

ASTIR PALACE VOULIAGMENI S.A.

COMPANY OF THE NATIONAL BANK OF GREECE S.A.

Financial Statements

31 December 2006

**In accordance with
International Financial Reporting Standards**

March 2007

Table of Contents

| | |
|---|----|
| Income Statement..... | 3 |
| Balance Sheet..... | 4 |
| Statement of Changes in Equity..... | 5 |
| Cash Flow Statement..... | 6 |
| Notes to the financial statements..... | 7 |
| Note 1: General Information..... | 7 |
| Note 2: Summary of significant accounting policies..... | 9 |
| 2.1 Basis of presentation, significant accounting principles and estimates..... | 9 |
| 2.2 Adoption of International Financial Reporting Standards (IFRS)..... | 9 |
| 2.3 Revenues..... | 11 |
| 2.4 Borrowing cost..... | 11 |
| 2.5 Operating Income..... | 11 |
| 2.6 Income taxes..... | 11 |
| 2.7 Earnings per share..... | 11 |
| 2.8 Leases..... | 12 |
| 2.9 Foreign currency translation..... | 12 |
| 2.10 Offsetting..... | 12 |
| 2.11 Financial instruments..... | 12 |
| 2.12 Assets impairment..... | 12 |
| 2.13 Intangible assets..... | 13 |
| 2.14 Tangible assets..... | 13 |
| 2.15 Inventories..... | 14 |
| 2.16 Receivables, payables and bad debt allowances..... | 14 |
| 2.17 Cash and cash equivalents..... | 14 |
| 2.18 Employee benefits..... | 14 |
| 2.19 Provisions..... | 15 |
| 2.20 Bank loans..... | 15 |
| 2.21 Government grants..... | 15 |
| 2.22 Critical accounting policies, estimates & judgments..... | 15 |
| Note 3: Risk Management..... | 16 |
| Note 4: Business Segments..... | 17 |
| Note 5: Revenues..... | 18 |
| Note 6: Cost of sales..... | 18 |
| Note 7: Administrative and distribution expenses..... | 18 |
| Note 8: Reorganization expenses..... | 18 |
| Note 9: Financial income..... | 18 |
| Note 10: Financial expenses..... | 18 |
| Note 11: Tax expense..... | 19 |
| Note 12: Profit/ (loss) for the year..... | 19 |
| Note 13: Earnings per share..... | 19 |
| Note 14: Intangible fixed assets..... | 20 |
| Note 15: Tangible fixed assets..... | 20 |
| Note 16: Deferred tax assets and liabilities..... | 21 |
| Note 17: Inventories..... | 21 |
| Note 18: Accounts receivable..... | 21 |
| Note 19: Cash and cash equivalents..... | 21 |
| Note 20: Other assets..... | 21 |
| Note 21: Debt..... | 22 |
| Note 22: Employee benefits..... | 23 |
| Note 23: Other liabilities..... | 24 |
| Note 24: Liabilities due to finance leases..... | 24 |
| Note 25: Provisions..... | 25 |
| Note 26: Government grants..... | 25 |
| Note 27: Non cash transactions..... | 25 |
| Note 28: Share capital..... | 25 |
| Note 29: Reserves..... | 25 |
| Note 30: Reclassifications..... | 26 |
| Note 31: Post balance sheet events..... | 26 |
| Note 32: Related party transactions..... | 26 |
| Note 33: Contingent liabilities and commitments..... | 27 |
| INDEPENDENT AUDITOR'S REPORT..... | 28 |

| Income Statement | From 1st January to | | |
|---|----------------------------|------------------------|-----------------------|
| In thousands € | Note | 31.12.2006 | 31.12.2005 |
| Revenues | 5 | 25.961 | 22.366 |
| Cost of sales | 6 | <u>(27.012)</u> | <u>(23.975)</u> |
| Gross profit / (loss) | | (1.051) | (1.609) |
| Other operating income | 5 | 925 | 1.001 |
| Administrative expenses | 7 | (1.950) | (1.585) |
| Distribution expenses | 7 | <u>(2.075)</u> | <u>(2.168)</u> |
| Operating profit / (loss) before reorganization expenses | | (4.151) | (4.361) |
| Reorganization expenses | 8 | <u>(12.592)</u> | <u>(454)</u> |
| Operating profit / (loss) | | (16.743) | (4.815) |
| Financial income..... | 9 | 61 | 47 |
| Financial expenses..... | 10 | <u>(1.830)</u> | <u>(1.335)</u> |
| Profit / (loss) before taxes | | (18.512) | (6.103) |
| Tax expense..... | 11 | <u>5.354</u> | <u>(577)</u> |
| Net profit / (loss) after taxes | | <u>(13.158)</u> | <u>(6.680)</u> |
| Earnings / (losses) per share – Basic (in euro) | 13 | <u>(0.31)</u> | <u>(0.16)</u> |

| Balance Sheet | | | |
|--------------------------------------|------|----------------|----------------|
| In thousands € | Note | 31.12.2006 | 31.12.2005 |
| ASSETS | | | |
| Non-current assets | | | |
| Intangible fixed assets..... | 14 | 85 | 55 |
| Tangible fixed assets..... | 15 | 175.233 | 177.067 |
| Deferred taxes..... | 16 | 6.429 | 664 |
| Total non-current assets | | 181.747 | 177.786 |
| Current assets | | | |
| Inventories..... | 17 | 327 | 327 |
| Accounts receivable..... | 18 | 1.772 | 1.105 |
| Cash and cash equivalents..... | 19 | 1.601 | 3.540 |
| Other assets..... | 20 | 1.283 | 2.138 |
| Total current assets | | 4.983 | 7.110 |
| Total assets | | 186.730 | 184.896 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Short-term debt..... | 21 | 9.457 | 2.093 |
| Taxes payable..... | 16 | 206 | 138 |
| Government grants..... | 26 | 105 | 74 |
| Liabilities due to leases..... | 24 | 50 | 48 |
| Accounts payable..... | - | 3.476 | 3.021 |
| Dividends payable..... | - | 211 | 212 |
| Other liabilities..... | 23 | 2.990 | 2.022 |
| Total current liabilities | | 16.495 | 7.608 |
| Non-current liabilities | | | |
| Long-term debt..... | 21 | 40.375 | 31.774 |
| Employee benefits..... | 22 | 1.522 | 4.341 |
| Government grants..... | 26 | 740 | 364 |
| Liabilities due to leases..... | 24 | 193 | 243 |
| Deferred taxes..... | 16 | 87 | 71 |
| Provisions..... | 25 | 181 | 200 |
| Total non-current liabilities | | 43.098 | 36.993 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital..... | 28 | 127.800 | 127.800 |
| Share premium..... | - | 21.314 | 21.314 |
| Reserves..... | 29 | 4.770 | 4.770 |
| Retained earnings..... | - | (26.747) | (13.589) |
| Shareholders' equity | | 127.137 | 140.295 |
| Total Liabilities and Equity | | 186.730 | 184.896 |

| Statement of Changes in Equity | | | | | |
|--|----------------|---------------|--------------|-------------------|-----------------|
| In thousands € | Share capital | Share premium | Reserves | Retained earnings | Total |
| 1st January 2005 | 127.800 | 21.314 | 4.770 | (6.909) | 146.975 |
| Changes from 1.1 to 31.12.2005: | | | | | |
| Profit / (loss) after taxes | - | - | - | (6.680) | (6.680) |
| 31st December 2005 | 127.800 | 21.314 | 4.770 | (13.589) | 140.295 |
| 1st January 2006 | 127.800 | 21.314 | 4.770 | (13.589) | 140.295 |
| Changes from 1.1 to 31.12.2006: | | | | | |
| Profit / (loss) after taxes | - | - | - | (13.158) | (13.158) |
| 31st December 2006 | 127.800 | 21.314 | 4.770 | (26.747) | 127.137 |

Cash Flow Statement

In thousands €

31.12.2006 31.12.2005**Cash flows from operating activities****Profit / (loss) before taxes** (18.512) (6.103)

Adjustments for :

Non-cash items included in net profit/(loss)of the period:

Depreciation, amortization/impairment of fixed assets 5.756 5.565

Provisions for expenses/revenues 111 130

Foreign exchange differences..... 3 (5)

Disposals..... 25 -

Interest expense and related expenses 1.830 1.335

Add / (less) adjustments for changes in working capital accounts or related to operating activities:

Decrease/ (increase) of inventories..... - (20)

Decrease/ (increase) of accounts receivable..... (261) 2.050

(Decrease)/ increase of liabilities (except bank loans)..... (1.516) (3.930)

Less:

Income tax paid..... (74) (690)

Interest expense and related expenses paid..... (65) (95)

Net cash from /(used in) operating activities (a) (12.703) (1.763)**Cash flows from investing activities:**

Additions of property plant and equipment..... (3.975) (6.265)

Interest received..... 61 47

Net cash from/(used in) investing activities (b) (3.914) (6.218)**Cash from financial activities:**

Inflows from loans 18.000 7.000

Loan repayments..... (3.274) (185)

Financial leasing obligations repayments..... (48) (30)

Net cash from/(used in) financial activities (c) 14.678 6.785**Net increase/ (decrease) in cash and cash equivalents (a)+(b)+(c)** (1.939) (1.196)**Cash and cash equivalents at beginning of period** 3.540 4.736**Cash and cash equivalents at the end of period** 1.601 3.540

Notes to the financial statements

Note 1: General Information

ASTIR PALACE VOULIAGMENI S.A. (the «Company») is a Greek Société Anonyme which is a subsidiary of the National Bank of Greece S.A. Group and operates under the Law of Sociétés Anonymes. The Company was founded in 1998 (Government Gazette, Sociétés Anonymes and Limited Liability Companies Issue, No. 10045/31.12.98), and its duration was fixed at fifty (50) years i.e. until 29 December 2048.

The Company is registered in the Register of Sociétés Anonymes of the Ministry of Development with S.A. Registration No.41850/06/B/98/78 and operates under the brand name «ASTIR PALACE VOULIAGMENI S.A.».

The Company's head office is located at 1 Santaroza str. Municipality of Athens. The branch is located at 40 Apollonos str., Municipality of Vouliagmeni.

The Company's principal activities, according to Article 3 of its Charter of Association, are the operation and management of any touristic and hospitality enterprise and any similar activities aiming towards the development and servicing of the tourist industry.

To achieve this objective, the Company may:

- Participate in enterprises of any legal form with the same or similar object.
- Carry out any relevant commercial transactions and businesses.

The Company is managed by the Board of Directors composed of nine (9) members.

The members of the Board of Directors are elected by the General Meeting of the shareholders for a three-year term. The current composition of the Board of Directors is as follows :

| | | | |
|----|-------------------------------|---------------------------------|----------------------|
| 1. | Efstratios-Georgios Arapoglou | Chairman | Executive |
| 2. | Anthimos Thomopoulos | Vice-Chairman & Man/ng Director | Executive |
| 3. | Polychronis Griveas | Deputy Managing Director | Executive |
| 4. | Harilaos Tzannetakis | Commissioned Director | Executive |
| 5. | Ioannis Kyriakopoulos | Member | Non-executive |
| 6. | Grigorios Kasidokostas | Member | Non-executive |
| 7. | Dimitrios Dimopoulos | Member | Non-executive |
| 8. | Ioannis Syngelidis | Member | Non-executive ind/nt |
| 9. | Konstantinos Peresiadis | Member | Non-executive ind/nt |

On the 30th October 2006 the Board of Directors elected Mr. Polychonis Griveas as a member of the Company's BOD in replacement of Mr. Konstantinos Kerameas, who submitted his resignation on the same day.

The Company prepares financial statements which are included in the consolidated financial statements of National Bank of Greece S.A., which holds 78,06% of the Company's share capital. The financial statements are presented in Euro (€), which is the currency used in the immediate financial environment of the Company.

The Company's shares have been listed on the Athens Exchange since 2000. As of 31 December 2006, the Company's share capital amounted to € 127.800.000,00 divided into 42.600.000 shares with a par value of € 3,00 each. The Vouliagmeni complex comprises of:

- Hotels «Arion», «Nafsika» and «Aphrodite» with capacity of 123 rooms, 162 rooms and 165 rooms respectively
- A complex of 76 Bangalows
- «Club House» luxury restaurant
- Fully equipped congress and ceremony halls
- «Aelos» ballroom
- The beach ASTRI BEACH
- Auxiliary and sport facilities
- Parking lots, and
- Helipad

The Company signed a contractual agreement assigning the management of the Astir Palace hotel complex to Starwood Hotels & Resorts Worldwide Inc. (Starwood). 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 Hotel and Villas, and the Nafsika Hotel to Westin Nafsika Hotel.

The Company is audited by Certified Public Accountants. The General Assembly of Shareholders with the resolution of the 28th April 2006, assigned the audit of the Company for the fiscal year 2006, to Deloitte Hadjipavlou Sofianos & Cambanis Assurance & Advisory services. It is noted that the financial statements are subject to the approval of the Annual General Assembly of the shareholders.

The financial statements of the Company have been approved by the Board of Directors on 23 March 2007 and will be submitted for approval by the Annual General Assembly of Shareholders of Company.

Note 2: Summary of significant accounting policies**2.1 Basis of presentation, significant accounting principles and estimates**

The financial statements of the Company (the «financial statements»), are prepared in accordance with International Financial Reporting Standards and International Accounting Standards (collectively «IFRS») and are stated in thousands of Euro, unless otherwise stated.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The use of available information and application of judgment are inherent in the formation of estimates in the following areas: employee benefits, impairment of assets, provisions for open tax years and litigation.

Actual results in future could differ from such estimates and the differences may be material to the financial statements.

2.2 Adoption of International Financial Reporting Standards (IFRS)

The Company adopted IFRS for the first time for the preparation of financial statements for the year ending 31 December 2005.

New standards, amendments and interpretations to existing standards (effective from January 1st 2006)

The following standards and interpretations are mandatory for the accounting periods beginning on or after 1st January 2006.

- IAS 19 (Amendment), “Employee Benefits” (effective from 1 January 2006).

This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. The Company has not changed its accounting policy for the recognition of actuarial gains and losses and has not participated in any multi-employer plans.

- IAS 39 (Amendment), “Cash Flow Hedge Accounting of Forecast Intragroup Transactions”(effective from 1 January 2006). The amendment allows the foreign currency risk of a highly probable forecast intragroup transaction to qualify as a hedged item in the financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b)the foreign currency risk will affect profit & loss. This amendment is not related to the Company’s activities as the Company did not enter into any intragroup transactions that would qualify as a hedged item in the financial statements as of 31 December 2006.

- IAS 39 (Amendment), “The Fair Value Option” (effective from 1 January 2006). This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The Company does not have financial instruments at fair value.

- IFRIC 4, “Determining whether an Arrangement contains a Lease” (effective from 1 January 2006). IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. This amendment did not have a significant impact on the Company’s financial position.

New standards, amendments and interpretations to existing standards that are not yet effective

The new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting periods beginning on or after 1 January 2007 are as follows:

- IFRS 8, "Operating Segments" (effective from 1 January 2009). This standard changes the way the segment information is measured and disclosed and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segments and to assess performance.

The Company has decided to apply this standard for the annual period beginning on 1 January 2009, however there will be no significant impact on the Company's financial reporting.

- IFRIC 8, "Scope of IFRS 2" (effective for annual periods beginning on or after 1 May 2006). IFRIC 8 clarifies that IFRS 2 "Share based payment" will apply to any arrangement when equity instruments are granted or liabilities are incurred by the entity, when the identifiable consideration appears to be less than the fair value of the instruments given. It presumes that such cases are an indication that other consideration has been or will be received.

The Company will apply this IFRIC from 2007, and its adoption will have no or insignificant impact on its financial statements.

- IFRIC 9, "Reassessment of Embedded Derivatives" (effective for annual periods beginning on or after 1 June 2006). IFRIC 9 requires an entity to assess whether a contract contains an embedded derivative at the date the entity first becomes a party to the contract and prohibits reassessment unless there is a change to the contract that significantly modifies the cash flows.

The Company will apply this IFRIC from 2007 and its adoption will have no significant impact on its financial statements.

- IFRIC 10, "Interim Financial Reporting and Impairment" (effective for annual periods beginning on or after 1 November 2006). IFRIC 10 addresses an inconsistency between IAS 34 "Interim Financial Reporting" and the impairment relating to goodwill in IAS 36 "Impairment of Assets" and equity instruments classified as available for sale in IAS 39 "Financial Instruments: Recognition and Measurement".

This interpretation states that the specific requirements of IAS 36 and IAS 39 take precedence over the general requirements of IAS 34 and therefore, any impairment loss recognised for these assets in an interim period may not be reversed in subsequent periods.

The Company will apply this IFRIC from 2007.

- IFRIC 11, IFRS 2 "Group and Treasury Share Transactions" (effective for annual periods beginning on or after 1 March 2007). This IFRIC requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by the entity even if:

- The entity chooses or is required to buy those equity instruments (e.g. treasury shares) from another party, or
- The shareholder(s) of the entity provide the equity instruments required

The Interpretation also extends to the way in which subsidiaries, in their separate financial statements, account for schemes when their employees receive rights to equity instruments of the parent. In particular, it prescribes that:

- When the parent grants rights to equity instruments to the employees, they will be accounted for as equity settled scheme (as an equity contribution to the parent) when the parent accounts for it this way in the consolidated financial statements. When employees transfer between subsidiaries, each entity recognises compensation expense based on the proportion of the total vesting period for which the employee has worked for that subsidiary, measured at the fair value at the original grant date by the parent.
- When the subsidiary grants rights to equity instruments of its parent to its employees, it will be accounted for as a cash-settled scheme.

The Company will apply this IFRIC from 2008, however its adoption will have no significant impact on the Company's financial statements.

- IFRIC 12, "Service Concession Arrangements" (effective for annual periods beginning on or after 1st January 2008).

The Company will apply this IFRIC from 2008 and is currently evaluating its impact on the Company's financial reporting.

2.3 Revenues

Revenues are calculated to the fair value that has or will be collected and represents receivable amounts for goods and services during the normal operating cycle of the Company, net of discounts allowed, VAT and other taxes related to sales.

Revenues from rendering services are recognized in the period in which the services are rendered by reference to the stage of completion of the transaction at the balance sheet date.

Revenue from interest is recognized as the interest accrues, i.e. on a time proportion basis, taking account of the principal invested and using the effective interest rate method based on the actual purchase price.

The effective interest rate discounts future cash flows over the asset's expected life, to net carrying amount.

2.4 Borrowing cost

Interest expenses are recognized in results when incurred and concern all interest-bearing financial instruments.

The computation of the aforementioned expense is determined with the effective interest rate method, which is applied on the outstanding principal and determined based on the fair purchase value of the financial instrument.

2.5 Operating Income

Operating income is determined before financial income and expenses. Gross profit is determined after depreciation and amortisation.

2.6 Income taxes

Income taxes on taxable profits are determined in accordance with enacted tax law and recognized as an expense in the period in which profits arise.

Deferred income tax is fully provided, using the balance sheet method, on all temporary differences arising between the carrying amounts of assets and liabilities and their respective tax basis amounts.

The principal temporary differences arise from pension benefits, other employee benefits and from the de-recognition of expenses which have been capitalized for tax purposes.

Tax benefits that may occur from unused tax losses carried forward, are recognized as assets when the realization of sufficient future taxable profits to offset these losses is considered probable.

Deferred tax assets and liabilities are measured at the tax rates expected to apply to the period when the asset is realised or the liability is settled, based on laws enacted at the balance sheet date.

2.7 Earnings per share

Basic earnings per share (EPS) ratio is calculated by dividing the net profit or loss for the period attributable to the shareholders of common stock, by the period's weighted average number of common shares.

2.8 Leases

The Company as a lessee

Leases, where the Company has substantially all the risks and rewards of ownership of the asset are considered as finance leases. Finance leases are recognized at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate of return on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in liabilities. The interest element of the finance cost is charged to the income statement over the lease period. All assets acquired under finance lease are depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership of the asset are retained by the lessor, are classified as operating leases. The total payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

In cases where: a) the achievement of a lease depends on the use of concrete financial element or elements and/or b) the lease cedes right of use of financial element, then evaluation of whether the convention is a leasing convention is required. The evaluation of a convention (whether it is, or includes leasing convention) is always based on the substance of the lease arrangement.

2.9 Foreign currency translation

Items included in the financial statements of the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The financial statements are presented in thousands of Euro (€), which is the functional currency of the Company.

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Monetary assets and liabilities presented in foreign currency are translated again to the functional currency of the financial statement at the balance sheet date according to the exchange rate of the period.

Gains and losses resulting from this conversion are included in the net profit and loss of the period.

There are no foreign currency denominated non-monetary assets.

2.10 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to realize the asset and settle the liability simultaneously or on a net basis.

2.11 Financial instruments

Interest bearing financial assets and liabilities are valued at amortized cost using the effective interest rate method.

The Company does not use derivatives for operational or hedging purposes.

2.12 Assets impairment

At the date of the preparation of the balance sheet, the Company examines the net book value of tangible and intangible assets, in order to ascertain if there is an indication of impairment.

If there is a case of impairment of any asset, its recoverable amount is assessed, in order to determine the size of the impairment loss.

When the asset does not generate cash flows which are not related to other assets, the Company assesses the recovery value of the cash generating unit, in which the asset under examination belongs. An intangible asset with an undetermined productive life is being examined on an annual basis and at any time when there is an indication of impairment of that asset.

The recoverable amount is the larger amount between the fair value less selling expenses and the value in use. For the calculation of the value in use of the asset, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate reflecting current market estimates of the time value of money and other asset related risks not reflected in the estimation of future cash flows.

If the recoverable amount of an asset or of a cash generating unit is estimated to be smaller than its net book value, the latter is being reduced to the recoverable amount. The impairment loss is recognized immediately as an expense, except if the related asset has previously been revalued. In that case, the impairment loss is treated as a reduction of its revaluation. When, at a later stage, the impairment loss is reversed, the net book value of the asset or of the cash generating unit is increased to the revised recoverable amount, and cannot exceed the amount determined before the recognition of impairment loss in the prior years/periods. The reversal of impairment loss is recognized immediately as income, except if the related asset is stated at its revalued amount; in which case the reversal of the impairment loss is treated as a revaluation increase.

2.13 Intangible assets

Intangible assets include software cost.

Software costs include costs directly associated with identifiable software products controlled by the Company anticipated to generate future economic benefits for a period exceeding one year. Expenditure, which enhances or extends the performance of software is recognized as an intangible asset and is amortized over a period not exceeding 3 years.

The following types of expenditure are recognized as expenses as incurred:

- Starting up an operation or branch,
- Training personnel,
- Advertising and promotion,
- Relocation or reorganizing part of the entire Company

At each balance sheet date, management reviews intangible assets and assesses whether there is any indication of impairment. If such indications exist an analysis is performed to assess whether the carrying amount of intangible assets is fully recoverable. When the carrying amount exceeds the recoverable amount the asset is written down.

2.14 Tangible assets

Tangible assets include buildings, leasehold improvements, transport, furniture and other equipment, which are possessed by the Company for operating use and for administrative purposes. Tangible assets are initially recorded at cost, which includes all costs required to bring an asset into working condition.

Subsequent to initial recognition, tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Costs incurred subsequent to the acquisition of an asset classified as "tangible fixed asset" are capitalized only when it is probable that they will result in future economic benefits to the Company beyond those originally anticipated for the asset, otherwise they are expensed as incurred.

Depreciation of a tangible asset begins when it is used and ceases only when the asset is disposed or transferred to a third party. Therefore, the depreciation of a tangible asset that is retired from active use and held for sale does not cease unless the asset is fully depreciated.

Tangible assets are depreciated on a straight-line basis over their estimated useful lives as follows:

| | |
|--|------------------------|
| Land | No depreciation |
| Buildings & building fixed installations | not exceeding 35 years |
| Machinery & other mechanical equipment | not exceeding 10 years |
| Transportation equipment | not exceeding 10 years |
| Furniture & related equipment | not exceeding 7 years |

The Company reviews tangible assets for impairment. When the carrying amount of an asset exceeds its estimated recoverable value, the Company recognises an impairment loss provision to restate the asset's carrying amount to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to the asset's carrying amount and accounted for as part of operating profit.

2.15 Inventories

Inventories are stated at the lower of their acquisition cost and net realizable value (net realizable value is the estimated selling price, less estimated distribution costs).

The cost of inventories is determined using the weighted average cost method and includes the acquisition cost of the stock and transportation expenses to storage location.

More specifically, the consumables for machinery and spare parts for miscellaneous use are included in inventories and are expensed at the time of their consumption.

2.16 Receivables, payables and bad debt allowances

Accounts receivable from commercial activities are non-interest bearing and are recognized and carried at face value less allowances for doubtful receivables. Payment receipts delayed over three months bear all legal surcharges.

Liabilities from commercial activities are non-interest bearing and are recognized and carried at face value net of allowances, discounts and other benefits.

A provision for receivables impairment is established if there is objective evidence that the Company will be unable to collect all amounts due on a claim according to the original contractual terms. A provision for bad debt allowances is netted off against receivables on the face of the balance sheet.

Subject to compliance with tax laws, a claim which is deemed to be uncollectible or forgiven, is written off against the related provision. Following write off subsequent receipts and recognized as income.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition and consist of cash, cash items and repurchase agreements.

Cash items include cash, day cheques and sight deposits.

2.18 Employee benefits

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. For defined benefit plans, the pension liability is the present value of the defined benefit obligation at the balance sheet date minus the fair value of the plan assets, including any adjustments for unrecognised actuarial gains/losses and past service costs. The Company follows the "corridor" approach of IAS 19 "Employee Benefits" according to which a certain amount of actuarial gains and losses remains unrecognised and is amortised over the average remaining service lives of the employees participating in the plan.

The defined benefit obligation is calculated by independent actuaries on an annual basis using the projected unit credit method. The present value of the defined benefit obligation is determined by estimated future cash outflows using interest rates of government securities, which have terms to

maturity approximating the terms of the related liability. Pension costs are charged or credited to the income statement over the service lives of the related employees.

2.19 Provisions

Provisions are recognized under the following circumstances a) there is a present legal or constructive obligation as a result of past events, b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and c) a reliable estimate of the amount of the obligation can be made.

2.20 Bank loans

Borrowings are initially recognized at fair value of the consideration received (issue proceeds), net of transaction costs incurred. Subsequent measurement is at amortized cost and any difference between net proceeds and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest rate method.

2.21 Government grants

Government grants concern land, buildings, machinery and equipment and are treated as deferred revenue transferred to results over the useful life of the subsidized assets.

2.22 Critical accounting policies, estimates & judgments

The Company believes that judgments, estimates and assumptions used in the preparation of the financial statements are appropriate given the factual circumstances as of 31 December 2006.

Various elements of the Company's accounting policies, by their nature, are inherently subject to estimation techniques, valuation assumptions and other subjective assessments. In particular, the Company has identified three accounting policies which, due to the judgments, estimates and assumptions inherent in those policies, and the sensitivity of the financial statements to those judgments, estimates and assumptions, are critical to an understanding of the financial statements.

2.22.1 Allowance for receivables

The amount of the allowance set aside for receivables is based upon management's ongoing assessments of the probable estimated losses inherent in the receivables portfolio. Assessments are conducted by members of management employing a methodology and guidelines, which are continually monitored and improved. This methodology has two primary components: specific allowances and collective allowances. Management assesses on an individual basis objective evidence of impairment for receivables in arrears for an average period of 60 to 121 days and on a collective basis receivables in arrears over 121 days.

A receivable is subject to impairment test when valid indications exist, at the assessment date, which demonstrate that the customer will not be able to meet his obligations and/or when amounts receivable are in arrears more than 121 days. Usually such indications include failure of communication with the customers, small number of transactions, significant financial difficulty and probability of bankruptcy.

Amounts individually provided for concern claims evaluated individually for impairment based upon management's best estimate of the present value of the cash flows which are expected to be received. In estimating cash flows, management makes judgments about the counterparty's financial situation and the net realizable value of any underlying collateral or guarantees.

In assessing the need for collective allowance, management considers receivables in arrears over 121 days.

The accuracy of provisions depends on the accuracy of future cash flows for specific allowances and the model assumptions and parameters used in determining collective allowances. While this necessarily involves judgment, we believe that our provisions are reasonable and supportable.

2.22.2 Net periodic benefit cost

The net periodic benefit cost is actuarially determined using assumed discount rates, assumed rates of compensation increase and the expected return on plan assets. These assumptions are ultimately

determined by reviewing the Company's salary increases each year. The expected long-term return on plan assets represents management's expectation of the average rate of earnings on the funds invested to provide for the benefits included in the projected benefit obligation. To determine the expected long-term rate of return assumption the Company and its advisors make forward-looking assumptions in the context of historical returns and volatilities for each asset class as well as correlations among asset classes. The expected long-term rate of return assumption is annually adjusted based on revised expectations of future investment performance of the overall capital markets, as well as changes to local regulations affecting investment strategy.

2.22.3 Useful lives of depreciable assets

Company management determines the estimated useful lives and related depreciation charges for property and other equipment. Management estimates are based on the projected operating life cycle of buildings and other depreciable assets such as furniture and other equipment, motor vehicles, hardware and other equipment. Such estimates are not expected to change significantly, however, management modifies depreciation charge rates wherever useful lives turn out to be different than previously estimated and writes down or writes off technically obsolete assets.

Note 3: Risk Management

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 do 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.

Note 4: Business Segments

Room rentals and food & beverage services are the main business segments. None of the remaining operational segments (public beach revenue, shops rental etc) concentrate more than 10% of total revenues, results and assets so as to form an independent segment. Business Segments are analyzed as follows:

| Breakdown by business segments In thousands of Euro | Room Rentals | Food & Beverage | Other Segments | TOTAL |
|--|-----------------|--------------------|-------------------|-----------------|
| From 1.1 to 31.12.2006 | | | | |
| Operating revenue | 13.996 | 9.979 | 1.986 | 25.961 |
| Other revenue | - | - | 925 | 925 |
| Unallocated revenue..... | | | | 61 |
| Total Revenue | 13.996 | 9.979 | 2.911 | 26.947 |
| Operating expenses | (14.104) | (12.919) | (1.868) | (28.891) |
| Segmental results | (108) | (2.940) | 1.043 | (1.944) |
| Voluntary retirement cost..... | | | | (10.621) |
| Unallocated costs | | | | (5.947) |
| Operating Profit/(Loss) before tax | | | | (18.512) |
| Income tax expense..... | | | | 5.354 |
| Net Profit/(Loss) for the period | | | | (13.158) |
| Fixed assets per segment as of 31.12.2006..... | 155.206 | 16.597 | - | 171.803 |
| Unallocated fixed assets per segment as of 31.12.2006..... | | | | 14.927 |
| Total segment assets | | | | 186.730 |
| Liabilities per segment as of 31.12.2006..... | 1.030 | 723 | 1.723 | 3.476 |
| Unallocated liabilities per segment as of 31.12.2006..... | | | | 56.117 |
| Total segment liabilities | | | | 59.593 |

| Breakdown by business segments (as reformatted) In thousands of Euro | Room Rentals | Food & Beverage | Other Segments | TOTAL |
|---|-----------------|--------------------|-------------------|----------------|
| From 1.1 to 31.12.2005 | | | | |
| Operating revenue | 11.850 | 8.572 | 1.944 | 22.366 |
| Other revenue | - | - | 1.002 | 1.002 |
| Unallocated revenue..... | | | | 46 |
| Total Revenue | 11.850 | 8.572 | 2.946 | 23.414 |
| Operating expenses | (9.103) | (8.931) | (8.903) | (26.937) |
| Segmental results | 2.747 | (359) | (5.957) | (3.523) |
| Unallocated costs | | | | (2.580) |
| Operating Profit/(Loss) before tax | | | | (6.103) |
| Income tax expense..... | | | | (577) |
| Net Profit/(Loss) for the period | | | | (6.680) |
| Fixed assets per segment as of 31.12.2005..... | 157.596 | 17.132 | - | 174.728 |
| Unallocated fixed assets per segment as of 31.12.2005..... | | | | 10.168 |
| Total segment assets | | | | 184.896 |
| Liabilities per segment as of 31.12.2005..... | 1.225 | 578 | 1.218 | 3.021 |
| Unallocated liabilities per segment as of 31.12.2005..... | | | | 41.580 |
| Total segment liabilities | | | | 44.601 |

During the year under review several expenses previously allocated to other segments were allocated to main business segments.

The Company operates exclusively in the geographical region of Vouliagmeni district, where the hotels are located. It is stressed out that the risk and return do not differ between the hotel units of the Company.

| Note 5: Revenues | 31.12.2006 | 31.12.2005 |
|------------------------------|-------------------|-------------------|
| Rooms revenue..... | 13.996 | 11.850 |
| Food & beverage revenue..... | 9.979 | 8.572 |
| Other revenue..... | 1.986 | 1.944 |
| Turnover..... | 25.961 | 22.366 |
| Other operating revenue..... | 925 | 1.001 |
| Total..... | 26.886 | 23.367 |

Other operating income reflects mainly shops and other space rentals.

| Note 6: Cost of sales | 31.12.2006 | 31.12.2005 |
|------------------------------------|-------------------|-------------------|
| | | (Note.1) |
| Personnel cost..... | (12.640) | (11.892) |
| Depreciation and amortization..... | (5.729) | (5.565) |
| Consumption..... | (3.478) | (2.807) |
| Other expenses..... | (5.165) | (3.520) |
| Total..... | (27.012) | (23.975) |

Note 1 (as reclassified)

Other expenses reflect mainly operating expenses (cleaning, maintenance, commissions etc.) as well as management fees, and the increase in comparison to 2005 is mainly attributed to the increase of operating expenses and the fees resulting from the assignment of the management of the complex to Starwood.

Note 7: Administrative and distribution expenses

Administrative expenses reflect mainly relevant personnel cost and management fees. Distribution expenses reflect mainly advertising expenses and sales & marketing department personnel costs.

Note 8: Reorganization expenses

Reorganization expenses (non-recurring) reflect the cost of voluntary retirement leave (Note 22) of approximately Euro 10.621 thousand and consultants fees of approximately Euro 1.971 thousand (2005: Euro 454 thousand) for professional services rendered in connection with the project of assignment of the management of the complex to Starwood.

Relevant prior year expenses on the face of the income statement have been reclassified in order to be rendered comparable with the respective current year amounts (Note 30).

Note 9: Financial income

Financial income reflects mainly to interest income from repurchase agreements.

| Note 10: Financial expenses | 31.12.2006 | 31.12.2005 |
|--|-------------------|-------------------|
| Loan and other related interest expense..... | (1.795) | (1.319) |
| Financial leasing interest..... | (14) | (16) |
| Commission expense..... | (21) | - |
| Total..... | (1.830) | (1.335) |

Interest expense reflect mainly the Company's bond funding (Note 21).

| Note 11: Tax expense | 31.12.2006 | 31.12.2005 (Note 1) |
|---|-------------------|-------------------------------|
| Profit/ (loss) before tax | (18.512) | (6.103) |
| Current tax..... | (395) | (557) |
| Deferred tax..... | 3 | (20) |
| Deferred tax on tax losses..... | 5.746 | - |
| Total tax gain / (expense) | 5.354 | (577) |
| <i>(Effective tax rate)</i> | (29%) | 9% |

Note 1 (as reclassified)

As at the date of preparation of the prior year financial statements, the Company had for the first time unused tax losses carried forward amounting to approximately Euro 5.417 thousand available to be netted of against future taxable profits. In accordance with tax legislation the relevant losses can be carried forward for a period of five consecutive years. The Company recognized a relevant deferred tax asset of approximately Euro 1.354 thousand.

Moreover, the Company recognized a deferred tax asset of approximately Euro 4.392 thousand on current tax losses of approximately Euro 17.570 thousand.

| | % | 31.12.2006 | % | 31.12.2005 (Note 1) |
|---|-------------|-------------------|----------|-------------------------------|
| Tax based on income tax rate of 29% (2005: 32%)..... | (29) | 5.368 | 32 | 1.953 |
| Permanent tax differences..... | 4 | (905) | (32) | (1.953) |
| Temporary tax differences | (11) | 2.202 | - | (23) |
| Other taxes..... | 2 | (395)- | 9 | (557) |
| Effect of application of income tax rate of 25% on temporary differences..... | 5 | (916) | - | 3 |
| Total tax gain/(expense) | (29) | 5.354 | 9 | (577) |

Note 1 (as reclassified)

Deferred taxes have been computed using the tax rate of 25% in accordance with enacted law 3296/2004 which determined a rate of 25% for periods starting on or after 1 January 2007.

| Note 12: Profit/ (loss) for the year | 31.12.2006 | 31.12.2005 |
|---|-------------------|-------------------|
| Results for the year include the following items: | | |
| Depreciation of tangible assets | (5.729) | (5.552) |
| Amortization of intangible assets..... | (27) | (13) |
| Total depreciation /amortization and write down of assets for the period..... | (5.756) | (5.565) |
| Employee benefits | (25.611) | (14.216) |
| Foreign exchange gains/(losses) from operating activity..... | (7) | 5 |
| Inventory consumption | (3.478) | (2.807) |
| Auditors´ fees for audit services (statutory)..... | (43) | (61) |
| Auditors´ fees for audit services (other)..... | - | (5) |

Operational results before reorganization expenses, depreciation and amortization amounted to profits of Euro 1.605 thousand (2005: Euro 1.204 thousand).

Auditors´ fees for statutory audit services of 2005 include charges of Euro 18 thousand relating to 2004 audit services for which no provision had been recognized in the respective financial statements.

Employee benefits include voluntary retirement leave cost of approximately Euro 10.621 thousand.

| Note 13: Earnings per share | 31.12.2006 | 31.12.2005 |
|--|-------------------|-------------------|
| Basic earnings per share are derived at as follows : | | |
| Net profit/(loss) attributable to the shareholders (in thousands of Euro)..... | (13.158) | (6.680) |
| Weighted average of the circulating share capital (in number of shares)..... | 42,600,000 | 42,600,000 |
| Basic profit/(loss) per share (in Euro)..... | <u>(0.31)</u> | <u>(0.16)</u> |

Except from common stock no other stock was in issue as of 31 December 2006.

Management does not propose the distribution of dividends for the current year.

| Note 14: Intangible fixed assets | | Computer Software |
|---|--|--------------------------|
| Cost | | |
| At 1 st January 2006..... | | 133 |
| Additions | | <u>56</u> |
| Balance 31st December 2006..... | | 189 |
| Accumulated amortization and impairment | | |
| At 1 st January 2006..... | | (77) |
| Amortization for the period | | <u>(27)</u> |
| Balance 31st December 2006..... | | (104) |
| Net book amount 1st January 2006..... | | <u>55</u> |
| Net book amount 31st December 2006..... | | <u>85</u> |

Note 15: Tangible fixed assets

| | Land | Buildings | Vehicles & equipment | Assets under construction | Total |
|--|----------------------|----------------------|----------------------|---------------------------|-----------------------|
| Cost | | | | | |
| At 1 st January 2005..... | 80.275 | 82.281 | 23.037 | 741 | 186.334 |
| Additions..... | - | - | 19 | 7.029 | 7.048 |
| Transfers..... | - | 5.436 | 829 | (6.265) | - |
| Disposals/Write offs..... | - | (352) | (355) | - | (707) |
| Balance 31st December 2005..... | 80.275 | 87.365 | 23.530 | 1.505 | 192.675 |
| Accumulated depreciation and impairment | | | | | |
| At 1 st January 2005..... | - | (5.943) | (4.437) | - | (10.380) |
| Disposals /Write offs | - | - | 324 | - | 324 |
| Depreciation for the period..... | - | (2.512) | (3.040) | - | (5.552) |
| Balance 31st December 2005..... | - | (8.455) | (7.153) | - | (15.608) |
| Net book amount 1st January 2005..... | <u>80.275</u> | <u>76.338</u> | <u>18.600</u> | <u>741</u> | <u>175.954</u> |
| Net book amount 31st December 2005..... | <u>80.275</u> | <u>78.910</u> | <u>16.377</u> | <u>1.505</u> | <u>177.067</u> |
| Cost | | | | | |
| At 1 st January 2006..... | 80.275 | 87.365 | 23.530 | 1.505 | 192.675 |
| Additions..... | - | - | 84 | 3.835 | 3.919 |
| Transfers..... | - | 1.977 | 834 | (2.811) | - |
| Disposals /Write offs | - | - | (456) | - | (456) |
| Balance at 31st December 2006..... | 80.275 | 89.342 | 23.992 | 2.529 | 196.138 |
| Accumulated depreciation and impairment | | | | | |
| At 1 st January 2006..... | - | (8.455) | (7.153) | - | (15.608) |
| Disposals /Write offs | - | (1) | 433 | - | 432 |
| Depreciation charge for the period..... | - | (2.655) | (3.074) | - | (5.729) |
| Balance at 31st December 2006..... | - | (11.111) | (9.794) | - | (20.905) |
| Net book amount at 1st January 2006..... | <u>80.275</u> | <u>78.910</u> | <u>16.377</u> | <u>1.505</u> | <u>177.067</u> |
| Net book amount at 31st December 2006..... | <u>80.275</u> | <u>78.231</u> | <u>14.198</u> | <u>2.529</u> | <u>175.233</u> |

| Note 16: Deferred tax assets and liabilities | 31.12.2006 | 31.12.2005 |
|---|---------------------|-------------------|
| Deferred tax assets: | | |
| Intangible fixed assets..... | 115 | 156 |
| Financial leasing..... | 61 | 65 |
| Employee benefits..... | 290 | 443 |
| Tax losses..... | 5.746 | - |
| Other temporary differences..... | 217 | - |
| Deferred tax assets..... | <u>6.429</u> | <u>664</u> |
| Deferred tax liabilities: | | |
| Financial leasing..... | 87 | 71 |
| Deferred tax liabilities..... | <u>87</u> | <u>71</u> |

Taxes payables represent mainly withheld taxes from 3rd party services.

| Note 17: Inventories | 31.12.2006 | 31.12.2005 |
|-----------------------------------|-------------------|-------------------|
| Merchandise, food & beverage..... | 177 | 175 |
| Consumables..... | 150 | 152 |
| Total..... | <u>327</u> | <u>327</u> |

Consumables represent mainly gas and fuel.

| Note 18: Accounts receivable | 31.12.2006 | 31.12.2005 |
|--|---------------------|---------------------|
| Customers..... | 1.698 | 1.342 |
| Doubtful accounts receivable..... | 794 | 353 |
| Total..... | <u>2.492</u> | <u>1.695</u> |
| Less: Allowances for bad debt expense..... | (720) | (590) |
| Total..... | <u>1.772</u> | <u>1.105</u> |

The settlement of receivables of individual customers is immediate. An average credit period of 60 days is offered to travel agencies.

The allowance for bad debts was determined based on the assessment of collectibility of customer's portfolio.

Related parties are analyzed in Note 32. The book value of receivables approximates fair value.

| Note 19: Cash and cash equivalents | 31.12.2006 | 31.12.2005 |
|---|---------------------|---------------------|
| Cash in hand..... | 18 | 15 |
| Sight deposits..... | 1.583 | 525 |
| Agreements for sale and repurchase of securities..... | - | 3.000 |
| Total..... | <u>1.601</u> | <u>3.540</u> |

The book value of cash and cash equivalents approximates fair value.

| Note 20: Other assets | 31.12.2006 | 31.12.2005 |
|------------------------------------|---------------------|---------------------|
| Post dated cheques receivable..... | 412 | 171 |
| Tax receivables..... | 328 | 1.157 |
| Prepaid expenses..... | 100 | 102 |
| Goods in transit..... | - | 1 |
| Operating leases..... | 284 | 274 |
| Other receivables..... | 159 | 433 |
| Total..... | <u>1.283</u> | <u>2.138</u> |

Tax receivables represent mainly withheld taxes of approximately Euro 18 thousand (2005: Euro 12 thousand) and VAT recoverable of approximately Euro 193 thousand. (2005: Euro 834 thousand).

The book value of other assets approximates fair value.

| Note 21: Debt | | 31.12.2006 | 31.12.2006 | 31.12.2005 | 31.12.2005 | |
|---------------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Interest rate | Paying off | Long Term | Short Term | Long Term | Short Term |
| Working Capital Loan | Euribor+2.00% | 2007 | - | 93 | 98 | 93 |
| Working Capital Loan | Overnight+1.75% | 2007 | - | 5.000 | - | - |
| Working Capital Loan | Overnight+1.75% | 2007 | 12.000 | - | - | - |
| Bond loan (plus interest) | Euribor+1.65% | 2014 | 28.375 | 4.364 | 31.676 | 2.000 |
| Total | | | 40.375 | 9.457 | 31.774 | 2.093 |

During the year under review the Company obtained a working capital loan of approximately Euro 12 million from the parent company. The funds were used to cover the cost of the voluntary retirement leave.

On 20 May 2005 the Company entered into a common bond loan agreement with the parent company of Euro 32.000 thousand plus capitalized grace period interest of up to Euro 36.000 thousand. On 27 November 2006 the Company issued 16 multiple bond coupons of a face value of Euro 2.921 thousand representing capitalized grace period interest. As of balance sheet date the outstanding coupons of the bond loan are analyzed as follows (amounts in Euro):

| Numbering of multiple bond / Face value | Bond coupon numbers | | Bond face value | Bond maturity date |
|--|----------------------------|-----------|------------------------|---------------------------|
| | From | To | | |
| 2 / 2.000.000 | 2.001 | 4.000 | 1.000 | 25/05/2007 |
| 3 / 2.000.000 | 4.001 | 6.000 | 1.000 | 25/11/2007 |
| 4 / 2.000.000 | 6.001 | 8.000 | 1.000 | 25/05/2008 |
| 5 / 2.000.000 | 8.001 | 10.000 | 1.000 | 25/11/2008 |
| 6 / 2.000.000 | 10.001 | 12.000 | 1.000 | 25/05/2009 |
| 7 / 2.000.000 | 12.001 | 14.000 | 1.000 | 25/11/2009 |
| 8 / 2.000.000 | 14.001 | 16.000 | 1.000 | 25/05/2010 |
| 9 / 2.000.000 | 16.001 | 18.000 | 1.000 | 25/11/2010 |
| 10/2.000.000 | 18.001 | 20.000 | 1.000 | 25/05/2011 |
| 11/2.000.000 | 20.001 | 22.000 | 1.000 | 25/11/2011 |
| 12/2.000.000 | 22.001 | 24.000 | 1.000 | 25/05/2012 |
| 13/2.000.000 | 24.001 | 26.000 | 1.000 | 25/11/2012 |
| 14/2.000.000 | 26.001 | 28.000 | 1.000 | 25/05/2013 |
| 15/2.000.000 | 28.001 | 30.000 | 1.000 | 25/11/2013 |
| 16/2.000.000 | 30.001 | 32.000 | 1.000 | 25/05/2014 |

| Numbering of multiple bond / Face value | Bond coupon numbers | | Bond face value | Bond maturity date |
|--|----------------------------|-----------|------------------------|---------------------------|
| | From | To | | |
| 2 / 182.000 | 32.183 | 32.364 | 1.000 | 25/05/2007 |
| 3 / 182.000 | 32.365 | 32.546 | 1.000 | 25/11/2007 |
| 4 / 182.000 | 32.547 | 32.728 | 1.000 | 25/05/2008 |
| 5 / 182.000 | 32.729 | 32.910 | 1.000 | 25/11/2008 |
| 6 / 182.000 | 32.911 | 33.092 | 1.000 | 25/05/2009 |
| 7 / 182.000 | 33.093 | 33.274 | 1.000 | 25/11/2009 |
| 8 / 182.000 | 33.275 | 33.456 | 1.000 | 25/05/2010 |
| 9 / 182.000 | 33.457 | 33.638 | 1.000 | 25/11/2010 |
| 10/182.000 | 33.639 | 33.820 | 1.000 | 25/05/2011 |

| | | | | |
|------------|--------|--------|-------|------------|
| 11/182.000 | 33.821 | 34.002 | 1.000 | 25/11/2011 |
| 12/182.000 | 34.003 | 34.184 | 1.000 | 25/05/2012 |
| 13/182.000 | 34.185 | 34.366 | 1.000 | 25/11/2012 |
| 14/182.000 | 34.367 | 34.548 | 1.000 | 25/05/2013 |
| 15/182.000 | 34.549 | 34.730 | 1.000 | 25/11/2013 |
| 16/182.000 | 34.731 | 34.921 | 1.000 | 25/05/2014 |

During the period under review the Company obtained a working capital loan of Euro 5.000 thousand from the parent company. The funds were used to cover for operational needs.

Bank loans are expressed in Euro.

Note 22: Employee benefits

The valuation and presentation of liabilities is made for severance payments in accordance with clauses of Law 2112/20 as well as for the group insurance contract signed between the employees' labour union and the insurance company Ethniki General Insurance SA. Both schemes are defined benefit schemes. The decrease of the "Employee benefits" account is attributed to the voluntary retirement scheme initiated by the Company on 12 May 2006.

The total cost of the voluntary retirement scheme amounted to approximately Euro 10.621 thousand. The participants (189 employees) received from the Company compensation which consisted of the legal compensation plus compensation based on years of service. The total benefits amounted to approximately Euro 13 mil.

Amounts recognized on the balance sheet are analyzed as follows:

| | 31.12.2006 | 31.12.2005 |
|---|--------------|--------------|
| Present value of funded defined benefit plans..... | 1.239 | 3.064 |
| Fair value of plan assets | (659) | (1.006) |
| Subtotal..... | 580 | 2.058 |
| Present value of unfunded defined benefit plans | 1.329 | 2.370 |
| Unrecognized actuarial (losses)/gains | (387) | (87) |
| Total..... | 1.522 | 4.341 |

Amounts recognized in the income statements are analyzed as follows:

| | 31.12.2006 | 31.12.2005 |
|--------------------------------------|---------------|------------|
| Service cost | 157 | 233 |
| Interest cost..... | 193 | 256 |
| Expected return of plan assets | (51) | (50) |
| Termination cost | 10.621 | - |
| Other costs..... | - | - |
| Total..... | 10.920 | 439 |

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

| | 31.12.2006 | 31.12.2005 |
|---|--------------|--------------|
| Defined benefit obligation at the beginning of the period..... | 5.434 | 5.226 |
| Service cost..... | 157 | 233 |
| Interest cost..... | 193 | 256 |
| Termination cost..... | 10.556 | - |
| Employees contributions..... | 74 | 95 |
| Contribution paid by the scheme..... | (3.261) | (311) |
| Contribution paid directly from the Company..... | (10.888) | (189) |
| Unrecognized actuarial (losses)/gains | 301 | 124 |
| Defined benefit obligation at the end of the period..... | 2.566 | 5.434 |

Changes in the fair value of plan assets of the scheme are analyzed as follows:

| | 31.12.2006 | 31.12.2005 |
|--|-------------------|-------------------|
| Fair value of plan assets at the beginning of the period..... | 1.006 | 1.035 |
| Expected return..... | 51 | 50 |
| Employers' contribution..... | 2.851 | 222 |
| Employees' contribution..... | 74 | 95 |
| Scheme benefits..... | (3.261) | (309) |
| Gains / (losses) of plan assets | (61) | (87) |
| Fair value of plan assets at the end of the period..... | 660 | 1.006 |

Changes in the liability are analyzed as follows:

| | 31.12.2006 | 31.12.2005 |
|--|-------------------|-------------------|
| Liability at the beginning of the period | 4.341 | 4.314 |
| Total cost recognized in results | 10.920 | 439 |
| Contributions paid..... | (2.851) | (223) |
| Severance payments paid..... | (10.888) | (189) |
| Liability at the end of the period..... | 1.522 | 4.341 |

The basic actuarial assumptions used to determine net periodic pension costs for the years 2005 and 2006 are:

| | 2006 | 2005 |
|--------------------------------------|-------------|-------------|
| Interest rate | 4,5% | 4,25% |
| Expected return on plan assets..... | 4,5% | 4,5% |
| Rate of compensation increases | 4,5% | 4,0% |
| Rate of pension increases..... | 3,0% | 3,0% |

The Company is expected to contribute, during 2007, approximately Euro 83 thousand (2006: 174 thousand) in the defined benefit scheme. The expected decrease in contributions is related to the voluntary retirement scheme.

| Note 23: Other liabilities | 31.12.2006 | 31.12.2005 |
|-----------------------------------|-------------------|-------------------|
| Advances form customers..... | 294 | 360 |
| Accrued expense..... | 946 | 147 |
| Insurance due..... | 767 | 674 |
| Fees due..... | 402 | 324 |
| Other creditors..... | 581 | 517 |
| Total..... | 2.990 | 2.022 |

The book value of other short-term liabilities approaches their fair value.

| Note 24: Liabilities due to finance leases | 31.12.2006 | 31.12.2005 |
|---|-------------------|-------------------|
| Amounts payable due to finance leases | | |
| Within one year from the balance sheet date..... | 60 | 60 |
| Form the second to the fifth year | 214 | 274 |
| Less: Unrecognised financial expense..... | (31) | (43) |
| Present value of minimum lease payments..... | 243 | 291 |
| Classified as | | |
| Long-term liabilities..... | 193 | 243 |
| Short-term liabilities..... | 50 | 48 |

Leasing concerns hotel and transportation equipment leased through Ethniki Leasing S.A. All liabilities due to leases are expressed in Euro. Their fair value approximates book value. Company's liabilities due to finance leases are secured by the lessor by notes on the leased assets.

| Note 25: Provisions | 2006 | 2005 |
|---|-------------|-------------|
| Provisions are analyzed as follows: | | |
| Balance at 1 st January..... | 200 | 100 |
| Additional provision during the year..... | 80 | 100 |
| Reversal of unused provisions..... | (99) | - |
| Balance at 31 December | 181 | 200 |

The above provisions represent management's best estimate for obligations that may arise during the Company's operating activities.

Note 26: Government grants

The Company has been subsidized under the development law 1892/90 for 25% of its investment in the hotels «Arion» and «Nafsika».

Additionally during the period under review the Company received a subsidy of 25% under the development law 2601/98 for investments in the hotel «Aphrodite». The relevant subsidy amounted to Euro 622 thousand.

The subsidies are analyzed as follows :

| | |
|---|------------|
| Subsidies as of 31 December 2005 | 438 |
| Subsidies received..... | 622 |
| Income recognized in 2006..... | (215) |
| Subsidies as of 31 December 2006 | 845 |
| Presented as : | |
| Long-term liabilities | 740 |
| Short-term liabilities | 105 |

It is noted that on 30 December 2006 the Company's investment in the SPA facility was approved for subsidy under development law 3299/04. The relevant subsidy will be received following completion of the investment.

Note 27: Non cash transactions

Fixed assets of approximately Euro 7.048 thousand were purchased on credit during 2005 from which a total amount of Euro 625 thousand were settled during the period under review.

Note 28: Share capital

As of 31 December 2006, 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. According to the Company's Register of the Shareholders as of the date of the preparation of the financial statements, sole shareholder with a participation percentage of more than 5% was National Bank of Greece S.A. with a participation percentage of 78.06%.

| Note 29: Reserves | 31.12.2006 | 31.12.2005 |
|---|-------------------|-------------------|
| Legal reserve..... | 782 | 782 |
| Untaxed reserves of specific law clauses..... | 3.988 | 3.988 |
| Total | 4.770 | 4.770 |

According to Greek legislation the maintenance of "legal reserve" is obligatory until it amounts to 1/3 of the share capital. The "legal reserve" is distributed only at dissolution of the Company; it may though be netted of against accumulated losses.

Note 30: Reclassifications

| Income Statement | As restated | As previously reported | Re- classification | Note |
|---|----------------|------------------------------|-----------------------|------|
| | 31.12.200 | 31.12.2005 | 31.12.2005 | |
| Revenues | 22.366 | 22.366 | - | |
| Cost of sales | (23.975) | (24.429) | 454 | 1 |
| Gross profit / (loss) | (1.609) | (2.063) | 454 | 1 |
| Other operating income | 1.001 | 1.001 | - | |
| Administrative expenses | (1.585) | (1.585) | - | |
| Distribution expenses | (2.168) | (2.168) | - | |
| Operating profit / (loss) before reorganization expenses | (4.361) | (4.815) | 454 | 2 |
| Reorganization expenses | (454) | - | (454) | 1 |
| Operating profit / (loss) | (4.815) | - | (4.815) | 2 |
| Financial income..... | 47 | 47 | - | |
| Financial expenses..... | (1.335) | (1.335) | - | |
| Profit / (loss) before taxes | (6.103) | (6.103) | - | |
| Tax Expense..... | (577) | (577) | - | |
| Net profit / (loss) after taxes | (6.680) | (6.680) | - | |
| Earnings / (losses) per share – Basic (in euro) | (0.16) | (0.16) | - | |

Note:

1. Reclassification of consultants fees of approximately Euro 454 thousand which represent the cost of professional services rendered in connection with the project of assigning the management of the hotel complex to Starwood. The reclassification was effected for the purposes of comparability.
2. Presentation of account “Reorganization expenses” on the face of the income statement. The reclassification was effected for the purpose of comparability.

Note 31: 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.

Except from the above mentioned events there are no other post of 31 December 2006 balance sheet events, concerning the Company, which are required to be reported in accordance with IFRS.

Note 32: Related party transactions

The Company paid to the parent company rent of approximately Euro 91 thousand (2005: Euro 71 thousand). The Company has sight deposits with the parent company of Euro 1.556 thousand (2005: Euro 480 thousand) and has obtained loans from the parent company of approximately Euro 49.832 thousand (2005: Euro 33.867 thousand). The relevant interest income and expenditure amount to Euro 57 thousand (2005: Euro 44 thousand) and Euro 1.795 thousand (2005: Euro 1.335 thousand) respectively whilst

interest accrued amounted to approximately Euro 341 thousand. During the year under review the Company paid to the parent company commissions of Euro 21 thousand (2005: Euro 16 thousand).

In addition to the above the Company paid to the parent company wages and salaries of assigned employees of approximately Euro 78 thousand.

Moreover the Company owes to the parent company software license costs of Euro 15 thousand. The transactions and balances of the Company with other related parties are analyzed as follows:

| Related party | Description of balance/transaction | Amount (€ '000) |
|---------------------------|---|--------------------|
| Ethniki General Insurance | Insurance expenses..... | 149 |
| Ethniki General Insurance | Insurance fees due..... | 78 |
| Ethniki General Insurance | Income from insurance compensation..... | 28 |
| EAEDO– Ethnokarta | Expenses from rendering of service..... | 83 |
| Ethnoplan S.A | Software development services | 18 |
| Ethnoplan S.A | Fees from rendering of services due | 22 |
| National Securities SA | Income from rendering of service..... | 12 |
| Ethniki Leasing S.A | Liabilities from financial leases..... | 243 |
| Ethniki Leasing S.A | Lease expenses..... | 14 |

Members of the Board of Directors and Company management are not entitled to postretirement benefits (other than the defined benefit pension plan), including stock related plans.

No material loans have been obtained by the managers of the Company from the parent company.

Fees of the Board of Directors and salaries of the managers of the Company are analyzed as follows:

-Board of Director's fees: Euro 44 thousand (2005: Euro 49 thousand) approximately.

-Salaries of managers (gross): Euro 418 thousand (2005: Euro 366 thousands) approximately.

Note 33: Contingent liabilities and commitments

The Company considers that there is no significant present obligation which results from past events, nor any contingent legal or constructive liabilities whose settlements is expected to result to a material outflow of economic resources.

There are no mortgages, attachments, liens or other encumbrances on the Company's fixed assets.

Litigation cases that are currently pending amount to approximately Euro 9.5 mil. The legal advisors consider that these cases will result favourably to the Company and as such the Company has not formed any provisions. The Company has filed lawsuits related to part of these cases against their claimants.

The Company has been tax audited by the tax authorities up to 2005.

The Company is a tenant of land property and is consequently obliged to an annual rental fee of approximately Euro 91 thousands (2005: Euro 71 thousand). The relevant contract expires in 2029.

| | | | |
|---|--|---------------------------------|-------------------------------|
| THE CHAIRMAN OF THE BOD | THE VICE CHAIRMAN OF THE BOD AND MANAGING DIRECTOR | THE DEPUTY MANAGING DIRECTOR | THE FINANCIAL DIRECTOR |
| EFSTRATIOS GEORGIOS ARAPOGLOU | ANTHIMOS THOMOPOULOS | POLYCHRONIS GRIVEAS | PARIS TRIANTAFYLIDIS |

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ASTIR PALACE VOULIAGMENIS S.A

Report on the Financial Statements

We have audited the accompanying financial statements of Astir Palace Vouliagmenis S.A. ("The Company"), which comprise the balance sheet as at December 31, 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as these were adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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 harmonised with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as these were adopted by the European Union.

Report on Other Legal and Regulatory Requirements

The content of Directors Report is consistent with the accompanying financial statements.

Athens, March 26, 2007

The Certified Public Accountant

Michael K. Hadjipavlou
A.M. ΣΟΕΑ: 12511
Kifissias Ave. 250-254, 152 31 Halandri
Deloitte.
Hadjipavlou Sofianos & Cambanis S.A.
250 – 254 Kifissias Avenue
152 31 Chalandri
Reg. No. SOEL: E 120