LAMPSA HELLENIC HOTELS S.A.

Societe Anonyme Reg. Nr.: 6015/06/B/86/135 GEMI Reg. Nr.: 223101000

Vasileos Georgiou A1, 10654, Athens

ANNUAL FINANCIAL REPORT

For the period ended as at December 31, 2017

According to Article 4 of Law 3556/2007

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LAMPSA HELLENIC HOTELS S.A.

A. Representations of the Members of the Board of Directors

(under Article 4, par. 2, Law 3556/2007)

We hereby certify that as far as we know:

a) The attached annual separate and consolidated Financial Statements of "LAMPSA HELLENIC HOTELS S.A." for the FY 1/1/2017 – 31/12/2017 prepared according to the effective International Financial Reporting Standards, present truly and fairly the assets and liabilities, the equity and the financial results of the Company as well as of the consolidated companies as a total.

b) The annual management report of the Board of Directors presents in a true and fair view the development, the performance and the financial position of the Company, as well as the companies consolidated as a total, including the description of the main risks and uncertainties they face.

Athens, April 27, 2018

The designees,

PRESIDENT OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	MEMBER OF THE BOARD OF DIRECTORS
GEORGE GALANAKIS I.D. No Ξ 282324	ANASTASIOS HOMENIDIS I.D. No AI 506406	FILIPPOS SPYROPOULOS I.D. No AK 121283

B. Independent Auditor's Report

To the Shareholders of "LAMPSA HELLENIC HOTELS S.A."

Report on the audit of the separate and consolidated financial statements

Opinion

We have audited the accompanying separate and consolidated financial statements of the company "LAMPSA HELLENIC HOTELS S.A." (the Company), which comprise the separate and consolidated statement of financial position as at December 31, 2017, and the separate and consolidated statements of comprehensive income, changes in equity and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries (the Group) as of December 31, 2017, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as they have been transposed in Greek Legislation. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the separate and consolidated financial statements" section of our report. During our audit, we remained independent of the Company and the Group, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as transposed in Greek legislation and the ethical requirements relevant to the audit of the separate and consolidated financial statements in Greece. We have fulfilled our responsibilities in accordance with the provisions of the currently enacted law and the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 5.25 of the financial statements which include statements about the existence of pending court cases of subsidiary company of amount EUR 1.1 million the final outcome of which cannot be estimated at present and therefore has not been recognized any provision in Group's financial statements in relation to these court cases. In our opinion there is no qualification in relation to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Key Audit Matters Approach
Revenue Recognition	
The revenue cycle of the Group and the company is an area of special audit consideration due to the volume of transactions and the complexity of the information systems necessary for the provision of services.	Our audit approach included among others the following procedures: • We have performed a reconciliation between the guest ledger and the general ledger of the Financial Statements.

As mentioned in note 5.19 of the Financial Statements as at 31/12/2017, the Revenues of the Group and the Company amounted to € 62.731 k and € 50.506 k respectively; an increase of 20% for both the Group and the Company. Information relevant to the company revenue recognition accounting policies are stated in note 3.5 of the Financial Statements.	• We evaluated the adequacy of the guest ledger internal audit procedures and we assessed whether they are designed effectively as to prevent any errors or omissions in revenue recognition. • For a sample of revenues of the events department we have performed reconciliation procedures from the source documents to the accounting records. • We conducted substantive analytical procedures as to recalculate the room revenue based on the hotel occupancy and the respective room rates. • We evaluated the adequacy of the Financial Statement disclosures regarding the aforementioned matters.

Other Information

Management is responsible for the other information. The other information is included in the Board of Directors' Report, as referred to the "Report on other Legal and Regulatory Requirements" section, in the Declaration of the Board of Directors Representatives and in any other information which is either required by Law or the Company optionally incorporated, in the required by Law 3556/2007, Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the procedures performed, we conclude that there is a material misstatement therein; we are required to communicate that matter. We have nothing to report in this respect.

Responsibilities of Management and Those Charged with Governance for the separate and consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards, as endorsed by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee (art. 44 of Law 4449/2017) of the Company is responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the separate and consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the separate and the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as they have been transposed in Greek Legislation, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs as they have been transposed in Greek Legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Company and the Group. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Board of Directors' Report

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report which also includes the Corporate Governance Statement, according to the provisions of paragraph 5 of article 2 (part B) of L. 4336/2015, we note the following:

a. The Board of Directors' Report includes the Corporate Governance Statement which provides the information required by Article 43bb of Greek Codified Law 2190/1920.
b. In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of articles 43a and 107A and of paragraph 1 (cases c' and d') of article 43bb of Greek Codified Law 2190/1920 and its content is consistent with the accompanying separate and consolidated financial statements for the year ended 31/12/2017.
c. Based on the knowledge we obtained during our audit about the Company LAMPSA HELLENIC HOTELS S.A. and its environment, we have not identified any material inconsistencies in the Board of Directors' Report.

Additional Report to the Audit Committee

Our audit opinion on the separate and the consolidated financial statements is consistent with the additional report to the Audit Committee referred to in article 11 of EU Regulation 537/2014.

Non Audit Services

We have not provided to the Company and its subsidiaries any prohibited non-audit services referred to in article 5 of EU Regulation No 537/2014. The allowed services provided to the Company and the Group, in addition to the statutory audit, during the year ended 31 December 2017 have been disclosed in Note 5.19 to the accompanying separate and consolidated financial statements.

Appointment

We were appointed as statutory auditors for the first time by the General Assembly of shareholders of the Company on 25/06/2004. Our appointment has been, since then, uninterrupted renewed by the Annual General Assembly of shareholders of the Company for 14 consecutive years.

Athens, 30 April 2018

The Certified Public Accountant

Pavlos Stellakis

SOEL Reg. 24941

Grant Thornton
An instinct for growth™

Chartered Accountants Management Consultants
56, Zefirou str., 175 64 Palaio Faliro, Greece
Registry Number SOEL 127

C. Annual Report of the Board of Directors
of the company
«LAMPSA HELLENIC HOTELS S.A. »
on the corporate and consolidated Financial Statements
for the year January 1st to December 31st, 2017

Dear Shareholders,

The current Annual Report of the Board of Directors pertains to the closing year from 1/1/2017 to 31/12/2017 and has been prepared in accordance with the provisions of Law 2190/1920 Article 43a paragraph 3, Article 107 paragraph 3 and Article 136 paragraph 2, and the provisions of Law 3556/2007, Article 4, paragraphs 2 (c), 6, 7 & 8 and the decisions of the Capital Market Commission 7 and Article 2 of the Company's Articles of Association. The current report includes the audited consolidated and corporate financial statements, the notes to the financial statements and the Independent Auditor's Report. The current report summarized information on the Group and the Company **«LAMPSA HELLENIC HOTELS S.A.»**, financial information aimed at providing general information to the shareholders and the investing public about the financial performance and the results, the overall course of development and the changes made during the closing year (01.01.2017 - 31.12.2017), significant events that took place and their impact on the financial statements of the year. Also, there is provided a description of the main risks and uncertainties that the Group and the Company may face in the future, as well as significant transactions between the Issue and its related parties.

The current report accompanies the annual financial statements (01/01/2017 - 31/12/2017) and is included together with the full text of the statements of the BoD members. Given that the Company also prepares consolidated financial statements, this report is unified, with the principal point of reference of the consolidated financial statements and with reference to corporate financial data of «LAMPSA HELLENIC HOTELS S.A.», only where appropriate or necessary for better understanding its contents.

The report presents an in brief but effective way all the necessary significant units, based on the above legislative framework and records, and reflects, in a true and fair manner, all the relevant information, required by legislation, in order to provide essential and thorough information regarding the operations within the aforementioned period on «LAMPSA HELLENIC HOTELS S.A.» (hereinafter «The Company») as well as the Group.

A. Financial developments and data on the course of the reporting year

Financial Information

In 2017, the tourism section Greece substantially improved, since there was an increase in arrivals, in line with an increase in revenue. Therefore, due to the increase in arrivals, the revenue of the Food & Beverage segment, also presented a significant increase.

Significant improvement in room occupancy ration can also be observed in the Serbian hotel market, since demand is showing signs of recovery, assisted by the new foundations caused by Serbia's admission to the EU (airports, privatization of air transportation operator etc). However, a marginal decrease in average room price has been recorded owing to extensive competition from a high number of new hotels in the Belgrade area.

Room occupancy ratio of the luxury hotel industry in Athens increased by 8,2% compared to 2016 adjusting the ratio to 73,3% versus 67,7% in 2016. The average hotel room price decreased marginally by 0,7% versus 2016, standing at € 157,14 versus € 158,19 in 2016. Therefore, room occupancy ratio of the luxury hotel industry in Athens increased by 7,4%, standing at € 115,11 versus € 107,14 in 2016 while the total room revenue increased by 10,9% (also given an increase in available rooms by 3,2%).

"Grande Bretagne" and “King George” recorded increased room occupancies of 74,99% (versus 68,39% in 2016) but also an important increase in ARR (Average room rate) of 287,14 (versus € 258,56 in 2016) holding their leading position in Athens Hotel Market. Thus, revenue per available room increased by 21,78%.

Turnover of the parent stood at € 50.506 k recording an increase of 20,05% while EBITDA reached € 13.991 k versus € 9.773 in 2016.

Sheraton Rhodes also recorded stable course with a significant increase (consolidated under Equity method) and turnover of € 11.351 (2016: € 9.901 k) and EBITDA of € 3.299 k (2016 : €. 2.126 k). This positive outcome will allow the financing of the required renovation work on the building and equipment.

“Grande Bretagne" hotel recorded a 20.27% sales increase versus 2016, while “King George” hotel increased respectively (19.17%). Regarding the Group hotels in Serbia, “Hyatt Regency Belgrade” increased sales by 18,35%, while “Excelsior” increased sales by 21,13%. Moreover, Sheraton Rhodes hotel, whose results given consolidation under Equity method, have effected the consolidated results of the Group and presented sales increase by 14.6%.

Specifically for the Group's Hotels, the figures were as follows:

Results for 31-12-2017					
	Grand Bretagne	**King George**	**Hyatt Belgrade**	**Sheraton Rhodes**	**Excelsior**
Revenue per available room	221,22	196,82	64,16	103,33	31,60
Hotel occupancy rate	73,27%	80,38%	62,85%	82,51%	63,67%
Average hotel room price	301,92	244,86	100,89	125,24	50,00
Results for 31-12-2016					
	Grand Bretagne	**King George**	**Hyatt Belgrade**	**Sheraton Rhodes**	**Excelsior**
Revenue per available room	180,64	164,83	51,27	83,71	25,53
Hotel occupancy rate	66,64%	73,85%	48,70%	81,52%	52,43%
Average hotel room price	271,06	223,18	105,29	102,68	48,70

The Group turnover has also increased by 19,76% (from € 52.380 k to € 62.731) and EBITDA by 34,77% (from € 13.023 k to € 17.551 mainly due to the results recorded by the parent.

The Group Earnings Before Tax recorded profit of € 12.128 k versus profit of € 3.112 k in 2016, presenting an increase of 52% from operating activities. The additional increase is due to improved financial income and impairment of assets of the previous year. The Company Earnings Before Tax stood at € 10.843 k versus profit of € 5.751 k recorded in 2016.

Finally, net earnings (after tax and before non-controlling interest) of the Group recorded profit of € 8.770 k versus profit of € 1.919 k in 2016. Profit after tax of the Company stood at € 7.566 k versus profit of € 4.641 k in 2016.

Currently, the following companies are incorporated:

Company	Func. Currency	Domicile	Participating interest %	Consolidation Method	Participation
LAMPSA HELLENIC HOTELS S.A..	€	GREECE	Parent		
LUELLA ENTERPRISES LTD	€	CYPRUS	100,00%	Full	Direct
BEOGRADSKO MESOVITO PREDUZECE	€	SERBIA	94,60%	Full	Indirect
EXCELSIOR BELGRADE SOCIATE OWNED	€	SERBIA	80,33%	Full	Direct
TOURISTIKA THERETRA S.A.	€	GREECE	50,00%	Proportionate	Direct
MARKELIA ENTERPRISES COMPANY LTD	€	CYPRUS	100,00%	Full	Indirect

Value creation and performance measurement factors

The Group evaluates results and performance on a monthly basis, timely and effective identifying deviations from the goals and taking corrective measures. The Group's performance is measured using the following international financial performance indicators:

-EBITDA (Operating Earnings Before Interest, Taxes, Depreciation & Amortization): The Group defines "Group EDITDA" sizes as profit / (loss) before taxes adjusted for financial and investment result purposes, in respect of total depreciation and amortization (tangible and intangible fixed assets) as well as the effects of special factors, such as share in operating results of associates when they are active in one of the Business Segments and the effects of write-offs made under transactions conducted with the aforementioned associates.

- ROCE (Return on Capital Employed): The index divides the earnings before interest and taxes to total capital of the Group which is the sum of equity, total loans and long-term forecasts.

- ROE (Return on Equity): The index divides the profit after tax attributable to equity holders of the parent by the equity attributable to shareholders of the parent.

The above indicators for 2017 compared to 2016 were as follows:

	31/12/2017	31/12/2016
EBITDA	17.551	13.023
ROCE	11,71%	6,87%
ROE	9,87%	2,34%

Based on the above, the most significant items of the Financial Statements have changed as follows:

- The Group's annual **turnover** stood at € 62.731 k versus € 52.380 k in 2016 recording an increase of 19,76%. Respectively, in the Parent Company (Hotel "Grande Bretagne" and King George) it stood at € 50.506 k versus € 42.072 k in 2016, that is, recording an increase of 20,05% mainly coming from the Rooms' Revenues (occupancy and average price), a consequence of political stabilization and recovery of the incoming tourism. The participation of King George stood at € 10,1 m versus € 8.5 m in 2016.

- The consolidated **gross profits** stood at € 25.602 k from € 19.244 k in 2016, recording an increase in scale of 33,04%, while the gross profit's markup increased from 36,74% in 2016 to 40,81% in 2017. The Parent Company's gross profits stood at € 21.682 versus € 16.530 k in 2016, recording an increase of 31,17%. The Company gross profit markup stood at 42,93% in 2017 versus 39,29% in 2016. This increase is mainly due to the big increase of annual turnover and therefore to the improvement of the profit margin due to compared rigidity of wages and salary expenses, main component of the cost of sales.

- The **Group's operational profits (EBITDA)** stood at the amount of € 17.551 k versus € 13.023 k in 2016, recording an increase at the percentage of 34,77%. The significant increase in EBIDTA reflects the impact of the significant increase of the turnover. In the Parent Company, it stood at € 13.991 k versus € 9.773 k in 2016 recording an increase of 43,16 % which is due to the increase of annual turnover. It is to be noted the hotels operating in Serbia also present positive EBITDA.

- The Group's **other financial results** were burdened with exchange rate differences which mainly derived from the loan valuation in US Dollars of the Company. Besides the exchange rate differences, the Company's results include the revenues from dividends as at € 300 k versus € 650 k in the previous year.

- **Earnings (losses) from property, plant and equipment impairment** in the previous year were due to impairment of the Company's subsidiary Excelsior Belgrade και Beogradsko Mesovito Preduzece buildings in Serbia by € 3,479 k. The Group's management believes that these impairments do not reflect the market value of real estate estate and arise from temporarily adjustments imposed by the IFRS. The lack of comparables in Serbia did not allow to form commercial values, while opening of new international hotel units in Belgrade reflects growth expectations that are not consistent with these impairments The Management estimates that identifying of such comparables in view of Serbia's joining the European Union will allow to reverse the performed impairments. No evidence of further impairment were effective within the current year.

- **The Group's results before taxes** recorded profit of € 12.128 k versus € 3.112 in 2016. Profit before taxes of the Company stood at € 10.843 k versus € 5.751 k in 2016.

- **Net earnings (after tax and before non-controlling interest royalties)** of the Group recorded profit of € 8.664 k versus profit of € 2.288 k recorded in 2016, as a result of the above and as a result of the tax recording expenses of € 3.359 k versus € 1.194 k in 2016.

- During the current year for the Group and the Company, **investments in tangible and intangible assets** stood at the amount of € 48.909 k and € 48.170 k (2016: € 4.968 k and € 4.158 k respectively) mainly pertaining to acquisition of King George.

B. Significant events

SIGNIFICANT EVENTS DURING THE FISCAL YEAR 2017

In December 2017, the Company signed a long-term lease agreement of the historic King's Palace hotel, owned by the AUXILIARY FUND OF FORMER EMPLOYEES OF THE AGRICULTURAL BANK OF GREECE . ("ATPPEATE"). The duration of the lease was set at thirty (30) years with a pre-emptive right against all third parties that will submit a binding offer for the lease of the property after the expiry of the above period. The annual rental was set at one million two hundred thousand euros (€ 1,200,000) plus 25% of the turnover, in accordance with the proposal of the relevant Business Plan and the achieved turnover. In addition, according to the terms of the lease, the Company will have to carry out renovations so that the hotel could be suitable for its intended use. The hotel shall be put into operation no later than in two years, ie until 8 December 2019.

In December 2017, the Company proceeded with the acquisition of the historic King George Hotel (including mobile items and brands) from Eurobank Ergasias S.A. for a total consideration of € 43 million. The hotel was leased to LAMPSA S.A. since 2013 and operated under shared management with the neighboring Grande Bretagne. Thus, the leasing costs amounting to approximately € 1.50 m per year have been eliminated.

With the completion of the aforementioned purchase, coupled with the completion of the long-term lease of King's Palace historic hotel, owned by ATPPEATE and despite the adversity of the Greek economic crisis, LAMPSA has successfully completed its investment plans in the center of Athens, marking its long-standing presence in the domain of tourism.

During 2017, the Company acquired offices on the first, second and third floor at 4 Voukourestiou Str., totaling value of € 682 k in order to integrate the whole "Athenoennes" building into "Grande Bretagne" hotel complex (it is to be noted that that the 4th - 7th floors already belong to " Grande Bretagne").

In April 2017, the Group's subsidiary Excelsior signed a hotel management agreement with the company Orbis S.A. of Accor Group. The term of the agreement is ten years with the right to renew it under the same conditions for 10 more years. The agreement is to start on September 1, 2017 and the hotel will operate under the management of Accor under the title "Mercure Belgrade Excelsior". The management fees include a percentage of revenue and a percentage of gross operating profit provided that the set forth objectives have been met.

Accor Hotels is one of top 5 hotel chains holding a leading position in Europe, Latin America, the Middle East, Africa and Asia. There are 2,300 hotels under direct management agreement and in addition 1,850 hotels under a franchise agreement. On everyday basis, the group hosts 500,000 visitors at over 4,150 hotels in 95 countries. The global size of the company provides real benefits to hotel owners (Proven techniques and large economies of scale, skilled staff with strong know-how and constant support, achieving the financial objectives. Some of the brands of the company are Sofitel, Raffles, Fairmont, Pullman, Swissotel, Mercure, Novotel.

The Annual General Meeting of the shareholders of LAMPSA S.A. was held on 08/9/2017, with the presence of Shareholders representing 16,773,399 common registered shares on a total of 21,364,000 common registered shares of the Company, i.e. approximately 78,51 % and decided unanimously on the items on the agenda as follows:

(1) regarding the first issue, the AGM approved the annual financial statements of Lampsa S.A. (separate and consolidated) together with the reports of the Board of Directors of the financial year 2016 (1.1.2016-31.12.2016), after the hearing of the independent auditors' report on the annual financial statements of 31.12.2016 (separate and consolidated),

(2) regarding the second the AGM released the members of the Board of Directors as well as the auditors from any responsibility on the drafting and audit of the annual Financial Statements as well as on the management of the company of FY 2016,

(3) regarding the third issue, the AGM elected auditing firm for the audit of annual and interim Financial Statements of the Company for FY 2017, GRANT THORNTON SA and set its remuneration,

(4) regarding the forth issue, the AGM approved a total amount of 31.416 Euro as fees for the Board of Directors' member, Ms. Chloe Laskaridi, for the year 2016 and has pre-approved an amount of 36.108 Euro for FY 2017,

(5) regarding the fifth issue, the President of the General Meeting informed the members that, following review, the Articles of the company had already been adapted to Law 3604/2007 and therefore no decision on this matter is required.

(6) regarding the sixth issue, it approved the modification of the Company's purpose and article 3 of the Articles of Association of the Company and its simultaneous codification in order to expand the Company's business activity in the branch of the sale of food supplements.

(7) regarding the the seventh issue, it approved signing as of 28.04.2017 Additional Act by "TOURISTIKA THERETRA" as creditor, and the Company, as a guarantor, with ALPHA BANK on the no. 40357 / 04.04.2011 of an initial credit agreement with an open (overdraft) account in favor of the company named "TOURISTIKA THERETRA SA" and the distinctive title "SHERATON RHODES RESORT" amounting to € 2m (€ 2,000,000.00) as the Company benefits from the progress of the borrower's business as it is known to participate in the share capital of the borrower by 50% and therefore has a common and unified corporate interest with it.

(8) regarding the eighth issue, it approved the Company's indefinite guarantee for ALPHA BANK in favor of the company "TOURISTIKA THERETRA SA" amounting to € 750k (750.000 €), that is to say up to the percentage of its participation in the borrower's capital, secured of the 25.448 / 17-2-2011 credit agreement signed by the creditor "TOURISTIKA THERETRA SA" with ALPHA BANK as it serves the corporate interests and promotes the Company's aim, because it participates in the share capital of TOURISTIKA THERETRA SA and therefore has a common and united corporate interest with it and benefits from the progress of the work of the borrower.

(9) regarding the ninth issue, that is various announcements, information was provided on the progress of the Company and the challenges in the domain of Tourism.

SIGNIFICANT EVENTS AFTER THE YEAR END

On February 26, 2018, the subsidiary company EXCELSIOR BELGRADE AD decided to cease its listing at the Serbian stock exchange by exercising the pre-emptive option regarding the shares of majority shareholders. Till currently, the option was supported by the shareholders of the company holding total of 17.23%. Now, a small percentage of shares (2.44%) remains non-controlled by the company and regarding this issue, the company intends to exercise the mandatory option in order to acquire 100% of the share capital.

In March 2018, the subsidiary BEOGRADSKO MESOVITO PREDUCEE AD acquired all minority shares for a consideration of € 2.5 m, corresponding to 5.4% of the share capital. As a result of the acquisition, no shares are held outside the Group's companies.

In addition, in March 2018, a loan agreement was signed between two subsidiaries domiciled in Serbia (BEOGRADSKO MESOVITO PREDUZECE & EXCELSIOR BELGRADE SOCIATE OWNED). The amount of the loan is € 1.3 m with full repayment in 2020. The loan will be used to finance the acquisition of minority shares of EXCELSIOR BELGRADE agreement regarding King's Palace historic hotel, owned by ATPPEATE, it is expected that within the current period, the engineering designs as well as the necessary licenses for the renovation of the hotel will be issued and reconstruction works will start immediately.

C. Risks and Uncertainties

Financial Risk Factors

The Group is exposed to financial risks such as changes in exchange rates, interest rates, credit risk, liquidity risk and fair value interest rate risk. The overall risk management of the Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Risk management is carried out by the central cash available management service, which identifies and evaluates financial risks in cooperation with the services that face these risks. Prior to the relevant transactions it is taken acceptance by officers with the right to bind the Company to its counterparties.

Currency Risk

The Group operates in Greece, Cyprus and Serbia and its operating currency is Euro. However, here is a certain limited exposure to currency translation risk regarding US Dollar, mainly arising from loan and other liabilities in Dollars. The exchange rate risk of this kind arises from the rate of these currencies against the euro, partially offset by corresponding liabilities (e.g. loans) of the same currency.

Financial assets and liabilities in foreign currency converted into Euro at the closing rate are as follows:

	2017	2016
Amounts in 000 €		
Nominal amounts	**US$**	**US$**
Financial assets		
Financial liabilities	(2.127)	(2.314)
Short-term exposure	**(2.127)**	**(2.314)**
Financial assets	-	-
Financial assets	(5.139)	(7.611)
Long-term exposure	**(5.139)**	**(7.611)**
Total	**(7.267)**	**(9.925)**

The following tables show the sensitivity of the result for the financial year as well as the equity in relation to financial assets and financial liabilities and the exchange rate Euro / Dollar.

We assume a change of 2,49% in the 31 December 2017 exchange rate of EUR / USD (2016: 3,84%). These percentages were based on the average market volatility in exchange rates for a period of 3 months from the end of each year (31/12).

In case € increases compared to the above currency, with the percentages mentioned above, the results on the earnings for the year and equity will be as follows:

Amounts in thousands €	2017	2016
	US$	**US$**
Income statement before tax	107	272
Equity	75	193

In case € depreciates compared to the above currency, with the percentage mentioned above, the earning for the year will be affected as follows:

Amounts in thousands €	2017	2016
	US$	US$
Income statement before tax	(110)	(294)
Equity	(78)	(209)

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

Credit Risk & Liquidity Risk

The majority of Group's sales are performed through credit cards, the credit sales though are made to customers with evaluated credit history.

Liquidity risk is kept at low levels by maintaining sufficient cash and credit lines.

As at 31/12/2017, the Group had negative working capital, as current liabilities exceed current assets by € 58.917 k. (parent company € 65.414 k). A significant part of current liabilities (83% regarding the Group and 84% regarding the parent company) pertains to short-term debt and long-term debt installments payable in the following year.

Without taking into consideration the short-term loan liabilities, the Group working capital is presented positive by € 5.788 k and the Company's is presented negative by € 1.071 k.

The company's short-term borrowings pertain to the loan amounting to 43 m. € received for the purposes of acquisition of King George hotel.

As far as the Group's borrowings are concerned, the Management is in the final stage of negotiations with the lending banks regarding the restructuring of the parent company's loans from short-term to long-term. It is estimated that the final agreement, expected to be signed within the first half of 2018, will settle the issue in question.

In any case, the Group and the Company have the necessary assets, which, together with the significant improvement in operating results and the market shares held in the Hotel Market, allow them to have alternative sources of financing for their operations, covering their needs. In this context and following the strategy applied during the recent years, it is a direct priority of the Management to optimize the use of the employed capital.

Finally, two major shareholders of the parent company "NAMSOS ENTERPRISES COMPANY LIMITED" and "DRYNA ENTERPRISES COMPANY LIMITED" 61,86%, although it is estimated that it will not be necessary, are committed to cover working capital subsequent needs for at least the next twelve months from the date of approval of the annual financial statements of 31/12/2017.

It is noted that the financial statements of the companies included in the consolidation have been prepared based on the going concern principle.

Risk of Changes of Fair Value due to Changes in Interest Rates

Operational revenue and operational cash flows of the Group are substantially independent of changes in market interest rates. The Group has assets of interest-bearing assets with fixed performance and the policy of the Group is to maintain approximately total borrowings at floating rate. At the end of the administrative period, the total borrowings were in floating interest rate loans.

The following table shows the sensitivity of the results for the financial year as well as the equity to a reasonable possible change of interest rate of +1.0 % or -1.0% (2016: +/-1 %). It is estimated that changes in rates logically reflect the market conditions.

	01/01-31/12/2017		01/01-31/12/2016	
Amounts in thousands €	**1,0%**	**-1,0%**	**1,0%**	**-1,0%**
Income statement before tax	(500)	500	(340)	340
Equity	(355)	355	(241)	241

D. Prospects & development for the new year

The tourism industry of the country exhibits signs of significant improvement. The relative lack of stability of tourism destinations of the wider area has a positive effect on destination Greece, as a safe Eurozone member-country. Lampsa hotels, boasting the competitive advantage of luxury hotel units, location and history (Grande Bretagne) lead the Group to successfully facing any difficulties that arise, continuing operations regularly, without impediments, in all segments where it's active while improving its financial performance.

Significant improvement in room occupancy ration can also be observed in the Serbian hotel market, since demand is showing signs of recovery, assisted by the new foundations caused by Serbia's admission to the EU (airports, privatization of air transportation operator etc). However, a decrease in average room price has been recorded owing to extensive competition from a high number of new hotels in the Belgrade area.

It is expected that the upward trend regarding the hotels operating in Greece will continue in 2018. The contribution of the King George Hotel which has been added to Lampsa Group is estimated to remain significant, mainly due to the economies of scale that have already been achieved through the synergy of two hotels - both at the management and staffing levels – and also due to its contribution to the turnover of the Company.

As far as the hotels in Serbia are concerned, significant growth is expected, since it appears that its forthcoming EU membership together with the foreign (especially Arab) investments in line with the demand for business tourism will start to recover. Hopes for investments in the countries that are on their way to EU membership, coupled with its central location (HUB) in the Balkans allows optimistic projections in respect of the Hotel Industry recovery. It is no coincidence that strong players of travel & tourism segment, such as ETIHAD (Air Serbia), Crown Plaza, Starwood, Radisson and Marriott have installed their facilities in Belgrade. Following the boom in investment in hotel and other infrastructure, Belgrade market showed significant signs of recovery in 2017, and further moderate growth is expected to follow in 2018. In particular, as far as Excelsior is concerned, the fact that the management has been undertaken by Accor group is expected to make a significant contribution to the increase of its sales.

E. Related Parties Transactions

This section includes the most significant transactions between the Company and its related parties as defined in International Accounting Standard 24 and in particular:

(a) Transactions between the Company and any related party made during the financial year 2017, which have materially affected the financial position or performance of the Company during the mentioned period,

(b) any changes in the transactions between the Company and any related party described in the last annual report that could have a material effect on the financial position or performance of the Company during the financial year 2017.

It is noted that the reference to those transactions includes the following elements:

a) the amount of such transactions for the financial year 2017

(b) the outstanding balance at the end of the financial year (31/12/2017)

(c) the nature of the related party relationship with the issuer and

(d) any information on transactions that are necessary for understanding the financial position of the Company, but only if such transactions are material and have not been conducted under normal market conditions.

Specifically, transactions and balances with related legal entities and natural persons, as defined by the International Accounting Standard 24 on 31/12/2017 and 31/12/2016 respectively, are as follows:

Amounts in thousands €	**THE GROUP**		**THE COMPANY**	
Sales of goods – services	**01.01-31.12.2017**	**01.01-31.12.2016**	**01.01-31.12.2017**	**01.01-31.12.2016**
Jointly controlled entities	72	58	72	58
Other associates	52	134	52	134

Total	124	191	124	191
Acquisition of services	**01.01-31.12.2017**	**01.01-31.12.2016**	**01.01-31.12.2017**	**01.01-31.12.2016**
Jointly controlled entities	9	9	9	9
Other associates	439	424	439	424
Total	**448**	**433**	**448**	**433**
Balance of Receivables	**01.01-31.12.2017**	**01.01-31.12.2016**	**01.01-31.12.2017**	**01.01-31.12.2016**
Jointly controlled entities	514	545	514	545
Other associates	13	213	13	213
Total	**527**	**758**	**527**	**758**
Balance of Payables	**01.01-31.12.2017**	**01.01-31.12.2016**	**01.01-31.12.2017**	**01.01-31.12.2016**
Jointly controlled entities	0	5	0	5
Other associates	83	100	83	100
Total	**83**	**105**	**83**	**105**

Out of the above transactions, any transactions and outstanding balances with subsidiary companies have been excluded from the consolidated financial statements of the Group. In 2017, receivables/ loan liabilities between subsidiary companies of total amount € 2.146 were fully repaid within the current year. Interest income / expenses stood at of € 115 k and FX differences income / expenses stood at € 186 k.

Outstanding balances at year end are unsecured and settlement is made in cash. No guarantees have been provided or received regarding the above receivables.

It is noted that there are no special agreements between the Parent Company and its subsidiaries and potential transactions are carried out between them under the effective market conditions, within the framework and the particularities of each market.

Regarding the FY ended December 31, 2017, the Company has made no provisions for doubtful debts relating to amounts owed by related parties.

The remuneration of key executives and BoD members was as follows:

	THE GROUP		**THE COMPANY**	
Amounts in thousands €	**01.01-31.12.2017**	**01.01-31.12.2016**	**01.01-31.12.2017**	**01.01-31.12.2016**
Executives & BoD members				
Salaries – Fees	1.101	1.086	587	649
Social Insurance Cost	104	98	104	98
Bonus	398	162	398	162
Other	12	10	12	10
Total	**1.615**	**1.356**	**1.101**	**919**

The provision made for the staff compensation for both the Group and the Company includes an amount of € 77,8 k (2016: € 74 k) for key management personnel and BoD members respectively while an amount of € 6,3 k (2016: € 7,5 k) is included in the Income Statement.

It is to be noted that no loans have been granted to BoD members and top-level management of the Group or their families.

F. Dividend policy

LAMPSA Management will propose to the Regular General Meeting of Shareholders to distribute dividends amounting to 0,200 euro/share from profits for the year 2017

It is noted that the proposed distribution is subject to approval by the Annual Regular General Meeting of Shareholders.

Information under par. 7 and Explanatory Report according to par. 8 of article 4 of Law 3556/2007

The present explanatory report of the company BoD to the Annual Regular General Meeting of the Shareholders includes information on issues addressed in article 4 of Law 3556/2007.

A) Capital Structure of the Company

The Company share capital amounts to twenty three million nine hundred twenty seven thousand six hundred and eighty euro (€ 23.927.680), divided in twenty one million three hundred sixty four thousand (21.364.000) common shares with voting rights of nominal value one euro and twelve cents (€ 1,12) each. Company shares are listed in the Athens Stock Exchange.

Every common share provides one voting right to the General Meeting of Shareholders.

Shareholder rights are proportional to the value of the shares owned. Each share confers all the rights provided by law and the company memorandum of association, and in particular:

• dividend rights from annual profits or liquidation profits of the Company. Each year, an initial dividend equal to 35% of net profits after the deduction of the regular capital reserve is distributed to shareholders, while the payment of an additional dividend is decided by the General Meeting of Shareholders. All shareholders registered in the company Shareholders Registry are entitled to dividends. Dividends are paid to each shareholder within ten days from the Annual General Meeting of Shareholders which approved the annual financial statements. Payment method and place is announced through press. Dividend rights are cancelled and transferred to the State after the expiration of a 5-year period commencing at the end of the year on which the General Meeting of Shareholders approved the dividend distribution,

• rights arising from the liquidation of the company or capital returns decided by the General Meeting of Shareholders,

• pre-emption right to acquire new shares in cash issued by the Company in an issue right,

• right to receive copies of the financial statements and reports issued by the Auditors and the Company Board of Directors,

• right to participate in the General Meeting of Shareholders which includes the following individual rights of legalization, attendance, participation in discussions, submission of proposals on issues included in the agenda, expressing opinions recorded in the minutes of the Meeting and voting.

• The General Meeting of the shareholders of the Company maintains all of its rights in the event of company liquidation (according to paragraph. 4 of Article 38 of the Articles of Association).

The liability of Shareholders is limited to the nominal value of their shares.

B) Restrictions on the transfer of Company Shares

The transfer of Company shares is conducted according to the provisions of the Law. There are no restrictions imposed by the Company memorandum of association with regards to the transfer of shares given the fact that the Company is listed on the Athens Stock Exchange.

C) Significant direct or indirect participations in the context of articles 9 - 11 of Law 3556/2007

The significant participations of the Company according to articles 9 -11 of Law 3556/2007 are the following:

Shareholders (individuals or legal entities) with a direct or indirect participation greater than 5% of the total number of Company shares, as of 31/12/201 are presented in the table below:

TITLE	PERCENTAGE
NAMSOS ENTERPRISES COMPANY LIMITED	30,06%
DRYNA ENTERPRISES COMPANY LIMITED	30,06%
HOMERIC DEPARTMENT STORES S.A.	8,25%
TALANTON INVESTMENTS INC	5,16%
Total	**73,53%**

Shareholders (individuals or legal entities) with a direct or indirect participation greater than 5% of the total number of Company shares, as of 27/04/2018 are presented in the table below:

TITLE	PERCENTAGE
NAMSOS ENTERPRISES COMPANY LIMITED	30,93%
DRYNA ENTERPRISES COMPANY LIMITED	30,93%
HOMERIC DEPARTMENT STORES S.A.	8,25%
TALANTON INVESTMENTS INC	5,16%
Total	**75,27%**

D) Shareholders with special controlling rights

There are no Company shares that provide special controlling rights to their holders.

E) Restrictions on voting rights

The Company Articles of Association do not set any restrictions on voting rights provided by its shares.

F) Agreements between shareholders which entail restrictions on the transfer of shares or restrictions on voting rights

Major shareholders, NAMSOS ENTERPRISES COMPANY LTD and DRYNA ENTERPRISES COMPANY LTD as of 27/04/2017 had . 6.892.496 common Company shares pledged in favor of EFG EUROBANK SA. As a result, transfer of the above-mentioned shares falls under restrictions.

NAMSOS ENTERPRISES COMPANY LTD and DRYNA ENTERPRISES COMPANY LTD have maintained their voting rights.

G) Guideline on the appointment and replacement of BoD members and on memorandum of association amendments

The relative rules and regulations set in the Company memorandum of association on the appointment and replacement of BoD members and on the amendment of articles of the memorandum are in line with the provisions of Law 2190/1920.

H) Authorities of the Company BoD or BoD members on the issuance of new shares or the re-purchase of Company shares

A) According to Article 13 paragraph 1 element b) and c) of Law 2190/1920 and in conjunction with Article 6 of the Company memorandum of association, the BoD has the right, following a decision of the General Meeting of shareholders which is subject to the disclosure requirements of article 7 b of Law 2190/1920, to increase the Company share capital by issuing new shares. A decision must be taken by a majority of at least two thirds (2/3) of BoD members.

In this case, the share capital may be increased by up to the amount of the paid-up capital up on the date the Board of Directors was given this authority by the General Meeting. This BoD right may be renewed by the General Meeting for a period of up to five years.

B) In accordance with the provisions of Article 13 § 13 of Law 2190/1920, following a decision of the General Meeting of shareholders, a stock option plan may be offered to BoD members and staff in the form of stock options, according to the specific terms of this decision. The General Meeting defines mainly, the maximum number of shares that may be issued, which by law, cannot exceed 1/10 of the existing shares if the holders exercise their options, the price and terms of offering of shares to beneficiaries.
The Board, by resolution, regulates any other relevant details that are not regulated by the General Meeting, issues certificates of stock options and every December issues shares to the beneficiaries who exercise their options, increasing respectively the share capital and confirming the increase.

C) As of today, the General Meeting of shareholders of the Company has not decided to implement a share repurchase program in accordance with the provisions of Article 16 of Law 2190/1920.

I) Significant agreements which take effect, are altered or terminated in the event of a change in the control of the Company following a public tender offer

There are no agreements which take effect, are altered or terminated in the event of a change in the control of the company following a public tender offer.

J) Agreements that the Company has made with BoD members or its staff, which involve compensation in case of resignation or termination of employment with no material cause as a result of the public tender offer.

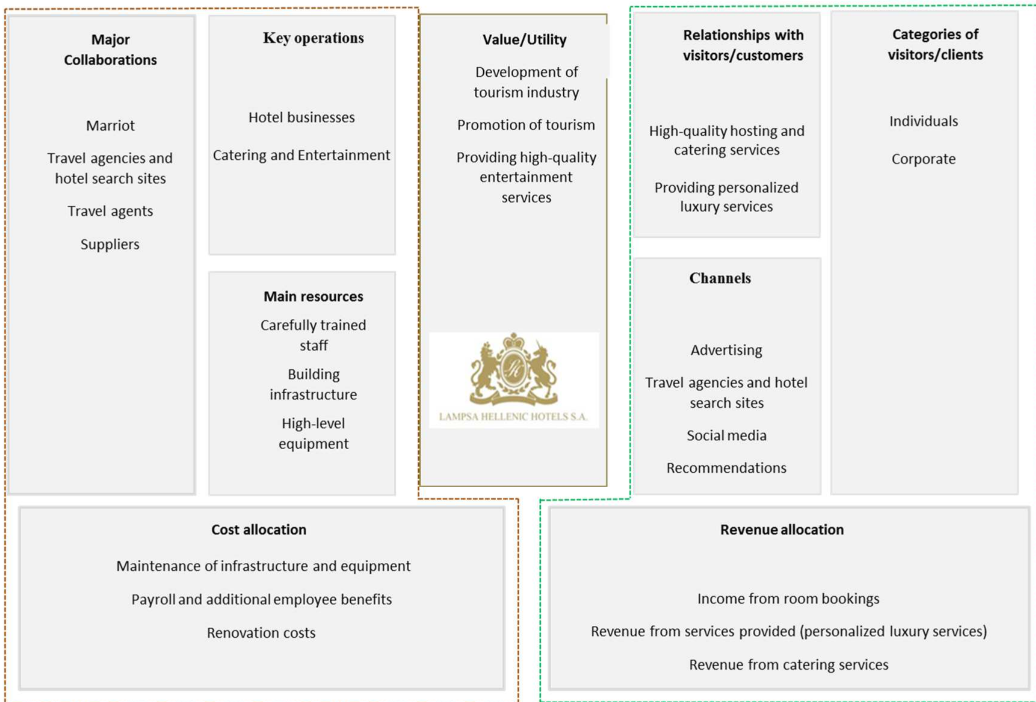
There are no agreements between the Company and BoD members or its personnel, which involve compensation in case of resignation or termination of employment with no material cause as a result of the public tender offer. The accumulated Staff Leaving Indemnities as of 31/12/2017, reached € 2.711 k. There is no provision for compensation for BoD members.

K. NON-FINANCIAL REPORTING

Information reported under Law 4403/7.7.2016, which supersedes article 43a of Codified Law 2190/1920. 2190/1920 concerning the Corporate Social Responsibility programs implemented by the Company is presented below.

1.1 LAMPSA Business Model

LAMPSA business model includes all operations, relationships and key resources that contribute to added value and utility of the final recipients of its services, visitors and customers. It includes everything the Company wishes to achieve in order to enhance its competitive advantage for an optimal revenue-cost allocation.



LAMPSA is based on a model of operation, focused on the concept of Corporate Responsibility, as this concept is the basic lever for the development of the Company and the achievement of its business goals, always within the framework of the welfare of society. The Corporate Responsibility of LAMPSA is reflected in clearly defined axes, which concern:

- responsible operation,
- ensuring the well-being of employees and associates,
- environmental responsibility as well as
- contributing to society and volunteering.

As interested parties or stakeholders, LAMPSA has recognized those groups that are directly or indirectly affected by its operations and, of course, all those groups which may affect its operation in any way and at any time.

LAMPSA stakeholders are as follows:

Shareholders
Human resources
Visitors – Clients
Suppliers
Collaborators
State and regulatory authorities
NGOs and the wider society

The Company has consistently adopted and implemented an efficient business policy that aims to creatively combine tradition with innovation, seeking to create added value for all its stakeholders and the wider society. Contact with LAMPSA stakeholders is essential for business success, emphasis is placed on understanding their needs and expectations in order to understand in depth the implications of all aspects of the Company's activities.

1.2 Corporate Social Responsibility, Risk Management and Transparency

The Company has adopted the Corporate Governance Principles as defined by applicable Greek legislation and international practices. This Code of Corporate Governance (the "CCG") includes the corporate governance practices applied by the Company so voluntarily and in requirement of existing law (L. 2190/1920, L. 3693/2008, L. 3884/2010 etc.). It aims not only to comply with the provisions of Law 3873/2010, but also to improve information of private and institutional shareholders. The adopted principles of corporate governance code affect the operation, the procedures and decision making at all levels of the Company's activities, seeking to ensure the necessary transparency on equal terms to all stakeholders.

In this context, the Company took into account the general principles of the Greek Corporate Governance Code of Hellenic Corporate Governance Council (HELEX), elaborating the framework for its administrative organization and operation. Further information is provided in the "Corporate Governance Statement" presented below.

With regard to enhancing transparency and combating corruption, the Company has demonstrated zero tolerance to such conduct and for this reason has included a specific reference to the Internal Regulations, approved by the been approved by the Greek Mediation and Arbitration Service (OMED) as well as relevant policies and procedures. The Company is controlled by external, tax and internal auditors. Its Financial Services operate on the basis of strict internal procedures, which are regularly examined. The Internal Auditor submits annual reports and the Audit Committee evaluates them. An annual peer reviews system is in pertain in Financial Services and IT Departments.

Moreover, annually, the employees conduct is certified through analytical training within two key domains:

- Anti corruption training (corruption, contacts with government bodies, etc)
- Data handling training (personal data, credit cards, etc).

Risk Management

LAMPSA has developed related policies and procedures which ensure effective risk management activities, maintaining and preserving the overall system of internal control and financial reporting.

The policies in question secure protection and preservation of assets of the information system from which derived the historical financial information, proper handling, deal with financials for the preparation of financial and accounting statements of each period. The main characteristics of the system as applied to the process of preparing financial statements combine:

- Reliability of the organizational structure and professional competence of the staff,
- Application of the unified and modern IT systems and compliance procedures that restrict access and change the information,
- Preparation of annual budget, which is monitored during the year through regular reports, for comparison with the current actual data and identify discrepancies.
- Supervision and control of significant transactions through the system to represent the Company,
- Effective Communication between auditor, internal auditor and the Audit Committee.

1.3 Our people

LAMPSA SA recognizes that its people constitute the corner stone in its development and constantly invests in its human resources, rewards their efforts, provides incentives for productivity and offers a well-organized, fully equipped and pleasant working environment. In this context, it ensures that appropriate working conditions and compliance with health and safety rules are in place in order to protect its people and provide a secure working environment.

The Company applies internal labor regulations and the Marriott Code of Conduct has been adopted, a summary of which is available to all new recruits, even to those recruited for practical work or apprenticeship. Any changes or amendments to the Code of Conduct are communicated to internal updates as well as to bulletin boards.

Additionally, Principles of Responsible Business, as defined by Marriott, are followed. In summary, the basic elements of these principles include:

- We are dedicated to hiring, engaging and retaining a talented and diverse workforce.
- We promote diversity and offer an excellent work environment.
- We seek to offer competitive salaries and additional benefits. All our employees have access to training and they are offered all the means for their personal and professional development. Our goal is to maintain the safe and excellent work environment of our Hotels, which is built on the principles of integrity and mutual respect.
- We respect the right of our employees to participate in trade unions.

Translated excerpt from Marriott Principles of Responsible Business.

The Company pays great attention to the Development and Training of its employees by providing training programs both locally and through the multinational company Marriott International. In this context, the Company provides an individual program of Information & Training through Wellbeing Activities. In addition, the Company provides its human resources with the following:

- Additional days of maternity leave supporting young mothers so that they could spend more time with their family.
- In-house Corporate Events for Hotel staff, in the context of internal communication.
- Group Insurance Scheme with a private insurance company for all staff, in addition to social insurance.

In LAMPSA, in the framework of communication policy, the institution of improvement proposals is implemented, through which all employees have the opportunity to present their idea or proposal and to be awarded for it.

"Manager on duty" institution: On weekends, the department managers as well as the Hotel manager are close to employees working these days, giving them the opportunity to get in touch with representatives of the Company's Management. This strengthens the bonds of trust and intimacy and maintains a very important communication channel with the Management. Additionally, the Human Resources Department is always available to employees and provides support if they encounter any problem or need advice and guidance. In addition, the Chief Executive Officer is available to hear any complaints or concerns of the employees.

ERC - Employee Relations Committee

LAMPSA has an Employee Relations Committee (ERC), in which employees participate, representing all sections of the Company. The Human Resources Department chooses every year the members of the council, taking care to involve workers from different ranks - up to the position of the supervisor - and with different employment contracts so that there is adequate and objective representation of all people working at LAMPSA. The council meets with representatives of the Management twice a year to discuss issues that concern employees. Discussions also bring new ideas and points to improvement.

Equal opportunities

In LAMPSA, following the relevant policy, equal development opportunities are offered to all hierarchical ranks. The table below shows the distribution of human resources by hierarchy rank.

Human resources allocation per position / hierarchy rank						
	2016			2017		
	Men	**Women**	**Total**	Men	Women	Total
Board of Directors	8	1	9	8	1	9
Directors	2	2	4	2	2	4
Supervisors	13	10	23	13	10	23
Employees	168	143	311	182	154	336
Other employees	152	118	270	164	128	292
Total	**335**	**273**	**608**	**361**	**294**	**655**

**Members of the Board of Directors are not included in the Total*

Human Rights

LAMPSA respects internationally recognized human rights, as well as the principles contained in the Universal Declaration of Human Rights (UDHR). Marriott Human Rights Policy has been developed on the basis of the principles of the Universal Declaration and has been adopted by LAMPSA. For every Marriott Group Hotel category, this Policy outlines as follows:

Employees: The Group respects diversity and provides equal opportunities for salaries, additional benefits and working hours, without any discriminations regarding gender, ethnicity, religion and other individual characteristics. Also, the Group does not tolerate child and / or forced labor and does its best to eliminate them. The Group also permits and recognizes the right to freedom of trade unionism.
Franchise Partners: The Group expects from franchisees partners and all their associates to respect the internationally recognized principles of human rights.
Employees in the Group's supply chain: The Group expects all suppliers to respect human rights regarding diversity and harassment, to be moral, to offer equal salaries, benefits and timetables, not to tolerate any form of child or forced labor and offer healthy and safe working conditions to all their employees. All of the above are also included in the Supplier Code of Conduct of the Group.
Local communities: The Group protects the individual freedoms and human rights of the residents of local communities where its Hotels operate, through job vacancies creation and economic growth.
Strategic Partners: The protection of human rights is promoted by the Group in its relations with all strategic partners, as their protection principles are incorporated into the decision-making process for the establishment of professional relations.

Translated excerpt from Starwood Hotels & Resorts Human Rights Policy Statement.

Additional benefits and employee support

The objective of LAMPSA is that the Hotel's human resources feel like a valuable partner, cultivating the necessary conditions for rendering excellent services to visitors and customers. In this context, the Company continuously cares for satisfaction of its employees, offering, apart from satisfactory remuneration, a set of additional benefits in addition to those legally required, further enhancing the excellent working climate. These additional benefits are further analyzed below as follows:

- *Restaurant for the employees*

The restaurant offers breakfast and lunch, while fruit and coffee are often made available.

- *Additional health care*

The Group runs an Insurance Scheme for all the staff in a private company. Apart from this additional benefit, the Company has a mutual assistance fund, to which the employees from various bazaars and events organized every year, as well as the Management, contribute financially. In emergency and serious cases regarding the employees, the committee-in-charge-of the fund meets, assesses the conditions and provides additional assistance to the colleague faced with a problem.

- *Funding of postgraduate programs*

In addition to part-time postgraduate programs funding, various specialists attend free of charge certified seminars organized by Marriott training academies and obtain relevant verifications.

- *Transportation expenses*

The Company covers an amount for transportation of the personnel working in the evening shifts due to the absence of public transport (hours 12.00 - 5.30). Furthermore, in a day-long strike of public transport, the full amount of the transportation of all employees - regardless of the shift - is covered entirely by the Company.

- *Wedding and christening gifts*

The Company offers as a wedding and christening present a free overnight stay at any Marriott Hotel, all over the world. It is worth mentioning that preferential prices at Marriott Hotels are also offered to retired employees, as well as to first-degree relatives and friends of the employees.

LAMPSA employees are also offered life insurance, as well as food vouchers twice a year (Christmas and Easter).

In addition, the Company takes care of the children of the employees by offering the degree of excellence to junior high school and senior high school graduates. Also, the degree of excellence is given in the case of excellent sports performance, for the top three places in Pan-Hellenic, Pan-European and world championships. The Company also subsidizes (through the former hotel fund) the use of camps for the children of the employees.

Parents Day

In 2017, for one more year, the Company organized the "Parents Day", during which, at Christmas, the children of the employees come to the Hotels and see the departments where their parents work and are presented with professional orientation information, provided by the departments executives.

Voluntary activities

Along with the Company's contribution, its employees are also involved insignificant social activities, first launched in 1992, namely, maintaining and reinforcing the "Blood Bank" that they have launched at Agia Sophia Children's Hospital with regular voluntary blood donations in order to cover the needs of the colleagues and their families. Also, under the new Starwood Associate Relief Fund program, offering their own contributions, the Company employees have created a support fund for their colleagues, suffering from natural disasters, at the global level.

Management of health and safety at work

A health and safety committee has been established at LAMPSA and meets once a month. It consists of the health and safety person-in-charge, the external security technician, and the occupational physician. There are also 7 employees. The fundamental objective of the committee is to minimize accidents and eliminate the factors that may lead to an event or the occurrence of an occupational disease. In this context, the careful planning of actions for preventive measures is the core task of the committee.

In the case of an incident, the executive of the sector, in which the incident took place, takes part in the committee, in order to examine all the parameters and take corrective measures. Please note that all incidents (minor accidents and accidents) that may arise, are recorded and monitored by the security technician. Where necessary, the necessary corrective actions are implemented.

Also, in the framework of taking all the necessary measures to maintain a safe environment for employees, visitors, customers and associates in all Hotels of the Company, a Health and Safety Policy is implemented and adopted.

An Excerpt from Health and Safety Policy

The Health and Safety at Work Regulations aim at preventing accidents, injuries or illness related to work. In particular, the Hotel Management and the Health and Safety Committee:

- Provide and ensure healthy and safe working conditions, taking into account the current legislation.
- Train and guide staff so that they could carry out their work safely and efficiently.
- Provide all the necessary safety devices and personal protection equipment for employees and supervise their correct application and use.
- Maintain everyone's interest in health and safety.

All hotel employees and partners are required to comply with Health and Safety Legislation and, in particular, to:

- Apply health and safety regulations.
- Work with due care.
- Use the protective equipment provided.
- Follow the procedures as defined for every type of work.
- Help in investigating the accidents.
- Suggest ways to improve working conditions for greater security.
- Report directly to their boss about any equipment that is not working properly and can cause an accident.

1.4 Health and safety for guests

As the promotion of health and safety is a basic prerequisite for the day-to-day operation of the Hotels and the preservation of their outstanding reputation, the Company adopts practices and takes continuous action in this direction.

The Marriott visitors' safety principles are applied with the substantial assistance of the employees. All the employees of LAMPSA are properly trained and ensure that Health and Safety Policy is properly implemented.

Satisfaction of guests

The Company has adopted the Starwood / Marriott guests – customers satisfaction survey system, entitled "Guest Voice". This system includes detailed customers comments, feedback, and ranking.

In addition, customized questionnaires in printed form dare distributed to guests in the rooms, as well as special complaint forms are made available to customers of restaurants and other services, which are used to assess the guests' satisfaction.

Finally, the Company pays special attention to the questions and even the guests' comments received through social media and on line reviews (facebook, trip advisor, websites, etc.)

Caring for food

LAMPSA maintains one of the best, internationally renowned restaurants and always cares not only for the high quality of the services provided but also for the safety of the raw materials of the products. In this context, the Company applies a certified HACCP Food Safety System in accordance with the International Standard ISO22000 and has adopted a specific policy.

An Excerpt from Health and Food Safety Policy

A key parameter of the quality services we aspire to provide is to ensure all the hygiene principles of the meals we prepare and offer to our customers.

LAMPSA Hotels adhere to a strict policy for the safety and hygiene of the prepared products. Strict hygiene rules are in place at each stage in order to eliminate the risks involved.

Our commitment:

- We strictly adhere to the HACCP system in accordance with the International Standard ISO 22000 that we apply.
- We maintain the communication channels we have established with our suppliers and customers.
- We constantly keep staff informed of the principles of good hygiene practice.
- We regularly hold meetings to exchange views with the objective to improve the System.
- We monitor every critical point every day.
- We monitor the law and adhere to it.
- We regularly control the effectiveness of the system.
- We follow all the Labor Guidelines.
- We provide resources for maintaining and updating the System, purchasing new, modern equipment, improving facilities and infrastructure and working environment

It is also worth mentioning that the Hotel's restaurants has acquired the "Halal" and "Kosher" certifications, in order to satisfy the special requirements of our quests.

Supplies

Management of LAMPSA supplies is one of the most important procedures in the operation of the Company as it is linked both to the quality of the services offered and to the health and safety of its visitors / customers.

At LAMPSA a suppliers evaluation procedure is applied on a yearly basis. The key evaluation criteria are:

- Consistency in quality
- Competitiveness in prices
- Service level
- Compliance with management system procedures (ISO / HACCP)

Additionally, the Company reserves the right to control the premises of its suppliers.

As food safety is of paramount importance to the Company, the control and evaluation of food suppliers is very strict and continuous. The Company takes preventive measures that are applied not only at the stages of the production procedure, but also in the reception of raw materials as well as in the storage and disposal of the food in the restaurants and other premises of its hotels.

LAMPSA has established particular specifications that suppliers must comply with per item. In addition, every pickup is checked at its premises (on the delivery vehicle) regarding:

- quality of every kind
- marking of any kind
- the temperature of the products (the fresh ones which are in the fridge).

Based on every check, all necessary product receipt forms that have been determined based on the HACCP management standard are completed.

1.5 Caring for the Environment

LAMPSA, in the framework of its operation, implements actions aiming at the minimization of the environmental footprint as well as actions to inform and sensitize its visitors and customers. The

Company's commitment to environmental care is reflected in the Environmental Policy it has adopted as a member of Marriott Worldwide Organization.

Environmental Policy (Excerpt *)

We commit ourselves to adopting top environmental and sustainability principles to:

- Saving natural resources.
- Protecting the biodiversity of ecosystems.
- Promoting sustainable development.
- Minimizing waste and contamination.
- Developing and monitoring specific environmental performance indicators (KPIs).
- Raising awareness among workers, visitors and local communities.

* Translated extract from Marriott's Environmental Sustainability Policy (Starwood Hotels & Resorts)

The Company has established a special environmental health and safety Committee, which ensures the Company's harmonization with Greek laws, EU legislation and Marriott International environmental initiatives.

Energy saving

With regard to its energy-saving initiatives, the Company has already carried out major projects such as the following:

- Automation that helps managing the cooling and heating of buildings without unnecessary losses.
- Use of natural gas in coolers.
- Instabus system for outdoor lighting, banquet rooms and public areas. With this system all parts of the electrical installation of the buildings can communicate with each other and adjust the power consumption much more directly.
- On/Off system with card in the rooms to save energy.

In 2017, the replacement of conventional lamps with new LED technology was completed, reaching 95%.

Responsible waste management

Responsible waste management is a priority for LAMPSA. For this reason, it cooperates with licensed waste collection companies, aiming at their proper management. The materials recycled are: glass, paper, plastic, lamps, used kitchen oils, inks, batteries, and electrical appliances. In 2017 we achieved 96% recycling of materials.

Grand Bretagne has been holding the Green Key Award, an international ecological quality program for tourism, since 2010, which verifies that the hotel takes care of the protection of the environment, constantly seeking ways to improve and innovate.

The objective of the program is to develop and manage a quality, tourism-related eco-label. Green Key basically works as a certification program, which aims to raise awareness among owners, employees, customers and local communities about action on environmental issues and sustainable development.
The criteria for awarding an organization with the "Green Key" quality label are divided into 13 categories, including: Environmental management, personnel participation, customer information, water and waste management, and more.
In Greece, the Hellenic Society for the Protection of Nature, in particular the Green Key National Commission, is studying the cases and deciding on the award of the label to the organizations.
Grand Bretagne and King George Hotels have been certified for seven consecutive years, and in 2016 they have been awarded with a Green Key label for the “Green Rooms” available to guests. The hotels' objective through this certification, is to make a significant contribution to the creation of an ecological culture and awareness of environmental protection and green development. Hotels' “Green Rooms” are located on the 3rd Floor (Green Floor) and offer guests the opportunity to stay in rooms with more environmentally-friendly features and amenities, such as organic products and recycling options.

1.6 Caring for Society

LAMPSA focuses on the implementation and support of social responsibility actions, as the contribution to society and especially the support of vulnerable social groups is an integral part of the Company's corporate culture. In this context, the Management and all the employees of the Hotels “Grande Bretagne” and “King George” undertake continuous social responsibility initiatives, which are an integral part of the LAMPSA strategy.
The Company has also developed a real interest in topical issues related to the social and economic crisis. Through its actions, it also contributes to strengthening business responsibility as a basis for sustainable growth and employment.

More specifically, during 2017, by category, the following actions were implemented:

- We organized fundraising campaigns for charities such as "The Smile of the Child", "With Love", "Doctors of the World", "Institution Theotokos" etc,
- We collected and donated clothing twice a year for the City of Athens Homeless Charity and "Children Villages SOS”,
- We offered food to the Homeless Foundation and the Foundation "Galini" since 2013,
- We donated hotel equipment to Athens orphanages,
- We supported Unicef Hellas by acquiring party gifts for the children from Unicef to ensure provision of financial aid,
- In the last 7 years, the Company has supported the global awareness initiative for the prevention of breast cancer through the Race for the Cure- Greece. The race takes place annually at Zappion with the support of the Panhellenic Association of Women with breast cancer “Alma Zois”. The Company's Hotels provide financial support to the Association by covering the costs of participating and donating a symbolic amount for every kilometer run by every employee.
- For the past 4 years (2013 – 2017), the Company has organized a Cycling Race with the participating of its employees who cover a distance to the Center of Athens, symbolically transporting the message of Voluntary Contribution, Teamwork and Sensitivity. This way, the Company helps raise money UNICEF, thus supporting the organization. On 06/11/2016 the 4th Cycling Race was organized in Oropos. In 2017 on 23/04/2017 the 5th Cycling Race was organized in Elliniko, Voula beach and the 6th Cycling on 29/10/2018 at Schinias beach, gathering money this time for "Children Villages SOS”. All events were combined with the cleaning of beaches by volunteer groups.

- In the last four years, the Christmas Bazaar has been successfully organized where handmade creations of our collaborators are sold in order to raise money for the support of the charitable work of “The Ark of the World”. “The Ark of the World” is a non-profit organization found in 1988 and deals with the care of abandoned children. In 2017, the money gathered from the Christmas bazaar on 21/12/2017 was given to the municipalities of the regions of Athens affected by the adverse weather conditions.

- The Company organizes the “Parents Day”, where the children of the employees come every year in Christmas at a Festive Event in our Hotels and see the departments where their parents are working with, devoting some hours of information from a department manager in an attempt to facilitate their professional orientation. This year, our event took place on 21/12/2017, alongside the Christmas Bazaar.

- The Company invited children from the "Children Village SOS" to the annual Christmas events of the employees’ children.
- We collaborated with the Hellenic Anti-Cancer Society.

- In 2017, a "Link to Schools" program was organized in collaboration with customers to raise money for donations to schools both in underprivileged areas of Athens and in schools in remote areas of the Northern Greece an the non-profit line. The purpose was to donate educational equipment to schools and cover annual heating costs.
  The “Link” is a Non Profit Society with a vision of the need the private initiative to be used responsibly and effectively to address the humanitarian crisis that our country is experiencing, as well as the common perception of professionalism. The ultimate common goal is for the Club to help build sustainable solidarity networks and foster social and human responsibility.

“Check out for Children” program:

Check Out for Children is a partnership between UNICEF and Marriott International, which supports UNICEF Water, Sanitation, and Hygiene (WASH) projects across the world. In 2017 UNICEF and Marriott International celebrated 22 years of the partnership and thanked the clients and Associates who together managed to raise over $ 35 million to improve the standard of living of 4.5 million children. Every day 1,400 children die of diseases caused by dirty water and poor living conditions. Only 1 dollar could help 9 children have access to clean water for 1 month. Check out for Children program offers the clients the opportunity to contribute by adding 1 euro to their account, helping UNICEF ensure clean drinking water and proper hygiene conditions for children and families living in Africa and the Middle East.

Moreover, in the last three years, the Christmas Bazaar has been successfully organized where handmade creations of our collaborators are sold in order to raise money for the support of the charitable work of “The Ark of the World” as well the “Lighthouse for the Blind”. “The Ark of the World” is a non-profit organization found in 1998 and deals with the care of abandoned children.

Analytical description of the Corporate Social Responsibilities activities in 2017 is presented in the Annual CSR Report, prepared in compliance with the international GRI Standards and posted on www.lampsa.gr .

CORPORATE GOVERNANCE CODE OF THE COMPANY «LAMPSA HELLENIC HOTELS S.A»

1. Introduction

This Code of Corporate Governance (the "CCG") includes the corporate governance practices applied by the Company so voluntarily and in requirement of existing law (L. 2190/1920, L. 3693/2008, L. 3884/2010 etc.). It aims not only to comply with the provisions of Law 3873/2010, but also to improve information of private and institutional shareholders.

The adopted principles of corporate governance code affect the operation, the procedures and decision making at all levels of the Company's activities, seeking to ensure the necessary transparency on equal terms to all interested parties.

In this context, the Company took into account the general principles of the Draft Greek Corporate Governance Code of Hellenic Corporate Governance Council (HELEX). The Code is posted in the Company's website: http://www.lampsa.gr, in the domain "Press Releases–Announcements".

GENERAL PRINCIPLES

1. Role and responsibilities BoD

The BoD should direct the affairs of the company for the benefit of the company and shareholders, ensuring fair and equitable treatment of all shareholders.

In performing its duties, the BoD should take account of the parties, whose interests are connected with those of companies, such as the customers, creditors, employees and the social groups directly affected by the company's operation.

The main issues to be decided collectively decided by the BoD should be included:

- the approval of long-term strategic and operational objectives of the company,

- the approval of the annual budget and the business plan,

- decisions on significant acquisitions and divestitures,

- the selection of senior executives at the company, combined with the monitoring of administrative hierarchy and succession - Ensuring the reliability of financial statements and company details, financial information systems and data and information made publicly available, and ensuring the effectiveness of internal audit and risk management,

- the prevention and handling possible cases of conflict of interest between the company and the other by the Management, BoD members or major shareholders (including shareholders with direct or indirect power to shape or influence the composition and behavior of BoD),taking into account transparency and the protection of corporate interests,

- ensuring an effective compliance process company with relevant laws and regulations

- the responsibility of making decisions and monitoring the effectiveness of the company's management, and

- the formulation, dissemination and application of the basic values and principles of the company, governing its relations with all parties, whose interests are associated with the company.

2. Size and composition of the BoD and senior management

The size and composition of the BoD should allow the effective exercise of their duties, taking into account the size, activity and ownership of the business. The board and senior management should be characterized by a high level of integrity and possess diverse knowledge, skills and experience to meet their corporate objectives. Nominations for the BoD will be made on merit and objective criteria. The board should ensure the smooth succession of members, and senior management, with a view to long-term business success.

3. Duties and conduct of BoD members

Each BoD member is subject to legal liability of loyalty to the Company. It should therefore act with integrity and in the interest of the Company to have sufficient information about the transactions with related companies and to preserve the confidentiality of non- public information available. The board of directors and persons holding powers conferred by this, should not have a competitive relationship with the Company and should avoid any role or activity that creates or appears to create a conflict between their personal interests and those of the Company, including having a spot on the Board or management of competing companies without the permission of the General Assembly. Board members should contribute their experience and commit to their duties the necessary time and attention. They should also limit accordingly other professional commitments in particular any Board other companies) . Board members should try to participate in all meetings of the Board and the committees on which they take part. The board should regularly assess its effectiveness in fulfilling its duties, and that of its committees. The independent board members have the right to submit to the General Meeting of Shareholders reports and statements, separately from the other members of the Board, in case they deem it appropriate.

4. Election- Operation of the BoD

Nominations for the BoD will be made on merit and objective criteria, aiming to the achievement of a balance between adequate representation of the majority, but also to ensure the effective participation of the independent non-executive members.

Depending on business needs, the board should meet with the needed frequency to effectively perform their duties. The Chairman should be responsible for setting the agenda, ensuring the proper organization of the Board's work, but also the efficient conduct of its meetings. The information provided by the Management Board should be timely, so as to enable it to cope effectively with the tasks arising from its responsibilities. It should be the responsibility of the President to ensure accurate and timely information to members of the Board, and effective communication with all shareholders, focusing on a fair and equivalent treatment of the interests of all shareholders.

5. System of Internal Audit

The BoD should ensure the accuracy and reliability of the financial statements and the correctness of announcements, which are imposed in order to present to investors a clear picture and valuation of real position and prospects of the Company.

The BoD should maintain an effective system of internal audit aiming to safeguard the assets of the Company, and the identification and dealing with the most significant risks. It should monitor the implementation of the Company's strategy and review it regularly. The main risks to be faced and the effectiveness of internal audit in managing these risks should be reviewed periodically.

The review should cover all essential audits, including financial and operational audits, compliance audit and audit of risk management systems. The Board, through the audit committee should also be in direct and regular contact with the statutory auditors in order to receive regular updates from the past in relation to the proper functioning of the internal audit system.

6. Level and structure of remuneration

The level and structure of remuneration should aim to attract and retain BoD members, managers and employees in the Company, adding value to the Company with their skills, knowledge and experience. The level of remuneration should be in line with their qualifications and their contribution to the Company. The BoD should have a clear picture of how the Company pays its executives, especially those who have the appropriate qualifications for the effective management of the Company.

7. Communicaiton with shareholders

The BoD should ensure the continuous and constructive dialogue with shareholders of the Company, particularly those with significant shareholdings and a long-term perspective.

8. The General Assembly of Shareholders

The BoD should ensure that the preparation and conduct of the General Assembly of Shareholders facilitate the effective exercise of shareholders' options, who should be fully informed on all matters related to their participation in the General Assembly, including of the daily agenda items, and their rights at the General Assembly. The board should facilitate, within the framework of the relevant statutory provisions, the participation of all shareholders in the General Assembly, without discrimination. The BoD should utilize the General Assembly of shareholders to facilitate meaningful and open dialogue with the Company.

Part A - The BoD and its members

1. Role and responsibilities of the BoD

The roles of both the BoD and Management are identified and clearly documented in the Memorandum of corporation and the internal procedure. It is the competent corporate body which decides each transaction regarding the administration and management of the Company, subject to the exclusive competence of the General Assembly by the law or by the prescribed topics Memorandum.

The BoD adopts clear policy devolution to the Management, which includes a list of issues that the BoD has the authorization to decide. For the achievement of Company's objectives and the efficient and flexible operation of the Company, the BoD may delegate any of its responsibilities, except those that require collective action to one or more members of the BoD or to members outside the BoD.

For the performance of the service may be appointed by the BoD one General Manager either by the members of the BoD, or outside it. The General Manager who is not a director may attend the meetings of the BoD without voting right, after permission by the BoD.

In order for the Company to take validly responsibilities, two signatures are always required for which the Chairman of the BoD, Vice president and General Manager are authorized, if not prevented any of these three, other authorized BoD member appointed for that purpose by the BoD. Besides the persons mentioned above, the BoD may grant an authorization of first or second signature to other persons selected among senior executives in accordance with the requirements of the service.

The Company, in the name of the BoD, is outwardly and before all administrative or judicial authorities represented by the Chairman of the BoD or the Vice President, if any of them is unavailable, the General Manager or one of the BoD members appointed by the BoD.

In order to ensure the effective functioning of the BoD, an audit committee has been established, responsible for monitoring financial information, the effective operation of internal audit and risk management systems, and supervision and monitoring of statutory audit as well as the issues related to objectivity and independence of statutory auditors. Under Law 4449/2017 (GOVERNMENT GAZETTE A 7/24.01.2017), the group has implemented the changes regarding composition and functioning of the Audit Committee. The Company has already scheduled all the necessary procedures to be implemented under the new legislation.

2. B.o.D. size and composition

Considering that the size and composition of the B.o.D. should allow the effective exercise of its functions and reflect the size, activity and ownership of the business, the Company is managed under the Statute, by a Board of Directors consists of seven to ten (7-10) members, executive and non-executive directors in accordance with Law 3016/2002 as applicable, shareholders or not, elected by the General Meeting of shareholders.

The size and composition of the B.o.D. of the Company must ensure balance between executive, non-executive and independent non-executive members. So the B.o.D. is for the third at least of non-executive members (including independent non-executive directors). The executive, non-executive and independent members of the Board appointed by the General Meeting.

The executive members of the B.o.D. dealing with the daily management of the company and maintain some form of employment relationship with it.

The non-executive members participate in decisions and monitor the activities of the Company. It is responsible for the promotion of all corporate issues, participates in any boards and committees and is particularly responsible for upholding the principles of good corporate governance. Among the non-executive members are two (2) independent directors who meet the independence requirements imposed by applicable law.

The non-executive members maintain independence in the investigation of issues to consider, with the goal of providing substantive work and create a climate of trust between the Board of directors and senior executives and managers.

The responsibilities of President and CEO should not be coincided to the same person. Further, if the President of the Board is an executive member will be appointed non-executive Vice Chairman. The B.o.D. of the Company will be assisted by a Secretary, chief executive or lawyer who will attend B.o.D. meetings and keep minutes.

The corporate governance statement should include information on the composition of the B.o.D., and the names of the President of the B.o.D., the Vice-President, CEO , and the Presidents of the Board Committees and their members . Moreover, this statement should be identified and the independent non -executive members the B.o.D. considers that retain their independence. The corporate governance statement should also disclose the term of office of B.o.D. members, including brief CVs.

3. B.o.D. members duties and conduct

The B.o.D. members should have a thorough knowledge of both the operation and the objects of the company and the broader market sector to contribute effectively and efficiently to the smooth and efficient operation of the Company.

The continuous abstinence of a consultant, without justifiable cause, who resides at the headquarters of the Company, from the B.o.D. meetings for a period in excess of four months, equates to resignation.

A director who is absent or indisposed, has the right with his own responsibility to delegate his representation to the Council to another counselor. The authorization of his representation may be apply to one or more than one meeting of the B.o.D.. In the absence or incapacity of non-executive members of the B.o.D., the authorized representative shall be similarly non-executive member. The same applies to the independent members of the B.o.D.

4. B.o.D. Election and Operation

The B.o.D. is elected by the General Assembly with a maximum term of three (3) years.

The B.o.D. shall submit to the General Meeting of shareholders, who have the decisive power to do so, state candidate B.o.D. members, after adequate and timely information to shareholders regarding the profile of the candidates. The B.o.D. should ensure the smooth succession of members, and senior management, with a view to long-term business success.

The B.o.D. should meet with the necessary frequency to effectively perform their duties. The information provided by the Administration should be timely, in order to have the ability to cope effectively with the tasks.

The discussions and decisions of the B.o.D. and its committees should be recorded to the minutes. The minutes of each meeting should be shared and approved at the next meeting of the B.o.D. or the committee.

The B.o.D. members should ensure their own regular information, regarding business developments and the major risks to which the Company is exposed . Also should be informed timely of changes in legislation and the market environment. The B.o.D. members should come in regular contact with the management staff of the Company through regular presentations by head and service sectors.

The B.o.D. members should have the right to ask the Administration, through the CEO, any information they consider necessary for the performance of their duties at any time.

5. B.o.D. Assessment

The assessment of the effectiveness of the B.o.D. and its committees should take place at least every two (2) years and be based on a specific procedure . This process should be headed by the President, and its results are discussed by the B.o.D. and following the assessment, the President should take measures to address the identified weaknesses. It is also best practice to meet regularly non-executive directors without the presence of executive members, in order to assess the performance of executive directors and set their fees.

Part B- Internal Control & Risk Management

1. Audit Committee

The Company applies control procedures to ensure the reliability of the financial statements and the effectiveness of the operations.

In this context, it's been established the statutory prescribed Audit Committee, which is responsible for monitoring the internal audit department on a periodic basis and whenever requested. The Commission is in constant contact with the Internal Audit and attends to ensure all those requirements and conditions necessary for the non-discontinuing operation of the internal control.

The precise scope of the responsibilities of the two bodies described above in detail of the internal operation of the Company.

The Audit Commission consisting of at least two non-executive Directors an independent non-executive director and, as noted, is objective conduct internal and external audits and effective communication between the auditors and the B.o.D..

Within the responsibilities include ensuring the Company's compliance with the rules of Corporate Governance , as well as ensuring the proper functioning of the Internal Control and supervision of the work of the Internal Audit Department of the Company and evaluating the chief . In addition , the Audit Committee monitors the work of the independent auditors , discusses with them any weaknesses in internal control and has the ability to provide recommendations - advice to the General Meeting of Shareholders regarding the appointment, retention or dismissal of the external auditors of the Company.

To fulfill its tasks, recognizing that the Audit Committee members do not perform the work of auditors and / or accountants. Based on the above, it is not fall the responsibility of those the execution of detailed work book review - support and / or part thereof and / or other similar work.

2. Internal Control System

The B.o.D. has recommended statutory internal audit service, which operates in accordance with the internal operation.

The Internal Audit of the Company is an independent organizational unit, which reports to the B.o.D. of the Company. The responsibilities include the evaluation and improvement of risk management and internal control, as well as verification of compliance with established policies and procedures as outlined in the internal operation of the Company, the applicable legislation (mainly stock) and decisions B.o.D..

The members of the B.o.D., the Management and all members must cooperate and provide all necessary information in this section to facilitate in every way its task.

The B.o.D., with the support of the Audit Committee should adopt appropriate policies on internal control to ensure the effectiveness of the system. You must also specify the procedure to be adopted for monitoring the effectiveness of internal control system, which will include the scope and frequency of reports of the internal audit department that receives and deals with the B.o.D. during the year as and the process of annual assessment of internal control.

3. Risk management

The Company shall have developed related policies and procedures which ensure effective risk management activities, maintaining and preserving the overall system of internal control and financial reporting.

The statutory policies should ensure secure protection and preservation of assets of the information system from which derived the historical financial information, proper handling, deal with financials for the preparation of financial and accounting statements of each period.

The main characteristics of the system as applied to the process of preparing financial statements combine:

i) exploiting the existing organizational structure and professional competence of the staff,

ii) appliance the unified and modern IT systems and compliance procedures that restrict access and change the information,

iii) the preparation of annual budget, which is monitored during the year through regular reports, for comparison with the current actual data and identify discrepancies.

iv) the supervision and control of significant transactions through the system to represent the Company,

v) the effective Communication between auditor, internal auditor and the Audit Committee.

Part C – Remuneration

The process for determining remunerations must be based on objectivity, transparency and professionalism and be independent of any conflict of interest.

The level and structure of remunerations must aim at attracting and maintaining management and employees that add value to the Company with their skills, knowledge and experience. The level of remunerations must be according to the qualifications and contribution of each employee to the Company. The BoD must have a clear understanding on the methods used by the Company to remunerate/reward its employees, especially those employees who possess the right skills to manage the company efficiently.

As far as BoD members are concerned, their remuneration should take into account their duties and responsibilities, their performance compared to predefined targets, the financial status and the future prospects of the Company as well as market conditions. In this framework, fixed remuneration will be combined with extra material benefits and a bonus, all related to the total performance of BoD members.

As far as non-executive members are concerned, their remuneration is proposed to reflect their time spent on Company affairs and their responsibilities. It is recommended that their remuneration is not directly related to their performance so as not to discourage any possible objections against management decisions assuming high business risk.

The remuneration of BoD members is pre-approved by the shareholders' meeting, based on a proposal made by the BoD following the above-mentioned framework. Final approval of the remuneration of BoD members (executive and non-executive) is granted by the General Meeting of the Shareholders according to the provisions of the law.

Part D – Relations with shareholders

1. Communication with shareholders

The BoD must maintain constant and constructive communication with shareholders, especially with those holding a major share with long-term prospects.

The Company must maintain a corporate website with public information on corporate governance, management structure, ownership status as well as with other useful information for shareholders and investors.

2. General Meeting of shareholders

The BoD must ensure that the General Meeting of shareholders is prepared and organized in such a way that facilitates shareholders to exercise their rights efficiently. It must also be ensured that shareholders are fully informed on all issues relating to their participation in the General Meeting, including topics for discussion on the agenda and their rights.

In the framework of transparent communication with shareholders, the President of the BoD, the Managing Director, internal and external auditors must be available in order to provide all necessary information to the shareholders. The BoD must follow the principle of equal treatment of all shareholders in relation to the provision of information.

Detailed information on the role of the General Meeting of shareholders, its basic authorities and a description of shareholders' rights and how these are executed is provided in the Corporate Governance

Statement, which is included in the annual management report of the Company according to the provisions of the law.

The present Corporate Governance statement is an integral part of the annual report of the BoD of the company.

Athens, April 27, 2018
President of the BoD

GEORGE GALANAKIS
I.D. No Ξ 282324

D. Annual Financial Statements

The accompanying financial statements were approved by the Board of directors of **«LAMPSA HELLENIC HOTELS S.A. »** on April 27, 2018, and have been published on the Company's website www.lampsa.gr as well as on the Athens Exchange's website, where they will remain at the investing public's disposal for at least 5 (five) years from the date of publication.

Statement of Financial Position

		CONSOLIDATED		CORPORATE	
Amounts in thousands €	**Note**	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
ASSETS					
Non Current Assets					
Property, plant and equipment	**5.2**	154.893	111.328	118.749	73.828
Intangible Assets	**5.3**	253	243	55	60
Investments in Subsidiaries	**5.4**	-	-	23.204	23.204
Investments in Joint Ventures	**5.5**	-	-	-	-
Other Long-term Assets	**5.6**	272	371	108	107
Deferred Tax Assets	**5.15**	7.800	8.092	7.984	8.276
Total		**163.217**	**120.034**	**150.100**	**105.475**
Current Assets					
Inventory	**5.7**	1.612	1.204	1.260	912
Trade and other receivables	**5.8**	2.414	1.708	2.212	1.500
Other Receivables	**5.8**	1.761	1.068	1.485	898
Other Current Assets	**5.8**	432	634	353	487
Cash and cash available	**5.9**	13.084	7.365	6.176	3.226
Total		**19.303**	**11.978**	**11.486**	**7.022**
Total Assets		**182.520**	**132.012**	**161.587**	**112.497**
EQUITY AND LIABILITIES					
Equity	**5.10**				
Share Capital		23.928	23.928	23.928	23.928
Share Premium		38.641	38.641	38.641	38.641
Statutory Reserves		1.251	1.019	1.251	1.019
Other Reserves		320	283	306	270
Retained Earnings		26.757	18.116	14.641	7.307
Foreign Exchange Difference Reserves		-	-	-	-
Equity attributable to owners of the parent		**90.896**	**81.987**	**78.767**	**71.165**
Non-controlling interest	**5.10**	2.843	2.962		
Total Equity		**93.739**	**84.949**	**78.767**	**71.165**
Long-term liabilities					
Employee termination benefits liabilities	**5.18**	2.711	2.615	2.711	2.615
Long-term Debt	**5.16**	3.841	25.794	3.012	24.997
Deferred Tax Obligations	**5.15**	2.891	3.126	-	-
Other Long-term Liabilities	**5.17**	144	181	124	180
Other Provisions	**5.11**	974	621	71	89
Total		**10.561**	**32.336**	**5.919**	**27.881**
Short-term Liabilities					
Suppliers and other liabilities	**5.12**	3.289	2.547	3.123	2.434
Income tax payable	**5.14**	3.027	782	3.000	778
Short-term debt	**5.16**	43.198	82	43.000	-
Short-term portion of bond and bank loans	**5.16**	21.507	5.584	21.343	5.169
Other liabilities	**5.13**	7.198	5.730	6.435	5.071
Total		**78.220**	**14.726**	**76.900**	**13.452**
Total liabilities		**88.781**	**47.062**	**82.819**	**41.333**
Total Equity and Liabilities		**182.520**	**132.012**	**161.587**	**112.497**

Potential differences are due to rounding

The accompanying notes form an integral part of the annual financial report.

Statement of Comprehensive Income

		CONSOLIDATED		CORPORATE	
Amounts in thousands €	**Note**	**1/1-31/12/2017**	**1/1-31/12/2016**	**1/1-31/12/2017**	**1/1-31/12/2016**
Sales	5.19	62.731	52.380	50.506	42.072
Cost of Sales	5.19	(37.129)	(33.136)	(28.824)	(25.542)
Gross Profit		**25.602**	**19.244**	**21.682**	**16.530**
Distribution Expenses	5.19	(6.235)	(5.432)	(5.597)	(4.921)
Administrative Expenses	5.19	(7.738)	(6.836)	(6.074)	(5.385)
Other Income	5.19	1.263	1.373	835	902
Other expenses	5.19	(650)	(296)	(106)	(106)
Operating Profit		**12.243**	**8.053**	**10.740**	**7.021**
Financial expenses	5.20	(1.043)	(1.126)	(992)	(1.009)
Financial income	5.20	29	28	-	1
Other financial results	5.20	899	(364)	1.095	376
Earnings (Losses) from impairment of assets	5.20	-	(3.479)	-	(636)
Portion from (loss)/profit of associates 5.205.20		**12.128**	**3.112**	**10.843**	**5.751**
Profit / (Loss) before Tax	5.21	(3.359)	(1.194)	(3.277)	(1.110)
Income Tax		**8.770**	**1.919**	**7.566**	**4.641**
Other Comprehensive Income :					
Other Comprehensive Income reclassified into Income Statement for Subsequent Periods					
Foreign exchange differences on translation of financial statements of foreign operations		51	(315)	51	(315)
Other Comprehensive Income not reclassified into Income Statement for Subsequent Periods:		(15)	91	(15)	91
Actuarial results reserves		36	(223)	36	(223)
Effect of tax on actuarial results reserves		**8.806**	**1.695**	**7.603**	**4.417**
Other total comprehensive income for the period after tax					
Total Comprehensive Income for the Period					
		8.664	2.288	7.566	4.641
Profit for the period allocated to:		106	(370)		
Owners of the parent		8.770	1.919	7.566	4.641
Non-controlling interest					
Total Comprehensive Income for the Period allocated to:		8.700	2.065	7.603	4.417
Owners of the parent		106	(370)	-	-
Non-controlling interest		8.806	1.695	7.603	4.417
Earnings per share allocated to owners of the parent	5.22	0,4055	0,1071	0,3542	0,2172

	CONSOLIDATED		CORPORATE	
	1/1-31/12/2017	**1/1-31/12/2016**	**1/1-31/12/2017**	**1/1-31/12/2016**
EBIT	12.243	8.053	10.740	7.021
EBITDA	17.551	13.023	13.991	9.773

Potential differences are due to rounding

The accompanying notes form an integral part of the annual financial report.

Statement of Changes in Equity

The Group

	THE GROUP							
	Equity allocated to owners of LAMPSA							
Amounts in thousands €	**Share Capital**	**Share Premium**	**Forex Differences Reserves**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total**
Balances as at January 1, 2016	**23.928**	**38.641**	**-**	**1.385**	**15.968**	**79.922**	**3.332**	**83.254**
Transactions attributable to the owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Distribution of dividends in 2015				140	(140)	-		-
Total Comprehensive Income for 2016			-	(223)	2.288	2.065	(370)	1.695
Equity balance as at December 31, 2016	**23.928**	**38.641**	**-**	**1.302**	**18.116**	**81.987**	**2.962**	**84.949**
Balances as at January 1, 2017	**23.928**	**38.641**	**-**	**1.302**	**18.116**	**81.987**	**2.962**	**84.949**
Change in investment in subsidiary					209	209	(225)	(16)
Transactions attributable to the owners	**-**	**-**	**-**	**-**	**209**	**209**	**(225)**	**(16)**
Distribution of dividends in 2016	-	-	-	232	(232)	-		
Total Comprehensive Income for 2017	-	-	-	36	8.664	8.700	106	8.806
Equity balance as at December 31, 2017	**23.928**	**38.641**	**-**	**1.570**	**26.757**	**90.896**	**2.843**	**93.739**

Potential differences are due to rounding

The accompanying notes form an integral part of the annual financial report.

The Company

THE COMPANY					
Amounts in thousands €	**Share Capital**	**Share Premium**	**Other reserves**	**Retained earnings**	**Total**
Balances as at January 1, 2016	**23.928**	**38.641**	**1.372**	**2.806**	**66.747**
Distribution of dividends in 2015	-	-	140	(140)	-
Total Comprehensive Income for 2016	-	-	(223)	4.641	4.417
Equity balance as at December 31, 2016	**23.928**	**38.641**	**1.289**	**7.307**	**71.165**
Balances as at January 1, 2017	**23.928**	**38.641**	**1.289**	**7.307**	**71.165**
Distribution of dividends in 2016	-	-	232	(232)	-
Total Comprehensive Income for 2017	-	-	36	7.566	7.603
Equity balance as at December 31, 2017	**23.928**	**38.641**	**1.557**	**14.641**	**78.767**

Potential differences are due to rounding

The accompanying notes form an integral part of the annual financial report.

Statement of Cash Flows

	THE GROUP		THE COMPANY	
Amounts in thousands € €	**01/01-31/12/2017**	**01/01-31/12/2016**	**01/01-31/12/2017**	**01/01-31/12/2016**
Operating activities				
Profit / (Loss) before tax	12.128	3.112	10.843	5.751
Plus / less adjustments for:				
Depreciation	5.308	4.970	3.252	2.753
Profit / (Loss) of asset sale – impairment	11	3.519	-	636
Provisions/ (Revenues from unused provisions of previous years)	293	569	(73)	534
Income from Dividends	-	-	(300)	(650)
Foreign exchange differences	(630)	292	(641)	228
Interest income	(29)	(28)	(0)	(1)
Interest expenses	1.043	1.126	992	1.009
Operating profit prior to changes in working capital	**18.124**	**13.560**	**14.072**	**10.261**
Plus/ less adjustments for changes in working capital accounts or accounts related to operating activities:				
Decrease / (increase) in inventories	(409)	(96)	(348)	(103)
Decrease / (increase) in receivables	(958)	(767)	(1.027)	(831)
(Decrease) / increase in short term liabilities (except for banks)	1.812	479	1.543	615
Less:				
Interest expense and related expenses paid	(1.078)	(1.613)	(912)	(1.470)
Taxes paid	(1.066)	(159)	(778)	-
Total inflows / (outflows) from operating activities (a)	**16.425**	**11.404**	**12.551**	**8.472**
Investing activities				
Acquisition of tangible and intangible assets	(48.437)	(4.556)	(47.732)	(3.741)
Acquisition of shares of subsidiary	(16)	-	-	-
Dividends Received	-	-	300	650
Increase of share capital and amounts paid for capital increase of consolidated companies	29	28	-	1
Interest collectable	**(48.424)**	**(4.528)**	**(47.431)**	**(3.090)**
Total inflows / (outflows) from investing activities (b)				
Proceeds from issued/received loans	43.000	-	43.000	-
Payments of loans	(5.278)	(5.277)	(5.169)	(5.110)
Repayment of finance lease liabilities	(4)	(3)	-	-
Total inflows / (outflows) from financing activities (c)	**37.718**	**(5.280)**	**37.831**	**(5.110)**
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	**5.719**	**1.595**	**2.950**	**271**
Year closing cash and cash equivalent	**7.365**	**5.770**	**3.226**	**2.954**
Cash and cash equivalents at the end of year	**13.084**	**7.365**	**6.176**	**3.225**

Potential differences are due to rounding

The accompanying notes form an integral part of the annual financial report.

Notes to the Financial Statements

1. General information

LAMPSA Group has fully adopted all the International Financial Reporting Standards and their Interpretations adopted by the European Union mandatory applicable for the preparation of the current FY financial statements.

The parent company of the Group is "LAMPSA HELLENIC HOTELS S.A. based in Athens, Vasileos Georgiou A1, and is registered in the Companies Register of the Ministry of Economy, Competitiveness and Shipping, No. REG 6015/06 / V/86/135 and GSC Reg. No. 223101000 and its term of duration is set at one hundred (100) years, which began from the publication in the Government Gazette of the Royal Decree approving its memorandum of association. The company has been operating continuously since its foundation, over ninety-six (96) consecutive years. The General Meeting of Shareholders as of 19/06/2015, decided to extend the duration of the company for fifty (50) years, with the corresponding amendment of Article 4 of its Articles of Association.

The parent company's objective is acquisition, construction and operation of hotels in Athens and elsewhere in Greece or abroad, as well as related businesses, such as acquisition and / or exploitation of thermal spring water, resorts, public entertainment, clubs, etc. . The Company website is www.lampsa.gr.

The shares of the group are listed on the Athens Stock Exchange since 1946.

The annual financial statements were approved for issue by the Company Board of Directors on 27 April, 20176.

The company LAMPSA and Starwood Hotels and Resorts Worldwide Inc, signed an agreement on management and hotel operation in December 2001. According to the agreement, Starwood, agreed to provide management and operation services to the hotel «Grande Bretagne». The term of the Management Agreement is initially of twenty five (25) years, with option to extend for another 25 years. Both companies have limited rights to terminate the agreement without reason.

There was also signed a management agreement with Starwood Hotels & Resorts Worldwide Inc. and Touristika Theretra S.A., the owner of «Sheraton Rhodes Resort» Hotel. The agreement concerns the assumption of operational management of the hotel (operating services agreement). It is to be noted that LAMPSA holds 50% of the shares of Touristika Theretra S.A.

In December 2017, the Company proceeded with the acquisition of the historic King George Hotel (including mobile items and brands) from Eurobank Ergasias S.A. for a total consideration of € 43 million. The hotel was leased to LAMPSA S.A. since 2013 and operated under shared management with the neighboring Grande Bretagne.

In December 2017, the Company signed a long-term lease agreement of the historic King's Palace hotel, owned by the AUXILIARY FUND OF FORMER EMPLOYEES OF THE AGRICULTURAL BANK OF GREECE . ("ATPPEATE"). The duration of the lease was set at thirty (30) years with a pre-emptive right against all third parties that will submit a binding offer for the lease of the property after the expiry of the above period. The annual rental was set at one million two hundred thousand euros (€ 1,200,000) plus 25% of the turnover, in accordance with the proposal of the relevant Business Plan and the achieved turnover. In addition, according to the terms of the lease, the Company will have to carry out renovations so that the hotel could be suitable for its intended use. The hotel shall be put into operation no later than in two years, ie until 8 December 2019.

2. Basis for preparation of annual financial statements

The accompanying separate and consolidated financial statements of LAMPSA S.A. have been prepared in accordance with the International Financial Reporting Standards (hereinafter IFRS). The financial statements have been prepared based on historic cost principal as amended following the adjustment of certain assets and liabilities at fair values and the going concern principle and are in accordance with the IFRSs, as issued by the International Accounting Standards Board (IASB) and according to their interpretations, which have been published by the International Financial Reporting Interpretations Committee (IFRIC) of IASB.

All the revised or newly issued Standards and Interpretation applicable to the Group and effective as from December 31, 2016 were taken into account under the preparation of the financial statements for the current tear to the extent they were applicable.

The preparation of financial statements according to IFRSs requires use of accounting estimates. It also requires management estimations under the application of the Company accounting principles. The cases involving a higher degree of judgment or complexity, or the cases where assumptions and estimates are

In 2003 and 2004, the International Accounting Standards Board (IASB) issued a series of new International Financial Reporting Standards (IFRS) and revised International Accounting Standards (IAS), which are combined with the non-revised International Accounting Standards (IAS) issued by the International Financial Accounting Standards Board, prior to IASB, which is referred to as "the IFRS Stable Platform 2005". The Group applies the IFRS Stable Platform 2005 from January 1, 2005.

2.1. Changes in Accounting Policies

The accounting policies based on which the Financial Statements were drafted are in accordance with those used in the significant to the consolidated financial statements are included in Note 2.2. preparation of the Annual Financial Statements for the FY 2014, adjusted to the new Standards and revisions imposed by IFRS effective for fiscal years starting as at January 1st, 2017.

2.1.1 New Standards, Interpretations, Revisions and Amendments to existing Standards that are effective and have been adopted by the European Union

The following amendments and interpretations of the IFRS have been issued by the International Accounting Standards Board (IASB), adopted by the European Union, and their application is mandatory from or after 01/01/2017.

- **Amendments to IAS 7: "Disclosure Initiative" (effective for annual periods starting on or after 01/01/2017)**

In January 2016, the IASB published narrow scope amendments to IAS 7. The objective of the amendments is to enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The amendments do not affect the separate and consolidated Financial Statements.

- **Amendments to IAS 12: " Recognition of Deferred Tax Assets for Unrealized Losses" (effective for annual periods starting on or after 01/01/2017)**

In January 2016, the IASB published narrow scope amendments to IAS 12. The objective of the amendments is to clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendments do not affect the separate and consolidated Financial Statements.

- **Annual Improvements to IFRSs – 2014-2016 Cycle (effective for annual periods starting on or after 01/01/2017)**

In December 2016, the IASB issued Annual Improvements to IFRSs – 2014-2016 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2014-2016 cycle. The issues included in this cycle are the following: IFRS 12: Clarification of the scope of the Standard, IFRS 1: Deletion of short-term exemptions for first-time adopters, IAS 28: Measuring an associate or joint venture at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12, and 1 January 2018 for IFRS 1 and IAS 28. The amendment does not have a significant effect on the separate and consolidated Financial Statements. The other amendments included in this Cycle, effective for annual periods starting on or after 1 January 2018 are analyzed in the following section.

2.1.2 New Standards, Interpretations, Revisions and Amendments to existing Standards that have not been applied yet or have not been adopted by the European Union

The following new Standards, Revised Standards as well as the following Interpretations to the existing Standards have been publicized but have not taken effect yet or have not been adopted by the European Union.

- **IFRS 9 "Financial Instruments" (effective for annual periods starting on or after 01/01/2018)**

In July 2014, the IASB issued the final version of IFRS 9. The package of improvements introduced by the final version of the Standard, includes a logical model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. The above have been adopted by the European Union with effective date of 01/01/2018. The Group and the Company will implement the Standard on 01/01/2018 without revising the prior periods comparative information.

Classification and Measurement

Attention has been paid to IFRS 9 approach, which is affected by the business model to which an asset belongs as well as by the cash flow characteristics. Following the aforementioned review, the Group and the Company consider that there is no impact on the classification and measurement of its trade and other receivables, which will continue to be measured at amortized cost

In addition, for the most part, IFRS 9 maintains the effective provisions IAS 39 regarding Classification of Financial Liabilities. The only change relates to liabilities recognized at fair value through profit or loss where, under IFRS 9, changes arising from credit risk will be recognized in other comprehensive income. Other changes in fair value will be recognized in the income statement.

The Group and the Company have no financial liabilities that are measured at fair value through profit or loss. Consequently, the Group estimates that there is impact arises from the classification of financial liabilities.

Impairment

IFRS 9 introduces a new method of calculating the impairment based on expected credit losses that leads to a more direct recognition of impairment. At the same time, it introduces a simplified calculation method regarding trade and financial receivables.

The Group and the Company have determined that their trade receivables and other financial assets are of low credit risk and will adopt the simplified method of expected credit losses. Given the low credit risk of the Group and Company transactions, the implementation of the new standard is not expected to have any impact. Subsequent changes to the rendered services may affect the above assessment.

Hedge Accounting

IFRS 9 requires an entity to confirm that hedge accounting is in line with its risk management activities and that if applies a more qualitative and future-oriented approach to assessing its effectiveness. Furthermore, IFRS 9 introduces enhanced disclosures and does not allow for voluntary discontinuation of hedge accounting.

The Group and the Company do not apply hedge accounting.

- **IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods starting on or after 01/01/2018)**

In May 2014, the IASB issued a new Standard, IFRS 15. The Standard fully converges with the requirements for the recognition of revenue in both IFRS and US GAAP. The key principles on which the Standard is based are consistent with much of current practice. The new Standard is expected to improve financial reporting by providing a more robust framework for addressing issues as they arise, increasing comparability across industries and capital markets, providing enhanced disclosures and clarifying accounting for contract costs. The new Standard will supersede IAS 11 "Construction Contracts", IAS 18 "Revenue" and several revenue related Interpretations. The above have been adopted by the European Union with effective date of 01/01/2018.

- **Clarification to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods starting on or after 01/01/2018)**

In April 2016, the IASB published clarifications to IFRS 15. The amendments to IFRS 15 do not change the underlying principles of the Standard, but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation in a contract, how to determine whether a company is a principal or an agent and how to determine whether the revenue from granting a license should be recognized at a point in time or over time. The above have been adopted by the European Union with effective date of 01/01/2018. The Group and the Company will adopt the Standard on January 1, 2018 using the modified retrospective method, ie the effect from the transition will be recognized cumulatively in retained earnings while the comparative amounts will not be modified.

Rendering services

Most of the revenues for the Group come from rendering services related to the rental of rooms, use of hotel facilities, catering services, use of the building facilities. Under IFRS 15, revenue is recognized at a given point in time when the obligation to perform the service is met. Under the existing revenue recognition accounting policy, the Group and the Company recognize revenue for services when they are rendered. Unless there is any significant change in the rendered services or the business plans, the implementation of the new standard will not have a significant effect on the Financial Statements.

Principal/Agent distinction

When a third party is involved in provision of goods or services, the Group and the Company shall determine whether the nature of the service offer is an obligation to perform services by itself (that is, it is the principal) or not (that is, it is the agent). Based on the assessment performed so far, the Group acts as the principal regarding the largest part of the transactions. In cases when the Group and the Company act as agents, they shall only recognize net profit as income based on the assessment performed so far in respect of the cases when the Group acts as an agent, it is estimated that there is no impact on the Company's Income Statement and Equity.

Voucher

The Group and the Company receive prepayments from customers and recognize a contractual obligation equal to the amount of prepayment for the obligation to transfer goods or services in the future. The Group and the Company recognize revenue when they transfer these goods or services and, consequently, fulfill the obligation in question. However, customers may not exercise all their contractual rights. Under the new standard, the Group and the Company shall estimate whether they will be entitled to an amount by not redeeming the rewards. If it has been defined that the Group and the Company are entitled to an amount from non-redeeming rewards, then they will recognize the estimated benefit as revenue when the probability of residual rights being exercised by the client is minimized. We estimate that the new standards will not have significant effect on the Financial Statements.

- **Amendments to IFRS 4: “Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts” (effective for annual periods starting on or after 01/01/2018)**

In September 2016, the IASB published amendments to IFRS 4. The objective of the amendments is to address the temporary accounting consequences of the different effective dates of IFRS 9 Financial Instruments and the forthcoming insurance contracts Standard. The amendments to existing requirements of IFRS 4 permit entities whose predominant activities are connected with insurance to defer the application of IFRS 9 until 2021 (the “temporary exemption”) and also permit all issuers of insurance contracts to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued (the “overlay approach”). The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2018.

- **IFRS 16 “Leases” (effective for annual periods starting on or after 01/01/2019)**

In January 2016, the IASB issued a new Standard, IFRS 16. The objective of the project was to develop a new Leases Standard that sets out the principles that both parties to a contract, i.e. the customer (‘lessee’) and the supplier (‘lessor’), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognise assets and liabilities arising from a lease. The above have been adopted by the European Union with effective date of 01/01/2019. .

The Group has completed its assessment of the effect of the standard on the consolidated financial statements and is not significant, given that as at 31/12/2017, only one lease of an office contract is effective. The actual impact of the application of IFRS 16 on the Group's financial statements will depend on the condition of the leases that will be effective until the date of the first application and on the size of the borrowing rates of the group.

- **Annual Improvements to IFRSs – 2014-2016 Cycle (effective for annual periods starting on or after 01/01/2017 and 01/01/2018)**

In December 2016, the IASB issued Annual Improvements to IFRSs – 2014-2016 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2014-2016 cycle. The amendments are effective for annual periods beginning on or after 1 January 2018 are as follows: IFRS 1: Deletion of short-term exemptions for first-time adopters, IAS 28: Measuring an associate or joint venture at fair value. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2018.

- **Amendment to IFRS 2: “Classification and Measurement of Share-based Payment Transactions” (effective for annual periods starting on or after 01/01/2018)**

In June 2016, the IASB published narrow scope amendment to IFRS 2. The objective of this amendment is to clarify how to account for certain types of share-based payment transactions. More specifically, the amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligation, as well as, a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2018.

- **Amendments to IAS 40: "Transfers of Investment Property" (effective for annual periods starting on or after 01/01/2018)**

In December 2016, the IASB published narrow-scope amendments to IAS 40. The objective of the amendments is to reinforce the principle for transfers into, or out of, investment property in IAS 40, to specify that (a) a transfer into, or out of investment property should be made only when there has been a change in use of the property, and (b) such a change in use would involve the assessment of whether the property qualifies as an investment property. That change in use should be supported by evidence. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union. The above have been adopted by the European Union with effective date of 01/01/2018.

- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods starting on or after 01/01/2018)**

In December 2016, the IASB issued a new Interpretation, IFRIC 22. IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2018.

- **Amendments to IAS 28: "Long-term Interests in Associates and Joint Ventures" (effective for annual periods starting on or after 01/01/2019)**

In October 2017, the IASB published narrow-scope amendments to IAS 28. The objective of the amendments is to clarify that companies account for long-term interests in an associate or joint venture – to which the equity method is not applied – using IFRS 9. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IFRS 9: "Prepayment Features with Negative Compensation" (effective for annual periods starting on or after 01/01/2019)**

In October 2017, the IASB published narrow-scope amendments to IFRS 9. Under the existing requirements of IFRS 9, an entity would have measured a financial asset with negative compensation at fair value through profit or loss as the "negative compensation" feature would have been viewed as introducing potential cash flows that were not solely payments of principal and interest. Under the amendments, companies are allowed to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2019.

- **Annual Improvements to IFRSs – 2015-2017 Cycle (effective for annual periods starting on or after 01/01/2019)**

In December 2017, the IASB issued Annual Improvements to IFRSs – 2015-2017 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2015-2017 cycle. The issues included in this cycle are the following: IFRS 3 - IFRS 11: Previously held interest in a joint operation, IAS 12: Income tax consequences of payments on financial instruments classified as equity, IAS 23: Borrowing costs eligible for capitalization. The amendments are effective for annual periods beginning on or after 1 January 2019. The Group will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

- **IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods starting on or after 01/01/2019)**

In June 2017, the IASB issued a new Interpretation, IFRIC 23. IAS 12 "Income Taxes" specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Group will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

- **Amendments to IAS 19: "Plan Amendment, Curtailment or Settlement"(effective for annual periods starting on or after 01/01/2019)**

In February 2018, the IASB issued amendments to the guidance in IAS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The impact on the asset ceiling is recognized in other comprehensive income, and it is not reclassified to profit or loss. The impact of the amendments is to confirm that these effects are not offset. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Revision of the Conceptual Framework for Financial Reporting (effective for annual periods starting on or after 01/01/2020)**

In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting (Conceptual Framework), the objective of which was to incorporate some important issues that were not covered, as well as update and clarify some guidance that was unclear or out of date. The revised Conceptual Framework includes a new chapter on measurement, which analyzes the concept on measurement, including factors to be considered when selecting a measurement basis, concepts on presentation and disclosure, and guidance on derecognition of assets and liabilities from financial statements. In addition, the revised Conceptual Framework includes improved definitions of an asset and a liability, guidance supporting these definitions, update of recognition criteria for assets and liabilities, as well as clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods starting on or after 01/01/2020)**

In March 2018, the IASB issued Amendments to References to the Conceptual Framework, following its revision. Some Standards include explicit references to previous versions of the Conceptual Framework. The objective of these amendments is to update those references so that they refer to the revised Conceptual Framework and to support transition to the revised Conceptual Framework. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **IFRS 17 "Insurance Contracts" (effective for annual periods starting on or after 01/01/2021)**

In May 2017, the IASB issued a new Standard, IFRS 17, which replaces an interim Standard, IFRS 4. The aim of the project was to provide a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. A single principle-based standard would enhance comparability of financial reporting among entities, jurisdictions and capital markets. IFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

2.2. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the reported assets and liabilities at the balance sheet date. They also affect the disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses for the period. actual results may differ from these estimates. Estimates and judgments are based on historical experience and other factors, including expectations of future events that are considered reasonable under specific circumstances and are constantly re-assessed using all available information.

Judgments

The key judgments made by the management of the Group (other than judgments associated with estimates presented below) and that have the most significant effect on the amounts recognized in the financial statements mainly relate to:

- Classification of investments.
- Recoverability of receivables.
- Impairment of inventory.

Assumptions and estimates

Specific amounts included or affecting the financial statements along with relevant acknowledgments are estimated assuming values or conditions which cannot be known with certainty at the time the financial statements are issued. An accounting estimate is considered significant when it is important for the image the financial position of the company and fiscal year results and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates regarding the effect of matters that are uncertain. The Group evaluates these estimations in constant basis, based on past years and experience, by meeting experts, trends and other methods considered rational under the specific circumstances along with provisions of future changes. In § 3 "Synopsis of accounting policy" the accounting policies are mentioned which have been chosen from acceptable alternative policies.

- **Impairment estimation**

The Group tests annually the existing goodwill for impairment and examines events or conditions that make impairment possible; such as, for example, a significant negative change in the business climate or a decision for the sale or disposal of a unit or an operating segment. The determination of impairment requires the valuation of the corresponding unit, which is evaluated by using the method of discounted cash flows.

The recoverable amounts of units creating cash flows are determined based on calculations of current use value. These calculations require the use of estimates.

If this analysis indicates a need for impairment, the measurement of the impairment requires a fair value estimate for each identified tangible asset. In that case the approach of cash flows is used, as mentioned above, by independent valuators as appropriate.

Moreover, other identified intangible assets with defined useful lives are tested annually for impairment and are subject to amortization by comparing the carrying amount to the sum of the undiscounted cash flows expected to be generated by the asset. The Group annually tests the impairment of goodwill according to accounting policy as mentioned below. It is to be noted that the total of recognised goodwill was fully impaired within the previous year.

- **Income Tax**

LAMPSA is subject to income taxation by various tax authorities. For determining the provision for income taxes, significant estimates are required. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognizes liabilities for anticipated tax audit issues based on estimates for the amount of additional taxes that may be due. If the final tax outcome of these cases differs from the amount initially recognized in the financial statements, these differences will affect the income tax and deferred tax provisions in the period in which the amounts are finalized.

- **Provisions**

Doubtful accounts are reported at the amounts that may be recovered. Estimates of the amounts expected to be recovered result of analysis as well as from the experience of the Group regarding the possibility of doubtful customer. As soon as it is realized that a specific account is subjected to greater risk than the usual credit risk (e.g. low credibility, argument on demand's existence or amount, etc.), the account is analyzed and recorded as doubtful debt as long as demand remain uncollected.

- **Contingent events**

During ordinary course of business, the Group is involved in legal claims and compensations. The Management judges that any arrangement would not affect significantly the financial position of the Group in 31/12/2017. However, the determination of contingent liabilities that are connected to legal claims and demands is a complicated procedure that includes judgments on possible consequences and law interpretation according laws and regulations. Any change in judgment or interpretation is possible to lead to an increase or decrease of the contingent liabilities in the future.

- **Business combinations**

Upon initial recognition, the assets as well as liabilities of the acquired business are included in the consolidated financial statements at their fair values. During measurement of fair values, management uses estimates regarding future cash flows but actual results may differ. Any other change in measurement upon initial recognition would affect the goodwill measurement.

- **Useful life of depreciable assets**

The Management examines the useful lives of depreciable assets at every reporting period. At 31 December 2017, the management of the company estimates that the useful lives of the depreciated assets, represent the expected utility of these assets. Actual results, however, may differ due to technical gradual depreciation, mainly regarding software and computer equipment.

3. Summary of accounting policies

3.1. General

The significant accounting policies that are used for the constitution of integrated financial statements are synopsized as per below.

It is worth noting, as already mentioned above at “2.2 Significant accounting judgments, estimates and assumptions” that accounting estimations and assumptions are used in the preparation of the financial statements. Despite the fact that these estimations are based on Management’s better knowledge on current facts and activities, actual results may differ from the ones estimated.

Amounts in financial statements appear in thousand euros. Any differences in totals are due to rounding.

3.2. Consolidation and investments in associates

- **Subsidiaries**

Subsidiaries are all entities managed and controlled by the Group in regard to their finance and business policies. LAMPSA considers that owns and controls a subsidiary when participates with a percentage greater than the half of voting rights.

To determine the existence of potential voting rights of LAMPSA, that are currently exercisable on another entity, LAMPSA examines the existence and effect of any potential voting rights that are currently exercisable or convertible.

The consolidated financial statements of LAMPSA SA include the financial statements of the parent company as well as economic entities controlled by the Group through full consolidation.

Subsidiaries are consolidated using the full consolidation method from the date on which the Group obtains control and stop to be consolidated to the date on which control ceases.

In addition, the subsidiaries acquired are subject to the application of the market methods. This includes revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, irrespective of whether they have been included in the financial statements of the subsidiary prior to acquisition. Upon initial recognition, subsidiary’s assets and liabilities are included in the consolidated balance sheet at revalued amounts, which are also used as a basis for subsequent measurement in accordance with the accounting policies of the group. Goodwill represents the excess of cost over the fair value of the Group's share in the identifiable assets of the acquired subsidiary of the group during acquisition. If the cost of acquisition is less than the fair value of net assets of the subsidiary acquired, the difference is recognized directly in the result.

Non-controlling interests are recognized as part of profit or loss and net assets that do not belong to the Group. If losses of a subsidiary concerning non-controlling interests exceed non-controlling interests in subsidiary’s liabilities, then the excess amount is allocated to the shareholders of the parent company except from the amount that the has an obligation and is able to cover those losses.

The accounting policies of subsidiaries are modified where necessary, in order to be consistent with the policies adopted by the Group

Intercompany account receivables and liabilities, revenues and expenses and unrealized gains or losses between companies are eliminated.

In the separate Statement of Financial Position, participation in subsidiaries is measured at acquisition cost, unless there are indications of impairment. In this case, depreciation is recorded in the income statement as “Income from related companies’’.

3.3. Foreign currency translation

The consolidated financial statements of LAMPSA S.A. are presented in EURO (€), which is, also, the functional currency of the Holding Company.

Each financial entity of the group defines the functional currency and the elements included in the financial statements, of each entity. In the individual financial statements of the consolidated entities, the transaction in foreign currency is converted to the functional currency of each entity, using the exchange rates, prevailing on the date of the transaction. Transactions in foreign currency are converted into euros using the exchange rates prevailing on the transaction dates.

Exchange gains and losses arising from such transactions and from the conversion of accounts with balances at year end exchange rates are recognized in the "Financial Income / (expenses)", respectively except from the gain or damage incurred by the hedging instrument and directly recognized at the equity account, through the statement of changes in equity.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are distinguished from changes in foreign exchange differences arising from changes in amortized cost of the security and other changes in the carrying value of the securities. Differences from conversion-related changes in the amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in equity.

Differences arising from converting non- monetary financial assets and liabilities are reported as part of profit or loss in fair value. Differences arising from converting non- monetary assets and liabilities as assets at fair value through profit or loss are recognized in profit or loss as part of the profits or losses from fair value. Differences arising from converting non- monetary financial assets such assets classified as available for sale are included in the reserve of the equity on available-for- sale financial assets.

In the consolidated financial statements, all individual financial statements of subsidiaries and jointly controlled entities, which originally presented in a currency other than the functional currency of the Group (none of which has the currency of a hyperinflationary economy), have been converted into Euro.

Assets and liabilities have been converted into euros at the closing rate at the balance sheet date.

Revenue and expenses have been converted into the Group's presentation currency at the average exchange rates during the reporting period; unless there are significant fluctuations in which case income and expenses are translated at the exchange rate at the transaction dates.

Any differences arising from this procedure have been transferred to the translation reserve in the balance sheet equity.

Goodwill and fair value adjustments arising from an acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into euros at the closing rate

On consolidation, exchange rate differences arising from the conversion of the net investment in foreign operations, and of borrowings and other currency instruments that are designated hedges of a net investment in a foreign operation directly in equity through the statement of equity changes.

When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognized in profit or loss in the period of disposal or sale as part of the gain or loss on sale.

3.4. Segment reporting

The Group firstly adopted IFRS 8 "Operating segments" in year 2009.

The adoption of the new standard has not affected the way in which the Group identifies its operating segments for the purpose of providing information and the Group now presents the results of each segment based on the data that is used by the Management for internal reporting.

A business segment is a group of assets and operations engaged in providing products and services which are subject to risks and returns different from those of other business segments. A geographical segment is a geographical region in which products are sold and services provided are subject to risks and returns different from other areas. Geographically, the Group operates mainly in Greece, Cyprus and Serbia, while having interests in other countries (see § 4 «Group Structure").

The going concern Business segments shown are renting rooms, food and beverage sales and other activities (Income SPA-Health Club, Telephone Revenue, etc.).

If total external revenue, which are presented by operating segments constitutes less than 75% of the Group's earnings, then other sectors identified as reportable segments until at least 75% of the Group's earnings is included in the reportable operating sectors.

Operating segments that do not meet any of the quantitative thresholds set by IFRS 8 are not considered reportable segments and are not separately disclosed if the management believes that information about the separate area is not useful to users of financial statements.

The accounting principles used by the Group for the purposes of Reporting by segment under IFRS 8 are the same as those used in the preparation of the financial statements

There have been no changes compared to the previous year valuation methods used to determine gain or damage of the sector. There have been no asymmetrical allocations to the reportable segments. Asymmetric division is for example if a company allocates the depreciation expense to a geographical sector without allocating the depreciable assets.

3.5. Recognition of income and expenditure

Revenues are recognized when it is probable that future economic benefits will flow into the entity and these benefits can be measured reliably.

The revenue is measured at the fair value of the consideration received and it is net of value added tax, returns, rebates and any kind of reduction after limiting the sales within the Group.

The amount of revenue is considered that can be reliably measured when all contingencies relating to the sale have been resolved.

Sale of goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch of those goods.

Provision of services

Revenue from fixed price contracts is recognized based on the stage of completion of the transaction at the balance sheet date. Under the percentage of completion method, revenue is generally recognized based on service activity and performance to date as a percentage of total services to be performed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent that the following costs are recoverable.

The amount of the selling price associated with an agreement for services to be provided subsequently recorded into deferred amount and is recognized as income over the period in which services are provided. This income (deferred income) is included in the item "other liabilities".

In cases that original revenue estimates are changed, costs or the completion stage is revised. These revisions may result in increases or decreases in estimated revenue or costs and are shown in the Statement of Comprehensive Income of the period. Such cases, should they be revised, are disclosed by the Management.

Income from interests

Income from interest is recognized using the effective interest method that is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability.

When a receivable is impaired, the Group reduces the carrying value of the amount expected to be recovered, which the amount is resulting from the estimated future cash flows discounted at the effective interest rate of the instrument and continues the periodic unwinding of the discount as interest income. Incomes from interest on loans that have been impaired are recognized using the original effective interest rate..

Income from royalties

Incomes from royalties are recognized according to the accrual inputs / outputs, depending on the substance of the relevant agreement.

Income from dividends

Revenues from dividends are recognized when finalized the Group's right to receive payment from the shareholders..

Operating expenses are recognized in the Statement of Comprehensive Income over the use of the service or the date of creation. Expenditure for warranties is recognized and charged against the related provision when the corresponding revenue is recognized.

IFRIC 13: Customer Loyalty Programs

Customer loyalty programs give customers incentives to purchase products or services from a company. If a customer buys goods or services, then the company grants award credits « points" which the customer can redeem in the future for free or discounted products / services. These programs may be run by the company itself or by a third party. IFRC 13 can be applied to all the award credits loyalty programs a company can provide to its customers as part of a transaction. IFRC 13 applies to annual periods beginning on or after 1 July 2008. The retrospective application is required while earlier application is encouraged as long as it is disclosed in the notes to the financial statements. The implementation of the above program does not affect the Group's results.

3.6. Borrowing cost

Borrowings are recognized initially at fair value, which included bank charges and commissions.

The Company's management believes that the interest paid in connection with loans is equivalent to the current market interest rates and, therefore, there is no reason for any adjustments to the value at which these liabilities are presented.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the term of the loan.

Borrowings are classified as current except when the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date. Borrowing costs are recognized as expenses in the period in which they are incurred.

The Group capitalizes all borrowing costs that can be directly attributable to acquisition, construction or production of an asset that meets that qualifying conditions.

3.7. Goodwill

Goodwill acquired in a business combination will be initially valued at historical cost, as the extra cost of the business combination exceeding the buyers participation in the net fair market value of identifiable assets, to the obligations and potential obligations. After the initial recognition, goodwill will be valued at historical cost less any accumulated impairment losses. The acquirer will test goodwill for impairment on an annual basis or more often if events or changing conditions indicate the possibility of impairment.

3.8. Other intangible assets and research and development activities

An intangible asset is initially valued at historical cost. The cost of an intangible asset acquired in a business combination is part of the fair value of the asset on the acquisition date.

After the initial recognition, intangible assets are valued at historical cost less accumulated depreciation and any impairment loss.

Acquired licenses regarding software are capitalized based on the purchasing and installation expense.

Expenses related to the maintenance of the software are recorded in the expenses of the period they occurred.

The useful lives of intangible assets are either definite or indefinite depending on their nature.

Intangible assets with definite useful life are amortized over their useful life and depreciation commences when the asset is available for use and is recognized in the category of operating expenses.

The period and depreciation method are reviewed at least in each fiscal year. If the expected useful life or the expected consumption rate of the future economic benefits embodied in the asset are changed, the amortization period or method are changed respectively. Such changes are accounted for as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized but are tested at least annually for impairment and to determine whether management's assessment of the indefinite useful lives of these intangible assets is supported. If not supported , the change in the useful life assessment from indefinite to limited is treated as a change in an accounting estimate in accordance with IAS 8. Gains or losses arising from the sale of an intangible asset are determined as the difference between the sale amount and the carrying amount of the asset and is recognized in the income statement in the item " Other income " or "Other expenses".

3.8.1. Acquired software

Intangible assets include acquired software used in the production or management.

The costs capitalized are amortized on a straight-line basis over the estimated useful lives (three to five years). Additionally, the acquired software is also tested for impairment.

3.8.1. Research and development expenses

Expenses related to research activities are recorded as an expense during the period.

Costs incurred during the development phase of the new, customized to client needs, systems and telecommunications software are recorded as intangible assets if they meet the following conditions:

- can demonstrate the technical feasibility of the developing product for internal use or sale
- the intangible asset will generate probable future economic benefits from the internal use or sale
- availability of sufficient technical, financial and other resources to complete the development, and
- the value of the intangible asset can be reliably measured.

The directly attributable to development costs include the cost of benefits for employees to develop the software along with an amount of directly attributable costs. The cost of internally generated software development is recognized as an intangible asset. Until the completion of the development project , the assets are subject to impairment review . Depreciation begins with the completion of the asset during the period of expected future sales from the related project, on a straight line method . All other development expenditure is recognized as an expense during the period.

3.9. Property, plant and equipment

Buildings, technical equipment, furniture are shown at historical cost or at historical cost less any accumulated depreciation and any accumulated impairment losses. The cost also includes the cost of spare parts of some tangible assets that require replacement at regular intervals, if the criteria for acknowledgment are fulfilled. The artwork owned by the Group is not depreciated.

The costs of daily maintenance of property, plant and equipment are recognized in profit or loss when incurred.

If the carrying value of tangible assets has suffered depreciation or an impairment loss, it is recognized in the total income for the year.

The gain or loss on sale of the land will be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recorded in profit or loss statement

Depreciation is calculated using the straight line method over the entire useful life of the assets. For works of art held by the company, no depreciation is calculated.

The buildings that have been acquired through financial leases are depreciated throughout their estimated useful lives (determined in relation to comparable owned assets), if shorter.

The useful lives of tangible assets of the Group (in years) are summarized below:

Buildings & building facilities	4-33
Machinery & Equipment	2-20
Vehicles	5-8
Furniture	2-33
Office equipment /telephone devises	3-33
Printing / Hardware	4-5

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate at each year end.

3.10. Leases

The assessment of whether an arrangement contains a lease, takes place at the beginning of the agreement, taking into account all available information and specific circumstances. After the beginning of the agreement, a reassessment takes place, as to whether it contains a Lease when any of the following occurs:

a. There is a change in the terms of the contract, unless the change only renews or extends the agreement

b. Renewal option is exercised or an extension is agreed unless term of the renewal or extension was initially included in the lease term

c. There is a change in whether the settlement depends on a defined asset

d. There is a significant change in the asset

If an agreement is reassessed the accounting treatment for leases applies from the date the change in conditions involving reassessment for (a), (c) or (d), and from the date of renewal or extension period for case (b

3.10.1. The Group as a lessee

The ownership of a leased asset is transferred to the lessee if transferred to him all the risks and rewards associated with the leased asset regardless of the legal form of the contract. At the start of the lease asset is recognized at fair value or , if lower , the present value of the minimum lease payments, including additional payments, if any, borne by the lessee. A corresponding amount is recognized as a liability of the lease regardless of whether some of the lease payments were paid in advance at the beginning of the lease.

The subsequent accounting treatment for assets acquired through financial leasing contracts, e.g. the depreciation method used and the determination of useful life, is the same as that applied to comparable acquired, except leases, assets. The accounting treatment of the respective obligation relates to the gradual reduction of the basis of the minimum lease payments minus finance charges, which are recognized as an expense in finance costs. Financial charges are allocated over the lease period and represent a constant periodic rate of interest on the remaining balance of the liability.

All other leases are treated as operating leases. Payments on operating leases are recognized as an expense on a straight (use link revenue and expense). The related costs, such as maintenance and insurance, are recognized as an expense when incurred.

3.10.2. The Group as a lessor

Leases where the Group does not transfer substantially all the risks and rewards of the asset are classified as operating leases. Initial direct costs incurred by lessors in negotiating and arranging an operating lease are added to the book value of the leased asset and are recognized over the lease term as the lease income.

3.10.3 Impairment test of goodwill, tangible and intangible assets

The Group's goodwill, intangible and tangible assets are subject to impairment tests. For the purposes of assessing impairment, certain assets are grouped in the smallest identifiable group of assets that generates cash inflows from its use (CGUs). As a result, some assets are tested individually for impairment and some are tested as CGUs.

The arising goodwill is allocated to each cash generating unit (CGU) expected to benefit from the synergies of the business combination. The CGUs represent the lowest level within the Group at which the goodwill is monitored for management purposes.

Any losses in value of a CGU to which goodwill has been allocated, first reduce the carrying value of goodwill. Any remaining impairment loss is shared proportionally to the other assets of the CGU.

When the Group sells an activity included in a CGU to which goodwill has been allocated , the goodwill shall be taken into account when determining the gain or loss on sale and apportioned to the sold activity. In this light , the goodwill allocated is measured by the relative values of the activity sold and withheld part of CGU. Alternatively, when the Group can reliably assess and demonstrate that some other method better reflects the goodwill associated with the sold operation , then this method is followed.

The assets or CGU including part of goodwill, other intangible assets with indefinite useful lives and assets not yet available for use are tested for impairment at least on an annual basis. The remaining assets and CGU tested for impairment whenever there are indications that the carrying value may not be recoverable. The impairment loss is the amount by which the carrying value of assets or CGU exceeds its recoverable value. Recoverable amount of an asset or CGU is the higher of fair value and value in use (implied by evaluating discounted future cash flows of the asset of CGU).

With the exception of goodwill, all assets are subsequently reassessed for cases where the impairment loss initially recognized may not exist.

3.11. Financial Assets

The financial assets of the Group include loans and receivables.

The impairment testing takes place at least at every reporting date of the financial statements or when there is material evidence that a financial asset or group of financial assets have suffered impairment or not.

3.11.1. Loans and Receivables

Loans and receivables are non -derivative financial assets with fixed determinants and payments that are not quoted in an active market. They arise when the Group provides money , goods or services directly to a debtor with no commercial intent. Loans and receivables are measured at amortized cost using the effective interest method, less any provision for impairment . Any change in the value of loans and receivables is recognized in profit or loss when the loans and receivables are written off or reduce their value or during the period of depreciation.

Certain receivables are tested for impairment per individual requirement (for example for each customer) where the collection of the receivable is classified overdue at the date of the financial statements or in cases where objective evidence indicates the need for impairment . Other receivables are grouped and tested for impairment in their entirety. These groups have in common the characteristic geographical distribution, activity sector of contractors and, if applicable, other similar credit risk characteristics that characterize them.

Loans and receivables and the loans are included in current assets, except those maturing after 12 months from the balance sheet date. These are characterized as non-current assets. At the balance sheet, they are classified as trade and other receivables and comprise the biggest part of the financial assets of the Group.

3.12. Inventories

Inventories include raw materials, materials and goods purchased. .

Cost includes all costs incurred in bringing the inventories to their present location and condition, which are directly attributable to the production process, as well as a part of general expenses associated with the production, which is absorbed in the normal capacity of the production facilities.

The financial cost is not taken into account .

At the balance sheet date, inventories are valued at the lowest level between cost of acquisition and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business activities, minus estimated cost which is necessary to make the sale.

Cost is determined using the method of weighted average cost.

3.13. Accounting for Income Tax

3.13.1. Current Income Tax

The current tax asset / liability includes obligations or receivables by the tax authorities relating to the current or previous reporting periods have not been paid until the balance sheet date.

Calculated according to the tax rates and tax laws applicable to the fiscal period to which they relate, based on the taxable profit for the year. All changes to the current tax assets or liabilities are recognized as tax expense in the income statements.

3.13.2. Deferred Income Tax

Deferred income tax is calculated on the liability method focuses on temporary differences. This involves comparing the accounting value of assets and liabilities of the consolidated financial statements with their respective tax bases.

Deferred tax assets are recognized to the extent that it is likely to be offset against future income taxes.

Deferred tax liabilities are recognized for all taxable temporary differences. In addition and in accordance with IAS 12, deferred tax is not recognized in relation to goodwill.

No deferred tax is recognized on temporary differences associated with investments in subsidiaries if reversal of these temporary differences can be controlled by the company while it is expected that the temporary difference will not reverse in the future. In addition, tax losses can be carried to subsequent periods and tax credits to the Group are recognized as deferred tax assets.

No deferred tax is recognized under initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which they will settle the asset or liability, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Most changes in deferred tax assets or liabilities are recognized as tax expense in the results. Only changes in deferred tax assets or liabilities related to changes in the value of the asset or liability that is charged directly to equity are charged or credited directly to equity.

The Group recognizes a previously unrecognized deferred tax asset to the extent that it is probable that future taxable profit will allow the recovery of the deferred tax asset.

Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset.

3.14. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and cash available and short term highly liquid investments such as money market securities and bank deposits with original maturities of three months or less. The market values of financial assets are stated at fair value through profit or loss.

For the purpose of the Consolidated Cash Flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, excluding the outstanding balances of bank overdrafts.

3.15. Equity

Share capital is determined using the nominal value of the shares issued. Ordinary shares are classified as equity.

The share capital increase through cash payment includes any share premium account in the original version of the share capital. Any transaction costs associated with the issuance of the shares and any related income tax benefit resulting deducted from the share capital increase.

If the economic entity acquired their own equity instruments, those instruments (the "shares") are deducted from equity. If such shares are subsequently reissued, the consideration received (net of related transaction costs and the related income tax benefit) included in equity attributable to shareholders. According to the purchase, sale, issue or cancellation of own equity instruments of the entity do not recognize any profit or loss.

The revaluation reserve comprises gains and losses due to the revaluation of certain financial assets and tangible assets. Exchange differences from the exchange are included in the conversion reserve. Retained earnings include the current results and those of previous periods as disclosed in the results.

3.16. Retirement benefits and short-term employee benefits

3.16.1. Retirement benefits

A defined benefit plan is a pension plan that does not fall under a defined contribution plan. Typically, defined contribution plans define an amount of benefit that an employee will receive on retirement, usually dependent on factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date of analogue unrecognized gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Credit Unit Method. The present value of the defined benefit obligation is determined by discounting the expected future cash outflows using interest rates of high-yield corporate bonds, which are shown in the currency in which the benefits will be paid and have terms to maturity depending on the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in proportionate matters at the end of the previous reporting period exceeded the greater of 10% of the fair value of plan assets or 10% of the defined benefit obligation are charged or credited to results based on the expected average remaining working lives of the employees participating in this program

Past service costs are recognized immediately in income, unless the changes to the pension plans are voluntary for the employees remaining in service for a specified period (vesting date). In this case, the past service costs are amortized on a consistent basis over the vesting period.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent administrative institution in mandatory, contractual or voluntary basis. The company will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits, for services rendered current or prior years. Prepaid contributions are recognized as an asset to the extent possible a refund or a reduction in future payments.

3.16.2. Termination Benefits

Termination benefits are payable when service employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. When the benefits of retirement are due for more than 12 months, after the balance sheet date they are discounted to present value.

3.17. Financial Liabilities

The Group's financial liabilities include bank loans and overdraft accounts (overdraft), trade and other liabilities and finance leases. The Group's financial liabilities (excluding loans) are shown in the balance sheet in the item "Non-current financial liabilities" and in the "Other trading liabilities".

Financial liabilities are recognized when the Group has entered into a contractual agreement of instrument and derecognized when the Group is exempted from or is canceled or expires.

The interests are recognized as an expense in "finance costs" in the income statement.

Liabilities from finance leases are measured at initial value less the amount of financial capital repayments.

Trade payables are recognized initially at their nominal value and subsequently measured at amortized cost less settlement payments.

Dividends to shareholders are included in "Other current financial liabilities' when the dividends are approved by the General Meeting of Shareholders.

Gains and losses are recognized in the income statement when the liabilities are written off, as well as through the amortization.

When an existing financial liability is exchanged with another liability of different form with the same lender but with substantially different terms, or the terms of an existing liability are substantially modified, for example an exchange or modification, it is treated as a write off of the original liability and the recognition of a new liability. Any difference in the respective numerical amounts is recognized in the income statement.

3.17.1. Loans

Bank loans provide long-term and / or short-term financing of the Group operations. All loans are initially recognized at cost, being the fair value of the consideration received excluding the cost of issuing the loan.

After initial recognition, borrowings are measured at amortized cost and any difference between the revenue and the payoff is recognized in the income statement over the period of lending using the effective interest rate method.

The amortized cost is calculated taking into account any issue costs and any discount or premium on settlement amount.

The bond represents the Group's liability for future coupon payments and repayment of principal payment. If the bond loan is convertible then the equity component of the loan represents the value of the right of the bondholders to convert into shares of common stock and is presented in equity (net of applicable tax).

3.18. Other Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when a present obligation is likely to lead to an outflow of economic resources for the Group, in the case that this outflow can be reliably estimated. The timing or amount of the outflow may be uncertain.

A present obligation arises from the presence of a legal or constructive obligation resulting from past events, for example, product warranties, legal disputes or onerous contracts

Restructuring provisions are recognized only if a detailed formal plan has been developed and implemented, or management has at least announced the features of the program to those who are affected by it. Provisions are not recognized for future operating losses.

When some or all of the expenditure required to settle a provision, is expected to be reimbursed by another party, the reimbursement will be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation and the obligation is treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision.

The expense relating to a provision is presented in results, net of the amount recognized for the reimbursement.

A provision is used only for expenditures for which it originally formed a prediction. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Provisions are measured at the expected cost required to determine the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation.

When the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation.

The pre-tax discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The rate does not reflect risks for which future cash flow estimates have been adjusted.

When the method of discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as borrowing cost in the results. When a number of similar obligations exist, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow to an element included in the class of obligations may be small.

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

In such cases where the possible outflow of economic resources as a result of present obligations is considered improbable, or the amount of the provision cannot be estimated reliably, no liability is recognized in the consolidated balance sheet, unless considered in the context of the business combination.

These contingent liabilities are recognized as part of allocating the cost of acquiring the assets and liabilities in the business combination. Subsequently they are measured at the highest amount of a comparable provision as described above and at the amount initially recognized, less any depreciation.

Possible inflows of economic benefits for the Group that do not yet meet the criteria of an asset are considered contingent assets.

4. The Group Structure

The Group structure of LAMPSA S.A. on December 31, 2017 is presented below as follows:

Company	Func. Currency	Domicile	Participating interest %	Consolidation Method	Participation
LAMPSA HELLENIC HOTELS S.A.	€	GREECE	Parent		
LUELLA ENTERPRISES LTD	€	CYPRUS	100,00%	Full	Direct
BEOGRADSKO MESOVITO PREDUZECE	€	SERBIA	94,60%	Full	Indirect
EXCELSIOR BELGRADE SOCIATE OWNED	€	SERBIA	80,33%	Full	Direct
TOURISTIKA THERETRA S.A.	€	GREECE	50,00%	Proportionate	Direct
MARKELIA ENTERPRISES COMPANY LTD	€	CYPRUS	100,00%	Full	Indirect

Within the year ended as at 31.12.2017, the company Luella Enterprises Ltd, domiciled in Cyprus, acquired additional shares of thye subsidiary Beogradsko Mesovito Preduzece and, thus, its investement in the company stands at 94,6%.

Amounts in thousand Euro, unless otherwise mentioned

5. Notes to financial statements

5.1. Segment reporting

In accordance with the provisions of IFRS 8, the identification of operating segments is based on the "management approach". According to this approach, the information to be disclosed regarding the operating segments should be based on internal organizational and management structure of the Group and the main items of internal financial reporting provided to the key decision makers. The Management monitors the operating results of its operating segments separately for the purpose of making decisions on resource allocation and performance assessment thereof. . It is to be noted that the Group applies the same accounting principles for the measurement of operating segment's results as those in the Financial Statements. The Group financing comprises "Financial Expenses" and "Financial income" and income taxes are monitored at the consolidated level without being allocated to result generating operating segments.

Transactions between operating segments are performed within the regular business operations of the Group. Inter-segment sales are eliminated on consolidation.

The operating segments presented include renting rooms, food and beverage sales and other activities (Income SPA-Health Club, Telephone Revenue, etc.). The Group results, assets and liabilities per segment in respect of the presented periods are analyzed as follows:

Segment results as at 31/12/2017	**RENTING ROOMS**	**SALE OF FOOD AND BEVERAGE**	**OTHER ACTIVITIES**	**NON-ALLOCATED**	**TOTAL**
Sales					
- to external clients	41.079	17.561	4.091		62.731
- to other segments					-
Net sales of the segment	**41.079**	**17.561**	**4.091**	**-**	**62.731**
Financial Income	18	9	2		29
Financial Expenses	(657)	(323)	(63)		(1.043)
Depreciation	(3.887)	(1.196)	(227)		(5.310)
Earnings before tax	**7.641**	**3.760**	**728**	**-**	**12.128**
Income tax	(2.090)	(1.028)	(199)	(42)	(3.359)
Earnings after tax	**5.551**	**2.732**	**529**	**(42)**	**8.770**
31/12/2017					
Non-current assets	97.913	48.179	9.325		155.417
Other Non-current Assets (Deferred Tax Assets)				7.800	7.800
Other assets	12.161	5.984	1.158	-	19.303
Total Assets	**110.074**	**54.163**	**10.483**	**7.800**	**182.520**
Total Liabilities	**55.932**	**27.522**	**5.327**		**88.781**

Amounts in thousand Euro, unless otherwise mentioned

Segment results as at 31/12/2016	RENTING ROOMS	SALE OF FOOD AND BEVERAGE	OTHER ACTIVITIES	NON-ALLOCATED	TOTAL
Sales					
- to external clients	33.698	15.787	2.895		52.380
- to other segments					-
Net sales of the segment	**33.698**	**15.787**	**2.895**	**-**	**52.380**
Financial Income	18	9	2		28
Financial Expenses	(709)	(349)	(68)		(1.126)
Depreciation	(3.638)	(1.120)	(212)		(4.970)
Results (Losses) from assets impairment	(2.192)	(1.079)	(209)		(3.479)
Earnings before tax	**4.153**	**2.043**	**396**	**(3.479)**	**3.112**
Income tax	(617)	(303)	(59)	(215)	(1.194)
Earnings after tax	**3.420**	**1.683**	**326**	**(3.510)**	**1.919**
31/12/2016					
Non-current assets	70.523	34.702	6.717		111.942
Other Non-current Assets (Deferred Tax Assets)				8.092	8.092
Other assets	7.546	3.713	719	-	11.978
Total Assets	**78.070**	**38.415**	**7.435**	**8.092**	**132.012**
Total Liabilities	**29.649**	**14.589**	**2.824**		**47.062**

Geographical segments

The headquarters of the Group are in Greece. Geographically, the Group operates mainly in Greece, Cyprus, Serbia, and has investments in other countries (see § 4 “Group Structure”).

	1/1-31/12/2017	**31/12/2017**	**1/1-31/12/2016**	**31/12/2016**
Se3gments results as at 31/12/2016	**RENTING ROOMS**	**SALE OF FOOD AND BEVERAGE**	**OTHER ACTIVITIES**	**NON-ALLOCATED**
GREECE	50.506	118.912	42.072	73.995
CYPRUS	-	-	-	-
SERBIA	12.225	36.505	10.308	37.947
Total	**62.731**	**155.417**	**52.380**	**111.942**

5.2. Analysis of tangible fixed assets

Land, buildings and equipment valued at the date of transition to IFRS (1/1/2005) at acquisition cost less any accumulated amortization and any impairment losses.

The Group and the Parent Company property items are burdened with liens amounting to € 48,850 as well as $ 25,500 versus loan liabilities.

The Group

Amounts in thousands €	Land plots and buildings	Mechanical equipment and vehicles	Furniture and other equipment	Fixed assets under construction	Total
Net Book Value as at 31/12/2015	**108.612**	**674**	**5.357**	**170**	**114.812**
Additions	468	498	2.209	1.765	4.940
Disposal of assets	-	(285)	(0)	-	(286)
Reclassifications	81	14	237	(350)	(19)
Impairment loss recognised in the income statement	(3.479)	-	-	-	(3.479)
Depreciation costs	(3.594)	(230)	(1.063)	-	(4.887)
Depreciation of disposed assets	-	246	(0)	-	246
Net Book Value as at 31/12/2016	**102.088**	**917**	**6.739**	**1.584**	**111.328**
Additions	44.701	129	2.691	1.347	48.867
Disposal of assets	(44)	(61)	(9)	-	(114)
Reclassifications	201	61	256	(580)	(62)
Depreciation costs	(3.456)	(219)	(1.555)	-	(5.230)
Depreciation of disposed assets	44	52	7	-	103
Net Book Value as at 31/12/2017	**143.533**	**879**	**8.129**	**2.351**	**154.893**

Amounts in thousands €	Land plots and buildings	Mechanical equipment and vehicles	Furniture and other equipment	Fixed assets under construction	Total
Gross Book Value and impairment	160.820	9.498	26.035	1.584	197.937
Accumulated depreciation	(58.732)	(8.581)	(19.296)	(0)	(86.610)
Net Book Value as at 31/12/2016	**111.088**	**917**	**6.739**	**1.584**	**111.328**
Gross Book Value and impairment	205.678	9.627	28.973	2.351	246.629
Accumulated depreciation	(62.145)	(8.748)	(20.844)	(0)	(91.737)
Net Book Value as at 31/12/2017	**143.533**	**879**	**8.129**	**2.351**	**154.893**

The Company

Amounts in thousands €	Land plots and buildings	Mechanical equipment and vehicles	Furniture and other equipment	Fixed assets under construction	Total
Net Book Value as at 31/12/2015	**69.010**	**205**	**3.032**	**158**	**72.406**
Additions	468	286	1.811	1.579	4.143
Disposal of assets		(226)	(0)		(227)
Reclassifications	81	-	134	(215)	-
Depreciation costs	(2.167)	(60)	(494)	-	(2.721)
Depreciation of disposed assets		226	(0)		226
Net Book Value as at 31/12/2016	**67.392**	**431**	**4.482**	**1.522**	**73.828**
Additions	44.694	0	2.543	911	48.148
Disposal of assets	(44)	(10)		-	(54)
Reclassifications	189	-	33	(222)	-
Depreciation costs	(2.221)	(58)	(948)	-	(3.227)
Depreciation of disposed assets	44	10		-	54
Net Book Value as at 31/12/2017	**110.054**	**374**	**6.110**	**2.211**	**118.749**

Amounts in thousands €	Land plots and buildings	Mechanical equipment and vehicles	Furniture and other equipment	Fixed assets under construction	Total
Gross Book Value and impairment	100.567	5.242	14.404	1.522	121.738
Accumulated depreciation	-33.175	-4.811	-9.921	0	-47.910
Net Book Value as at 31/12/2016	**67.392**	**431**	**4.482**	**1.522**	**73.828**
Gross Book Value and impairment	145.406	5.232	16.980	2.211	169.832
Accumulated depreciation	-35.352	-4.858	-10.867	0	-51.083
Net Book Value as at 31/12/2017	**110.054**	**374**	**6.110**	**2.211**	**118.749**

On 21/12/2017, the Company proceeded with the acquisition of King George Hotel from Eurobank Ergasias S.A. for a total consideration of € 43 million.

The hotel was leased to LAMPSA S.A. since 2013 and operated under shared management with the neighboring Grande Bretagne.

In 2017, the Company acquired offices on the first, second and third floor at 4 Voukourestiou Str., totaling value of € 682 k., in order to integrate the whole “Athenoennes” building into "Grande Bretagne" hotel complex (it is to be noted that that the 4th-7th floors already belong to " Grande Bretagne").

Other additions include renovations of existing premises and supply of furniture and other equipment.

As at 31 December 2017 and 31 December 2016the Group and the Company had no commitments for capital expenditures.

5.3. Analysis of intangible assets

The intangible assets of the Group are as follows:

Amounts in thousands €	Software licenses	Other intangible assets	Total
Net Book Value as at 31/12/2015	**149**	**131**	**280**
Additions	21	8	28
Reclassifications	6	12	19
Amortization	(53)	(30)	(83)
Net Book Value as at 31/12/2016	**123**	**121**	**243**
Additions	34	9	42
Reclassifications	30	18	48
Amortization	(28)	(53)	(81)
Net Book Value as at 31/12/2017	**158**	**94**	**253**

Acquisition value and accumulated amortization are as follows:

Amounts in thousands €	Software licenses	Other intangible assets	Total
Gross book value	799	456	1.255
Accumulated amortization and impairment	(677)	(335)	(1.012)
Net Book Value as at 31/12/2016	**123**	**121**	**243**
Gross book value	863	483	1.345
Accumulated amortization and impairment	(704)	(388)	(1.092)
Net Book Value as at 31/12/2017	**158**	**94**	**253**

Changes in intangible assets of the Company are analytically presented below as follows:

Amounts in thousands €	Software licenses	Total
Net Book Value as at 31/12/2015	**78**	**78**
Additions	15	15
Amortization	(32)	(32)
Net Book Value as at 31/12/2016	**60**	**60**
Additions	22	22
Amortization	(27)	(27)
Net Book Value as at 31/12/2017	**55**	**55**

Acquisition value and accumulated amortization of the Company are as follows:

Amounts in thousands €	Software licenses	Total
Gross book value	506	506
Accumulated amortization and impairment	(446)	(446)
Net Book Value as at 31/12/2016	**60**	**60**
Gross book value	528	528
Accumulated amortization and impairment	(473)	(473)
Net Book Value as at 31/12/2017	**55**	**55**

Intangible assets are free of liens.

5.4. Analysis of investments in subsidiaries and associates

Analysis of the investments of the parent Company in subsidiaries and associates is presented below as follows:

Amounts in thousands €	ACQ. VALUE as at 31/12/2017	ACQ. VALUE as at 31/12/2016	DOMICILE COUNTRY	Func. Currency	DIR. PART. Inter. %	INDIR. PART. Inter. %	RELATIONS HIP	CONS. METHOD	OPER. SEGMENT
DOMICILE COUNTRY	-	-	Greece	€	PARENT		PARENT	-	Hotel services
LUELLA ENTERPRISES LTD	18.732	18.730	Cyprus	€	100,00%		SUBSIDIARY	FULL CONSOLIDATION	Holding
EXCELSIOR BELGRADE SOCIALLY OWNED HOTEL & CATERING TOURIST ENTERPRISES	7.434	7.435	Serbia	€	80,33%		SUBSIDIARY	FULL CONSOLIDATION	Hotel services
BEOGRADSKO MESOVITO PREDUZECE A.D.	-	-	Serbia	€	-	94,60%	SUBSIDIARY	FULL CONSOLIDATION	Hotel services
MARKELIA ENTERPRISES COMPANY LTD	-	-	Cyprus	€	-	100,00%	SUBSIDIARY	FULL CONSOLIDATION	Services
TOTAL	26.166	26.166							
PROVISION FOR MPAIRMENT	(2.926)	(2.926)							
NET VALUE	**23.204**	**23.204**							

Within the current year, the Parent company received from LUELLA ENTERPRISE Co dividends totally amounting to € 300 k (2016: € 650 k), following the decisions of the General Meetings of the subsidiary made in 2017.

The change in investments of the parent company is as follows:

Amounts in thousands €	31.12.2017	31.12.2016
Opening balance	**23.204**	**23.840**
Acquisitions	-	-
Share capital increase	-	-
Sales	-	-
Share capital decrease	-	-
Impairment loss recognized in the income statement	-	(636)
Closing balance	**23.204**	**23.204**

Within the year ended as at 31.12.2017, the company Luella Enterprises Ltd, domiciled in Cyprus, acquired additional shares of thye subsidiary Beogradsko Mesovito Preduzece and, thus, its investement in the company stands at 94,6%.

5.5. Investments in Joint Ventures

The Group jointly participates with other parties (50%) in the company “Touristika Theretra S.A.”.

Changes in Joint Ventures are presented in the following table:

	Acquisition value 31/12/2016	Income Statement 2017	Acq. Value 31/12/2017 (Investments in Joint Ventures)
ΤΟΥΡΙΣΤΙΚΑ ΘΕΡΕΤΡΑ Α.Ε.	0	0	0

If positive, the percentage in Equity is presented in the Consolidated Statement of financial Position in the item of Assets “Investments in Joint Ventures”.

Joint Venture acquisition cost in the parent company books is recorded as follows:

Amounts in thousands €	Acquisition Value 31/12/2017	Acquisition Value 31/12/2016
TOURISTIKA THERETRA S.A.	9.260	9.260
TOTAL	**9.260**	**9.260**
Provisions for impairment	(9.260)	(9.260)
TOTAL	**-**	**-**

Condensed data on Touristika Theretra S.A. is presented below as follows:

	31.12.2017	31.12.2016
Statement of Financial Position		
Non-current Assets	30.343	31.712
Current Assets	2.776	2.339
Total Assets	**33.120**	**34.051**
Total Equity	**(126)**	**(1.047)**
Long-term Liabilities	25.828	26.908
Short-term Liabilities	7.418	34.879
Total Liabilities	**33.120**	**60.740**
Statement of Comprehensive Income	**01.01-31.12.2017**	**01.01-31.12.2016**
Profit/Loss after tax	963	(475)
Other comprehensive income (loss)	(42)	(17)
Total comprehensive income / (loss)	**921**	**(491)**
Depreciations	1.670	1.718
Financial income	3	0
Financial expenses	284	791
Income tax	486	92

5.6. Analysis of other long term receivables

Other long term receivables of the Group and the Company are analyzed below as follows:

	THE GROUP		THE COMPANY	
Amounts in thousands €	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**
Guarantees	108	107	108	107
Other receivables	164	264	-	-
Total	**272**	**371**	**108**	**107**

5.7. Analysis of inventory

The Group and the Company inventory is analyzed as follows:

	THE GROUP		THE COMPANY	
Amounts in thousands €	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**
Goods	1.153	817	1.103	761
Raw materials	288	265	157	151
Spare parts	171	122	-	-
Total	**1.612**	**1.204**	**1.260**	**912**

The Group has no pledged inventory.

5.8. Trade and other Receivables and other Assets

The Group and the Company receivables are analyzed as follows:

Amounts in thousands €	THE GROUP 31.12.2017	THE GROUP 31.12.2016	THE COMPANY 31.12.2017	THE COMPANY 31.12.2016
Trade receivables from third parties	2.408	1.753	2.206	1.534
Cheques receivable	48	147	48	147
Less: provision for doubtful receivables	(42)	(193)	(42)	(182)
Trade receivables - net	**2.414**	**1.708**	**2.212**	**1.500**
Advance payment	82	16	73	9
Miscellaneous debtors	402	544	135	389
Receivables from Greek State	777	8	777	-
Receivables from associates	500	500	500	500
Other Receivables	**1.761**	**1.068**	**1.485**	**898**
Prepaid expenses	318	440	272	378
Accrued income	114	194	81	109
Other current assets	**432**	**634**	**353**	**487**
Total other receivables	**2.194**	**1.702**	**1.838**	**1.385**
Total trade and other receivables	**4.607**	**3.410**	**4.050**	**2.884**

All the above receivables are short-term. The fair value of these short-term financial assets is determined independently because the carrying value is considered to approximate their fair value.

The Group's management periodically reassesses the adequacy of the allowance for doubtful receivables in connection with the credit policy and taking into account information of legal counsel, which arise from processing of historical data and recent developments of the cases they handle.

The provision for doubtful debts has been formed for specific customer balances that have exceeded the credit policy of the Group, for most of which the Group has made legal claims.

There are no liens on the group and the Company receivables.

The receivables of the Group and the parent company parent that are not impaired and are post due (over 90 days) amount to Euro 333 k (Euro 333 k in 2016), 70% of which were collected in 2018.

5.9 Analysis of cash available

The Group and the Company cash available is analyzed as follows:

Amounts in thousands €	THE GROUP 31.12.2017	THE GROUP 31.12.2016	THE COMPANY 31.12.2017	THE COMPANY 31.12.2016
Cash	425	365	304	296
Sight deposits	12.659	7.000	5.872	2.930
Total	**13.084**	**7.365**	**6.176**	**3.226**

From the above deposits, there arose financial income for the Group amounting to € 29 k (2016: Group € 28 k) k).

Sight deposits per currency are analyzed as follows:

Amounts in thousands €	THE GROUP 31.12.2017	THE GROUP 31.12.2016	THE COMPANY 31.12.2017	THE COMPANY 31.12.2016
Sight deposits in €	11.830	6.955	5.047	2.919
Sight deposits in $	989	262	989	262
Sight deposits in RSD	19	117	14	14

5.10. Equity analysis

The Group and the Company Equity is analyzed as follows:

Amounts in thousands €	THE GROUP 31.12.2017	THE GROUP 31.12.2016	THE COMPANY 31.12.2017	THE COMPANY 31.12.2016
Share capital	23.928	23.928	23.928	23.928
Share premium	38.641	38.641	38.641	38.641

Other reserves	1.570	1.302	1.557	1.289
Retained earnings	26.757	18.116	14.641	7.307
Total	**90.896**	**81.987**	**78.767**	**71.165**
Non-controlling interest	2.843	2.962	-	-
Total Equity	**93.739**	**84.949**	**78.767**	**71.165**

From the above, the statutory reserve is mandatory formed from the profits of each financial year and remains in equity of the Company to offset any losses incurred in the future and is taxed in each period in which they were formed and therefore is tax exempted.

Reserve actuarial income reflects actuarial gains and losses which are presented in a fiscal year and are recognized completely and directly in Comprehensive income of current year.

As far as the remaining reserves are concerned, they can be distributed to shareholders given that the attributable tax has been paid.

Changes in the “Statutory reserve” and the "Other reserves" of the Group and the Company are analyzed as follows:

Amounts in thousands €	Statutory reserves	Extraordinary reserves	Actuarial results reserves	Other reserves	Total
Balance as at 31/12/2015	**878**	**404**	**(24)**	**127**	**1.385**
Changes within the FY	141	-	(223)	-	(82)
Balance as at 31/12/2016	**1.019**	**404**	**(248)**	**127**	**1.302**
Changes within the FY	232	-	36	-	269
Balance as at 31/12/2017	**1.251**	**404**	**(211)**	**127**	**1.570**

Amounts in thousands €	Statutory reserves	Extraordinary reserves	Actuarial results reserves	Other reserves	Total
Balance as at 31/12/2015	**878**	**404**	**(37)**	**127**	**1.372**
Changes within the FY	140	-	(223)	-	(83)
Balance as at 31/12/2016	**1.019**	**404**	**(261)**	**127**	**1.289**
Changes within the FY	232	-	36	-	268
Balance as at 31/12/2017	**1.251**	**404**	**(224)**	**127**	**1.557**

Detailed description of the change in the Equity of the Group and the Company is presented in the "Statement of Changes in Equity" of this report.

5.10.1. Share capital

As at 31 December 2017, the Company's share capital amounts to € 23.927.680, divided into 21.364.000 common registered shares of nominal value € 1,12 each. The Company's shares are listed on the Athens Stock Exchange, in the category of low dispersion and specific characteristics, are traded on the stock exchange in Athens 'main market' and participate in the Travel & Leisure Sector, Branch Hotels.

There aren’t at the end of the current fiscal year, shares of the parent company held by it or by its subsidiaries or jointly controlled companies.

The management of LAMPSA will propose to the Annual General Meeting distribution of dividends of 0,200 euro/share before tac from the profits of FY 2017 . It should be noted that the proposed distribution is subject to approval of the annual ordinary general meeting of shareholders.

The profits of LAMPSA S.A. for 2017, amounting to € 7.566 k, are proposed to be distributed as follows:

Amounts in thousands €	
Net profit for the year	**7.566**
Profit (Loss) for the previous year	7.307
Reserves 2016	(232)
Retained earnings balance	**14.641**
Less: Proposed statutory reserves	(378)
Profits for distribution to shareholders	**14.263**
Proposed dividends	(4.273)
Retained earnings	**9.990**
Dividends per share (in €)	**0,200**

5.11. Analysis of provisions

Provisions, made by the Group and the Company, are analyzed as follows:

THE GROUP

	Loss from shares	**Other provisions**	**Other provisions (legal claims)**	**Total**	**Customers provisions**
31.12.2015	**9**	**-**	**580**	**590**	**143**
Additional provisions	-	-	42	42	50
Used provisions	-	-	(1)	(1)	-
Unused amounts reversed	-	-	(10)	(10)	-
31.12.2016	**9**	**-**	**611**	**621**	**193**
Additional provisions	-	-	372	372	-
Used provisions	-	-	(18)	(18)	(22)
Unused amounts reversed	-	-	-	-	(128)
31.12.2017	**9**	**-**	**965**	**974**	**42**

THE COMPANY

	Loss from shares	**Other provisions**	**Other provisions (legal claims)**	**Total**	**Customers provisions**
31.12.2015	**9**	**-**	**80**	**89**	**132**
Additional provisions	-	-	-	-	50
31.12.2016	**9**	**-**	**80**	**89**	**182**
Additional provisions	-	-	-	-	-
Used provisions	-		(18)	(18)	(12)
Unused amounts reversed	-	-	-	-	(128)
31.12.2017	**9**	**-**	**62**	**71**	**42**

The table above presents provisions for bad debts less receivables.

5.12. Analysis of suppliers

Analysis of suppliers and other short-term payables of the Group and the Company is presented below as follows:

	THE GROUP		**THE COMPANY**	
Amounts in thousands €	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**
Suppliers	3.289	2.547	3.123	2.434
Total Suppliers and Other Liabilities	**3.289**	**2.547**	**3.123**	**2.434**

5.13. Analysis of other liabilities and advance payments

	THE GROUP		THE COMPANY	
Amounts in thousands €	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**
Suppliers advance payments	1.792	1.440	1.665	1.298
Social insurance	753	695	753	695
VAT and other taxes	455	452	455	452
Accrued expenses for the period	2.467	844	2.159	611
Income carried forward	47	63	0	3
Other short-term liabilities	1.684	2.236	1.403	2.012
Total	**7.198**	**5.730**	**6.435**	**5.071**

The fair values of trade and other liabilities are not shown separately since, because of their short duration, management considers that the carrying amounts recognized in the balance sheet are a reasonable approximation of fair values.

Other short-term liabilities mainly pertain to liabilities to the Managing Company and additional liabilities regarding rentals based on contractual terms.

5.14. Current tax liabilities

The Group and the Company current tax and other liabilities are presented below as follows:

	THE GROUP		THE COMPANY	
Amounts in thousands €	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**
Income tax	3.027	782	3.000	778
Total tax liabilities	**3.027**	**782**	**3.000**	**778**

5.15. Deferred tax assets and obligations

Offsetting deferred tax assets and liabilities is performed, in terms of company, when there is an enforceable legal right to do so and when the deferred income taxes relate to the same tax authority.

The tax rates for the FY 2017 regarding the companies operating abroad are as follows:

Country	Tax Rate
SERBIA	15%
CYPRUS	12,5%

Deferred income tax is provided on temporary differences using the tax rates expected to apply to the countries where the Group companies are active. The amounts shown in the balance sheet are expected to be recovered or settled after 31η Δεκεμβρίου 2017.

Deferred taxation on 31/12/2017 for Group companies operating in Greece has been calculated at the applicable tax rate of 29% established by L. 4334/2015.

Tax losses are recognized as deferred tax assets to the extent that the recovery of the tax benefit through future taxable profits is probable.

Changes in deferred tax assets and obligations of the Group are as follows:

THE GROUP				
	31.12.2017		31.12.2016	
Amounts in thousands €	**Deferred tax asset**	**Deferred tax liability**	**Deferred tax asset**	**Deferred tax liability**
Property, plant and equipment	6.396	(3.038)	6.638	(3.275)
Intangible Assets	137	-	161	-
Investments	667	-	667	-
Trade receivables	12	-	11	-
Actuarial results reserves	-	(92)	(106)	
Employees termination benefit obligations	878	-	865	-
Government grants	-	(9)	-	(11)
Tax losses for offsetting	-	-	-	-
Provisions – obligations	132	-	17	-
Deferred tax obligation from credit currency differences (valuation)	-	(174)	-	-
Total	**8.222**	**(3.313)**	**8.251**	**(3.285)**
Offsetting	(422)	422	(159)	159
Net deferred tax asset / (liability)	**7.800**	**(2.891)**	**8.092**	**(3.126)**

Changes in deferred tax assets and obligations of the Group for FYs 2017 & 2016 are as follows:

THE GROUP				
Deferred tax assets and obligations	**1.1.2017**	**Recognized in Other Comprehensive Income**	**Recognized in Income Statement**	**31.12.2017**
Property, plant and equipment	3.363	-	(5)	3.358
Intangible Assets	161	-	(24)	137
Investments	667	-	-	667
Trade receivables	11	-	2	12
Actuarial results reserves	(106)	15	-	(92)
Employees termination benefit obligations	865	-	13	878
Government grants	(11)	-	2	(9)
Provisions – obligations	17	-	115	132
Deferred tax obligation from credit currency differences (valuation)	-	-	(174)	(174)
Total	**4.966**	**15**	**(71)**	**4.909**

THE GROUP				
Deferred tax assets and obligations	**1.1.2016**	**Recognized in Other Comprehensive Income**	**Recognized in Income Statement**	**31.12.2016**
Property, plant and equipment	3.174	-	189	3.363
Intangible Assets	182	-	(22)	161
Investments	-	-	667	667
Trade receivables	29	-	(18)	11
Actuarial results reserves	(15)	(91)	-	(106)
Employees termination benefit obligations	676	-	189	865
Government grants	(12)	-	2	(11)
Provisions – obligations	1.064	-	(1.064)	-
Deferred tax obligation from credit currency differences (valuation)	(8)	-	25	17
Total	**5.089**	**(91)**	**(32)**	**4.966**

Analysis of deferred tax assets and obligations of the Company for FYs 2017 & 2016 is are as follows:

	THE COMPANY			
	31.12.2017		31.12.2016	
Amounts in thousands €	**Deferred tax asset**	**Deferred tax liability**	**Deferred tax asset**	**Deferred tax liability**
Property, plant and equipment	6.380	-	6.489	-
Intangible Assets	137	-	161	-
Investments	851	-	851	-
Trade receivables	12	-	11	-
Actuarial results reserves	-	(92)	-	(106)
Employees termination benefit obligations	878	-	865	-
Government grants	-	(9)	-	(11)
Provisions – obligations	-	-	17	-
Deferred tax obligation from credit currency differences (valuation)	-	(174)	-	-
Total	**8.259**	**(275)**	**8.393**	**(117)**
Offsetting	(275)	275	(117)	117
Net deferred tax asset / (liability)	**7.984**	**-**	**8.276**	**-**

Changes in deferred tax assets and obligations of the Company for FY 2017 & 2016 are as follows:

Amounts in thousand Euro, unless otherwise mentioned

THE COMPANY				
	1.1.2017	**Recognized in Other Comprehensive Income**	**Recognized in Income Statement**	**31.12.2017**
Property, plant and equipment	6.489	-	(108)	6.380
Intangible assets	161	-	(24)	137
Investments	851	-	-	851
Trade receivables	11	-	2	12
Actuarial results reserves	(106)	15	-	(92)
Employees termination benefit obligations	865	-	13	878
Government grants	(11)	-	2	(9)
Tax loss to be offset	17	-	(17)	-
Provisions – obligations	-	-	(174)	(174)
Total	**8.276**	**15**	**(307)**	**7.984**

THE COMPANY				
Deferred tax assets and obligations	**1.1.2016**	**Recognized in Other Comprehensive Income**	**Recognized in Income Statement**	**31.12.2016**
Property, plant and equipment	6.603		(114)	6.489
Intangible assets	182		(22)	161
Investments	-		851	851
Trade receivables	29		(18)	11
Actuarial results reserves	(15)	(91)	-	(106)
Employees termination benefit obligations	676		189	865
Government grants	(12)		2	(11)
Tax loss to be offset	1.064		(1.064)	-
Provisions – obligations	(8)		25	17
Total	**8.518**	**(91)**	**(150)**	**8.276**

5.16. Analysis of loans

The borrowings of the Group and of the Company, both long and short term, are analyzed in the following table:

Amounts in thousands €	THE GROUP		THE COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Long-term debt				
Bond Loans	3.012	24.997	3.012	24.997
Long-term bank loans	829	797	-	-
Total long-term debt	**3.841**	**25.794**	**3.012**	**24.997**
Short-term debt				
Short-term bank loans	43.198	82	43.000	-
Short-term portion of bond and bank loans	21.507	5.584	21.343	5.169
Total short-term debt	**64.706**	**5.666**	**64.343**	**5.169**
Total	**68.547**	**31.460**	**67.356**	**30.166**

On the property of the parent company and the Group there are liens amounting to € 48.550 ,k και $ 25.500 k versus loan liabilities. Furthermore, there are effective the guarantees provided by the parent, amounting to € 2.750 k for short-term loans of Touristika Theretra S.A..

During the period, the Company and the Group received a new short-term loan amounting to € 43 m, while they repaid € 5.169 k and € 5.278 k respectively.

The effective weighted average interest rates of the Group, on the balance sheet date are:

	31.12.2017	31.12.2016
Bank loans	1,71%	2,95%

5.17. Other long-term liabilities

Other long-term obligations to the Company and the Group refer mainly to long-term installments for the inclusion of the Company in Law 4178/ 2013.

5.18. Analysis of employee retirement benefits

Changes in net liabilities in the Group and the Company Balance Sheet are as follows:

Liabilities Retirement benefit from the service:

	31.12.2017	31.12.2016
Amounts in thousands €	**Defined benefit plans (Non-financed)**	**Defined benefit plans (Non-financed)**
Defined benefits obligation	2.711	2.615
Fair value of the plan's assets	-	-
	2.711	2.615
Classified as:		
Long-tern liability	2.711	2.615
Short-tern liability	0	0

The change of liability's present value on defined benefits plans is as follows:

	31/12/2017 Defined benefit plans (Non-financed)	31/12/2016 Defined benefit plans (Non-financed)
Defined benefits obligation as at January 1	**2.615**	**2.277**
Current employment cost	152	128
Interest expenses	45	56
Revaluation – actuarial loss /(profit) from changes in financial assumptions	(51)	315
Benefits payable	(65)	(189)
Cost of previous service	16	28
Defined benefits obligation as at December 31st	**2.711**	**2.615**

The amounts recognized in the Income Statement are as follows:

Amounts in thousands €	31/12/2017 Defined benefit plans (Non-financed)	31/12/2016 Defined benefit plans (Non-financed)
Current employment cost	152	128
Cost of previous service	16	28
Net interest on benefit obligation	45	56
Total expenses recognized in the Income Statement	**213**	**212**

The amounts recognized in other comprehensive income of the Statement of Other Comprehensive Income are as follows:

Amounts in thousands €	31/12/2017 Defined benefit plans (Non-financed)	31/12/2016 Defined benefit plans (Non-financed)
Actuarial profit /(loss) from changes in financial assumptions	51	(315)
Total profit /(loss) recognized in other comprehensive income	**51**	**(315)**

The company has commissioned independent actuaries to create an estimation of Company obligation to pay retirement indemnities. The principal actuarial assumptions on 31 December 2017 are as follows:

	31/12/2017	31/12/2016
Discount rate as at December 31st	1,65%	1,76%
Future salary increases	1,75%	1,75%
Inflation	1,75%	1,75%

Demographic assumptions:

The assumptions presented below pertain to various causes of employment termination.

1) Mortality

Swiss EVK2000 mortality table has been used for men and women.

2) Morbidity

Swiss EVK2000 mortality table for men and women has been used modified by 50%

3) Regular Employment Termination Ages

The terms of employment termination of the Social Insurance Fund were used regarding every employee considering recognition of average two years service under the provisions of the Insurance Act.

The above results depend on the assumptions (economic and demographic) generated under an actuarial study. Therefore, if a 0.5% higher discount rate had been applied, then the total liability would have been lower by approximately 7.6%. If salary increase assumption by 0.5% higher had been used, then the total liability would have been higher by approximately 7%. If a 0.5% lower discount rate had been applied, then the total liability would have been higher by approximately 8.4%. If salary increase assumption by 0.5% lower had been used, then the total liability would have been lower by approximately 6.4%.

5.19. Analysis of Income Statement

In 2017, the tourism section Greece substantially improved, since there was an increase in arrivals, in line with an increase in revenue. Therefore, due to the increase in arrivals, the revenue of the Food & Beverage segment, also presented a significant increase.

Significant improvement in room occupancy ration can also be observed in the Serbian hotel market, since demand is showing signs of recovery, assisted by the new foundations caused by Serbia's admission to the EU (airports, privatization of air transportation operator etc). However, a marginal decrease in average room price has been recorded owing to extensive competition from a high number of new hotels in the Belgrade area.

Room occupancy ratio of the luxury hotel industry in Athens increased by 8,2% compared to 2016 adjusting the ratio to 73,3% versus 67,7% in 2016. The average hotel room price decreased marginally by 0,7% versus 2016, standing at € 157,14 versus € 158,19 in 2016. Therefore, room occupancy ratio of the luxury hotel industry in Athens increased by 7,4%, standing at € 115,11 versus € 107,14 in 2016 while the total room revenue increased by 10,9% (also given an increase in available rooms by 3,2%).

Based on the above, the most significant items of the Financial Statements have changed as follows:

- The Group's annual **turnover** stood at € 62.731 k versus € 52.380 k in 2016 recording an increase of 19,76%. Respectively, in the Parent Company (Hotel "Grande Bretagne" and King George) it stood at € 50.506 k versus € 42.072 k in 2016, that is, recording an increase of 20,05% mainly coming from the Rooms' Revenues (occupancy and average price), a consequence of political stabilization and recovery of the incoming tourism. The participation of King George stood at € 10,1 m versus € 8.5 m in 2016.
- The consolidated **gross profits** stood at € 25.602 k from € 19.244 k in 2016, recording an increase in scale of 33,04%, while the gross profit's markup increased from 36,74% in 2016 to 40,81% in 2017. The Parent Company's gross profits stood at € 21.682 versus € 16.530 k in 2016, recording an increase of 31,17%. The Company gross profit markup stood at 42,93% in 2017 versus 39,29% in 2016. This increase is mainly due to the big increase of annual turnover and therefore to the improvement of the profit margin due to compared rigidity of wages and salary expenses, main component of the cost of sales.
- The **Group's operational profits (EBITDA)** stood at the amount of € 17.551 k versus € 13.023 k in 2016, recording an increase at the percentage of 34,77%. The significant increase in EBIDTA reflects the impact of the significant increase of the turnover. In the Parent Company, it stood at € 13.991 k versus € 9.773 k in 2016 recording an increase of 43,16 % which is due to the increase of annual turnover. It is to be noted the hotels operating in Serbia also present positive EBITDA.
- The Group's **other financial results** were burdened with exchange rate differences which mainly derived from the loan valuation in US Dollars of the Company. Besides the exchange rate differences, the Company's results include the revenues from dividends as at € 300 k versus € 650 k in the previous year.
- **Earnings (losses) from property, plant and equipment impairment** in the previous year were due to impairment of the Company's subsidiary Excelsior Belgrade και Beogradsko Mesovito Preduzece buildings in Serbia by € 3,479 k. The Group's management believes that these impairments do not reflect the market value of real estate estate and arise from temporarily adjustments imposed by the IFRS. The lack of comparables in Serbia did not allow to form commercial values, while opening of new international hotel units in Belgrade reflects growth

expectations that are not consistent with these impairments The Management estimates that identifying of such comparables in view of Serbia's joining the European Union will allow to reverse the performed impairments. No evidence of further impairment were effective within the current year.

- **The Group's results before taxes** recorded profit of € 12.128k versus € 3.112 in 2016. Profit before taxes of the Company stood at € 10.843 k versus € 5.751 k in 2016.

- **Net earnings (after tax and before non-controlling interest royalties)** of the Group recorded profit of € 8.664 k versus profit of € 2.288 k recorded in 2016, as a result of the above and as a result of the tax recording expenses of € 3.359 k versus € 1.194 k in 2016.

Turnover

The following table presents an analysis of the Group's revenues and the Company per major category:

	THE GROUP		THE COMPANY	
	01/01-31/12/2017	01/01-31/12/2016	01/01-31/12/2017	01/01-31/12/2016
Rooms rental income	41.057	33.698	33.166	27.310
Sales of food and beverage	17.561	15.787	14.149	12.648
SPA-Health Club income	1.284	1.070	864	692
Telephone income	37	47	26	28
Other income	2.792	1.778	2.301	1.394
TOTAL	**62.731**	**52.380**	**50.506**	**42.072**

Gross profit for the Group was as follows:

	CONSOLIDATED		CORPORATE	
Amounts in thousands €	**1/1-31/12/2017**	**1/1-31/12/2016**	**1/1-31/12/2017**	**1/1-31/12/2016**
Gross profit	25.602	19.244	21.682	16.530
Gross profit percentage	41%	37%	43%	39%

- ***Expenses per category***

The Group and the Company expenses per category are as follows:

	THE GROUP			THE COMPANY		
1.1 - 31.12.2017	**Cost of sales**	**Administ. expenses**	**Distrib. expenses**	**Cost of sales**	**Administ. expenses**	**Distrib. expenses**
Inventory consumption	7.791	37	14	5.750	-	-
Employee fees and expenses	15.328	2.303	925	12.001	2.100	900
Third parties fees and expenses	328	2.594	3.970	306	2.145	3.677
Utilities	3.871	686	65	3.871	578	44
Taxes-duties	523	145	138	523	138	127
Miscellanneous expenses	4.203	1.622	1.098	3.344	761	825
Depreciation	4.983	325	-	2.927	325	-
Operating provisions	101	27	24	101	27	24
Total	**37.129**	**7.738**	**6.235**	**28.824**	**6.074**	**5.597**

In FY ended as at 31/12/2017, the Group's and Company's management expenses include statutory auditors' fees of € 35 k relating to services apart from those rendered in connection with the audit of financial statements.

	THE GROUP			THE COMPANY		
1.1 - 31.12.2016	**Cost of sales**	**Administ. expenses**	**Distrib. expenses**	**Cost of sales**	**Administ. expenses**	**Distrib. expenses**
Inventory consumption	6.657	37	10	4.831	-	-
Employee fees and expenses	13.515	2.183	876	10.672	1.933	851
Third parties fees and expenses	313	2.295	3.433	294	1.908	3.230
Utilities	4.112	672	37	4.112	604	26
Taxes-duties	480	366	20	480	357	6

Amounts in thousand Euro, unless otherwise mentioned

Miscellaneous expenses	3.298	990	1.053	2.608	288	805
Depreciation	4.673	294	3	2.456	294	3
Operating provisions	88	-	-	88	-	-
Total	**33.136**	**6.836**	**5.432**	**25.542**	**5.385**	**4.921**

Other **income and expenses** of the Group and the Company are analyzed as follows:

	THE GROUP		THE COMPANY	
Other income	**1.1 - 31.12.2017**	**1.1 - 31.12.2016**	**1.1 - 31.12.2017**	**1.1 - 31.12.2016**
Income from grants	13	22	13	22
Other similar activities income	261	283	261	283
Income from rentals	733	682	333	333
Commissions- Brokerage	54	57	54	57
Income from previous years unused provisions	7	44	2	17
Invoiced expenses	158	178	158	178
Profit form disposal of assets	-	15	-	-
Other income	36	92	14	12
Total	**1.263**	**1.373**	**835**	**902**

	THE GROUP		THE COMPANY	
	1.1 - 31.12.2017	**1.1 - 31.12.2016**	**1.1 - 31.12.2017**	**1.1 - 31.12.2016**
Other expenses				
Loss from write off of unrecorded receipts	47	1	47	1
Provision for l legal case compensations	372	42	-	-
Interest on past due legal cases compensation	-	1	-	1
Fines and surcharges	9	54	9	54
Previous year taxes & Unified Property Tax	13	40	13	40
Other taxes	39	49	-	-
Other previous years expenses	22	9	22	6
Miscellaneous expenses	147	101	14	3
Total other expenses	**650**	**296**	**106**	**106**

5.20. Financial income / expenses & Other Financial Results

The analysis of the financial results of the Group and of the Company was as follows:

	THE GROUP		THE COMPANY	
Interest income from:	**1.1 - 31.12.2017**	**1.1 - 31.12.2016**	**1.1 - 31.12.2017**	**1.1 - 31.12.2016**
- Bank deposits	6	23	0	1
- Customers interest	23	5	-	-
Financial income	**29**	**28**	**0**	**1**

	THE GROUP		THE COMPANY	
Interest expenses from:	**1.1 - 31.12.2017**	**1.1 - 31.12.2016**	**1.1 - 31.12.2017**	**1.1 - 31.12.2016**
Employees compensation obligation	45	56	45	56
Bank loans	855	1.001	838	918
Finance lease obligations	12	8	-	-
Other bank expenses & commissions	60	51	38	26
Letter of Guarantee commissions	71	9	71	9
Other financial expenses	**1.043**	**1.126**	**992**	**1.009**

Amounts in thousand Euro, unless otherwise mentioned

	THE GROUP		THE COMPANY	
Other financial results	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**
Income from dividends	-	-	300	650
Profit from foreign currency translation differences	1.034	127	930	142
Loss from foreign currency translation differences	(135)	(491)	(135)	(417)
Total	**899**	**(364)**	**1.095**	**376**

5.21. Reconciliation of income tax

The amount of tax on profit before tax of the Group and the Company, differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of consolidated companies. The relationship between the expected tax expense, based on an effective tax rate of the Group, and the tax expense that was really recognized in the income statement, is as follows:

	THE GROUP		THE COMPANY	
	01/01-31/12/2017	**01/01-31/12/2016**	**01/01-31/12/2017**	**01/01-31/12/2016**
Current tax expenses	3.317	979	3.000	778
Deferred income tax	42	215	277	333
Total	**3.359**	**1.194**	**3.277**	**1.110**

THE GROUP	**01/01-31/12/2017**	**01/01-31/12/2016**
Earnings before tax	12.128	3.112
Tax rate	29%	29%
Expected tax expense/income under the statutory tax rate	3.517	903
Effect of different tax rates in other countries	(251)	(432)
- other tax exempt income	(340)	-
- other non-removable costs	663	1.123
Derecognition of previous years deferred tax asset	1	355
Non-recognizable losses for the year for future offsetting	(139)	(86)
Recognized previous years loss	-	(851)
Other	(91)	182
Realized tax expenses, net	3.359	1.194
Weighted tax rate	27,69%	38,35%

THE COMPANY	**01/01-31/12/2017**	**01/01-31/12/2016**
Earnings before tax	10.843	5.751
Tax rate	29%	29%
Expected tax expense/income under the statutory tax rate	3.144	1.668
Effect of different tax rates in other countries	(454)	(189)
- other tax exempt income	581	349
Recognized previous years loss		(851)
Other	5	133
Realized tax expenses, net	3.277	1.110
Weighted tax rate	30,22%	19,31%

5.22. Profit / (Loss) per share

Basic profit / (losses) per share are calculated based on profits / (losses) after taxes and Non-controlling interests from continuing operations, on the weighted average number of ordinary shares of the parent company within the accounting period.

The following is an analysis of profit/(loss) per share:

	THE GROUP		THE COMPANY	
Amounts in thousands €	**01/01-31/12/2017**	**01/01-31/12/2016**	**01/01-31/12/2017**	**01/01-31/12/2016**
Profit attributable to the owners of the parent	8.664	2.288	7.566	4.641
Weighted average number of shares	21.364	21.364	21.364	21.364
Basic earnings/loss per share (in €)	**0,4055**	**0,1071**	**0,3542**	**0,2172**

5.23. Transactions with related parties

None of the transactions incorporate special terms and conditions and no guarantee was given or received.

Amounts in thousands €	**THE GROUP**		**THE COMPANY**	
Sales of services	**01.01-31.12.2017**	**01.01-31.12.2016**	**01.01-31.12.2017**	**01.01-31.12.2016**
Subsidiaries/jointly controlled	72	58	72	58
Other related parties	52	134	52	134
Total	**124**	**191**	**124**	**191**
Purchases of services	**01.01-31.12.2017**	**01.01-31.12.2016**	**01.01-31.12.2017**	**01.01-31.12.2016**
Subsidiaries/jointly controlled	9	9	9	9
Other related parties	439	424	439	424
Total	**448**	**433**	**448**	**433**
Balance of receivables	**01.01-31.12.2017**	**01.01-31.12.2016**	**01.01-31.12.2017**	**01.01-31.12.2016**
Subsidiaries/jointly controlled	514	545	514	545
Other related parties	13	213	13	213
Total	**527**	**758**	**527**	**758**
Balance of liabilities	**01.01-31.12.2017**	**01.01-31.12.2016**	**01.01-31.12.2017**	**01.01-31.12.2016**
Subsidiaries/jointly controlled	0	5	0	5
Other related parties	83	100	83	100
Total	**83**	**105**	**83**	**105**

The outstanding balances at year's end are unsecured and settlement occurs in cash. No guarantees were provided or received for the above requirements.

It is also noted that between the Parent Company and its subsidiaries there are no special agreements and any transactions carried out between them are within the usual terms and particularities of each market.

For the fiscal year that ended in 31 December 2017, the Company hasn't made a provision for doubtful debt relating to amounts owed by affiliated companies.

From the above transactions, transactions and balances with subsidiaries companies have been eliminated from consolidated financial statements arising from borrowings amounting to € 2.146 k, fully repaid within the current tear. Income / interest expense regarding the aforementioned loan stood at € 115 k and exchange differences of income / expense stood at € 186 k.

The salaries of directors and members of management were as follows:

	THE GROUP		THE COMPANY	
Amounts in thousands €	**01.01-31.12.2017**	**01.01-31.12.2016**	**01.01-31.12.2017**	**01.01-31.12.2016**
Key executives and BoD members				
Salaries-Fees	1.101	1.086	587	649
Social insurance cost	104	98	104	98
Bonus	398	162	398	162
Other	12	10	12	10
Total	**1.615**	**1.356**	**1.101**	**919**

The provision made for compensation of the Group's and Company's staff includes an amount of € 77,8 k (2016: 74 k) pertaining to executives and BoD members, while in the income statement the recorded amounts are € 6,3 k (2016: 7,5 k). .

No loans have been granted to members of the Board of Directors of the Group or management personnel and their families.

5.24. Employee benefits

The Employee Benefits of the Company and the Group are as follows:

Amounts in thousands €	THE GROUP		THE COMPANY	
	01.01-31.12.2017	**01.01-31.12.2016**	**01.01-31.12.2017**	**01.01-31.12.2016**
Employee salaries-Bonus	13.784	12.724	11.075	10.278
Social insurance cost	3.184	2.929	2.817	2.585
Other employee benefits	944	765	464	437
projected	168	189	168	189
Provision for employee compensation	477	(33)	477	(33)
Total	**18.556**	**16.573**	**15.002**	**13.456**

The number of employees occupied on daily wages basis and salaried employees is as follows:

	THE GROUP		THE COMPANY	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
Salary employees	517	514	263	280
Daily wages employees	350	287	350	287
Total	**867**	**801**	**613**	**567**

5.25. Contingent assets-liabilities

- **Operating leases – Income**

The Group leases certain offices and shops under non-cancellable operating leases. The following is an analysis of contractual rentals to be collected in the coming years:

	CORPORATE	
Amounts in thousands €	**31/12/2017**	**31/12/2016**
Operating leases collectable in 1 year	310	300
Subtotal 1: short-term operating leases	**310**	**300**
Operating leases collectable in 2 to 5 years	542	526
Subtotal 2	**542**	**526**
Operating leases collectable after 5 years	212	282
Subtotal 3	**212**	**282**

Subtotal 4 (=2+3): Long-term operating leases	**754**	**808**
TOTAL (=1+4)	**1.064**	**1.108**

Operating leases - Expenses

In the previous year, operating leases mainly concerned the minimum annual rentals paid to "Eurobank Ergasias S.A. " for the lease of King George. Following the purchase agreement of 21/12/2017 the company acquired the full ownership of the King George Hotel and, therefore, rentals will no longer be paid.

	CORPORATE	
Amounts in thousands €	**31/12/2017**	**31/12/2016**
Operating leases collectable in 1 year	36	700
Subtotal 1: short-term operating leases	**36**	**700**
Operating leases collectable in 2 to 5 years	108	2.800
Subtotal 2	**108**	**2.800**
Operating leases collectable after 5 years	0	852
Subtotal 3	**0**	**852**
Subtotal 4 (=2+3): Long-term operating leases	**108**	**3.652**
TOTAL (=1+4)	**144**	**4.352**

Litigation cases

a) Administrative procedures for the compensation to former owners of the land on which the Hyatt Hotel (subsidiary company BEOGRADSKO MESOVITO PREDUZECE) and other third party structures have been constructed. Given the new data regarding the case and the lawyer's representation letter, the company has calculated that the estimated value of the provision shall amount to a total of € 898. According to the above, the additional amount recognized in the Company's financial statements for the current year totals € 506 k, which is considered sufficient.

b) Court cases have been filed against the subsidiary company BEOGRADSKO MESOVITO PREDUZECE standing at 1.3 m (less interest and surcharges). The most significant case is that of the former employees demanding compensation due to termination of the employment relationship relying on non-competition clause amounting to € 1.1 million. The Group's management claims that there are no reasons for compensation concerning the termination of the employment relationship, given that both plaintiffs resigned of their own will. The management of the subsidiary has also acted against the plaintiffs, and interrogations for both conflicts have not yet started. As the cases are still at an early stage, the final outcome cannot presently be determined, and no provision has been made in the financial statements of the Group.

There are no other litigation or arbitration disputes of courts or arbitration bodies that may have a significant influence on the financial statements or the functionality of the Group, beyond the provisions that have already been made (§ 5.12).

Unaudited tax years

The unaudited tax years of the Group companies are as follows:

The Company	Unaudited Years
LAMPSA HELLENIC HOTELS S.A.	-
LUELLA ENTERPRISES LTD	2011 - 2017
TOURISTIKA THERETRA S.A.	-
EKSCELSIOR BELGRADE SOCIALLY OWNED HOTEL & CATERING TOURIST ENTERPRISES	2007 - 2017
BEOGRADSKO MESOVITO PREDUZECE	2011 - 2017
MARKELIA LTD	2011 - 2017

For the unaudited tax years of the Group companies, there is a probability for additional taxes and penalties to be imposed, during the period that they will be examined and finalized by the relevant t ax authorities.

For the FY 2011-2016 inclusively, the parent company and TOURISTIKA THERETRA S.A. were subject to tax audit of the Certified Public Accountants as provided by Article 82 para 5 Law 2238/1994 and Article 65a , Law 4174/2013.

Within the reporting period the parent company and the company TOURISTIKA THERETRA S.A. received unqualified conclusions Tax Compliance Certificate. Regarding the FY 2017, the tax audit is in progress and the relevant tax certificate is expected to be issued following the publication of the Financial Statements for FY 2017. Should other tax liabilities arise till the tax inspection is finalized, it is estimated that they will not significantly affect the Group and the Company Financial Statements.

Regarding the companies audited by Statutory Auditors and Auditing Firms in respect of tax provisions, the issues are selected for tax inspection in compliance with Article 26, Law 4174/2013, as effective. The tax inspection in question can be conducted within the FY, during which the Tax Authorities are entitled to issue tax identification acts.

For the unaudited tax years of the other companies of the Group, it is estimated that no significant additional tax liabilities will arise, therefore, no relevant provision has been made.

5.26. Guarantees

The Group and the Company have contingent liabilities and assets related to banks, other guarantees and other matters arising in the ordinary course of business, as follows:

	THE GROUP		THE COMPANY	
Amounts in thousands €	**31.12.2017**	**31.12.2016**	**31.12.2017**	**31.12.2016**
Liens on land plots and building for provision of loan in	48.850	48.850	48.850	48.850
Liens on land plots and building for provision of loan in $	25.500	25.500	25.500	25.500
Other guarantees to ensure liabilities	2.140	94	2.140	94
Guarantees for other associates	2.750	600	2.750	600

6. Risk management policies objectives

The Group is exposed to financial risks such as market risk (fluctuations in exchange rates, interest rates, market prices, etc.), credit risk and liquidity risk.

The Group's financial instruments are composed of bank deposits, overdraft rights, trade receivables and payables, loans to subsidiaries, associated companies, dividends payable and lease obligations.

Since 2008, the Group applies a risk management program for such risks. The risk management program aims to limit the negative impact on the financial results of the group caused by the unpredictability of financial markets and the variation in the variables of cost and revenue. The group intends to use, in the near future, derivative financial instruments to hedge its exposure to specific risk categories.

The risk management process applied by the Group, is as follows:

- Evaluation of risks associated with the activities and operations of the group,

- Design of methodology and selection of appropriate financial products to reduce risks and
- Application / implementation, in accordance with the procedure approved by the management, of the risk management procedures.

6.1.1. Currency risk

The Group operates in Greece, Cyprus and Serbia and its operating currency is Euro. However, here is a certain limited exposure to currency translation risk regarding US Dollar, mainly arising from loan and other liabilities in Dollars. The exchange rate risk of this kind arises from the rate of these currencies against the euro, partially offset by corresponding liabilities (e.g. loans) of the same currency.

Financial assets and liabilities in foreign currency converted into Euro at the closing rate are as follows:

	2017	2016
Amounts in thousands €		
Nominal amounts	**US$**	**US$**
Financial assets		
Fianncial liabilities	(2.127)	(2.314)
Short-term exposure	(2.127)	(2.314)
Financial asets		-
Financial liabilities	(5.139)	(7.611)
Long-term exposure	(5.139)	(7.611)
Total	**(7.267)**	**(9.925)**

The following tables show the sensitivity of the result for the financial year as well as the equity in relation to financial assets and financial liabilities and the exchange rate Euro / Dollar.

We assume a change of 2,49% (2016: 3,84%) in as of 31 December 2017 exchange rate of EUR / USD takes place. These percentages were based on the average market volatility in exchange rates for a period of 3 months from the end of each year (31/12).

In case € increases compared to the above currency, with the percentages mentioned above, the results on the earnings for the year and equity will be as follows:

Amounts in thousands €	**2017**	**2016**
	US$	**US$**
Income statement	107	272
Equity	75	193

In case € depreciates compared to the above currency, with the percentage mentioned above, the earnings for the year and the equity will be affected as follows:

Amounts in thousands €	**2017**	**2016**
	US$	**US$**
Income statement	(110)	(294)
Equity	(78)	(209)

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

6.2. Sensitivity analysis of interest rate risk

Long-term financing is related to leasing contracts with variable interest rates (mainly Euribor and Libor).

The Group's policy is to minimize its exposure to cash flow interest rate risk on long-term financing. On 31 December 2017, the Company is exposed to changes in market interest rates, with regard to its bank loans, which are subject to variable interest rate.

The following table shows the sensitivity of the earnings for the year and equity, to a reasonable possible change in interest rate of +1.0% or -1.0% (2016: + / -1%). The changes in interest rates are estimated to be reasonable compared to market conditions.

	01/01-31/12/2017		01/01-31/12/2016	
Amounts in thousands €	**1,0%**	**-1,0%**	**1,0%**	**-1,0%**
Income statement before tax	(500)	500	(340)	340
Equity	(355)	355	(241)	241

6.3. Credit Risk Analysis

The Group's exposure to credit risk is limited to financial assets (instruments) which, at the reporting date, are as follows:

Amounts in thousands €	**THE GROUP**		**THE COMPANY**	
Financial assets categories	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Cash and cash equivalents	13.084	7.365	6.176	3.226
Trade receivables	4.175	2.776	3.697	2.398
Total	**17.259**	**10.141**	**9.873**	**5.624**

The majority of Group's sales are performed through credit cards, the credit sales though are made to customers with evaluated credit history.

For trade and other receivables, the Group is not exposed to significant credit risk. The credit risk on liquidation requirements and other short term financial assets is considered limited.

The Group's management considers that all the above financial assets that are not impaired in previous reporting dates are of high credit quality, including those owed.

None of the financial assets of the Group has been mortgaged or committed to any other form of credit insurance.

6.4. Liquidity risk analysis

The Group manages its liquidity needs by carefully monitoring the long-term financial liabilities as well as the daily payments. Liquidity needs are monitored in various time periods, on a daily and weekly basis and on a rolling 30-day period. The liquidity needs for the next 12 months are determined monthly.

The maturity of the Group and the Company liabilities which will be settled on a cash basis is as follows:

THE GROUP	**31.12.2017**			
Amounts in thousands €	**Short-term**		**Long-term**	
	within 6 months	**6 to 12 months**	**1 to 5 years**	**over 5 years**
Bank debt	43.177	177	849	-
Bond loan	11.772	9.572	2.875	137
Finance lease liabilities	8	-	-	-
Other long-term liabilities	-	-	118	6
Trade liabilities	3.455	-	-	-
Other short-term liabilities	6.975	57	-	-
Total	**65.387**	**9.806**	**3.842**	**143**
	31.12.2016			
Amounts in thousands €	**Short-term**		**Long-term**	
	within 6 months	**6 to 12 months**	**1 to 5 years**	**over 5 years**
Bank debt	248	248	797	-
Bond loan	2.585	2.585	24.841	156
Other long-term liabilities	-	-	181	-
Trade liabilities	2.547	-	-	-

Other short-term liabilities	5.730	-	-	-
Total	**11.110**	**2.833**	**25.819**	**156**

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the reporting date.

As at 31/12/2017, the Group had negative working capital, as current liabilities exceed current assets by € 58.917 k. (parent company € 65.414 k). A significant part of current liabilities (83% regarding the Group and 84% regarding the parent company) pertains to short-term debt and long-term debt installments payable in the following year.

Without taking into consideration the short-term loan liabilities, the Group working capital is presented positive by € 5.788 k and the Company's is presented negative by € 1.071 k.

The company's short-term borrowings pertain to the loan amounting to 43 m. € received for the purposes of acquisition of King George hotel.

As far as the Group's borrowings are concerned, the Management is in the final stage of negotiations with the lending banks regarding the restructuring of the parent company's loans from short-term to long-term. It is estimated that the final agreement, expected to be signed within the first half of 2018, will settle the issue in question.

In any case, the Group and the Company have the necessary assets, which, together with the significant improvement in operating results and the market shares held in the Hotel Market, allow them to have alternative sources of financing for their operations, covering their needs. In this context and following the strategy applied during the recent years, it is a direct priority of the Management to optimize the use of the employed capital.

Finally, two major shareholders of the parent company "NAMSOS ENTERPRISES COMPANY LIMITED" and "DRYNA ENTERPRISES COMPANY LIMITED" 61,86%, although it is estimated that it will not be necessary, are committed to cover working capital subsequent needs for at least the next twelve months from the date of approval of the annual financial statements of 31/12/2017.

7. Capital management policies and procedures

The objectives of the Group in order to manage the capital are:

- to ensure the ability of the Group to continue its activity (going-concern) and
- to provide an adequate return to shareholders by pricing products according to the risk level.

The Group monitors capital on the basis of the amount of equity, less cash and cash equivalents as reflected in the Statement of Financial Position. The capital for the years 2017 and 2016 is analyzed as follows:

	THE GROUP		THE COMPANY	
Amounts in thousands €	**2017**	**2016**	**2017**	**2016**
Total equity	93.739	84.949	78.767	71.165
Less: Cash and cash equivalents	(13.084)	(7.365)	(6.176)	(3.226)
Capital	**80.655**	**77.585**	**72.591**	**67.939**
Total equity	93.739	84.949	78.767	71.165
Plus: Loans	68.547	31.460	67.356	30.166
Total capital	**162.286**	**116.409**	**146.123**	**101.331**
Capital to Total capital	**5/10**	**7/10**	**5/10**	**7/10**

A medium term objective of the Group regarding capital management, and to reverse the negative climate is to maintain the index at the same level.

Amounts in thousand Euro, unless otherwise mentioned

The Group sets the amount of capital in relation to its overall capital structure, for example equity and financial liabilities. The Group manages its capital structure and makes adjustments at the time when the economic situation and the risk characteristics of existing assets change. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends, return capital to shareholders, issue equity or sell assets to reduce debt.

8. Post Balance Sheet Date events

On February 26, 2018, the subsidiary company EXCELSIOR BELGRADE AD decided to cease its listing at the Serbian stock exchange by exercising the pre-emptive option regarding the shares of majority shareholders. Till currently, the option was supported by the shareholders of the company holding total of 17.23%. Now, a small percentage of shares (2.44%) remains non-controlled by the company and regarding this issue, the company intends to exercise the mandatory option in order to acquire 100% of the share capital.

In March 2018, the subsidiary BEOGRADSKO MESOVITO PREDUCEE AD acquired all minority shares for a consideration of € 2.5 m, corresponding to 5.4% of the share capital. As a result of the acquisition, no shares are held outside the Group's companies.

In addition, in March 2018, a loan agreement was signed between two subsidiaries domiciled in Serbia (BEOGRADSKO MESOVITO PREDUZECE & EXCELSIOR BELGRADE SOCIATE OWNED). The amount of the loan is € 1.3 m with full repayment in 2020. The loan will be used to finance the acquisition of minority shares of EXCELSIOR BELGRADE AD.

Finally, following signing of the long-term lease agreement of King's Palace historic hotel, owned by ATPPEATE, it is expected that within the current period, the engineering designs as well as the necessary licenses for the renovation of the hotel will be issued and reconstruction works will start immediately.

Apart from the aforementioned, there are no other significant events as from 2017 closing till currently.

Athens, April 27, 2018

PRESIDENT OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	FINANCIAL DIRECTOR
GEORGE GALANAKIS I.D. No Ξ 282324	ANASTASIOS HOMENIDIS I.D. No AI 506406	KOSTAS KYRIAKOS I.D. No AZ 512473 A’ Class License 0010932

E. Annual Financial Statements publication website

The Company annual financial statements, the Independent Auditor’s Report and the Report of the Board of Directors for FY ended as at December 31st, 2017, have been posted on the Company website www.lampsa.gr.

The aforementioned Financial Statements will remain at the disposal of the investors for at least five (5) years following the preparation date.