

NORTH HAVEN LIMITED
(incorporated in Hong Kong with limited liability)

**Directors' Report and
Financial Statements**
For the year ended 31 December 2010

NORTH HAVEN LIMITED

DIRECTORS' REPORT

The directors of North Haven Limited ("the Company") present their report and the audited financial statements for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company continues to be investment holding. The principal activity of its subsidiary is set out in note 10 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Company for the year ended 31 December 2010 and the state of affairs of the Company at that date are set out in the financial statements on pages 5 to 16.

The directors do not recommend the payment of a dividend.

RESERVES

Details of the movements in the reserves of the Company during the year are set out in the statement of changes in equity on page 7.

DIRECTORS

The directors of the Company who held office during the year and up to the date of this report were:

Rostron Jonathan Edward Spencer
Hill Dickson Services (London) Limited

There being no provision in the Company's articles of association, all existing directors shall continue in office.

NORTH HAVEN LIMITED

DIRECTORS' REPORT

DIRECTORS' INTERESTS

At no time during the year was the Company, its holding companies, subsidiary or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

No contracts of significance to which the Company, its holding companies, subsidiary or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

AUDITOR

During the year, Grant Thornton Hong Kong resigned and BDO Limited was appointed auditor of the Company. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board

Chairman

Hong Kong, [Date]

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NORTH HAVEN LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the financial statements of North Haven Limited (the "Company") set out on pages 5 to 16, which comprise the statement of financial position as at 31 December 2010, the statement of comprehensive income and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NORTH HAVEN LIMITED

(incorporated in Hong Kong with limited liability)

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2010 and of its loss for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Yu Tsui Fong
Practising Certificate Number P05440

Hong Kong, [Date]

NORTH HAVEN LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010**

| | Note | 2010 US\$ | 2009 US\$ |
|---|-------------|-----------------------|------------------------|
| Revenue | 6 | - | - |
| Other operating expenses | | <u>(7,537)</u> | <u>(13,581)</u> |
| Loss before income tax | 7 | (7,537) | (13,581) |
| Income tax expenses | 9 | <u>-</u> | <u>-</u> |
| Loss and total comprehensive loss for the year | | <u><u>(7,537)</u></u> | <u><u>(13,581)</u></u> |

NORTH HAVEN LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

| | Note | 2010 US\$ | 2009 US\$ |
|--|-------------|--------------------------|--------------------------|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Investment in a subsidiary | 10 | <u>25,867,575</u> | <u>25,867,575</u> |
| Current liabilities | | | |
| Other payable and accruals | | 4,487 | 12,209 |
| Amount due to ultimate holding company | 11 | <u>89,535</u> | <u>74,276</u> |
| Net current liabilities | | <u>(94,022)</u> | <u>(86,485)</u> |
| NET ASSETS | | <u><u>25,773,553</u></u> | <u><u>25,781,090</u></u> |
| CAPITAL AND RESERVES | | | |
| Share capital | 12 | 1,000 | 1,000 |
| Reserves | | <u>25,772,553</u> | <u>25,780,090</u> |
| TOTAL EQUITY | | <u><u>25,773,553</u></u> | <u><u>25,781,090</u></u> |

Director

Director

NORTH HAVEN LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010**

| | Issued capital US\$ | Share premium US\$ | Capital contribution US\$ | Accumulated losses US\$ | Total US\$ |
|---|------------------------------------|-----------------------------------|--|--|-----------------------|
| At 1 January 2009 | 1,000 | 15,321,867 | - | (263,771) | 15,059,096 |
| Capital contribution from holding company | - | - | 10,735,575 | - | 10,735,575 |
| Loss and total comprehensive loss for the year | - | - | - | (13,581) | (13,581) |
| At 31 December 2009 and 1 January 2010 | 1,000 | 15,321,867 | 10,735,575 | (277,352) | 25,781,090 |
| Loss and total comprehensive loss for the year | - | - | - | (7,537) | (7,537) |
| At 31 December 2010 | <u>1,000</u> | <u>15,321,867*</u> | <u>10,735,575*</u> | <u>(284,889)*</u> | <u>25,773,553</u> |

* The aggregated amount of the above balances of US\$25,772,553 (2009: US\$25,780,090) represented the reserves in the statement of financial position.

NORTH HAVEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

1. GENERAL

North Haven Limited (the "Company") is a limited liability company incorporated in Hong Kong. The address of its registered office is Suite 1203, Silver Fortune Plaza, 1 Wellington Street, Central, Hong Kong. The principal activity of the Company is investment holding. The principal activity of its subsidiary is set out in note 10 to the financial statements.

The Company's parent is Luella Enterprises Company Limited (incorporated in the Republic of Cyprus) and the directors consider its ultimate parent is Lampsa Hellenic Hotels S.A., a company incorporated in Greece and its shares are listed on the Securities Market of Athens Exchange.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new / revised HKFRSs - effective 1 January 2010

| | |
|-------------------------------|---|
| HKFRSs (Amendments) | Improvements to HKFRSs |
| Amendments to HKAS 39 | Eligible Hedged Items |
| Amendments to HKFRS 2 | Share-based Payment – Group Cash-settled Share-based Payment Transactions |
| HKAS 27 (Revised) | Consolidated and Separate Financial Statements |
| HKFRS 3 (Revised) | Business Combinations |
| HK(IFRIC) – Interpretation 17 | Distributions of Non-cash Assets to Owners |
| HK Interpretation 5 | Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause |

The adoption of these new / revised standards and interpretations has no significant impact on the Company's financial statements.

(b) New / revised HKFRSs that have been issued but are not yet effective

The following new / revised HKFRSs, potentially relevant to the Company's financial statements, have been issued, but are not yet effective and have not been early adopted by the Company.

| | |
|---------------------|--|
| HKFRSs (Amendments) | Improvements to HKFRSs 2010 ^{1&2} |
| HKAS 24 (Revised) | Related Party Disclosures ² |
| HKFRS 9 | Financial Instruments ³ |

¹Effective for annual periods beginning on or after 1 July 2010

²Effective for annual periods beginning on or after 1 January 2011

³Effective for annual periods beginning on or after 1 January 2013

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

NORTH HAVEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued

(b) New / revised HKFRSs that have been issued but are not yet effective - Continued

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Company is in the process of making an assessment of the potential impact of these new / revised HKFRSs and the directors so far concluded that the application of these new / revised HKFRSs will have no material impact on the Company's financial statements.

3 BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and Hong Kong Companies Ordinance

(b) Basis of measurement and going concern assumption

The financial statements have been prepared on the historical cost basis.

During the year, the Company has incurred a loss of US\$7,537 and, at the end of reporting period, it has net current liabilities of US\$94,022. This situation indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore, the Company may not be able to realise its assets and discharge its liabilities in the normal course of business. The ultimate holding company has undertaken to provide continuing financial support in order to maintain the Company as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

NORTH HAVEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2010

3 BASIS OF PREPARATION - Continued

(c) Functional and presentation currency

The financial statements are presented in United States dollars (“US\$”), which is the same as the functional currency of the Company.

(d) Consolidated financial statements

No consolidated financial statements have been prepared as the Company itself as at the reporting date is a wholly-owned subsidiary of Luella Enterprises Company Limited and ultimately wholly-owned by Lampsa Hellenic Hotels S.A. and Lampsa Hellenic Hotels S.A. prepares consolidated financial statements that comply with International Financial Reporting Standards, which are available for public use and obtainable from the company website of the Company’s ultimate holding company at www.lampsa.gr.

(e) Cash flow statements

For the years ended 31 December 2009 and 2010, the Company has not prepared statement of cash flows in the financial statements as the Company did not have any cash transactions during the years and did not have cash and cash equivalents at the reporting dates.

4 SIGNIFICANT ACCOUNTING POLICIES

(a) Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Company has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

NORTH HAVEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

4 SIGNIFICANT ACCOUNTING POLICIES - Continued

(b) Financial liabilities

The Company's financial liabilities include other payable and accruals and amount due to ultimate holding company. They are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the profit or loss.

(c) Share capital

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

(d) Impairment of non-financial assets

Investments in subsidiary are subject to impairment testing whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Impairment loss is charged pro rata to the other assets in the cash-generating unit.

NORTH HAVEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

4 SIGNIFICANT ACCOUNTING POLICIES - Continued

(d) Impairment of non-financial assets - Continued

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Accounting for income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in the profit and loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

NORTH HAVEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

4 SIGNIFICANT ACCOUNTING POLICIES - Continued

(f) Related parties

For the purposes of these financial statements, a party is considered to be related to the Company if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Company or exercise significant influence over the Company in making financial and operating policy decisions, or has joint control over the Company;
- (ii) the Company and the party are subject to common control;
- (iii) the party is an associate of the Company or a joint venture in which the Company is a venturer;
- (iv) the party is a member of key management personnel of the Company or the Company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Company or of any entity that is a related party of the Company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company did not adopt any critical accounting estimates and judgements in the preparation of the financial statements.

6. REVENUE

The Company did not earn any revenue during the year.

NORTH HAVEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

7. LOSS BEFORE INCOME TAX

| | 2010 | 2009 |
|--|-------------|-------------|
| | US\$ | US\$ |
| Loss before income tax is arrived at after charging: | | |
| Auditor's remuneration | | |
| - Charged for the year | 4,487 | 3,848 |

8. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 161 of the Hong Kong Companies Ordinance are as follows:

| | 2010 | 2009 |
|------------------------|-------------|-------------|
| | US\$ | US\$ |
| Directors' emoluments: | | |
| Fees | - | - |
| Other emoluments | - | - |

9. INCOME TAX EXPENSES

Hong Kong Profits Tax has not been provided as the Company did not have any assessable profit for the year.

Reconciliation between tax expense and accounting loss at applicable tax rate is as follows:

| | 2010 | 2009 |
|--|-------------|-------------|
| | US\$ | US\$ |
| Loss before income tax | (7,537) | (13,581) |
| Tax calculated at applicable tax rate of 16.5% | (1,243) | (2,241) |
| Non-deductible expenses | 1,243 | 2,241 |
| Income tax expense | - | - |

NORTH HAVEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

10. INVESTMENT IN A SUBSIDIARY

| | 2010 | 2009 |
|--------------------------|-------------------|-------------------|
| | US\$ | US\$ |
| Unlisted shares, at cost | <u>25,867,575</u> | <u>25,867,575</u> |

Details of the Company's subsidiary as at 31 December 2010 are as follows:

| Name of company | Place of incorporation and operation | Type of legal entity | Particular of issued ad paid up capital | Percentage of nominal value of issued capital held by the Company directly | | Principal activity |
|--|--|------------------------------|---|---|------|-----------------------|
| | | | | 2010 | 2009 | |
| Hotelijersko akcionarsko društvo »Beogradsko mešovito preduzeće« A.D., Beograd. | Serbia | Limited liability company | 7,417 ordinary shares of RSD330,890 each 750 preferred shares of RSD330,890 each | 94% | 94% | Hotel operation |
| | | | | 100% | 100% | |

The post-acquisition profit/(loss) of the subsidiary attributable to the Company is as follows:

| | Current year | Previous years since acquisition | Total |
|--|---------------------|---|--------------------|
| | US\$ | US\$ | US\$ |
| Amount dealt with in the Company's financial statements | <u>-</u> | <u>-</u> | <u>-</u> |
| Amount not dealt with in the Company's financial statements | <u>1,748,000</u> | <u>(9,129,000)</u> | <u>(7,381,000)</u> |

11. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount due is unsecured, interest-free and repayable on demand. The carrying amount of the amounts due represents approximately their fair value.

NORTH HAVEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

12. SHARE CAPITAL

| | 2010 | 2009 |
|--------------------------------------|--------------|--------------|
| | US\$ | US\$ |
| Authorised: | | |
| 10,000 ordinary shares of HK\$1 each | <u>1,282</u> | <u>1,282</u> |
| Issued and fully paid: | | |
| 7,801 ordinary shares of HK\$1 each | <u>1,000</u> | <u>1,000</u> |

13. CAPITAL MANAGEMENT

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and provide adequate returns to shareholders.

Management regards total equity of US\$25,773,553 (2009: US\$25,781,090) as capital, for capital management purpose. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or sell assets to reduce debt.

The Company relies on financial support from the ultimate holding company to finance its capital requirement.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments include other payables and amount due to ultimate holding company.

The risk associated with these financial instruments is liquidity risk. The management regularly monitors current and expected liquidity requirements to ensure adequate funding from its holding company to meet with its liquidity requirements. All financial liabilities would mature within one year.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on [date].