LAMPSA
HELLENIC HOTELS S.A.

ANNUAL FINANCIAL STATEMENTS
For the fiscal period
from January 1 to December 31, 2007

It is certified that the attached Financial Statements for the period 01.01-31.12.2007 are those approved by the members of the Board of Directors of LAMPSA HELLENIC HOTELS S.A. on March 28, 2008 and are submitted to the Athens Stock Exchange and the Hellenic Capital Market Committee, as well as posted on Company's web-site (www.grandebretagne.gr). It is noted that the published financial data aim at providing selective financial information to the readers, but do not fully depict the financial position and results of the Company and the Group according to the IFRS. It is also worth noting that there have been rearrangements of certain accounts with the intention of simplifying the Financial Statements appearing in the Press.

GEORGE GALANAKIS
President of the Board of Directors
LAMPSA HELLENIC HOTELS S.A.

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REPORT OF THE BOARD OF DIRECTORS
OF THE LAMPSA GROUP SUBMITTED TO THE ORDINARY GENERAL MEETING OF SHAREHOLDERS OF THE YEAR 2008.

Dear Shareholders,

We hereby submit for approval the Financial Statements of the Company and the Group LAMPSA S.A. In the present period, the companies appearing under "Group structure" were incorporated due to the acquisition of the affiliated LUELLA ENTERPRISES LTD , on June 6, 2006 and, through it, the acquisition of NORTH HAVEN LTD, owner of 51% of the capital share of BEOGRADSKO MESOVITO PREDUZECEE A.D., owner in turn of the "Hyatt Regency" Hotel in Belgrade, as well as the acquisition, on April 2, 2007, of the total number of shares of BELVEN ASSOCIATES, a partnership of HARVARD INVESTMENTS CORPORATIONS and WORLD SPIRIT S.A., which holds an equal loan towards BEOGRADSKO MESOVITO PREDUZEE A.D., secured by mortgage on the hotel's property.

REVIEW OF KEY FINANCIAL EVENTS

The year 2007 was for the LAMPSA GROUP another year of dynamic development. The key financial figures grew considerably, testifying emphatically to the leading position occupied by the "Grand Bretagne" Hotel in Athens, and the "Hyatt Regency" Hotel in Belgrade in the Greek and Serbian markets respectively.

In the course of 2007, the Company completed the purchase of the total number of shares of the non-listed company BELVEN ASSOCIATES through the affiliated companies HARVARD INVESTMENTS CORPORATIONS and WORLD SPIRIT LTD S.A. at the amount of $ 33,269,892.57, owner of equal loan to the company BEOGRADSKO MESOVITO PREDUZEE A.D. that owns the "Hyatt Regency" Hotel in Belgrade, the loan being secured by mortgage on the hotel's property. The terms of the above-mentioned loan are particularly favorable in view of the current situation. The Company used part of the available bank facilitation.

On Friday, May 18, 2007, the Company signed an agreement with EFG EUROBANK ERGASIAS S.A. for a common bond loan amounting to $ 33,500,064.00 with a duration of seventeen years, following approval of the B.o.D. of the Company on Friday, April 17, 2007. The B.o.D. negotiated favorable loan terms from EFG EUROBANK ERGASIAS S.A. for the re-financing of the above-mentioned bank facilitation through the Bond Loan, resulting in further improvement of the financial results due to decrease in financial cost.

The B.o.D. believes that the acquisition of the above-mentioned affiliated companies of BELVEN ASSOCIATES will have an immediate positive influence on the financial results of the Company.

Also, in the course of 2007, the Company decided to participate in tenders and investigate the possibility of acquiring other hotel units in Greece and in Southeastern Europe.

The results of the aforementioned policy are gradually materialized in the course of 2008 and are presented in detail below, under "Events After the Closing Date".

FINANCIAL REVIEW

Analysis

The Company's positive course and strategic plan are presented in the consolidated Financial Statements of the year 2007. The key financial figures are as follows:

1. Turnover for the year 2007 at the consolidated level amounted to € 58,277 thousand compared to € 45,320 thousand in the previous year, representing an increase by 28.6%. Sales turnover for the Mother Company amounted to € 38,785 thousand compared to € 34,642 thousand for the year 2006, representing an increase by 12.0%.

2. Consolidated gross profits amounted to € 25,986 thousand compared to € 16,575 thousand for 2006, while the gross profit margin increased to 44.6% in 2007, compared to 36.6% for the year 2006. Gross profits of the Mother Company amounted to € 15,435 thousand compared to € 12,980 thousand for 2006, representing an increase of 18.9%. The gross profit margin for 2007 was 39.8%, compared to 37.5% in the year 2006. This increase is due to the increase in the average room rate as well as the increase in the profit margin in the various departments of the "Grand Bretagne" Hotel.

3. Operating profits of the Group - EBITDA amounted to € 21,644 thousand compared to € 15,988 thousand for 2006, representing an increase by 35.4%. Furthermore, operating profits of the Mother Company – EBITDA amounted to € 12,929 thousand compared to € 9,746 thousand for 2006, marking an increase by 32.7%.

4. The Group's profits before taxes increased by 49.9% and amounted to € 13,425 thousand against € 8,954 thousand for 2006. Profits before taxes for the Company increased by 30.9% and amounted to € 7,520 thousand, compared to € 5,743 for the year 2006.

5. Net profits (after taxes) of the Group amounted to € 12,665 thousand, compared to € 6.873 thousand for 2006, representing an increase by 84.3%. Net Company profit amounted to € 5,829 thousand compared to € 4,616 thousand for the year 2006, representing an increase by 26.3%.

6. The financial results of the company BMP AD, owner of the "Hyatt Regency" Hotel in Belgrade are consolidated with the Company's results as of 06.06.2006, acquisition date of 51% of the company, thus figures are not entirely comparable.

7. Net Group investments during the year 2007 amounted to € 1,665 thousand compared to € 3,196 thousand in 2006. Furthermore, net investments of the Mother Company were € 1,219 thousand, compared to € 2,269 thousand in 2006.

Factors for value creation and performance measurement

It is the Group's policy to continuously assess its results and performance on a monthly basis, with the aim to detect deviations from its objectives and adopt the required corrective measures effectively and in due time. The Group measures its performance by using financial performance indices, in particular:

- ROCE (Return on Capital Employed): This index divides the profits before taxes and financial results by the Group's total capital employed, which is the sum of Equity Capital, total loan obligations and long-term provisions.

- ROE (Return on Capital Equity): This index divides profits after taxes (net income) by the Group's Equity Capital.

The above indices are:

	31/12/2007	31/12/2006
ROCE	12,8%	8,9%
ROE	16,0%	9,7%

RISK MANAGEMENT

Financial Risk Factors

The Group is exposed to several financial risk factors, such as changes in exchange rates, interest rates, credit risk, liquidity and cash flow risk. The Group's overall risk management program focuses on the unpredictability of financial markets and aims at minimizing their potential negative effect on the Group's financial results .

Risk management is fulfilled by the central treasury management services, which determines and assesses financial risk in collaboration with the departments facing these risks. Prior to all relevant transactions, approval is granted by executives holding the Company's commitment rights to its contracting partners.

Exchange Risk
The Group is active at an international level and, consequently, it is exposed to exchange risks emanating mainly from the U.S. Dollar. This risk stems mainly from the arrivals of American clients that represent roughly 30% of the total number of overnight stays at the Hotels of Group and are influenced negatively by the great increase in the Euro/USD exchange rate. At present, the Group has not yet proceeded with the application of tools of compensation for exchange risk. Within the framework of providing sufficient protection in the face of the above risks, the Group is in contact with its financial advisers at all times, so that the best policy can be implemented in counteracting any adverse effects that may arise in a constantly changing environment.

Credit Risk and Liquidity Risk
The Group does not have important concentrations of credit risk. Over 80% of the Group's sales are paid for via Credit Cards, while sales on credit are mostly limited ti customers with an assessed credit history.
The risk of liquidity is limited through the maintenance of sufficient cash and banking credit limits.

Risk of Changes in Fair Value Resulting from Changes in Interest Rates
The Group's functional income and financial flows are essentially independent of changes in the prices of interest-rates. The Group does not have in its assets any important interest-bearing elements while the Group's policy is to roughly maintain the total of borrowing in products of variable interest-rate with ensured performance. At the end of the administrative period, the total of borrowing was in loans of variable interest-rate. The Group's policy is to maintain almost the entirety of its loans in variable interest-rate.

SUBSEQUENT EVENTS

1. ACQUISITION OF THE "HILTON RHODES RESORT" HOTEL

On January 15, 2008, the Company came to an agreement with IONIAN HOTEL ENTERPRISES S.A. for the acquisition of 50% of the shares of the company TOURIST RESORTS S.A., owner of the "Hilton Rhodes Resort" Hotel.

Under the same agreement, the remaining 50% of the shares are to be transmitted to PLAKA S.A., owned by the Sbokos family, owner of the "Blue Palace" Hotel in Elounda, Crete.

The total amount for the acquisition of 100% of the shares of TOURIST RESORTS S.A. rose to € 35,5 million.

"Hilton Rhodes Resort" Hotel (formerly known as "Rhodes Imperial" Hotel) is situated in the region of Ixia, very close to the Old Town of Rhodes and the airport. It features 404 rooms on 80 acres of land, 14 conference rooms, restaurants, bars, three swimming pools and athletic grounds.

On March 28, 2008, LAMPSA S.A. signed the final contract for the acquisition of 50% of the above-mentioned company.

2. ACQUISITION OF THE "EXCELSIOR" HOTEL IN BELGRADE

In the context of furthering its expansion in Southearn -Europe, on February 22, 2008 the Company participated in the Public Auction of the Serbian Privatization Agency and overbid for the acquisition of 70% of EXCELSIOR BELGRADE SOCIALLY OWNED HOTEL & CATERING TOURIST ENTERPRISES, owner of the "Excelsior" Hotel in the center of Belgrade. The hotel has 55 rooms, 110 beds, a restaurant, bar and conference rooms.

In the next few months the possibility of alternative forms of exploitation of the business will be investigated, including the potential change of use of the building.
The price of repurchase amounted to € 7,33 million.

3. PARTICIPATION IN PUBLIC AUCTION FOR THE ACQUISITION OF THE "CONTINENTAL" HOTEL IN BELGRADE

The Company, through its affiliated ARMINI ENTERPRISES COMPANY LTD, will participate in a Public Auction of the Serbian Privatization Agency on Monday, March 31, 2008 for the acquisition of the "Continental" Hotel in Belgrade.

4. MANDATORY PUBLIC OFFER OF THE MAJOR SHAREHOLDER VENTURE ABILITY S.A.

On January 16, 2008, the Panama société anonyme VENTURE ABILITY S.A. (the Proposer) submitted, to the Capital Market Committee and the B.o.D. of the Company a draft of an Informative Bulletin regarding the mandatory Public Offer for the acquisition of common nominal shares of the société anonyme with LAMPSA HELLENIC HOTELS S.A. On the date of the announcement, the Proposer possessed 8,808,393 shares, which represent 41.23% of the paid up common share capital and voting rights of LAMPSA S.A. Moreover, the company HOMERIC DEPARTMENT STORES S.A., which pursues a line of action in common with the Proposer regarding the acquisition of control of LAMPSA S.A., possesses directly 1,762,550 shares of Company, which represent 8.25% of the paid up common share capital and the voting rights of LAMPSA S.A. In all, the Proposer and HOMERIC DEPARTMENT STORES S.A., on the date of the public offer, possessed 10,570,943 shares, which represent 49.48% of the paid up common share capital and voting rights of LAMPSA S.A.

The Public Offer relates to all shares that on the date of the present announcement do not belong to the Proposer or HOMERIC DEPARTMENT STORES S.A., namely the Public Offer concerns 10,793,057 shares, which correspond to 50.52% of the common share capital and voting rights of LAMPSA S.A.

The purchase value for the acquisition of each share of the Public Offer, which is a valid Public Offer, amounts at € 17.18 in cash. After the completion of the Public Offer, the Proposer will not seek the deletion of Company shares from the Stock Market. Taking into consideration the rate of acceptance of the Public Offer and the conditions on the market, the Proposer might proceed with private placement, maintaining the control of the Company's majority voting rights.

The B.o.D. of the Capital Market Committee, at its meeting on February 7, 2008, approved the Informative Bulletin for the Mandatory Public Offer.

The period of Acceptance began on Tuesday, February 12, 2008 at 08:00 a.m. and expired on Tuesday, March 11, 2008, at the end of the normal banking hours in Greece, namely it lasted a total of 29 days.

During the Public Offer, the Proposer was made a valid offer by 546 shareholders of the Company for 3,446,248 shares, which correspond to 16,13% of paid up common share capital and voting rights of the Company.

From the announcement of the Public Offer until the expiration of the Period of Acceptance, namely from January 17, 2008 up to 11 March 2008, the Proposer acquired 42,458 Company shares through the Stock Market.

Up to the expiration date of the Period of Acceptance, the Proposer, in combination with HOMERIC DEPARTMENT STORES S.A., which pursues a line of action in common with the Proposer regarding the acquisition of control of the Company, possessed a total of 10,613,401 shares and voting rights of the Company, which corresponds to 49.68% of the paid up common share capital and voting rights of the Company.

After the expiration of the Period of Acceptance and the off-market transfer of Shares that were offered for the duration of the Period of Acceptance of the Public Proposal and within this framework, the Proposer, in combination with HOMERIC DEPARTMENT STORES S.A. that pursues a line of action in common with the Proposer for assuming control of the Company, will possess a total of 14,059,649 shares, which corresponds to 65.81% of the paid up common share capital and voting rights of the Company.

5. ACQUISITION OF 3.1% OF THE CAPITAL SHARE OF THE COMPANY BEOGRADSKO MESOVITO PREDUZECEE A.D.

On March 18 2008, the Company acquired, though capital increase of its affiliated company LUELLA ENTERPRISES COMPANY LTD and NORTH HAVEN LTD, 230 common shares (3.1% of the capital share) of BEOGRADSKO MESOVITO PREDUZECEE A.D., owner of the "Hyatt Regency" Hotel in Belgrade, with a purchase value of € 407,500.

PROSPECTS FOR THE COMING YEAR

It is expected that positive results and prospects of further growth, expansion and broadening of our spheres of activity, will also characterize the coming year. Specifically:

1. Stabilization of positive profitable results of the Mother Company despite the unfavorable international economic situation (increases of prices of oil, equivalence of dollar/Euro, curtailment of and restrictions in business travel and recreation tourism).
2. Emphasis on the orderly and profitable operation of the two new hotels that the Company acquired, in Belgrade and Rhodes.
3. Further growth of the Group, through participations in tenders for the acquisition of hotel units in Greece and abroad.

CORPORATE GOVERNANCE

The Group has adopted Corporate Governance Principles in line with those established by Greek legislation and abiding to international best practices. These principles, on which the organization and management of the Company are ultimately based, aim for transparency in investor relations and the indemnity of stakeholders' interest. The B.o.D. of LAMPSA S.A. is the trustee of its Group Corporate Governance Principles. Today, it comprises 3 executive and 6 non-executive members. Of the non-executive members, 4 satisfy the conditions set by Law 3016/2002 on corporate governance and are termed "independent".

The Audit Committee is comprised of non-executive members of the Board and its mission is to conduct objective internal and external audits and facilitate effective communication between the auditors and the Board. Its responsibilities are to ensure compliance with the rules of Corporate Governance, guarantee the proper operation of the Internal Audit System and supervise the work of the Company’s Internal Audit Department.

Internal Audit is an essential parameter of corporate governance. The Internal Audit Department of LAMPSA S.A. is an independent organizational unit that reports to the Company's B.o.D. Its responsibilities include the evaluation and improvement of risk management and internal auditing methodology. The unit also verifies compliance with legislated policies and procedures set by the Company's Internal Regulation of Operations, as well as current legislation.

The B.o.D. has appointed Ms Coralia Moraiti, graduate of the Athens University of Economics and Business, as Internal Auditor. The Head of Internal Audit has a full-time employment relationship to our Company.

EXPLANATORY REPORT OF THE B.o.D. OF THE COMPANY LAMPSA S.A. PRESENTED AT THE GENERAL MEETING OF THE SHAREHOLDERS REGARDING THE ISSUES OF PARAGRAPH 1 OF ARTICLE 11a, LAW 3371/2005

The present report of the B.o.D. is submitted to the Ordinary General Meeting of the Shareholders and contains detailed information regarding the issues of paragraph 1 of Article 11α Law 3371/2005.

I. THE COMPANY'S SHARE CAPITAL STRUCTURE

The share capital of LAMPSA S.A. amounts at € 23,927,680, divided into 21,364,000 common registered shares with voting right and a par value of € 1.12 each. The shares are listed on the Securities Market of the Athens Exchange.

The rights of the Company's shareholders with respect to their shares are proportional to the share capital stake to which the paid-in share value corresponds. Each share incorporates all the rights and obligations that are stipulated by the Law and Company's Articles of Association. More specifically:

- The right to dividends from the annual profits or liquidation profits of the Company. A percentage of 35% of the net profits following deduction only of the statutory reserves is distributed from the profits of each year to the shareholders as an initial dividend, while the distribution of an additional dividend is resolved upon by the General Meeting. Each shareholder who is registered in the Shareholders' Register held by the Company on the date of approval of the Financial Statements by the Ordinary General Meeting of the Shareholders is entitled to dividends. The dividend for each share is paid to its holder within ten (10) days from the date on which the Ordinary General Meeting approved the annual Financial Statements according to the announced schedule of intended actions. The payment date and payment method of the dividend are announced through the Press. The right to receive payment of the dividend is subject to a time limitation and the respective unclaimed amount goes to the State upon the lapse of five years from the end of the year during which the General Meeting approved the distribution of the said dividend.
- The right to reclaim the amount of one's contribution during the liquidation or, similarly, the writing-off of the capital representing the share, provided that this is resolved upon by the General Meeting.
- The right of pre-emption at every share capital increase of the Company via cash payment or the issuance of new shares.
- Each shareholder is entitled to request the annual Financial Statements along with the relevant reports of the B.o.D. and the Auditors of the Company.
- Shareholders participate in the Company's General Meetings, which entails the following rights: legitimacy, presence, participation in discussions, submission of proposals on the items of the agenda, entry of one's opinion on the minutes of the Meeting and, finally, the right to vote.
- The General Meeting of the Shareholders retains all its rights and obligations during the winding up (according to paragraph 4 of Article 38 of the Articles of Association).
- The shareholders' responsibility is limited to the nominal value of the shares held.

II. RESTRICTIONS FOR TRANSFERRING COMPANY SHARES

The transfer of Company shares takes place based on procedures stipulated by the Law and the Athens Exchange's regulation, while there are no restrictions set by the Articles of Association for the transfer of shares

III. IMPORTANT INDIRECT/DIRECT PARTICIPATIONS ACCORDING TO PRESIDENTIAL DECREE (PD) 501/01992

Shareholders (natural or legal entity) that hold directly or indirectly over 5% of the Company's shares as of December 31, 2007 are presented in the following table.

NAME- PERCENTAGE
VENTURE ABILITY S.A. – 41.13%
HOMERIC DEPARTMENT STORES S.A.- 8.25%
UBS AG – 6.23%
JPMORGAN CHASE BANK – 5.62%
TALANTON INVESTMENTS INC – 5.16%

IV. SHARES WITH SPECIAL CONTROL RIGHTS

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

V. RESTRICTIONS ON VOTING RIGHTS

No restrictions on voting rights emanate from the Company shares according to the Company's Articles of Association.

VI. AGREEMENTS BETWEEN COMPANY SHAREHOLDERS

The Company is not aware of any agreements among its shareholders, which would result in restrictions on the assignment of its shares or exercise of the voting rights stemming from such shares.

VII. REGULATIONS REGARDING THE ASSIGNMENT AND REPLACEMENT OF B.o.D. MEMBERS AND AMENDMENTS OF THE ARTICLES OF ASSOCIATION

For the assignment and replacement of B.o.D. members as well as for amendment of its Articles of Association, the Company follows the provisions of C.L. 2190/1920.

VIII. RESPONSIBILITY OF THE B.o.D. FOR THE ISSUANCE OF NEW SHARES OR ACQUISITION OF OWN SHARES

A) According to the provisions of Article 13 par. 1 item b) of C.L. 2190/1920 and Article 5 of the Articles of Association, the Company's B.o.D. has the right, following a relevant resolution by the General Meeting of the Shareholders that is subject to the publicity announcements of Article 7b of C.L. 2190/1920, to increase the Company's share capital with the issuance of new shares, through a decision by the B.o.D. that is made with a majority of at least two thirds (2/3) of its total members.
In this case, the Company's share capital may be increased by no more than the share capital amount paid up on the date when the B.o.D. was granted such power by the General Meeting, This power of the B.o.D. may be renewed by the General Meeting for a period that may not exceed five years per instance of renewal.

B) According to the provisions of Article 13 par. 9 item b) of C.L. 2190/1920, the General Meeting may establish a stock option plan for the members of the B.o.D. and Company's staff, in accordance with the specific terms of such decision. The decision of the General Meeting defines, in particular, the highest number of shares to be issued, which may not exceed, by law, 1/10 of the existing shares.

The B.o.D. regulates by resolution any other detail not otherwise regulated by the General Meeting; issues stock option certificates; and issues shares for the entitled persons who exercise their options, increasing the share capital accordingly and certifying such increase in December of every year.
C) As of today, no decision has been taken by the General Meeting of Shareholders of the Company for acquiring own shares according to the provisions of paragraphs 5-13 of Article 16 par. 9 item b) of C.L. 2190/1920.

IX. IMPORTANT AGREEMENTS THAT ARE IN EFFECT IN CASE A CHANGE ARISES IN THE COMPANY'S CONTROL FOLLOWING A PUBLIC OFFER.

There are no agreements which enter into force, are amended or terminated in the event of change in the control of the Company following a public offer.

X. AGREEMENT BETWEEN THE COMPANY AND THE B.o.D. MEMBERS OR EMPLOYEES REGARDING THE TERMINATION OF THEIR TERMS/EMPLOYMENT.

There is no agreement between the Company and the B.o.D. members or staff providing for the payment of any compensation specifically in the event of resignation or dismissal without cause, or termination of their mandate or employment as a result of a Public Acquisition Offer. The provisions formed for retirement compensations as a result of the provisions of the L.3371/2005 amount at € 924,718 for the Group and € 916,469 for the Company on December 31, 2007. No provision concerns the members of the B.o.D.

For the B.o.D. of the Company
The President of the Board
George Galanakis

Independent Auditors' Report to the Shareholders of LAMPSA S.A.

We have audited the accompanying Financial Statements of LAMPSA S.A. (the "Company") as well as the consolidated Financial Statements of the Company (the "Group"), which comprise (for both the Company and the Group), the Balance Sheet as on December 31, 2007, and the income statement, statement of changes in equity and cash flow statement for the year that ended, and a summary of significant accounting policies and other explanatory notes.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Greek Auditing Standards, which are based on the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

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

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

Opinion
In our opinion, the above-mentioned Financial Statements present fairly, in all material respects, the financial position of the Company and that of the Group as of December 31, 2007, and the financial performance and the cash flows of the Company and those of the Group for the year then ended, in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Report on Other Legal and Regulatory Requirements
The B.o.D.'s Report comprises the information prescribed by Article 43a, paragraph 3 and Article 107, paragraph 3 of the Law 2190/1920, as well as Article 11a of the Law N. 3371/2005 and its content is consistent with the above-mentioned Financial Statements.

Athens, March 28, 2008

Chartered Accountants

Grant Thornton

Georgios Deligiannis	SOEL R.N. 127	Ioannis Leos
SOEL R.N. 15791	Chartered Accountants	SOEL R.N. 24881
	44, Vassileos Konstantinou St.	
	116 35 Athens	

BALANCE SHEET

		GROUP		COMPANY	
BALANCE SHEET	**Notes**	**31.12.2007**	**31.12.2006**	**31.12.2007**	**31.12.2006**
Non current assets					
Tangible assets	5.2	131,162	134,018	84,333	86,087
Intangible fixed assets	5.3	280	525	28	25
Goodwill	5.4	3,483	3,483	-	-
Subsidiaries	5.5	-	-	36,101	11,100
Other long-term claims	5.6	66	58	53	53
Deferred tax assets	5.14	341	1,317	341	1,304
		135,332	**139,401**	**120,856**	**98,569**
Current assets					
Inventory	5.7	1,073	1,018	438	433
Trade and receivables	5.8	3,605	3,168	3,011	2,695
Other receivables	5.8	1,229	950	1,055	701
Other current assets	5.8	380	284	314	212
Cash and cash equivalent	5.9	12,122	10,026	6,646	7,238
		18,409	**15,446**	**11,464**	**11,279**
Total assets		**153,741**	**154,847**	**132,320**	**109,848**
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
Translation reserves		(104)	147	-	-
Statutory reserve		509	304	505	302
Other reserve		3,895	2,161	3,895	2,161
Dividends payable		-	1,695	-	1,709
Results carried forward		12,255	4,172	7,115	3,225
Equity attributed to the shareholders of the Mother Company		79,124	71,048	74,085	69,965
Minority rights		10,958	8,330	-	-
Total equity		**90,083**	**79,378**	**74,085**	**69,965**
Liabilities					
Long-term liabilities					
Bond loans	5.15	46,026	27,300	46,026	27,300
Retirement benefit obligation & other long term obligations	5.16	925	759	916	754
Deferred tax obligation	5.14	1,822	1,968	1,679	1,825
Other long term obligations	5.12	2,448	29,691	-	-
Other provisions	5.11	556	109	556	109

Total long-term liabilities		**51,777**	**59,827**	**49,178**	**29,987**
Short-term liabilities					
Short-term debenture and bank loans	5.15	3,139	3,703	3,139	3,703
Short-term debenture and other short-term obligations	5.17	1,729	3,739	-	-
Trade and other payables	5.12	1,569	1,717	1,258	1,352
Tax payable	5.13	911	1,861	813	902
Other current liabilities	5.12	3,375	3,044	2,741	2,359
Advances	5.12	1,158	1,579	1,107	1,579
Total short-term liabilities		**11,881**	**15,642**	**9,057**	**9,895**
Total current liabilities		**63,658**	**75,469**	**58,235**	**39,883**
Total equity and liabilities		**153,741**	**154,847**	**132,320**	**109,848**

Any differences in the sums are due to rounding.

The notes on pages 45-72 are an integral part of the Financial Statements.

INCOME STATEMENT

	Notes	GROUP 01.01-31.12.2007	GROUP 01.01-31.12.2006	COMPANY 01.01-31.12.2007	COMPANY 01.01-31.12.2006
Revenues	5.18	58,277	45,320	38,785	34,642
Cost of sales	5.18	(32,291)	(28,746)	(23,350)	(21,662)
Net revenue		**25,986**	**16,575**	**15,435**	**12,980**
Other operating income	5.18	4,602	4,058	3,165	635
Selling expenses	5.18	(3,034)	(2,639)	(2,130)	(2,074)
Administrative expenses	5.18	(6,281)	(5,109)	(5,690)	(4,180)
Other operating expenses	5.18	(4,119)	(474)	(810)	(474)
Profits before finance changes & taxes		**17,155**	**12,410**	**9,970**	**6,887**
Depreciation		4,489	3,578	2,959	2,859
Profits before finance changes, depreciation & taxes		**21,644**	**15,988**	**12,929**	**9,746**
Financial income	5.19	293	144	201	158
Financial expenses	5.19	(4,024)	(3,600)	(2,651)	(1,302)
Financial result		(3,730)	(3,456)	(2,450)	(1,143)
Depreciation		(4,489)	(3,578)	(2,959)	(2,859)
Profits before taxes		**13,425**	**8,954**	**7,520**	**5,743**
Income tax	5.20	(760)	(2,081)	(1,692)	(1,128)
Profits for the year		**12,665**	**6,873**	**5,829**	**4,616**
Attributable to:					
Company's shareholder	5.21	10,036	5,771	5,829	4,616
Minority rights		2,628	1,102		

Any differences in the sums are due to rounding.

The notes on pages 45-72 are an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

GROUP							
	Share Capital	**Premium Capital**	**Reserves**	**Retained Earnings**	**Total**	**Minority Rights**	**Total**
Balance on 01.01.2006 according IFRS	23,500	38,641	2,547	1,729	66,418	0	66,418
Change in equity for the period 01.01-31.12.2006							
Increase/(decrease) of share capital & premium capital	427	0	0	0	427	0	427
Dividends paid	0	0	(1,068)	0	(1,068)	0	(1,068)
Change in equity from affiliated company acquisition	0	0	0	(72)	(72)	7,228	7,156
Profits/(losses) for the period after taxes	0	0	3,256	2,515	5,771	1,102	6,873
Purchases (sales) of own shares	0	0	0	0	0	0	0
capitalized reserves from taxation	0	0	(427)	0	(427)	0	(427)
Profits/(losses) of sales of shares posted directly to equity	0	0	0	0	0	0	0
Total period change	427	0	1,760	2,443	4,630	8,330	12,961
Equity balance on 31.12.2006	23,928	38,641	4,307	4,172	71,048	8,330	79,378
Equity balance on 01.01.2007 according to IFRS	23,928	38,641	4,307	4,172	71,048	8,330	79,378
Change in equity for the period 01.01-31.12.2007							
Change in share capital	0	0	0	0	0	0	0
Dividends paid	0	0	(1,709)	0	(1,709)	0	(1,709)
Change in exchange dif. reserves	0	0	(251)	0	(251)	0	(251)
Profits/(losses) for the year	0	0	1,953	8,083	10,036	2,628	12,665
Total period change	0	0	(7)	8,083	8,076	2,628	10,705
Equity balance on 31.12.2007	23,928	38,641	4,300	12,255	79,124	10,958	90,083

Any differences in the sums are due to rounding.

The notes on pages 45-72 are an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

	COMPANY					
	Not.	**Share Capital**	**Premium Capital**	**Reserves**	**Retained Earnings**	**Total**
Balance on 01.01.2006 according IFRS		23,500	38,641	2,547	1,729	66,418
Change in equity for the period 01.01-31.12.2006						
Increase/(decrease) of share capital & premium capital		427	0	0	0	427
Dividends paid		0	0	(1,068)	0	(1,068)
Profits/(losses) for the period after taxes		0	0	3,120	1,495	4,616
capitalized reserves from taxation		0	0	(427)	0	(427)
Total period change		427	0	1,625	1,495	3,548
Equity balance on 31.12.2006		23,928	38,641	4,172	3,225	69,965
Equity balance on 01.01.2007 according to IFRS		23,928	38,641	4,172	3,225	69,965
Change in equity for the period 01.01-31.12.2007						
Dividends paid		0	0	(1,709)	0	(1,709)
Profits/(losses) for the period after taxes		0	0	1,938	3,890	5,829
Total period change		0	0	229	3,890	4,119
Equity balance on 31.12.2007		23,928	38,641	4,401	7,115	74,085

Any differences in the sums are due to rounding.

The notes on pages 45-72 are an integral part of the Financial Statements.

CASH FLOW STATEMENT

	GROUP		COMPANY	
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.2006**
Profits from operation				
Profits before taxes	13,425	8,954	7,520	5,743
Plus/minus adjustments for:				
Depreciations	4,489	3,578	2,959	2,859
Losses/(profits) from assets sales	29	-	-	
Provisions	563	154	560	79
Losses/(profits) of investment's fair value for real estate			-	
Exchange rates	(2,464)	-	(2,464)	
Interest income and similar revenues	(293)	(281)	(201)	(158)
Debit interest and similar expenses	4,000	3,600	2,651	1,302
Other operating expenses	-	341	-	341
Plus/minus adjustments related to working capital:				
Increase/(decrease) in inventories	(55)	(78)	(5)	(4)
Increase/(decrease) in receivables	3,086	(276)	191	(317)
(Increase/(decrease) in accounts (min banks)	(1,750)	999	(1,127)	1,031
minus:				
Interest and related expenses paid	(4,437)	(848)	(3,094)	(273)
Tax paid	(902)	(1,005)	(902)	(981)
Net cash from operating activities (a)	15,689	15,138	6,088	9,622
Investing Activities				
Purchase of tangible and intangible assets	(1,665)	(3,196)	(1,219)	(2,269)
acquisition of associated companies and joint ventures			-	
Acquisition of affiliated companies	(25,001)	(10,907)	(25,001)	(11,082)
Interest received	293	280	201	158
Dividends collected			-	
Other			-	
Net cash used in investing activities (b)	(26,373)	(13,822)	(26,019)	(13,193)
Financing Activities				
Capital increase				
Receivings from loans	21,864	39	21,864	
Purchases sales of own shares			-	
Dividends paid to the Company's shareholders			-	
Loan payments	(9,818)	(2,136)	(3,259)	
Payments of leasing obligations			-	
Dividends paid	(1,729)	(1,035)	(1,729)	(1,035)

Net cash from financing activities (c)	10,316	(3,133)	16,875	(1,035)
Net increase/(decrease) in Cash and cash equivalents (a+b+c)	(368)	(1,818)	(3,056)	(4,606)
Cash and cash equivalents in the beginning of the period	**10,026**	**11,844**	**7,238**	**11,844**
Exchange rates effect	2,464	-	2,464	
Cash and cash equivalents at the end of the period	**12,122**	**10,026**	**6,646**	**7,239**

Any differences in the sums are due to rounding.

The notes on pages 45-72 are an integral part of the Financial Statements.

NOTES ON THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Financial Statements of LAMPSA HELLENIC HOTELS S.A. (the "Group") and of the Mother Company have been prepared according to the International Financial Reporting Standards issued by the International Accounting Standards Board.

LAMPSA HELLENIC HOTELS S.A. (the "Company") has its headquarters in Athens, at 1, Vas. Georgiou A' Street, and is registered in the register of the Ministry of Development with Reg. M.A.E 6015/06/B/86/135. The Company's duration is set for hundred (100) years, beginning from the publication of the Royal Decree that approved the Company's memorandum of association in the Government Gazette. The Company is operating from its foundation for eighty-eight (88) consecutive years.

The principal activity of the Company is the acquisition, construction and exploitation of hotels in Athens and elsewhere, in Greece or abroad, as well as of relevant companies, such as the acquisition and/or exploitation of spas, public spectacles, clubs, etc. The Company's electronic address is www.lampsa.gr.

The B.o.D. which was elected from the General Meeting of Shareholders on June 22, 2005, has a three-year tenure and consists of the following members:

CHAIRMAN OF THE BOARD (executive member):	George Galanakis
VICE PRESIDENT (non executive member):	Apostolos Doxiadis
MANAGING DIRECTOR (executive member):	Nikolaos Dandolos
EXECUTIVE MEMBER:	Maurice Modiano
NON-EXECUTIVE INDEPENDENT MEMBERS:	Athanasios Papadopoulos Thomas Miller Markos Tsaktanis Nikolaos Papandreou Philippos Spyropoulos

The Financial Statements of the Company were approved at the B.o.D. meeting on March 28, 2007 and are recorded in the minutes No.888 of the same date.

The Company's shares have been traded on the Athens Stock Market since 1946. The total number of shares in circulation on December 31, 2006 were 21,394,000. All of the Company's shares are common and registered.

In December 2001, the Group and STARWOOD HOTELS AND RESORTS WORLDWIDE INC, signed the Management and Operation contract for the Hotel. According to this contract, STARWOOD will provide Management and Operational services to the "Grand Bretagne" Hotel.

Following the agreement in December 2001, the Group undertakes, on its own expenses, to restore and equip the hotel, following certain specifications. STARWOOD will have the absolute control of the Hotel and will be responsible for the Hotel's operation based on the standards applied to hotels of the management company around the world, always according to the Greek legislation.

The power of STARWOOD for the control and operation of the hotel includes its use for all presumable aims, room charges, entertainment and amusement, food and beverage, management of human resources, surveillance of the bank accounts and maintenance of the Company's cash. STARWOOD is in charge of the promotional and advertising campaign and the public relations policy of the Hotel and will likewise provide reservation services through its subsidiaries.

Also, STARWOOD is responsible for the Company bookkeeping and archives, according to the specific accounting standards that will be provided for auditing to the internal auditors of STARWOOD or their subsidiaries. Authorized employees of STARWOOD have the jurisdiction to perform controls of the Hotel's facilities and of the quality of the services provided, following notification of the Hotel management.

STARWOOD has the right to commission goods or services from subsidiaries, provided that the invoicing and the terms of commissions are competitive to those offered by third parties. Furthermore, STARWOOD has the right to use the Hotel premises for training employees of other hotels or subsidiaries.

The duration of the Management Agreement is initially set at twenty five (25) years, with the right to be extended for another 25 years. This management agreement allows for a 3% fee on turnover and 10% fee on gross trading profits as repayment for STARWOOD and SHERATON INTERNATIONAL INC. Both companies have limited rights for the termination of the management contract without reason.

The B.o.D. is in constant collaboration with the company that has undertaken the management, in order to ensure both the accurate and smooth management and the proper functioning of the B.o.D.

Last year, the Group acquired 100% of the capital share of the Cypriot company LUELLA ENTERPRISES LTD at the price of € 11,080,535.48 and, through it, 100% of indirect participation of its affiliated NORTHERN HAVEN LTD, based in Hong Kong, owner of 51,0044% of the company BEOGRADSKO MESOVITO PREDUZECE that is based in Serbia and exploits the "Hyatt Regency" Hotel in Belgrade. The above-mentioned companies are consolidated for the first time in this period. The comparative figures of the previous period are the ones of the Mother Company (cf. Group Structure, parag. 4).

During the audited year, the Group exercised its pre-emption right, through two affiliated companies, for the purchase at acquisition price of the shares of BELVEN ASSOCIATES, which is beneficiary of loan, amounted today to $ 33,269,892.57 towards the company BEOGRADSKO MESOVITO PREDUZECEE A.D., secured with mortgage on the hotel's real estate. On April 2, 2007, the purchase of the total of shares of BELVEN ASSOCIATES, a company based in the Bahamas and not listed in the Stock Market, was completed. The aforementioned companies are consolidated for the first time in the fiscal year 01.01-31.12.2007.

The Financial Statements of December 31, 2007 were approved by the Administrative Council on March 28, 2008.

2. BASIS OF COMPILATION OF THE FINANCIAL STATEMENTS

The consolidated and separate Financial Statements of LAMPSA S.A. were prepared according to the International Accounting Standards (IAS). The Financial Statements have been prepared on the historical cost basis, as it is modified by the readjustment of certain assets

and liabilities to current values, the going concern basis and are in agreement with the International Financial Reporting Standards (IFRS), as they have been issued by the International Accounting Standards Board (IASB), as well as their interpretations, as they have been issued by the International Financial Reporting Interpretations Committee (IFRIC) of IASB.
All the revised or newly-issued Standards and interpretations that apply to the Group and are in force on December 31, 2007 have been duly taken into consideration for the preparation of the Financial Statements for the current period, to the extent that they are applicable.

The preparation of Financial Statements according to the International Financial Reporting Standards (IFRS) requires the use of accounting assessments. It also requires that the management makes judgments in the application of the Group's accounting principles. More complicated cases that involve elaborate judgments, or cases where assumptions and assessments are crucial for the consolidated financial statements are included in note 2.2.

2.1 Changes to Accounting Principles

2.1.1. Changes to Accounting Principles (Amendments to the Published Standards Starting From 2007)

The changes to accounting principles that were adopted and are in agreement with those of previous years are analyzed as follows:

- **Amendment to IAS 1 Presentation of Financial Statements**

Because of the publication of IFRS 7, some amendments to IAS 1 "Presentation of Financial Statements" were necessary and some requirements were added to IAS 1, related to the disclosure of information of a financial entity. The Group now publishes information that relates to the management purposes of the funds; the procedures; and the policies adhered to. The disclosures that are mandatory on the basis of the change to IAS 1 are set out in a note below.

- **Adoption of IFRS 7: Financial Instruments: Disclosures**

Implementation of IFRS 7 is mandatory for the annual Financial Statements published for the period beginning on or after January 1, 2007. IFRS 7 replaces and amends the necessary disclosures that were formerly determined by IAS 32 and was adopted by the Group for the consolidated Financial Statements for 2007. All disclosures related to financial instruments as well as the elements of the comparative period have been updated to be in compliance with the new standard.

More specifically, the Group's consolidated Financial Statements include:

1. Sensitivity analysis targeted at accounting for the Group's report on the market risks related to its financial instruments, and
2. Maturity analysis of the financial instruments that shows the remaining contractual obligations

For each Financial Statement that arises, the first application of the Standard has not led to re-adjustment of the accounts of previous years concerning cash flows, net results or other accounts in the Balance Sheet.

There are no other standards, amendments or interpretations put into effect in 2007 related to the activities of the Group.

2.1.2. Standards, Amendments and Interpretations to Existing Standards Which Have Not Yet Been Implemented or Adopted

The following new Standards and Standard Reviews, as well as the following interpretations for the existing standards, have been published. Nevertheless, they are not mandatory for the presented Financial Statements and which the Group has not earlier adopted:

Standards or Interpretations	**Description**	**Valid From the Period Beginning on or After the:**
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions	01.03.2007
IFRIC 12	Service Concession Agreements	01.01.2008
IFRIC 13	Customer Loyalty Programs	01.07.2008
IFRIC 14	IAS 19 – Asset Limit for Defined Contributions Minimum Funding Requirements and their Interaction	01.01.2008
IFRS 8	Operating Sectors	01.01.2009
IAS 23	Borrowing Cost (revised 2007)	01.01.2009
IAS 1	Presentation of Financial Statements (revised 2007)	01.01.2009
IFRS 3	Consolidation (revised 2007)	01.07.2009
IAS 27	Consolidated and Separate Financial Statements	01.07.2009
IAS 28	Investments in Associates	01.07.2009
IAS 31	Interests in Joint Ventures	01.07.2009
IFRS 2	Benefits depending on Share Value – 2008 Revision: consolidation of rights and cancellations	01.01.2009
IAS 32	Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – 2008 Revision: Recoverable financial instruments and obligations during liquidation	01.01.2009

In brief, the above interpretations and Standards define the following:

IFRIC 11 : IFRS 2 – Group and Treasury Share Transactions

IFRIC 11 provides guidance on whether the benefit agreements that depend upon share value should be accounted for as cash-settled or equity settled schemes in the Company's Financial Statements. The entities are under the obligation to enforce the current Interpretation for the annual periods beginning on or after March 1, 2007. This interpretation is currently inapplicable to the Company's activities.

IFRIC 12: Service Concession Agreements

IFRIC 12 provides instructions for the accounting handling of agreements, whereby (i) one entity of the public sector (the "concessor") grants public service concession agreements to businesses in the private sector ("concession managers") and (ii) the services provided presuppose the use of the infrastructure by the concession manager (private business). It does not cover, therefore, concession agreements among businesses in the private sector. This interpretation is currently inapplicable to the Company's activities.

IFRIC 13: Customer Loyalty Programs

Customer loyalty programs offer customers incentives to buy a company's goods or services. If a customer buys goods or services, the company grants him award credits (i.e. loyalty points or reward miles), which the customer can exchange in the future for free or discounted goods/services. These programs can be implemented by the company itself or a third party. Implementation of IFRIC 13 is mandatory for periods beginning on or after July 1, 2008.

IFRIC 14: IAS 19 – Asset Limit for Defined Contributions, Minimum Funding Requirements and their Interaction

IFRIC 14 covers the interaction between the minimum funding requirements (which are usually imposed by laws and regulation) and the measurement of an asset of defined contributions. The subject matter of IFRIC is related only to limited cases of programes for defined contributions after retirement, which are in "surplus" or subject to minimum funding requirements. IFRIC 14 applies to periods beginning on or after January 1, 2008. Exceptionally, IFRIC 14 does not require full retrospective implementation. The implementation is required at the beginning of the first period for which the Interpretation applies. This interpretation is currently inapplicable to the Company's activities.

IFRS 8: Operating Sectors

IFRS 8 Operating Sectors replaces IAS 14 Financial Information per Sector. The main changes are summarized as follows:

1. The results for every sector are based on the operating results of each separate information sector. The results of the operating sectors do not include the financial cost and revenue, including the results from investments in the companies' share capital, as well as the results from taxes and discontinued activities.

2. Moreover, for the purpose of administrative decisions concerning the distribution of resources to operating sectors, and also for the purpose of assessing sector efficiency, the following expenses are not taken into consideration: benefits to the employees because of retirement and the cost resulting from the settlement of equity based transactions.

It applies to periods from January 1, 2009

IAS 23: Borrowing Cost (Revised 2007)

The revised IAS 23 abolishes the choice of immediate recognition as expenses incurred in the borrowing cost concerning the acquisition, construction or production of a fixed asset. The distinguishing feature of this fixed asset is that a considerable amount of time is needed before it is suitable for use or sale. However, a business is required to capitalize such borrowing costs as part of the fixed asset cost.
The revised Standard applies to borrowing costs concerning fixed assets that meet the requirements and the date of its implementation is on or after January 1, 2009.

IAS 1: Presentation of Financial Statements

The basic modifications of this Standard are summarized in the separate presentation of the changes in the Company's equity that arise from transactions with the shareholders in their capacity as shareholders (eg. dividends, increases in share capital) stemming from the remaining changes in the Company's equity (eg. conversion reserves). In addition, the improved edition of the Standard brings about changes to the terminology and presentation of Financial Statements.

The new definitions for the Standard, however, do not affect the rules for the identification, measurement or publication of specific transactions and other events required by other Standards.

The amendment of IAS 1 is mandatory for the periods beginning on or after January 1, 2009, while these demands also apply to IAS 8 "Accounting policies, changes to accounting estimates and errors". The changes brought about by the amendment to IAS 1 are applied retrospectively (IAS 8.19 (b)). Earlier application is encouraged, provided this is made known in the explanatory notes that accompany the Company's Financial Statements.

On the basis of the existing structure of the Group and the current accounting policies, the Management does not expect any significant impact on the Group's financial situations from the application of the above Standards and interpretations, when these become applicable. The impact from the application of the revised IAS 23 has not yet been determined. As mentioned above, the revised IAS 23 abolishes the choice of immediate recognition as borrowing cost concerning the acquisition, construction or production of a fixed asset. This is expected to affect the assessment of fixed assets internally created within the framework of the Group's research and development. The policy implemented so far had to do with the immediate posting of the financial expenses to the results of the corresponding year. The change in the accounting policy for the identification of these expenses will affect basically the moment the expense is recognized, as well as the way of presenting it (financial cost as opposed to depreciation).

IFRS 3: Consolidation – 2007 Revision and Subsequent Amendments to IAS 27, 28 and 31

The revised Standard introduces significant amendments to the application of the method of take-over for the depiction of consolidation. The changes in the Standard include the possibility of depicting the rights of third parties without control (minority rights) in their fair value. In addition, the revised Standard defines that the purchase of additional percentage in an affiliated company or the sale of part of the shares of an affiliated company have to be accounted as a transaction with the Company shareholders and any difference to be recognized as equity. The revised IFRS 3 applies to company take-overs concluded at different accounting periods, beginning on July 1, 2009, while it is not required that consolidation completed before the adoption of the revised Standard should be readjusted. Consequently, the application of this revision is not expected to affect the Company's current financial circumstances.

IFRS 2: Benefits depending on Share Value – 2008 Revision: Consolidation of Rights and Cancellations

The revision of the Standard specifies that the only prerequisites for consolidation are those of service and productivity, whereas any other piece of evidence will be taken into account during the evaluation of the rational value of the relevant benefits on the date of concession. The Bank is in the process of assessing the consequences from the application of the above revision. The revision, which will be mandatory from January 1, 2009, is currently inapplicable to the Company's activities.

IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – 2008 Revision: Recoverable Financial Instruments and Obligations During Liquidation

This Revision determines the classification of certain recoverable financial instruments as well as the conditions of certain instruments which compel the issuer to a proportional payment of his net assets during liquidation. The relevant Revision, which is mandatory from January 1, 2009, is currently inapplicable to the Company's activities.

The Group does not intend to implement any of the Standards or Interpretations any sooner.

- **IAS 1 Presentation of Financial Statements**

Due to the issuance of IFRS 7, some amendments to IAS 1 Presentation of Financial Statements were necessary. Requirements were added to IAS 1 that an entity shall disclose information that enables users of its Financial Statements to evaluate the goals, policies and management of the Group’s capital.

- **IFRS 7 Financial Instruments: Disclosures**

IFRS 7 adds certain new disclosures about financial instruments to those currently required by IAS 32. IFRS 7 also puts all of those financial instruments disclosures together in a new standard on Financial Instruments Disclosures. The remaining parts of IAS 32 deal only with financial instruments presentation matters. In addition, the consolidated Financial Statements include the following disclosures:

1. Information about the nature and extent of risks arising from financial instruments and

2. Maturity analysis of financial liabilities that shows the contractual obligations included to the presented Financial Statements. The first use of the current standard didn't have any restatements for the previous year at the cash flow statement, net earnings, or any account of the Balance Sheet.

There are no other standards, amendments and interpretations starting from 2007 that have to do with the Group's activities.

2.1.2. Standards, Modifications and Interpretation in Existing Models Which Still Have Not Been Implemented or Adopted.

The following new Standards and Revisions of Standards and interpretations for the existing models have been published, which however are not obligatory for the presented economic situations and which the Group has not previously adopted:

2.2. Significant Accounting Judgments, Estimations and Assumptions

The preparation of Financial Statements in accordance with IFRS requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities on the date of the Financial Statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and judgments 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.

Judgments

The basic judgments made by the Group's management (apart from judgments related to estimates presented below), with the strongest impact on the amounts recognized in the Financial Statements, are mainly related to:

- **Classification of investments**
- **Recoverability of accounts receivable**
- **Obsolescence in inventory**

Estimates and Assumptions

Certain amounts included in or affecting our Financial Statements and related disclosure must be estimated, requiring us to make assumptions with respect to values or conditions which cannot be known with certainty at the time of preparation of the Financial Statements. An accounting estimate is deemed consequential when it contributes significantly to a better understanding of a company's situation and results and compels the management to make very difficult, subjective or complicated judgments, often as a result of the pressing need for estimates to do with the possible effect of uncertain assumptions. The Group evaluates such estimates on an ongoing basis, drawing on previous results and experience, consultation with experts, trends and other methods considered reasonable in the particular circumstances, as well as forecasts as to how these might change in the future. The accounting policies that have been selected from acceptable alternatives are detailed in Note 3 "SUMMARY OF THE ACCOUNTING POLICIES".

Estimate of Decrement

The Group checks annually the existing goodwill for possible decrement and examines the facts or conditions that render likely the existence of decrement, such as a significant unfavorable change in the corporate milieu or a decision for sale or disposal of a unit or functional sector. The determination of the existence of decrement requires calculations for the recoverability of the corresponding unit. The recoverable sums from a Cash Generating Unit (C.G.U.) are based on calculations of value of use. These calculations require the use of estimates.

If this analysis indicates the need for decrement, its measurement requires an estimate of the fair value for each recognized tangible element or asset. In this case, the approach used for cash flows is the one by independent actuarials mentioned above, as appropriate.
Similarly, checks for possible decrement are carried out for other recognized intangible elements with specified useful life, which are subject to depreciation, by comparing the accounting value to the sum of the non-discounted cash flows that the asset is expected to generate. The Group annually checks for any goodwill depreciation, according to the accounting policy, as reported below.

Income Tax

LAMPSA S.A. is subject to income tax from various tax authorities. For the determination of income tax provisions, important estimates are required. There are a lot of transactions and calculations for which the precise tax determination is uncertain, in the usual course of business conducted by the Company. LAMPSA S.A. recognizes obligations for anticipated subjects of tax control, based on estimates for the sum of additional taxes that may be due. When the final result for the taxes arising from these issues differs from the sum which initially had been recognized in the Financial Statements, the differences affect the income and provisions for deferred taxation of the period when these amounts are finalized.

Provisions

The precarious accounts are portrayed with the sums which are likely to be recovered. The estimates for the sums that are expected to be recovered result from the analysis as well as from the experience of the Group with regard to the possibility of precarious customer behaviour. As soon as it becomes known that a specific account is subject to a higher than normal level of credit risk (e.g. a low credibility customer, or a dispute regarding the existence or exact amount of a claim), the account is analyzed and subsequently labelled as precarious, if the conditions indicate that the claim is impossible to collect.

Potential Issues

The Group is involved in judicial claims and compensations in the usual course of its business. The management estimates that settlement of these claims would not influence considerably the economic position of the Group on December 31, 2007. Nevertheless, the determination of potential obligations that are related to judicial claims is a complicated process that includes estimates with regard to the likely consequences and interpretations of the laws and regulations. Changes in the estimates or interpretations may lead to an increase or decrease in potential obligations of the Group in the future.

3. SUMMARY OF THE ACCOUNTING POLICIES

3.1 General

The main accounting policies that have been used in the drafting of these consolidated Financial Statements are summarized below.

It should be noted, as it was reported in more detail above (supra, par. 2.2 "Important Accounting Judgments, Estimations and Assumptions"), that accounting estimates and assumptions are used in the compilation of Financial Statements. Despite the fact that these estimates are based on the management's best knowledge concerning the current facts and actions, the actual results may eventually be different from the projected ones.

The consolidated Financial Statements are expressed in thousand euros.

3.2. Consolidation and Investment In Associated Enterprises

3.2.1. Subsidiaries

Subsidiaries are all entities whose financial and business policies are under the Group's control. It is understood that LAMPSA S.A. owns and has the control of a subsidiary when it possesses over 50% of the voting rights.

In the process of determining the extent to which LAMPSA S.A. has control over the voting rights of another financial entity, an investigation is carried out into the existence and possible impact of any potential voting rights that might be exercised or converted.

The consolidated Financial Statements pertaining to LAMPSA S.A. include the Financial Statements of the Mother Company as well as those of the financial entities controlled by the Group under full consolidation.

Subsidiaries are consolidated with the method of take-over on the date the Group assumes control and stop being consolidated when such control ceases to exist.

In addition, the acquired subsidiaries are subject to the application of the method of acquisition. This involves the readjustment to fair value of all recognizable assets and contingent liabilities, including any possible obligations undertaken by the subsidiary, on acquisition date, whether or not these have been included in the subsidiary's Financial Statements before its acquisition. During the initial recognition, the subsidiary's assets and liabilities are included in the consolidated Balance Sheet at the readjusted amounts, which are also used as the basis for their subsequent evaluation in accordance with the Group's accounting policies. Goodwill represents the amount in excess of the acquisition cost above the fair value of the Group's share in the recognizable assets of the acquired subsidiary’s group during its acquisition. If the acquisition cost is less than the fair value of the acquired subsidiary's net assets, the difference is directly recognized in the results.

The subsidiaries' accounting policies were modified where that was deemed necessary, so that they be in line with the policies adopted by the Group. Intra-company claim and obligation accounts, transactions, income and expenses as well as any non-realized profits or losses between the companies are written off.

3.3. Element Conversion Into Foreign Currency

The consolidated Financial Statements issued by LAMPSA S.A. are shown in Euro (€), the functional currency of the Mother Company.

Every financial entity within the Group is entitled to define the functional currency of its choice and the elements that are included in the Financial Statements of each financial entity. In the Separate Financial Statements of the consolidated financial entities, transactions in foreign currency are converted to the functional currency of each separate entity, using the exchange rates that apply on the dates of the transactions (spot exchange rate). Currency profits and losses resulting from such transactions and the conversion of the remaining accounts using the current exchange rates in effect on the Balance Sheet are recognized in the account "Financial income/(expenses)", respectively, apart from the case of profits or losses of the compensating medium, which are used as effective counterbalance and are directly recognized as equity capital through the statement of changes in equity.

Changes to stock fair value expressed in foreign currency that are made available for sale are distinguished into changes arising from differences in currency conversion that result from the change in the stock depreciated value and remaining changes to stock accounting value. Changes from the conversion to do with changes in depreciated cost are recognized in the results, and other changes to the accounting value are carried to equity.

Changes from conversion of non-monetary assets and liability financial elements are posted as part of the profits or losses in fair value.

Differences from conversion of non-monetary asset and liability elements, such as assets at fair value through the results, are recognized in the results as part of profits or losses in fair value.

Differences from conversion of non-monetary assets, such as assets made available for sale, are included in equity capital reserves to do with financial elements made available for sale.

In the consolidated Financial Statements, all the Separate Financial Statements of the subsidiaries and those of the financial entities under joint control, which originally manifest themselves in a currency that is different from the Group's functional currency (none of which is in possession of currency in an over-inflationary economy), are converted into euros.

Assets and liabilities are converted into euros using the exchange rates applicable on the closing of the day of the drafting of the Balance Sheet.

Income and expenses are converted into the Group's presentation currency using the average exchange rates that apply during the reference period, unless there are significant fluctuations in the exchange rate, whereby income and expenditure are converted using the exchange rates applicable on the transaction dates.

Any differences arising from this procedure are transferred to the reserves from Balance Sheet conversion to owner's equity.

Goodwill and adjustments to fair value that arise from the acquisition of a financial entity abroad are regarded as assets and liabilities of the financial entity abroad and have been converted into euros using the currency rate at the closing of the day.

During consolidation, currency exchange differences resulting from converting the net investment in financial entities abroad, as well as from loans and other numismatic means, which have been set up as a counterbalance to a clear investment in a financial entity abroad, are incorporated directly into equity capital through the statement of changes in equity.

When a financial entity abroad has been partly disposed of or sold, any currency exchange differences that have not been recorded as equity capital are recognized in the results of the period they were made available or sold as part of the profits or losses from the sale.

3.4. Financial Information per Sector

A business sector is defined as a group of asset elements and activities providing goods and services, which are subject to different risks and yields from those of other business sectors. A geographical sector is defined as a geographical region where goods and services are made available, and which is subject to different risks and yields from other regions. The Group is active in the exploitation of hotels and related activities. Geographically, the Group is active in Greece and Serbia.

3.5. Income and Expenses Recognition

Income is recognized when an influx of financial benefits is anticipated for the financial entity and these benefits can be reliably estimated.

The income is estimated on the fair value of the collected claims and is free from value added tax, returns and deductions of any kind, after the sales have been confined within the Group.

The level of income is said to be reliably estimated when all possible obligations related to the sale have been resolved.

Sales of Goods

The income from the sale of goods is recognized when the substantial risks and the benefits from the ownership of goods have been transferred to the buyer, usually by the dispatch of goods.

Sales of Services

Revenue from agreements of specified value is recognized on the basis of the stage of completing the transaction on the date of the Balance Sheet. According to the method of percentage completion, income is generally recognized on the basis of the activity involved in the provision of services and the performance to this day, as a percentage of all services to be provided.

When the outcome of the transaction that has to do with the provision of services cannot be reliably estimated, the income is recognized to the extent that the recognizable expenses are recoverable.

The agreed selling price for services provided at a later date is entered into a transit account and is included in the income of the period when the services are provided. This deferred income is included in the account labeled "other obligations".

In case the initial estimates of the income change, the expenses or the degree of completion are subject to reviewing. These reviews can lead to an increase or decrease in the estimated income or expenditure and appear under income for the period. The circumstances under which reviewing is deemed necessary are announced by the management.

Interest Revenue

Interest revenue is recognized using the method of real interest rate, which is the rate of interest that accurately discounts future cash payments or returns for the expected lifespan of the financial instrument or, when required, for a shorter period of time, the net accounting value of the financial asset or liability.

When a claim has been depreciated, the Group reduces the accounting value to the amount that is likely to be recoverable, which is the amount that results from estimated future cash flows, discounted at the real rate of interest of the instrument and continues with the periodic reversal of the discount as interest revenue. Interest revenue on loans that have been depreciated is recognized at the initial real rate of interest.

Rights Revenue

Rights revenue is recognized in accordance with the principle of accrued income/ expenses, depending on the essence of the relevant agreement.

Dividend Revenue

Dividend revenue is recognized when the shareholders' right for payment is finalized.

Functional costs are recognized in the statement of results during the provision of the service or its creation date. Expenses paid for warranties are recognized and are debited to the relevant provision when the corresponding income is recognized.

Borrowing Cost

Borrowing costs are originally filed according to their current value, where bank expenses and commission are included.

Any difference that may arise between collections (with transaction expenses deducted) and payment is recorded in the statement of results during the loan period using the effective interest rate method.

Loan obligations are classified as short term, except those where the Group has the right to defer the discharge of the obligation for 12 months or more after the date of the Balance Sheet.

3.6. Goodwill

Goodwill acquired in a company consolidation is initially assessed at cost value, as its comprises the excess cost in company consolidation above the acquisitor's participation in the net fair value of the recognizable assets, liabilities and contingent liabilities. After the initial recognition, goodwill is assessed at cost value minus any accrued depreciation losses. The acquisitor examines the goodwill for value depreciation on an annual basis or even more often if the events or changes in circumstances indicate that the goodwill could be depreciated.

The procedure for investigating the value depreciation is described in the following paragraph.

3.7. Remaining Intangible Assets and Research and Development Activities

An intangible asset is originally assessed at acquisition value. The cost of an intangible asset acquired in a company consolidation is the fair value of this asset on the date of its acquisition.

After the original recognition, intangible assets are assessed at their cost minus its accrued depreciation and any impairment that may have arisen.

The acquired licences for software are capitalized on the basis of the expenses incurred for the acquisition and installation of the specific software.
Expenses related to the maintenance of the electronic software are recognized as expenditure for the period when they occur.

The useful life of the intangible assets is either limited or unlimited, depending on their intrinsic nature.

Intangible assets of limited useful life are depreciated during their useful life and depreciation begins when the asset is available for use and is recognized in the results as part of the operating costs.

The period and method of depreciation are reviewed at least at the end of each period. If the anticipated useful life or the anticipated consumption rate of future financial benefits incorporated in the asset have changed, the depreciation period or the method are adjusted accordingly. Such changes are treated in accounting as changes in accounting estimates.

Intangible assets of indefinite useful life are not depreciated but monitored at least on an annual basis for possible impairment and for the purpose of determining the extent to which the management's assessment for the indefinite useful life of these intangible assets is supported. If it is not supported, the change in reassessing the useful life from indefinite to limited duration is considered in accounting as a change in an accounting estimate on the basis of IAS 8

3.7.1. Acquired Software

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

Expenses that are capitalized are depreciated with the constant depreciation method in accordance with their estimated useful life (three to five years). In addition, the acquired software is also subject to a check on the depreciation of its value.

3.8 Tangible Assets

Landed property owned for production purposes or management are listed at their respective acquisition cost. As it is not feasible to determine a limited useful life, the relevant accounting values are not subject to depreciation.

Buildings, technical equipment and furniture are listed at their acquisition value or their acquisition value reduced by the amount of accrued depreciations and any accrued depreciation losses. The cost includes the cost of parts for some sections of the tangible assets which need replacing at regular intervals, if the criteria for their recognition are met.

The costs of daily maintenance of tangible assets are recognized in the results when they occur.

If the accounting value of tangible assets has been depreciated or sustained impairment loss, this is carried out as set out below.

The loss or gain from making landed property available will be determined as the difference between the net product made available, if applicable, and the accounting value of the element, and will appear in the results.

Depreciation has been calculated with the constant method for the duration of the useful life of the assets.
Buildings acquired through leasing agreements are depreciated for the duration of their estimated useful life (determined in connection with comparable privately-owned assets), if of a shorter duration.

The useful life of the tangible assets is summarized below:

Buildings-fixtures	2% - 3%
Machinery and mechanical equipment	15%
Transportation equipment	15%
Furniture	15%
Office machines and telecommunication equipment	20%
Printers/hardware	24%

Residual values, useful life and depreciation methods are re-examined and adapted, if necessary, at the end of every period.

3.9. Leasing

The assessment whether an agreement contains an element of leasing is conducted in the beginning of the agreement, taking into consideration all available evidence and any particular circumstances. After the beginning of the agreement, it is reassessed to determine whether it contains an element of leasing, when one of the following applies:

a. There is a change in the terms of the agreement, unless the change is simply the renewal or extension of the agreement
b. The right to renewal is exercised or an extension is agreed upon, unless the term pertaining to the renewal of extension was originally included in the lease period
c. There is a change as to whether fulfilment depends on a specified asset
d. There is considerable change in the asset

If an agreement is reassessed, the accounting approach to leasing is applied, from the date when the change in the circumstances necessitates reassessment for cases (a), (c) or (d), and from the renewal or extention date for case (b).

3.9.1. The Group as Lessee

The ownership of an asset on lease is transferred to the lessee, if essentially all risks and benefits related to the asset on lease are transferred to him, irrespective of the legal form of the agreement. At the beginning of the lease, the asset is recognized at its fair value or, if lower, at the current value of the least number of lease payments, including any extra payments that may exist, covered by the lessee. A corresponding amount is recognized as obligation derived from the lease, whether or not some of the lease payments are made in advance at the beginning of the lease.

The a posteriori accounting handling of assets that have been acquired through leasing agreements, e.g. the depreciation method and determination of their useful life, is that applied to assets not acquired through leasing agreements. The accounting handling of the corresponding obligation has to do with its gradual reduction, on the basis of the least number of rent payments reduced by the amount of financial charges, which are listed as expenses under financial expenditure. The financial charges are distributed throughout the rental period, and represent a constant periodical rate of interest on the remaining outstanding payments.

All other remaining leases are treated as operating leases. Payments for lease agreements are listed as expenses in the results on the basis of the direct method (entry-exit correlation). The related expenses, such as maintenance and insurance, are listed as expenses, when they occur.

3.9.2. The Group as Lessor

The leases whereby the Group does not transfer essentially all risks and gains arising from the asset are listed as operational leases. Initial immediate costs levied on the lessors for negotiating and concluding an agreement for operating leasing are added to the accounting cost of the asset on lease and are listed as leasing costs for the duration of the lease.

3.9.3. Control of Goodwill Depreciaton, Intangible and Tangible Assets

The Group's goodwill, intangible and tangible assets are subject to depreciation checks. For the purpose of depreciation assessment, certain assets are grouped together at the lowest level, where the grouping is at the lowest recognizable element group of the assets that generates cash flows from usage (Cash Generating Units). As a result, certain assets are examined in isolation for possible depreciation, while others are examined as Cash Generating Units.

The resulting goodwill is distributed among the Cash Generating Units (C.G.U.s), which are expected to benefit from the combined effects of company consolidation. C.G.U.s represent the lowest level in the Group where goodwill is monitored to serve the management's purposes.

Losses from reduction in the value of a C.G.U., which has been allocated goodwill, initially lower goodwill to accounting value. Any remaining depreciation loss is proportionally distributed among the remaining assets of the C.G.U.

When the Group sells an activity that is included in a C.G.U., which has been allocated goodwill, goodwill is taken into consideration during the determination of the gain or loss from the activity provided and it is proportionally allocated to the activity on sale. In this context, the goodwill made available is calculated on the basis of the relevant values of the activity made available and the retained part of the C.G.U..

Alternatively, when the Group can reliably estimate and prove that some other method better reflects the goodwill related to the activity provided, this method is adopted.

Note 3.6 provides further details about the initial recognition of goodwill.

The assets or the C.G.U.s that include part of the goodwill, the remaining intangible assets of indefinite useful life and the assets that are not yet available for usage are examined for possible decrement at least on an annual basis. The remaining assets and C.G.U.s are examined for possible decrement in those cases where there are indications that the accounting value might not be recoverable. Decrement loss is recognized to the amount by which the accounting value of the assets or the C.G.U.s exceeds the recoverable value. Recoverable value of an asset or C.G.U.is the highest amount between fair value and value of use (resulting from the assessment of the discounted future cash flows of the asset or C.G.U.).

With the exception of goodwill, all assets are reassessed at a later date in cases when the decrement loss that had originally been specified ceases to exist.

3.10. Financial Assets

The Group's financial assets include loans and claims.

Decrement estimation is conducted at least on the date of publication of the Financial Statements, whether or not there is objective evidence that a particular financial element or a group of financial elements has suffered value depreciation.

3.10.1. Loans and Claims

Loans and claims are non-derivative financial assets with fixed and defined payments which are not assigned a stock market value in an active market. They are created when the Group provides money, goods or services directly to a debtor without the intention of commercial exploitation. Loans and receivables are evaluated at the depreciated cost on the basis of the method of the real rate of interest reduced by the amount corresponding to anticipated decrement. Any change in the value of the loans and claims is recognized in the results when the loans and receivables are deleted or their value is depreciated as well as during amortization.

Certain receivables are investigated for possible decrement as per individual receivable (for example, for each client separately) in cases when the collection of a receivable is overdue on the date of the financial statement or in cases when objective evidence indicates the need for their decrement. The remaining receivables are grouped together and tested for possible decrement in their entirety. The features shared by the groups are geographical distribution, area of activity of the contracting parties and other common features of credit risk that characterize them, if any such features exist.

The receivables and loans are included in current assets, except those with maturity date 12 months after the submission date of the Balance Sheet. These are labeled non-current assets. On the Balance Sheet they are classified as commercial and other claims and form the largest part of the Group's financial assets.

3.11. Reserves

Reserves include purchased raw materials, materials and goods.

The cost includes all the expenses incurred for the inventories to end up at their current position and condition, which are directly returnable to the production process, as well as part of the general expenses to do with production, which is absorbed on the basis of the normal efficiency of the production installation.
The financial cost is not taken into consideration.

On the day of the Balance Sheet, inventories are assessed at the lowest value per kind of product between acquisition cost and net realizable value.

Net realizable value is the estimated selling price in the normal course of the Company activities less the estimated cost of completion.

The cost is specified using the average cost method.

3.12. Income Tax Accounting

3.12.1. Current Income Taxation

Current taxation claim/liability includes those liabilities or claims levied by tax authorities during the current period or previous reference periods which have not been settled until the submission of the Balance Sheet.

These are calculated in accordance with the tax rates and taxation laws that apply in the corresponding fiscal year, on the basis of the taxable profits for that year. All changes to current taxation claims or liabilities are listed as taxation cost in the results.

3.12.2. Deferred Income Tax

Deferred income tax is calculated by the Balance Sheet liability method that focuses on temporary differences. This includes the comparison between the accounting value of the claims and liabilities of the consolidated and the corresponding tax bases.

Deferred tax claims are recognized to the extent that they are likely to be offset by future income taxation.

Deferred tax claims are recognized for all taxable temporary differences.

Deferred tax is not recognized for temporary differences to do with investments in subsidiary companies if the reversal of these temporary differences can be controlled by the Company, and it is probable that the temporary difference will not be reversed in the foreseeable future.

In addition, taxation losses that can be transferred to subsequent periods as well as the taxation credit for the Group are recognized as deferred tax claims.

No deferred tax is recognized at the initial recognition of a claim or liability in a transaction that is not part of Company consolidation and at the moment of transaction it influences neither the accounting profits nor the taxable profits or losses.

Deferred tax claims and liabilities are calculated using the tax rates that are expected to apply in the period during which the claim or liability will be settled, taking into consideration the tax rates that have been instituted or essentially instituted until the submission day of the Balance Sheet.

Most changes in deferred tax claims or liabilities are recognized as tax expenses in the results. Only changes in deferred tax claims or liabilities that are related to a change in the value of the claim or liability, which is directly debited to equity, are directly debited or credited to equity.
The Group recognizes an earlier not recognized deferred tax claim to the extent that it is probable that future taxable profits will enable the recovery of the deferred tax claim.

The deferred tax claim is reviewed on every submission date of the Balance Sheet and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to enable the utilization of the benefit resulting partly or in whole from the deferred tax claim.

3.13. Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and Company funds, as well as short-term, high liquidation investments, such as money market values and bank deposits that expire in three months or less. Money market values are financial assets posted to fair value in the results.

For the purpose of consolidated Statements of Cash Flows, cash and cash equivalents consist of the cash and cash equivalents as determined above, to the exclusion of any outstanding bank overdrafts.

3.14. Equity

Share capital is determined according to the nominal value of the issued shares. Common shares are posted to equity.

The increase in share capital with cash payments includes any difference above fair value at the initial issuance of the share capital. Any transaction cost related to the issuance of shares and any relevant income tax gain that may arise are deducted from the increase in share capital.

If the financial entity acquires equity shares, these instruments (the "equity shares") are deducted from the equity capital. If these shares are later re-issued, the amount received (free from relevant transaction costs and income tax benefit) is included in the equity capital that are apportioned to the share holders. During the purchase, sale, issuance or cancellation of equity shares of the financial entity, no profits or losses is recognized in the results.

The readjustment reserves include profits and losses resulting from the readjustment of certain financial assets and tangible assets. Currency differences from the conversion are included in the readjustment reserves. The detained profits are included in the current results and those of previous periods, as they appear in the results.

3.15. Retirement Benefit and Short-Term Employee Benefits

3.15.2. Retirement Benefits

A program of defined benefits is a pension scheme that is not classified as a program of defined contributions. Formally, defined contribution programs determine the benefit payment to the employee on retirement, which usually depends on a number of factors, such as age, years of service and compensation scheme.

The obligation posted to the Balance Sheet for retirement programmes of defined benefits is the present value of the obligation for defined benefit payments on the date of the Balance Sheet of the non-recognised proportional profits or losses and expenses of previous employment. The defined benefit obligation is calculated annually by independent actuarials with the use of the Projected Unit Credit Method. The current value of the defined obligation for benefit payments is determined through the prepayment of the anticipated cash flows using corporate bonds with high yield rates of interest, presented in the currency where the benefit payments will be made, and with expiration date according to the terms of the relevant retirement obligation.

Proportional profits and losses derived from empirical readjustments and changes to proportional considerations at the end of the previous period that are 10% above the fair value of the program's assets or 10% of the obligations for defined benefits, are debited or credited to the results, on the basis of the anticipated remaining average working life of the employees participating in this program.

The cost of previous employment is posted directly to the results, unless the changes to pension schemes are optional for the employees remaining in employment for a specific period of time (finalization date). In this case, the cost of previous employment is depreciated on a fixed basis until the date the benefits have been confirmed.

A program of defined contributions is a pension scheme whereby the Group makes definite contribution payments to an independent administrative entity on a mandatory, contractual or optional basis. The Company will be under no legal or implied obligation to make further contribution payments if the entity does not possess enough assets to make all benefit payments to the employees for current or previous employment. The prepaid contributions are recognized as assets to the extent that a reimbursement or reduction in future payments is possible.

3.15.2. Benefits for Work Termination

Benefit payments due to work termination are made when employment is terminated by the Group before normal retirement date, or when an employee accedes to voluntary retirement in exchange for these benefits.

The Group recognizes these work termination benefits when it is irrevocably bound either to terminate an employee's period of employment in accordance with a detailed formal plan without the possibility of retirement or to provide work termination benefits as the result of an offer to promote volutary work termination. When the benefit payments for work termination are due more than 12 months after the submission date of the Balance Sheet, they are prepaid at present value.

3.16. Financial Obligations

The Group's financial obligations include bank loans and overdrafts, commercial or other kind of obligations and financial leasing. The Group's financial obligations (except loans) are posted to the Balance Sheet, in the accounts "Long Term Financial Obligations" and "Other Commercial Obligations".

The financial obligations are recognized when the Group participates in a contractual agreement of the financial instrument and are written off when the Group is released from this obligation or the obligation is cancelled or expires.

Interest is recognized as expense in the account "Financial Expenses" in the Income Statement.

The obligations from financial leasing are estimated at original value less the amount of capital from financial repayments.

Commercial obligations are in the first instance recognized at nominal value and subsequently evaluated at their depreciated cost less settlement payments.

Dividends to shareholders are posted to the account "Other Short-term Financial Obligations", after they have been approved by the General Meeting of the Shareholders.

Profits and losses are recognized in the Financial Statements, when the obligations are written off, as well as through depreciation.

When an existing financial obligation is exchanged for another obligation of a different kind with the same lender but essentially different terms, or the terms of an existing obligation are considerably modified, such as an exchange or modification, then this obligation is regarded as repayment of the original obligation and recognition of a new obligation. Any differences in the corresponding accounting values are recognized in the results.

3.16.1. Bank Loans

Bank loans provide long-term funding of the Group's functions. All loans are initially measured at cost level, which is the fair value of the received amount to the exclusion of any expenses incurred in taking out the loan.

After their initial recognition, loans are measured at amortized cost and any difference between income and repayment is posted to the results in the corresponding loan period, using the effective interest rate method.

The amortized cost is calculated taking into consideration every cost, discount or above the fair value cost in the payment scheme.

The bond loan represents the obligation undertaken by the Group to honor future coupon payments and capital repayment. The equity capital of the loan represents the value of the right of bondholders for conversion into the Company's common shares and is posted to equity capital (after tax deduction).

3.17. Other Provisions, Contingent Liabilities and Assets

Provisions are recognized when a current commitment can possibly lead to outflow financial resource for the Group, while it can be reliably estimated. Realization time or the amount of outflow may be uncertain.

A current commitment results from the existence of a legal or implied obligation that has arisen from past events, such as product guarantees, legal disputes or contracts.

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

When part or the whole of the required cost for the settlement of a provision is expected to be compensated by another party, the compensation will be recognized only when it is essentially certain that the compensation will be received, if the financial entity discharges the obligation, which is treated as a special asset. The amount of compensation that is recognized cannot exceed the amount of the provision. The cost involved in a condition is posted to the results, after deducting the amount recognized as compensation.

A provision is used only for expenses for which there was an initial provision. Provisions are reviewed on the Balance Sheet date and adjusted to reflect more accurately the current evaluation. Provisions are measured at the anticipated cost that is required for the determination of the current commitment, based on the most reliable evidence that is made available on the date of the Balance Sheet, including the risks and uncertainties related to the current commitment.

When the effect of the timeless value of money is of importance, the amount of provision is the current value of the expenses that are expected to be claimed for the settlement of the obligation. The rate of discount before tax reflects the current market estimates for the timeless value of money and obligation related risks. The rate does not reflect the risks for which future estimates for cash flows have been adapted.

When the discount method is used, the accounting value of a provision increases during every period so as to reflect the passage of time. This increase is recognized as borrowing cost in the results. When there is a number of a similar commitment, the possibility that an outflow will be required for settlement is determined by taking into consideration the category of commitments in its entirety. A provision is recognized even if there is a small likelihood of outflow realization for an element in this category.

If it is no longer likely that an outflow of resources, which incorporate financial gains, will be required for discharging the obligation, the provision will be reversed.

In cases where the outflow of financial resources resulting from current commitments is not likely or the amount of provision cannot be reliably estimated, no obligation is recognized in the consolidated Balance Sheet, unless it is seen in the context of company consolidation.

These contingent liabilities are recognized in the framework of the distribution of the acquisition cost in the assets and liabilities during the consolidation of companies. They are subsequently measured at the highest amount of a comparable provision as described above and the amount that had been originally recognized less any depreciation. Possible inflow of financial benefits for the Group, which do yet satisfy the criteria for an asset, are regarded as contingent claims.

4. GROUP STRUCTURE

The structure of the Group LAMPSA S.A. on December 31, 2007 is presented below:

COMPANY	HEADQUARTERS	% PARTICIPATION	CONSOLIDATION METHOD	PARTICIPATION
LAMPSA HELLENIC HOTELS S.A.	GREECE	Mother		
GRANDE BRETAGNE LTD	GREECE	99.83%	Total	Direct
LUELLA ENTERPRISES LTD	CYPRUS	100.00%	Total	Direct
NORTH HAVEN LTD	HONG KONG	100.00%	Total	Indirect
BEOGRADSKO MESOVITO PREDUZECE	SERBIA	51.00%	Total	Indirect
HARVARD INVESTMENTS CORPORATION	LIBERIA	100.00%	Total	Direct
WORLD SPIRIT S.A.	PANAMA	100.00%	Total	Direct
BELVEN ASSOCIATES	BAHAMAS	100.00%	Total	Indirect

During the examined period, the Group LAMPSA S.A., within the framework of its strategic development, exercised the right of intention, through two affiliated companies, for the acquisition, at the acquisition price, of the shares of the company BELVEN ASSOCIATES, which is eligible for a loan of $ 33,269,892.57 given to the company BEOGRADSKO MESOVITO PREDUZECEE A.D., insured with mortgage on the hotel property. On April 2, 2007, the purchase of the total of shares of the non-listed company BELVEN ASSOCIATES based on the Bahamas was completed. The above companies are consolidated for the first time in the period 01.01-31.12.2007.

5. NOTES ON THE FINANCIAL STATEMENTS

5.1. Financial Information per Sector

The business sectors of continuing activity that are presented include room rental, sales of food and beverages and all remaining activities. The results for the Group for 2007 and 2006 are analyzed per sector as follows:

(in thousand €)					
Basic Type of Presentation – Business Sectors					
Sector Results on 31.12.2007	**Room Revenue**	**Sales of Food & Beverages**		**Not Allocated**	**Total**
Sales	33,743	20,831	3,246	457	58,277
Sales in other sectors					
Net sales	33,743	20,831	3,246	457	58,277
Operating Income	24,159	4,517	1,002	(12,524)	17,155
Net financial costs					(3,730)
Financial entity's share of profits/losses from companies following the net position method					
Profits before tax					13,425
Income tax					(760)
Profit for the year					12,665
Sector results on 31.12.2006					
Sales	25,858	15,905	3,078	479	45,320
Sales in other sectors					
Net sales	25,858	15,905	3,078	479	45,320
Operating Income	15,183	1,726	499	(4,999)	12,410
Net financial costs	(2,041)	(1,036)	(359)	(20)	(3,456)
Financial entity's share of profits/losses from companies following the net position method					
Profits before tax	13,142	690	141	(5,018)	8,954
Income tax	(1,635)	(303)	(129)	(15)	(2,081)
Profits for the year	11,507	387	12	(5,033)	6,873

The results for the Company for 2007 and 2006 are analyzed per sector as follows:

(in thousand €)					
Basic Type of Presentation – Business Sectors					
Sector Results on 31.12.2007	**Room Revenue**	**Sales of Food & Beverage**	**Other**	**Not Allocated**	**Total**
Sales	21,639	15,385	1,761		38,785
Sales in other sectors					
Net sales	21,639	15,385	1,761		38,785
Operating Income	13,348	1,917	173	(5,467)	9,970
Net financial cost					(2,450)
Financial entity's share of profits/losses from companies following the net position method					
Profits before tax					7,520
Income tax					(1,692)
Profits for the year					5,829
Sector result on 31.12.2006					
Sales	19,615	13,314	1,713		34,642
Sales in other sectors					
Net sales	19,615	13,314	1,713		34,642

Operating Income	10,778	1,070	80	(5,041)	6,887
Net financial costs					(1,143)
Financial entity's share of profits/losses from companies following the net position method					
Profits before tax					5,743
Income tax					(1,128)
Profits for the year					4,616

Secondary Information Sector – Geographical Sectors

The Group headquarters are in Greece. The Group is active at home (Greece) and abroad (in Serbia, Cyprus, Hong Kong, Liberia, Panama and the Bahamas).

(in thousand €)

Geographical Sector on 31.12.2007	Greece	Other Countries	Eliminations	Total
Income from clients	39,284	19,063	(69)	58,277
Assets	84,362	47,081		131,442
Investments	1,219	446		1,665
Geographical Sector on 31.12.2006	**Greece**	**Other Countries**	**Eliminations**	**Total**
Income from clients	35,121	10,239	(39)	45,320
Assets	86,113	48,430		134,543
Investments	2,269	927		3,196

5.2. Analysis of Tangible Assets

The plots of land, buildings and machinery were evaluated on the date of transfer to IFRS (01.01.2004) at acquisition value less accrued depreciation value and contingent impairment losses. As for the existing loan obligations of the Group and the Company on 31.12.2007, there were mortgages on the buildings to the amount of € 71.2 million (2006: € 68,823 thousand).

The analysis of the Group's assets is as follows:

(in thousand €)	Land & Buildings	Machinery & Vehicles	Furniture & Other Equipment	Fixed Assets under Construction	Total
Net book value on 01.01.2006	81,765	2,647	2,203	56	86,671
Additions	2,365	92	776	1,405	4,638
Acquisitions through business combination	-	-	-	-	-
sales of assets	(454)	(16)	(40)	-	(510)
Re-classification	-	-	(14)	(1,446)	(1,460)
Estimated cost of acquisition of assets acquired (or fair value) On 05.06.2006	44,397	1,148	2,803	-	48,348
	-	-	-	-	-
Depreciation Cost	(2,220)	(724)	(724)	-	(3,668)
Net book value on 31.12.2006	125,853	3,147	5,004	15	134,018
Additions	565	489	475	-	1,529
Acquisitions through business combination	-	-	-	-	-

sales of assets	-	(44)	(5)	(10)	(60)
Re-classification	368	(165)	(132)	-	71
Depreciation Cost	(2,812)	(875)	(724)	-	(4,411)
Depreciation of assets sold	-	15	-	-	15
Net book value on 31.12.2007	123,974	2,567	4,618	5	131,162

During the year, the Company's net investments in tangible and intangible assets amounted to € 1,219 thousand and include, for the most part, investments for the improvement of the building installations. At Group level, the corresponding amount rose to € 1,665 thousand, which, apart from the Company's net investments, also includes the net investments of the subsidiary company based abroad, in Belgrade. There were no sales of assets in that period by the Group or the Company.

(in thousand €)	**Land & Buildings**	**Machinery & Vehicles**	**Furniture & Other Equipment**	**Fixed Assets under Construction**	**Total**
Net book value 01.01.2006	81,765	2,647	2.203	56	86.671
Additions	1,567	59	690	1.405	3.721
Acquisitions through business combination	-	-	(14)	(1.446)	(1.460)
sales of assets	-	-	-	-	-
Re-classification	-	-	-	-	-
Depreciation Cost	(1,776)	(657)	(412)	-	(2.845)
Net Book Value 31.12.2006	81,556	2,049	2.467	15	86.087
Additions	547	344	315	-	1.206
Acquisitions through business combination	-	-	-	-	-

sales of assets	-	-	(5)	(10)	(16)
Re-classification	-	-	-	-	-
Depreciation Cost	(1,818)	(705)	(421)	-	(2.944)
Net Book Value 31.12.2007	80,285	1,688	2.356	5	84.333

5.3. Analysis of Intangible Assets

The Group's intangible assets are analyzed as follows:

(in thousand €)	Licenses	Software	Costs related to Growth and Development	Total
Net book value on 01.01.2006	**-**	**31**	**-**	**31**
Additions	2	18	-	20
Acquisitions through business combination	-	372	154	526
Sales	-	-	-	-
Amount of depreciation	(2)	(38)	(12)	(52)
Net book value on 31.12.2006	**-**	**383**	**142**	**525**
Additions	-	139	-	139
Re-classification	-	-	-	-
	-	(307)	-	(307)
Amount of depreciation	-	(77)	-	(252)
Sales depreciation	-	-	-	-
Net book value on 31.12.2007	**-**	**138**	**142**	**280**

The Company's intangible assets are analyzed as follows:

(in thousand €)	Licenses	Software	Costs Related to Growth and Development	Total
Net book value on 01.01.2006	**-**	**31**	**-**	**31**
Additions	-	8	-	8
Amount of depreciation	-	(14)	-	(14)
Net book value on 31.12.2006	**-**	**25**	**-**	**25**
Additions	-	17	-	17
Acquisitions through business combination	-	-	-	-
Sales	-	-	-	-
Amount of depreciation	-	(15)	-	(15)
Sales depreciation	-	-	-	-
Net book value on 31.12.2007	**-**	**28**	**-**	**28**

The intangible assets are free from encumbrances.

5.4. Goodwill

The accounting value of goodwill is analysed as follows:

(in thousand €)	Goodwill	Total
Gross transition amount on 31.12.2006	-	-
Total losses due to impairment loss	-	-
Net book value on 1/1/2006	**-**	**-**
Additional goodwill recognized for the present period	3,483	3,483
Goodwill written-off during this period	-	-
Adjustments for recognized deferred taxes	-	-
Goodwill owned in order to be sold	-	-

according to IFRS 5		
Impairment losses	-	-
Other changes	-	-
Exchange rates differences included in cost	-	-
Gross transition amount on 31.12.2006	3,483	3,483
Total losses due to impairment loss	-	-
Net book value on 31/12/2006	**3,483**	**3,483**
Additional goodwill recognized for the present period	-	-
Goodwill written-off during this period	-	-
Adjustments for recognized deferred taxes	-	-
Goodwill owned in order to be sold according to IFRS 5	-	-
Impairment losses	-	
Other changes		
Exchange rates differences included in cost		
Gross transition amount on 31.12.2006		
Total losses due to impairment loss		
Net book value on 31.12.2007	**3,483**	**3,483**

Control Impairment of Goodwill

For the purpose of controlling impairment, goodwill is distributed among the Group's cash generating units (C.G.U.s), which are classified according to the country of operation and business sector. The total value of goodwill has been distributed among the hospitality activities in Serbia (subsidiary BEOGRADSKO MESOVITO PREDUZECE). The subsidiary's recoverable amount was determined on the basis of its value after use. For the calculation of value after use, the anticipated cash flows before tax are used, on the basis of the budgets and provisions approved by the management.

5.5. Investment Analysis for Subsidiaries and Affiliated Companies

The participation of the Mother Company in subsidiaries and affiliated companies is detailed as follows:

(in thousand €)	CORPORATE ELEMENTS		% DIRECT PARTICIPATION	CONSOLIDATED METHOD	BUSINESS SECTION	HEADQUARTERS
	31.12.2007	**31.12.2006**				
GRANDE BRETAGNE LTD	18	18	99.83 %	Total Consolidation	Retailing	Greece
LUELLA ENTERPRISES LTD	11,100	11,082	100.00%	Total Consolidation	Holding Company	Cyprus
HARVARD INVESTMENTS CORPORATION	6,245	0	100.00%	Total Consolidation	Holding Company	Liberia
WORLD SPIRIT S.A.	18,736	0	100.00%	Total Consolidation	Holding Company	Panama
TOTAL	**36,101**	**11,100**				

The Company:

1. Increased the share capital of the affiliated company on Cyprus to the amount of € 19,464.

The investments in subsidiaries are analyzed below:

(in thousand €)	31.12.2007	31.12.2006
Ending balance	**11,100**	**18**
Acquisitions	24,981	11,082
Increase of affiliated companies' share capital	19	
Sales		
Decrease of share capital		
Fair value adjustments (own equity)		
Impairment losses recognized in the results		
Impairment losses reversed in the results		
Exchange rates differences		
Ending balance	**36,101**	**11,100**

Acquisitions in 2007

In the audited period, the Group exercised the right of intention, through two subsidiaries, for the acquisition, at the acquisition price, of the shares of the company BELVEN ASSOCIATES, which is eligible for a loan of $ 33,269,892.57 granted to the company BEOGRADSKO MESOVITO PREDUZECEE A.D., insured with mortgage on the hotel property. On April 2, 2007, the purchase of the total of shares of the non-listed company under the trade name BELVEN ASSOCIATES, based at the Bahamas, was completed. The above companies are consolidated for the first time in the period 1/1-31/12/2007.

From the take-over no goodwill resulted, as the transaction was concluded at the acquisition value of the shares of the company BELVEN ASSOCIATES.

Details of the transaction are listed below:

Purchase Price	24,981
– Percentage of purchase price covered from cash and cash equivalents	-
– Direct expenses related to the acquisition	-
– fair value of issued shares	-
Total Purchase Cost	24,981
fair value of net assets purchased	24,981
Goodwill	**0.00**

The acquisition cost was not further encumbered with additional costs, such as due diligence or various supply costs.

The assets and liabilities on December 31, 2007 from the acquisition are detailed below:

	Fair value recognized at acquisition	Transferred amount of the acquired company
Trade and other receivables	24,981,147.75	24.981.147,75
net assets purchased	**24,981,147.75**	**24.981.147,75**

Cash flow during acquisition:	
Cash and cash equivalents of the acquired company	-
Cash amount of total acquisition cost	24.981.147,75
Net cash flow	**24.981.147,75**

5.6. Analysis of Other Long-Term Claims

The other long-term claims of the Group and the Company relate to guarantees related to rented property and the Greek Public Power Company. These claims are to be collected after the contracts of lease have expired.

5.7. Reserve Analysis

The Group and Company reserves are analyzed as follows:

(in thousand €)	GROUP		COMPANY	
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.2006**
Merchandise	492	479	252	251
Final products				
Raw materials	580	540	186	182
Production materials under development				
Production in process				
Total	**1,073**	**1,019**	**438**	**433**
Devaluation of reserves recognized as cost				
Cross-entry of devaluation				
Total	**-**	**-**	**-**	**-**
Net book value	**1,073**	**1,018**	**438**	**433**

The Group has no pledged reserves.

5.8. Commercial and Other Claims

The Group and Company claims are analyzed as follows:

(in thousand €)	GROUP		COMPANY	
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.2006**
Trade receivables (third parties)	3,345	3,047	2,751	2,505
Cheques receivable	271	190	271	190
Minus: Provision for doubtful debts	(12)	(69)	(12)	
Trade receivables **– Net**	**3,605**	**3,168**	**3,011**	**2,695**
Advance payments	332	81	332	81
Other debtors	897	870	724	620
Payments in advance of	240	264	240	193

production cost Accruals and accrued expenses	140	19	74	19
Other receivables total	**1,609**	**1,234**	**1,369**	**913**
Total	**5,214**	**4,402**	**4,380**	**3,608**

All of the above claims are considered to be of a short duration. The fair value of these short-term financial assets is not independently determined, as the accounting value is a close approximation of their fair value.

5.9. Cash Analysis

Cash availability for the Group and Company is analyzed as follows:

(in thousand €)	**GROUP**		**COMPANY**	
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.2006**
Cash on hand	6,969	137	3,646	131
Short-term bank deposits	5,153	9,889	3,000	7,107
Overdrafts from bank accounts	-	-	-	-
Total	**12,122**	**10,026**	**6,646**	**7,238**

Utilization of the Company's cash has yielded interest (income) to the amount of € 167 thousand.

5.10. Equity Analysis

Equity of the Group and the Company is as follows:

(in thousand €)	**GROUP**		**COMPANY**	
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.2006**
Capital and reserves attributable to the shareholders				
Share capital	23,928	23,928	23,928	23,928
Above par	38,641	38,641	38,641	38,641
Own shares				
Exchange rates	(104)	147		
Other reserves	4,404	2,465	4,401	2,462
Results carried forward	12,225	5,867	7,115	4,934
Total	**79,124**	**71,048**	**74,085**	**69,965**
Minority rights	10,958	8,330		
Total Company’s equity	**90,083**	**79,378**	**74,085**	**69,965**

Of the above sums, statutory reserve is required by law and is derived from the annual profits. It remains in the Company's equity to set off damage that may incur in the future, while it is taxed in the year it is realized, thus it is tax free.

As for the other reserves, they can be distributed among the shareholders, after payment of the corresponding tax.

The Group's and Company's "Other Reserve Funds" are analyzed as follows:

(in thousand €)	Legal Reserves	Special Reserves	Tax Free Reserves Under Special Laws	Other Reserves	Total
Balance on 01.01.2006	**174**	**24**	**726**	**554**	**1.478**
Transfers 2006 changes	130		1.284	(427)	987
Balance on 31.12.2006	**304**	**24**	**2.010**	**127**	**2.465**
Transfers 2006 changes	205		1.734		1.939
Balance on 31.12.2007	**509**	**24**	**3.745**	**127**	**4.404**

(in thousand €)	Legal Reserves	Special Reserves	Tax Free Reserves Under Special Laws	Other Reserves	Total
Balance on 01.01.2006	174	24	726	554	1.478
Transfers 2006 changes	128		1.284	(427)	984
Balance on 31.12.2006	302	24	2.010	127	2.463
Transfers 2006 changes	204		1.734		1.938
Balance on 31.12.2007	505	24	3.745	127	4.400

Analytical presentation of the Group's and Company's Equity are to be found under "Statement of Changes in Equity" of the present compilation.

5.10.1. Share capital

On December 31, 2006, the Company's share capital rose to € 23,927,680, divided into 21,364,000 common registered shares, each one of nominal value of € 1.12. The Company shares are traded in the Athens Stock Exchange.

According to the Company Shareholders' Registry, on March 28, 2008, the date of approval of the Financial Statements, the shareholders with a participation percentage in the Company of over 5% included VENTURE ABILITY S.A., with a participation percentage 65.81% (the corresponding percentage in the last General Meeting of the Shareholders was 49.81%), TALANTON INVESTMENTS INC with 6.21% (the corresponding percentage in the last General Meeting of the Shareholders was 6.21%) and UBS AG, with a participation percentage 5.73% (the corresponding percentage in the last General Meeting of the Shareholders was 5.73%).

The shares of LAMPSA HELLENIC HOTELS S.A. are freely negotiable at the Athens Stock Exchange and participate in the following indices:

Eurocap Mid Cup 50 Index
FTSE / XA Recreation Travels

As for the distribution of dividend, the Company management, taking into account, among others, the Company's efficiency, prospects and investment schemes, proposes the distribution of dividend of € 0.10 per share, compared to € 0.08 per share for 2006.

The net profits of LAMPSA S.A. (after deduction of the income tax), to the amount of € 5,829 thousand, can be made available for dividend distribution for 2007 as follows:

Net profits for the year	5,829
Minus: Proposed statutory reserve	(173)
Profits for distribution to the shareholders	5,656
Proposed dividend	2,136
Dividends per share (in €)	**0.10**

It must be noted that the proposed distribution is subject to approval by the annual General Assembly of Shareholders.

5.11 Provision Analysis

The provisions realized by the Company and the Group on 31.12.2006 and 31.12.2007 are detailed below:

GROUP					
(in thousand €)	**Losses from Shares**	**Other Provisions**	**Tax Audit Differences**	**Other (Legal Claims)**	**Total**
01.01.2006	**50**	**80**	**-**	**-**	**130**
Additional provisions					-
Provisions used	(1)	(20)			(21)
Balance carried on 31.12.2006					-
31.12.2006	**49**	**60**	**-**	**-**	**109**
Acquisition of subsidiary					-
Discount rate adjustments					-
Additional provisions		450	417		867
Provisions used	(4)	(60)	(356)		(420)
Balance carried on 31.12.2007					-
31.12.2007	**45**	**449**	**62**	**-**	**556**

COMPANY					
(in thousand €)	**Losses from Shares**	**Other Provisions**	**Tax Audit Differences**	**Other (Legal Claims)**	**Total**
01.01.2006	**50**	**80**	**-**	**-**	**130**
Additional provisions					-
Provisions used	(1)	(20)			(21)
Balance carried on 31.12.2006					-
31.12.2006	**49**	**60**	**-**	**-**	**109**
Acquisition of subsidiary					-
Discount rate adjustments					-
Additional provisions		450	417		867
Provisions used	(4)	(60)	(356)		(420)
Balance carried on 31.12.2007					-
01.01.2006	**45**	**449**	**62**	**-**	**556**

5.12. Supplier and Other Obligation Analysis

The supplier and other short-term obligations undertaken by the Group and the Company are detailed below:

(in thousand €)	GROUP		COMPANY	
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.2006**
Suppliers	1,569	1,717	1,258	1,352
Bills payable	-	-	-	-
Cheques payable	-	-	-	-
Less interest discount	-	-	-	-
Total	**1,569**	**1,717**	**1,258**	**1,352**

(in thousand €)	GROUP		COMPANY	
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.1**
Down payments of clients	1,158	1,579	1,107	1,57
Social security and other taxes	720	697	712	690
Deferred tax assets for services	-			
Accrued expenses	297	840	294	499
Deferred profits	-			
Other short-term obligations	2,358	1,507	1,735	1,17
Total	**4,533**	**4,623**	**3,848**	**3,93**
Other long-term obligations	2,448	29,691		
Total	**6,981**	**34,314**	**3,848**	**3,93**

The fair values of the commercial and other obligations are not presented separately as, due to their short lifespan, the Management is of the opinion that the accounting values booked to the Balance Sheet, are a reasonable approximation of the fair values.

5.13. Current and Other Taxation Obligations

The Group's and Company's current taxation obligations are listed below:

	GROUP		COMPANY	
(in thousand €)	**31.12.2007**	**31.12.2006**	**31.12.2007**	**31.12.2006**
Current tax liabilities				
Income tax	911	1,861	813	902
Taxes for tax audit differences	-			
Total tax liabilities	911	1,861	813	902
Other tax liabilities				
VAT	105	142	105	142
Employment taxes	93	78	93	78
Taxes and duties for outside services	10	7	10	7
Other tax	32	3	32	3
Total other tax liabilities	240	230	240	230
Total tax liabilities	**1,151**	**2,091**	**1,053**	**1,132**

The VAT obligation and other deducted taxes are presented in the account "Other Short-Term Obligations" (Note 5.12).

5.14. Deferred Taxation Claims and Obligations

Deferred income tax is calculated on the temporary differences, using the tax rates that apply in the countries where the companies in the Group are active. It is estimated that the amounts appearing in the Balance Sheet will be recovered or settled after December 31, 2007. As regards the companies in the Group that are active in Greece, for the purpose of calculating deferred taxation, the rate instituted by Law 3296/2004 (Issue 253/14.12.2004) has been used, which is expected to be in effect for concluding or settling temporary differences, at 25%.

The tax rates in 2007 for the companies that are active abroad are as follows:

Country	Tax Rate
SERBIA	10%
CYPRUS	10%
HONG KONG	17.50%
PANAMA	30%
LIBERIA	20% - 34%
BAHAMAS	0%

The deferred tax claims and obligations undertaken by the Group before their set-off are as follows:

GROUP				
(in thousand €)	**31.12.2007**		**31.12.2006**	
	Deferred Tax Claim	Deferred Tax Obligation	Deferred Tax Claim	Deferred tax Obligation
Tangible assets		(950)		(1,690)
Intagible assets		(1)	101	
Non-current assets	1	-		
Stocks	111	-	260	
Reserves		(256)		(297)
Other claims		-		
retirement benefit obligation	229	-	188	
Deferred tax claim from set-off of tax Losses of previous years		-	1,633	
Deferred tax obligation from profits		-		(507)
Deferred tax obligation from profits of previous years		(616)		(431)
Total	**341**	**(1,822)**	**2,182**	**(2,925)**
Set-off			(815)	815
Effect from the change of tax factor			(50)	142
Net deferred tax claim/(obligation)	**341**	**(1,822)**	**1,317**	**(1,968)**

The deferred tax claims and obligations undertaken by the Company before their offset are as follows:

COMPANY				
(in thousand €)	**31.12.2007**		**31.12.2006**	
	Deferred Tax Claim	Deferred Tax obligatio n	Deferred Tax Claim	Deferred Tax Obligation
Tangible assets		(807)		(732)
Intagible assets		(1)	101	
Non-current assets	1			
Stocks	111		260	
Reserves		(256)		(297)
Other claims	229		188	
retirement benefit obligation			805	
Deferred tax Claim from set-off of tax				(507)
Losses of previous years				
Deferred tax obligation from profits				(431)
Deferred tax obligation from profits of previous years		(616)		
Total	**341**	**(1,679)**	**1,354**	**(1,967)**
Effect from the change of tax factor			(50)	142
Net deferred tax claim/(obligation)	**341**	**(1,679)**	**1,304**	**(1,825)**

5.15. Loan Analysis – Other Long-Term Obligations

The loan obligations undertaken by the Group and the Company, including long- and short-term obligations, are detailed in the following table:

(in thousand €)	**GROUP**		**COMPANY**	
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.200**
Long-term loans				
Bank loan	-			
Bonds	46,026	27,300	46,026	27,300
Total long-term loans	**46,026**	**27,300**	**46,026**	**27,300**
Bank overdraft				
Short-term loans				
Short-term bonds and bank loans	3,139	3,703	3,139	3,703
Total short-term loans	**3,139**	**3,703**	**3,139**	**3,703**
Total of loans	**49,164**	**31,003**	**49,164**	**31,003**

The other long-term obligations refer to obligations of subsidiary BEOGRADSKO MESOVITO PREDUZECE to HYATT for management fees.

The averaged loan rates for the Group and the Company, on the date of the Balance Sheet, are as follows:

	2007	2006
Bank Loans	9.978%	11.583%

The bank loan is insured with mortgage on the landed property and the Group's buildings to the amount of € 71,200 thousand.

5.16. Analysis of Employee Benefits After Leaving Employment

Employee compensation because of retirement: According to the Greek labor legislation, employees are entitled to compensation for dismissal or retirement, the amount of which depends on salary, length of employment and the employee's withdrawal conditions (dismissal or retirement). Employees who are justifiably dismissed or resign are not entitled to compensation. The payable compensation for retirement rose to 40% of the compensation that would be payable in case of unwarranted dismissal. In Greece, in accordance with local practice, such programs are not funded.

The Company posts to the results for accrued services in every period, with a corresponding increase in the retirement requirement. Benefit payments to pensionaries for every period are posted to this obligation. The net obligation in the attached Balance Sheet of the Group and the Company for 2007 and 2006 appear in section "5.11 Provision Analysis".

The number of employees at the end of the current year was 535 people for the Company and 977 people for the Group, compared to 528 and 859 respectively, for the previous year.

The Company has assigned to independent actuarials the task of calculating the Company's obligations resulting from the obligation for retirement compensation. The basic considerations in the percentage calculations on December 31, 2007 are as follows:

	2007	2006
Discount rate	4.80%	4.10%
Future wage increase	3.50%	3.50%
Remaining Expected life of labor force	18.25	18.42

The amounts posted to the Balance Sheet are as follows:

(in thousand €)	2007		2006	
	Defined Benefit Pension Plans	**Total**	**Defined Benefit Pension Plans**	**Total**
Present value of defined benefit schemes liabilities, which are fully or partly funded	1,721	1,721	1,264	1,264
Minus: fair value of the scheme's assets				
Present value of defined benefit liabilities, which are totally unfunded				
Non-recognized net actuarial profits or losses	15	15	(192)	(192)
Previous employment cost non-recognized in the Balance Sheet	(820)	(820)	(318)	(318)
Net liability for retirement scheme included in the Balance Sheet	**916**	**916**	**1264**	**754**

The amounts posted to the Income Statement are:

(in thousand €)	2007		2006	
	Defined Benefit Pension Plans	**Tota l**	**Defined Benefit Pension Plans**	**Tota l**
Current employment cost	158	158	114	114
Interest Cost for benefit Liabilities	51	51	38	38
retrenchment/settlement/staff retirement cost	68	68	13	13
Recognition of previous employment cost	21	21	9	9
Actuarial profits/losses recognized during the year	4	4	2	2
Losses/(profits) from retrenchments and settlements				
Expenses recognized in the Results	**301**	**301**	**176**	**176**

Changes to the current value of the obligation for defined benefit programs are as follows:

(in thousand €)	2007		2006	
	Defined Benefit Pension Plans	**Tota l**	**Defined Benefit Pension Plans**	**Tot al**
Defined benefit liabilities on 01.01.2007	**1,264**	**1,26 4**	**953**	**953**
Employment cost	158	158	114	114
Interest cost	51	51	38	38
Actuarial Profits/Losses	(201)	(201)	70	70
Additional payments or expenses/income	64	64	13	13
Written-off Liabilities through settlements previous employment cost during period	522	522	146	146
Exchange rate differences due to schemes from abroad				
Services paid	(138)	(138)	(70)	(70)
Defined benefit liabilities on 31.12.2007	**1,721**	**1,72 1**	**1,264**	**1,2 64**

The amounts posted to the consolidated Income Statement are as follows:

(in thousand €)	GROUP		COMPANY	
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.2006**
Accumulated provision on 31.12.2005	**648**	**565**	**648**	**565**
Benefits paid by the employer	(70)	(134)	(70)	(134)
Total expenses posted in the results	181	218	176	218
Accumulated provision on 31.12.2006	**759**	**648**	**754**	**648**
Benefits paid by the employer	(138)	(70)	(138)	(70)
Total expenses posted in the results	304	181	301	176
Accumulated provision on 31.12.2006	**925**	**759**	**916**	**754**

5.17. Short-Term Section of the Other Long-Term Obligations

The amount of € 1,729,056.96 (€ 3,739,000.00 for 2006) refers to the short-term section payable at the next obligation period to HYATT, which has undertaken the management of the like-named hotel in Belgrade.

5.18. Result Analysis

- **Turnover**

The table below details the Group and Company revenue per category:

(in thousand €)	GROUP		COMPANY	
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.2006**
Room revenues	33,743	26,266	21,639	19,615
Food and beverage sales	20,831	15,701	15,385	13,314
SPA and health club sales	1,530	1,623	922	829
Telephone revenues	340	234	167	210
Other revenues	1,832	1,496	671	674
Total	**58,277**	**45,320**	**38,785**	**34,642**

- **Expenses per Category**

The cost of sales in 2007 rose to € 32,291 thousand (2006: 28,746) and € 23,350 (2006: 21,662) for the Group and the Company respectively.

The percentage of gross profits is as follows:

	GROUP		COMPANY	
	01.01-31.12.2007	**01.01-31.12.2006**	**01.01-31.12.2007**	**01.01-31.12**
Gross profit percentage	44.59%	36.57%	39.80%	37.47%

The expenditure analysis per category for the Company is as follows:

01.01 - 31.12.2006	**COMPANY**		
	Cost of Sales	**Administrative Expenses**	**Distribution Expenses**
Cost of stock	4,318	-	-
Wages & other benefits of the employees	9,828	2,095	694
Other third-person expenses	952	1,753	781
Professional fees	2,139	38	48
Taxes & duties payable	176	32	13
Other expenses	1,767	262	537
Depreciation	2,865	-	-
Provisions	79	-	-
Stock self use	(464)	-	-
Total	**21,662**	**4,180**	**2,074**

01.01-31.12.2007	**COMPANY**		
	Cost of Sales	**Administrative Expenses**	**Distribution Expenses**
Cost of stock	5,317	-	-
Wages & other benefits of the employees	10,682	2,440	797

Other third-person expenses	990	2,694	942
Professional fees	2,439	40	35
Taxes & duties payable	200	26	8
Other expenses	1,496	489	348
Depreciation	4,013	-	-
Provisions	-	-	-
Stock self use	(1,786)	-	-
Total	**23,350**	**5,690**	**2,130**

The expenditure analysis per category for the Group is as follows:

01.01 - 31.12.2006	**GROUP**		
	Cost of Sales	**Administrative Expenses**	**Distribution Expenses**
Cost of stock	6,965	20	9
Wages & other benefits of the employees	12,107	2,433	789
Other third-person expenses	968	1,764	781
Professional fees	2,130	41	47
Taxes & duties payable	178	32	13
Other expenses	3,199	819	1,000
Depreciation	3,584	-	-
Provisions	79	-	-
Stock self use	(464)	-	-
Total	**28,746**	**5,109**	**2,639**

01.01 - 31.12.2007	**GROUP**		
	Cost of Sales	**Administrative Expenses**	**Distribution Expenses**
Cost of stock	8,235	46	75
Wages & other benefits of the employees	13,864	2,601	1,029
Other third-person expenses	1,024	2,704	942
Professional fees	2,439	40	35
Taxes & duties payable	200	26	8
Other expenses	2,774	864	945
Depreciation	5,542	-	-
Provisions	-	-	-
Stock self-use	(1,786)	-	-
Total	**32,291**	**6,281**	**3,034**

The Group's and Company's other revenue and expenses are detailed as follows:

(in thousand €)	**GROUP**		**COMPANY**	
Other operating income	**01.01 - 31.12.2007**	**01.01 - 31.12.2006**	**01.01 - 31.12.2007**	**01.01 - 31.12.2006**
Other				
Grants and sundry sales income	8	32	8	32
Other revenue	190	560	190	560
Income from rents	366	-	366	-
Commission	44	-	44	-
Income from previous years' provisions	-	6	-	6
Other	863	3,459	66	37
Total	**1,470**	**4,058**	**673**	**635**

Extraordinary income				
Income from exchange rate differences	3,126	**-**	2,485	**-**
Other extraordinary and non-operating income	4	**-**	4	**-**
Income from previous years	2	**-**	2	**-**
Total	**3,132**	-	**2,491**	**-**
Total operating income	**4,602**	**4,058**	**3,165**	**635**

(in thousand €)	GROUP		COMPANY	
Other operating expenses	**01.01 - 31.12.2007**	**01.01 - 31.12.2006**	**01.01 - 31.12.2007**	**01.01 - 31.12.2006**
Other				
Losses from foreign exchange differences	18	22	18	22
Uncertain receivables	30	20	30	20
Provisions	3	15	3	15
Taxes of previous years	476	-	476	-
Security compensations	-	-	-	-
Other compensations	-	-	-	-
Taxes not included in the operating cost	236	341	236	341
Previous years' other expenses	31	76	31	76
Total	**793**	**474**	**793**	**474**
Extraordinary and non-operating expenses	3,326	-	17	**-**
Total operating expenses	**4,119**	**474**	**810**	**474**

5.19. Financial Cost - Net

The analysis of the financial cost for the Group and the Company is as follows:

(in thousand €)	GROUP		COMPANY	
	31.12. 2007	**31.12. 2006**	**31.12.2 007**	**31.12.2 006**
Interest income from:				
- Banks	259	144	167	144
- Gains from participations	34		34	14
Financial Income	**293**	**144**	**201**	**158**
Interest expenses from:				
- Defined benefit retirement Plan	36	26	36	26
- Bank loans	3,905	3,533	2,549	1,240
- Leasing Liabilities	31	5		
- Other banking expenses	65	35	65	35
- Valuation differences of participations and securities	-14			
- Commission paid for letters of guarantee	1	1	1	-
Financial Cost	**4,024**	**3,600**	**2,651**	**1,302**

5.20 Income Tax Agreement

The amount of tax in the profits before tax of the Group and the Company differs from the theoretical amount that would result using the averaged tax rate that applies to the profits of consolidated companies. The relation between the projected tax expense, based on the Group's effective tax rate, and the tax expense that was actually booked to the results, is as follows:

GROUP		
(in thousand €)	**2007**	**2006**
Current year tax	**7,520**	**5,743**
Tax rate	25%	29%
Expected tax expense according to the current tax rate	**1,880**	**1,666**
Adjustment for tax rate differences	-	-
Deferred tax adjustment due to tax rate differences	-	167
	-	-
Adjustment for Income excluded from tax	-	-
- relative to own equity's investments	-	-
	-	-
Tax settlement of the previous financial year	-	-
Adjustment for non excluded expenses	-	-
- Depreciation/Impairment related to goodwill	-	-
- depreciation of leasing	315	33
- other non-excluded expenses	(554)	(735)
Tax decrease due to offsetting losses of previous years	(11)	(4)
Dividends' withholding taxes	62	-
Provision for future taxes	**1,692**	**1,128**

GROUP		
	2007	**2006**
Current year tax	**13,425**	**8,954**
Tax Rate	25%	29%
Expected tax expense according to the current tax rate	**3,356**	**2,597**
Adjustment for tax rate differences	(804)	(262)
Deferred tax adjustment due to tax rate differences	-	190
	-	-
Adjustment for income exluded from tax	-	-
- relative to own equity's investments	-	-
- tax in relation to tax-free income	-	-
Tax settlement of the previous financial year	(937)	-
Adjustment for non excluded expenses	-	-
- Depreciation / Impairment related to goodwill	-	-
- depreciation of leasing	-	-
- other non-excluded expenses	315	33
Tax decrease due to offsetting losses of previous years	(1,220)	(473)
Dividends'Withholding taxes	(11)	(4)
Provision for future taxes	62	-
Realized net tax expense	**760**	**2,081**

The applicable average tax rate for the Company is 22% (2006: 20%). The tax rate for 2007 was reduced from 29% to 25%. In addition, provisions for contingent taxes were made, while taxes were levied on the Company in previous years.

(in thousand €)	**GROUP**		**COMPANY**	
	2007	**2006**	**2007**	**2006**
Income tax for the year	813	1,651	813	698
Future tax provision	61	0	61	0

Deferred results tax	824	430	817	430
Tax settlement of the previous financial year	(938)	0	0	0
Current tax expense	760	2,081	1,691	1,128

5.21. Profit Analysis per Share

The basic profits per share are calculated by dividing the profits or losses attributable to holders of common shares of the mother financial entity by the average number of current common shares in the accounting period.

(in thousand €)	**GROUP**		**COMPANY**	
	2007	**2006**	**2007**	**2006**
Net profits attributable to shareholders	10,036	5,771	5,829	4,616
Weighted average of common shares	21,364,000	21,364,000	21,364,000	21,364,000
Basic earnings per share (€/share)	0.4698	0.2701	0.2728	0.2161

5.22. Transactions with Affiliated Companies

None of the transactions contains special terms or conditions and no guarantee has been received or given.

(in thousand €)	**GROUP**		**COMPANY**	
Sales of services				
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.2006**
Mother Company				
Subsidiary Company	69	39	69	39
Holding Company				
Manager				
Total	**69**	**39**	**69**	**39**
Purchases of services				
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.2006**
Mother Company				
Subsidiary Company	69			
Holding Company				
Manager				
Total	**69**	**-**	**-**	**-**
Loans to related parties				
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.2006**
Mother Company				
Subsidiary Company	1,529			
Holding Company				
Manager				
Total	**1,529**	**-**	**-**	**-**
Loans from related parties				
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.2006**
Mother Company				
Subsidiary Company	1.529			
Holding Company				
Manager				
Total	**1.529**	**-**	**-**	**-**

Claims

	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Mother Company				
Subsidiary Company	21,656	21	57	21
Holding Company				
Manager				
Total	**21,656**	**21**	**57**	**21**

Suppliers/Creditors

	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Mother Company				
Subsidiary Company	21,656	21	57	21
Holding Company				
Manager				
Total	**21,656**	**21**	**57**	**21**

Settlement of the balance is concluded in cash. For the period that ended on December 31, 2007, the Company has made no provision for any bad debts that may be linked to the amounts owed by the affiliated companies.

From the above transactions, the transactions and balance with subsidiaries have been written off in the Group's consolidated financial elements.

5.23. Employee Benefits

Benefits to the employees of the Company and the Group are as follows:

(in thousand €)	**GROUP**		**COMPANY**	
	01.01-31.12.2007	**01.01-31.12.2006**	**01.01-31.12.2007**	**01.01-31.12.2006**
Wages, salaries, bonus	12,908	11,112	10,107	8,957
Social security expenses	3,292	2,998	2,743	2,579
Employment provisions	1,034	1,104	924	971
Provisions for staff retirement	261	113	145	110
Total	**17494**	**15,329**	**13,919**	**12,617**

	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.2006**
Number of employees	977	895	535	528

5.24. Contingent Claims - Obligations

There are no pending cases of court or arbitration decisions that may have a significant impact on the financial position or operation of the Group.

The un-audited periods for the companies in the Group are as follows:

Company Name	Un – Audited Fiscal Years
LAMPSA HELLENIC HOTELS S.A.	-
GRANDE BRETAGNE LTD	2004-2007
LUELLA ENTERPRISES LTD	2007
NORTH HAVEN LTD	2000-2007
BEOGRADSKO MESOVITO PREDUZECE	2005-2007
HARVARD INVESTMENTS CORPORATION	2007
WORLD SPIRIT S.A.	2007
BELVEN ASSOCIATES	2005-2007

For the un-audited periods to do with the companies in the Group, there is a possibility of extra taxes and superaddition levied by the relevant tax authorities during the time taken for these periods to be audited and the results finalized. For these un-audited periods, the Company and the Group have made adequate provision for contingent taxation.

5.25. Guaranties

The Group and the Company have contingent obligations and claims in connection with banks, other guarantees and issues that arise within the framework of usual business activity, which are detailed as follows:

(in thousand €)	**31.12.2007**	**31.12.2006**
Transferred mortgages on landed property and buildings as guaranties for loans	82,551	
Third party (subsidiary) transferred guaranties		
Other Letters of Guarantee for liabilities' assurance	72	57
Good execution Letters of Guarantee (to Municipalities)	16	
Letters of Credit		
Total	82,639	57

6. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Group's financial instruments consist mainly of bank deposits, overdraft rights in banks, commercial debtors and creditors, loans to subsidiaries, affiliated companies, dividends payable and lease obligations.

From 2008, the Group implements a program for the management of the above risks. The Group's risk management program is targeted at the reduction of the adverse effect on the Group's financial results that arise from the inability to predict the developments in the financial markets and the fluctuation in cost and sale variables. In the near future, the Group intends to use financial instruments to offset its exposure to specific risk categories.

The risk management policy is applied by the Treasury Department of the Group. The procedure to be followed is detailed below:

- Evaluation of the risks related to the activities and functions of the Group.
- Planning of the methodology and selection of suitable financial products for risk reduction.
- Implementation/application, in accordance with the procedure approved by the management, of the risk management procedure.

6.1. Exchange Risk

The Group is active at an international level and thus it is exposed to exchange risks arising mainly from USA dollar. This kind of risk results mainly from commercial transactions in foreign currency, as well as from net investments in financial entities abroad. The Group possesses investments in financial entities abroad, whose net assets are exposed to exchange risks (mainly USD). The exchange risk of this kind arises through the equivalence of the above currencies to the Euro and is partly offset by corresponding obligation (eg. loans) in the same currency.

The financial assets and corresponding obligations in foreign currency, converted to Euro at the closing rate, are detailed as follows:

(in thousand US$)	**2007**	**2006**
Financial assets	3	-
Financial liabilities	(27)	(30)
Short-term report	(24)	(30)
Financial assets	-	-
Financial liabilities	(21,864)	-
Long-term report	(21,864)	-

The following tables present the sensitivity of the result in the corresponding period and the equity in connection with the financial assets and obligations and the Euro/Dollar currency equivalence. We assume that a change occurs on December 31, 2007 in the Euro/Dollar currency equivalence of the order of 7.15% (2006: 9.22%). This percentage was based on the average variability in the currency equivalence market for a period of 12 months for 2007 and 2 months for the year 2008. The sensitivity analysis is based on financial instruments in foreign currency possessed by the Group for every reference period.

In the event of the Euro increasing with respect to the above currency and the above-mentioned percentages, then in the results for the corresponding periods and equity the following effects apply:

(in thousand €)	**2007**	**2006**
	US$	**US$**
Profits and losses for the period	1,786	3
Company's Equity	1,786	3

In the event of the Euro decreasing with respect to the above currency and the above-mentioned percentages, then in the results for the corresponding periods and equity the following effects apply:

(in thousand €)	**2007**	**2006**
	US$	**US$**
Profits and losses for the period	(2,134)	(3)
Company's Equity	(2,134)	(3)

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

6.2. Sensitivity Analysis For the Rate of Interest Risk

Long-tem funding refers to financial lease contracts at floating interest (Euribor). On December 31, 2007, the Company is exposed to variations in the interest market as regards its bank borrowing, which is subjected to variable interest percentage. As in the previous year, other financial assets and financial obligations are at fixed percentages.

The following table shows the result sensitivity in the corresponding periods and equity under a reasonable change in the rate in the order of +1% ή –1% (2006: +/-1%). It is estimated that changes in the rate of interest are within reasonable bounds in relation to recent market conditions.

(in thousand €)	**2007**		**2006**	
	1.0%	-1.0%	1.0%	-1,0%
Profits and losses for the period	(401)	401	(305)	305
Company's Equity	(401)	401	(305)	305

6.3. Credit Risk Analysis

The Group's exposure to credit risk is limited to its financial assets (instruments), which, on the date of the Balance Sheet, are analysed as follows:

(in thousand €)	**GROUP**		**COMPANY**	
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.2006**
Categories of financial assets				
Cash and cash equivalents	12,121,945.73	10,026,235.10	6,646,181.07	7,238,448.26
Other claims	4,833,759.72	4,117,873.64	4,065,958.84	3,395,576.52
Total	16,955,705.45	14,144,108.74	10,712,139.91	10,634,024.78

The Group monitors continuously its claims, either separately or in groups, and integrates this information in credit control. When available at reasonable cost, outside reports or analyses in connection with the clients are used. It is the Group policy to cooperate with reliable clients. The overwhelming majority of the sales are retail sales.

The Group management considers that all the above financial assets that were not depreciated on previous dates in the drafting of Financial Statements are of high credit quality, including those owed.

None of the Group's financial assets are insured with mortgages or other forms of credit insurance.

For commercial and other claims, the Group is not exposed to significant credit risks. The credit risks for liquitable claims as well as other short-term financial elements are considered negligible.

6.4. Liquidity Risk Analysis

The Group handles liquidity needs by carefully monitoring the debts of long-term financial obligations and well as payments made on a daily basis. Liquidity needs are monitored at different time-zones, on a daily and weekly basis, as well as on a floating 30-day period. Long-term liquidity needs for the following 6 months and the following year are calculated annually.

The Group maintains cash facilities to cover liquidity needs for periods of up to 30 days. The funds for long-term liquidity needs are generated additionally through a sufficient amount of committed credit facilities and the possibility of sale of long-term financial elements.

The maturity dates for the Group's financial obligations on December 31, 2007 are detailed as follows:

31.12.2007 (in thousand €)	**Short-term** **Within 6 months**	 **From 6 to 12 months**	**Long-term** **From 1 to 5 years**	 **Later than 5 yea**
Bank loans	1,695	1,695	13,559	36,149

Other long-term obligations	-	-	2,448	-
Short-term sector of other long-term obligations	1,729	-	-	-
Trade obligations	1,569		-	-
Other short-term obligations	3,375	-	-	-
Total	**8,368**	**1,695**	**16,007**	**36,149**

The corresponding maturity dates for the financial obligations on December 31, 2006 were as follows:

31.12.2006 (in thousand €)	**Short-term** Within 6 months	**From 6 to 12 months**	**Long-term** From 1 to 5 years	**Later than 5 yea**
Bank loans	1,999	1,999	6,804	22,680
Other long-term obligations	-		10,962	18,998
Short-term sector of other long-term obligations	1,000	2,739	-	-
Trade obligations	1,717		-	-
Other short-term obligations	3,044	-	-	-
Total	**7,760**	**4,738**	**17,766**	**41,678**

The maturity dates for the Company's financial obligations on December 31, 2007 are detailed as follows:

31.12.2007 (in thousand €)	**Short-term** Within 6 months	**From 6 to 12 months**	**Long-term** From 1 to 5 years	**Later than 5 yea**
Bank loans	1,695	1,695	13,559	36,149
Other long-term obligations	-	-	-	-
Short-term sector of long-term obligations	-	-	-	-
Trade obligations	1,258	-	-	-
Other short-term obligations	2,741	-	-	-
Total	**5,694**	**1,695**	**13,559**	**36,149**

The corresponding maturity dates for the financial obligations on December 31, 2006 were as follows:

31.12.2006 (in thousand €)	**Short-term** Within 6 months	**From 6 to 12 months**	**Long-term** From 1 to 5 years	**Within 6 months**
Bank loans	1,999	1,999	6,804	22,680
Other long-term	-	-	-	-

obligations				
Short-term segment long-term obligations	-	-	-	-
Trade obligations	1,352	-	-	-
Other short-term obligations	2,359	-	-	-
Total	5,710	1,999	6,804	22,680

The above contractual maturity dates reflect mixed cash flows, which may differ from the accounting values of the obligations on the date of the Balance Sheet.

7. POLICIES AND PROCEDURES FOR CAPITAL MANAGEMENT

The Group's objectives in connection with capital management are the following:

- To ensure the Group's ability to maintain its activity (going-concern).
- To ensure a satisfactory yield for the shareholders,

by pricing goods in proportion to risk level.

The capital for 2007 and 2006 is detailed as follows:

(in thousand €)	GROUP		COMPANY	
	31.12.2007	**31.12.2006**	**31.12.2007**	**31.12.2006**
Total equity	**90,083**	**79,378**	**74,085**	**69,965**
Plus: loans	46,026	27,300	46,026	27,300
Total equity	**136,108**	**106,678**	**120,110**	**97,265**
Debt to equity ratio	**6/10**	**7/10**	**6/10**	**6/10**

The Group's objective in connection to capital management is to reduce the capital to total equity index under the relation that applied in 2007.

The Group defines the amount of capital in connection to total capital structure, e.g. equity capital and financial obligations. The Group manages capital structure and makes adjustments when the financial situation and risk profile of the existing assets change. Aiming at preserving or adjusting capital structure, the Group can adapt the amount of payable dividends, return capital to shareholders, issue share capital or sell assets to reduce borrowing.

The Company has honored its contractual obligations including the preservation of its rational capital structure.

8. EVENTS AFTER THE CLOSING DATE

1. DRAFT AGREEMENT FOR THE TAKE-OVER OF "HILTON RHODES RESORT" HOTEL

On January 15, 2008, the Company reached an agreement with IONIKI HOTEL S.A. for the acquisition of 50% of the shares of its subsidiary TOURIST RESORTS S.A., owning company of the "Hilton Rhodes Resort" Hotel.

Under the same agreement, 50% of the shares will be transferred to the Sbokos family related by interest to company PLAKA S.A., owning company of the "Blue Palace" Hotel at Elounda. The total transaction cost for the acquisition of 100% of the shares of TOURIST RESORTS S.A. comes to € 35.5 million. The "Hilton Rhodes Resort" Hotel (formerly "Rhodes Imperial" Hotel) is located in Ixia, within very short distance from the Old City of Rhodes and the airport, has 404 rooms and occupies an area of 80 stremmata, with 14 function halls, three restaurants, three bars, three swimming pools, gym/spa and sports facilities.

2. TAKE-OVER OF THE "EXCELSIOR" HOTEL IN BELGRADE

Within the framework of further expanding its activities for development in Southeastern Europe, on Friday, February 22, 2008 the Company participated in a public auction by the Serbian Privatization Agency and made the highest bid for the take-over of 70% of the company EXCELSIOR BELGRADE SOCIALLY OWNED HOTEL & CATERING TOURIST ENTERPRISES, owning company of EKSCELSIOR Hotel, in the center of Belgrade. The hotel has a 55 rooms, 110 beds, a restaurant, a bar and conference halls. Over the next few months, an investigation will be carried out into the possibility of alternative forms of exploitation for the business, including the possibility of change in the use of the building. The take-over price rose to € 7.33 million.

3. PARTICIPATION IN AN AUCTION FOR THE TAKE-OVER OF "CONTINENTAL" HOTEL IN BELGRADE

The Company, through its subsidiary ARMINI ENTERPRISES COMPANY LTD, will participate in a public tender by the Serbian Privatization Agency, on Monday, March 31, 2008, for the take-over of "Continental" Hotel in Belgrade.

4. MANDATORY PUBLIC OFFER OF THE MAJOR SHAREHOLDER VENTURE ABILITY S.A.

On January 16, 2008, the Panama-based société anonyme VENTURE ABILITY S.A. (the Proposer) submitted to the Capital Market Commission and the Company's B.o.D. a draft of an Informative Bulletin regarding the mandatory Public Offer for the acquisition of common nominal shares of the société anonyme LAMPSA HELLENIC HOTELS S.A. On the date of the announcement, the Proposer was in immediate possession of 8,808,393 shares, representing 41.23% of the paid-up common share capital and voting rights of LAMPSA. In addition, the company HOMERIC DEPARTMENT STORES S.A., which acts in accord with the Proposer in assuming control of LAMPSA, is in immediate possession of 1,762,550 share of the Company, which represent 8.25% of the paid up common share capital and voting rights of LAMPSA. On the date of the Public Offer, the Proposer, in combination with HOMERIC DEPARTMENT STORES S.A., is in possession of 10,570,943 shares, representing 49.48% of the paid-up common share capital and voting rights of LAMPSA. The Public Offer relates to all shares which on the date of the current announcement are not owned by the Proposer or the company HOMERIC DEPARTMENT STORES S.A., acting in accord with the Proposer, namely the Public Offer relates to a total of 10,793,057 shares, corresponding to 50.52% of the paid up common share capital and voting rights of LAMPSA.

The offered purchase price for the acquisition of each Share of the Public Offer, valid within the framework of the Public Offer, comes to € 17.18 in cash. After concluding the Public Offer, the Proposer will not seek the deletion of the Company shares from the Stock Market. The Proposer may, taking into consideration the extent to which the Public Offer will be received and the conditions on the market, proceed with private placement, maintaining the control over the Company's majority voting rights. The B.o.D. of the Capital Market Commission, at its meeting on February 7, 2008, approved the Informative Bulletin for the Mandatory Public Offer. The Period of Acceptance began on Tuesday, February 12, 2008 at 08:00 and ended on Tuesday, March 11, 2008 at the end of the normal banking hours in Greece, and so it lasted 29 days in all. During the Public Offer, there were valid offers to the Proposer, by 546 shareholders of the Company, for 3,446,248 Company shares, corresponding to 16.13% of the paid up common share capital and voting rights of the Company. From the publication of the Public Offer up to the end of the Period of Acceptance, namely from January 17, 2008 until March 11, 2008, the Proposer obtained through the Stock Market a total of 42,458 Company shares. Until the end of the Period of Acceptance, the Proposer, in combination with HOMERIC DEPARTMENT STORES S.A., which acts in accord with the Proposer in assuming control of the Company, were in possession of a total of 10,.613,401 shares and voting rights of the Company, which correspond to 49.68% of the paid-up common share capital and voting rights of the Company. After the end of the Period of Acceptance and the off-market transfer of Shares that were offered for the duration of the Period of Acceptance of the Public Offer and within its framework, the Proposer, in conjunction with HOMERIC DEPARTMENT STORES S.A., which acts in accord with the Proposer in assuming control of the Company, will be in possession of a total of 14,059,649 shares and voting rights of the Company, which corresponds to 65.81% of the paid-up common share capital and voting rights of the Company.

SIGNED

George Galanakis, Chairman of the B.o.D.

Nikolaos Dandolos, Chief Executive Officer

Kostas Kyriakos, Director of Finance