

Management's report

on the financial statements of Astir Palas Vouliagmeni SA

for the financial year 2006

Dear Shareholder,

We submit for approval the annual financial statements, prepared in accordance with International Financial Reporting Standards adopted since 1 January 2005, consisting of the Balance Sheet, the Income Statement, the Cashflow Statement and the Notes to the financial statements for the year ended 31 December 2006.

2006 was, for the Company, a year of reorganization and of important investment indicative of significant potential development for periods to come. Tourism in Greece was not only maintained at prior year's encouraging levels but benefited from a further increase of foreign tourist arrivals by 7,7% compared to 4,5% and 3,9% increase at a worldwide and Europe-wide level respectively.

Reorganization

The Board of Directors, as part of its strategy of improvement of the level and quality of services rendered through the utilization of the know-how and brand name of an international manager, assigned in 2006 the management of the Astir Palace hotel complex by signing a contractual agreement with the company Starwood Hotels & Resorts Worldwide Inc. Starwood officially assumed management of the complex on 1st July 2006 for 15 years. From this date, the Arion Hotel and the bungalows were renamed to Arion Resort & Spa, a Luxury Collection, the Nafsika Hotel to The Westin Athens and the Aphroditi Hotel to W Athens following completion of its renovation. It is mentioned that the competition (for the assignment of management) burdened current year's pre tax results with expenses totaling Euro 1.9 million.

Furthermore, during the year under review the Company initiated a voluntary retirement scheme which was concluded with the participation of 189 employees. The total pre tax cost of the voluntary retirement scheme amounted to Euro 10.6 million whilst compensations paid amounted to a total of Euro 13 million.

In addition to the above the Company concluded the construction of the SPA at the Arion hotel allowing for the provision of high quality services enhancing its competitiveness in the hotel industry.

Financial results

Total revenues for the year 2006 amounted to Euro 25.9 mil, an increase of 16.1% year on year, against Euro 22.3 mil for 2005. This increase in total revenues was reflective of a 13% increase in the average room rate from 2005 rates, a 16.9% year on year increase of the average revenue per available room and the increase of occupancy, during 2006, by one percentage point. Total overnight stays in 2006 amounted to 61,467 compared to 59,457 for 2005.

As a result, 2006 earnings before taxes, interest, depreciation & amortization and reorganization costs (voluntary retirement scheme and management competition expenses) amounted to Euro 1.605 thousand, an increase of 33.3% year on year, against Euro 1.204 thousand for 2005.

Risk management

Risk management and control form an integrated part of Company's commitment in pursuing maximum return of shareholders' invested capital.

Foreign exchange risks

The Company operates within the country and its invoices are expressed exclusively in Euros. There are limited, compared to the total, imports of goods from other countries. Daily foreign exchange transactions for the cash needs of guests not involve large amounts.

Credit risks

The Company has a specific credit policy which is used consistently. The exposure in credit risks is being assessed and evaluated on a constant basis, so that credit granted does not exceed defined customer credit limits. There is no credit risk concentration related to receivables, as the Company has a large number of customers and the credit risk is dispersed.

Risks due to interest rates fluctuations

The Company's interest bearing assets and liabilities are connected to the Euribor interest rate. The Company does not use financial derivatives. The Company monitors interest rate fluctuations and is in a position to reassess its pricing policy in case of a significant increase of its cost of funds.

Dividend policy

The Company will not distribute dividends due to losses.

Post balance sheet events

On 30 January 2007 the Company obtained a working capital loan of Euro 3.000 thousand from the parent company.

Moreover on 16 March 2007 the Company obtained funding of Euro 1.373 thousand from the parent company under the approved subsidy scheme for the creation of SPA facilities.

Athens, 23 March 2007

CHAIRMAN OF THE BOARD OF DIRECTORS

EFSTRATIOS GEORGIOS ARAPOGLOU

Supplementary Report
To the Annual General Meeting of Shareholders
of Astir Palas Vouliagmeni SA
pursuant to article 11a of Law 3371/2005

Pursuant to article 30 of Law 3461/106 A/30-5-2006 aligning national legislation with European Council Directive 2004/25/EC, article 11a was included in Law 3371/2005, which states that listed companies must submit a supplementary report to the General Meeting of Shareholders providing detailed information on specific issues. This Board of Directors' report to the General Meeting of Shareholders contains the additional information required by article 11a of Law 3371/2005.

Share capital structure

The share capital of the Company amounted to Euro 127.800 thousand divided into 42 600 000 ordinary shares of a nominal value of Euro 3.00 each. There was no change to the number of shares compared to 31 December 2005. The Company's share is listed on the Athens Exchange.

Shareholders' rights issuing from its share depend on the share capital portion that corresponds to the paid up value of their shares. Each share embodies all the rights and obligations provided for by law and the company's Articles of Association. Specifically:

The right to participate in and vote at the General Meeting of Shareholders.

The right to a dividend from the Company's profit for the year ended, or from liquidation, which amounts to 35% of the net profit following allocation of statutory reserves, or 6% of the paid-up capital (whichever is higher). This is annually distributed to shareholders as first dividend, whereas distribution of supplementary dividend is subject to General Meeting resolution. Entitled to a dividend are shareholders whose names appear in the Register of the Company's Shareholders on the date the dividend beneficiaries are determined, and a dividend on each share owned by them is paid within two (2) months of the date of the General Meeting of Shareholders that approved the annual financial statements. The dividend payment method and place are announced in the press. After the lapse of five (5) years from the end of the year in which the General Meeting approved the dividend, the right to collect the dividend expires and the corresponding amount is forfeited in favor of the Greek state.

The preemptive right to each share capital increase in cash and issue of new shares.

The right to receive a copy of the Company's financial statements and of the chartered auditors' report and the Board of Directors' report.

The General Meeting of Shareholders maintains all of its rights during liquidation proceedings (pursuant to Article 35 of the Company's Articles of Association).

Shareholders' liability is limited to the nominal value of the shares owned by them.

Restrictions on transfers of shares

Transfers of the Company's shares are carried out as prescribed by law and are not subject to any restrictions pursuant to the Company's Articles of Association.

The National Bank of Greece is obliged to maintain a 51% of the Company's shares.

Significant direct and indirect holdings as per PD 51/1992

National Bank of Greece SA has a participation percentage in the Company of 78.06%. Except from the participation of the National Bank of Greece there are no other significant direct or indirect

holdings as per PD 51/1992 of a direct or indirect participation percentage higher than 5% of the aggregate number of the Company's shares.

Shares with special control rights

There are no shares with special control rights.

Restrictions to voting rights

There are no restrictions on voting rights issuing from the shares pursuant to the Company's Articles of Association.

Shareholders' agreements

To the Company's knowledge there are no shareholders' agreements pursuant to which restrictions apply to transfers of, or to the exercise of voting rights issuing from, the Company's shares.

Rules regarding the appointment and replacement of Board members and amendments to Articles of Association

The provisions of the Company's Articles of Association regarding the appointment and replacement of members of the Board of Directors and amendments to the Articles of Association are the same as the corresponding provisions of the Companies' Act 2190/1920.

Board of Directors' authority for the issue of new shares or the purchase of own shares

1) Pursuant to the provisions of Companies' Act 2190/1920 Article 13 par. 1(b), by General Meeting resolution, subject to the publication requirements provided for under Companies' Act 2190/1920 Article 7b, the Board of Directors can increase the Company's share capital through the issue of new shares by resolution adopted on a two-third-majority basis. In that case, pursuant to Article 5 of the Company's Articles of Association the Company's share capital may increase up to the amount of capital paid up as at the date the Board of Directors' is authorized to do so by the General Meeting. The said authorization may be renewed, each time for a period of up to five (5) years.

2) In accordance with Companies' Act 2190/1920 Article 13 par. 9, pursuant to a General Meeting resolution a Stock Options Programme may be launched for the management and the staff in the form of options to acquire shares of the Company as per the terms of the resolution. The General Meeting resolution determines the maximum number of shares to be issued if the beneficiaries' stock options are exercised, which by law cannot exceed 1/10 of existing shares, as well as the purchase price and the terms of allocation of the shares to the beneficiaries.

Other details not provided for otherwise under the General Meeting resolution are determined by resolution of the Board of Directors, which provides for the issue of the stock option certificates, in December of each year issues the shares to the beneficiaries who have exercised their options, increasing share capital accordingly and certifying the said increase.

3) In accordance with Companies' Act 2190/1920 Article 16 par. 5-13, pursuant to a General Meeting resolution companies listed on the ATHEX may purchase up to 10% of their own shares ("treasury shares") via ATHEX to support the stock market price of their share, subject to the specific terms and procedures provided for under the Article. The Company does not apply the above mentioned provision.

Significant agreements that come into effect, are modified or terminated in the event of a change in control following a public offering

The National Bank of Greece is obliged to maintain a 51% of the Company's shares.

Agreements with Board members or officers of the Company

The Company reserves the right for groundless termination of employment contracts of executive Board Members and officers of the Company.

Athens, 23 March 2007

CHAIRMAN OF THE BOARD OF DIRECTORS

EFSTRATIOS GEORGIOS ARAPOGLOU