

# **GROUP LAMPSA HELLENIC HOTELS SA**

## **INTERMEDIATE FINANCIAL STATEMENTS For the period from January 1, to September 30,2006 According to International Financial Reporting Standards that have been adopted by the European Union**

It is certified that the attached financial statements are the ones approved by the members of the Board of the Directors of the company “Lampsas Hellenic hotels SA” at the 29/11/2006 and that they are published through the Internet to the web-site <http://www.grandebretagne.gr>. The published to the press financial statements provide to the reader some general financial information but they do not present the complete financial position of the company and its results according to the International Financial Reporting Standards. Also, in order to simplify the published financial statements some reclassifications and retractions of items are done.

MAURICE MODIANO  
President of the Board of the Directors  
LAMPSA HELLENIC HOTELS SA

<u>INDEX</u>	Page
Balance sheet	3
Profit and loss statement	4
Consolidated statement of changes in equity	5
Statement of changes in equity of the parent company	6
Cash flow statement (indirect method)	7
1. General information	8
2. Basis of compilation of financial statements	9
3. Basic Accounting Policies	10
3.1 New accounting standards and interpretations of	10
3.2 Management evaluations	10
3.3 Information for each sector	10
3.4 Consolidation	10
3.5 Transactions in foreign currency	11
3.6 Decrement of the value of assets	11
3.7 Financial instruments	11
3.8 Tangible fixed assets	12
3.9 Other intangible fixed assets	13
3.10 Taxation and deferred tax	13
3.11 Inventories	14
3.12 Trade receivables	14
3.13 Cash and cash equivalents	14
3.14 Retirement benefit cost	14
3.15 Provisions	15
3.16 Revenues	16
3.17 Expenses	16
3.18 Earnings /(losses) per share	16
3.19 Long term claims/obligations	16
3.20 Borrowing costs	16
3.21 Bank loans	16
3.22 Set off of claims-obligations	17
3.23 Risk management	17
3.24 Capital	17
3.25 Dividend distribution	17
4. Notes on the financial statements	17
4.1 Obligations	17
4.2 Sales according world sector	18
4.3 Real weights	19
4.4 Litigious cases of under arbitration	19
4.5 Unaudited fiscal years	19
4.6 Investments of the A semester 2006	19
4.7 Related party transactions	20
4.8 Number of personnel	20
4.9 Benefits to the administration	20
4.10 Profit per share	21
4.11 Events after the closing date	21

## Balance sheet

<b>BALANCE SHEET</b>				
Amounts in 000's euro	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	30/09/2006	31/12/2005	30/09/2006	31/12/2005
<b>ASSETS</b>				
<b>Non current Assets</b>				
Tangible assets	124.805	86.670	86.619	86.670
Intangible fixed assets	185	31	26	31
Good will	10.085	-	-	-
Subsidiaries	18	18	11.081	18
Financial assets at fair value through profit and loss	18	-	18	-
Other long-term claims	58	55	53	55
Deferred Tax assets	1.809	1.164	1.023	1.164
	<b>136.942</b>	<b>87.938</b>	<b>98.820</b>	<b>87.938</b>
<b>Current Assets</b>				
Inventory	987	429	435	429
Trade and receivables	3.543	2.383	2.981	2.383
Other receivables	587	580	630	580
Other current assets	480	210	232	210
Advances	75	-	-	-
Cash and cash equivalent	8.051	11.844	4.868	11.844
	<b>13.723</b>	<b>15.447</b>	<b>9.146</b>	<b>15.447</b>
<b>TOTAL ASSETS</b>	<b>150.665</b>	<b>103.385</b>	<b>107.966</b>	<b>103.385</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	23.500	23.500	23.500	23.500
Share premium	38.641	38.641	38.641	38.641
Exchange differences	1.113	-	-	-
Statutory Reserve	302	174	302	174
Other reserves	2.588	1.305	2.588	1.305
Dividends payable	-	1.068	-	1.068
Results carried forward	4.744	1.729	3.905	1.729
<b>Capitals given to the shareholders of the company</b>	<b>70.888</b>	<b>66.418</b>	<b>68.936</b>	<b>66.418</b>
<b>Minority rights</b>	<b>2.816</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>73.705</b>	<b>66.418</b>	<b>68.936</b>	<b>66.418</b>
<b>LIABILITIES</b>				
<b>Long-term liabilities</b>				
Bond loans	27.300	30.000	27.300	30.000
Bank loans	26.402	-	-	-
Retirement benefit obligation	808	648	770	648
Deferred tax obligation	3.281	1.255	2.509	1.255
Other long-term obligations	7.168	-	-	-
Other provisions	129	130	129	130
<b>Total long-term liabilities</b>	<b>65.088</b>	<b>32.034</b>	<b>30.708</b>	<b>32.034</b>
<b>Short-term liabilities</b>				
Bank loan	3.322	-	3.322	-
Short-term debenture and bank loan	2.493	-	-	-
Trade and other payables	983	1.166	803	1.166
Taxes and social securities	706	1.552	742	1.552
Other current liabilities	3.194	1.334	2.279	1.334
Advances	1.174	882	1.174	882
<b>Total short-term liabilities</b>	<b>11.872</b>	<b>4.933</b>	<b>8.321</b>	<b>4.933</b>
<b>Total current liabilities</b>	<b>76.960</b>	<b>36.967</b>	<b>39.029</b>	<b>36.967</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>150.665</b>	<b>103.385</b>	<b>107.966</b>	<b>103.385</b>
Any differences in the additions are due to rounding.				

## Profit and loss statement (Amounts in thousands of Euro)

INCOME STATEMENT								
Amounts in 000's euro	THE GROUP				THE COMPANY			
	1/1-30/9/2006	1/1-30/9/2005	1/7-30/9/2006	1/7-30/9/2005	1/1-30/9/2006	1/1-30/9/2005	1/7-30/9/2006	1/7-30/9/2005
<b>Revenue</b>	31.616	23.295	14.100	8.396	25.619	23.295	9.840	8.395
Less: cost of goods sold	(17.619)	15.070	(7.012)	5.359	15.245	15.070	5.488	5.359
<b>Net revenue</b>	<b>13.997</b>	<b>8.225</b>	<b>7.088</b>	<b>3.037</b>	<b>10.374</b>	<b>8.225</b>	<b>4.352</b>	<b>3.037</b>
Depreciation	2.508	2.105	1.006	704	2.134	2.105	716	704
<b>Profit before finance charges, depreciation &amp; taxes</b>	<b>10.399</b>	<b>6.465</b>	<b>5.573</b>	<b>2.735</b>	<b>8.149</b>	<b>6.465</b>	<b>3.564</b>	<b>2.735</b>
Other operating income	666	474	349	131	455	474	158	131
Selling expenses	(1.880)	1.652	(808)	562	1.491	1.652	583	561
Administrative expenses	(4.732)	2.687	(2.371)	576	3.323	2.687	1.214	576
Other operating expenses	(160)	-	308	-	-	-	135	-
<b>Profit before finance charges &amp; taxes</b>	<b>7.891</b>	<b>4.360</b>	<b>4.567</b>	<b>2.031</b>	<b>6.015</b>	<b>4.360</b>	<b>2.848</b>	<b>2.031</b>
Financial income	1.109	111	1.010	38	115	111	19	38
Financial expenses	(1.592)	945	(362)	314	1.000	945	347	314
Other financial results	0	38	(289)	-	149	38	149	26
Proportion of result of related companies	0	-	0	-	-	-	-	-
<b>Financial result</b>	<b>(483)</b>	<b>(872)</b>	<b>359</b>	<b>276</b>	<b>1.034</b>	<b>872</b>	<b>477</b>	<b>302</b>
Depreciation	(2.508)	2.105	(717)	730	2.134	2.105	716	704
<b>Profit before tax</b>	<b>7.409</b>	<b>3.488</b>	<b>5.214</b>	<b>1.729</b>	<b>4.981</b>	<b>3.488</b>	<b>2.371</b>	<b>1.729</b>
Tax	(1.405)	1.230	(1.113)	557	1.394	1.230	1.102	557
<b>Profit for the year</b>	<b>6.004</b>	<b>2.259</b>	<b>4.101</b>	<b>1.172</b>	<b>3.587</b>	<b>2.259</b>	<b>1.269</b>	<b>1.172</b>
<b>Attributable to:</b>								
Company's shareholders	4.828	2.259	2.723	1172	3.587	2.259	1.269	1.172
Minority shareholders	1.176	-	1.379	-	-	-	-	-
Profit for the period per share after taxes - (in Euro)	0,2260	0,1057	0,1274	0,0549	0,1680	0,1057	0,0590	0,0549

Any differences in the additions are due to rounding

**Consolidated statement of changes in equity.**  
(Amounts in thousands of Euro)

<b>STATEMENT OF CHANGES IN EQUITY FOR THE GROUP</b>							
Amounts in 000's euro							
	Share capital	Share premium	Other reserves	Retained earnings	Total	Minority rights	Total
<b>Balance at 1/1/2005 according IFRS</b>	<b>24,996</b>	<b>38,641</b>	<b>2,483</b>	<b>- 642</b>	<b>65,477</b>	<b>-</b>	<b>65,477</b>
Changes in equity for the period 1/1-30/9/2005							
Dividends distributed	-	-	- 1,004	-	- 1,004	-	- 1,004
Net result for the period 1/1-30/9/2005	-	-	- 324	1,087	763	-	763
<b>Total period difference</b>	<b>-</b>	<b>-</b>	<b>- 1,328</b>	<b>1,087</b>	<b>- 241</b>	<b>-</b>	<b>- 241</b>
<b>Equity balance at 30/9/2005</b>	<b>24,996</b>	<b>38,641</b>	<b>1,154</b>	<b>444</b>	<b>65,236</b>	<b>-</b>	<b>65,236</b>
<b>Balance at 1/1/2006 according IFRS</b>	<b>23,500</b>	<b>38,641</b>	<b>2,547</b>	<b>1,729</b>	<b>66,418</b>	<b>-</b>	<b>66,418</b>
Changes in equity for the period 1/1-30/9/2006							
Dividends distributed	-	-	- 1,068	-	- 1,068	-	- 1,068
Changes in reserves of exchange rates differences	-	-	1,103	-	1,103	128	1,231
Minority rights from change in the percentage in the capital of the affiliated company	-	-	1,423	- 1,813	390	1,513	1,123
Net result posted directly to the net value	-	-	2	-	2	-	2
Net result for the period 1/1-30/9/2006	-	-	-	4,828	4,828	1,176	6,004
<b>Total period change</b>	<b>-</b>	<b>-</b>	<b>1,456</b>	<b>3,015</b>	<b>4,471</b>	<b>2,817</b>	<b>7,288</b>
<b>Equity balance 30/09/2006</b>	<b>23,500</b>	<b>38,641</b>	<b>4,003</b>	<b>4,744</b>	<b>70,888</b>	<b>2,817</b>	<b>73,705</b>

Any differences in the additions are due to roundings

**Statement of changes in equity of the parent company.**  
(Amounts in thousands of Euro)

<b>STATEMENT OF CHANGES IN EQUITY FOR THE COMPANY</b>					
Amounts in 000's euro					
	Share capital	Share premium	Other reserves	Retained earnings	Total
<b>Balance at 1/1/2005 according IFRS</b>	<b>24.996</b>	<b>38.641</b>	<b>2.483</b>	<b>- 642</b>	<b>65.477</b>
Dividends distributed	-	-	5.973	- 6.978	- 1.005
Set-off of escalation differences with profit carried forward	-	-	- 8.046	8.046	-
Net result for the period 1/1-30/9/2005	-	-	744	18	763
<b>Total period difference</b>	<b>-</b>	<b>-</b>	<b>- 1.328</b>	<b>1.087</b>	<b>- 241</b>
<b>Equity balance at 30/9/2005</b>	<b>24.996</b>	<b>38.641</b>	<b>1.154</b>	<b>444</b>	<b>65.235</b>
<b>Balance at 1/1/2006 according IFRS</b>	<b>23.500</b>	<b>38.641</b>	<b>2.547</b>	<b>1.729</b>	<b>66.418</b>
Changes in equity for the period 1/1-30/9/2005	-	-	-	-	-
Dividends distributed	-	-	343	- 1.411	- 1.068
Net result for the period 1/1-30/09/2006	-	-	-	3.587	3.587
<b>Total period change</b>	<b>-</b>	<b>-</b>	<b>343</b>	<b>2.176</b>	<b>2.519</b>
<b>Equity balance 30/06/2006</b>	<b>23.500</b>	<b>38.641</b>	<b>2.890</b>	<b>3.905</b>	<b>68.936</b>

Any differences in the additions are due to rounding

## Cash flows (indirect method).

The cash flow for the group appears below:

<b>Cash flows (indirect method)</b>				
Amounts in 000's euro				
	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>1/1-30/9/2006</b>	<b>1/1-30/9/2005</b>	<b>1/1-30/9/2006</b>	<b>1/1-30/9/2005</b>
<b>Profit from operations</b>				
Gain before taxes	7.409	3.488	4.981	3.488
<b>Plus/minor adjustments for:</b>				
Depreciation & amortization	2.508	2.105	2.134	2.105
Provisions (Income from unused prior period provisions)	(640)	177	94	177
Exchange differences	1.744	0	0	
Results (revenue, expenses, profit and loss) of the investment	(52)	0	0	
Interest and related income	(115)		(115)	
Interest charges and related expenses	2.307	945	1.000	945
Plus/minor adjustments for changes of accounts in working capital or related to operating activities			0	
Increase / (decrease) in inventories	(29)	(38)	(6)	(38)
Increase / (decrease) in receivables	1.955	1.209	(672)	1.209
Increase / (decrease) in accounts payable (min banks)	2.185	(414)	1.917	(414)
minus:				
Interest and related expenses paid	(1.588)	(945)	(281)	(945)
Tax paid	(2.200)	(889)	(1.955)	(889)
<b>Net cash from operating activities (a)</b>	<b>13.483</b>	<b>5.638</b>	<b>7.097</b>	<b>5.638</b>
<b>Investing activities:</b>				
(Acquisition) / Disposition affiliated companies minus their cash	(10.899)	0	(11.081)	0
Acquisition of tangible and intangible assets	(2.221)	(700)	(2.073)	(700)
Other		2	0	2
Interest received	167	0	115	0
<b>Net cash used in investing activities (b)</b>	<b>(12.953)</b>	<b>(698)</b>	<b>13.038</b>	<b>(698)</b>
<b>Cash flows from financing activities:</b>				
Receivings from loans	(3.285)		0	
Paid outs of obligations from leasings	(4)		0	-
Capital decrease		(1.495)	0	(1.495)
Dividends paid	(1.035)	(1.004)	(1.035)	(1.004)
<b>Net cash from financing activities (c)</b>	<b>(4.323)</b>	<b>(2.499)</b>	<b>(1.035)</b>	<b>(2.499)</b>
<b>Net increase/(decrease) in cash and cash equivalents (a+b+c)</b>	<b>3.794</b>	<b>2.440</b>	<b>6.976</b>	<b>2.440</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>11.844</b>	<b>8.026</b>	<b>11.844</b>	<b>8.026</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>8.051</b>	<b>10.466</b>	<b>4.868</b>	<b>10.466</b>
Any differences in the additions are due to roundings				

## **1.GENERAL INFORMATION**

The LAMPSA HELLENIC HOTELS SA (the ‘company’) is located in Athens, Vas. Georgiou A’ 1 str, and it is registered in the register of the Ministry of development with reg. M.A.E 6015/06/B/86/135. The company’s duration is hundred (100) years starting from the publication to the Government Gazette of the Royal Decree that approved the company’s memorandum of association. The company is functioning from its foundation for eighty-seven (87) years.

The principal activity of the company is the acquisition, the construction and the exploitation of hotels in Athens and in other places, in Greece or abroad, as well as relevant companies, as the acquisition or/and the development of spas, of public spectacles, of clubs, etc.

The tenure of the Boards of the Directors elected from the General Assembly of the shareholders at the 22.06.2005 with three years duration and the synthesis is the below:

CHAIRMAN OF THE BOARD (executive member)- Maurice Modiano  
VICE PRESIDENT (non executive member)- Apostolos Doxiadis  
MANAGING DIRECTOR (executive member)-Nikolaos Dandolos  
EXECUTIVE MEMBER - George Galanakis

### **NON-EXECUTIVE INDIPENDENT MEMBERS**

Athanasios Papadopoulos  
Thomas Miller  
Markos Tsaktanis  
Nikolaos Papandreou  
Philippos Spiropoulos

The company’s shares are in the stock market of Athens from the year 1946.The total of shares in circulation at the 30 June 2005 are 21.394.000.All the company’s shares are common and registered.

The company and “Ciga Hellas hotels” SA, now named as Starwood Hotel management company Greece SA subsidiary company of Starwood Hotels and Resorts Worldwide Inc, on December 2001 signed the management and operation contract for the hotel. According to this contract “Starwood Hotels Greece” SA agreed to provide management and operational services to the hotel “Grand Bretagne”.

According to the contract “Starwood Hotels Greece” SA, undertook to restore and to equip on its own expenses the hotel based on certain specifications. Starwood Hotels Greece” SA will have the absolute control of the hotel and will be responsible for the hotel’s operation based on the standards used for all the hotels of the management company around the world, always according to the country’s legislation.



The power of “Starwood Hotels Greece” SA for the control and the operation of the hotel includes its use for all the presumable aims, the room charges, the entertainment and amusement, food and beverage, management of the human resources, surveillance of the bank accounts and the maintenance of company’s cash. “Starwood Hotels Greece” SA is in charge of the promotional and advertisement campaign and the communicative policy of the hotel and will provide reservation services abroad too through their subsidiaries.

Also, “Starwood Hotels Greece” SA is responsible for the existence and the book keeping and archives of the company according the specific accounting standards that will be given for control to the internal auditors of “Starwood Hotels Greece” Sa or their subsidiaries. Licensed employees of “Ciga Hellas hotels” have the power after notification of the management of the hotel to realize controls of the hotel’s places and of the quality of the service provided.

“Starwood Hotels Greece” SA has the right to realize commissions of goods or services from subsidiaries companies since the invoicing and the terms of commissions are competitive to the ones offered by third parties. Further, more “Starwood Hotels Greece” SA has the right to use the hotel’s premises for the education of the employees of other hotels or subsidiaries companies.

At the beginning the length of the management contract, is twenty five (25) years with the right to be extended for other 25 years. This management contract allows a 3% fee on the turnover and 10% fee on the gross trading profit as repayment for the “Starwood Hotels Greece ” SA and the Sheraton international. Both these companies have limited rights for the termination of the management contract without reason.

The Board of the directors is in a constant collaboration with the company that has the management to control the accurate and smooth operation and for the proper operation of the boards of the Directors.

## **2.BASIS OF COMPILATION OF FINANCIAL STATEMENTS**

The consolidated financial statements for the ninth months of the financial year 2006 were made up according the International Financial Reporting Standards (IFRS) and especially according to the standard 34 for the intermediate financial statements.

The intermediate financial statements do not comprise all the information and notes that are needed for the yearly group financial statements at the 31st December 2005 and must be read in connection with the yearly group financial statements at the 31st December 2005.

The accounting principles and the calculations used for the preparation of the financial statement are according the ones used for the preparation of the yearly financial statements for the year 2005 and consistency applied to all the periods appeared.

### 3.SIGNIFICANT ACCOUNTING POLICIES.

#### 3.1 New accounting principles and IFRIC interpretations

The IASB and the IFRIC have already issued a series of new accounting standards and interpretations that are not part of the “IRFS Stable Platform 2005” and are mandatory for the accounting periods starting from the 1<sup>st</sup> January 2006 apart the IAS 7 that is implemented for the periods starting the 01/01/2007. The group estimation according the influence of the new standards an interpretation is the following:

- **IAS 6, Exploration and estimation of mineral resources.**

This standard did not effect the financial statement of the group.

#### **Notice of the financial instrument.**

The group will impose the IAS 7 from the 1/1/2007.

- **IFRIC 3. Rights on gas transmission.**

It is not implemented.

- **IFRIC 4. Definition if a demand comprises leasing.**

The implementation of the IFRIC 4 will not change the accounting manipulation of any contract in force.

- **IFRIC 5. Rights from the investment of fund for the finance reconstruction and environmental restoration.**

It is not implemented.

- **IFRIC 6. Obligations from activities to special sectors –Management of electrical and electronically garbage.**

It is not implemented

- **IFRIC 8 “Scope of IFRS 2”.**

The Group financial statements will not be affected.

#### 3.2 MANAGEMENT PRINCIPALS.

The principles and estimations used by the company for the decisions making that influence the preparation of the financial statements are based on historical data and assumptions that are consider as logical.

The principles and the parameters of decisions making are revaluated for taking into consideration the current development and the results of any changes are presented in the financial statements in the time they are realized.

#### 3.3 INFORMATION BY SECTOR.

Based on the management structure of the company’s affairs, the company decided to chose as a primal basis of the information provided the sector of hotel service provisions, sector from which derive the major revenues of the company.

#### 3.4 CONSOLIDATION.

**Affiliated:** Are all the companies that are controlled and audited, direct or indirect, from another company (parent company), due the possession of the majority of the shares of the company that the investment was done or due the dependence or the know-how that the groups provide. Meaning that affiliated are the companies that the control is held by the mother company. Lampsa obtains and has the control due to the voting rights. Any potential voting rights during the time of the preparation of the financial statements are taking into consideration in order to be evidenced if the mother company has control over the affiliated companies. The

affiliated companies are fully consolidated with the method of take-over during the date that the control is acquired and stop been consolidated when such control does not exist any more. The take-over is accounting according the purchase method. The cost of value is the value of the assets given, the stocks issued and the obligations taken during the date of the exchange, plus any related cost with the transaction. The assets, obligations and possible obligations acquired in a business consolidation are valued during the take-over to the fair value of the elements acquired and is posted as surplus value. If the total cost of the take-over is less the possible value of the elements acquired the difference is posted directly to the results. Inter company Transactions ,balances and non realized profits from the inter company transactions are erased. Also, the non realized losses are erased, except if the transaction has signs of decrement, of the transferred asset. The accounting standards of the affiliated are modified as to be the same as the ones adopted by the group.

### **3.5 FOREIGN CURRENCIES**

The financial statements are presented in the currency of the primary economic environment in which the entity operates (euro).

Transactions realized in foreign currencies, are transferred in euro, with the closing rate of the transaction's day.

In the preparation of the entity's financial statements, 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.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, is included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are considered as part of the fair vale and are posted with the differences arising on the retranslation of non-monetary items. These financial statements do not contain non monetary items that are in foreign currency.

### **3.6 DECREASEMENT OF THE ASSETS VALUE.**

Tangible assets that have no defined length of life are not depreciated and they are subject to a yearly test for any possible decrease losses, when facts or changes show that the accounting value is highly possible not be regained. Tangible assets that are depreciated are subject to a test for any possible decrease losses, when there are facts showing that their accounting value cannot be replaced. The replacement value is the higher amount between the net sale value and the present value.

The loss deriving from the decrease of the assets value is recognized from the company when their book value is higher that the replacement value.

Net sale value is the amount from the sale of an asset element when both parts have full knowledge and agree, after the deduction of every direct cost of disposal of the asset , when, the value is the present value of the future estimated cash flow deriving from the use of an asset and its disposal at the end of its estimated life.

### **3.7 FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognized in the Group's Financial Statements when the terms and conditions agreed between the company and the owner's instrument, are fulfilled in order to ensure that the financial statements reflect the contracts entered into by the Group as a whole.

The basic financial instruments of the company are cash, bank deposits, short-term receivables and obligations, financial elements for sale and some other forms of finance, the long-term loan is included.

Financial assets and financial liabilities that have interest are evaluated to the non-depreciated cost with the method of the effective interest rate.

Any differences in the evaluation of the value of the current assets for sale are carried to the equity.

The company does not use derivatives, neither for commercial reasons nor for other reasons.

### **3.8 TANGIBLE FIXED ASSETS.**

Fixed assets are reflected in the financial statements in the acquisition value. The property and the equipment values are presented diminished by the subsequent accumulated depreciation and subsequent accumulated impairment losses. Cost includes all the expenses for the acquisition of the above elements.

The last escalation was for the value of the land. The IFRS 1 “first adoption” in the paragraph 17b states that the company that for the first time adopts IFRS, in the transition date to the IFRS, can decide that previous fixed assets escalations that were calculated with other accounting standards (GAAP) are part of the acquisition cost on condition that in the time that the escalation happened the value reflects the change of one or specific rate.

Expenses created for the replacement of significant elements of the assets are capitalized. Other future expenses realized for the fixed assets are capitalized only in the case that they raise the future financial benefits that are expected to come from the utilization of these assets.

The rest expenses, realised for the fixed assets, are capitalized only if they add value to the future benefits coming for the use of the above assets.

All the rest maintenance, amendment etc. expenses are registered as expenses in the date of their realization.

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:

Buildings-fixtures 3%  
Machinery and mechanical equipment 15%  
Transportation equipment 15%  
Furniture and fittings 15%  
Office machines and telecommunication equipment 20%  
Printers/hardware 24%

Land is not depreciated. The leased assets are depreciated according to the company’s depreciation policy or the duration of the leasing contract if it is smaller than the life of the asset.

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

### **3.9 OTHER INTAGIBLE ASSETS.**

In this category are the software programs presented in the acquisition cost minus depreciations and if, there are special reasons, minus the amount of decrement. Depreciations are calculated based on the duration of the useful value of the asset and with the method of fixed percentage of depreciation that the company has defined in 5 years depreciating the software programs with 20%. The depreciation for the incorporeal assets and the expenses for the maintenance of the software programs are calculated to the year of the financial results created.

### **3.10 TAXATION AND DEFFERED TAX.**

Income tax expenses represent the sum of tax currently payable and deferred tax. The income tax is presented in the final results. The tax that has to do with transactions related to the capital is posted directly to the capital.

The current payable taxes are presented to the short-term obligations that have to do with tax payable for the fiscal income of the year plus any other taxes related on previous years.

The current income taxes are calculated according the current factors at the submission of the balance sheet. All changes in the short-term assets or the obligations are recognized as part of the financial expenses to the income statement of the year.

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 are 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 which deductible temporary differences 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.

### 3.11 INVENTORIES

Inventories are stated at the lower of cost and net realizable value. The cost of the inventory is calculated, always, with the FIFO method and comprises the acquirement cost of the inventory and the transportation expenses. 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). The company posts to yearly results all expenses realized during the year for the purchase of operating supplies.

### 3.12 TRADE RECEIVABLE

Trade receivables are measured on initial recognition at fair value, and are subsequently decreased with the amounts that it is highly possible not to be received. At the preparation of the Financial Statements, provisions are calculated for the amount that is possible not to be collected. Provision is adjusted, influencing the results of each year.

### 3.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, cheques and sight and time deposits.

### 3.14 RETIREMENT BENEFIT COST

**Short-term benefits:** Short-term benefits to the employees (apart the benefits due to work termination) in money or in items are considered as assets. Any non- paid amount is presented as obligation. In case that the paid amount is above the amount of the benefit, the company considers the exceeding amount as an asset (pre-paid expense) only to extend that the pre-payment will lead to a decrease of future payments or to a return.

**Benefits after the retirement:** The benefits after the retirement comprise pensions or other benefits (life insurance and medical insurance) that the company provides after the retirement as return for the work of the employees. So, they comprise programs of defined contributions and programs of defined benefits. The accrued cost of the programs defined contributions is posted as an expense to the related period.

- **Program for defined contributions**

Based on the program for defined contributions, the company's obligation is defined on the amount agreed to contribute to the organization that manages the contributions and gives the benefits. So, the amount that the employee receives is defined from the amount that the company (or and the employee) gives and from the investment of these contributions.

The company's paid contribution to a program for defined contributions is recognized as an obligation after the deduction of the paid contribution or as an expense.

- **Program for defined benefits.**

The obligation posted to the balance sheet for the programs for defined benefits presents the present value of the obligation for the defined obligation minus the rational value of the asset of the program (if existing) and the variances from any actuarial profit or loss and the cost of the longevity. This calculation is made every year by an independent actuarial with the use of the projected unit credit method. The interest of the long-term bond of the Greek state is used for the prepayment.

The actuarial gains or losses are elements of the obligation of the service of the company and of the expense calculated in the results. The results arise from the adjustments based on the historic facts and are above or under the 10% margin of the accumulated obligation are posted in the results in the expected time of the participants in the program. The retirement benefit cost is recognizable in the results with the exception that the changes of the program are depending of the remaining time of work of the employees. In that case the retirement benefit cost is posted in the results with the fixed method in the maturity period.

**Benefits for the work termination:** The benefits due to the work termination are given when the employees leave before the retirement date. When the company is committed posts these benefits or when the employment of certain employees is terminated according to a detailed plan for which there is no option of retirement or when these benefits give motivation for optional retirement. When these benefits are payable in a period of time after the twelve months of the balances sheet date, then they must be granted according the attribution of the high quality of the company's bond or of the government's bond.

In case of an offer encouraging the optional retirement the estimation of the benefits during the retirement must be based on the number of the employees expected to receive this offer.

In case of termination that it is difficult to define the number of the employees that are going to use these benefits only announcement is done for this possible obligation.

### **3.15 Provisions**

Provisions are recognized when the Group has a present obligation as result of a past even, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Management's best estimation 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. Every year-end the amount of the provisions is revaluated.

Provisions for future losses are not deducted. Future events that are going to influence the amount required for the settlement of an obligation, are taken into consideration when there is evidence that there are going to happen.

### **3.16 Revenues**

The revenues are the sales of goods and services net from taxes, discounts and returns.

Revenues derive from:

#### **a) Sales of goods**

The company sells goods to the clients and the collection of the claim is assured.

#### **b) Sales of services**

The revenues from services are calculated based on the services provided until the day of the balance sheet.

### **3.17 Expenses**

#### **Leasing.**

Leases are classified as operating leases.

#### **Financial cost.**

The cost of finance derives from the interests over the loans that are calculated with the method of the real interest and are recognized in the yearly results except of the interest of the loans for the constructive period that are posted to the accounts of the related fixed assets.

### **3.18 Earnings/ (Losses) per share.**

The earning per share is calculated by dividing the net profit/losses, after taxes, with the average share per year.

### **3.19 Long-term claims/obligations.**

Long-term claims/obligations are presented in the net present value. Any differences in prepayment are presented as financial revenues/expenses in the results of each year resulted.

### **3.20 Borrowing costs**

Borrowing costs directly attributable to long-term loans reform the amount of these loans and are posted to the results based on the method of real interest at the loan contract.

### **3.21 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.



### 3.22 Set-off of claims-obligations

The set-off of assets with obligations and the presentation of the net amount to the financial statements it is realized only if there is legal right for set-off and it exists will for settlement of the net value deriving from the settlement.

### 3.23 Risk management.

#### Exchange risks.

The company acts in the local market and almost all the invoicing is done in euro. The imports from third countries are limited in comparison with the total imports and the buy and selling of foreign currency is done only for the customers needs and not for big amounts.

#### Credit risks.

The company has a specific credit policy. The credit policy is follow up constantly so as the credit given not to exceed the credit and time limit for each client. The company has big number of clients so the credit risk is spread.

#### Risks from variation in interest.

The interest claim and obligations are in the Euribor interest. The company does not use financial derivatives.

### 3.24 Share capital

Expenses realized for the new shares are presented after the deduction of the relevant income, to a decrease of the product. The expenses related to the publication of shares for the acquisition of companies are comprised to the acquisition cost of the company. The cost for the acquisition of shares and any related expenses are presented deducted by the capital resources.

### 3.25 Dividend distribution.

The Dividend distribution to the shareholders is recognized as company's obligation to the financial statement and the distribution is approved by the General Assembly of the shareholders.

## 4. Notes on the financial statements

### 4.1 Group structure and consolidation method

The companies participating in the group are:

COMPANY NAME	HEADQUARTERS	PARTICIPATION PERCENTAGE	CONSOLIDATION METHOD	ACTIVITY
HELLENIC HOTEL COMPANY LAMPRSA SA - MOTHER COM	GREECE	MOTHER COMPANY	TOTAL	HOTEL
GRANDE BRETAGNE LTD	GREECE	DIRECT 99,83%	TOTAL	GIFT SHOP
LUELLA ENTERPRISES LTD	CYPRUS	DIRECT 100%	TOTAL	
NORTH HAVEN LTD	HONG KONG	INDIRECT 100%	TOTAL	
BEOGRADSKO MESOVITO PREDUZECE	SERVIA	INDIRECT 51,00%	TOTAL	HOTEL

The group acquired the 100% of the capital share of the company “Luella Enterprises Ltd” based in Cyprus for the amount of euro 11.080.535,48 and through this company the 100% of the indirect participation of its affiliated company, “North Haven Ltd” based in Hong Kong, to which belongs the 51,00% of the company “Berogradsko Mesovito Preduzece” based in Serbia. The comparative figures of the previous period are the ones of the mother company.

The good will deriving from the acquisition amounted euro 10.085 thousands defined as:

Amounts in thousands of euro

ACQUISITION DATE	06/06/2006
PERCENTAGE OF ACQUISITION	51,00%
ACQUISITION COST	11.081
VALUE OF ASSETS AND OBLIGATIONS IN EURO	1.575
GOOD WILL	9.505
EXCHANGE GOOD WILL DIFFERENCES AT 30/9/2006	580
GOOD WILL AT 30/9/2006	10.085

The assets acquired and the obligations and any possible obligations taken for the group during the acquisition are:

<b>BALANCE SHEET</b>				
	<b>GRAND BRETAGNE LTD</b>	<b>LUELLA ENTERPRISES LTD</b>	<b>NORTH HAVEN LTD</b>	<b>BEOGRADSKO MESOVITO PREDUZECE</b>
	30/09/2006	30/09/2006	30/09/2006	30/09/2006
<b><u>ASSETS</u></b>				
Current Assets	7	11.081	11.825	39.128
Inventory	141	-	-	410
Trade and receivables	-	-	-	543
Other assets	112	2	-	3.401
<b>TOTAL ASSETS</b>	<b>260</b>	<b>11.083</b>	<b>11.825</b>	<b>43.482</b>
<b><u>EQUITY AND LIABILITIES</u></b>				
Long term obligations	6	-	-	34.374
Short-term bank obligations	-	-	-	2.492
Other short-term obligations	208	5	3	868
<b>Total liabilities (a)</b>	<b>214</b>	<b>5</b>	<b>3</b>	<b>37.734</b>
Share capital	18	2	11.825	22.890
Other equity of company's shareholder	28	11.076	- 3	17.141
<b>Total equity of company's shareholder (b)</b>	<b>46</b>	<b>11.078</b>	<b>11.822</b>	<b>5.748</b>
Minority rights (c)	-	-	-	-
<b>Total equity (d)= (b)+( c)</b>	<b>46</b>	<b>11.078</b>	<b>11.822</b>	<b>5.748</b>
<b>TOTAL EQUITY AND LIABILITIES (e)= (a)+(d)</b>	<b>260</b>	<b>11.083</b>	<b>11.825</b>	<b>43.482</b>

A final evaluation of the assets has not been yet competed and the assets value and the obligations taken and of any possible obligations are based on the present value.

#### 4.2 Sales according world sector.

The sales according to sector are below.

<b>Sales</b>						
		<b>1/1-30/9/2006</b>			<b>1/1-30/9/2005</b>	
<b>According geographical section</b>	<b>GREECE</b>	<b>COUNTRIES OUT E.C.</b>	<b>TOTAL</b>	<b>GREECE</b>	<b>COUNTRIES OUT E.C.</b>	<b>TOTAL</b>
<b>Sales</b>	25.619	5.997	31.616	23.295	-	23.295
Cost of sales	- 15.245	- 2.374	- 17.619	- 15.070	-	- 15.070
<b>Gross profit</b>	<b>10.374</b>	<b>3.623</b>	<b>13.996</b>	<b>8.225</b>	-	<b>8.225</b>
Other revenues	455	211	666	474	-	474
Selling expenses	- 1.491	- 389	- 1.880	- 1.652	-	- 1.652
Administrative expenses	- 3.323	- 1.409	- 4.732	- 2.687	-	- 2.687
Other expenses	-	- 160	- 160	-	-	-
<b>Results before financ.and investment results</b>	<b>6.015</b>	<b>1.876</b>	<b>7.891</b>	<b>4.360</b>	-	<b>4.360</b>
Depreciation	2.134	374	2.508	2.105	-	2.105
<b>Results before financ.and investment results and depreciations</b>	<b>8.150</b>	<b>2.250</b>	<b>10.399</b>	<b>6.465</b>	-	<b>6.465</b>
Financial revenues	115	994	1.109	111	-	111
Financial expenses	- 1.000	- 592	- 1.592	- 945	-	- 945
Other financial results	- 149	149	-	- 38	-	- 38
Proportion of result of related companies	-	-	-	-	-	-
<b>Financial result</b>	<b>- 1.034</b>	<b>551</b>	<b>- 483</b>	<b>- 872</b>	-	<b>- 872</b>
Depreciation	- 2.134	- 374	- 2.508	- 2.105	-	- 2.105
<b>Profit before taxes</b>	<b>4.981</b>	<b>2.428</b>	<b>7.409</b>	<b>3.489</b>	-	<b>3.489</b>
Income tax	- 1.394	- 11	- 1.405	- 1.230	-	- 1.230
<b>Afrer taxes profit</b>	<b>3.587</b>	<b>2.417</b>	<b>6.004</b>	<b>2.259</b>	-	<b>2.259</b>

#### 4.3 Real weights.

For the existing group and the company's loan obligations at the 30/09/2006 existed mortgages on the buildings amounting euro 66,2 millions and euro 39 millions.

#### 4.4 Litigious cases of under arbitration.

There are no pending judicial cases of court decisions that may have a significant effect on the financial position of the company.

#### 4.5 Un-audited fiscal years.

The mother company has not been audited for the fiscal years 2003, 2004 and 2005. For the group are presented below:

COMPANY NAME	UNAUDITED YEARS
GRANDE BRETAGNE LTD	2004-2005
LUELLA ENTERPRISES LTD	-
NORTH HAVEN LTD	2000-2005
BEOGRADSKO MESOVITO PREDUZECE	2005

#### 4.6 Investments for the A semester 2006.

The investments for the A semester 2006 are for the group euro 2.221 thousands and for the company euro 2.073 thousands.

#### 4.7 Related parties transactions.

Purchases - sales 1/1-30/09/2006						
Amounts in thousands of euro		BUYER			TOTAL	
		Lampsa SA	GRANDE BRETAGNE LTD	LUELLA ENTERPRISES LTD		
VENDOR	LAMPsa SA	Mother	29		29	
	GRANDE BRETAGNE LTD	Affiliate			0	
		Affiliate			0	
	TOTAL		0	29	0	

Claims - Obligations 1/1- 30/09/2006						
Amounts in thousands of euro		OBLIGATIONS			TOTAL	
		LAMPsa SA	GRANDE BRETAGNE LTD			
CLAIMS	LAMPsa SA	Mother	26		26	
	GRANDE BRETAGNE LTD	Affiliate			0	
	LUELLA ENTERPRISES LTD	Affiliate			0	
	TOTAL		0	26	0	

#### 4.8 Number of employees.

The number of employees is	THE GROUP		THE COMPANY	
	30/09/2006	30/09/2005	30/09/2006	30/09/2005
Employees	703	487	492	487

#### 4.9 Benefits to the management.

Amounts in thousands euro	THE GROUP		THE COMPANY	
	1/1-30/9/2006	1/1-30/9/2005	1/1-30/9/2006	1/1-30/9/2005
Salaries and other short-term benefits	731	638	665	638
	731	638	665	638

#### 4.10 Profit per share.

	THE GROUP		THE COMPANY	
	30/09/2006	30/09/2005	30/09/2006	30/09/2005
Profit for the shareholders of the mother company	4.828	2.259	3.587	2.259
Total number of shares	21.364.000	21.364.000	21.364.000	21.364.000
Basic per share profit	0,2260	0,1057	0,1679	0,1057

#### 4.11 Events after the closing date.

Apart from the above-mentioned facts no further facts exist that acquire further mentioning according the IAS.

The President of the BoD  
finance

Maurice Modiano  
ID no GR 0203754

The managing director

Nikolaos D Dandolo  
ID no X 170751

The director of

Const..Kyriakos  
ID no F 118601