intangible assets           | 28,244                            | (3,440)                    | 24,804                     | 9,757                             | (707)                      | 9,050                      |
| Subsidiaries                | 1,844                             | (95)                       | 1,749                      | 97,451                            | -                          | 97,451                     |
| Long-term receivables       | 168                               | -                          | 168                        | 164                               | -                          | 164                        |
| Deferred tax assets         | -                                 | 3,457                      | 3,457                      | -                                 | 741                        | 741                        |
| Total fixed assets          | 149,233                           | 298                        | 149,531                    | 196,074                           | 34                         | 196,108                    |
| <b>Current Assets</b>       |                                   |                            |                            |                                   |                            |                            |
| Inventory                   | 1,491                             | -                          | 1,491                      | 1,195                             | -                          | 1,195                      |
| Trade and other receivables | 20,328                            | 118                        | 20,446                     | 20,434                            | -                          | 20,434                     |
| Other receivables           | 1,319                             | -                          | 1,319                      | 1,591                             | -                          | 1,591                      |
| Cash and cash equivalents   | 65,993                            | -                          | 65,993                     | 24,798                            | -                          | 24,798                     |
| Total current assets        | 89,131                            | 118                        | 89,249                     | 48,018                            | -                          | 48,018                     |
| <b>TOTAL ASSETS</b>         | <b>238,364</b>                    | <b>416</b>                 | <b>238,780</b>             | <b>244,092</b>                    | <b>34</b>                  | <b>244,126</b>             |

| (in thousand €) | GROUP                             |                            |                            | COMPANY                           |                            |                            |
|-----------------|-----------------------------------|----------------------------|----------------------------|-----------------------------------|----------------------------|----------------------------|
|                 | 01.01.2004 (Based on Law 2190/20) | Effect of IFRS Adjustments | 01.01.2004 (Based on IFRS) | 01.01.2004 (Based on Law 2190/20) | Effect of IFRS Adjustments | 01.01.2004 (Based on IFRS) |

## EQUITY AND LIABILITIES

### Capital and Reserves

|                              |          |        |          |        |        |         |
|------------------------------|----------|--------|----------|--------|--------|---------|
| Share Capital                | 30,240   | -      | 30,240   | 30,240 | -      | 30,240  |
| Reserves                     | 12,514   | 129    | 12,643   | 12,408 | -      | 12,408  |
| Retained earnings            | 42,357   | 18,699 | 61,056   | 40,758 | 18,926 | 59,684  |
| Minority interest            | 37,422   | 198    | 37,620   | -      | -      | -       |
| Differences on consolidation | (77,157) | (95)   | (77,252) | -      | -      | -       |
| Total equity                 | 45,376   | 18,931 | 64,307   | 83,406 | 18,926 | 102,332 |

### Non Current Liabilities

|                               |         |       |         |         |       |         |
|-------------------------------|---------|-------|---------|---------|-------|---------|
| Long-term borrowings          | 103,031 | -     | 103,031 | 103,032 | 434   | 103,466 |
| Retirement benefit obligation | 6,592   | (154) | 6,438   | 1,822   | (412) | 1,410   |
| Other long-term borrowings    | 1,534   | (515) | 1,019   | 515     | (515) | -       |
| Total long-term borrowings    | 111,157 | (669) | 110,488 | 105,369 | (493) | 104,876 |

### Current Liabilities

|                           |       |   |       |       |   |       |
|---------------------------|-------|---|-------|-------|---|-------|
| Bank overdrafts and loans | 1,902 | - | 1,902 | 1,902 | - | 1,902 |
| Trade and other payables  | 7,909 | - | 7,909 | 2,268 | - | 2,268 |

|                                     |               |                 |                |                |                 |                |
|-------------------------------------|---------------|-----------------|----------------|----------------|-----------------|----------------|
| Current tax obligations             | 43,520        | -               | 43,520         | 27,399         | (6,579)         | 20,820         |
| Dividends payable                   | 19,258        | (18,480)        | 778            | 19,258         | (18,480)        | 778            |
| Other current liabilities           | 9,242         | 634             | 9,876          | 4,490          | 6,660           | 11,150         |
| <b>Total Current Liabilities</b>    | <b>81,831</b> | <b>(17,846)</b> | <b>63,985</b>  | <b>55,317</b>  | <b>(18,399)</b> | <b>36,918</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>38,364</b> | <b>416</b>      | <b>238,780</b> | <b>244,092</b> | <b>34</b>       | <b>244,126</b> |

Reconciliation of Balance Sheet on December 31, 2004 between IFRS and Law 2190/1920:

| (in thousand €) | GROUP                                   |                                  |                               | COMPANY                                 |                                  |                                  |
|-----------------|---|----------------------------------|-------------------------------|---|----------------------------------|----------------------------------|
|                 | 31.12.2004<br>(Based on Law<br>2190/20) | Effect of<br>IFRS<br>Adjustments | 30.06.2004<br>(Based on IFRS) | 31.12.2004<br>(Based on<br>Law 2190/20) | Effect of<br>IFRS<br>Adjustments | 31.12.2004<br>(Based<br>on IFRS) |

#### ASSETS

##### Fixed Assets

|                       |         |       |         |         |      |         |
|-----------------------|---------|-------|---------|---------|------|---------|
| Tangible assets       | 129,487 | -     | 129,487 | 87,291  | -    | 87,291  |
| Intangible assets     | 23,447  | (309) | 23,138  | 7,228   | (89) | 7,138   |
| Subsidiaries          | 11,652  | (58)  | 11,594  | 108,646 | -    | 108,646 |
| Long-term receivables | 168     | -     | 168     | 161     | -    | 161     |
| Deferred tax asset    | -       | 2,321 | 2,321   | -       | 452  | 452     |
| Total fixed assets    | 164,754 | 1,954 | 166,708 | 203,326 | 363  | 203,689 |

##### Current Assets

|                             |         |         |         |        |         |        |
|-----------------------------|---------|---------|---------|--------|---------|--------|
| Inventory                   | 1,661   | -       | 1,661   | 1,270  | -       | 1,270  |
| Trade and other receivables | 31,378  | (8,516) | 22,862  | 39,804 | (8,738) | 31,066 |
| Other receivables           | 1,118   | 1       | 1,119   | 723    | -       | 723    |
| Cash and cash equivalents   | 79,699  | -       | 79,699  | 17,126 | -       | 17,126 |
| Total current assets        | 113,856 | (8,515) | 105,341 | 58,923 | (8,738) | 50,185 |

|                     |                |                |                |                |                |                |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>TOTAL ASSETS</b> | <b>278,610</b> | <b>(6,561)</b> | <b>272,049</b> | <b>262,249</b> | <b>(8,375)</b> | <b>253,874</b> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|

| (in thousand €) | GROUP                                   |                                  |                               | COMPANY                                 |                                  |                                  |
|-----------------|---|----------------------------------|-------------------------------|---|----------------------------------|----------------------------------|
|                 | 31.12.2004<br>(Based on Law<br>2190/20) | Effect of<br>IFRS<br>Adjustments | 30.06.2004<br>(Based on IFRS) | 31.12.2004<br>(Based on<br>Law 2190/20) | Effect of<br>IFRS<br>Adjustments | 31.12.2004<br>(Based<br>on IFRS) |

#### EQUITY AND LIABILITIES

##### Capital and reserves

|                              |               |               |               |               |               |                |
|------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Share Capital                | 30,240        | -             | 30,240        | 30,240        | -             | 30,240         |
| Reserves                     | 14,998        | -             | 14,998        | 14,317        | -             | 14,317         |
| Retained earnings            | 45,719        | 22,767        | 68,486        | 36,708        | 22,701        | 59,409         |
| Minority interest            | 49,297        | 274           | 49,571        | -             | -             | -              |
| Differences on consolidation | (78,970)      | 1,718         | (77,252)      | -             | -             | -              |
| <b>Total equity</b>          | <b>61,284</b> | <b>24,759</b> | <b>86,043</b> | <b>81,265</b> | <b>22,701</b> | <b>103,966</b> |

##### Non-Current Liabilities

|                               |         |         |         |         |       |         |
|-------------------------------|---------|---------|---------|---------|-------|---------|
| Long-term borrowings          | 99,213  | -       | 99,213  | 99,213  | -     | 99,213  |
| Retirement benefit obligation | 7,328   | (965)   | 6,363   | 2,196   | (498) | 1,698   |
| Other long term borrowings    | 1,556   | (606)   | 950     | -       | -     | -       |
| Total long term borrowings    | 108,097 | (1,571) | 106,526 | 101,409 | (498) | 100,911 |

**Current Liabilities**

|                                  |                |                 |               |               |                 |               |
|----------------------------------|----------------|-----------------|---------------|---------------|-----------------|---------------|
| Bank overdrafts and loans        | 3,805          | -               | 3,805         | 3,805         | -               | 3,805         |
| Trade and other payables         | 6,652          | -               | 6,652         | 2,451         | -               | 2,451         |
| Current tax obligations          | 48,689         | (12,663)        | 36,026        | 28,359        | (6,618)         | 21,741        |
| Dividends payable                | 40,717         | (30,577)        | 10,140        | 40,717        | (30,577)        | 10,140        |
| Other Current liabilities        | 9,366          | 13,491          | 22,857        | 4,243         | 6,617           | 10,860        |
| <b>Total Current Liabilities</b> | <b>109,229</b> | <b>(29,749)</b> | <b>79,480</b> | <b>79,575</b> | <b>(30,578)</b> | <b>48,997</b> |

|                                     |                |                |                |                |                |                |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>278,610</b> | <b>(6,561)</b> | <b>272,049</b> | <b>262,249</b> | <b>(8,375)</b> | <b>253,874</b> |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|

Reconciliation of Income Statement for the year ended on December 31, 2004 between IFRS and Law 2190/1920:

|                                      | GROUP                     |                               |                           | COMPANY                   |                               |                           |
|--------------------------------------|---------------------------|-------------------------------|---------------------------|---------------------------|-------------------------------|---------------------------|
|                                      | 01.01.2004-<br>31.12.2004 |                               | 01.01.2004-<br>31.12.2004 | 01.01.2004-<br>31.12.2004 |                               | 01.01.2004-<br>31.12.2004 |
| (in thousand €)                      | (Based on<br>Law 2190/20) | Effect of IFRS<br>Adjustments | (Based on IFRS)           | (Based on Law<br>2190/20) | Effect of IFRS<br>Adjustments | (Based on<br>IFRS)        |
| Turnover                             | 297,503                   | -6                            | 297,497                   | 176,424                   | 0                             | 176,424                   |
| Less: Share of Greek State           | -95,101                   | 0                             | -95,101                   | -53,311                   | 0                             | -53,311                   |
| Net Turnover                         | 202,402                   | 0                             | 202,396                   | 123,113                   | 0                             | 123,113                   |
| Cost of sales                        | -75,141                   | -180                          | -75,321                   | -40,203                   | -49                           | -40,252                   |
| Gross Margin                         | 127,261                   | 127,075                       | 82,910                    | 82,861                    |                               |                           |
| Other operating income               | 10,271                    | 63                            | 10,334                    | 5,128                     | 43                            | 5,171                     |
| Administrative expenses              | -27,540                   | 878                           | -26,662                   | -14,520                   | 83                            | -14,437                   |
| Selling and distribution expenses    | -10,961                   | 0                             | -10,961                   | -7,937                    | 0                             | -7,937                    |
| Operating Profit                     | 99,031                    |                               | 99,786                    | 65,581                    |                               | 65,658                    |
| Dividends received from subsidiaries | 425                       | 47                            | 472                       | 0                         | 0                             | 0                         |
| Income from sale of investments      | 0                         | 0                             | 0                         | 0                         | 0                             | 0                         |
| Other income/(expense)               | -714                      | 714                           | 0                         | -608                      | 608                           | 0                         |
| Finance costs                        | -4,651                    | 18                            | -4,633                    | -5,497                    | 18                            | -5,479                    |
| Profit before Tax                    | 94,091                    |                               | 95,625                    | 59,476                    |                               | 60,179                    |
| Income tax                           | -33,570                   | -505                          | -34,075                   | -21,297                   | -288                          | -21,585                   |
| Profit for the Year                  | 60,521                    | 1,029                         | 61,550                    | 38,179                    | 415                           | 38,594                    |

## AUDITORS' REPORT

To the Shareholders of **HYATT REGENCY HOTEL & TOURISM (HELLAS) S.A.**

We have audited the accompanying financial statements as well as the consolidated financial statements of HYATT REGENCY HOTEL & TOURISM (HELLAS) S.A. as of and for the year ended on 31.12.2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, evaluating the overall financial statement presentation as well as assessing the consistency of the Board of Directors' report with the aforementioned financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Company and the Group (of which this Company is the holding company), as of 31.12.2005 and of the results of its operations and those of the Group and their cash flows and changes in shareholder's equity for the year ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Directors' Report is consistent with the aforementioned financial statements.

Without qualifying our opinion we draw attention to paragraph 23 of the Notes to the financial statements in which there is reference to the unaudited tax fiscal years for the Company and the Group. It is not possible to estimate the outcome of the tax audits and, hence, no provision has been made in the financial statements for these.

Athens, March 15, 2006  
The Certified Public Accountant

**Antonios D. Markou**  
Reg. No. (ICPA (GR)) 19901  
250-254 Kifissias Av., 152 31 Halandri

**Deloitte Hadjipavlou, Sofianos & Cambanis S.A.**  
Assurance & Advisory Services  
Reg. No (ICPA (GR)): E 120

## CHAPTER

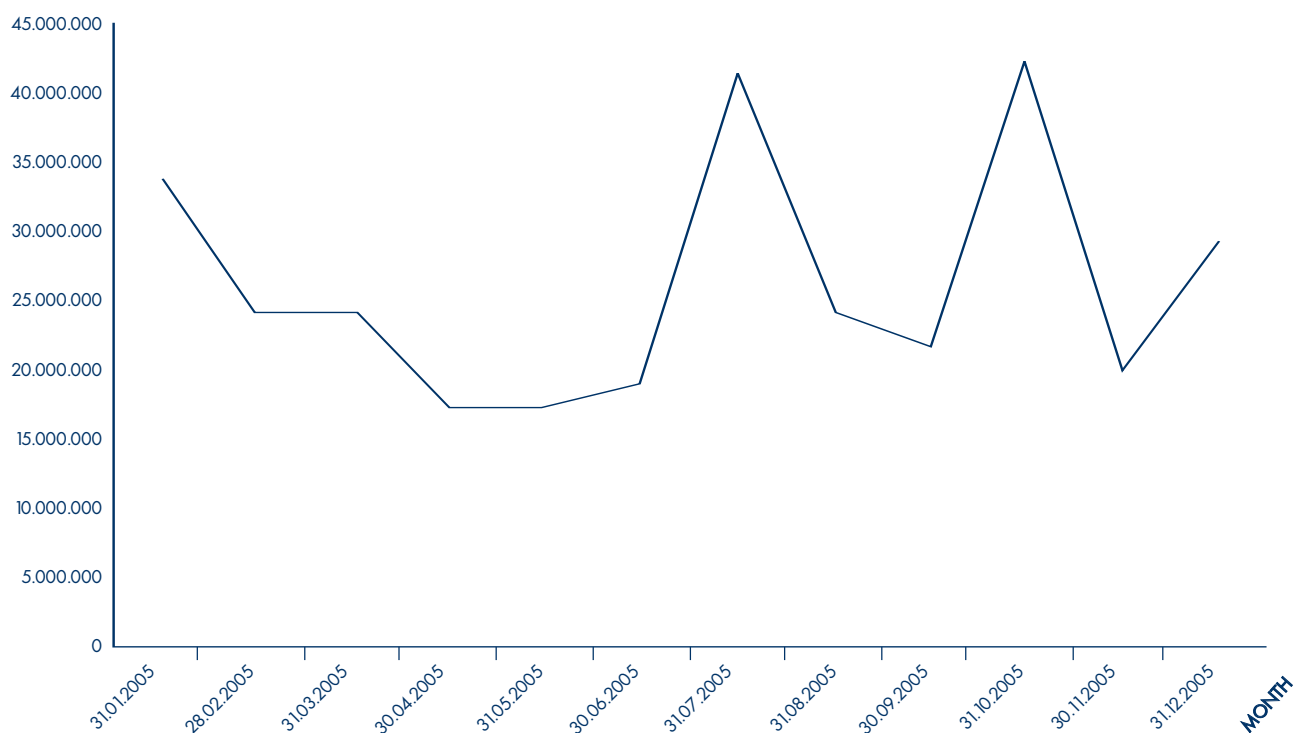


## EVOLUTION OF SHARE PRICE AND TRADING VOLUME

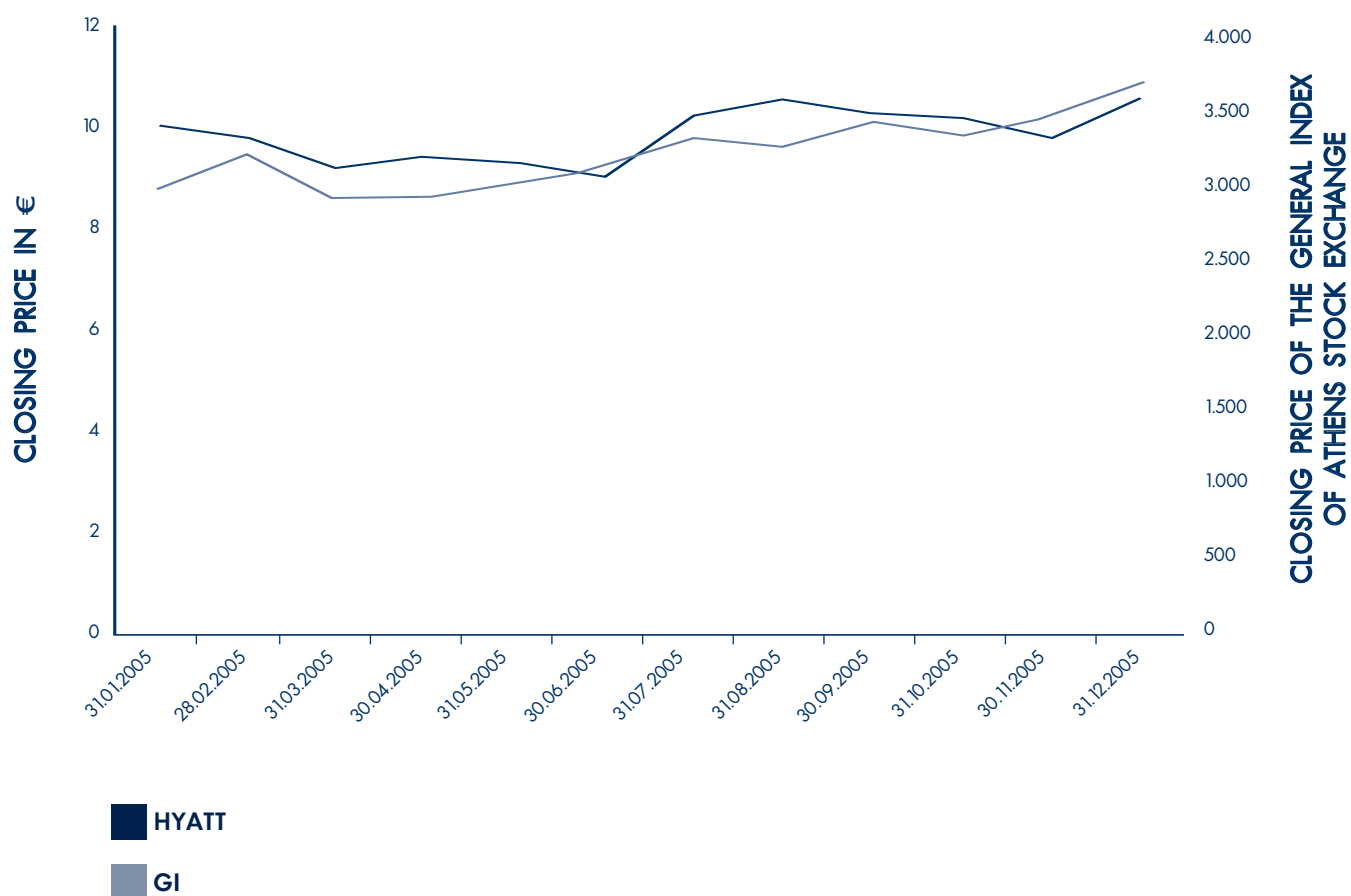
The evolution of the share price on the last month, of the total monthly volume and of market capitalization of the Company's shares during 2005 is as follows:

| Date       | Closing Price (in €) | Monthly Trading Volume | Value of Total Monthly Trading Volume (in €) |
|------------|----------------------|------------------------|--|
| 31.01.2005 | 10.0                 | 3,622,727              | 33,988,018                                   |
| 28.02.2005 | 9.74                 | 2,432,659              | 24,132,328                                   |
| 31.03.2005 | 9.14                 | 2,543,167              | 24,160,755                                   |
| 30.04.2005 | 9.4                  | 1,850,071              | 17,262,024                                   |
| 31.05.2005 | 9.36                 | 1,853,597              | 17,280,027                                   |
| 30.06.2005 | 9.04                 | 2,047,737              | 19,319,596                                   |
| 31.07.2005 | 10.26                | 3,965,986              | 41,559,028                                   |
| 31.08.2005 | 10.58                | 2,352,850              | 24,463,222                                   |
| 30.09.2005 | 10.3                 | 2,090,012              | 21,755,846                                   |
| 31.10.2005 | 10.22                | 4,194,931              | 42,538,365                                   |
| 30.11.2005 | 9.9                  | 1,952,161              | 20,006,709                                   |
| 31.12.2005 | 10.68                | 2,876,275              | 29,332,234                                   |

#### VALUE OF TOTAL MONTHLY TRADING VOLUME (in €)



## COMPARISON BETWEEN THE SHARE PRICE OF LAMPSA S.A. AND THE PRICE OF GENERAL INDEX OF ATHENS STOCK EXCHANGE



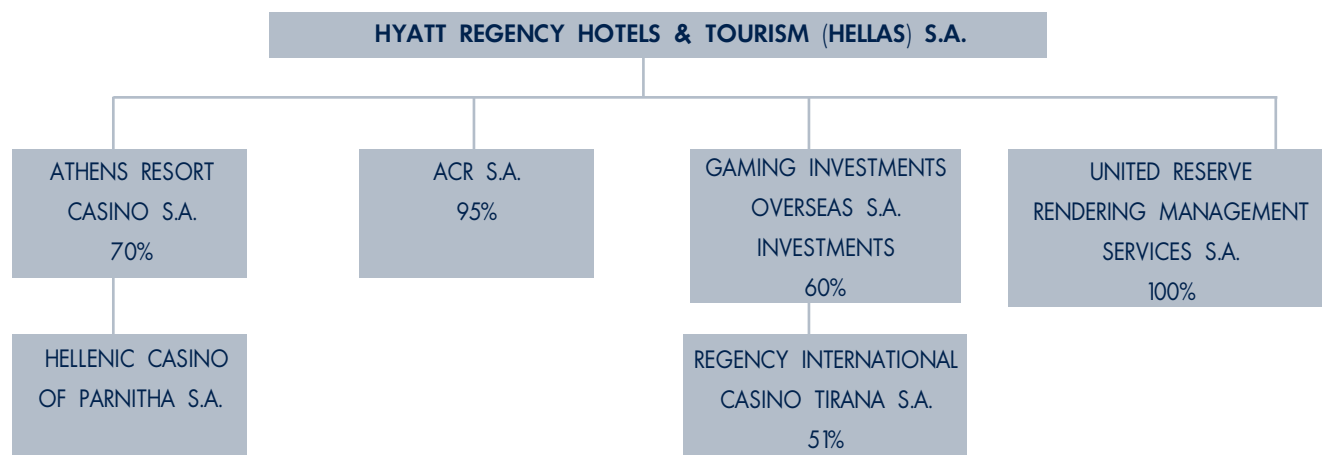
## CHAPTER



AFFILIATED COMPANIES



The following chart presents the companies affiliated with HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A.



*Note: The chart of affiliated companies was drafted based on Company data dated December 31, 2005.*

## 7.1 COMPANIES AFFILIATED WITH HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A.

### ATHENS RESORT CASINO HOLDINGS S.A.

The company was established on August 26, 2002 with its headquarters in Athens, Greece and was registered with the Register for Sociétés Anonymes on August 28, 2002, with the S.A.R.N. 52572/01AT/B/02/282. Its head offices are located on 49, Ag. Konstantinou St., Maroussi. The duration of the company has been set for 50 years.

The Company, along with HELLINIKI TECHNODOMIKI S.A., having offered the highest bid at a public tender announced by HELLENIC TOURIST PROPERTIES S.A. (HTP S.A.), as sole shareholder of HELLENIC CASINO OF PARNITHA S.A. (HCP S.A.), signed on November 15, 2002, jointly with their subsidiary company ATHENS RESORT CASINO S.A. and HTP S.A., a transfer agreement for 49% of the shares and the transfer of management of HCP S.A. and of the Parnitha casino and hotel business to the Company. The total cost of the aforesaid transfer amounted to € 120,000,000.

On May 14, 2003, the Company, its subsidiary ATHENS RESORT CASINO S.A. and HCP S.A. signed a management agreement of HCP S.A., according to which the Company had the capacity of manager, with the purpose to actively contribute to the profitability and growth of HCP S.A.

The company's sole activity is the ownership of 49% of the HCP S.A. shares. Thus, its revenue will originate exclusively from dividends.

Its Share Capital amounts to € 70,026,000 and is divided in 23,342,000 shares with a value of € 3.00 each.

Share composition:

| Shareholder                                  | Shares     | Percentage |
|--|------------|------------|
| HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A. | 16,339,400 | 70%        |
| HELLINIKI TECHNODOMIKI S.A.                  | 7,002,600  | 30%        |

The Board of Directors of the company, whose term is indefinite (until replacement or resignation of its members), is composed of:

| B.o.D. Member         | Position in the B.o.D.              |
|-----------------------|-------------------------------------|
| George Galanakis      | President & Chief Executive Officer |
| George Koutsopodiotis | Vice-President                      |
| Philippos Spyropoulos | Member                              |
| Dimitrios Ziakos      | Member                              |
| Vassiliki Niatsou     | Member                              |

Summary of financial data for the year 2005 (financial year January 1, 2005-December 31, 2005):

| (in €)   | 2004           | 2005           |
|----------|----------------|----------------|
| Equity   | 113,300,872.78 | 116,897,344.49 |
| Turnover | 0.00           | 0.00           |
| Profit   | 2,654,396.84   | 10,552,387.71  |

ATHENS RESORT CASINO S.A. is included in the consolidated Profit and Loss statements of the Company according to the full consolidation method.

## ACR HOLDING S.A.

The company was established on August 23, 2002 with its headquarters in Athens, Greece and was registered with the Register for Sociétés Anonymes on August 26, 2002, with the S.A.R.N. 52560/01AT/B/02/281. Its head offices are located on 49, Ag. Konstantinou St., in Maroussi. The duration of the company has been set for 50 years. The Company's exclusive purpose is to participate in the Share Capital of Sociétés Anonymes by means of share redeeming, participating in the increase of Share Capital, or by any other means. Its Share Capital amounts to € 60,000 and is divided in 20,000 shares with a value of € 3.00 each.

Share composition:

| Shareholder                                  | Shares | Percentage |
|--|--------|------------|
| HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A. | 19,000 | 95%        |
| HELLINIKI TECHNODOMIKI S.A.                  | 1,000  | 5%         |

The Board of Directors of the company, whose term is indefinite (until replacement or resignation of its members), is composed of:

| B.o.D. Member         | Position in the B.o.D.              |
|-----------------------|-------------------------------------|
| George Galanakis      | President & Chief Executive Officer |
| George Koutsopodiotis | Vice-President                      |
| Christos Tagas        | Secretary                           |
| Philippos Spyropoulos | Member                              |
| Maurice Modiano       | Member                              |

Summary of financial data for the year 2004 (financial year January 1, 2004 -December 31, 2004):

| (in €)                                    | 2005       | 2004       |
|---|------------|------------|
| Equity                                    | 46,636.74  | 53,156.01  |
| Turnover                                  | 0          | 0          |
| Profit/(Losses) during the financial year | (6,519.27) | (4,268.50) |

ACR HOLDING S.A. is included in the consolidated Profit and Loss statements of the Company, according to the full consolidation method.

## HELLENIC CASINO OF PARNITHA S.A.

The company was established on September 19, 2001 and was registered with the Register for Sociétés Anonymes on September 19, 2001 with the S.A.R.N. 49854/01/B/01/534. Its head offices are located on 49, Ag. Konstantinou St., Maroussi, Athens, Greece. The duration of the company has been set to 50 years.

In May 2003, HELLENIC CASINO OF PARNITHA S.A. (HCP S.A.) acquired the contributed sector "PARNITHA CASINO-HOTEL AND CABLE CAR" from the company HELLENIC TOURIST PROPERTIES S.A. (HTP S.A.), following secession. Having been declared highest bidders of the international tender that was announced by HTP S.A. and with the status of sole shareholder of HCP S.A., the Company and HELLINIKI TECHNODOMIKI S.A. signed on November 15, 2002, jointly with their subsidiary company ATHENS RESORT CASINO S.A. and HTP S.A., a contract of transfer for 49% of the shares and the management of HCP S.A., as well as of the management of the Parnitha casino and hotel business. The total cost of the afore-said transfer amounted to € 120,000,000.

On May 14, 2003, HCP S.A. signed an agreement along with the Company and its subsidiary ATHENS RESORT CASINO S.A. for the management of HCP S.A., declaring the Company manager, with the purpose to actively contribute to the profitability and growth of HCP S.A. The Company's purpose is to operate and exploit the Parnitha hotel and casino business and to develop, operate and exploit tourist and hotel businesses in general. The initial Share Capital amounted to € 587,000 and was divided in 100,000 shares with a nominal value of € 5.87 per share. In 2003, the Share Capital increased twice:

- Upon decision of the Extraordinary General Meeting on May 6, 2003, the Share Capital of the company increased by € 29,661,385.89 and was covered by € 29,661,380.81 from the book value of the assets and liabilities of the contributed by virtue of Article 5 par. 3 of Act 3139/2003 (Issue of the Government Gazette 100 A) by HELLENIC TOURIST PROPERTIES S.A. and by € 5.08 with the deposit of cash, resulting in the issuing of a total of 5,053,047 common nominal shares of € 5.87 nominal value each. After the increase, the company's Share Capital amounted to € 30,248,385.89, i.e. 5,153,047 nominal shares of € 5.87 nominal value each.
- Upon decision of the Extraordinary General Meeting on May 14, 2003, the Share Capital of the company increased by € 2,959,595.30 by issuing 504,190 new nominal shares of € 5.87 nominal value each. The distribution price for the new shares was set to € 39.668 each. Of this amount, € 17,040,613.70 was deposited as issue premium above par value. The margin was covered in total by the company ATHENS RESORT CASINO HOLDING S.A.

Following the second increase, the Share Capital of the company amounted to € 33,207,981.19, divided in 5,657,237 nominal shares of € 5.87 nominal value each.

Share composition:

| Shareholder                       | Shares    | Percentage |
|-----------------------------------|-----------|------------|
| ATHENS RESORT CASINO HOLDING S.A. | 2,772,046 | 49%        |
| HELLENIC TOURIST PROPERTIES S.A.  | 2,885,191 | 51%        |

The Board of Directors of the company, whose term is indefinite (until replacement or resignation of its members), is composed of:

| B.o.D. Member              | Position in the B.o.D.                   |
|----------------------------|--|
| Vassileios Xenikakis       | B.o.D. President                         |
| George Galanakis           | Vice-President & Chief Executive Officer |
| George Koutsopodiotis      | Member                                   |
| Erinaeus Grigorakis        | Member                                   |
| Dimitrios Kosmas           | Member                                   |
| Vassiliki Niatsou          | Member                                   |
| George Xepapadakos         | Member                                   |
| Ioannis Lagarias           | Member                                   |
| Maria-Iphigeneia Protopapa | Member                                   |

Summary of financial data for the year 2005 (financial year January 1, 2005-December 31, 2005):

| (in €)                           | 2005        | 2004        |
|----------------------------------|-------------|-------------|
| Equity                           | 58,778,603  | 78,859,335  |
| Current Assets                   | 67,746,169  | 34,881,997  |
| Liabilities                      | 67,082,060  | 37,347,145  |
| Turnover                         | 130,281,877 | 143,264,883 |
| Profit during the financial year | 22,579,924  | 25,851,115  |

HELLENIC CASINO OF PARNITHA S.A. is included in the consolidated Profit and Loss statements of the Company according to the full consolidation method.

### REGENCY INTERNATIONAL CASINO TIRANA SH.A.

The company was established on April 29, 2005 with its head offices in Albania. Its head offices are located on Deshmoret e 4 Shkurtit, Park Rinia, Tirana. The duration of the company has been set for an indefinite period.

On November 25, 2005, UNITED RESERVE S.A. and REGENCY CASINO TIRANA SH.A. signed a Management Agreement, according to which the former is assigned to manage REGENCY CASINO TIRANA SH.A., so as to decisively contribute to the latter's growth and profitability.

Its Share Capital amounts to € 30,000,000, and comprises 30,000 shares of € 1,000 nominal value each.

Share composition:

| Shareholder                              | Shares | Percentage |
|--|--------|------------|
| GAMING INVESTMENTS OVERSEAS HOLDING S.A. | 15,300 | 51%        |
| TAIWAN SH.P.K.                           | 6,600  | 22%        |
| NOVA TRIUMPH                             | 4,500  | 15%        |
| STATUS DEVELOPMENT S.A.                  | 3,600  | 12%        |

The Board of Directors of the company, whose term is indefinite (until replacement or resignation of its members), is composed of:

| B.o.D. Member Name    | Position in the B.o.D.    |
|-----------------------|---------------------------|
| Emmanuel Mavrikakis   | General Manager           |
| Philippos Spyropoulos | Assistant General Manager |
| Ioannis Dryllerakis   | Member                    |
| Besnik Sulaj          | Member                    |

The REGENCY CASINO TIRANA began its operation on 01.12.2005.

Summary of economic data for the year 2005 (financial year January 1, 2005-December 31, 2005):

| (in €)   | 2004 | 2005           |
|----------|------|----------------|
| Equity   | 0    | (1,695,851.10) |
| Turnover | 0    | 1,050,126.9    |
| Profits  | 0    | (1,834,017.60) |

The company REGENCY INTERNATIONAL CASINO TIRANA SH.A. is included in the consolidated financial statements of the Issuer, according to the full consolidation method.

## UNITED RESERVE S.A. RENDERING MANAGEMENT SERVICES

The company was established on March 16, 2005 with its head offices in Athens and was registered in the Register for Sociétés Anonymes on March 16, 2005 with the S.A.R.N. 58293/01NT/B/05/38. Its offices are located on 49, Ag. Konstantinou St. in Marousi. The duration of the company has been set for 50 years.

On November 25, 2005, UNITED RESERVE S.A. and REGENCY CASINO TIRANA S.H.A. signed a management agreement, according to which the former is assigned to manage REGENCY CASINO TIRANA S.H.A., so as to decisively contribute to the latter's growth and profitability.

Its Share Capital amounts to € 60,000 and comprises 20,000 shares of € 3.00 nominal value each.

Share composition:

| Shareholder                                  | Shares | Percentage |
|--|--------|------------|
| HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A. | 20,000 | 100%       |

The Board of Directors of the company, whose term is indefinite (until replacement or resignation of its members), is composed of:

| B.o.D. Member Name        | Position in the B.o.D.              |
|---------------------------|-------------------------------------|
| George Galanakis          | President & Chief Executive Officer |
| Christos Tagas            | Vice-President                      |
| Emmanuel Mavrikakis       | Secretary                           |
| Maria-Iphigenea Protopapa | Member                              |

Summary of economic data for the year 2005 (financial year January 1, 2005 December 31, 2005):

| (in €)                                   | 2005       | 2004 |
|--|------------|------|
| Equity                                   | 54,793.48  | 0    |
| Turnover                                 | 0.00       | 0    |
| Profits/(loss during the financial year) | (5,206.52) | 0    |

UNITED RESERVE S.A. is included in the consolidated financial statements of the Issuer, according to the full consolidation method.

## GAMING INVESTMENTS OVERSEAS INVESTMENTS S.A.

The company was established on March 16, 2005 with its head offices in Athens and was registered in the Register for Sociétés Anonymes on March 16, 2005 with the S.A.R.N. 58292/01NT/B/05/37. Its offices are located on 49, Ag. Konstantinou St. in Maroussi, Attica Greece. The duration of the company has been set for 50 years.

The Company's exclusive purpose is the ownership of 51% of the shares of REGENCY INTERNATIONAL CASINO TIRANA S.H.A. Due to this, the only income of the Company derives from dividend.

Its Share Capital amounts to € 60,000 and comprises 20,000 shares of € 3.00 nominal value each.

Share composition:

| Shareholder                                  | Shares | Percentage |
|--|--------|------------|
| HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A. | 12,000 | 60%        |
| UNIMAR FAITH S.A.                            | 8,000  | 40%        |

The Board of Directors of the company, whose term is indefinite (until replacement or resignation of its members), is composed of:

| B.o.D. Member Name        | Position in the B.o.D.              |
|---------------------------|-------------------------------------|
| George Galanakis          | President & Chief Executive Officer |
| Ioannis Giannakakis       | Vice-President                      |
| Emmanuel Mavrikakis       | Secretary                           |
| Maria-Iphigenea Protopapa | Member                              |

Summary of economic data for the year 2005 (financial year January 1, 2005 December 31, 2005):

| (in €)                                   | 2005        | 2004 |
|--|-------------|------|
| Equity                                   | 43,845.08   | 0    |
| Turnover                                 | 0.00        | 0    |
| Profits/(loss during the financial year) | (16,154.92) | 0    |

GAMING INVESTMENTS OVERSEAS INVESTMENTS S.A. is included in the consolidated financial statements of the Issuer, according to the full consolidation method.

## 7.2 PARTICIPATING COMPANIES

### HELLENIC CASINOS COMPANY (HELLENIC CASINOS CO)

The company was established on August 2, 1994 with the purpose of operating hotels, casinos and tourist businesses in general.

Since November 28, 1994, it has been participating in the Share Capital of HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A. Today, its percentage amounts to 100%.

Its Share Capital amounts to \$10,000, comprising 10,000 shares of \$1.00 nominal value each.

Share composition:

| Shareholder                  | Shares | Percentage |
|------------------------------|--------|------------|
| HELLENIC HOTELS INCORPORATED | 6,000  | 60%        |
| PRIME GLORY                  | 4,000  | 40%        |

The Board of Directors of the company, whose term is indefinite (until replacement or resignation of its members), is composed of:

| B.o.D. Member         | Position in the B.o.D.              |
|-----------------------|-------------------------------------|
| David S. Sargison     | President & Chief Executive Officer |
| David J. V. Burge     | Advisor                             |
| Bernard G. H. McGrath | Advisor                             |

HELLENIC CASINOS CO does not participate in any company other than the Issuer and has no other investment in its assets.

The company does not draft any consolidated Profit and Loss statements.

Analysis of the HELLENIC CASINOS Co. company shareholders:

#### A. HELLENIC HOTELS INCORPORATED

The company was established on September 29, 1994 with the purpose of operating hotels, casinos and tourist businesses.

Since its establishment, it has been participating in the Share Capital of HELLENIC CASINOS Co. Today it holds a 60% participation.

Its Share Capital amounts to \$ 100,000 and is divided in 6,100 shares of \$16.39 nominal value each.

Share composition:

| Shareholder                    | Shares | Percentage |
|--------------------------------|--------|------------|
| SETTLEMENT HOTELS INCORPORATED | 5,084  | 83-1/3%    |
| GABLI LTD                      | 1,016  | 16-2/3%    |

The Board of Directors of the company, whose term is indefinite (until replacement or resignation of its members), is composed of:

| B.o.D. Member      | Position in the B.o.D.             |
|--------------------|------------------------------------|
| Kim L. Storr       | Chairman & Chief Executive Officer |
| Andrew A. Adderley | Vice-Chairman & Advisor            |
| Linda G. Williams  | Secretary                          |

HELLENIC HOTELS INCORPORATED has no participation in any company other than the Issuer and has no other investment in its assets.

Analysis of the HELLENIC HOTELS INCORPORATED company shareholders:

#### SETTLEMENT HOTELS INCORPORATED

The company was established on September 27, 1994 with the purpose of operating hotels and tourist businesses.

Ever since its establishment, it has been participating in the Share Capital of HELLENIC CASINOS INCORPORATED. Today it holds an 83 and 1/3% participation.

Its Share Capital amounts to \$ 100,000 and is divided in 100 shares of \$ 1,000 nominal value each.

Share composition:

| Shareholder                                  | Shares | Percentage |
|--|--------|------------|
| Trusts of the Pritzker Family in the Bahamas | 100    | 100%       |

The Board of Directors of the company, whose term is indefinite (until replacement or resignation of its members), is composed of:

| B.o.D. Member      | Position in the B.o.D.             |
|--------------------|------------------------------------|
| Kim L. Storr       | Chairman & Chief Executive Officer |
| Andrew A. Adderley | Vice-Chairman & Advisor            |
| Linda G. Williams  | Secretary                          |

SETTLEMENT HOTELS INCORPORATED has no participation in any company other than the Issuer and has no other investment in its assets.

#### **GABLI LTD**

The company was established on August 28, 1993 with the purpose of exploiting commercial and industrial businesses.

Since September 27, 1994, it has been participating in the Share Capital of HELLENIC HOTELS INCORPORATED. Today, its percentage amounts to 16 and 2/3%.

Its Share Capital amounts to \$ 100 and is divided in 100 shares of \$ 1.00 nominal value each.

Share composition:

| Shareholder           | Shares | Percentage |
|-----------------------|--------|------------|
| Vassilis Theocharakis | 99     | 99%        |
| Marina Theocharaki    | 1      | 1%         |

The Board of Directors of the company, whose term is indefinite (until replacement or resignation of its members), is composed of:

| B.o.D. Member         | Position in the B.o.D. |
|-----------------------|------------------------|
| Nikolaos Milios       | Secretary              |
| Panagiotis Throuvalas | Advisor                |

GABLI Ltd has no participation in any company other than the Issuer and has no other investment in its assets.

#### **B. PRIME GLORY**

The company was established on June 23, 1994 with the purpose of exploiting commercial and industrial businesses.

Ever since its establishment, it has been participating in the Share Capital of HELLENIC CASINOS CO. Today, it holds a participation of 40%.

Its Share Capital amounts to \$ 10,000 and is divided in 100 shares of \$100 nominal value.

Share composition:

| Shareholder                    | Shares | Percentage |
|--------------------------------|--------|------------|
| Trusts of the Laskaridis Group | 100    | 100%       |

The Board of Directors of the company, whose term is indefinite (until replacement or resignation of its members), is composed of:

| B.o.D. Member       | Position in the B.o.D.             |
|---------------------|------------------------------------|
| Tatiana Nagovsky    | Chairman & Chief Executive Officer |
| Silvia Sorg         | Vice-Chairman & Advisor            |
| Liliane Baumgartner | Secretary                          |
| Dorothea Neugebauer | Assistant Secretary                |

PRIME GLORY has no participation in any company other than the Issuer and has no other investment in its assets.



## 7.3 COMPANIES THAT HAVE SIGNED A CONTRACT WITH HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A.

### HYATT INTERNATIONAL (EUROPE, AFRICA, MIDDLE EAST) LIMITED

The Issuer signed a contract with this company in January 1999 for managing and operating the HYATT REGENCY THES-SALONIKI. The terms of contract have been described in Chapter 3.9.

The company was established on October 9, 1990 with its head offices in Switzerland and the purpose of managing hotels and providing consulting services to hotel businesses.

Its Share Capital amounts to 100,000 Swiss Francs and is divided in 100 Shares with a nominal value of 1,000 Swiss Francs each.

Share composition:

| Shareholder                     | Shares | Percentage |
|---------------------------------|--------|------------|
| HYATT INTERNATIONAL CORPORATION | 95     | 95%        |
| Bernd Chorengel                 | 1      | 1%         |
| Andre Pury                      | 1      | 1%         |
| Michael Evanoff                 | 1      | 1%         |
| Sabine Simkhovitch - Dreyfus    | 1      | 1%         |
| Claudia Izbiki                  | 1      | 1%         |

The Board of Directors of the company is composed of:

| B.o.D. Member                | Position in the B.o.D. |
|------------------------------|------------------------|
| Bernd Chorengel              | Advisor                |
| Andre Pury                   | Advisor                |
| Michael Evanoff              | Advisor                |
| Sabine Simkhovitch - Dreyfus | Advisor                |
| Claudia Izbiki               | Advisor                |

HYATT INTERNATIONAL (EUROPE, AFRICA, MIDDLE EAST) Ltd. has no participation in any other company and no other investment in its assets.

## 7.4 INTER-CORPORATE TRANSACTIONS

No inter-corporate transaction is currently taking place between the Issuer and the companies cited in Chapter 9, apart from HYATT INTERNATIONAL (EUROPE, AFRICA, MIDDLE EAST) Ltd. The transactions between the Issuer and the above-mentioned company are presented in detail in Chapter 3.9.

## CHAPTER



## PROVISIONS FOR TURNOVER - PROSPECTS

## 8.1 PROVISIONS FOR TURNOVER OF THE GROUP

The breakdown of provisions for the progress of sales and Group results for the Financial Year 2006 is projected in current prices on the following table:

### PROFIT AND LOSS STATEMENT OF THE HYATT REGENCY HOTELS & TOYRISM (HELLAS) S.A.

| (in thousand €)   | 2005          | 2006 (P)      | D (06/05)      |
|---|---------------|---------------|----------------|
| Turnover from:  |               |               |                |
| Casino (Gaming tables & slot machines)                      | 294.19        | 318.50        | 8.26%          |
| Food & beverage   | 6.01          | 6.76          | 12.48%         |
| Rooms   | 3.96          | 4.15          | 4.80%          |
| Peripheral activities                                       | 3.40          | 3.70          | 8.82%          |
| <b>Turnover</b>   | <b>307.56</b> | <b>333.11</b> | <b>8.31%</b>   |
| Less: Greek State participation in casino revenue           | 98.14         | 106.20        | 8.21%          |
| Net Turnover  | 209.42        | 226.91        | 8.35%          |
| Plus: other operating revenue                               | 1.97          | 2.00          | 1.47%          |
| Less: cost of sales, administrative & distribution expenses | 105.28        | 111.10        | 5.53%          |
| <b>Profit before interest, taxes and depreciation</b>       | <b>106.11</b> | <b>117.81</b> | <b>11.03%</b>  |
| % of turnover   | 34.50%        | 35.37%        |                |
| Plus: credit interest                                       | 2.20          | 2.20          | -0.09%         |
| Πλέον: Κέρδη συμμετοχών                                     | 17.07         | 4.53          | -73.47%        |
| Less: interest expenses                                     | 6.11          | 5.50          | -10.04%        |
| Net financial Revenue/Expenses                              | 13.16         | 1.23          | -90.65%        |
| % of turnover   | -4.28%        | -0.37%        |                |
| <b>Profit before interest, taxes and depreciation</b>       | <b>119.27</b> | <b>119.04</b> | <b>-0.19%</b>  |
| % of turnover   | 38.78%        | 35.74%        |                |
| Less: total depreciation                                    | 11.32         | 11.60         | 2.48%          |
| <b>Profit before taxes</b>                                  | <b>107.95</b> | <b>107.44</b> | <b>-0.47%</b>  |
| % of turnover   | 35.10%        | 32.25%        |                |
| Less: revenue taxes & other taxes                           | 31.57         | 33.20         | 5.16%          |
| <b>Profit after taxes of the period</b>                     | <b>76.38</b>  | <b>74.24</b>  | <b>-2.80%</b>  |
| % of turnover   | 24.83%        | 22.29%        |                |
| <b>Minority rights</b>                                      | <b>15.77</b>  | <b>22.80</b>  | <b>44.54%</b>  |
| % of turnover   | 5.13%         | 6.84%         |                |
| <b>Καθαρό ενοποιημένο αποτέλεσμα (κέρδη) Ομίλου</b>         | <b>60.61</b>  | <b>51.44</b>  | <b>-15.13%</b> |
| % of turnover   | 19.71%        | 15.44%        |                |

(P) Provisions

## 8.2 GOALS AND PROSPECTS

The company's strategy focuses on a dynamic activation in the growing casino sector. As one of the first Companies, introduced to this sector, HYATT REGENCY HOTELS AND TOURISM (HELLAS) S.A. plans to sustain a dominant market share that will provide considerable, competitive advantage.

Consolidating its leading position in Greece and further expanding in the tourism and entertainment sector are keys to the Company's strategy. The strengthening of the Company's position is expected to bring about a further increase of its operational profitability, without affecting the high quality of the services provided, thus maintaining its long-lasting tradition of prestige and business reliability.

In order to accomplish the aforementioned goals, the Company devises and implements individual action plans, including:

### **Emphasis on the Use of Slot Machines**

Given the high profitability of slot machines, the Company aims to augment average coin-in per customer, increase the number of slot machines, as well as expand the spectrum of games offered. The Company aims to acquire more slot machines that will represent a wide range of games and betting amounts, contributing to the increase of its turnover and profitability.

### **Use of the HYATT REGENCY CASINO as a Pole of Attraction for the REGENCY CASINO THESSALONIKI**

In Thessaloniki, the Company's objective is to attract high-profile customers for the casino through its exclusive hotel. For this reason, it offers complimentary hospitality, meals and use of hotel services (secretarial support, spa, gym, pool, cultural activities etc.) to select customers.

### **Renovation of the REGENCY CASINO MONT PARNES**

HYATT REGENCY HOTELS AND TOURISM (HELLAS) S.A. recently completed the first phase of the REGENCY CASINO MONT PARNES renovation, at a total cost of € 64.000,000. This phase included significantly renovating the facilities throughout the complex, from the games halls to the casino communal areas as well as the establishment of a new, state-of-the-art cable car.

The second reconstruction phase is expected to begin in the immediate future and cost approximately €80.000,000.

Following the completion of its renovation program, REGENCY CASINO MONT PARNES will develop into a complete resort and entertainment complex of high international standards.

### **Maintaining Customer Satisfaction**

The management of the Company strongly believes that maintaining a regular clientele is a crucial parameter for its further business development.

Sustaining the extant customer base and expanding into new target audiences are accomplished through catering to the increasing needs of customers and offering high-quality entertainment services. In this spectrum, the company organises special educational programs for its personnel in the field of Customer Services. Furthermore, the company implements reward schemes for its loyal clientele.

### **Re-enforcement of Human Resources**

In order to successfully implement its strategy beyond current and planned investments, the Company will continue to invest in its personnel, which constitutes its most valuable asset. Within this framework, the Company will push forward, securing the continuous growth and development of its employees in all operating sectors (Games, Food & Beverage, Peripheral Activities, Hotel and Conference Center).

**Marketing Program**

In order to put its strategic goals to effect, the Company devises and implements a specialized marketing strategy which aims at increasing the number of visitors to the casinos and the hotel; expanding its customer base; and increasing the length of stay for its guests. By organizing special programs that respect the individual characteristics of each area while implementing a common policy in order to achieve economies of scale, the Company aims to strengthen its position and expand its loyal customer base.

**Advertising and Promotion**

Reinforcing the corporate image and reputation and promoting its other activities constitute an opportune objective for the Company since its establishment. Within this context, the Company is engaged in corporate communication activities, while implementing an extensive promotion program that includes media advertising, promotional activities, sponsorships, public relation activities, direct mailing, as well as other specialized actions. In addition, the Company places great emphasis on creating a channel of communication with its shareholders.

**International Expansion**

Aiming to constantly grow and enforce its leading position in the casino sector, the Company is seeking out opportunities to create new or take on existing businesses abroad. In this context, the company's future objective is to establish casino businesses in other European markets.

## CHAPTER



## COMPANY DIVIDEND POLICY

The dividend policy pursued by the Company during the past years is presented on the following table:

| (in thousand €)                                      | 2002      | 2003      | 2004      |
|--|-----------|-----------|-----------|
| Net Profit after Taxes of the Period and Other Taxes | 35.254,88 | 40.161,01 | 38.594,35 |
| Dividends  | 25.200,00 | 35.280,00 | 40.320,00 |
| % of Net Profit par Reserve                          | 71,5%     | 87,8%     | 104,5%    |

For the fiscal year 2005, the Company gave during December 2005 interim dividend of € 18.840.000,00. The Board members will suggest during the Company's General Meeting of Shareholders on June 29, 2006, extra dividend of € 0,11 per share, which accounts to € 23.520.000,00.

Furthermore, during 2004, the Company gave extra dividend of € 23.520.000,00 from the previous fiscal year's profit.

According to Greek Law and the Company statute, the minimum dividend offered annually to its shareholders cannot be less than 35% of its net profits (after taxes and depreciation) or 6% of the Share Capital paid - whichever amount is higher. Prior to dividend payment, the Company has to deposit 5% of its net profit to a statutory reserves account until it reaches one third of its Share Capital.

It is mandatory that the dividend amount be paid to shareholders within two months from the General Meeting that approved the Company's Balance Sheet.

As of commencement of trading of Company shares on the A.S.E., the Company's dividend policy provides for a minimum dividend of 35% of the net profit after subtracting the proportional tax and the mandatory statutory reserves.

The management aims to continue the distribution of satisfactory dividends, though without limiting the Company's growth prospects.

## APPENDIX



**HELLENIC CASINO OF PARNITHA S.A.**

ANNUAL FINANCIAL STATEMENTS  
for the period January 1 to December 31, 2005  
According to the International Financial Reporting Standards  
that have been adopted by the European Union

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### AUDITORS REPORT

## 1. FINANCIAL STATEMENTS

### 1.1 INCOME STATEMENT

| (in €)                            | Notes | 31.12.2005  | 31.12.2004  |
|-----------------------------------|-------|-------------|-------------|
| Turnover                          |       | 143,264,883 | 130,281,877 |
| Less: Share of Greek State        | 3     | -45,974,008 | -41,789,727 |
| Net turnover                      | 3     | 97,290,875  | 88,492,150  |
| Cost of sales                     | 4     | -33,681,882 | -30,334,321 |
| Gross Margin                      |       | 63,608,993  | 58,157,829  |
| Other operating income            |       | 1,393,768   | 433,125     |
| Administrative expenses           | 4     | -23,670,228 | -21,371,577 |
| Selling and distribution expenses | 4     | -4,061,423  | -3,023,735  |
| Operating Profit                  |       | 37,271,110  | 34,195,642  |
| Interest income                   |       | 785,266     | 874,633     |
| Finance costs                     |       | -116,721    | -66,946     |
| Profit before Tax                 |       | 37,939,655  | 35,003,329  |
| Income tax                        | 6     | -12,088,540 | -12,423,405 |
| Profit for the year               |       | 25,851,115  | 22,579,924  |

The accompanying financial statements set out on pages 98 to 116 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, were approved by the Board of Directors of HELLENIC CASINO OF MONT PARNES S.A. on May 8, 2006 and is subject to the approval of the upcoming Annual General Meeting of Shareholders.

THE PRESIDENT

VASSILEIOS XENIKAKIS  
Α 234530 (GREEK I.D. No.)

THE VICE-PRESIDENT

GEORGE GALANAKIS  
Β 282324 (GREEK I.D. No.)

THE FINANCIAL DIRECTOR

MICHAEL AGGELIS  
Σ 752087 (GREEK I.D. No.)

Notes on pages 99 to 116 form an integral part of these Financial statements.

### 1.2 BALANCE SHEET

| (in €)                              | Notes | 2005               | 2004               |
|-------------------------------------|-------|--------------------|--------------------|
| <b>ASSETS</b>                       |       |                    |                    |
| <b>Fixed Assets</b>                 |       |                    |                    |
| Tangible fixed assets               | 6     | 66,995,605         | 42,196,346         |
| Intangible fixed assets             | 7     | 12,774,497         | 14,174,946         |
| Long-term receivables               |       | 11,814             | 7,300              |
| Deferred tax asset                  | 8     | 1,542,567          | 1,735,902          |
| <b>Total Fixed Assets</b>           |       | <b>81,324,483</b>  | <b>58,114,494</b>  |
| <b>Current Assets</b>               |       |                    |                    |
| Inventory                           | 9     | 513,164            | 391,245            |
| Trade and other receivables         | 10    | 7,002,333          | 7,529,602          |
| Others receivables prepaid expenses |       | 903,361            | 393,831            |
| Cash and cash equivalents           | 11    | 26,463,139         | 59,431,491         |
| <b>Total Current Assets</b>         |       | <b>34,881,997</b>  | <b>67,746,169</b>  |
| <b>TOTAL ASSETS</b>                 |       | <b>116,206,480</b> | <b>125,860,663</b> |

## EQUITY AND LIABILITIES

### Capital and reserves

|                     |    |                   |                   |
|---------------------|----|-------------------|-------------------|
| Share capital       | 12 | 33,207,981        | 33,207,981        |
| Share premium       |    | 17,040,614        | 17,040,614        |
| Reserves            |    | 3,094,172         | 1,791,950         |
| Retained earnings   |    | 25,516,568        | 6,738,058         |
| <b>Total equity</b> |    | <b>78,859,335</b> | <b>58,778,603</b> |

### Non-current liabilities

|                               |    |           |           |
|-------------------------------|----|-----------|-----------|
| Retirement benefit obligation | 13 | 4,774,537 | 4,665,243 |
|-------------------------------|----|-----------|-----------|

### Current liabilities

|                                  |    |                   |                   |
|----------------------------------|----|-------------------|-------------------|
| Trade and other payables         |    | 5,377,772         | 20,482,831        |
| Current tax obligations          |    | 11,895,205        | 14,284,911        |
| Dividends payable                | 14 | 0                 | 15,161,395        |
| Other current liabilities        | 15 | 15,299,631        | 12,487,680        |
| <b>Total current liabilities</b> |    | <b>32,572,608</b> | <b>62,416,817</b> |

|                                     |  |                    |                    |
|-------------------------------------|--|--------------------|--------------------|
| <b>TOTAL EQUITY AND LIABILITIES</b> |  | <b>116,206,480</b> | <b>125,860,663</b> |
|-------------------------------------|--|--------------------|--------------------|

Notes on pages 99 to 116 form an integral part of these Financial statements.

## 1.3 STATEMENT OF CHANGES IN EQUITY

| (in €)                 | Share<br>Capital  | Share<br>Premium  | Reserves         | Retained<br>Earnings | Total              |
|------------------------|-------------------|-------------------|------------------|----------------------|--------------------|
| <b>On 01.01.2004</b>   | 33,207,981        | 17,040,614        | 686,944          | 6,025,199            | <b>56,960,738</b>  |
| Transfers              | 0                 | 0                 | 1,105,006        | -1,105,006           | <b>0</b>           |
| Dividends 2003         | 0                 | 0                 | 0                | -5,600,664           | <b>-5,600,664</b>  |
| Προμήρισμα χρήσης 2004 |                   |                   |                  | -15,161,395          | <b>-15,161,395</b> |
| Net profit             | 0                 | 0                 | 0                | 22,579,924           | <b>22,579,924</b>  |
| <b>On 31.12.2004</b>   | <b>33,207,981</b> | <b>17,040,614</b> | <b>1,791,950</b> | <b>6,738,058</b>     | <b>58,778,603</b>  |
| <b>On 01.01.2005</b>   | <b>33,207,981</b> | <b>17,040,614</b> | <b>1,791,950</b> | <b>6,738,058</b>     | <b>58,778,603</b>  |
| Transfers              | 0                 | 0                 | 1,302,222        | -1,302,222           | <b>0</b>           |
| Dividends 2004         | 0                 | 0                 | 0                | -5,770,383           | <b>-5,770,383</b>  |
| Net profit             | 0                 | 0                 | 0                | 25,851,115           | <b>25,851,115</b>  |
| <b>On 31.12.2005</b>   | <b>33,207,981</b> | <b>17,040,614</b> | <b>3,094,172</b> | <b>25,516,568</b>    | <b>78,859,335</b>  |

Notes on pages 99 to 116 form an integral part of these Financial statements.

## 1.4 CASH FLOW STATEMENT

| (in €)   | 2005               | 2004               |
|--|--------------------|--------------------|
| <b>Operating activities</b>  |                    |                    |
| Profit before tax  | 37.939.655         | 35.003.329         |
| Adjustments for:   |                    |                    |
| Depreciation   | 4.252.696          | 4.184.219          |
| Provisions   | 109.294            | 362.055            |
| Results from investing activities  | -785.266           | -874.633           |
| Interest expense and finance charges   | 116.721            | 66.946             |
| Gain/loss on sale of fixed assets  | -70.912            | 0                  |
| <b>Operating cash inflows/(outflows) before movements in working capital</b>         | <b>41.562.188</b>  | <b>38.741.916</b>  |
| Decrease/(increase) of inventory   | -121.919           | -95.697            |
| Decrease/(increase) of receivables   | 13.226             | -3.317.025         |
| Increase/decrease of payables except banks   | -12.293.108        | 16.538.626         |
| Less:  |                    |                    |
| Interest expense and finance charges paid  | -116.721           | -66.946            |
| Income taxes paid  | -14.311.846        | -14.259.167        |
| <b>Net cash provided by/(used in) operating activities (a)</b>                       | <b>14.731.820</b>  | <b>37.541.707</b>  |
| <b>Investing activities</b>  |                    |                    |
| Purchase of tangible and intangible fixed assets                                     | -27.764.170        | -14.152.854        |
| Gain on sale of fixed assets   | 210.509            | 0                  |
| Interest received  | 785.266            | 874.633            |
| <b>Net cash provided by/(used in) investing activities (b)</b>                       | <b>-26.768.395</b> | <b>-13.278.221</b> |
| <b>Financing activities</b>  |                    |                    |
| Dividends paid   | -20.931.777        | -5.600.664         |
| Net cash provided by/(used in) financing activities (c)                              | -20.931.777        | -5.600.664         |
| Net increase/(decrease) in cash and cash equivalents for the period: (a) + (b) + (c) | -32.968.352        | 18.662.822         |
| Cash and cash equivalents, beginning of year   | 59.431.491         | 40.768.669         |
| Cash and cash equivalents, end of year   | 26.463.139         | 59.431.491         |

Notes on pages 105 to 121 form an integral part of these Financial statements.

## 2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

### 2.1 GENERAL INFORMATION

The HELLENIC CASINO OF PARNITHA S.A. (the Company) was established in its current legal form on September 19, 2001 with the S.A.R.N. 49854/01/B/01/534. The Company's duration is fifty (50) years. The head office and headquarters of the Company are located on 49, Ag. Konstantinou St., Maroussi, Athens, Greece.

The principal activities of the Company involve the operation of casinos.

The financial statements are presented in Euro since that is the currency in which most transactions of the Company are performed.

The total number of employees for 2005 were 1,239 (2004: 1,152).

## 2.2 BASIS OF COMPILATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Company were prepared by December 31, 2004, according to Law 2190/1920 and the Greek Accounting Principles, which, in many instances, differ from the International Financial Reporting Standards (IFRS). According to requirement 1606/2002 of the European Union and Law 3229/04 (as amended by Law 3301/04), Greek companies listed on any Stock Exchange (local or foreign) are required to prepare financial statements, for periods commencing from January 1, 2005 onwards, in accordance with IFRS. According IFRS 1 First-time adoption of International Financial Reporting Standards and the above-mentioned requirement, all above-mentioned companies are required to present comparative Financial Statements, in accordance to IFRS, at least for one period (December 31, 2004), with January 1, 2004 being effective conversion date to the IFRS.

The consolidated financial statements have been compiled according to the first-time adoption requirements of IFRS. A reconciliation is provided in note 20 to the notes of these Financial Statements which show the effect on the financial statements of Greek GAAP and IFRS. The Company's effective date of IFRS application is deemed to be January 1, 2004.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and liabilities (cash, mutual funds etc.).

## 2.3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New and revised Standards and Interpretations have been issued, which are compulsory for accounting periods commencing on January 1, 2006 or later and are analysed as follows:

- IAS 19 (revised) Employee Benefits (effective 1.1.2006).
- IAS 39 (revised) Financial Instruments: Recognition and Measurement (effective 1.1.2006).
- IAS 39 (revised) Fair value measurement (effective 1.1.2006).
- IAS 39 (revised) and IFRS 4 (revised) Insurance contracts (effective 1.1.2006).
- IFRS 1 (revised) First-time adoption of International Financial reporting Standards and IFRS 6 Exploration for and evaluation of Mineral Resources (effective 1.1.2007).
- IFRS 7 Financial Instruments, Disclosures and additional amendment to IAS 1 Presentation of Financial Statements (effective 1.1.2006).
- Interpretation 4, Determining whether an Arrangement contains a Lease (effective 1.1.2006).
- Interpretation 5, Rights to interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective 1.1.2006).

Management of the Company estimate that the impact of adopting these new and revised standards is that they do not have a material impact on the financial statements of the Company, either because they do not apply to the Group or because they relate only to additional information (disclosure).

## 2.4 SIGNIFICANT ACCOUNTING POLICIES

The basic accounting policies adopted in the preparation of the financial statements are further analyzed below.

### Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business. (Casino, Hotel etc.) Amounts received on behalf of third parties, such as sales, related taxes, good and service taxes, and VAT are excluded from revenue. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognized when the shareholders rights to receive payment have been established.

**Government Grants**

Government grants towards staff re-training costs are recognized in the income statement over the periods necessary to match them with the related costs and are deducted in reporting the expense.

**Retirement Benefit Costs**

Retirement benefit costs (except for termination costs) in cash and kind are recognized as an expense when accrued. The Company's liability towards the contributions to the defined contribution retirement benefit plan is limited to those agreed upon with a fund (insurance company).

The defined benefit contribution plan is obliged to pay a lump sum compensation to each employee upon retirement. For defined benefit retirement plans, the cost of providing benefits is determined using the Project Unit Cost Method, with actuarial valuations being carried out at each balance sheet date.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation at the balance sheet date, adjusted for any unrecognised actuarial gains and losses, adjusted for any unrecognised past service costs and reduced by the fair value of plan assets (if any).

**Taxation**

Income tax expense represents the sum of tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against deductible temporary differences that can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized.

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Tangible Fixed Assets**

Tangible fixed assets, reflected under assets in the balance sheet, are stated in the balance sheet at cost or revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Cost includes all direct costs attributable to the acquisition of the asset.

Subsequent costs increase the net book value of the tangible fixed assets or are recorded as a separate asset only to the extent that the cost increases the remaining useful life of the asset. The cost of repairs and maintenance is recognized in the income statement in the period in which they are incurred.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on the cost in equal annual installments over the estimated remaining useful life of the assets, except for land and assets under construction. Under the straight-line method, the depreciation charge to the income statement is the same for the useful life of the asset, except if this changes.

The following depreciation rates are used:

|                        |     |
|------------------------|-----|
| Casino building        | 3%  |
| Hotel building         | 3%  |
| Slot machines          | 11% |
| Tables-Roulettes       | 15% |
| Furniture and Fittings | 15% |

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

#### **Patents and Trademarks**

Patents and trademarks are measured initially at purchase cost and are amortized on a straightline basis over their estimated useful lives.

#### **Impairment of Tangible and Intangible Assets Excluding Goodwill**

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The discounted present value does not reflect the risks for which future cash flows have been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount (impairment loss). An impairment loss is recognized immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net book value) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.



### Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in selling (marketing, selling and distribution costs).

### Financial Instruments

Financial assets and financial liabilities are recognized on the Company's Financial Statements when the Company becomes a party to the contractual provisions of the instrument, in order to ensure that the Financial Statements reflect the contracts entered into by the Company as a whole.

### Trade Receivables

Trade receivables are measured on initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method, less a write down provision. The allowance recognized is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The provision for doubtful debts is recognized in the income statement when there is probable doubt that there is a reduction in the amount of the trade receivable.

### Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term (up to 3 months) highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### Trade Payables

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

### Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Contingent assets and liabilities are not recorded in the Financial Statements, but are disclosed in the notes accompanying the Financial Statements.

## 3. INCOME

Income is analyzed as follows:

| (in €)                        | 2005               | 2004               |
|-------------------------------|--------------------|--------------------|
| Income from tables            | 71,022,918         | 61,352,112         |
| Income from slots             | 70,327,746         | 66,968,385         |
| Income from tickets           | 363,362            | 434,243            |
| Income from food and beverage | 650,373            | 685,715            |
| Other income                  | 900,484            | 841,422            |
| <b>Total</b>                  | <b>143,264,883</b> | <b>130,281,877</b> |

|                      |                   |                   |
|----------------------|-------------------|-------------------|
| Less: Share of State | -45,974,008       | -41,789,727       |
| <b>Net turnover</b>  | <b>97,290,875</b> | <b>88,492,150</b> |

#### 4. EXPENSES

| (in €)                                   | 2005              | 2004              |
|--|-------------------|-------------------|
| <b>Cost of Sales</b>                     |                   |                   |
| Staff payroll                            | 25,078,760        | 21,182,757        |
| Depreciation & amortization              | 3,453,630         | 3,427,924         |
| Third-party fees                         | 773,185           | 1,476,938         |
| Consumables                              | 2,496,233         | 2,297,933         |
| Other expenses                           | 1,880,074         | 1,948,769         |
| <b>Total</b>                             | <b>33,681,882</b> | <b>30,334,321</b> |
| <b>Administrative expenses</b>           |                   |                   |
| Staff payroll                            | 7,883,405         | 7,233,396         |
| Depreciation                             | 760,128           | 758,324           |
| Third-party fees                         | 1,765,742         | 2,046,069         |
| Administrators' fee                      | 9,685,799         | 9,203,012         |
| Other expenses                           | 3,575,154         | 2,130,776         |
| <b>Total</b>                             | <b>23,670,228</b> | <b>21,371,577</b> |
| <b>Selling and Distribution expenses</b> |                   |                   |
| Advertising                              | 2,269,518         | 2,570,139         |
| Other expenses                           | 1,569,515         | 275,233           |
| Depreciation                             | 38,937            | 36,103            |
| Staff payroll                            | 183,453           | 142,260           |
| <b>Total</b>                             | <b>4,061,423</b>  | <b>3,023,735</b>  |

#### 5. INCOME TAX

| (in €)                    | 2005       | 2004       |
|---------------------------|------------|------------|
| Current year tax          | 11,895,205 | 11,642,215 |
| Deferred tax              | 193,335    | 781,190    |
| Income tax for the period | 12,088,540 | 12,423,405 |

The arrangement between the effective and the proper tax percentage is analyzed as follows:

| (in €)  | 2005       | 2004       | %      |
|---|------------|------------|--------|
| Profit before tax   | 37,939,655 | 35,003,329 |        |
| Tax at the tax rate of 32% (2004: 35%)                                    | 12,140,690 | 12,251,165 | 35.00% |
| Tax effect of expenses that are not deductible in determining tax expense | -245,485   | -608,950   | -1.74% |
| Difference in previous year tax audit                                     | 193,335    | 781,190    | 2.23%  |
| Tax expense and effective tax rate for the period                         | 12,088,540 | 12,423,405 | 35.49% |

Reference is made to the open tax years of the Company, in the Contingent Liabilities note (note 17) to the Financial Statements.

## 6. TANGIBLE FIXED ASSETS

The tangible fixed assets are analyzed as follows:

| (in €)                           | Land      | Buildings  | Machinery and other equipment | Motor vehicles | Furniture and fittings | Under construction and advances | Total      |
|----------------------------------|-----------|------------|-------------------------------|----------------|------------------------|---------------------------------|------------|
| Cost                             |           |            |                               |                |                        |                                 |            |
| On 01.01.2004                    | 3,375,000 | 17,416,739 | 7,488,164                     | 332,713        | 4,889,342              | 1,893,258                       | 35,395,216 |
| Purchases - additions            | 0         | 3,024,128  | 772,976                       | 184,891        | 945,967                | 8,938,876                       | 13,866,838 |
| On 31.12.2004                    | 3,375,000 | 20,440,867 | 8,261,140                     | 517,604        | 5,835,309              | 10,832,134                      | 49,262,054 |
| Accumulated depreciation         |           |            |                               |                |                        |                                 |            |
| On 01.01.2004                    | 0         | 1,132,277  | 2,417,402                     | 34,868         | 1,159,635              | 0                               | 4,744,182  |
| Depreciation charge for the year | 0         | 582,652    | 999,673                       | 67,558         | 671,643                | 0                               | 2,321,526  |
| Κατά την 31.12.2004              | 0         | 1,714,929  | 3,417,075                     | 102,426        | 1,831,278              | 0                               | 7,065,708  |
| Net Book Value                   |           |            |                               |                |                        |                                 |            |
| On 31.12.2004                    | 3,375,000 | 18,725,938 | 4,844,065                     | 415,178        | 4,004,031              | 10,832,134                      | 42,196,346 |
| Cost                             |           |            |                               |                |                        |                                 |            |
| On 01.01.2005                    | 3,375,000 | 20,440,867 | 8,261,140                     | 517,604        | 5,835,309              | 10,832,134                      | 49,262,054 |
| Purchases - additions            | 0         | 29,721     | 3,457,056                     | 38,311         | 806,945                | 23,026,663                      | 27,358,696 |
| Disposals - scrapped             | 0         | 0          | -175,527                      | 0              | -9,539                 | 0                               | -185,066   |
| On 31.12.2005                    | 3,375,000 | 20,470,588 | 11,542,669                    | 555,915        | 6,632,715              | 33,858,797                      | 76,435,684 |
| Accumulated depreciation         |           |            |                               |                |                        |                                 |            |
| On 01.01.2005                    | 0         | 1,714,929  | 3,417,075                     | 102,426        | 1,831,278              | 0                               | 7,065,708  |
| Depreciation charge for the year | 0         | 614,112    | 846,030                       | 76,281         | 877,322                | 0                               | 2,413,745  |
| Disposals - scrapped             | 0         | 0          | -38,384                       | 0              | -990                   | 0                               | -39,374    |
| On 31.12.2005                    | 0         | 2,329,041  | 4,224,721                     | 178,707        | 2,707,610              | 0                               | 9,440,079  |
| Accumulated depreciation         |           |            |                               |                |                        |                                 |            |
| On 31.12.2005                    | 3,375,000 | 18,141,547 | 7,317,948                     | 377,208        | 3,925,105              | 33,858,797                      | 66,995,605 |

## 7. INTANGIBLE ASSETS

| (in €)                           | Software  | Licenses   | Total      |
|----------------------------------|-----------|------------|------------|
| Cost                             |           |            |            |
| On 01.01.2004                    | 918,519   | 16,140,865 | 17,059,384 |
| Purchases - additions            | 256,839   | 0          | 256,839    |
| On 01.01.2005                    | 1,175,358 | 16,140,865 | 17,316,223 |
| Accumulated depreciation         |           |            |            |
| On 01.01.2004                    | 231,702   | 1,076,058  | 1,307,760  |
| Depreciation charge for the year | 219,432   | 1,614,085  | 1,833,517  |
| On 01.01.2005                    | 451,134   | 2,690,143  | 3,141,277  |
| Net Book Value                   |           |            |            |
| On 31.12.2004                    | 724,224   | 13,450,722 | 14,174,946 |
| Cost                             |           |            |            |
| On 01.01.2005                    | 1,175,358 | 16,140,865 | 17,316,223 |
| Purchases - additions            | 438,504   | 0          | 438,504    |
| On 31.12.2005                    | 1,613,862 | 16,140,865 | 17,754,727 |
| Accumulated depreciation         |           |            |            |
| On 01.01.2005                    | 451,134   | 2,690,143  | 3,141,277  |
| Depreciation charge for the year | 224,866   | 1,614,087  | 1,838,953  |
| On 31.12.2005                    | 676,000   | 4,304,230  | 4,980,230  |

Net Book Value  
On 31.12.2005

937,862

11,836,635

12,774,497

The License of Operation granted to the Company according to the 2206/1994 Law (Government Gazette 62A), as well as to the Law 3139/2003 (Government Gazette A100), which defines the contribution of casinos sector to HELLENIC CASINO OF PARNITHA S.A. The amount for the Licence of Operation has been set to € 16.140.865 and is depreciated within 10 years, the same duration time as the years of exclusivity.

## 8. DEFERRED TAX

The major deferred tax liabilities and assets are as follows:

| (in €)                        | Retirement benefit obligation | Depreciation   | Total            |
|-------------------------------|-------------------------------|----------------|------------------|
| <b>On 01.01.2004</b>          | <b>1,759,554</b>              | <b>757,538</b> | <b>2,517,092</b> |
| Effect on profit for the year | -90,514                       | -187,947       | -278,461         |
| Effect of change in tax rate  | -502,729                      | 0              | -502,729         |
| <b>On 01.01.2005</b>          | <b>1,166,311</b>              | <b>569,591</b> | <b>1,735,902</b> |
| Effect on profit for the year | 27,323                        | -171,837       | -144,514         |
| Effect of change in tax rate  | 0                             | -48,821        | -48,821          |
| <b>On 31.12.2005</b>          | <b>1,193,634</b>              | <b>348,933</b> | <b>1,542,567</b> |

## 9. INVENTORY

Inventory is analyzed as follows:

| (in €)         | 2005    | 2004    |
|----------------|---------|---------|
| Finished goods | 48,957  | 42,198  |
| Raw materials  | 464,207 | 349,047 |
| Total          | 513,164 | 391,245 |

## 10. RECEIVABLES

Receivables are analyzed as follows:

| (in €)                            | 2005      | 2004      |
|-----------------------------------|-----------|-----------|
| Trade receivables (third parties) | 0         | 2,394     |
| Doubtful receivables              | 6,000     | 4,000     |
| Various receivables               | 6,989,222 | 7,522,290 |
| Cheques, bills receivable         | 7,111     | 918       |
| Total                             | 7,002,333 | 7,529,602 |

The Debtors account includes the advance of income tax expence amounted € 6,340,457.

## 11. CASH AND CASH EQUIVALENTS

The cash and cash equivalents represent cash and bank deposits. The cash and cash equivalents of the Company are analyzed as follows:

| (in €)                    | 2005       | 2004       |
|---------------------------|------------|------------|
| Cash on hold and at banks | 20,569,210 | 2,216,560  |
| Short-term bank deposits  | 0          | 51,800,000 |
| Cash                      | 5,893,929  | 5,414,931  |
| Total                     | 26,463,139 | 59,431,491 |

The weighted average interest rate on short term bank deposits on 31.12.05 was 2,06%.

## 12. SHARE CAPITAL

The share capital of the Company is composed of 5.657.237 ordinary, fully paid up shares, with a par value of € 5.87. The total share capital amounts to € 33.207.981

The share premium arose from the issue of shares for cash, at a price greater than the par value of the share. The share premium amounts to € 17.040.614.

During the period under review (and corresponding comparative period), there was no movement in the share capital of the Company.

## 13. RETIREMENT BENEFIT OBLIGATION

The retirement benefit obligation is recognized on the balance sheet as follows:

| (in €)  | 2005             | 2004             |
|---|------------------|------------------|
| Present value of funded obligations               | 4,665,243        | 5,027,298        |
| Current service cost                              | <b>401,188</b>   | <b>372,344</b>   |
| Interest cost                                     | 205,935          | 237,659          |
| Obligations transferred on disposal of subsidiary | -599,464         | -1,191,031       |
| Contributions by employer                         | 101,635          | 218,973          |
| <b>Total</b>                                      | <b>4,774,537</b> | <b>4,665,243</b> |

Provision for staff retirement Indemnities

| (in €)   | 2005      | 2004      |
|--|-----------|-----------|
| Obligations on 1 January                             | 4,665,243 | 5,027,298 |
| Expenses/(income) is charged to the income statement | 109,294   | -362,055  |
| Obligations on 31 December                           | 4,774,537 | 4,665,243 |

The principal assumptions used for the purpose of the actuarial valuation were as follows:

| (in €)                              | 2005  | 2004  |
|-------------------------------------|-------|-------|
| Discount rate                       | 4.00% | 4.50% |
| Expected rate of salary increases   | 3.50% | 3.50% |
| Expected remaining employment years | 17.61 | 17.61 |

## 14. DIVIDENDS

The following dividends have been given:

For the fiscal year 2003: On February 27, 2004 the General Meeting had approved, in respect of 2003, a total dividend of € 5.600.664. This dividend was paid in May 2004.

For the fiscal year 2004: (a) On January 16, 2004, the Board of Directors declared, in respect of 2004, the distribution of an interim dividend of € 15.161.395, according to the Article 46 of Law 2190/20. The above declaration published in Government Gazette of 5 January 2005, protocol number EM 132.

(b) On June 15, 2005, the General Meeting had approved the interim dividend in respect of 2004, in accordance with the previous decision of the Board of Directors and had approved, as well, an additional dividend for the fiscal year 2004, amounted to € 5.770.383. This additional dividend was paid in June 2005.

For the fiscal year 2005: On November 28, 2005, the Board of Directors declared, in respect of 2005, the distribution of an interim dividend of € 13.294.506, according to the Article 46 of Law 2190/20. The above declaration published in Government Gazette of January 5, 2005, protocol number EM 132. The dividend is subject to the approval of the upcoming Annual General Meeting of Shareholders in June 2006.

## 15. OTHER SHORT-TERM LIABILITIES

The short term liabilities of the Company on 31.12.05 and 31.12.04 are analyzed as follows:

| (in €)                        | 2005              | 2004              |
|-------------------------------|-------------------|-------------------|
| Taxes and duties              | 6,193,938         | 6,040,292         |
| Sundry creditors              | 6,003,611         | 3,085,655         |
| Social security contributions | 1,787,087         | 1,540,544         |
| Other provisions              | 629,430           | 949,657           |
| Cheques payable               | 685,565           | 871,532           |
| <b>Total</b>                  | <b>15,299,631</b> | <b>12,487,680</b> |

## 16. RELATED PARTY TRANSACTIONS

(a) The transactions of the Company towards related parties and receivables and payable towards these parties on December 31, 2005, are analyzed further:

| (in €)   | Sales of Goods           |                          | Amounts Owed by Related Parties |                          |
|--|--------------------------|--------------------------|---------------------------------|--------------------------|
|  | Year ended<br>31.12.2005 | Year ended<br>31.12.2004 | Year ended<br>31.12.2005        | Year ended<br>31.12.2004 |
| HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A. (management fee)                                | 9,685,799                | 9,209,324                | 1,054,851                       | 16,053,400               |
| HYATT REGENCY HOTELS & TOURISM (HELLAS) S.A. (interest on delayed payment of management fee) | 329,095                  | 0                        | 0                               | 0                        |
| ATHENS RESORT INVESTMENT S.A. dividend for 2004  | 10,256,570               | 0                        | 0                               | 0                        |
| <b>Total</b>   | <b>20,271,464</b>        | <b>9,209,325</b>         | <b>1,054,851</b>                | <b>16,053,400</b>        |

The amount of € 329,000 relates to interest that has been calculated on the management

fee receivable from HELLENIC CASINO OF PARNITHA S.A. by the Company for the period from May 2003 up to April 2005. During this period, the decision by International Arbitration was pending, relating to the calculation of the fee, which was questioned by a party of shareholders. The International Arbitration ruled in favour of the Company on June 6, 2005.

b) The remuneration of directors and other members of key management during the year was as follows:

| (in €)                   | 2005    | 2004   |
|--------------------------|---------|--------|
| Board of Directors' fees | 120,960 | 70,972 |

## 17. POTENTIAL LIABILITIES

1. There are various labour disputes and other court cases pending in respect of the Company. Hearing of these matters is not expected to have a significant impact on the results of the period beyond the provision already made.
2. On November 15, 2002 an agreement was signed to transfer and assign management of HELLENIC CASINO OF PARNITHA S.A. and management of the casino and hotel business. The agreement was entered into by: (a) the company HELLENIC TOURISM PROPERTIES S.A. (ETA) and (b) the companies ATHENS RESORT CASINO HOLDINGS S.A., HYATT REGENCY HOTEL & TOURISM (HELLAS) S.A. and ELLINIKI TECHNODOMIKI S.A. Moreover, on May 14, 2003 a Management Agreement for the Company was also signed with HYATT REGENCY HOTEL & TOURISM (HELLAS) S.A. (the manager) and ATHENS RESORT CASINO HOLDINGS S.A. (the third party) by means of which the Company assigned management of the business to the manager.

Pursuant to this agreement the Company undertook the obligation to manage the corporate affairs of REGENCY CASINO MONT PARNES in a prudent and diligent manner appropriate to its specialised experience and know-how in the casino sector. Its obligations include, among other things, handling all current company business, running casino operations in line with international standards and complying with the statutory framework governing casino operations. Company duties also include staff selection and training, complying with safety requirements, maintaining facilities in a good state of repair and drawing up and implementing a marketing and advertising plan which ensures that the business remains profitable. The Company's tasks also include ensuring that the necessary repairs are carried out and overseeing the renovation plans for the complex. The agreement also specifies that the Company has full control over business operations while retaining the right to decide on all related matters.

The Management Agreement is effective for the entire duration of the casino's operating licence which is 10 years. The management fee is calculated a percentage of turnover or gross operating profits in the manner specifically stated in the transfer agreement.

3. On April 5, 2006 Phase I of the Development Plan was completed, which included construction a new funicular, the upp and lower funicular stations and work to redesign the parking area at the lower funicular station by creating two under ground parking areas. These projects went operational on the same date.

Below is a breakdown of construction costs:

| (in €)                             |            |
|------------------------------------|------------|
| Funicular                          | 9,690,320  |
| Upper and lower funicular stations | 8,322,467  |
| Parking area                       | 12,614,492 |

Despite efforts by Company management, Phase II of the Development Plan to modernise the Mont Parnes Casino and Hotel has not yet been completed given that the renovation licence has not yet been issued by the competent authorities. It is expected to be issued during 2006.

4. The company has not been audited for taxation purposes for 2003 to 2005 accounting periods inclusive and consequently its tax obligations have not been rendered final.

## 18. OPERATING LEASE ARRANGEMENTS

The Company has the outstanding commitments under non-cancelable leases, which fall due as follows:

### Future commitments

| (in €)                                 | 2005    | 2004    |
|--|---------|---------|
| Within one year                        | 102,134 | 164,686 |
| In the second to fifth years inclusive | 31,450  | 133,584 |

### Future commitments

| (in €)                                 | 2005    | 2004    |
|--|---------|---------|
| Within one year                        | 21,347  | 15,366  |
| In the second to fifth years inclusive | 116,905 | 113,987 |

The Company has the following annual commitments:

1. Commencing on 1.1.2003, the Company is required to pay € 300,000 to East Attica Prefecture for the maintenance of the existing road network which connect the Casino of Mont Parnes with the surrounding road network.
2. Commencing in 2003, the above mentioned company is required to pay € 300,000, subject to a 5% annual increase, to the managing body of the National Parks Board of Parnitha for the development and protection of the Board, and upon its establishment, to the Parks Board of Mont Parnes, for the fire protection program and the implementation of improvement works and environmental protection and upgrading.
3. Commencing on 1.1.2003 and for a period of twenty (20) years, the above mentioned company is required to pay an amount of € 300,000, adjusted annually for inflation, to the Municipality of Acharnon for the management and exploitation of 51,000m<sup>2</sup>.

## 19. SUBSEQUENT EVENTS

There are no subsequent events of the balance sheet as on December 31, 2005 which affect the Company, which need to be disclosed according to International Financial Reporting Standards (IFRS).

## 20. ADJUSTMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

According to the need to provide comparative information in accordance with IFRS, the revaluation and adjustments to the value of the various assets and liabilities of the Company were performed on December 31, 2003. This resulted in a change in the financial statements which were previously prepared and published in accordance to Law 2190/1920.

The change in accounting standards adopted resulted in a change in the Total Equity as of 01.01.2004 and 31.12.2004, as follows:

### RECONCILIATION OF EQUITY FOR THE COMPANY

| (in €)  | 01.01.2004 | 31.12.2004 |
|---|------------|------------|
| Net income at beginning of period (according to Greek accounting standards)   | 50,890,300 | 52,433,474 |
| Fixed asset revaluation according to L.2065   | 374,825    |            |
| Adjustment to the provision for staff termination indemnity according to the actuarial valuation and not according to L 2166/93 as reflected in the Greek balance sheet | -257,748   | 466,249    |



|   |            |             |
|---|------------|-------------|
| Reversal of 2003 dividends prior to the Board of Directors approval on 30.6.2004 and recognized when paid after the approval, as per IFRS | 5,600,664  |             |
| Total Dividend for the fiscal year 2004   |            | 20,931,777  |
| Interim dividend, in respect of 2004, approved by the Board of Directors  |            | -15,161,395 |
| Write off of net book value of intangible fixed assets, according to IFRS   | -2,164,394 | -1,627,404  |
| Recognition of deferred tax liability according to IFRS   | 2,517,091  | 1,735,902   |
| Net income at beginning of period (according to Greek accounting standards)   | 56,960,738 | 58,778,603  |

Reconciliation of Balance Sheet on January 1, 2004 between IFRS and Law 2190/1920:

| (in €)                               | Notes | 01.01.2004 (Based on Law 2190/20) | Effect of IFRS adjustments | 01.01.2004 (Based on IFRS) |
|--------------------------------------|-------|-----------------------------------|----------------------------|----------------------------|
| <b>ASSETS</b>                        |       |                                   |                            |                            |
| Fixed assets                         |       |                                   |                            |                            |
| Tangible assets                      | 1     | 30,276,209                        | 374,825                    | 30,651,034                 |
| Intangible assets                    | 2     | 17,916,018                        | -2,164,394                 | 15,751,624                 |
| Long term receivables                |       | 5,700                             | 0                          | 5,700                      |
| Deferred tax asset                   | 3     | 0                                 | 2,517,091                  | 2,517,091                  |
| <b>Total fixed assets</b>            |       | <b>48,197,927</b>                 | <b>727,522</b>             | <b>48,925,449</b>          |
| Current assets                       |       |                                   |                            |                            |
| Inventory                            |       | 295,547                           | 0                          | 295,547                    |
| Trade and other receivables          |       | 4,309,822                         | 0                          | 4,309,822                  |
| Other receivables                    |       | 298,186                           | 0                          | 298,186                    |
| Cash and cash equivalents            |       | 40,768,669                        | 0                          | 40,768,669                 |
| <b>Total current assets</b>          |       | <b>45,672,224</b>                 | <b>0</b>                   | <b>45,672,224</b>          |
| <b>TOTAL ASSETS</b>                  |       | <b>93,870,151</b>                 | <b>727,522</b>             | <b>94,597,673</b>          |
| <b>EQUITY AND LIABILITIES</b>        |       |                                   |                            |                            |
| Capital and Reserves                 |       |                                   |                            |                            |
| Share capital                        |       | 33,207,981                        | 0                          | 33,207,981                 |
| Share premium                        |       | 17,040,614                        | 0                          | 17,040,614                 |
| Reserves                             | 1     | 312,119                           | 374,825                    | 686,944                    |
| Retained earnings                    |       | 329,586                           | 5,695,613                  | 6,025,199                  |
| <b>Total Equity</b>                  |       | <b>50,890,300</b>                 | <b>6,070,438</b>           | <b>56,960,738</b>          |
| Non current liabilities              |       |                                   |                            |                            |
| Retirement benefit obligation        | 4     | 4,769,549                         | 257,748                    | 5,027,297                  |
| <b>Total Non current liabilities</b> |       | <b>4,769,549</b>                  | <b>257,748</b>             | <b>5,027,297</b>           |
| Current liabilities                  |       |                                   |                            |                            |
| Trade and other payables             |       | 10,240,884                        | 0                          | 10,240,884                 |
| Current tax obligations              | 5     | 16,120,673                        | -5,901,618                 | 10,219,055                 |
| Other Current liabilities            | 6     | 11,848,745                        | 300,954                    | 12,149,699                 |
| <b>Total current liabilities</b>     |       | <b>38,210,302</b>                 | <b>-5,600,664</b>          | <b>32,609,638</b>          |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |       | <b>93,870,151</b>                 | <b>727,522</b>             | <b>94,597,673</b>          |

## EXPLANATIONS REGARDING THE TRANSITION TO INTERNATIONAL ACCOUNTING STANDARDS

1. The amount of € 374.825 resulting from the revaluation of land and buildings, in accordance with the provision of Law 2065/92, for land and buildings held by the company on January 1, 2004.
2. The amount of € 2.164.394 concerns the Write-off of intangible assets undepreciated value, in accordance with IFRS.
3. This amount regards the recognition of deferred tax assets/liabilities, as follows:

| DESCRIPTION   | AMOUNT           |
|---|------------------|
| Depreciation of expenses for capital increase   | 99,980           |
| Write-off of intangible assets undepreciated value  | 657,557          |
| Reconciliation of provision for staff retirement indemnities, in accordance with actuarial valuation. | 1,759,554        |
| <b>TOTAL</b>  | <b>2,517,091</b> |

4. The amount of € 257.748 resulting from the reconciliation of provision for staff retirement indemnities, in accordance with actuarial valuation for the fiscal year 2003.
5. The amount of € 5.901.618, regarding tax liabilities excepting income tax, was transferred to Other Short-term Liabilities account.
6. This total amount includes the amount of € 5.901.618 regarding the transfer of Other taxes liabilities, as well as the amount of € 5.600.664, regarding the 2003 dividends cross-entry, with the June 30, 2004 General Meeting 's preapproval and the recognition of paying the proposed dividend when approved by shareholders, in accordance with IFRS.

Reconciliation of Balance Sheet on January 1, 2004 between IFRS and Law 2190/1920:

| (in €)                              | Notes | 01.01.2004<br>(Based on<br>Law 2190/20) | Effect of<br>IFRS<br>adjustments | 01.01.2004<br>(Based on<br>IFRS) |
|-------------------------------------|-------|---|----------------------------------|----------------------------------|
| <b>ASSETS</b>                       |       |   |                                  |                                  |
| Fixed assets                        |       |   |                                  |                                  |
| Tangible assets                     |       | 42,196,346                              | 0                                | 42,196,346                       |
| Intangible assets                   | 1     | 15,802,350                              | -1,627,404                       | 14,174,946                       |
| Long term receivables               |       | 7,300                                   | 0                                | 7,300                            |
| Deferred tax asset                  | 2     | 0                                       | 1,735,902                        | 1,735,902                        |
| Total fixed assets                  |       | 58,005,996                              | 108,498                          | 58,114,494                       |
| Current assets                      |       |   |                                  |                                  |
| Inventory                           |       | 391,245                                 | 0                                | 391,245                          |
| Trade and other receivables         |       | 7,529,602                               | 0                                | 7,529,602                        |
| Other receivables                   |       | 393,831                                 | 0                                | 393,831                          |
| Cash and cash equivalents           |       | 59,431,491                              | 0                                | 59,431,491                       |
| <b>Total current assets</b>         |       | <b>67,746,169</b>                       | <b>0</b>                         | <b>67,746,169</b>                |
| <b>TOTAL ASSETS</b>                 |       | <b>125,752,165</b>                      | <b>108,498</b>                   | <b>125,860,663</b>               |
| <b>EQUITY AND LIABILITIES</b>       |       |   |                                  |                                  |
| Capital and Reserves                |       |   |                                  |                                  |
| Share capital                       |       | 33,207,981                              | 0                                | 33,207,981                       |
| Share premium                       |       | 17,040,614                              | 0                                | 17,040,614                       |
| Reserves                            |       | 1,791,950                               | 0                                | 1,791,950                        |
| Retained earnings                   |       | 392,929                                 | 6,345,129                        | 6,738,058                        |
| Total Equity                        |       | 52,433,474                              | 6,345,129                        | 58,778,603                       |
| Non current liabilities             |       |   |                                  |                                  |
| Retirement benefit obligation       | 3     | 5,131,492                               | -466,249                         | 4,665,243                        |
| Total Non current liabilities       |       | 5,131,492                               | -466,249                         | 4,665,243                        |
| Current liabilities                 |       |   |                                  |                                  |
| Trade and other payables            |       | 20,482,831                              | 0                                | 20,482,831                       |
| Current tax obligations             | 4     | 20,325,203                              | -6,040,292                       | 14,284,911                       |
| Other Current liabilities           | 5     | 27,379,165                              | 269,910                          | 27,649,075                       |
| <b>Total current liabilities</b>    |       | <b>68,187,199</b>                       | <b>-5,770,382</b>                | <b>62,416,817</b>                |
| <b>TOTAL EQUITY AND LIABILITIES</b> |       | <b>125,752,165</b>                      | <b>108,498</b>                   | <b>125,860,663</b>               |

## EXPLANATIONS REGARDING THE TRANSITION TO INTERNATIONAL ACCOUNTING STANDARDS

1. The amount of € 1.627.404 concerns the Write-off of intangible assets undepreciated value, in accordance with IFRS.
2. This amount regards the recognition of deferred tax assets/liabilities, as follows:

| DESCRIPTION   | AMOUNT           |
|---|------------------|
| Depreciation of expenses for capital increase   | 76,423           |
| Write-off of intangible assets undepreciated value  | 493,168          |
| Reconciliation of provision for staff retirement indemnities, in accordance with actuarial valuation. | 1,166,311        |
| <b>TOTAL</b>  | <b>1,735,902</b> |

3. The amount of € 466.249 resulting from the reconciliation of provision for staff retirement indemnities, in accordance with actuarial valuation for the fiscal year 2004.
4. The amount of € 6.040.292, regarding tax liabilities excepting income tax, was transferred to Other Short-term Liabilities account.
5. This total amount includes the amount of € 6.040.292 regarding the transfer of Other taxes liabilities, the amount of € 20.931.777 regarding the total dividend for the fiscal year 2004, as well as the dividends cross-entry in respect of 2004, amounted € 15.161.395, that had been approved by the Board of Directors and paid for the fiscal year 2005.

Reconciliation of Income Statement for the year ended December 31, 2004 between IFRS and Law 2190/1920:

| (in €)                            | Notes | 01.01.2004<br>(Based on<br>Law 2190/20) | Effect of<br>IFRS<br>adjustments | 01.01.2004<br>(Based on<br>IFRS) |
|-----------------------------------|-------|---|----------------------------------|----------------------------------|
| Turnover                          |       | 130,281,877                             | 0                                | 130,281,877                      |
| Less: Share of Greek State        |       | -41,789,727                             | 0                                | -41,789,727                      |
| Net turnover                      |       | 88,492,150                              | 0                                | 88,492,150                       |
| Cost of sales                     | 1     | -35,064,355                             | 4,730,034                        | -30,334,321                      |
| Gross Margin                      |       | 53,427,795                              |                                  | 58,157,829                       |
| Other operating income            | 1     | 5,163,159                               | -4,730,034                       | 433,125                          |
| Administrative expenses           | 2     | -22,632,565                             | 1,260,988                        | -21,371,577                      |
| Selling and distribution expenses |       | -3,023,735                              | 0                                | -3,023,735                       |
| Operating profit                  |       | 32,934,654                              |                                  | 34,195,642                       |
| Interest income                   |       | 874,633                                 | 0                                | 874,633                          |
| Finance cost                      |       | -66,946                                 | 0                                | -66,946                          |
| Profit before tax                 |       | 33,742,341                              |                                  | 35,003,329                       |
| Income tax                        | 3     | -11,642,215                             | -781,190                         | -12,423,405                      |
| Profit for the year               |       | 22,100,126                              | 479,798                          | 22,579,924                       |

## EXPLANATIONS REGARDING THE TRANSITION TO INTERNATIONAL ACCOUNTING STANDARDS

1. The amount of € 4.730.034 regards the elimination of income and expenses from pourboire to personnel.
2. This sum includes the amount of € 723.998, resulting from the reconciliation of provision for staff retirement indemnities, in accordance with actuarial valuation, as well as the amount of € 536.990, resulting from the reconciliation of intangible assets depreciation
3. This amount regards the deferred tax for the fiscal year 2004.

## AUDITORS REPORT

To the Shareholders of HELLENIC CASINO OF PARNITHA S.A.

We have audited the accompanying financial statements as well as the consolidated financial statements of HELLENIC CASINO OF PARNITHA S.A. as of and for the year ended 31 December 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, evaluating the overall financial statement presentation as well as assessing the consistency of the Board of Directors report with the aforementioned financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Company, as of 31 December 2005, and of the results of its operations and its cash flows and changes in shareholders equity, for the year that ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Directors Report is consistent with the aforementioned financial statements.

Without qualifying our opinion, we wish to draw attention to paragraph 17.4 of the Notes to the Financial Statements, in which there is reference to the unaudited tax fiscal years for the Company. As referred, the Company has not been audited by tax authorities for the fiscal years 2003 to 2005 and, consequently, its tax obligations for these years have not been rendered final. The outcome of the tax control can not possibly be predicted at this stage.

Athens, March 15, 2006

**KPMG Kyriakou Assurance S.A.**

Nikolaos H. Tsimpoukas  
The Certified Public Accountant  
Reg. No (ICPA (GR)): 17151

**Deloitte Hadjipavlou, Sofianos & Cambanis S.A.**  
**Assurance & Advisory Services**

Emmanuel Pelides  
The Certified Public Accountant  
Reg. No (ICPA (GR)): 12021

| HELLENIC CASINO OF PARNITHA S.A.   |   |   |                   |
|--|---|---|-------------------|
| VAT No. 99930863 - HEAD OF THE ATHENS CORPORATION TAX OFFICE (P.A.R.E.)  |   |   |                   |
| SUMMARY RESULTS AND INFORMATION FOR THE PERIOD FROM 1 JANUARY 2005 TO 31 DECEMBER 2005   |   |   |                   |
| (published according to Law 2196 article 125 for companies who prepare annual financial statements (consolidated or stand alone) according to IFRS)  |   |   |                   |
| The following financial results and information aim to offer a general summary about the financial position and the financial results of the company HELLENIC CASINO OF PARNITHA S.A.  |   |   |                   |
| The reader who wants to get a full understanding of the financial position and results of the company must ensure access to financial statements as required by the International Financial Reporting Standards as well as the auditor report. |   |   |                   |
| COMPANY INFORMATION  |   | BECOME STATEMENT (amounts in €)                                       |                   |
| Headquarters address   | 49, Ag. Konstantinou St., Marousi 151 24 Athens, Greece | COMPANY   |                   |
| Prevailing authority   | Register of Ministry of Development                     | 01/01/05-31/12/05   | 01/01/04-31/12/04 |
| Register S.A.S.  | 49854 / 05A1 / B / C1 / 218 / 05                        | Turnover  | 140,264,000       |
| Composition of Board of Directors  |   | Less: Share of Greek State  | -48,376,000       |
| Name   | Position  | Net turnover  | 91,888,000        |
| Vasilios Xenakis   | President of S.A.S.                                     | Cost of sales   | -33,681,882       |
| George Galanis   | Vice - President of S.A.S.                              | Gross operating results   | 58,206,118        |
| Marko Protopapas   | Member  | Other income  | 400,126           |
| George Routsopoulos  | Member  | Administrative expenses   | -23,676,229       |
| Vasilis Melaou   | Member  | Selling and distribution expenses                                     | -4,981,420        |
| Marko Sigalas  | Member  | Profit before finance charges and taxes                               | 37,871,119        |
| Constantinos Kostas  | Member  | Profit before finance charges, depreciation and losses                | 46,523,806        |
| George Katsopoulos   | Member  | Interest income   | 780,366           |
| Ioannis Lapias   | Member  | Finance cost  | -116,121          |
| Date of approval of financial statements   | 08/03/06  | Profit before tax   | 37,835,050        |
| Auditor name   | (Smiths) J.K.P.M.G.                                     | Tax   | -10,088,540       |
| Auditing company   | Chariton - empanas of chariot                           | Profit for the year   | 27,746,510        |
| Type of auditor report   |   |   |                   |
| BALANCE SHEET (amounts in €)   |   | CASH FLOW STATEMENT (amounts in €)                                    |                   |
| COMPANY  |   | COMPANY   |                   |
| 31/12/2005   | 31/12/2004  | 01/01/05-31/12/05   | 01/01/04-31/12/04 |
| ASSETS   |   | Operating activities  |                   |
| Tangible assets  | 68,585,608  | Profit/(losses) before taxes  | 37,835,050        |
| Intangible assets  | 12,774,487  | Provision adjustments for:  | 38,803,329        |
| Long term receivables  | 71,814  | Depreciation  | 4,352,586         |
| Deferred tax assets  | 1,542,587   | Finance costs   | 116,121           |
| Total fixed assets   | 82,934,496  | Provisions  | 108,239           |
| Overseas   | 573,154   | Results from investing activities                                     | 780,366           |
| Trade and other receivables  | 7,882,233   | Losses on sale of fixed assets  | -19,872           |
| Cash and cash equivalents  | 25,483,136  | Operating cash inflows/(outflows) before movements in working capital | 41,382,180        |
| Other current assets   | 883,501   | Provision adjustments for working capital:                            | 38,741,919        |
| Total current assets   | 36,889,967  | Decrease/(increase) of reserves                                       | -121,919          |
| TOTAL ASSETS   | 119,824,463   | Decrease/(increase) of receivables                                    | 15,228            |
|  |   | Decrease/(increase) of liabilities                                    | -12,295,188       |
| EQUITY AND LIABILITIES   |   | Less:   |                   |
| Capital and reserves   |   | Income tax paid   | -14,311,546       |
| Share capital  | 33,387,981  | Interest expense and finance charges paid                             | -116,121          |
| Share premium  | 17,048,814  | Net cash from operating activities (a)                                | 14,758,828        |
| Reserves   | 3,884,172   | Investing activities:   |                   |
| Retained earnings  | 25,715,000  | Purchase of tangible and intangible fixed assets                      | -37,358,178       |
| Shareholders' equity holding company   | 78,858,338  | Gain on sale of fixed assets  | 210,508           |
| Non-current liabilities  |   | Interest received   | 780,366           |
| Retirement benefit obligation  | 4,774,037   | Net cash used in investing activities (b)                             | -36,768,280       |
| Current liabilities  |   | Financing activities:   |                   |
| Trade and other payables   | 5,077,772   | Dividends paid  | -30,857,777       |
| Current tax obligations  | 15,885,385  | Net cash from financing activities (c)                                | -30,857,777       |
| Dividends payable  | 0   | Net increase/(decrease) in cash and cash equivalents (a-b-c)          | -18,867,232       |
| Other current liabilities  | 15,885,431  | Cash and cash equivalents at the beginning of the period              | 58,431,491        |
| Total current liabilities  | 32,023,608  | Cash and cash equivalents at the end of the period                    | 39,564,259        |
| TOTAL EQUITY AND LIABILITIES   | 119,824,463   |   |                   |
| STATEMENT OF CHANGES IN EQUITY (amounts in €)  |   | ADDITIONAL FIGURES AND INFORMATION                                    |                   |
| COMPANY  |   |   |                   |
| 31/12/2005   | 31/12/2004  |   |                   |
| Equity opening balance (01.01.2005 & 01.01.2004 respectively)  | 36,716,002  |   |                   |
| Dividends paid & payable & interim dividends   | -5,775,382  |   |                   |
| Profit for the period after tax  | 35,851,119  |   |                   |
| Equity opening balance (31.12.2005 & 31.12.2004 respectively)  | 75,858,338  |   |                   |
| STATEMENT FOR RECONCILIATION OF EQUITY BETWEEN GREEK & INTERNATIONAL FINANCIAL REPORTING STANDARDS (amounts in €)  |   | Revised, May 9, 2006  |                   |
| COMPANY  |   |   |                   |
| 31/12/2005   | 31/12/2004  |   |                   |
| Equity opening balance (according to Greek Accounting Standards (01.01.2005 and 01.01.2004 respectively))  | 52,433,474  |   |                   |
| Revaluation of building according to Law 2088  | 0   |   |                   |
| Value-off underpriced value for depreciable materials  | -1,827,854  |   |                   |
| Value-off of provision for staff retirement indemnities  | -4,883,343  |   |                   |
| Reconciliation of provision for staff retirement indemnities, in accordance with actuarial valuation   | 5,101,482   |   |                   |
| Reconciliation of dividend for the fiscal year 2005 and 2004   | 29,831,777  |   |                   |
| Reconciliation of equity dividend for the fiscal year 2003 and 2004  | -15,181,985   |   |                   |
| with the affirmation of the S.A.S.   | 4,705,960   |   |                   |
| Deferred Tax   | 58,776,668  |   |                   |
| Opening balance according to IFRS  | 58,776,668  |   |                   |

**ACR INVESTMENTS S.A.**

ANNUAL FINANCIAL STATEMENTS

for the period January 1 to December 31, 2005

According to the International Financial Reporting Standards  
that have been adopted by the European Union

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### AUDITORS REPORT

# 1. FINANCIAL STATEMENTS

## 1.1 INCOME STATEMENT

| (in €)                      | 31.12.05      | 31.12.04      |
|-----------------------------|---------------|---------------|
| <b>Turnover</b>             | <b>0</b>      | <b>0</b>      |
| Cost of sales               | 0             | 0             |
| <b>Gross Margin</b>         | <b>0</b>      | <b>0</b>      |
| Administrative expenses     | -6,494        | -4,229        |
| <b>Operating Profit</b>     | <b>-6,494</b> | <b>-4,229</b> |
| Finance cost                | -25           | -40           |
| <b>Losses before Profit</b> | <b>-6,519</b> | <b>-4,269</b> |
| Income tax                  | 0             | 0             |
| <b>Losses for the year</b>  | <b>-6,519</b> | <b>-4,269</b> |

The annual financial statements have been approved by the Board of Directors of ACR INVESTMENTS S.A. on March 13, 2006 and they are pending the approval of the General Meeting of the Shareholders

THE PRESIDENT

THE MEMBER

THE FINANCIAL DIRECTOR

GEORGE GALANAKIS  
 Ε 282324 (GREEK I.D. No.)

GEORGE KOUTSOPODIOTIS  
 ΑΔΤ Σ 247216 (GREEK I.D. No.)

CHRISTOS TAGAS  
 Χ 511597 (GREEK I.D. No.)

## 1.2 BALANCE SHEET

| (in €)                              | Notes | 31.12.2005    | 31.12.2004    |
|-------------------------------------|-------|---------------|---------------|
| <b>ASSETS</b>                       |       |               |               |
| <b>Current Assets</b>               |       |               |               |
| Trade and other receivables         |       | 703           | 2,186         |
| Cash and cash equivalents           | 3     | 45,934        | 50,970        |
| <b>Total current assets</b>         |       | <b>46,637</b> | <b>53,156</b> |
| <b>TOTAL ASSETS</b>                 |       | <b>46,637</b> | <b>53,156</b> |
| <b>EQUITY AND LIABILITIES</b>       |       |               |               |
| <b>Capital and reserves</b>         |       |               |               |
| Share capital                       | 4     | 60,000        | 60,000        |
| Retained earnings                   | 5     | -13,363       | -6,844        |
| <b>Total equity</b>                 |       | <b>46,637</b> | <b>51,295</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b> |       | <b>46,637</b> | <b>53,156</b> |



## 1.3 STATEMENT OF CHANGES IN EQUITY

| (in €)               | Share Capital | Retain Earnings | Total  |
|----------------------|---------------|-----------------|--------|
| <b>On 31.12.2004</b> |               |                 |        |
| On 01.01.2004        | 60,000        | -2,575          | 57,425 |
| Losses for the year  | 0             | -4,269          | -4,269 |
| On 31.12.2004        | 60,000        | -6,844          | 53,156 |
| <b>On 31.12.2005</b> |               |                 |        |
| On 01.01.2005        | 60,000        | -6,844          | 53,156 |
| Losses for the year  | 0             | -6,519          | -6,519 |
| On 31.12.2005        | 60,000        | -13,363         | 46,637 |

## 1.4 CASH FLOW STATEMENT

| (in €)  | 31.12.2005    | 31.12.2004    |
|---|---------------|---------------|
| <b>Operating activities</b>   |               |               |
| Losses before tax   | -6,519        | -4,269        |
| Adjustments for:  |               |               |
| Interest expense and finance charges                                  | 25            | 40            |
| Operating cash inflows/(outflows) before movements in working capital | -6,494        | -4,229        |
| Decrease/(increase) of receivables                                    | 1,484         | -369          |
| Increase/decrease of payables except banks                            | 0             | -3,177        |
| Less:   |               |               |
| Interest expense and finance charges paid                             | -25           | -40           |
| <b>Net cash provided by/(used in) operating activities (a)</b>        | <b>-5,036</b> | <b>-7,815</b> |
| <b>Net decrease in cash and cash equivalents for the year</b>         | <b>-5,036</b> | <b>-7,815</b> |
| <b>Cash and cash equivalents at beginning of year</b>                 | <b>50,970</b> | <b>58,785</b> |
| <b>Cash and cash equivalents at end of year</b>                       | <b>45,934</b> | <b>50,970</b> |

## 2. SUMMARY OF BASIC ACCOUNTING POLICIES

### 2.1 GENERAL INFORMATION

The company ACR INVESTMENTS S.A. (the Company) was established in its current legal form on September 23, 2002 with the S.A.R.N. 52560/01AT/B/02/281. The Company's duration is fifty (50) years. The head office and headquarters of the Company are located on 49, Ag. Konstantinou St., Maroussi, Attiki.

The exclusive Company's objective is to participate to the Share Capital of various S.A.s through the acquisition of stocks, participation to the share capital or any other way.

The financial statements are presented in Euro since that is the currency in which most transactions of the Company are performed.

### 2.2 BASIS OF COMPILATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Company were prepared by December 31, 2004, according to Law 2190/1920 and the Greek Accounting Principles, which, in many instances, differ from the International Financial Reporting Standards (IFRS). According to requirement 1606/2002 of the European Union and Law 3229/04 (as amended by Law 3301/04), Greek companies listed on any Stock Exchange (local or foreign) are required to prepare financial statements, for periods commencing from January 1, 2005 onwards, in accordance

with IFRS. According IFRS 1 First-time adoption of International Financial Reporting Standards and the above - mentioned requirement, all above - mentioned companies are required to present comparative Financial Statements, in accordance to IFRS, at least for one period (December 31, 2004), with January 1, 2004 being effective conversion date to the IFRS.

The consolidated Financial Statements have been compiled according to the first-time adoption requirements of IFRS. A reconciliation is provided in note 20 to the notes of these Financial Statements which show the effect on the Financial Statements of Greek GAAP and IFRS. The Companies effective date of IFRS application is deemed to be January 1, 2004.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and liabilities (cash, mutual funds etc.).

## 2.3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL

### REPORTING STANDARDS

New and revised Standards and Interpretations have been issued, which are compulsory for accounting periods commencing on January 1, 2006 or later and are analysed as follows:

- IAS 19 (revised) Employee Benefits (effective 1.1.2006).
- IAS 39 (revised) Financial Instruments: Recognition and Measurement (effective 1.1.2006).
- IAS 39 (revised) Fair value measurement (effective 1.1.2006).
- IAS 39 (revised) and IFRS 4 (revised) Insurance contracts (effective 1.1.2006).
- IFRS 1 (revised) First-time adoption of International Financial reporting

Standards and IFRS 6 Exploration for and evaluation of Mineral Resources (effective 1.1.2007).

- IFRS 7 Financial Instruments, Disclosures and additional amendment to IAS 1 Presentation of Financial Statements (effective 1.1.2006).
- Interpretation 4, Determining whether an Arrangement contains a Lease (effective 1.1.2006).
- Interpretation 5, Rights to interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective 1.1.2006).

Management of the Company estimate that the impact of adopting these new and revised standards is that they do not have a material impact on the financial statements of the Company, either because they do not apply to the Company or because they relate only to additional information (disclosure).

## 2.4 SIGNIFICANT ACCOUNTING POLICIES

The basic accounting policies adopted in the preparation of the financial statements are further analyzed below.

### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business. (Casino, Hotel etc.) Amounts received on behalf of third parties, such as sales, related taxes, good and service taxes, and VAT are excluded from revenue. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognized when the shareholders rights to receive payment have been established.

### Taxation

Income tax expense represents the sum of tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Companies liability for current tax is calculated using tax rates that have been enacted or substantive - ly enacted by the balance sheet date.

### Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term (up to 3 months) highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### Trade Payables

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

### Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. Contingent assets and liabilities are not recorded in the Financial Statements, but are disclosed in the notes accompanying the Financial Statements.

## 3. CASH AND CASH EQUIVALENTS

The cash and cash equivalents represent cash and bank deposits. The cash and cash equivalents of the Group and Company are analyzed as follows:

| (in €)                    | 31.12.2005    | 31.12.2004    |
|---------------------------|---------------|---------------|
| Cash on hold and at banks | 45,742        | 50,770        |
| Cash                      | 192           | 200           |
| <b>Total</b>              | <b>45,934</b> | <b>50,970</b> |

The weighted average interest rate on short term bank deposits on 31.12.05 was 2,29%.

## 4. SHARE CAPITAL

The share capital of the Company is composed of 20,000 ordinary, fully paid up shares, with a par value of € 3,00. The total share capital amounts to € 60,000. During the period under review (and corresponding comparative period), there was no movement in the share capital of the Company.

## 5. RETAINED EARNINGS - LOSSES

The retained earnings on 31.12.05 for the Company are analyzed as follows:

| (in €)                       |                |
|------------------------------|----------------|
| Balance on 01.01.2004        | -2,575         |
| Losses for the year 2004     | -4,269         |
| <b>Balance on 01.01.2005</b> | <b>-6,844</b>  |
| Losses for the year 2005     | -6,519         |
| <b>On 31.12.2005</b>         | <b>-13,363</b> |

## 6. CONTINGENT LIABILITIES

The Company, from the establishment date on August 23, 2002, has not been audited by the tax authorities, so, the possible tax have not been fixed.

## 7. SUBSEQUENT EVENTS

There are no subsequent events of the balance sheet as on December 31, 2005 which affect the Company, which need to be disclosed according to International Financial Reporting Standards (IFRS).

## 8. ADJUSTMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

There has been no change in the accounting policies as applied in the previous Financial Statements, according to the Law 2190/20, as well as the IFRS.

## AUDITORS REPORT

To the Shareholders of ACR INVESTMENTS S.A.

We have audited the accompanying financial statements as well as the consolidated financial statements of HYATT REGENCY HOTEL & TOURISM (HELLAS) S.A. as of and for the year ended 31 December 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, evaluating the overall financial statement presentation as well as assessing the consistency of the Board of Directors report with the aforementioned financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Company as of December 3, 2005 and of the results of its operations and those of the Company and their cash flows and changes in shareholders equity for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Directors Report is consistent with the aforementioned financial statements.

Without expressing any deliberation for the audit conclusions, we caution to the Note 6 of the Financial Statement Notes, in which there is a referral that the company, from the establishment date on August 23, 2002 until the fiscal year 2005, has not been audited by the tax authorities, so there is a possibility for additional taxes and surcharge, by the time the Financial Statements will be audited and fixed. It is not possible to estimate the outcome of the tax audits and, hence, no provision has been made in the financial statements for these.

Athens, March 13, 2006  
The Certified Public Accountant  
**Emmanuel A. Pelides**  
Reg. No. (ICPA (GR)) 12021

250-254 Kifisias Av., 152 31 Halandri

**Deloitte. Hadjipavlou, Sofianos & Cambanis S.A.**  
**Assurance & Advisory Services**  
Reg. No. (ICPA (GR)): E 120

## VAT No 999631652 - HEAD OF THE ATHENS CORPORATIONS TAX OFFICE (FAEE)

VAT No 999631652 - HEAD OF THE ATHENS CORPORATIONS TAX OFFICE (FAEE)

**SUMMARISED RESULTS AND INFORMATION FOR THE PERIOD FROM 1 JANUARY 2005 TO 31 DECEMBER 2005**

published according to Law 2190 article 138 for companies who prepare annual financial statements (consolidated or stand alone) according to IFRS)

| COMPANY INFORMATION   |                     |
|---|---------------------|
| Headquarters address<br>Ag. Konstantinou St., Marousi 151 24 Athens, Greece |                     |
| Prevailing authority<br>Registrar of Ministry of Development                |                     |
| Register M.A.E.<br>62960 / 01 AT / B / 02 / 281                             |                     |
| Composition of Board of Directors   |                     |
| Name  | Position            |
| George Galanakis  | President of B.O.D. |
| Christos Tagas  | Secretary           |
| Philippos Spyropoulos   | Member              |
| Maurice Modiano   | Member              |
| Date of approval of financial statements<br>3/15/2006                       | Enrollment Fields   |
| Auditor name<br>Auditing company  | Deductions          |
| Type of auditors report<br>Clean opinion - emphasis of matter               |                     |
| Company internet address  |                     |

| BALANCE SHEET (amounts in €)                    | COMPANY    |
|---|------------|
| 31/12/2005                                      | 31/12/2004 |
| <b>EMPHYTIKO</b>                                |            |
| Trade and other receivable                      | 702.36     |
| Cash  | 45,834.36  |
| Total current assets                            | 50,072.13  |
| TOTAL ASSETS                                    | 50,072.13  |
| <b>EQUITY AND LIABILITIES</b>                   |            |
| Share capital                                   | 60,000.00  |
| Minorities' equity holding company              | -13,363.56 |
| Equity attributable to equity holders of parent | 46,636.44  |
| Total equity                                    | 46,636.44  |
| TOTAL EQUITY AND LIABILITIES                    | 46,636.44  |

| STATEMENT OF CHANGES IN EQUITY (amounts in €)                 | COMPANY    |
|---|------------|
| 31/12/2005  | 31/12/2004 |
| Equity opening balance (31.01.2005 & 31.01.2004 respectively) | 53,156.91  |
| Lessons for the period after tax                              | -6,519.27  |
| Equity opening balance (31.12.2005 & 31.12.2004 respectively) | 46,636.64  |

|                         |                             |
|-------------------------|-----------------------------|
| The President of B.O.D. | George Galanakis            |
|                         | X - 282326 (GREEK I.D. No.) |

|            |                             |
|------------|-----------------------------|
| The Member | Philippos Spyropoulos       |
|            | X - 611557 (GREEK I.D. No.) |

|                         |                             |
|-------------------------|-----------------------------|
| The Director Of Finance | Christos Tagas              |
|                         | X - 611557 (GREEK I.D. No.) |

**ATHENS RESORT CASINO  
HOLDINGS S.A.**

ANNUAL FINANCIAL STATEMENTS  
for the period January 1 to December 31, 2005  
According to the International Financial Reporting Standards  
that have been adopted by the European Union

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AUDITORS REPORT



## 1. FINANCIAL STATEMENTS

### 1.1 INCOME STATEMENT

| (in €)                               | Notes | 31.12.05          | 31.12.04         |
|--------------------------------------|-------|-------------------|------------------|
| <b>Turnover</b>                      |       | <b>0</b>          | <b>0</b>         |
| Cost of sales                        |       | 0                 | 0                |
| Partial operating results            |       | 0                 | 0                |
| Other income                         |       | 270,178           | 698              |
| Administrative expenses              | 3     | -134,689          | -62,370          |
| Operating Profit                     |       | 135,489           | -61,672          |
| Share of profit/(loss) in associates |       | 10,256,570        | 2,744,326        |
| Interest income                      |       | 210,873           | 39,161           |
| Finance costs                        |       | -1,011            | -856             |
| <b>Profit before tax</b>             |       | <b>10,601,921</b> | <b>2,720,959</b> |
| Income tax                           | 4     | -49,533           | -66,562          |
| <b>Profit for the year</b>           |       | <b>10,552,388</b> | <b>2,654,397</b> |

The annual financial statements have been approved by the Board of Directors of ATHENS RESORT CASINO HOLDINGS S.A. on March 10, 2006 and they are pending the approval of the General Meeting of the Shareholders

THE PRESIDENT

GEORGE GALANAKIS  
 Ε 282324 (GREEK I.D. No.)

THE MEMBER

GEORGE KOUTSOPODIOTIS  
 ΑΔΤ Σ 247216 (GREEK I.D. No.)

THE FINANCIAL DIRECTOR

CHRISTOS TAGAS  
 Χ 511597 (GREEK I.D. No.)

### 1.2 BALANCE SHEET

| (in €)                        | Notes | 31.12.05           | 31.12.04           |
|-------------------------------|-------|--------------------|--------------------|
| <b>ASSETS</b>                 |       |                    |                    |
| <b>Fixed Assets</b>           |       |                    |                    |
| Investments in associates     |       | 110,000,209        | 110,000,209        |
| Deferred tax asset            | 5     | 82,579             | 132,112            |
| <b>Total Fixed Assets</b>     |       | <b>110,082,788</b> | <b>110,132,321</b> |
| <b>Current Assets</b>         |       |                    |                    |
| Trade and other receivables   | 6     | 132,600            | 99,708             |
| Cash and cash equivalents     | 7     | 6,683,554          | 3,076,932          |
| <b>Total current assets</b>   |       | <b>6,816,154</b>   | <b>3,176,640</b>   |
| <b>TOTAL ASSETS</b>           |       | <b>116,898,942</b> | <b>113,308,961</b> |
| <b>EQUITY AND LIABILITIES</b> |       |                    |                    |
| <b>Capital and reserves</b>   |       |                    |                    |
| Share capital                 | 8     | 70,026,000         | 70,026,000         |
| Share premium                 | 8     | 41,634,000         | 41,634,000         |
| Reserves                      | 9     | 626,177            | 96,081             |
| Retained earnings             | 10    | 4,611,168          | 1,544,792          |
| <b>Total equity</b>           |       | <b>116,897,345</b> | <b>113,300,873</b> |

**Non-Current liabilities**

Other non-Current liabilities

1,597

8,088

**Total non-current liabilities****1,597****8,088****TOTAL EQUITY AND LIABILITIES****116,898,942****113,308,961****1.3 STATEMENT OF CHANGES IN EQUITY**

| (in €)               | Share Capital | Share Premium | Reserves Earnings | Retained   | Total       |
|----------------------|---------------|---------------|-------------------|------------|-------------|
| <b>On 31.12.2004</b> |               |               |                   |            |             |
| On 01.01.2004        | 70,026,000    | 41,634,000    | 0                 | -1,013,524 | 110,646,476 |
| Transfers            | 0             | 0             | 96,081            | -96,081    | 0           |
| Net profit           | 0             | 0             | 0                 | 2,654,397  | 2,654,397   |
| On 31.12.2004        | 70,026,000    | 41,634,000    | 96,081            | 1,544,792  | 113,300,873 |
| <b>On 31.12.2005</b> |               |               |                   |            |             |
| On 01.01.2005        | 70,026,000    | 41,634,000    | 96,081            | 1,544,792  | 113,300,873 |
| Transfers            | 0             | 0             | 530,096           | -530,096   | 0           |
| Dividends            | 0             | 0             | 0                 | -6,955,916 | -6,955,916  |
| Net profit           | 0             | 0             | 0                 | 10,552,388 | 10,552,388  |
| On 31.12.2005        | 70,026,000    | 41,634,000    | 626,177           | 4,611,168  | 116,897,345 |

**1.4 CASH FLOW STATEMENT**

|  | 31.12.2005        | 31.12.2004       |
|--|-------------------|------------------|
| <b>Operating activities</b>  |                   |                  |
| <b>Profit before tax</b>   | <b>10,601,921</b> | <b>2,720,959</b> |
| Adjustments for:   |                   |                  |
| Results from investing activities  | -10,467,443       | -2,783,486       |
| Interest expense and finance charges   | 1,011             | 854              |
| Operating cash inflows/(outflows) before movements in working capital            | 135,489           | -61,673          |
| Decrease/(increase) of receivables   | 32,483            | -2,930           |
| Increase/decrease of payables except banks                                       | -6,900            | 4,686            |
| Less: Interest expense and finance charges paid                                  | -1,011            | -854             |
| <b>Net cash provided by/(used in) operating activities (a)</b>                   | <b>95,095</b>     | <b>-60,771</b>   |
| <b>Investing activities</b>  |                   |                  |
| Dividends receivables  | 10,467,443        | 2,783,486        |
| <b>Net cash provided by/(used in) investing activities (b)</b>                   | <b>10,467,443</b> | <b>2,783,486</b> |
| <b>Financing activities</b>  |                   |                  |
| Dividends payable  | -6,955,916        | 0                |
| <b>Net cash provided by/(used in) financing activities (c)</b>                   | <b>-6,955,916</b> | <b>0</b>         |
| <b>Net increase in cash and cash equivalents for the period: (a) + (b) + (c)</b> | <b>3,606,622</b>  | <b>2,722,715</b> |
| <b>Cash and cash equivalents at beginning of year</b>                            | <b>3,076,932</b>  | <b>354,217</b>   |
| <b>Cash and cash equivalents at end of year</b>                                  | <b>6,683,554</b>  | <b>3,076,932</b> |

## 2. SUMMARY OF BASIS ACCOUNTING POLICIES

### 2.1 GENERAL INFORMATION

The ATHENS RESORT CASINO S.A. (the Company) was established in its current legal form on August 26, 2002 with the S.A.R.N. 52572/01AT/B/02/282. The Company's duration is fifty (50) years. The head office and headquarters of the Company are located on 49, Ag. Konstantinou St., Maroussi, Attiki.

The Company's exclusive purpose is the ownership of 49% of the stocks of HELLENIC CASINO OF PARNITHA S.A. Due to this, the only income of the company derives from dividends.

The financial statements are presented in Euro since that is the currency in which most transactions of the Company are performed.

### 2.2 BASIS OF COMPILATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Company were prepared by December 31, 2004, according to Law 2190/1920 and the Greek Accounting Principles, which, in many instances, differ from the International Financial Reporting Standards (IFRS). According to requirement 1606/2002 of the European Union and Law 3229/04 (as amended by Law 3301/04), Greek companies listed on any Stock Exchange (local or foreign) are required to prepare financial statements, for periods commencing from January 1, 2005 onwards, in accordance with IFRS. According IFRS 1 First-time adoption of International Financial Reporting Standards and the above-mentioned requirement, all above-mentioned companies are required to present comparative Financial Statements, in accordance to IFRS, at least for one period (December 31, 2004), with January 1, 2004 being effective conversion date to the IFRS.

The consolidated Financial Statements have been compiled according to the first-time adoption requirements of IFRS. A reconciliation is provided in note 15 to the notes of these Financial Statements which show the effect on the Financial Statements of Greek GAAP and IFRS. The Company's effective date of IFRS application is deemed to be January 1, 2004.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets and liabilities (cash, mutual funds etc.).

### 2.3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL

#### REPORTING STANDARDS

New and revised Standards and Interpretations have been issued, which are compulsory for accounting periods commencing on January 1, 2006 or later and are analysed as follows:

- IAS 19 (revised) Employee Benefits (effective 1.1.2006).
- IAS 39 (revised) Financial Instruments: Recognition and Measurement (effective 1.1.2006).
- IAS 39 (revised) Fair value measurement (effective 1.1.2006).
- IAS 39 (revised) and IFRS 4 (revised) Insurance contracts (effective 1.1.2006).
- IFRS 1 (revised) First-time adoption of International Financial reporting Standards and IFRS 6 Exploration for and evaluation of Mineral Resources (effective 1.1.2007).
- IFRS 7 Financial Instruments, Disclosures and additional amendment to IAS 1 Presentation of Financial Statements (effective 1.1.2006).
- Interpretation 4, Determining whether an Arrangement contains a Lease (effective 1.1.2006).
- Interpretation 5, Rights to interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective 1.1.2006).

Management of the Company estimate that the impact of adopting these new and revised standards is that they do not have a material impact on the financial statements of the Company, either because they do not apply to the Company or because they relate only to additional information (disclosure).

## 2.4 SIGNIFICANT ACCOUNTING POLICIES

The basic accounting policies adopted in the preparation of the financial statements are further analyzed below.

### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business. (Casino, Hotel etc.) Amounts received on behalf of third parties, such as sales, related taxes, good and service taxes, and VAT are excluded from revenue. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognized when the shareholders rights to receive payment have been established.

### Taxation

Income tax expense represents the sum of tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against deductible temporary differences that can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized.

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term (up to 3 months) highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**Trade Payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

**Provisions**

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. Contingent assets and liabilities are not recorded in the financial statements, but are disclosed in the notes accompanying the Financial Statements.

**3. EXPENSE**

| (in €)           | 2005           | 2004          |
|------------------|----------------|---------------|
| Third-party fees | 74,316         | 51,236        |
| Other expenses   | 60,373         | 11,134        |
| <b>Total</b>     | <b>134,689</b> | <b>62,370</b> |

**4. INCOME TAX**

| (in €)                           | 2005          | 2004          |
|----------------------------------|---------------|---------------|
| Deferred tax                     | 49,533        | 66,562        |
| <b>Income tax for the period</b> | <b>49,533</b> | <b>66,562</b> |

The arrangement between the effective and the proper tax percentage is analyzed as follows:

| (in €)   | 2005          | %            | 2004          | %            |
|--|---------------|--------------|---------------|--------------|
| Profit before tax  | 10,601,921    |              | 2,720,959     |              |
| Profit before tax  | 3,392,615     | 32.00%       | 952,335       | 35.00%       |
| Tax effect of expenses that are not deductible in determining tax expense          | -3,392,615    | -32.00%      | -952,335      | -35.00%      |
| Decrease in deferred tax liability which arose as a result of decrease in tax rate | 49,533        | 0.47%        | 66,562        | 2.45%        |
| <b>Tax expense and effective tax rate for the period</b>                           | <b>49,533</b> | <b>0.47%</b> | <b>66,562</b> | <b>2.45%</b> |

**5. DEFERRED TAX**

The major deferred tax liabilities and assets are as follows:

| (in €)   | Depreciation   |
|--|----------------|
| <b>On 01.01.2004</b>                             | <b>198,674</b> |
| Credit/(charge) to income statement for the year | -49,533        |
| Effect of change in tax rate                     | -17,029        |
| <b>On 01.01.2005</b>                             | <b>132,112</b> |
| Credit/(charge) to income statement for the year | -49,533        |
| <b>On 31.12.2005</b>                             | <b>82,579</b>  |

## 6. RECEIVABLES

The total amount of the Receivables is including deduction of taxes from interest, for both fiscal years

## 7. CASH AND CASH EQUIVALENTS

The cash and cash equivalents represent cash and bank deposits. The cash and cash equivalents of the Company are analyzed as follows:

| (in €)                    | 31.12.2005       | 31.12.2004       |
|---------------------------|------------------|------------------|
| Cash on hold and at banks | 6,683,174        | 96,538           |
| Short-term bank deposits  | 0                | 2,980,000        |
| Cash                      | 380              | 394              |
| <b>Total</b>              | <b>6,683,554</b> | <b>3,076,932</b> |

The weighted average interest rate on short-term bank deposits at 31.12.05 was 2,06%.

## 8. SHARE CAPITAL

The share capital of the Company is composed of 23,342,000 ordinary, fully paid up shares, with a par value of € 3.00. The total share capital amounts to € 70,026,000. The share premium arose from the issue of shares for cash, at a price greater than the par value of the share. The share premium amounts to € 41,634,000. During the period under review (and corresponding comparative period), there was no movement in the share capital of the Company.

## 9. RESERVES

The reserves of the Company are analyzed as follows:

| (in €)                       | Legal reserve  |
|------------------------------|----------------|
| <b>Balance on 01.01.2004</b> | <b>0</b>       |
| Transfers to reserves 2004   | 96,081         |
| <b>Balance on 01.01.2005</b> | <b>96,081</b>  |
| Transfers to reserves 2005   | 530,096        |
| <b>Balance on 31.12.2005</b> | <b>626,177</b> |

## 10. RETAINED EARNINGS - LOSSES

The retained earnings on 31.12.05 for the Company are analyzed as follows:

| (in €)                       |                   |
|------------------------------|-------------------|
| <b>Balance on 01.01.2004</b> | <b>-1,013,524</b> |
| Net profit for the year 2004 | 2,654,397         |
| Transfers to reserves        | -96,081           |
| <b>Balance on 01.01.2005</b> | <b>1,544,792</b>  |
| Net profit for the year      | 10,552,388        |
| Dividends                    | -6,955,916        |
| Transfers to reserves        | -530,096          |
| <b>Balance on 31.12.2005</b> | <b>4,611,168</b>  |

During the period under review, dividend of € 1,820,676.00 was paid from the 2004 according to the decision made by the Ordinary General Meeting on 25.11.2005 and interim dividend of € 5,135,240.00 was paid from the 2005 profits according to the decision made by the Board of Directors on 25.11.2005.

## 11. RELATED-PARTY TRANSACTIONS

The transactions of the Company towards related parties and receivables and payables towards these parties as on 31 December 2005, are analyzed further:

| (in €)                                    | Sales of good         |                       |
|---|-----------------------|-----------------------|
|   | Year ended 31.12.2005 | Year ended 31.12.2004 |
| HELLENIC CASINO OF MONT PARNES (dividend) | 10,256,570            | 2,744,325             |
| <b>Total</b>                              | <b>10,256,570</b>     | <b>2,744,325</b>      |

## 12. CONTINGENT LIABILITIES

The company, from the establishment date on August 23, 2002, has not been audited by the tax authorities, therefore the possible tax have not been fixed.

## 13. CAPITAL COMMITMENTS

The company ATHENS RESORT CASINO S.A. INVESTMENTS, in which the Company has a 70% holding, is committed to fulfill the Development Program, which is referred to in the Share Transfer Agreement and the transfer of the management of the company HELLENIC CASINO OF PARNITHA S.A. with the company Hellenic Tourist Assets as follows:

The Development Program will have to be completed within seven hundred and fifty (750) calendar days upon receiving all the necessary licenses. The Development Program will cover the following key areas: (a) Casino area: upgrade of the floor area, exploitation of casino license for table games and slot machines and operating the casino on a 24 hour basis, (b) Casino hotel: upgrade to a luxury hotel, (c) Xenia hotel: development to five star hotel and (d) Outdoor areas: upgrading, development of new green areas, upgrading of areas connecting casino and hotel. Management estimate that the above investments will amount to approximately euro 110 million, of which approximately euro 30 million have occurred. At the Balance Sheet date, all the necessary licenses have not received.

## 14. SUBSEQUENT EVENTS

There are no subsequent events of the balance sheet as on December 31, 2005 which affect the Company, which need to be disclosed according to International Financial Reporting Standards (IFRS).

## 15. ADJUSTMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

According to the need to provide comparative information in accordance with IFRS, the revaluation and adjustments to the value of the various assets and liabilities of the Company were performed on December 31, 2003. This resulted in a change in the financial statements which were previously prepared and published in accordance to Law 2190/1920.

The change in accounting standards adopted resulted in a change in the Total Equity as of 01.01.2004 and 31.12.2004, as follows:

### RECONCILIATION OF EQUITY FOR THE COMPANY

| (in thousand €)   | 01.01.2004  | 31.12.2004  |
|---|-------------|-------------|
| Net income at beginning of period (according to Greek accounting standards) | 111,015,442 | 111,760,934 |
| Write off of net book value of intangible fixed assets, according to IFRS   | -567,640    | -412,849    |
| Recognition of deferred tax liability according to IFRS                     | 198,674     | 132,112     |

|   |             |             |
|---|-------------|-------------|
| Dividends   | 0           | 1,820,676   |
| Net income at beginning of period (according to IFRS) | 110,646,476 | 113,300,873 |

Reconciliation of Balance Sheet on January 1, 2004 between IFRS and Law 2190/1920:

| (in €)                              | 31.12.2003<br>(Based on<br>Law 2190/20) | Effect of<br>IFRS<br>adjustments | 31.12.2003<br>(Based on<br>Law 2190/20) |
|-------------------------------------|---|----------------------------------|---|
| <b>ASSETS</b>                       |   |                                  |   |
| <b>Fixed assets</b>                 |   |                                  |   |
| Intangible assets                   | 567,640                                 | -567,640                         | 0                                       |
| Subsidiaries                        | 110,000,209                             | 0                                | 110,000,209                             |
| Deferred tax asset                  | 0                                       | 198,674                          | 198,674                                 |
| <b>Total fixed assets</b>           | <b>110,567,849</b>                      | <b>-368,966</b>                  | <b>110,198,883</b>                      |
| <b>Current assets</b>               |   |                                  |   |
| Trade and other<br>receivables      | 96,778                                  | 0                                | 96,778                                  |
| Cash and cash<br>equivalents        | 354,217                                 | 0                                | 354,217                                 |
| <b>Total current assets</b>         | <b>450,995</b>                          | <b>0</b>                         | <b>450,995</b>                          |
| <b>TOTAL ASSETS</b>                 | <b>111,018,844</b>                      | <b>-368,966</b>                  | <b>110,649,878</b>                      |
| <b>EQUITY AND LIABILITIES</b>       |   |                                  |   |
| <b>Capital and Reserves</b>         |   |                                  |   |
| Share capital                       | 70,026,000                              | 0                                | 70,026,000                              |
| Share premium                       | 41,634,000                              | 0                                | 41,634,000                              |
| Retained earnings                   | -644,558                                | -368,966                         | -1,013,524                              |
| <b>Total Equity</b>                 | <b>111,015,442</b>                      | <b>-368,966</b>                  | <b>110,646,476</b>                      |
| <b>Current liabilities</b>          |   |                                  |   |
| Other Current<br>liabilities        | 3,402                                   | 0                                | 3,402                                   |
| <b>Total current liabilities</b>    | <b>3,402</b>                            | <b>0</b>                         | <b>3,402</b>                            |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>111,018,844</b>                      | <b>-368,966</b>                  | <b>110,649,878</b>                      |

Reconciliation of Balance Sheet on January 1, 2005 between IFRS and Law 2190/1920:

| (in €)              | 31.12.2003<br>(Based on<br>Law 2190/20) | Effect of<br>IFRS<br>adjustments | 31.12.2003<br>(Based on<br>Law 2190/20) |
|---------------------|---|----------------------------------|---|
| <b>ASSETS</b>       |   |                                  |   |
| <b>Fixed assets</b> |   |                                  |   |
| Intangible assets   | 412,850                                 | -412,850                         | 0                                       |
| Subsidiaries        |   |                                  |   |



|                                     |                    |                   |                    |
|-------------------------------------|--------------------|-------------------|--------------------|
|                                     | 110,000,209        | 0                 | 110,000,209        |
| Deferred tax asset                  | 0                  | 132,112           | 132,112            |
| <b>Total fixed assets</b>           | <b>110,413,059</b> | <b>-280,738</b>   | <b>110,132,321</b> |
| <b>Current assets</b>               |                    |                   |                    |
| Trade and other receivables         | 99,708             | 0                 | 99,708             |
| <b>Cash and cash equivalents</b>    | <b>3,076,932</b>   | <b>0</b>          | <b>3,076,932</b>   |
| <b>Total current assets</b>         | <b>3,176,640</b>   | <b>0</b>          | <b>3,176,640</b>   |
| <b>TOTAL ASSETS</b>                 | <b>113,589,699</b> | <b>-280,738</b>   | <b>113,308,961</b> |
| <b>EQUITY AND LIABILITIES</b>       |                    |                   |                    |
| <b>Capital and Reserves</b>         |                    |                   |                    |
| Share capital                       | 70,026,000         | 0                 | 70,026,000         |
| Share premium                       | 41,634,000         | 0                 | 41,634,000         |
| Reserves                            | 96,081             | 0                 | 96,081             |
| Retained earnings                   | 4,854              | 1,539,938         | 1,544,792          |
| <b>Total Equity</b>                 | <b>111,760,935</b> | <b>1,539,938</b>  | <b>113,300,873</b> |
| <b>Current liabilities</b>          |                    |                   |                    |
| Other Current liabilities           | 5,417              | -5,417            | 0                  |
| <b>Total current liabilities</b>    | <b>1,823,347</b>   | <b>-1,815,259</b> | <b>8,088</b>       |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>1,828,764</b>   | <b>-1,820,676</b> | <b>8,088</b>       |
| Retained earnings                   | 113,589,699        | -280,738          | 113,308,961        |

Reconciliation of Income Statement for the year ended December 31, 2004 between IFRS and Law 2190/1920:

| (in €)                     | 2004<br>(Based on<br>Law 2190/20) | Effect of<br>IFRS<br>adjustments | 2004<br>(Based on<br>Law 2190/20) |
|----------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| Turnover                   | 0                                 | 0                                | 0                                 |
| Less: Share of Greek State | 0                                 | 0                                | 0                                 |
| Net turnover               | 0                                 | 0                                | 0                                 |
| Cost of sales              | 0                                 | 0                                | 0                                 |

|                                   |                  |                |                  |
|-----------------------------------|------------------|----------------|------------------|
| <b>Gross margin</b>               | <b>0</b>         | <b>0</b>       | <b>0</b>         |
| Other operating income            | 698              | 0              | 698              |
| Administrative expenses           | -217,162         | 154,791        | -62,371          |
| Selling and distribution expenses | 0                | 0              | 0                |
| <b>Operating profit</b>           | <b>-216,464</b>  | <b>154,791</b> | <b>-61,673</b>   |
| Interest income                   | 2,783,486        | 0              | 2,783,486        |
| Finance costs                     | -854             | 0              | -854             |
| <b>Profit before tax</b>          | <b>2,566,168</b> | <b>154,791</b> | <b>2,720,959</b> |
| Income tax                        | 0                | -66,562        | -66,562          |
| <b>Net profit for the year</b>    | <b>2,566,168</b> | <b>88,229</b>  | <b>2,654,397</b> |

## AUDITORS REPORT

To the Shareholders of ATHENS RESORT CASINO HOLDINGS S.A.

We have audited the accompanying financial statements as well as the consolidated financial statements of ATHENS RESORT CASINO HOLDINGS S.A. as of and for the year ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, evaluating the overall financial statement presentation as well as assessing the consistency of the Board of Directors report with the aforementioned financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of the Company as of December 31, 2005 and of the results of its operations and those of the Company and their cash flows and changes in shareholder's equity for the year then ended in accordance with the International Financial Reporting Standards that have been adopted by the European Union and the Board of Directors Report is consistent with the aforementioned financial statements.

Without expressing any deliberation for the audit conclusions, we caution to the Note 12 of the Financial Statement Notes, in which there is a referral that the company, from the establishment date on August 23, 2002 until the fiscal year 2005, has not been audited by the tax authorities, so there is a possibility for additional taxes and surcharge, by the time the Financial Statements will be audited and fixed. It is not possible to estimate the outcome of the tax audits and, hence, no provision has been made in the financial statements for these.

Athens, March 13, 2006  
The Certified Public Accountant  
**Emmanuel A. Pelides**  
Reg. No. (ICPA (GR)) 12021

250-254 Kifissias Av., 152 31 Halandri

**Deloitte. Hadjipavlou, Sofianos & Cambanis S.A.**  
**Assurance & Advisory Services**  
Reg. No. (ICPA (GR)): E 120

# **ATHENS RESORT CASINO HOLDINGS S.A.**

VAT No 99963164D - HEAD OF THE ATHENS CORPORATIONS TAX OFFICE (FAEE)

## **SUMMARISED RESULTS AND INFORMATION FOR THE PERIOD FROM 1 JANUARY 2005 TO 31 DECEMBER 2005**

Published according to Law 2190 article 134 for companies who prepare annual financial statements (consolidated or general) according to IFRS

The following financial results and information aim to offer a general summary about the financial position and the financial results of the company ATHENS RESORT CASINO HOLDINGS S.A.

The reader who wants to get a full understanding of the financial position and results of the company must ensure access to financial statements as required by the International Financial Reporting Standards, as well as the audit report.

| COMPANY INFORMATION                      |   |
|--|---|
| Headquarters address                     | 69, Ag. Karolouliou St, Marousi 151 24 Athens, Greece |
| Providing authority                      | Register of Ministry of Development                   |
| Register M.A.E.                          | 52522 / 01 AT / 8 / 02 / 282                          |
| Composition of Board of Directors        |   |
| George Galanakis                         | President of B.o.D.                                   |
| Philips Spyropoulos                      | Member  |
| Vasiliki Natsiou                         | Member  |
| Dimitrios Zanis                          | Member  |
| Date of approval of financial statements | 31/05/2006  |
| Auditor name                             | Ernst & Young   |
| Auditing company                         | Deloitte  |
| Type of auditors report                  | Clean opinion - emphasis of matter                    |
| Company internet address                 |   |

| BALANCE SHEET (amounts in €)                    |                |
|---|----------------|
|   | 31/12/2005     |
| ASSETS  |                |
| Subsidiaries                                    | 116,300,209.20 |
| Other fixed assets                              | 62,578.86      |
| Total assets                                    | 116,362,788.06 |
| Trade and other receivable                      | 132,898.88     |
| Cash  | 8,883,944.31   |
| Total current assets                            | 141,782,733.19 |
| TOTAL ASSETS                                    | 141,782,733.19 |
| EQUITY AND LIABILITIES                          |                |
| Other short-term liabilities                    | 1,897.76       |
| Total liabilities                               | 1,897.76       |
| Share capital                                   | 10,020,000.00  |
| Share premium                                   | 41,834,800.00  |
| Shareholders' equity holding company            | 5,231,344.49   |
| Equity attributable to equity holders of parent | 1,040,873.78   |
| TOTAL EQUITY AND LIABILITIES                    | 141,782,733.19 |

| STATEMENT OF CHANGES IN EQUITY (amounts in €)                 |                |
|---|----------------|
|   | 2005           |
| Equity opening balance (01.01.2005 & 01.01.2004 respectively) | 115,396,672.78 |
| Dividends paid & payable & income distribution                | -6,855,976.80  |
| Profits for the period after tax                              | 10,802,987.71  |
| Equity opening balance (01.01.2005 & 01.01.2004 respectively) | 119,343,683.69 |

| STATEMENT OF CHANGES IN EQUITY (amounts in €)                 |                |
|---|----------------|
|   | 2005           |
| Equity opening balance (01.01.2005 & 01.01.2004 respectively) | 115,396,672.78 |
| Dividends paid & payable & income distribution                | -6,855,976.80  |
| Profits for the period after tax                              | 10,802,987.71  |
| Equity opening balance (01.01.2005 & 01.01.2004 respectively) | 119,343,683.69 |

| STATEMENT FOR RECONCILIATION OF EQUITY BETWEEN IFRS & INTERNATIONAL FINANCIAL REPORTING STANDARDS |                |
|---|----------------|
|   | 2005           |
| Opening balance   | 115,396,672.78 |
| According to Greek Accounting Standards   | 115,396,672.78 |
| Wife of undistributed value   | -412,848.48    |
| For disposables materials   | 1,000,873.78   |
| Dividends paid and payable  | 132,111.82     |
| Defined taxation  | 115,396,672.78 |
| Opening balance   | 115,396,672.78 |
| According to IFRS   | 115,396,672.78 |

The President of B.o.D.

George Galanakis

S. - 282324 (GASBOK I.D. No)

The Member

Philips Spyropoulos

S. - 181263 (GASBOK I.D. No)

Marousi, March 13, 2006

The Director

Christos

X - 511897 (GASBOK I.D. No)

## **INCOME STATEMENT (amounts in €)**

|   |            |
|---|------------|
| Turnover  | 16,540,000 |
| Cost of sale  | 16,540,000 |
| Partial spending results                              | 0          |
| Other income  | 0          |
| Administrative expenses                               | 0          |
| Profit before finance charges and taxes               | 0          |
| Profit before finance charges, depreciation and taxes | 0          |
| State of profit in associates                         | 0          |
| Interest income                                       | 0          |
| Finance costs   | 0          |
| Profit before tax                                     | 0          |
| Tax   | 0          |
| Profit for the year                                   | 0          |

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

|   |   |
|---|---|
| Operating activities  | 0 |
| Prepayments before taxes  | 0 |
| Prepayments adjustments for:  | 0 |
| Finance costs   | 0 |
| Results from investing activities                                     | 0 |
| Operating cash inflows/(outflows) before movements in working capital | 0 |
| Payments/(receipts) for working capital                               | 0 |
| Decrease/(increase) of receivables                                    | 0 |
| Decrease/(increase) of liabilities                                    | 0 |
| Interest expense paid   | 0 |
| Net cash from operating activities (a)                                | 0 |
| INVESTING ACTIVITIES  | 0 |
| Interest received   | 0 |
| Net cash used in investing activities (b)                             | 0 |
| FINANCING ACTIVITIES  | 0 |
| Dividends paid  | 0 |
| Net cash from financing activities (c)                                | 0 |
| Net increase/(decrease) in cash and cash equivalents (a+b+c)          | 0 |
| Cash and cash equivalents at the beginning of the period              | 0 |
| Cash and cash equivalents at the end of the period                    | 0 |

## **ADDITIONAL FIGURES AND INFORMATION**

- The caution mentioned at the Audit Certificate's footnote concerns the financial years that have not been audited.
- From the Shareholders' Equity on 31 December 2005, dividend had been made of € 5,120,344.00. This amount is distributed as a result of the decision of the Board of Directors on November 28, 2005. The company's net € 4,614,360.00 as further dividend for the fiscal year ended on December 3, 2005 will be proposed to the Shareholders.



**REGENCY INTERNATIONAL CASINO TIRANA S.A.**

ANNUAL FINANCIAL STATEMENTS

for the period January 1 to December 31, 2005

According to the International Financial Reporting Standards  
that have been adopted by the European Union

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## STATEMENT OF INCOME

| (in €)                                  | Schedule | 31.12.2005           | 31.12.2004 |
|---|----------|----------------------|------------|
| Turnover                                | 12       | 1,050,126.91         |            |
| Gaming tax                              |          | 60,335.90            |            |
| Net turnover                            |          | 989,791.01           |            |
| Cost of Sales                           | 13       | 554,380.74           |            |
| Gross Profit                            |          | 435,410.27           |            |
| Other income/expenses                   |          |                      |            |
| Other operating income                  |          | 15,500.82            |            |
| Administrative expenses                 | 14       | 287,911.16           |            |
| Selling and distribution expenses       | 15       | 90,379.81            |            |
| Operating profit                        |          | 72,620.11            |            |
| Interest income                         |          | 15,071.60            |            |
| Finance costs                           | 16       | 283,693.79           |            |
| Preoperating expenses                   |          | 2,016,698.19         |            |
| Profit before tax                       |          | -2,212,700.27        |            |
| Income tax                              | 17       | -378,682.67          |            |
| Profit/(Loss) before minority interests |          | -1,834,017.60        |            |
| Less: Minority interests                |          |                      |            |
| <b>NET PROFIT FOR THE YEAR/PERIOD</b>   |          | <b>-1,834,017.60</b> |            |

## BALANCE SHEET

| (in €)                                 | Schedule | 31.12.2005           | 31.12.2004 |
|--|----------|----------------------|------------|
| <b>ASSETS</b>                          |          |                      |            |
| Fixed assets                           |          |                      |            |
| Tangible fixed assets, net             | 1        | 7,237,932.89         |            |
| Intangible fixed assets, net           | 2        | 8,081,720.89         |            |
| Investments in associates              | 3        | 32,632.00            |            |
| Advances from shareholders             |          | 239,910.00           |            |
| Long term receivables                  |          |                      |            |
| Deferred tax asset                     | 4        | 488,873.40           |            |
| <b>Total fixed assets</b>              |          | <b>16,081,069.17</b> |            |
| Current assets                         |          |                      |            |
| Inventory                              | 5        | 30,331.07            |            |
| Trade and other receivables            | 6        | 72,173.69            |            |
| Commercial portfolio                   |          |                      |            |
| Other receivables and prepaid expenses |          |                      |            |
| Due from affiliated companies          | 7        |                      |            |
| Cash and cash equivalents              | 8        | 1,924,933.52         |            |
| <b>Total current assets</b>            |          | <b>2,027,438.28</b>  |            |
| <b>TOTAL ASSETS</b>                    |          | <b>18,108,507.46</b> |            |



## EQUITY AND LIABILITIES

|                                     |    |                      |
|-------------------------------------|----|----------------------|
| Capital and reserves                |    |                      |
| Share capital                       |    | 239,910.00           |
| Share premium                       |    |                      |
| Reserves                            |    |                      |
| Retained earnings                   |    | -1,935,761.10        |
| Minority interest                   |    |                      |
| <b>Total equity</b>                 |    | <b>-1,695,851.10</b> |
| Minority interests                  |    |                      |
| Non current liabilities             |    |                      |
| Long term borrowings                | 9  |                      |
| Retirement benefit obligation       |    |                      |
| Advances from shareholders          |    |                      |
| Deferred tax liabilities            | 4  |                      |
| Current Liabilities                 |    |                      |
| Bank overdrafts and loans           | 9  |                      |
| Trade and other payables            |    | 2,554,819.65         |
| Current tax obligation              |    | 134,308.79           |
| Dividends payable                   |    |                      |
| Other current liabilities           | 10 | 641,106.39           |
| Due to affiliated companies         | 11 | 16,474,123.73        |
| <b>Total current liabilities</b>    |    | <b>19,804,358.56</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b> |    | <b>18,108,507.46</b> |

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| (in €)                          | Share Capital     | Share Premium | Reserves | Retained Earnings    | Total | Minority Interest | Total                |
|---------------------------------|-------------------|---------------|----------|----------------------|-------|-------------------|----------------------|
| <b>Balance 1 January 2004</b>   |                   |               |          |                      |       |                   |                      |
| Net profit for the year/period  |                   |               |          |                      |       |                   |                      |
| Transfers                       |                   |               |          |                      |       |                   |                      |
| Dividends                       |                   |               |          |                      |       |                   |                      |
| Other (Please provide analysis) |                   |               |          |                      |       |                   |                      |
| <b>Balance 31 December 2004</b> |                   |               |          |                      |       |                   |                      |
| Net profit for the year/period  |                   |               |          | -1,834,017.60        |       |                   | -1,834,017.60        |
| Share capital issued            | 239,910.00        |               |          |                      |       |                   | 239,910.00           |
| Transfers                       |                   |               |          |                      |       |                   |                      |
| Foreign exchange                |                   |               |          | -101,743.50          |       |                   | -101,743.50          |
| Dividends                       |                   |               |          |                      |       |                   |                      |
| Other (Please provide analysis) |                   |               |          |                      |       |                   |                      |
| <b>Balance 31.12.2005</b>       | <b>239,910.00</b> |               |          | <b>-1,935,761.10</b> |       |                   | <b>-1,594,107.60</b> |

# CASH FLOW STATEMENT

| (in €)  | 31.12.2005            | 31.12.2004 |
|---|-----------------------|------------|
| Cash flows from operating activities :  |                       |            |
| (Loss)/Profit from operations   | -2,212,700.27         |            |
| Adjustments to reconcile net income to net cash provided by operating activities: |                       |            |
| Provision for bad debts   |                       |            |
| Depreciation  | 63,541.12             |            |
| Amortisation  | 45,297.22             |            |
| Minority interests  |                       |            |
| Foreign exchange difference   | -101,743.50           |            |
| Equity share in associate   |                       |            |
| Income taxes paid   | -110,190.73           |            |
| Interest  | 15,071.60             |            |
|   | -2,300,724.56         |            |
| Changes in operating assets and liabilities :                                     |                       |            |
| Other receivables and prepaid expenses  |                       |            |
| Insurance claims receivable   |                       |            |
| Trade receivables   | -72,173.69            |            |
| Inventories   | -30,331.07            |            |
| Trade payables and accruals   | 2,554,819.65          |            |
| Other current liabilities   | 641,106.39            |            |
| Current tax obligation  | 134,308.79            |            |
| Interest paid   | -15,071.60            |            |
| Provisions  |                       |            |
| <b>Net cash (utilised in)/provided by operating activities</b>                    | <b>911,933.90</b>     |            |
| Cash flows from financing activities :  |                       |            |
| Amounts due to related parties  | 16,474,123.73         |            |
| Repayment of loans  |                       |            |
| Dividends paid  |                       |            |
| Shareholders advances   | -239,910.00           |            |
| Share Capital   | 239,910.00            |            |
| Long term liabilities   |                       |            |
| <b>Net cash (utilised in)/provided by financing activities</b>                    | <b>16,474,123.73</b>  |            |
| Cash flows from investing activities:   |                       |            |
| Investments in other companies  | -32,632.00            |            |
| <b>Fixed Assets of consolidated subsidiaries, additions</b>                       | <b>-15,428,492.11</b> |            |
| Fixed Assets of consolidated subsidiaries, disposals                              |                       |            |
| Minority interests in subsidiary companies  |                       |            |
| Net cash (utilised in)/provided by investing activities                           | -15,461,124.11        |            |
| Net increase/(decrease) in cash   | 1,924,933.52          |            |
| CASH, beginning of year   |                       |            |
| <b>CASH, end of year</b>  | <b>1,924,933.52</b>   |            |

## 1. TANGIBLE ASSETS

| Description<br>(in €)           | Opening balance<br>01.01.2005 | Purchases -<br>additions | Disposals -<br>scrapped | Transfers/<br>revaluation | Closing balance<br>31.12.05 |
|---------------------------------|-------------------------------|--------------------------|-------------------------|---------------------------|-----------------------------|
| Land                            |                               |                          |                         |                           | 0.00                        |
| Buildings                       |                               | 2,197,014.66             |                         |                           | 2,197,014.66                |
| Machinery and other equipment   |                               | 3,580,678.79             |                         |                           | 3,580,678.79                |
| Motor vehicles                  |                               | 40,083.06                |                         |                           | 40,083.06                   |
| Furniture and fittings          |                               | 1,483,697.50             |                         |                           | 1,483,697.50                |
| Under construction and advances | 0.00                          | 7,301,474.01             | 0.00                    | 0.00                      | 7,301,474.01                |

| Description                     | Opening balance<br>01.01.05 | Current<br>depreciation | Disposals | Transfers/<br>revaluation | Closing balance<br>31.12.05 |
|---------------------------------|-----------------------------|-------------------------|-----------|---------------------------|-----------------------------|
| Land                            |                             |                         |           |                           | 0.00                        |
| Buildings                       |                             | 5,495.57                |           |                           | 5,495.57                    |
| Machinery and other equipment   |                             | 39,121.46               |           |                           | 39,121.46                   |
| Motor vehicles                  |                             | 367.63                  |           |                           | 367.63                      |
| Furniture and fittings          |                             | 18,556.46               |           |                           | 18,556.46                   |
| Under construction and advances | 0.00                        | 63,541.12               | 0.00      | 0.00                      | 63,541.12                   |

| Description                     | Opening<br>NBV 01.01.2005 | Closing<br>NBV 31.12.2005 |
|---------------------------------|---------------------------|---------------------------|
| Land                            | 0.00                      | 0.00                      |
| Buildings                       | 0.00                      | 2,191,519.09              |
| Machinery and other equipment   | 0.00                      | 3,541,557.33              |
| Motor vehicles                  | 0.00                      | 39,715.43                 |
| Furniture and fittings          | 0.00                      | 1,465,141.04              |
| Under construction and advances | 0.00                      | 0.00                      |
|                                 | 0.00                      | 7,237,932.89              |

## 2. INTANGIBLE FIXED ASSETS

| Description | Opening balance<br>01.01.05 | Purchases -<br>additions | Disposals -<br>scrapped | Transfers/<br>revaluation | Closing balance<br>31.12.05 |
|-------------|-----------------------------|--------------------------|-------------------------|---------------------------|-----------------------------|
| Licenses    |                             | 8,102,102.54             |                         |                           | 8,102,102.54                |
| Other       |                             | 24,915.57                |                         |                           | 24,915.57                   |
|             | 0.00                        | 8,127,018.11             | 0.00                    | 0.00                      | 8,127,018.11                |

| Description | Opening balance<br>01.01.05 | Current<br>depreciation | Disposals | Transfers/<br>revaluation | Closing balance<br>31.12.05 |
|-------------|-----------------------------|-------------------------|-----------|---------------------------|-----------------------------|
| Licences    |                             | 45,297.22               |           |                           | 45,297.22                   |
| Other       | 0.00                        | 45,297.22               | 0.00      | 0.00                      | 45,297.22                   |

| Description | Opening NBV 01.01.05 | Closing NBV 31.12.05 |
|-------------|----------------------|----------------------|
| Licenses    | 0.00                 | 8,056,805.32         |
| Other       | 0.00                 | 24,915.57            |
|             | 0.00                 | 8,081,720.89         |

### 3. INVESTMENTS

| Investments                               | Percentage held on December 31, |      | Acquisition Cost |      | Carrying Value December 31, |      | Market Value |      | Principal activities December 31, |
|---|---------------------------------|------|------------------|------|-----------------------------|------|--------------|------|-----------------------------------|
|   | 2005                            | 2004 | 2005             | 2004 | 2005                        | 2004 | 2005         | 2004 |                                   |
| Non current investments                   |                                 |      |                  |      |                             |      |              |      |                                   |
| Affiliated companies:                     |                                 |      |                  |      |                             |      |              |      |                                   |
| Other companies:                          |                                 |      |                  |      |                             |      |              |      |                                   |
| Total holdings in non current investments |                                 |      |                  |      |                             |      |              |      |                                   |
| Current investments                       |                                 |      |                  |      |                             |      |              |      |                                   |
| Affiliated companies:                     |                                 |      |                  |      |                             |      |              |      |                                   |
| RIC Security Services SHPK                | 100%                            |      | 32,632.00        |      |                             |      |              |      | Security services company         |
| Incorporated in Albania                   |                                 |      |                  |      |                             |      |              |      |                                   |
| Other companies:                          |                                 |      |                  |      |                             |      |              |      |                                   |
| Securities                                |                                 |      |                  |      |                             |      |              |      |                                   |
| Total current holdings                    |                                 |      | 32,632.00        |      |                             |      |              |      |                                   |
| <b>TOTAL INVESTMENTS</b>                  |                                 |      | <b>32,632.00</b> |      |                             |      |              |      |                                   |

### 4. DEFERRED TAX MOVEMENT

Tax rate = 23%

| (in €)                           | 2005       | 2004 |
|----------------------------------|------------|------|
| Deferred tax assets              | 488,873.40 |      |
| Deferred tax liability           |            |      |
| Net position at 31 December 2005 | 488,873.40 |      |

The movement for the year in the companys net deferred tax position is as follows:

|  | 2005              | 2004 |
|--|-------------------|------|
| <b>Balance at January 1</b>            |                   |      |
| Charge to income for the year          | 488,873.40        |      |
| Charge/(credit) to equity for the year |                   |      |
| Exchange differences                   |                   |      |
| Effect of change in tax rate           |                   |      |
| <b>Balance at 31 December</b>          | <b>488,873.40</b> |      |

| Deferred tax asset                     | Accelerated tax depreciation/<br>amortisation | Pre-operating expenses write off | Foreign exchange differences | Total             |
|--|---|----------------------------------|------------------------------|-------------------|
| <b>Balance at January 1</b>            |   |                                  |                              |                   |
| Charge to income for the year          | 25,032.82                                     | 463,840.58                       |                              | 488,873.40        |
| Charge/(credit) to equity for the year |   |                                  |                              |                   |
| Exchange differences                   |   |                                  |                              |                   |
| Effect of change in tax rate           |   |                                  |                              |                   |
| <b>Balance at 31 December</b>          | <b>25,032.82</b>                              | <b>463,840.58</b>                |                              | <b>488,873.40</b> |

## Deferred tax liability

|  | Provide details<br>per category | Provide details<br>per category | Total |
|--|---------------------------------|---------------------------------|-------|
| <b>Balance at January 1</b>            |                                 |                                 |       |
| Charge to income for the year          |                                 |                                 |       |
| Charge/(credit) to equity for the year |                                 |                                 |       |
| Exchange differences                   |                                 |                                 |       |
| Effect of change in tax rate           |                                 |                                 |       |
| <b>Balance at 31 December</b>          |                                 |                                 |       |

## 5. INVENTORY

| (in €)                 | 31.12.2005       | 31.12.2004 |
|------------------------|------------------|------------|
| Finished goods         |                  |            |
| Raw materials          | 30,331.07        |            |
| <b>Total inventory</b> | <b>30,331.07</b> |            |

## 6 TRADE AND OTHER RECEIVABLES

| (in €)  | 31.12.2005       | 31.12.2004 |
|---|------------------|------------|
| Trade receivables (third-parties)             | 18,233.24        |            |
| Trade receivables (inter-company)             |                  |            |
| Doubtful receivables                          |                  |            |
| Income tax advance                            |                  |            |
| Taxes withheld                                | 4,972.49         |            |
| Advances - receivables                        | 44,933.02        |            |
| Cheques, bills receivable                     |                  |            |
| Advances                                      | 4,034.95         |            |
| <b>Total trade and other receivables</b>      | <b>72,173.69</b> |            |
| Less: Provision for doubtful accounts         | 6a               |            |
| <b>Total trade and other receivables, net</b> | <b>72,173.69</b> |            |

## 8. CASH AND CASH EQUIVALENTS

| (in €)                                 | 31.12.2005          | 31.12.2004 |
|--|---------------------|------------|
| Cash on hold and at banks              |                     |            |
| Short term bank deposits               | 1,515,976.61        |            |
| Cash                                   | 408,956.90          |            |
| <b>Total cash and cash equivalents</b> | <b>1,924,933.52</b> |            |

## 10. OTHER SHORT TERM LIABILITIES

| (in €)                                | 31.12.2005        | 31.12.2004 |
|---------------------------------------|-------------------|------------|
| Other provisions                      |                   |            |
| Cheques payable                       |                   |            |
| Social security contributions payable | 60,928.07         |            |
| Other taxes and duties                | 84,107.64         |            |
| Sundry creditors                      | 46,140.16         |            |
| Accruals and deferred income          | 449,657.96        |            |
| Other                                 | 272.56            |            |
| <b>Total short term liabilities</b>   | <b>641,106.39</b> |            |

## 11. INTERCOMPANY PAYABLES

Please give a further analysis of your intercompany balances with each of the Group companies :

Due from affiliated companies

| (in €)  |                      |                 |
|---|----------------------|-----------------|
| Company   | Amount 31.12.05      | Amount 31.12.04 |
| Gaming Investment Overseas S.A.                   | 16,474,123.73        |                 |
| <b>Total amount due from affiliated companies</b> | <b>16,474,123.73</b> |                 |

## 12. TURNOVER

| (in €)                       | 31.12.2005          | 31.12.2004 |
|------------------------------|---------------------|------------|
| Income from tables           | 837,392.17          |            |
| Income from slots            | 149,139.41          |            |
| Income from tickets          |                     |            |
| Income from meals and drinks | 63,595.33           |            |
| Other sales income           |                     |            |
| <b>Total income</b>          | <b>1,050,126.91</b> |            |

## 13. COST OF SALES

| (in €)                     | 31.12.2005        | 31.12.2004  |
|----------------------------|-------------------|-------------|
| Depreciation               | 21,180.37         |             |
| Amortization               | 45,297.22         |             |
| Staff payroll              | 232,952.50        |             |
| Third party fees           | 0.00              |             |
| Consumables                |                   |             |
| Other expenses             | 213,290.67        |             |
| Gratuities                 | 41,659.98         |             |
| <b>Total Cost of Sales</b> | <b>554,380.74</b> | <b>0.00</b> |

## 14. ADMINISTRATION EXPENSES

|                                      | 31.12.2005        | 31.12.2004  |
|--------------------------------------|-------------------|-------------|
| Depreciation                         | 21,180.37         |             |
| Staff payroll                        | 54,732.86         |             |
| Third party fees                     | 10,102.71         |             |
| Administrators fee                   | 63,003.66         |             |
| Other expenses                       | 138,891.56        |             |
| <b>Total administration expenses</b> | <b>287,911.16</b> | <b>0.00</b> |

## 15. SELLING AND DISTRIBUTION EXPENSES

|  | 31.12.2005       | 31.12.2004  |
|--|------------------|-------------|
| Depreciation                                   | 21,180.37        |             |
| Staff payroll                                  | 1,293.53         |             |
| Advertising                                    | 49,695.03        |             |
| Other expenses                                 | 18,210.88        |             |
| <b>Total selling and distribution expenses</b> | <b>90,379.81</b> | <b>0.00</b> |

## 16. FINANCE COSTS

Finance costs are analyzed as follows:

|                                     | 31.12.2005        | 31.12.2004  |
|-------------------------------------|-------------------|-------------|
| Interest on long term loans         |                   |             |
| Interest on short term loans        | 283,693.79        |             |
| Other bank expenses and commissions |                   |             |
| <b>Total finance costs</b>          | <b>283,693.79</b> | <b>0.00</b> |

## 17. INCOME TAX

|                           | 31.12.2005         | 31.12.2004  |
|---------------------------|--------------------|-------------|
| Current year tax          | 110,190.73         |             |
| Prior year taxes          |                    |             |
| Deferred tax (schedule 4) | -488,873.40        |             |
| Real estate tax           |                    |             |
| <b>Total income tax</b>   | <b>-378,682.67</b> | <b>0.00</b> |

## 19. RECONCILIATION OF RETAINED EARNINGS

| (in €)                             | Retained earnings<br>1.1.05 | Net income/<br>loss for 2005 | Retained earnings<br>31.12.05 |
|------------------------------------|-----------------------------|------------------------------|-------------------------------|
| Per Statutory financial statements | 0.00                        | 90,494.45                    | 90,494.45                     |
| Adjustments (provide analysis)     |                             |                              |                               |
| Depreciation                       |                             | -63,541.12                   | -63,541.12                    |
| Amortisation                       |                             | -45,297.22                   | -45,297.22                    |
| Pre-operating expenses write off   |                             | -2,016,698.19                | -2,016,698.19                 |
| Foreign exchange differences       |                             | -101,743.50                  | -101,743.50                   |
| Deferred tax                       |                             |                              |                               |
| Per Reporting package              | 0.00                        | -2,136,785.58                | -2,136,785.58                 |

## 20. SHARE CAPITAL

31.12.2005

| Authorised and issued | LEK      | EURO       |         |
|-----------------------|----------|------------|---------|
| 30000 shares          | LEK 1000 | 30,000,000 | 239,910 |