ΕΤΑΙΡΕΙΑ ΕΛΛΗΝΙΚΩΝ ΞΕΝΟΔΟΧΕΙΩΝ
ΛΑΜΨΑ Α.Ε.

# LAMPSA HELLENIC HOTELS S.A.

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

**Vasileos Georgiou A1, 10654, Athens**

## ANNUAL FINANCIAL REPORT

**For the period ended as at December 31, 2014**

According to Article 4 of Law 3556/2007

ΕΤΑΙΡΕΙΑ ΕΛΛΗΝΙΚΩΝ ΞΕΝΟΔΟΧΕΙΩΝ
ΛΑΜΨΑ Α.Ε.

## TABLE OF CONTENTS

**A. Representations of the Members of the Board of Directors**

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

We hereby certify that as far as we know:

a) The attached annual separate and consolidated Financial Statements of "LAMPSA HELLENIC HOTELS S.A." for the FY 1/1/2014 – 31/12/2014, prepared according to the effective International Financial Reporting Standards, present truly and fairly the assets and liabilities, the equity and the financial results of the Company as well as of the consolidated companies as a total.

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

Athens, March 30, 2015

The designees

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

**B. Independent Auditor's Report**

To the Shareholders of LAMPSA HELLENIC HOTELS S.A.

**Report on the Company's and Consolidated Financial Statements**

We have audited the accompanying individual financial statements of LAMPSA HELLENIC HOTELS S.A as well as the consolidated Financial Statements of the Company and its subsidiaries, which comprise the individual and consolidated Statement of Financial Position as at December 31, 2014, and the Income Statement and Statement of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these individual and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the individual and consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the individual and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the individual and consolidated 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 individual and consolidated 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 company'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 individual and consolidated 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 accompanying individual and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as at December 31, 2014, and the financial performance and the cash flows of the Company and its subsidiaries for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

**Emphasis of matter**

We draw attention to Note 5.26 of the financial statements which describes statements which describes the existence of pending court cases of subsidiary company of amount EUR 1.1 million. The final outcome of which cannot be estimated at present and therefore has not been recognized any provision in Group's financial statements in relation to these court cases. In our opinion there is no qualification in relation to this matter.

**Report on Other Legal and Regulatory Requirements**

a) The Board of Directors' Report includes a statement of corporate governance that provides the information required by Paragraph 3d of Article 43a of Law 2190/1920.

b) We verified the agreement and correspondence of the content of the Board of Directors' Report with the abovementioned individual and consolidated Financial Statements, in the scope of the requirements of Articles 43a, 108 and 37 of Law 2190/1920.

Athens, 30 March 2015

The Certified Public Accountant - Auditor

George Deligiannis

SOEL Reg. No 15791

Grant Thornton
An instinct for growth™
Chartered Accountants Management Consultants
56, Zefirou str., 175 64 Palaio Faliro, Greece
Registry Number SOEL 127

## C. Annual Report of the Board of Directors of the company «LAMPSA HELLENIC HOTELS S.A. » on the corporate and consolidated Financial Statements for the year January 1st to December 31st, 2014

Dear Shareholders,

The current Annual Report of the Board of Directors pertains to the closing year from 1/1/2014 to 31/12/2014 and has been prepared in accordance with the provisions of Law 2190/1920 Article 43a paragraph 3, Article 107 paragraph 3 and Article 136 paragraph 2, and the provisions of Law 3556/2007, Article 4, paragraphs 2 (c), 6, 7 & 8 and the decisions of the Capital Market Commission 7 / 448/11.10.2007 Article 2 1/434/3.7.2007 and the Company's Articles of Association. The current report includes the audited consolidated and corporate financial statements, the notes to the financial statements and the Independent Auditor's Report. The current report summarized information on the Group and the Company **«LAMPSA HELLENIC HOTELS S.A.»**, financial information aimed at providing general information to the shareholders and the investing public about the financial performance and the results, the overall course of development and the changes made during the closing year (01.01.2014 - 31.12.2014), significant events that took place and their impact on the financial statements of the year. Also, there is provided a description of the main risks and uncertainties that the Group and the Company may face in the future, as well as significant transactions between the Issue) and its related parties.

The current report accompanies the annual financial statements (01/01/2014 - 31/12/2014) and is included together with the full text of the statements of the BoD members in the annual financial report for the year 2013. Given that the Company also prepares consolidated financial statements, this report is unified, with the principal point of reference of the consolidated financial statements and with reference to corporate financial data of «LAMPSA HELLENIC HOTELS S.A.», only where appropriate or necessary for better understanding its contents.

The report presents an in brief but effective way all the necessary significant, based on the above legislative framework and records, in a true and fair manner, all the relevant information, required by legislation, about «LAMPSA HELLENIC HOTELS S.A.» (hereinafter «The Company») as well as the Group.

Introduction

Guided by "Great Britain" and the presence of “King George” hotels, LAMPSA presented a significant improvement in its turnover and results, benefiting from the growth of tourism in Greece and consistently its pricing policy. The turnover amounted to € 38,651 k recording an increase of 43.04% while earnings before interest, tax, depreciation and amortization (EBITDA) stood at € 8,774k versus € 1,994 k in 2013.

"Great Britain" and “King George” recorded increased occupancy rates of 64.6% (versus 52.3% in 2013) as well as high ARR (Average room rate) of € 246 (versus € 227,4 in 2013), leading Athens Hotel Market.

Within the same period, 104 new work position were created, presenting an increase of 25% (500 versus 396 EFTES). Moreover, Sheraton Rhodes recorded a positive course of development ( consolidated under Equity method), stating turnover of € 9,911k (2013 : € 8,907 k) and EBITDA standing at € 2,492 k (2013 : € 1,763 k).The aforementioned results arose from systematic improvements in occupancy rates as well as in average room rates.

The Group turnover presents a significant increase of 24,65% (from € 39,063 k to € 48,693 k ) through consolidation of Hyatt and Excelsior hotels in Serbia as well as EBITDA of 66,06% (from € 6,440 k to € 10.695 k).

The Company improved its borrowings by € 5,675 k from € 44,743 k to € 39,068 k focusing on loan repayments.

Finally, LAMPSA earnings after tax following impairment of its participating interest in Excelsior by € 2,326 k stood at € 3,519 k versus € 379 k in 2013, while on consolidated level, losses of € 4,925 l were recorded due to impairment of tangible fixed assets of Serbia (analytical information is presented in Note 5.2 to the financial Statements) and, therefore, impairment of goodwill versus profit of € 3, 425 k recorded last year. Despite utmost investing enthusiasm regarding hotel and other segments, the market in Belgrade has yet to restart developing, something that is expected to happen in 2015-2016 given Serbia joining the European Union. In conclusion, the improved performance of the Company and the Group seems to mark effective recovery of tourism industry after a prolonged recession.

The following companies are incorporated in the current period:

| Companies | Func. Currency | Domicile | Participating interest % | Consolidation Method | Participation |
|---|---|---|---|---|---|
| LAMPSA HELLENIC HOTELS S.A.. | € | GREECE | Parent | | |
| LUELLA ENTERPRISES LTD | € | CYPRUS | 100,00% | Full | Direct |
| NORTH HAVEN LTD | $ | HONG KONG | 100,00% | Full | Indirect |
| BEOGRADSKO MESOVITO PREDUZECE | € | SERBIA | 93,90% | Full | Indirect |
| EXCELSIOR BELGRADE SOCIATE OWNED | € | ΣΕΡΒΙΑ | 80,33% | Full | Direct |
| TOURISTIKA THERETRA S.A. | € | GREECE | 50,00% | Proportionate | Direct |
| MARKELIA ENTERPRISES COMPANY LTD | € | CYPRUS | 100,00% | Full | Indirect |

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

### Financial Information

The year 2014 has been marked by significant recovery of the Tourist Industry. This fact has led to a significant increase in all sizes (income, occupancy, room rates, etc) of hotels in Greece, since the inbound tourism is not affected by the economic crisis. However, the consequences of the crisis have been reflected in the revenue from the segment of F & B (Food & Beverage), with consistently strong Greek presence, since the segment has recorded lower growth rates compared to room rates. On the contrary, the stagnation of Serbia economy in conjunction with the transitional period during which tourism infrastructure has increased (new hotels, airport, airline privatization etc.), in view of Serbia joining the EU, resulted in a decrease in the hotels sizes.

Room occupancy ratio of the luxury hotel industry in Athens increased by 14,6 % compared to 2013, adjusting the ratio to 64,5% versus 56,2% in 2013. Smaller scale adjustments were made to the average room rate of luxury hotels, amounting to 8,8% growth compared to 2013. Therefore, room occupancy ratio of the luxury hotel industry in Athens increased by 24,6% while the total room revenue – by 26,7%.

"Grande Bretagne" hotel recorded a 27% sales growth versus 2013, while «King George» hotel recorded 169% sales increase (given than it operated within the entire period of the current year in contrast to a month within the previous period). Regarding the Group Hotels in Serbia, given high level of competition, they recorded a decrease in sales, in particular, «Hyatt Regency Belgrade» - by 18% and «Excelsior" remained at the same levels as last year. In terms of EBITDA, increase in sales and expenditure restraint (despite the rigidity of the salary and wages expenses) had a very positive effect, with an increase of about € 4,26 m for the Group and € 6,78 m for the Company in relation to 2013. Moreover, Sheraton Rhodes Hotel, whose results due to consolidation under Equity method have affected the investing results of the Group, presenting an increase of 11%.

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

| Results for 31-12-2014 | | | | | |
|---|---|---|---|---|---|
| | Grand Bretagne | King George | Hyatt Belgrade | Sheraton Rhodes | Excelsior |
| Revenue per available room | 164,11 | 142,61 | 51,29 | 90,06 | 35,74 |
| Hotel occupancy rate | 63,98% | 66,48% | 41,33% | 80,02% | 58,11% |
| Average hotel room price | 256,52 | 214,52 | 124,11 | 110,68 | 61,51 |
| **Results for 31-12-2013** | | | | | |
| | Grand Bretagne | King George | Hyatt Belgrade | Sheraton Rhodes | Excelsior |

| | | | | | |
|---|---|---|---|---|---|
| Revenue per available room | 124,40 | 89,11 | 65,11 | 81,87 | 40,68 |
| Hotel occupancy rate | 52,63% | 50,32% | 48,90% | 75,27% | 65,43% |
| Average hotel room price | 236,36 | 177,10 | 133,27 | 107,20 | 62,17 |

**Value creation and performance measurement factors**

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

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

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

The above indicators for 2014 compared to 2013 were as follows:

| | 31/12/2014 | 31/12/2013 |
|---|---|---|
| ROCE | 4,91% | 1,39% |
| ROE | -6,32% | 4,11% |

## B. Significant Events

### SIGNIFICANT EVENTS DURING THE FISCAL YEAR 2014

The companies of the Group Harvard Investments Corporation (Liberia) and World Spirit S.A. (Panama) were liquidated within 2014. Al their assets were transferred to their shareholder, the Cyprian company Luella Enterprises Company Ltd.

The Group on 31/12/2014 had negative working capital as current liabilities exceed current assets by € 5,331 k. (parent company € 7,191 k.). A significant part of current liabilities (42% group - 43% parent) is short-term borrowings and long-term debt installments payable in the following year.

Without taking into consideration the short-term loan liabilities, the Group working capital is presented negative by € 76 k and the Company – by € 2,267 k .

Within the current period, the parent company collected from subsidiaries dividends an amount of € 1,657 k and it is estimated that further dividends in the current year will stand at € 3,000 k.

The Company Managements considers that the amounts will be covered by the operating cash flows as well as by the dividends expected to be submitted by the subsidiary will cover the short-term liabilities in the following year.

Within the current period, the Group and the Company repaid to the banks an amount of € 6,869 k.

The additional amending act of the repayment schedule was signed on May 29, 2014 with the lending bank Eurobank concerning the modification of the repayment of the loan. Specifically, the debenture installment due amounting at € 900 k was integrated in the end of March 2018. Within the following years, the Group and the company shall repay to the banks the amounts of € 5,255 k and € 4,923 k respectively. The Company Managements considers that the amounts will be covered by the operating cash flows of the Parent Company as well as by the dividends expected to flow to the Parent Company, amounting to € 3 m.

On December 10, 2014, modifications mortgages contracts to secure bonds were signed with the lending bank Eurobank, as follows:

1. For initial bond loan of € 30 m., mortgage restriction from € 39 m to € 28,5 m
2. For initial bond loan of $ 33.5 m, mortgage limitation from $ 43.5m to $ 25.5 m.

Finally, two major shareholders of the parent company “NAMSOS ENTERPRISES COMPANY LIMITED” and “DRYNA ENTERPRISES COMPANY LIMITED”, representing 28.48% in the share capital of each (total of 56.96%), although it is estimated that it will not be necessary, are committed to cover working capital subsequent needs for at least the next twelve months from the date of approval of the interim financial statements of 31/12/2014.

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

Finally, the Annual General Meeting of the shareholders of the Company took place on the 30/6/2014, with the presence of Shareholders representing 15,042,439 common registered shares on a total of 21,364,000 common registered shares of the Company, i.e. approximately 70.41% and decided unanimously on the items on the agenda as follows:

(1) the AGM approved the annual financial statements of Lampsa S.A. (company’s and consolidated) of the financial year 2013 (1.1.2013-31.12.2013),
(2) the AGM approved the readjusted annual financial statements of Lampsa S.A. (company’s and consolidated) together with the reports of the Board of Directors of the financial year 2012 (1.1.2012-31.12.2012),
(3) the AGM released the members of the Board of Directors as well as the auditors from any responsibility on the drafting and audit of the annual financial statements as well as on the management of the company of the financial year 2013,
(4) the AGM elected auditing firm for the annual and interim financial statements of the Company for the financial year 2014 and set its remuneration,
(5) the AGM approved a total amount of 45,000 Euro as fees for the Board of Directors for the year 2013 and has pre-approved an amount of 22,224 Euro for the year 2014.
(6) the resignation of the member of the Board of Directors Mr. Tichomir Tribounac was announced,
(7) the AGM decided on transferring to the account of retained earnings an amount of tax-exempt reserves.
(8) the AGM decided on the amendment of article 3 of the Articles of Association of the Company,
(9) regarding «Various Announcements», the Company informed its shareholders about the course of the developments.

It is to be noted that the parent company jointly participates with other parties (50%) in the company “Touristika Theretra S.A.”.

In accordance with IAS 31 "Interests in Joint Ventures" (prior to transition to IFRS 11), Joint Ventures are consolidated in the Group financial sizes under proportional consolidation method. The implementation of IFRS 11 "Joint Arrangements", which is mandatory from 1 January 2014, eliminated the option of proportionate consolidation and jointly controlled entities that meet the definition of a joint venture shall be accounted for using the "equity" method. Therefore, the Group no longer consolidates Joint Ventures using this method, implementing the aforementioned method, while the standard was applied retrospectively as from 1 January 2013.

The aforementioned events resulted in the following significant items of the Financial Statements:

- **Turnover** of LAMPSA S.A. (“Grand Bretagne” and “King George”) stood at € 38,651 k versus € 27,020 k in 2013, presenting an increase of 43,04% mainly arising from room revenue (occupancy & average price) as a result of stabilization and growth of inbound tourism. King George participation stood at € 7,6 m versus € 2,9 m ion the seven month period of 2013. Consolidated turnover stood at € 48,693 k versus € 39,063 k in 2013, presenting an increase of 24,65%.

- **Consolidated gross profit** amounted to € 16,577 k from € 11,372 k in 2013, presenting an increase of 45.77%, while gross profit margins increased from 29.11% in 2013 to 34.05% in 2014. Gross profit of the parent company amounted to € 13,736 k versus € 6,660 k in 2013, representing an increase of approximately 45,77%. The gross profit margin of the Company stood at 35.54% in 2014 from 24.65% in the last year. The increase is mainly attributed to a large increase in turnover and therefore to the improvement of profit margins due to relatively stable wage costs, a major component of the cost of sales.

- The Group's **other income** presented decreases_due to decrease in revenue from unused provisions within the current year and revenue from balances arising from the transfer of current assets of King George hotel.

- **The operating profit (before interest, taxes, depreciation and amortization-EBITDA)** amounted to € 10,695 k compared to € 6,440 k in 2013, representing an increase of 66.06%. The substantial increase in EBITDA reflects the affect of the important increase in turnover as well as to the prudent management, proved highly satisfactory regarding revenue and EBITDA. It is to be noted that despite decreased turnover, Serbian hotels present positive EBITDA.

- **Financial Cost** of the Group and the company recorded a slight decrease due to the decrease in the parent company loan liabilities by € 5,675 k (from € 44,743 k to € 39,068 k), which will be further expanded in 2015, given that the payments were mostly performed at the year end.

- **Other financial results** of the Group Ομίλουwere burdened with impairments of Goodwill amounting to € 5,731 k within the current year and FX translation differences of € 1,405 k mainly arising from valuation of the Company loan in $. Moreover, the Company results were burdened due to impairment of the participating interest in the subsidiary Excelsior amounting to € 2,326 k, while positive effect was recorded regarding income from dividends standing at € 1,657 k versus € 885 k in the previous year.

- **Earnings (losses ) from impairment** of tangible assets are due to valuation of land and buildings of the subsidiaries in Serbia. The Group's management believes that these impairments do not reflect the market value of real estate and arise from temporarily adjustments imposed by the IFRS. The lack of comparables in Serbia did not allow to form commercial values, while opening of new international hotel units in Belgrade reflects growth expectations that are not consistent with these impairments. The Management estimates that identifying of such comparables in view of Serbia's joining the European Union will allow to reverse the performed impairments.

- **Earning before tax** of the Group recorded loss of € 6,870 k. versus profit of € 1,810 in 2013, mainly due to impairment of assets and goodwill. Earnings before tax of the Company recorded profit of € 1,843 k versus losses of € 1,011 k in 2013.

- **Net earnings** (after tax and before non-controlling interests) of the Group recorded loss of € 4,925 k versus € 3,425 in 2013, mainly due to impairment of assets and goodwill totally amounting to € 9,962. Earnings before tax for the Company stood at € 1,843 k versus loss of € 1,011 k in 2013.

- **Share from (loss)/profit** of associates pertains to the share of Lampsa in the results of Touristika Theretra for the current year.

- Within the current year, regarding the Group and the Company, net investments in tangible and intangible assets stood at € 2,832 k and € 1,201 k (2013: € 3,328 k and € 2,164 k respectively).

**SIGNIFICANT EVENTS AFTER THE YEAR END**

There are no significant events after 2014 year end till currently.

**C. Risks and Uncertainties**

**Financial Risk Factors**

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

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

**Currency Risk**

The Group operates internationally and therefore is exposed to foreign exchange risk arising primarily from U.S. dollar. This type of risk arises mainly from loans and deposits in foreign currency as well as net investments in foreign entities. The Group holds investments in foreign entities, net assets of which are exposed to foreign currency exchange rates (primarily the U.S. dollar). The exchange rate risk of this kind arises from the rate of these currencies against the euro, partially offset by corresponding liabilities (e.g. loans) of the same currency.

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

| | 2014 | 2013 |
|---|---|---|
| | | |
| **Amounts in thousands €** | | |
| **Nominal amounts** | **US$** | **US$** |
| Financial assets | | 5 |
| Financial liabilities | (1.928) | (2.250) |
| **Short-term exposure** | **(1.928)** | **(2.245)** |
| | | |
| Financial assets | | - |
| Financial liabilities | (9.468) | (10.627) |
| **Long-term exposure** | **(9.468)** | **(10.627)** |
| **Total** | **(11.396)** | **(12.872)** |

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

We assume a change of 0.70% in the 31 December 2014 exchange rate of EUR / USD (2013: 0.7%). These percentages were based on the average market volatility in exchange rates for a period of 3 months from the end of each year (31/12).

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

| **Amounts in thousands €** | **2014** | **2013** |
|---|---|---|
| | **US$** | **US$** |
| Income Statement before tax | (224) | (310) |
| Equity | (224) | (310) |

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

| **Amounts in thousands €** | **2014** | **2013** |
|---|---|---|
| | **US$** | **US$** |
| Income Statement before tax | 211 | 293 |
| Equity | 211 | 293 |

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

**Credit Risk & Liquidity Risk**.

Over 80% of Group's sales are performed through credit cards, the credit sales though are made to customers with evaluated credit history.

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

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

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

The following table shows the sensitivity of the results for the financial year as well as the equity to a reasonable possible change of interest rate of 1.0 % or -1.0% (2012: + / -1 %) . These changes are estimated to fluctuate on a reasonable basis in relation to market conditions.

| | 01/01-31/12/2014 | | 01/01-31/12/2013* | |
|---|---|---|---|---|
| **Amounts in thousands €** | **1,0%** | **-1,0%** | **1,0%** | **-1,0%** |
| Income Statement | (324) | 324 | 357 | (357) |
| Equity | (324) | 324 | 357 | (357) |

**D. Prospects & development for the new year**

The country's tourism industry shows obvious signs of recovery. Within 2014, stability recorded in Greece and instability of tourist destinations in the region worked beneficial to the destination Greece as a safe country in the Eurozone. "Grande Bretagne" Hotel showed a 27% increase in sales and Sheraton Rhodes Hotel showed sales increase of 12%. The Group hotels Serbia have been adversely affected by the crisis in the former Eastern countries and increased competition (especially in average room price), since now there are three new competitive hotels in Belgrade. The wind of investment change blowing in Serbia in view of EU membership coupled with its top geographic location (HUB) in the Balkans give room to optimism regarding the recovery of the Hotel Segment. It is no coincidence that strong entities operating in travel & tourism segment, such as ETIHAD (Air Serbia), Crown Plaza, Starwood, Radisson and Marriott are represented in Belgrade.

It is expected that the upward trend of sales will continues in Greece in 2015, while it is estimated that remains that hotels in Serbia will remain stagnant. As far as theses hotels are concerned, it seems that the upcoming EU membership in conjunction with foreign (especially Arabian origin) investments will boost the demand for professional tourism. Furthermore, the integration of King George hotel is expected to bring significant results given the economy of scale that already generates synergy of two hotels both at management level and at the level of personnel use and its contribution to the turnover of the company.

The Management regularly monitors the cause of the real economy. With springboard the successful course of the Group, both in Greece and abroad, the Management believes that the current economic crisis will continue to adversely affect the sales arising form the domestic market of the Group. Finally, the management successfully implements the adjustment program in respect of loan liabilities to the new banking environment in order to maintain favorable credit conditions.

Consequently, the Management will focus on the following objectives:

1. Maintaining sufficient profit margins while maintaining competitiveness. The main concern of the Management, however, remains the maintenance of high quality of rendered services and job positions.

2. Focus on smooth and profitable operation of hotels owned by the company in the Belgrade and Rhodes. Specifically, the company will focus on efforts to increase the rate of profitability of the Hyatt Regency Belgrade Hotel, the further development of Excelsior Belgrade Hotel and further revenues increase from the operation of the Sheraton Rhodes Hotel. It is mentioned that there have been completed the renovations of the fourth floor ,at Hyatt Regency Belgrade Hotel (BMP), while a new floor (penthouse) has been erected at Excelsior Belgrade Hotel, which will increase capacity in the first class rooms with high average room by 12 %.

3. Completion of the planned investments in the Group's hotels. The management will also consider alternative means of hotel exploitation under the legislation, particularly for Sheraton Rhodes Hotel.

4. After the completion of negotiations with Hyatt International to reduce management fees of Hyatt Regency Belgrade Hotel, this saving is expected to contribute both to the improvement of the economic size of the hotel and to finance from its own resources renovation projects. A significant effect on sizes has also been recorded following drastic reduction in management fees regarding the hotel B.M.P. AD

5. After the completion of the agreement with the Bank Eurobank Ergasias for long-term leasing of King George Hotel and integration of direct upgrade works, the historic Hotel started operating under the management of the multinational group Starwood Hotels & Resorts Worldwide Inc. at the category Luxury Collection of luxury hotels. Emphasis will be given to offer excellent service to customers and to maximize profitability, leveraging synergies with the adjacent hotel, Grande Bretagne Hotel.

6. Further development of the Group will be considered in accordance with the impact of the international crisis in Greece and abroad. The Company constantly monitors and participates in the arising investing opportunities generated domestically and is ready to act, alone or with appropriate alliances, if conditions permit, to facilitate expansion of the Group. It has already participated in the tender regarding the 25 year tem commercial exploitation of Vouliagmeni Coast facilities.

To achieve the above mentioned objectives and to meet the highly volatile market conditions and the tight financing policy of banks, while aiming to strengthen the Group's cash and the planned growth financing for 2015 through equity, the Management will constantly monitor the progress of work on a monthly basis and will intervene directly to ensure adequate liquidity.

Finally, given the uncertainty of the global financial crisis, the difficulty in determining the depth and duration of the current economic downturn and the inability to reliably project tourism development mainly in the summer semester, the Group Management has announced that it will not publish estimates for the financial performance of the next fiscal year 2015.

**E. Related Parties Transactions**

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

(a) Transactions between the Company and any related party made during the financial year 2014, which have materially affected the financial position or performance of the Company during the mentioned period,

(b) any changes in the transactions between the Company and any related party described in the last annual report that could have a material effect on the financial position or performance of the Company during the financial year 2014.

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

(a) the amount of such transactions for the financial year 2014

(b) the outstanding balance at the end of the financial year (31/12/2014)

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

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

Specifically, transactions and balances with related legal entities and natural persons, as defined by the International Accounting Standard 24 on 31/12/2014 and 31/12/2013 respectively, are as follows:

| Amounts in thousands € | THE GROUP | THE COMPANY |
|---|---|---|

| Sales of goods – services | 01/01-31/12/2014 | 01/01-31/12/2013 | 01/01-31/12/2014 | 01/01-31/12/2013 |
|---|---|---|---|---|
| Subsidiaries/jointly controlled entities | 26 | - | 26 | - |
| Other associates | 64 | | 64 | |
| **Total** | **90** | **-** | **90** | **11** |
| **Acquisition of services** | **01/01-31/12/2014** | **01/01-31/12/2013** | **01/01-31/12/2014** | **01/01-31/12/2013** |
| Subsidiaries/jointly controlled entities | 16 | - | 16 | 4 |
| Other associates | 413 | | 413 | |
| **Total** | **429** | **-** | **429** | **4** |
| **Balance of Receivables** | **31/12/2014** | **31/12/2013** | **31/12/2014** | **31/12/2013** |
| Subsidiaries/jointly controlled entities | 28 | 3 | 28 | 16 |
| Other associates | 17 | | 17 | |
| **Total** | **45** | **3** | **45** | **16** |
| **Balance of Payables** | **31/12/2014** | **31/12/2013** | **31/12/2014** | **31/12/2013** |
| Subsidiaries/jointly controlled entities | 7 | - | 7 | 23 |
| Other associates | 141 | | 141 | |
| **Total** | **147** | **-** | **147** | **23** |

Out of the above transactions, any transactions and outstanding balances with subsidiary companies have been excluded from the consolidated financial statements of the Group.

In addition, receivables / loan liabilities between subsidiary companies of total amount € 3,821 k and accordingly interest income / expenses of € 253 k and FX differences income / expenses / Capital Reserve of € 211 k are also excluded from the consolidated financial statements.

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

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

Regarding the FY ended December 31, 2014, the Company has made no provisions for doubtful debts relating to amounts owed by related parties.

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

| | **The Group** | | **The Company** | |
|---|---|---|---|---|
| **Amounts in thousands €** | **01.01-31.12.2014** | **01.01-31.12.2013*** | **01.01-31.12.2014** | **01.01-31.12.2013** |
| Executives & BoD members | | | | |
| Salaries – Fees | 988 | 982 | 578 | 461 |
| Social Insurance Cost | 147 | 163 | 92 | 93 |
| Bonus | 119 | 89 | 119 | 89 |
| Remuneration | 7 | - | 7 | |
| **Total** | **1.260** | **1.233** | **795** | **643** |

Finally, it is noted that in the provision made for the staff compensation for both the Group and the Company an amount of € 55 k ( 2013: 53 k) is included for key management personnel and BoD members respectively while € 7 k are included in the Income Statement (2013: 8 k).

No loans have been granted to BoD members and top-level management of the Group or their families.

## F. Dividend policy

The General Meeting of shareholders has decided to pay no dividends as a result of losses brought forward as a 31/12/2013. In addition, as a result of the accumulated losses brought forward, the company BoD will not propose a distribution of dividends to the Annual Regular General Meeting of Shareholders regarding FY 2014.

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

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

**A) Capital Structure of the Company**

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

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

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

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

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

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

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

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

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

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

**B) Restrictions on the transfer of Company Shares**

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

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

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

Shareholders (individuals or legal entities) with a direct or indirect participation greater than 5% of the total number of Company shares, as of 31/12/2014 are presented in the table below:

| TITLE | PERCENTAGE |
|---|---|
| NAMSOS ENTERPRISES COMPANY LIMITED | 28,48% |
| DRYNA ENTERPRISES COMPANY LIMITED | 28,48% |
| HOMERIC DEPARTMENT STORES S.A.. | 8,25% |
| TALANTON INVESTMENTS INC | 5,16% |
| Total | 70,37% |

Shareholders (individuals or legal entities) with a direct or indirect participation greater than 5% of the total number of Company Shares, as of 30/03/2015 are presented in the table below: 5% του συνολικού αριθμού των μετοχών της, κατά την 30/03/2015 παρατίθενται στον κάτωθι πίνακα.

| TITLE | PERCENTAGE |
|---|---|
| NAMSOS ENTERPRISES COMPANY LIMITED | 28,48% |
| DRYNA ENTERPRISES COMPANY LIMITED | 28,48% |
| HOMERIC DEPARTMENT STORES S.A. . | 8,25% |
| TALANTON INVESTMENTS INC | 5,16% |
| Total | 70,37% |

**D) Shareholders with special controlling rights**

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

**E) Restrictions on voting rights**

The Company memorandum of association does not set any restrictions on voting rights provided by its shares.

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

Shareholder, NAMSOS ENTERPRISES COMPANY LTD, **as of 30/03/2015**, had 3.896.248 common Company shares pledged in favor of EFG EUROBANK SA. As a result, transfer of the above-mentioned shares falls under restrictions.

NAMSOS ENTERPRISES COMPANY LTD has maintained its voting rights.

Major shareholder, DRYNA ENTERPRISES COMPANY LTD, **as of 30/03/2015**, had 3.896.248 common Company shares pledged in favor of EFG EUROBANK SA. As a result, transfer of the above-mentioned shares falls under restrictions.

DRYNA ENTERPRISES COMPANY LTD has maintained its voting rights.

Voting right in respect of the aforementioned shareholders is held NAMSOS ENTERPRISES COMPANY LTD.

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

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

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

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

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

B) In accordance with the provisions of Article 13 § 13 of Law 2190/1920, following a decision of the General Meeting of shareholders, a stock option plan may be offered to BoD members and staff in the form of stock options, according to the specific terms of this decision. The General Meeting defines mainly, the maximum number of shares that may be issued, which by law, cannot exceed 1/10 of the existing shares if the holders exercise their options, the price and terms of offering of shares to beneficiaries.

The Board, by resolution, regulates any other relevant details that are not regulated by the General Meeting, issues certificates of stock options and every December issues shares to the beneficiaries who exercise their options, increasing respectively the share capital and confirming the increase.

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

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

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

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

There are no agreements between the Company and BoD members or its personnel, which involve compensation in case of resignation or termination of employment with no material cause as a result of the public tender offer. The accumulated Staff Leaving Indemnities as of 31/12/2014, reached € 2,340 k. There is no provision for compensation for BoD members.

## CORPORATE SOCIAL RESPONSIBILITY
## GRAND BRETAGNE AND KING GEORGE HOTELS

In their capacity as healthy, active and socially responsible entities, Grand Bretagne and King George have accorded considerable weight to the support of worthwhile actions and initiatives that are beneficial to the community, focusing on three pillars.

**The Environment**:

- Since 2006, we have been **recycling** glass, paper, plastic, lamps, used kitchen oil, ink cartridges, batteries, appliances, etc.
- W have especially adjusted the rooms of the third floor of the hotel focusing on **environmentally friendly** facilities. Organic products and recycling options are available in the rooms.
- Our clients can participate in activities like Starwood's entitles **«Green Room»** and we have been awarded with the Hotel Special prize «**GREEN KEY».**
- We have established a Special Committee of **environmental health and safety** of the hotel, which ensures harmonization of the Hotel with the Greek laws, the laws of the European Union and Starwood environmental initiatives.
- An **annual environment week** has been established at the Hotel, under **"Earth Hour"** with participation and presentations for hotel staff by WWF Greece.
- We frequently and actively participate in "**Tree Planting- Reforestation"** initiative organized by SKY television channel in the region of Attica. Our hotel offers all volunteers food and the employees of the hotel participate in tree planting. Our motto is "Let's all take part – each planting a tree, helping the environment and improving the city we live in."
- We use **Organic Chemicals of ECOLAB** company. 95% of their raw materials are biodegradable.
- We use **energy saving** light bulbs at the hotel.

- We have installed **natural gas** in the hotel kitchens and always try to make the best use of the renewable energy sources

**The Society**:

- We organize **fundraising campaigns** for charities such as "The Smile of the Child", "With Love", "Doctors of the World", "institution Theotokos" etc.
- We **collect and donate** clothing twice a year for the City of Athens Homeless Charity and "Children Villages SOS».
- **We have been offering ready made** food to the Homeless Foundation and the Foundation "Galini" since 2013.
- **We donate hotel equipment** to Athens orphanages**.**
- **We inform** our clients about the support they can offer within the frame of Starwood's in partnership with **UNICEF - «Life is unique."**
- We support **UNICEF**, both as part of Starwood's programs internationally ("UNICEF-Road to Awareness", as well as locally, buying children gifts and organizing fundraising campaigns to support the significant initiatives implemented by this organization. In the last two years (2013 - 2014) we organized a **Cycling Event** with the participation of the hotel staff, who cycled in the center of Athens, symbolically carrying the message of voluntary contributions, teamwork and sensitivity. In this way we collected money for **UNICEF**, **assisting them in their important work.**
- Our hotel has decided to donate the prize money of $ 1,000 won through participating in the Sales Blitz Program 2010, a global initiative of Starwood Hotels and Resorts, to Unicef to support their charity work.
- We invite children from the **"Children Village SOS»** to our annual Christmas festivities organized fro the children of our employees.
- We collaborate with the **Hellenic Anticancer Society.**
- Moreover, in the context of the new program **"Starwood Associate Relief Fund",** all Starwood hotels employees have made donations to the fund supporting their co-workers worldwide in case of natural disasters.
- Our company has donated to Aretaeio hospital a Resectoscope TURis, manufactured by OLYMPUS PROTON, installed in Urology-Surgical department of the hospital on 11/05/2014.

**Our People**:

- We collaborate with the Children's Hospital "Agia Sophia" and we have **created a blood bank** regarding our employees, with scheduled blood drives twice a year.
- We take care to ensure appropriate working conditions and **compliance with health and safety regulations** to protect our employees and provide safe working environment.
- We focuses on **professional development and training** of our staff.
- We organize **Internal Corporate Events for the staff of our hotels**, in the context of internal communication activities.
- Since 2004, we have been implementing a **Collective Insurance Program** in collaboration with a private insurance company for our staff, in addition to social security.
- We have created a special type of hotel rooms which are specially designed for people **sensitive to allergies**.

ΕΤΑΙΡΕΙΑ ΕΛΛΗΝΙΚΩΝ ΞΕΝΟΔΟΧΕΙΩΝ ΛΑΜΨΑ Α.Ε.

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

### 1. Introduction

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

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

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

## GENERAL PRINCIPLES

### 1. Role and responsibilities BoD

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

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

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

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

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

- decisions on significant acquisitions and divestitures,

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

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

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

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

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

### 2. Size and composition of the BoD and senior management

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

**3. Duties and conduct of BoD members**

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

**4. Election- Operation of the BoD**

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

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

**5. System of Internal Audit**

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

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

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

**6. Level and structure of remuneration**

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

**7. The General Assembly of Shareholders**

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

**8. The General Assembly of Shareholders**

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

**Part A - The BoD and its members**

**1. Role and responsibilities of the BoD**

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

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

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

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

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

In order to ensure the effective functioning of the BoD, an audit committee has been established, responsible for monitoring financial information, the effective operation of internal audit and risk management systems, and supervision and monitoring of statutory audit as well as the issues related to objectivity and independence of statutory auditors.

**2. B.o.D. size and composition**

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

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

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

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

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

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

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

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

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

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

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

**4. B.o.D. Election and Operation**

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

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

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

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

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

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

**5. B.o.D. Assessment**

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

**Part B- Internal Audit & Risk Management**

**1. Audit Committee**

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

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

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

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

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

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

**2. Internal control system**

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

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

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

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

**3. Risk management**

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

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

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

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

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

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

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

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

**Part C – Remuneration**

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

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

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

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

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

**Part D – Relations with shareholders**

**1. Communication with shareholders**

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

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

**2. General Meeting of shareholders**

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

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

Detailed information on the role of the General Meeting of shareholders, its basic authorities and a description of shareholders' rights and how these are executed is provided in the Corporate Governance Statement, which is included in the annual management report of the company according to the provisions of the law.

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

Athens, March 30, 2015

President of the BoD

GEORGE GALANAKIS

I.D. No Ξ 282324

**D**. Annual Financial Statements

The accompanying financial statements were approved by the Board of directors of **«LAMPSA HELLENIC HOTELS S.A. »** on March 30, 2015, and have been published on the Company's website www.lampsa.gr as well as on the Athens Exchange's website, where they will remain at the investing public's disposal for at least 5 (five) years from the date of publication.

*Amounts in thousands €, unless stated otherwise*

## Statement of Financial Position

| | | CONSOLIDATED | | | CORPORATE | |
|---|---|---|---|---|---|---|
| **Amounts in thousand €** | **Note** | **31/12/2014** | **31/12/2013*** | **31/12/2012*** | **31/12/2014** | **31/12/2013** |
| **ASSETS** | | | | | | |
| **Non Current Assets** | | | | | | |
| Property, plant and equipment | 5.2 | 118.984 | 125.025 | 126.506 | 72.484 | 73.841 |
| Intangible Assets | 5.3 | 304 | 303 | 247 | 93 | 68 |
| Goodwill | 5.4 | - | 5.731 | 5.731 | | |
| Investments in Subsidiaries | 5.5 | 0 | - | (0) | 23.840 | 26.165 |
| Investments in Joint Ventures | 5.6 | 301 | 497 | | | |
| Other Long-term Assets | 5.7 | 359 | 239 | 171 | 179 | 107 |
| Deferred Tax Assets | 5.16 | 9.092 | 7.232 | 5.445 | 9.092 | 7.232 |
| **Total** | | **129.040** | **139.027** | **138.101** | **105.688** | **107.413** |
| **Current Assets** | | | | | | |
| Inventory | 5.8 | 871 | 860 | 761 | 630 | 578 |
| Trade and other receivables | 5.9 | 1.827 | 1.576 | 1.407 | 1.529 | 1.334 |
| Other Receivables | 5.9 | 669 | 713 | 2.405 | 228 | 294 |
| Other Current Assets | 5.9 | 817 | 1.244 | 795 | 722 | 1.175 |
| Cash and cash available | 5.10 | 3.057 | 3.947 | 2.267 | 1.142 | 1.204 |
| **Total** | | **7.240** | **8.339** | **7.634** | **4.251** | **4.584** |
| **Total Assets** | | **136.280** | **147.366** | **145.735** | **109.939** | **111.997** |
| **EQUITY AND LIABILITIES** | | | | | | |
| **Equity** | **5.11** | | | | | |
| Share Capital | | 23.928 | 23.928 | 23.928 | 23.928 | 23.928 |
| Share Premium | | 38.641 | 38.641 | 38.641 | 38.641 | 38.641 |
| Statutory Reserves | | 878 | 878 | 882 | 878 | 878 |
| Other Reserves | | (365) | 5.093 | 4.765 | 324 | 5.049 |
| Retained Earnings | | 15.367 | 15.006 | 11.415 | (1.889) | (9.607) |
| Foreign Exchange Difference Reserves | | (502) | (300) | (209) | | |
| Equity attributable to owners of the parent | | 77.947 | 83.247 | 79.422 | 61.882 | 58.889 |
| Non-controlling interest | 5.11 | 3.380 | 3.749 | 4.299 | | |
| **Total Equity** | | **81.328** | **86.996** | **83.721** | **61.882** | **58.889** |
| **Long-term liabilities** | | | | | | |
| Employee termination benefits liabilities | 5.19 | 2.340 | 1.872 | 1.806 | 2.340 | 1.872 |
| Long-term Debt | 5.17 | 35.605 | 38.827 | 28.353 | 34.145 | 37.035 |
| Deferred Tax Obligations | 5.18 | 3.845 | 4.258 | 4.382 | - | - |
| Other Long-term Liabilities | 5.12 | 27 | 71 | 1.002 | 23 | 17 |
| Other Provisions | | 563 | 239 | 150 | 107 | 202 |
| **Total** | | **42.381** | **45.266** | **35.692** | **36.615** | **39.126** |
| **Short-term Liabilities** | | | | | | |
| Suppliers and other liabilities | 5.13 | 2.779 | 1.988 | 1.466 | 2.663 | 1.909 |
| Income tax payable | 5.15 | 106 | 315 | 165 | 0 | 1 |
| Short-term debt | 5.17 | - | 1.903 | 245 | - | 1.705 |
| Short-term portion of bond and bank loans | 5.17 | 5.255 | 6.003 | 21.042 | 4.923 | 6.003 |
| Other liabilities | 5.14 | 4.431 | 4.896 | 3.404 | 3.855 | 4.364 |
| **Total** | | **12.571** | **15.105** | **26.323** | **11.441** | **13.982** |
| **Total liabilities** | | **54.952** | **60.371** | **62.015** | **48.056** | **53.108** |
| **Total Equity and Liabilities** | | **136.280** | **147.367** | **145.735** | **109.939** | **111.997** |

* *Adjusted figures are due to New IFRS 11 "Joint Arrangements" (Note 5.6).*

*Potential differences are due to rounding*

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

*Amounts in thousands €, unless stated otherwise*

### Statement of Comprehensive Income

| | | CONSOLIDATED | | CORPORATE | |
|---|---|---|---|---|---|
| **Amounts in thousand €** | **Note** | **1/1-31/12/2014** | **1/1-31/12/2013*** | **1/1-31/12/2014** | **1/1-31/12/2013** |
| **Sales** | **5.20** | **48.693** | **39.063** | **38.651** | **27.020** |
| Cost of Sales | 5.20 | (32.115) | (27.690) | (24.915) | (20.360) |
| **Gross Profit** | | **16.577** | **11.372** | **13.736** | **6.660** |
| Distribution Expenses | 5.20 | (3.146) | (2.819) | (2.578) | (2.125) |
| Administrative Expenses | 5.20 | (7.873) | (7.871) | (6.534) | (6.005) |
| Other Income | 5.20 | 1.233 | 1.714 | 818 | 1.191 |
| Other expenses | 5.20 | (784) | (545) | (111) | (269) |
| **Operating Profit** | | **6.007** | **1.852** | **5.331** | **(547)** |
| Financial expenses | 5.21 | (1.660) | (1.725) | (1.499) | (1.564) |
| Financial income | 5.21 | 53 | 44 | 2 | 4 |
| Other financial results | 5.21 | (6.941) | 672 | (1.990) | 1.470 |
| Earnings (Losses) from impairment of assets | 5.20 | (4.148) | - | - | - |
| Portion from (loss)/profit of associates 5.205.20 | | (181) | 968 | - | (374) |
| **Profit / (Loss) before Tax** | | **(6.870)** | **1.810** | **1.843** | **(1.011)** |
| Income Tax | 5.22 | 1.945 | 1.615 | 1.675 | 1.390 |
| **Net Profit / (Loss) for the period** | **5.20** | **(4.925)** | **3.425** | **3.519** | **379** |
| **Other Comprehensive Income reclassified into Income Statement for Subsequent Periods** | | | | | |
| Foreign exchange differences on translation of financial statements of foreign operations | | (203) | (90) | - | - |
| Effect of changes in participating interest in subsidiary | | | (95) | | |
| Actuarial results reserves | | (729) | 36 | (710) | 69 |
| Effect of tax on actuarial results reserves | | 185 | | 185 | (39) |
| **Other total comprehensive income for the period after tax** | | **(747)** | **(149)** | **(525)** | **29** |
| **Total Comprehensive Income for the Period** | | **(5.672)** | **3.276** | **2.993** | **408** |
| **Profit for the period allocated to:** | | | | | |
| Owners of the parent | | (4.556) | 3.281 | 3.519 | 379 |
| Non-controlling interest | | (369) | 144 | | |
| | | **(4.925)** | **3.425** | **3.519** | **379** |
| | | | | | |
| **Total Comprehensive Income for the Period allocated to:** | | | | | |
| Owners of the parent | | (5.303) | 3.349 | 2.993 | 408 |
| Non-controlling interest | | (369) | (73) | - | - |
| | | **(5.672)** | **3.276** | **2.993** | **408** |
| | | | | | |
| Earnings per share allocated to owners of the parent | | | | | |
| **Basic in €** | **5.23** | **-0,2133** | **0,1536** | **0,1647** | **0,0178** |

| | | CONSOLIDATED | | CORPORATE | |
|---|---|---|---|---|---|
| | | **1/1-31/12/2014** | **1/1-31/12/2013*** | **1/1-31/12/2014** | **1/1-31/12/2013** |
| EBIT | | 6.068 | 1.838 | 5.308 | (570) |
| EBITDA | | 10.695 | 6.440 | 8.774 | 1.994 |

***Adjusted figures are due to New IFRS 11 "Joint Arrangements" (Note 5.6).*

*Potential differences are due to rounding*

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

*Amounts in thousands €, unless stated otherwise*

## Statement of Changes in Equity

### The Group

| | THE GROUP | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Equity allocated to owners of LAMPSA** | | | | | | | |
| **Amounts in thousand €** | **Share Capital** | **Share Premium** | **Forex Differences Reserves** | **Other reserves** | **Retained earnings** | **Total** | **Non-controlling interest** | **Total** |
| **Balances as at January 1, 2013*** | **23.928** | **38.641** | **(209)** | **5.645** | **11.416** | **79.422** | **4.299** | **83.721** |
| Transfer of reserves | | | | 294 | (294) | (0) | | (0) |
| Change due to subsidiary liquidation | | | | (4) | 3 | (1) | | (1) |
| Change due to amendment to participating interest in subsidiary | | | | | 599 | 599 | (694) | (95) |
| Change in capital from acquisition of subsidiary | | | | | | - | | - |
| Total Comprehensive Income for 2013 | | | (91) | 36 | 3.282 | 3.227 | 144 | 3.371 |
| Equity balance as at December 31, 2013* | 23.928 | 38.641 | (300) | 5.972 | 15.006 | 83.247 | 3.749 | 86.996 |
| **Balances as at January 1, 2014** | **23.928** | **38.641** | **(300)** | **5.972** | **15.006** | **83.247** | **3.749** | **86.996** |
| Transfer of reserves | | | (203) | | | (203) | | (203) |
| Change due to subsidiary liquidation | | | | | | - | | - |
| Change due to amendment to participating interest in subsidiary | | | | | | - | | - |
| Transfers | | | | (4.200) | 4.200 | | | - |
| Total Comprehensive Income for 2014 | | | | (1.258) | (3.838) | (5.097) | (369) | (5.469) |
| **Equity balance as at December 31, 2014** | **23.928** | **38.641** | **(502)** | **513** | **15.367** | **77.947** | **3.380** | **81.328** |

* **Adjusted figures are due to New IFRS 11 "Joint Arrangements" (Note 5.6).*

*Potential differences are due to rounding*

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

*Amounts in thousands €, unless stated otherwise*

### The Company

| THE COMPANY | | | | | |
|---|---|---|---|---|---|
| **Amounts in thousand €** | **Share Capital** | **Share Premium** | **Other Reserves** | **Retained Earnings** | **Total** |
| **Balances as at January 1, 2013** | **23.928** | **38.641** | **5.898** | **(9.986)** | **58.480** |
| Distribution of earnings for 2012 | | | | | - |
| **Total Comprehensive Income for 2013** | | | **29** | **379** | **408** |
| **Equity balance as at December 31, 2013** | **23.928** | **38.641** | **5.927** | **(9.608)** | **58.888** |
| **Balances as at January 1, 2014** | **23.928** | **38.641** | **5.927** | **(9.608)** | **58.888** |
| Distribution of earnings for 2013 | | | | | - |
| Transfers | | | (4.200) | 4.200 | - |
| **Total Comprehensive Income for 2014** | | | **(525)** | **3.519** | **2.994** |
| **Equity balance as at December 31, 2014** | **23.928** | **38.641** | **1.202** | **(1.889)** | **61.882** |

* **Adjusted figures are due to New IFRS 11 "Joint Arrangements" (Note 5.6)*

*Potential differences are due to rounding*

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

*Amounts in thousands €, unless stated otherwise*

## Statement of Cash Flows

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousand €** | **01/01-31/12/2014** | **01/01-31/12/2013*** | **01/01-31/12/2014** | **01/01-31/12/2013** |
| **Operating activities** | | | | |
| **Profit / (Loss) before tax** | **(6.870)** | **1.810** | **1.843** | **(1.011)** |
| Plus / less adjustments for: | | | | |
| Depreciation | 4.650 | 4.625 | 2.533 | 2.587 |
| Amortization of grants | (23) | (23) | (23) | (23) |
| Profit / (Loss) of asset sale – impairment | 4.231 | 7 | - | 0 |
| Provisions/ Revenues from unused provisions of previous years | 211 | 238 | (216) | 224 |
| Impairment | 5.731 | | 2.326 | - |
| Investing Results | 199 | (771) | (1.657) | (741) |
| Foreign exchange differences | 1.191 | (111) | 1.134 | 132 |
| Interest income | (53) | (46) | (2) | (4) |
| Interest expenses | 1.660 | 1.725 | 1.499 | 1.564 |
| **Plus/ less adjustments for changes in working capital accounts or accounts related to operating activities:** | | | | |
| Decrease / (increase) in inventories | (10) | 7 | (52) | (146) |
| Decrease / (increase) in receivables | (236) | (1.147) | 21 | (1.125) |
| (Decrease) / increase in short term liabilities (except for banks) | (32) | 1.153 | 78 | 1.410 |
| **Less:** | | | | |
| Interest expense and related expenses paid | (1.679) | (1.345) | (1.577) | (1.251) |
| Taxes paid | (430) | (119) | - | 1 |
| **Total inflows / (outflows) from operating activities (a)** | **8.541** | **6.003** | **5.907** | **1.617** |
| **Investing activities** | | | | |
| Acquisition of tangible and intangible assets | (2.406) | (3.506) | (759) | (2.446) |
| Return of share capital to parent company | - | - | | 4.536 |
| Disposal of assets | - | 1.706 | | |
| Dividends Received | - | - | 1.657 | 885 |
| Increase of share capital and amounts paid for capital increase of consolidated company | - | (95) | | (1.696) |
| Interest collectable | 2 | 46 | 2 | 4 |
| Collection of Amortization | 51 | 1.800 | | |
| **Total inflows / (outflows) from investing activities (b)** | **(2.353)** | **(49)** | **900** | **1.284** |
| **Financing activities** | | | | |
| Proceeds from issued/received loans | - | 1.798 | | 1.600 |
| Payments of loans | (6.869) | (6.063) | (6.869) | (4.269) |
| Repayment of Finance Lease | (209) | (9) | | |
| Total inflows / (outflows) from financing activities (c ) | (7.078) | (4.274) | (6.869) | (2.669) |
| **Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c )** | **(890)** | **1.680** | **(62)** | **232** |
| Cash and cash equivalents at the beginning of year | 3.947 | 2.267 | 1.204 | 972 |
| **Cash and cash equivalents at the end of year** | **3.057** | **3.947** | **1.142** | **1.204** |

* **Adjusted figures are due to New IFRS 11 "Joint Arrangements" (Note 5.6)*

*Potential differences are due to rounding*

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

**Notes to the Financial Statements**

## 1. General Information

The parent company of the Group is "LAMPSA HELLENIC HOTELS S.A. based in Athens, Vasileos Georgiou A1, and is registered in the Companies Register of the Ministry of Economy, Competitiveness and Shipping, No. REG 6015/06 / V/86/135 and GSC Reg. No. 223101000 and its term of duration is set at one hundred (100) years, which began from the publication in the Government Gazette of the Royal Decree approving its memorandum of association. The company has been operating continuously since its foundation, over ninety-five (95) consecutive years.

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

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

The annual financial statements were approved for issue by the Company Board of Directors on 30 March, 2015.

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

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

On 24/12/2012, between the parent company and the bank "Eurobank Ergasias S.A." there was signed a definitive notarized leasing contract of the King George Hotel. The leasing agreement became effective following signing Lease Delivery and Reception Protocol as at 20/3/2013.

## 2. Basis for preparation of annual financial statements

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

All the revised or newly issued Standards and Interpretation applicable to the Group and effective as from December 31, 2014 were taken into account under the preparation of the financial statements for the current tear to the extent they were applicable.

The preparation of financial statements according to IFRSs requires use of accounting estimates. It also requires management estimations under the application of the Company accounting principles. The cases involving a higher degree of judgment or complexity, or the cases where assumptions and estimates are significant to the consolidated financial statements are included in note 2.2.

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

## 2.1. Changes in Accounting Policies

The accounting policies based on which the Financial Statements were drafted are in accordance with those used in the preparation of the Annual Financial Statements for the FY 2013, adjusted to the new Standards and revisions imposed by IFRS effective for fiscal years starting as at January 1st, 2014.

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

The following amendments and interpretations of the IFRS have been issued by IASB and their application is mandatory from or after 01/01/2014.

- **IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities", IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" (effective for annual periods starting on or after 01/01/2014)**

In May 2011, IASB issued three new Standards, namely IFRS 10, IFRS 11 and IFRS 12. IFRS 10 "Consolidated Financial Statements" sets out a new consolidation method, defining control as the basis under consolidation of all types of entities. IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation — Special Purpose Entities". IFRS 11 "Joint Arrangements" sets out the principles regarding financial reporting of joint arrangements participants. IFRS 11 supersedes IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". IFRS 12 "Disclosure of Interests in Other Entities" unites, improves and supersedes disclosure requirements for all forms of interests in subsidiaries, under common audit, associates and non-consolidated entities. As a result of these new standards, IASB has also issued the revised IAS 27 entitled IAS 27 "Separate Financial Statements" and revised IAS 28 entitled IAS 28 "Investments in Associates and Joint Ventures". The effect of the above is presented in §5.6.

- **Transition Guidance: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities (Amendments to IFRS 10, IFRS 11 and IFRS 12) (effective for annual periods starting on or after 01/01/2014)**

In June 2012, IASB issued this Guidance to clarify the transition provisions of IFRS 10. The amendments also provide additional accommodation during the transition to IFRS 10, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, limiting the requirements to provide adjusted comparative information to only the preceding comparative period. Furthermore, in respect to the disclosures relating to the unconsolidated entities, the amendments take away the requirement to present comparative information. The effect of the above is presented in §5.6.

- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (effective for annual periods starting on or after 01/01/2014)**

In October 2012, IASB issued amendments to IFRS 10, IFRS 12 and IAS 27. The amendments apply to a particular class of business that qualifies as investment entities. The IASB uses the term 'investment entity' to refer to an entity sole business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must evaluate the return of its investments on a fair value basis. Such entities could include private equity organizations, venture capital organizations, pension funds, sovereign wealth funds and other investment funds. The Investment Entities amendments provide an exception to the consolidation requirements under IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them while making the required disclosures. The above amendments do not affect the consolidated and corporate Financial Statements.

- **Amendments to IAS 32 "Financial Instruments: Presentation" – Offsetting financial assets and financial liabilities (effective for annual periods starting on or after 01/01/2014)**

In December 2011, IASB issued amendments to IAS 32 "Financial Instruments: Presentation", which provides clarification on some requirements for offsetting financial assets and liabilities in the statement of financial position. The above amendments do not affect the consolidated and corporate Financial Statements.

- **Amendments to IAS 36 "Impairment of Assets" - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods starting on or after 01/01/2014)**

In May 2013, IASB issued amendments to IAS 36 "Impairment of Assets". These narrow-scope amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The above amendments do not affect the consolidated and corporate Financial Statements.

- **Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" - Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods starting on or after 01/01/2014)**

In June 2013, IASB issued narrow-scope amendments to IAS 39 "Financial Instruments: Recognition and Measurement". The purpose of the amendments is to introduce a limited scope exception in respect to the suspension of accounting setting off, as per IAS 39. In particular, it allows hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. Similar relief will be included in IFRS 9 "Financial Instruments". The amendments do not affect the consolidated and corporate Financial Statements.

- **IFRIC 21 "Levies" (effective for annual periods starting on or after 01/01/2014)**

In May 2013, the IASB issued IFRIC 21. IFRIC 21 provides guidance on when a company recognizes a liability for a levy imposed by the state in its Financial Statements. IFRIC 21 is an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". IAS 37 sets out criteria for the recognition of a liability, one of which is the present obligation resulting from a past event, known as an obligating event. This interpretation indicates that the obligating event is the activity that triggers the payment of the levy in accordance with the relevant legislation. The above amendments do not affect the consolidated and corporate Financial Statements.

### 2.1.2 New Standards, Interpretations, revisions and amendments to the existing Standards that are not effective yet or have not been adopted by the European Union

The following new Standards and Revisions of Standards as well as the following Interpretations of the existing Standards have been issued bur are either non-effective yet or have not been adopted by the European Union. In particular:

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

In July 2014, the IAB issued the final version of IFRS 9. This version brings together the classification and measurement, impairment and hedge accounting models and presents a new expected loss impairment model and limited amendments to classification and measurement for financial assets. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods starting on or after 01/01/2016)**

In January 2014, the IASB issued a new standard, IFRS 14. The aim of this interim Standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities. Many countries have industry sectors that are subject to rate regulation, whereby governments regulate the supply and pricing of particular types of activity by private entities. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any.  The above have not been adopted by the European Union.

- **IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods starting on or after 01/01/2017)**

In May 2014, the IASB issued a new standard, IFRS 15. The Standard fully converges with the requirements for the recognition of revenue in both IFRS and US GAAP. The new standard will supersede IAS 11 "Construction Contracts", IAS 18 "Revenue" and several revenue related interpretations. The Group will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

- **Annual Improvements cycle 2010-2012 (effective for annual periods starting on or after 01/07/2014)**

In December 2013, the IASB issued Annual Improvements to IFRSs 2010-2012 Cycle, a collection of amendments to IFRSs, in response to eight issues addressed during the 2010-2012 cycle. The amendments are effective for annual periods beginning on or after 1 July 2014, although entities are permitted to apply them earlier. The issues included in this cycle are the following: IFRS 2: Definition of 'vesting condition', IFRS 3: Accounting for contingent consideration in a business combination, IFRS 8: Aggregation of operating segments, IFRS 8: Reconciliation of the total of the reportable segments' assets to the entity's assets, IFRS 13: Short-term receivables and payables, IAS 7: Interest paid that is capitalised, IAS 16/IAS 38: Revaluation method—proportionate restatement of accumulated depreciation and IAS 24: Key management personnel. The Group will examine the impact of the above on its consolidated and separate Financial Statements. The above were adopted by the European Union in December 2014.

- **Annual Improvements cycle 2011-2013 (effective for annual periods starting on or after 01/07/2014)**

In December 2013, the IASB issued Annual Improvements to IFRSs 2011-2013 Cycle, a collection of amendments to IFRSs, in response to four issues addressed during the 2011-2013 cycle. The amendments are effective for annual periods beginning on or after 1 July 2014, although entities are permitted to apply them earlier. The issues included in this cycle are the following: IFRS 1: Meaning of effective IFRSs, IFRS 3: Scope exceptions for joint ventures; IFRS 13: Scope of paragraph 52 (portfolio exception); and IAS 40: Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above were adopted by the European Union in December 2014.

- **Annual Improvements cycle 2012-2014 (effective for annual periods starting on or after 01/01/2016)**

In September 2014, the IASB issued Annual Improvements to IFRSs 2012-2012 Cycle, a collection of amendments to IFRSs, in response to four issues addressed during the 2012-2014 cycle. The amendments are effective for annual periods beginning on or after 1 January 2016, although entities are permitted to apply them earlier. The issues included in this cycle are the following: IFRS 5: Changes in methods of disposal, IFRS 7: Servicing Contracts and Applicability of the amendments to IFRS 7 to Condensed Interim Financial Statements, IAS 19: Discount rate: regional market, and IAS 34: Disclosure of information elsewhere in the interim financial report. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (effective for annual periods starting on or after 01/07/2014)**

In November 2013, the IASB published narrow scope amendments to IAS 19 "Employee Benefits" entitled Defined Benefit Plans: Employee Contributions (Amendments to IAS 19). The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above were adopted by the European Union in December 2014.

- **Amendment to IAS 27: "Equity Method in Separate Financial Statements" (effective for annual periods starting on or after 01/01/2016)**

In August 2014, the IASB published narrow scope amendments to IAS 27 "Equity Method in Separate Financial Statements ". Under the amendments, entities are permitted to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate Financial Statements – an option that was not effective prior to the issuance of the current amendments. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IFRS 10 and IAS 28: "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (effective for annual periods starting on or after 01/01/2016)**

In September 2014, the IASB published narrow scope amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture". The amendments will be applied by entities prospectively in respect of sales or contribution of assets performed in the annual periods starting on or after 01/01/2016. Earlier application is permitted, given that this fact is relatively disclosed in the financial Statements. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IAS 16 and IAS 41: "Agriculture: Bearer Plants" (effective for annual periods starting on or after 01/01/2016)**

In June 2014, the IASB published amendments that change the financial reporting for bearer plants. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16. Consequently, the amendments include bearer plants within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IAS 16 and IAS 38: "Clarification of Acceptable Methods of Depreciation and Amortisation" (effective for annual periods starting on or after 01/01/2016)**

In May 2014, the IASB published amendments to IAS 16 and IAS 38. IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IFRS 11: "Accounting for Acquisitions of Interests in Joint Operations" (effective for annual periods starting on or after 01/01/2016)**

In May 2014, the IASB issued amendments to IFRS 11. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business and specify the appropriate accounting treatment for such acquisitions. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IAS 1: "Disclosures Initiative" (effective for annual periods starting on or after 01/01/2016)**

In December 2014, the IASB issued amendments to IAS 1.The aforementioned amendments address settling the issues pertaining to the effective presentation and disclosure requirements as well as the potential of entities to exercise judgment under the preparation of financial statements. The Group will examine the impact of the above on its Financial Statements though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IFRS 10, IFRS 12 and IAS 28: "Investment Entities: Applying the Consolidated Exception" (effective for annual periods starting on or after 01/01/2016)**

In December 2014, the IASB published narrow scope amendments to IFRS 10, IFRS 11 and IAS 28. The aforementioned amendments introduce explanation regarding accounting requirements for investment entities, while providing exemptions in particular cases, which decrease the costs related to the implementation of the Standards. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any.  The above have not been adopted by the European Union.

### 2.2.Significant accounting judgments, estimates and assumptions

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

**Judgments**

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

- Classification of investments.

- Recoverability of receivables.

- Impairment of inventory.

**Assumptions and estimates**

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

- **Impairment estimation**

The Group tests annually the existing goodwill for impairment and examines events or conditions that make impairment possible; such as, for example, a significant negative change in the business climate or a decision for the sale or disposal of a unit or an operating segment. The determination of impairment requires the valuation of the corresponding unit, which is evaluated by using the method of discounted cash flows.
The recoverable amounts of units creating cash flows are determined based on calculations of current use value. These calculations require the use of estimates.

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

Moreover, other identified intangible assets with defined useful lives are tested annually for impairment and are subject to amortization by comparing the carrying amount to the sum of the undiscounted cash flows expected to be generated by the asset. The Group annually tests the impairment of goodwill according to accounting policy as mentioned below.

- **Income tax**

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

- **Provisions**

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

- **Contingent events**

During ordinary course of business, the Group is involved in legal claims and compensations. The Management judges that any arrangement would not affect significantly the financial position of the Group in 31/12/2014. However, the determination of contingent liabilities that are connected to legal claims and demands is a complicated procedure that includes judgments on possible consequences and law interpretation according laws and regulations. Any change in judgment or interpretation is possible to lead to an increase or decrease of the contingent liabilities in the future.

- **Business combinations**

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

- **Useful life of depreciable assets**

The Management examines the useful lives of depreciable assets at every reporting period. At 31 December 2014, the management of the company estimates that the useful lives of the depreciated assets, represent the expected utility of these assets. Actual results, however, may differ due to technical gradual depreciation, mainly regarding software and computer equipment.

## 3. Summary of accounting policies

### 3.1. General

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

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

### 3.2. Consolidation and investments in associates

- **Subsidiaries**

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

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

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

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

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

Non-controlling interests are recognized as part of profit or loss and net assets that do not belong to the Group. If losses of a subsidiary concerning non-controlling interests exceed non-controlling interests in subsidiary's liabilities, then the excess amount is allocated to the shareholders of the parent company except from the amount that the has an obligation and is able to cover those losses.
The accounting policies of subsidiaries are modified where necessary, in order to be consistent with the policies adopted by the Group.

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

In company's balance sheet, the participation in subsidiaries is evaluated in acquisition cost, unless there are indications of impairment. In this case depreciation appears in income statement as "Income from related companies"

### 3.3. Foreign currency translation

The consolidated financial statements of LAMPSA S.A. are presented in EURO (€), which is, also, the functional currency of the Holding Company.
Each financial entity of the group defines the functional currency and the elements included in the financial statements, of each entity. In the individual financial statements of the consolidated entities, the transaction in foreign currency is converted to the functional currency of each entity, using the exchange rates, prevailing on the date of the transaction. Transactions in foreign currency are converted into euros using the exchange rates prevailing on the transaction dates.
Exchange gains and losses arising from such transactions and from the conversion of accounts with balances at year end exchange rates are recognized in the "Financial Income / (expenses)", respectively except from the gain or damage incurred by the hedging instrument and directly recognized at the equity account, through the statement of changes in equity.

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

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

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

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

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

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

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

On consolidation, exchange rate differences arising from the conversion of the net investment in foreign operations, and of borrowings and other currency instruments that are designated hedges of a net investment in a foreign operation directly in equity through the statement of equity changes.
When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognized in profit or loss in the period of disposal or sale as part of the gain or loss on sale.

### 3.4. Segment reporting

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

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

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

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

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

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

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

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

### 3.5. Recognition of income and expenditure

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

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

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

**Sale of goods**

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

**Provision of services**

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

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

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

In cases that original revenue estimates are changed, costs or the completion stage is revised. These revisions may result in increases or decreases in estimated revenue or costs and are shown as income in the period in which the circumstances which make it necessary the revision notified by the administration.

**Income from interests**

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

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

**Income from royalties**

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

**Income from dividends**

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

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

**IFRIC 13: Customer Loyalty Programmes**

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

### 3.6. Borrowing costs

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

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

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

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

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

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

### 3.7. Goodwill

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

The impairment test procedure is described in § 3.10.3 “Impairment test of tangible and intangible assets”.

### 3.8. Other intangible assets and research and development activities

An intangible asset is initially valued at historical cost. The cost of an intangible asset acquired in a business combination is part of the fair value of the asset on the acquisition date.
After the initial recognition, intangible assets are valued at historical cost less accumulated depreciation and any impairment loss.

Acquired licenses regarding software are capitalized based on the purchasing and installation expense.
Expenses related to the maintenance of the software are recorded in the expenses of the period they occurred.
The useful lives of intangible assets are either definite or indefinite depending on their nature.
Intangible assets with definite useful life are amortized over their useful life and depreciation commences when the asset is available for use and is recognized in the category of operating expenses.
The period and depreciation method are reviewed at least in each fiscal year. If the expected useful life or the expected consumption rate of the future economic benefits embodied in the asset are changed, the amortization period or method are changed respectively. Such changes are accounted for as changes in accounting estimates.

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

#### 3.8.1. Acquired software

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

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

#### 3.8.1. Research and development expenditures

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

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

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

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

### 3.9. Property, plant and equipment

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

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

If the carrying value of tangible assets has suffered depreciation or an impairment loss, it shall be recorded as described below.

The gain or loss on sale of the land will be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recorded in profit or loss statement
Depreciation is calculated using the straight line method over the entire useful life of the assets. For works of art held by the company, no depreciation is calculated.

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

The useful lives of tangible assets of the Group are summarized below:

| | |
|---|---|
| Buildings & building facilities | 4-50 |
| Machinery & Equipment | 2-20 |
| Vehicles | 5-8 |
| Furniture | 2-33 |
| Office equipment /telephone devises | 3-33 |
| Printing / Hardware | 4-5 |

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

### 3.10. Leases

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

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

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

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

d. There is a significant change in the asset

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

### 3.10.1. The Group as a lessee

Leases where the Group does not transfer substantially all the risks and rewards of the asset are classified as operating leases. Initial direct costs incurred by lessors in negotiating and arranging an operating lease are added to the book value of the leased asset and are recognized over the lease term as the lease income. A corresponding amount is recognized as a liability of the lease regardless of whether some of the lease payments were paid in advance at the beginning of the lease.

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

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

### 3.10.2. The Group as a lessor

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

### 3.10.3. Impairment test of tangible and intangible assets

The Group's goodwill, intangible and tangible assets are subject to impairment tests. For the purposes of assessing impairment, certain assets are grouped in the smallest identifiable group of assets that generates cash inflows from its use (CGUs). As a result, some assets are tested individually for impairment and some are tested as CGUs.
The arising goodwill is allocated to each cash generating unit (CGU) expected to benefit from the synergies of the business combination. The CGUs represent the lowest level within the Group at which the goodwill is monitored for management purposes.

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

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

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

### 3.11. Financial Assets

The financial assets of the Group include loans and receivables.

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

#### 3.11.1. Loans and Receivables

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

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

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

### 3.12. Inventories

Inventories include raw materials, materials and goods purchased.

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

The financial cost is not taken into account.

At the balance sheet date, inventories are valued at the lowest level between cost of acquisition and net realizable value.
Net realizable value is the estimated selling price in the ordinary course of business activities, minus estimated cost which is necessary to make the sale.

Cost is determined using the method of weighted average cost.

### 3.13. Accounting for Income Tax

#### 3.13.1. Current Income Tax

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

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

#### 3.13.2. Deferred Income Tax

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

Deferred tax assets are recognized to the extent that it is likely to be offset against future income taxes. Deferred tax liabilities are recognized for all taxable temporary differences. In addition and in accordance with IAS 12, deferred tax is not recognized in relation to goodwill.

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

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

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

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

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

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

### 3.14. Cash and Cash Equivalents

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

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

### 3.15. Equity

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

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

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

The revaluation reserve comprises gains and losses due to the revaluation of certain financial assets and tangible assets. Exchange differences on translation are included in the translation reserve.

### 3.16. Retirement benefits and short-term employee benefits

#### 3.16.1. Retirement benefits

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

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

Actuarial gains and losses arising from experience adjustments and changes in proportionate matters at the end of the previous reporting period exceeded the greater of 10% of the fair value of plan assets or 10% of the defined benefit obligation are charged or credited to results based on the expected average remaining working lives of the employees participating in this program.
Past service costs are recognized immediately in income, unless the changes to the pension plans are voluntary for the employees remaining in service for a specified period (vesting date). In this case, the past service costs are amortized on a consistent basis over the vesting period.

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

### 3.16.2. Termination benefits

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

## 3.17. Financial Liabilities

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

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

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

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

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

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

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

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

### 3.17.1. Loans

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

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

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

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

### 3.18. Other Provisions, Contingent Liabilities and Contingent Assets

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

A present obligation arises from the presence of a legal or constructive obligation resulting from past events, for example, product warranties, legal disputes or onerous contracts
Restructuring provisions are recognized only if a detailed formal plan has been developed and implemented, or management has at least announced the features of the program to those who are affected by it. Provisions are not recognized for future operating losses.

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

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

A provision is used only for expenditures for which it originally formed a prediction. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.
Provisions are measured at the expected cost required to determine the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation.

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

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

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

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

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

These contingent liabilities are recognized as part of allocating the cost of acquiring the assets and liabilities in the business combination. Subsequently they are measured at the highest amount of a comparable provision as described above and at the amount initially recognized, less any depreciation. Possible inflows of economic benefits for the Group that do not yet meet the criteria of an asset are considered contingent assets.

## 4. Group structure

The group structure of LAMPSA S.A. on December 31, 2014 is presented below as follows:

| Company | Func. Currency | Domicile | Participating interest % | Consolidation Method | Participation |
|---|---|---|---|---|---|
| LAMPSA HELLENIC HOTELS S.A. | € | GREECE | | | |
| LUELLA ENTERPRISES LTD | € | CYPRUS | 100,00% | Full | Direct |
| NORTH HAVEN LTD | $ | HONG KONG | 100,00% | Full | Indirect |
| BEOGRADSKO MESOVITO PREDUZECE | € | SERBIA | 93,90% | Full | Indirect |
| EXCELSIOR BELGRADE SOCIATE OWNED | € | SERBIA | 80,33% | Full | Direct |
| TOURISTIKA THERETRA S.A.. | € | GREECE | 50,00% | Equity Proportionate | Direct |
| MARKELIA ENTERPRISES COMPANY LTD | € | CYPRUS | 100,00% | Full | Indirect |

*Amounts in thousands €, unless stated otherwise*

## 5. Notes to financial statements

### 5.1. Segment reporting

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

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

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

| **Segment results as at 31/12/2014** | **RENTING ROOMS** | **SALE OF FOOD AND BEVERAGE** | **OTHER ACTIVITIES** | **NON-ALLOCATED** | **TOTAL** |
|---|---|---|---|---|---|
| Sales | | | | | |
| - to external clients | 30.676 | 15.095 | 2.922 | | 48.693 |
| - to other segments | | | | - | - |
| **Net sales of the segment** | **30.676** | **15.095** | **2.922** | **-** | **48.693** |
| | | | | | |
| Financial Income | 33 | 16 | 3 | | 53 |
| Financial Expenses | (1.046) | (515) | (100) | | (1.660) |
| Depreciation | (3.404) | (1.048) | (198) | | (4.650) |
| **Earnings before tax** | **(4.328)** | **(2.130)** | **(412)** | | **(6.870)** |
| Income tax | 1.225 | 603 | 117 | | 1.945 |
| **Earnings after tax** | **(3.103)** | **(1.527)** | **(296)** | | **(4.925)** |
| | | | | | |
| **31/12/2014** | | | | | |
| Non-current assets | 75.378 | 37.091 | 7.179 | | 119.647 |
| Other Non-current Assets (Deferred Tax Assets) | | | | 9.393 | 9.393 |
| Other assets | 4.561 | 2.244 | 434 | - | 7.240 |
| **Total Assets** | **79.939** | **39.335** | **7.613** | **9.393** | **136.280** |
| **Total Liabilities** | **34.620** | **17.035** | **3.297** | | **54.952** |

| **Segment results as at 31/12/2013*** | **RENTING ROOMS** | **SALE OF FOOD AND BEVERAGE** | **OTHER ACTIVITIES** | **NON-ALLOCATED** | **TOTAL** |
|---|---|---|---|---|---|
| Sales | | | | | |
| - to external clients | 23.828 | 12.891 | 2.344 | | 39.063 |
| - to other segments | | | | - | - |
| **Net sales of the segment** | **23.828** | **12.891** | **2.344** | **-** | **39.063** |
| | | | | | |
| Financial Income | 27 | 14 | 3 | | 44 |
| Financial Expenses | (1.052) | (569) | (103) | | (1.725) |
| Depreciation | (3.386) | (1.042) | (197) | | (4.625) |
| **Earnings before tax** | **1.104** | **597** | **109** | | **1.810** |
| Income tax | 985 | 533 | 97 | | 1.615 |
| **Earnings after tax** | **2.089** | **1.130** | **206** | | **3.425** |
| | | | | | |
| **31/12/2013*** | | | | | |
| Non-current assets | 80.092 | 43.328 | 7.878 | | 131.298 |
| Other Non-current Assets (Deferred Tax Assets) | | | | 7.729 | 7.729 |
| Other assets | 5.087 | 2.752 | 500 | | 8.339 |
| **Total Assets** | **85.179** | **46.080** | **8.378** | **7.729** | **147.366** |
| **Total Liabilities** | **36.826** | **19.922** | **3.622** | | **60.371** |

*** *Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

### Geographical segments

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

| | 1/1-31/12/2014 | 31/12/2014 | 1/1-31/12/2013* | 31/12/2013* |
|---|---|---|---|---|
| **Amounts in thousands €** | **SALES** | **NON-CURRENT ASSETS** | **SALES** | **NON-CURRENT ASSETS** |
| GREECE | 38.651 | 72.756 | 27.020 | 79.747 |
| CYPRUS | - | - | - | - |
| SERBIA | 10.042 | 46.891 | 12.043 | 51.551 |
| **Total** | **48.693** | **119.647** | **39.063** | **131.298** |

*** *Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

### 5.2. Analysis of tangible fixed assets

Land, buildings and equipment valued at the date of transition to IFRS (1/1/2004) at acquisition cost less any accumulated amortization and any impairment losses.

The Group and the Parent Company property items are burdened with liens amounting to € 48,850 as well as $ 25,500 for outstanding loans amounting to € 40,860 k and € 39,068 respectively.

### The Group

| Amounts in thousands € | Land plots and buildings | Mechanical equipment and vehicles | Furniture and other equipment | Fixed assets under construction | Total |
|---|---|---|---|---|---|
| **Net Book Value as at 31/12/2012*** | **121.013** | **1.030** | **4.339** | **124** | **126.506** |
| Additions | 1.373 | 76 | 855 | 796 | 3.100 |
| Disposal of assets | (2) | - | (26) | (9) | (37) |
| Reclassifications | 131 | 3 | 58 | (197) | (4) |
| Depreciation costs | (3.326) | (285) | (949) | - | (4.560) |
| **Net Book Value as at 31/12/2013*** | **119.190** | **824** | **4.297** | **713** | **125.025** |
| Additions | 593 | 117 | 1.263 | 810 | 2.783 |
| Disposal of assets | - | (489) | (846) | - | (1.335) |
| Reclassifications | 850 | 18 | 378 | (1.399) | (153) |
| Impairment loss recognised in the income statement | (4.148) | - | - | - | (4.148) |
| Depreciation costs | (3.435) | (250) | (890) | - | (4.575) |
| Reclassifications | 2 | 72 | 62 | | 136 |
| Depreciation of disposed assets | - | 469 | 782 | - | 1.251 |
| **Net Book Value as at 31/12/2014** | **113.059** | **758** | **5.043** | **124** | **118.984** |

| Amounts in thousands € | Land plots and buildings | Mechanical equipment and vehicles | Furniture and other equipment | Fixed assets under construction | Total |
|---|---|---|---|---|---|
| Gross Book Value and impairment | 167.255 | 9.473 | 21.511 | 714 | 198.953 |
| Accumulated depreciation | (48.065) | (8.649) | (17.213) | (0) | (73.927) |
| **Net Book Value as at 31/12/2013*** | **119.190** | **824** | **4.297** | **713** | **125.025** |
| Gross Book Value and impairment | 164.557 | 9.115 | 22.302 | 124 | 196.099 |
| Accumulated depreciation | (51.498) | (8.357) | (17.259) | (0) | (77.115) |
| **Net Book Value as at 31/12/2014** | **113.059** | **758** | **5.043** | **124** | **118.984** |

## The Company

| Amounts in thousands € | Land plots and buildings | Mechanical equipment and vehicles | Furniture and other equipment | Fixed assets under construction | Total |
|---|---|---|---|---|---|
| | | | | | |
| **Net Book Value as at 01/01/2013** | **72.385** | **171** | **1.759** | **(0)** | **74.315** |
| | | | | | |
| Additions | 1.282 | 33 | 783 | | 2.098 |
| Disposal of assets | (2) | | (1) | | (3) |
| Reclassifications | | | | | - |
| Depreciation costs | (2.050) | (82) | (439) | - | (2.571) |
| Depreciation of disposed assets | - | - | 2 | - | 2 |
| | | | | | |
| **Net Book Value as at 31/12/2013** | **71.616** | **122** | **2.103** | **(0)** | **73.841** |
| | | | | | |
| Additions | 422 | 81 | 538 | 110 | 1.152 |
| Disposal of assets | | | | | - |
| Reclassifications | | (72) | (64) | | (137) |
| Depreciation costs | (2.137) | (45) | (327) | | (2.509) |
| Reclassifications | 2 | 72 | 62 | | 136 |
| Depreciation of disposed assets | | | | | - |
| | | | | | - |
| | | | | | |
| **Net Book Value as at 31/12/2014** | **69.903** | **158** | **2.313** | **110** | **72.484** |

| Amounts in thousands € | Land plots and buildings | Mechanical equipment and vehicles | Furniture and other equipment | Fixed assets under construction | Total |
|---|---|---|---|---|---|
| Gross Book Value | 98.394 | 5.080 | 10.879 | 0 | 114.354 |
| Accumulated depreciation and impairment | -26.778 | -4.958 | -8.775 | 0 | -40.511 |
| **Net Book Value as at 31/12/2013** | **71.616** | **122** | **2.104** | **0** | **73.842** |
| Gross Book Value | 98.816 | 5.089 | 11.353 | 110 | 115.505 |
| Accumulated depreciation and impairment | -28.913 | -4.930 | -9.040 | 0 | -43.019 |
| **Net Book Value as at 31/12/2014** | **69.902** | **158** | **2.313** | **110** | **72.484** |

During the fiscal year for the Company and the Group, net investments in tangible and intangible assets amounted to € 2,783 k and € 66 k (2013: € 3.328 k and € 2,164 k respectively).

During the fiscal year 2014, the Group disposed of tangible fixed assets which have net book value Euro 84 k, realizing a net loss of Euro 84 k (2013: net value Euro 18 k realizing net loss of Euro 7 k). The Company did not dispose of tangible fixed assets within the financial year (2013: net value 1 k while no profit or loss arose from disposal).

- As at 31.12.2014, tangible fixed assets were tested for impairment and the arising loss of € 4,148 k (€ 2,575 BMP and €1,573 k Excelsior) has burdened the Statement of Comprehensive Income, being recorded in the account "Earnings (losses) from impairment of assets". The Group's management believes that these impairments do not reflect the market value of real estate and arise from temporarily adjustments imposed by the IFRS. The lack of comparables in Serbia did not allow to form commercial values, while opening of new international hotel units in Belgrade reflects growth expectations that are not consistent with these impairments. The Management estimates that identifying of such comparables in view of Serbia's joining the European Union will allow to reverse the performed impairments.

As at 31 December 2014 and 31 December 2013 the Group and the Company had no commitments for capital expenditures.

## 5.3. Analysis of intangible assets

The intangible assets of the Group are as follows:

| Amounts in thousands € | Software licenses | Other intangible assets | Total |
|---|---|---|---|
| **Net Book Value as at 31/12/2012*** | **61** | **186** | **247** |
| Additions | 79 | 44 | 124 |
| Amortization | (31) | (37) | (68) |
| Sales amortization | - | - | - |
| **Net Book Value as at 31/12/2013*** | **110** | **193** | **303** |
| Additions | 66 | - | 66 |
| Sales | (140) | (56) | (196) |
| Reclassifications | 9 | - | 9 |
| Amortization | (39) | (36) | (75) |
| Sales amortization | 140 | 56 | 196 |
| | | | |
| **Net Book Value as at 31/12/2014** | **146** | **157** | **304** |

The intangible assets of the Company are as follows:

| Amounts in thousands € | Software licenses | Total |
|---|---|---|
| **Net Book Value as at 1/1/2013** | **21** | **21** |
| Additions | 63 | 63 |
| Amortization | (16) | (16) |
| **Net Book Value as at 31/12/2013** | **68** | **68** |
| Additions | 50 | 50 |
| Amortization | (25) | (25) |
| | | |
| **Net Book Value as at 31/12/2014** | **93** | **93** |

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

| Amounts in thousands € | Software licenses | Total |
|---|---|---|
| | | |
| Gross book value | 427 | 427 |
| Accumulated amortization and impairment | (359) | (359) |
| **Net Book Value as at 31/12/2013** | **68** | **68** |
| | | |
| Gross book value | 477 | 477 |
| Accumulated amortization and impairment | (384) | (384) |
| **Net Book Value as at 31/12/2014** | **93** | **93** |

** Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

Intangible assets are free of liens.

## 5.4. Goodwill

The book value of goodwill is as follows:

| Amounts in thousands € | BEOGRADSKO MESOVITO PREDUZECE | EXCELSIOR BELGRADE SOCIATE OWNED | Total Goodwill |
|---|---|---|---|
| Gross amount from transfer as at 1/1/2013* | 3.483 | 2.247 | 5.730 |

*Amounts in thousands €, unless stated otherwise*

| | | | |
|---|---|---|---|
| Accumulated impairment loss | | | - |
| Net Book Value as at 1/1/2013 | 3.483 | 2.248 | 5.731 |
| Additional goodwill recognized within the period 1/1-31/12/2013 | | | - |
| Goodwill derecognized within the period 1/1-31/12/2013 | | | - |
| Gross amount from transfer as at 31/12/2013 | 3.483 | 2.248 | 5.731 |
| Accumulated impairment loss | - | - | - |
| **Net Book Value as at 31/12/2013*** | **3.483** | **2.248** | **5.731** |
| Additional goodwill recognized within the period 1/1-31/12/2014 | | | - |
| Goodwill derecognized within the period 1/1-31/12/2014 | | | - |
| Goodwill impairment | (3.483) | (2.248) | (5.731) |
| Gross amount from transfer as at 31/12/2014 | 3.483 | 2.248 | 5.731 |
| Accumulated impairment loss | (3.483) | (2.248) | (5.731) |
| **Net Book Value as at 31/12/2014** | **-** | **-** | **-** |

*** Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

**Goodwill impairment test**

During the year 2014 (reporting date 31/12/2014) an impairment test of recognized goodwill was conducted.

For purposes of impairment test, goodwill is allocated to cash flows generating units of the Group (CGU) identified according to the operation of the country and business segment. The total goodwill has been allocated to hotel operations in Serbia (subsidiary BEOGRADSKO MESOVITO PREDUZECE and EXCELSIOR BELGRADE SOCIATE OWNED).

The recoverable amount of subsidiaries was determined based on their book value. The book value was determined by discounting the future free cash flows of the company after tax by the weighted average cost of capital after taxes . The result would be the same if we discount cash flows before tax with pre-tax discount rate. In determining book value, management uses assumptions that it deems reasonable and based on the best information that is available and valid at the reporting date of the financial statements.

The impairment test resulted in impairment loss of € 5,731 k burdening the consolidated Statement of Comprehensive Income. Derecognition of goodwill within the reporting period pertains by € 3,483 k to the subsidiary company BEOGRADSKO MESOVITO PREDUZECE and by € 2,248 k to the subsidiary company EXCELSIOR BELGRADE SOCIATE OWNED.

**Assumptions used to determine the value in use:**

- **Business Plans assumptions 2014 - 2018:** The calculations for determining the recoverable amount of the CFGU was based on 5-year business plans approved by management, which believes that reflect past experience and other available information from external sources. Apart from the above considerations concerning the determination of the book value of the CFGU, management is not aware of any other changes in circumstances that may affect the other assumptions.

- **Perpetuity growth:** The growth rate of cash flows beyond the forecast period (growth) was calculated taking into account both macroeconomic factors and characteristics of each CFGU.

- **Discount rate:** The discount rate used for the valuation of companies was based on the Weighted Average Cost of Capital (Weighted Average Cost of Capital). The Weighted Average Cost of Capital is the discount rate that converts the expected future return in present value. Considered the most appropriate discount factor, since it takes into account qualitative factors such as: the systematic risk of the company, the risk premium on performance and the company's tax liabilities.

In summary, the main assumptions adopted by the management for the estimation of future cash flows in order to determine the value in use on 31/12/2014 and 31/12/2013 and carried out the impairment test, are as follows:

*Amounts in thousands €, unless stated otherwise*

| Cash Generating Units | Assumptions as at 31/12/2014 | | |
|---|---|---|---|
| | WACC | WACC before tax | Perpetuity growth |
| BEOGRADSKO MESOVITO PREDUZECE (BMP) | 11,77% | 13,13% | 3,00% |
| EXCELSIOR BELGRADE SOCIATE OWNED | 12,41% | 13,93% | 3,00% |

| Cash Generating Units | Assumptions as at 31/12/2013 | | |
|---|---|---|---|
| | WACC | WACC before tax | Perpetuity growth |
| BEOGRADSKO MESOVITO PREDUZECE (BMP) | 12,51% | 16,91% | 3,70% |
| EXCELSIOR BELGRADE SOCIATE OWNED | 12,40% | 16,76% | 5,00% |

## 5.5. Analysis of investments in subsidiaries and associates

The following is an analysis of equity of the parent Company in subsidiaries and associates:

| Amounts in thousands € | ACQUISITION VALUE as at 31/12/2014 | ACQUISITION VALUE as at 31/12/2013* | ACQUISITION VALUE as at 31/12/2012* | DOMICILE – COUNTRY | Func. Currency | DIRECT PARTICIPATING INTEREST % | INDIRECT PARTICIPATING INTEREST % | RELATIONSHIP | CONSOLIDATION METHOD | OPERATING SEGMENT |
|---|---|---|---|---|---|---|---|---|---|---|
| LAMPSA HELLENIC HOTELS S.A.. | - | - | | Greece | € | PARENT | | PARENT | - | Hotel services |
| GRAND BRETAGNE LTD | - | - | 100 | Greece | € | 99,94% | | SUBSIDIARY | FULL CONSOLIDATION | Retail |
| LUELLA ENTERPRISES LTD | 18.732 | 18.730 | 18.109 | Cyprus | € | 100,00% | | SUBSIDIARY | FULL CONSOLIDATION | Holding |
| HARVARD INVESTMENTS CORPORATION | - | - | 359 | Liberia | $ | 100,00% | | SUBSIDIARY | FULL CONSOLIDATION | Holding |
| WORLD SPIRIT S.A. | - | - | 3.080 | Panama | $ | 100,00% | | SUBSIDIARY | FULL CONSOLIDATION | Holding |
| EXCELSIOR BELGRADE SOCIALLY OWNED HOTEL & CATERING TOURIST ENTERPRISES | 7.434 | 7.435 | 7.340 | Serbia | € | 80,33% | | SUBSIDIARY | FULL CONSOLIDATION | Hotel services |
| BEOGRADSKO MESOVITO PREDUZECEE A.D. | - | - | | Serbia | € | - | 93,90% | SUBSIDIARY | FULL CONSOLIDATION | Hotel services |
| NORTH HAVEN LTD | - | - | | Hong Kong | $ | - | 100,00% | SUBSIDIARY | FULL CONSOLIDATION | Holding |
| MARKELIA ENTERPRISES COMPANY LTD | - | - | | Cyprus | € | - | 100,00% | SUBSIDIARY | FULL CONSOLIDATION | Services |
| **TOTAL** | **26.166** | **26.165** | **28.988** | | | | | | | |
| PROVISION FOR IMPAIRMENT | (2.326) | - | (100) | | | | | | | |
| **NET VALUE** | **23.840** | **26.165** | **28.888** | | | | | | | |

Within the current year:

- The Parent Company received from LUELLA ENTERPRISE Co dividends totally amounting to € 1,657 (2013: χιλ € 885), k., following the decisions of the General Meetings of the subsidiary made in 2014.
- Following as of May 12th, 2014 decision of the Republic of Liberia, the operations of the subsidiary company Harvard Investments Company were terminated. The decision on its liquidation was made by the General Meeting as of 15 April, 2014. The liquidation of Harvard Investments has not affected the Group Consolidated Financial Statements.
- Following as of May 22nd, 2014 decision of the Republic of Panama, the operations of the subsidiary company World Spirit LTD SA were terminated. The decision on its liquidation was made by the General Meeting as of 31 March, 2014. The liquidation of World Spirit LTD SA has not affected the Group Consolidated Financial Statements.
- There are no discontinued operations of a segment or another company in accordance with IFRS.
- Within the current FY, the acquisition cost in the parent participating interest in subsidiary Excelsior Belgrade Sociality was impaired to an amount of € 2,326 k.

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

| **Amounts in thousands €** | **31.12.2014** | **31.12.2013*** | **31.12.2012*** |
|---|---|---|---|
| **Opening balance** | **26.165** | **28.888** | **38.059** |
| Acquisitions | 1 | 95 | |
| Share capital increase | | 1.850 | |
| Sales | | | |
| Share capital decrease | | (2.818) | (6.171) |
| Impairment loss recognized in the income statement | (2.326) | (1.850) | (3.000) |
| **Closing balance** | **23.840** | **26.165** | **28.888** |

** Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

### *5.6. Investment in Joint Venture*

The Group jointly participates with other parties (50%) in the company "Touristika Theretra S.A.". In accordance with IAS 31 "Interests in Joint Ventures" (prior to transition to IFRS 11), Joint Ventures are consolidated in the Group financial sizes under proportional consolidation method. The implementation of IFRS 11 "Joint Arrangements", which is mandatory from 1 January 2014, eliminated the option of proportionate consolidation and jointly controlled entities that meet the definition of a joint venture shall be accounted for using the "equity" method. Therefore, the Group no longer consolidates Joint Ventures using this method, implementing the aforementioned method, while the standard was applied retrospectively as from 1 January 2013 and, therefore, the third comparative period is presented in the consolidated Statement of Financial Position. The effect of the application of IFRS 11 retrospectively on the published financial sizes of the Group is as follows:

- Effect on the statement of Financial Position as at 31/12/2013 & 31/12/2012

| **Amounts in thousands €** | **31/12/2013** | **31/12/2012** |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Total | (16.727) | (18.177) |
| **Current assets** | | |
| Total | (884) | (544) |
| **Total assets** | **(17.611)** | **(18.722)** |
| | | |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Equity attributed to the owners of the parent | 0 | 0 |
| Non-controlling interest | - | - |
| **Total Equity** | **0** | **0** |
| **Long-term liabilities** | | |
| **Total** | **(14.860)** | **(13.519)** |
| Short-term liabilities | | |
| **Total** | **(2.752)** | **(5.202)** |
| Total Liabilities | (17.612) | (18.721) |
| **Total Equity and Liabilities** | **(17.611)** | **(18.722)** |

- Effect on the Statement on Comprehensive Income 01/01-30/9/2013

| **Amounts in thousands €** | **01.01-31.12.2013** |
|---|---|
| Sales | (4.453) |
| **Gross Profit** | **(892)** |
| Operating Profit | 31 |
| Financial costs | 456 |
| Other financial results | (1.475) |
| Share from (loss)/profit of associates | 955 |
| **Profit / (Loss) before tax** | **(36)** |
| Income Tax | 36 |
| **Net Profit/ (Loss) for the period** | **(0)** |
| | |
| **Other comprehensible income reclassified in the Income Statement to subsequent periods** | |
| Effect from change in participating interest in subsidiary | - |
| Actuarial reserves | (45) |
| Effect of tax on actuarial reserves | 45 |
| **Other comprehensible income for the period after tax** | **(0)** |
| Total Comprehensive Income for the Period | (0) |
| **Profit / (Loss) for the period allocated to:** | |
| Owners of the parent | (0) |
| Non-controlling interest | - |
| | (0) |
| **Total Comprehensive Income for the Period allocated to:** | |
| Owners of the parent | (0) |
| Non-controlling interest | - |
| | (0) |
| **Basic in €** | **0,0000** |

Changes in Joint Ventures are presented in the following table:

| LAMPSA Group | Acquisition value 31/12/13 | Profit after tax | Value 31/12/2014 (Investment in Joint Ventures) |
|---|---|---|---|
| TOURISTIKA THERETRA S.A. | 497 | (208,42) | 288,58 |

If positive, the percentage in Equity is presented in the Consolidated Statement of financial Position in the item of Assets "Investments in Joint Ventures", otherwise, in the item of Liabilities "Other Long-term Liabilities".

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

| **Amounts in thousands €** | **Acquisition Value 31/12/2014** | **Acquisition Value 31/12/2013** | **Acquisition Value 31/12/2012** |
|---|---|---|---|
| TOURISTIKA THERETRA S.A. | 9.260 | 9.260 | 7.409 |
| **TOTAL** | **9.260** | **9.260** | **7.409** |
| Provisions for impairment | (9.260) | (9.260) | (7.409) |
| **TOTAL** | **-** | **-** | **-** |

| **Amounts in thousands €** | **31/12/2014** | **31/12/2013** | **31/12/2012** |
|---|---|---|---|
| **Opening balance** | **-** | **-** | **3.000** |
| Share capital increase | | 1.850 | |
| Impairment loss recognized in the income statement | | (1.850) | (3.000) |
| **Closing balance** | **-** | **(0)** | **-** |

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

| | **31/12/2014** | **31/12/2013** | **31/12/2012** |
|---|---|---|---|
| **Statement of Financial Position** | | | |
| Non-current Assets | 33.245 | 34.448 | 36.400 |
| Current Assets 4.629 1.768 | 2.040 | 1.768 | 1.268 |
| **Total Assets** | **35.285** | **36.216** | **37.667** |
| | | | |
| **Total Equity** | **602** | **964** | **(1.678)** |
| Long-term Liabilities | 27.455 | 29.785 | 28.942 |
| Short-term Liabilities | 7.228 | 5.467 | 10.404 |
| **Total Liabilities** | **35.285** | **36.216** | **37.667** |
| **Statement of Comprehensive Income** | **01/01-31/12/2014** | **01/01-31/12/2013** | **01/01-31/12/2012** |
| Profit / Loss after tax | (362) | (1.043) | (4.172) |
| Other comprehensive income / (loss) | (28) | 14 | 45 |
| **Total comprehensive income / (loss)** | **(390)** | **(1.028)** | **(4.127)** |

| | | | |
|---|---|---|---|
| Depreciations | 2.086 | 2.173 | 2.227 |
| Financial income | 5 | 4 | 2 |
| Financial expenses | 721 | 911 | 1.557 |
| Income tax | 80 | 74 | 545 |

### 5.7. Analysis of other long term receivables

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

| | THE GROUP | | | THE COMPANY | |
|---|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2014** | **31.12.2013*** | **31.12.2012*** | **31.12.2014** | **31.12.2013** |
| Guarantees | 179 | 107 | 75 | 179 | 107 |
| Interest bearing loans in $ to third parties | - | - | | - | - |
| Other receivables | 180 | 132 | 96 | - | - |
| **Total** | **359** | **239** | **171** | **179** | **107** |

*** Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

### 5.8. Inventory Analysis

The Group and the Company inventory is analyzed as follows:

| | THE GROUP | | | THE COMPANY | |
|---|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2014** | **31.12.2013*** | **31.12.2012*** | **31.12.2014** | **31.12.2013** |
| Goods | 533 | 490 | 391 | 489 | 433 |
| Raw materials | 246 | 264 | 239 | 141 | 144 |
| Spare parts | 91 | 105 | 131 | - | - |
| **Total** | **871** | **860** | **761** | **630** | **578** |

The Group has no pledged inventory.

*** Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

### 5.9. Trade and other Receivables and other Assets

The Group and the Company receivables are analyzed as follows:

| | THE GROUP | | | THE COMPANY | |
|---|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2014** | **31.12.2013*** | **31.12.2012*** | **31.12.2014** | **31.12.2013** |
| Trade receivables from third parties | 1.857 | 1.429 | 1.254 | 1.543 | 1.169 |
| Cheques receivable | 66 | 164 | 221 | 66 | 164 |
| Less: provision for doubtful receivables | (96) | (17) | (68) | (80) | - |
| Trade receivables - net | 1.827 | 1.576 | 1.407 | 1.529 | 1.334 |
| Advance payment | 88 | 107 | 123 | 72 | 81 |
| Miscellaneous debtors | 188 | 274 | 309 | 156 | 213 |
| VAT | 131 | 163 | 132 | - | - |
| Doubtful receivables from Greek State | 262 | 160 | 112 | - | - |
| Doubtful debtors | - | 9 | - | - | - |
| Long-term receivables carried forward | - | - | 1.729 | - | - |
| **Other Receivables** | **669** | **713** | **2.405** | **228** | **294** |
| Restricted deposits accounts | 198 | | | 198 | |
| Prepaid expenses | 521 | 523 | 554 | 445 | 445 |
| Accrued income | 98 | 721 | 241 | 78 | 730 |
| **Other current assets** | **817** | **1.244** | **795** | **722** | **1.175** |
| Total other receivables | 1.486 | 1.956 | 3.200 | 950 | 1.469 |
| | | | | | |
| **Total trade and other receivables** | **3.312** | **3.532** | **4.607** | **2.478** | **2.802** |

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

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

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

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

The receivables of the Group and the parent company parent that are not impaired and are post due (over 90 days) amount to Euro 924 k.

*** Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

### 5.10. Analysis of cash available

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

| | THE GROUP | | | THE COMPANY | |
|---|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2014** | **31.12.2013*** | **31.12.2012*** | **31.12.2014** | **31.12.2013** |
| Cash | 106 | 73 | 106 | 59 | 33 |
| Sight deposits | 2.951 | 3.875 | 2.161 | 1.084 | 1.170 |
| Short-term time deposits | - | - | | - | - |
| Bank overdrafts | - | - | | - | - |
| **Total** | **3.057** | **3.947** | **2.267** | **1.142** | **1.204** |

From the above deposits, there arose financial income for the Group and the Company amounting to € 9 k and 2 k respectively (2013: Group € 12 k, Company: € 4k).

Sight deposits per currency are analyzed as follows:

| **Amounts in thousands €** | **31.12.2014** | **31.12.2013*** | **31.12.2012*** | **31.12.2014** | **31.12.2013** |
|---|---|---|---|---|---|
| Sight deposits in € | 2.948 | 3.872 | 2.160 | 1.081 | 1.167 |
| Sight deposits in $ | 3 | 2 | - | 3 | 2 |
| Sight deposits in RSD | 0 | 1 | 1 | 0 | 1 |
| **Total** | **2.951** | **3.875** | **2.161** | **1.084** | **1.170** |

*** Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

### 5.11. Equity Analysis

The Group and the Company Equity is analyzed as follows:

Η καθαρή θέση του Ομίλου και της Εταιρίας αφορά τα ακόλουθα:

| | THE GROUP | | | THE COMPANY | |
|---|---|---|---|---|---|
| **Amounts in thousands €** | **31/12/2014** | **31/12/2013*** | **31/12/2012*** | **31/12/2014** | **31/12/2013** |
| Capital and reserves attributable to parent owners | | | | | |
| Share capital | 23.928 | 23.928 | 23.928 | 23.928 | 23.928 |
| Share premium | 38.641 | 38.641 | 38.641 | 38.641 | 38.641 |
| Foreign currency translation differences | (502) | (300) | (209) | | |
| Other reserves | 513 | 5.972 | 5.645 | 1.202 | 5.927 |
| Retained earnings | 15.367 | 15.006 | 11.415 | (1.889) | (9.607) |
| **Total** | **77.947** | **83.247** | **79.421** | **61.882** | **58.889** |
| Non-controlling interest | 3.380 | 3.749 | 4.299 | - | - |
| **Total Equity** | **81.328** | **86.996** | **83.721** | **61.882** | **58.889** |

*** Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

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

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

“Other Reserves" of the Group and the Company are as follows:

| THE GROUP | | | | | | |
|---|---|---|---|---|---|---|
| **Amounts in thousands €** | **Statutory reserves** | **Extraordinary reserves** | **Tax exempted reserves under special regulations** | **Actuarial results reserves** | **Other reserves** | **Total** |
| **Balance as at 31/12/2012*** | **882** | **404** | **3.910** | **323** | **127** | **5.647** |
| Changes within the FY | (3) | - | 292 | 36 | | 325 |
| **Balance as at 31/12/2013*** | **879** | **404** | **4.203** | **359** | **127** | **5.972** |
| Changes within the FY | | - | (4.904) | (553) | | (5.458) |
| **Balance as at 31/12/2014** | **878** | **404** | **(702)** | **(194)** | **127** | **513** |

** Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

| THE COMPANY | | | | | | |
|---|---|---|---|---|---|---|
| **Amounts in thousands €** | **Statutory reserves** | **Extraordinary reserves** | **Tax exempted reserves under special regulations** | **Actuarial results reserves** | **Other reserves** | **Total** |
| | | | | | | |
| **Balance as at 31/12/2012** | **878** | **404** | **4.200** | **289** | **127** | **5.898** |
| Changes within the FY | - | | | 29 | | 29 |
| **Balance as at 31/12/2013** | **878** | **404** | **4.200** | **318** | **127** | **5.927** |
| Changes within the FY | | | (4.200) | (525) | | (4.725) |
| **Balance as at 31/12/2014** | **878** | **404** | **-** | **(207)** | **127** | **1.202** |

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

### 5.11.1. Share capital

As at 31 December 2014, the Company's share capital amounts to € 23.927.680, divided into 21,364,000 common registered shares of nominal value € 1,12 each. The Company's shares are listed on the Athens Stock Exchange, in the category of low dispersion and specific characteristics, are traded on the stock exchange in Athens 'main market' and participate in the Travel & Leisure Sector, Branch Hotels.

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

Due to accumulated losses, the Management will not propose distribution of dividends to the Annual General Meeting of shareholders.

The profits of LAMPSA S.A. for 2014, amounting to € 2,900 k are proposed to be distributed as follows:

| | |
|---|---|
| Amounts in thousands € | |
| Net profit for the year | 2.900 |
| Less: Suggested statutory reserves | (145) |
| Profits for distribution to shareholders | 2.755 |
| Suggested dividend | - |
| Retained earnings | 2.755 |
| Dividend per share (in €) | |

It should be noted that the proposed dividend is subject to approval of the annual ordinary general meeting of shareholders.

## 5.12. Analysis of provisions

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

| | THE GROUP | | | | | |
|---|---|---|---|---|---|---|
| | **Loss from shares** | **Other provisions** | **Tax audit differences** | **Other provisions (legal claims)** | **Total** | **Customers provisions** |
| **31.12.2012*** | **9** | **0** | **-** | **141** | **150** | **68** |
| Acquisition of subsidiary | - | | - | - | - | |
| Adjustments to discount rate | - | | | - | - | |
| Additional provisions | - | 6 | - | 64 | 70 | 18 |
| Used provisions | - | - | - | (2) | (2) | |
| Unused amounts reversed | - | - | - | - | - | (69) |
| Reclassification | | | | 20 | 20 | |
| **31.12.2013*** | **9** | **6** | **-** | **223** | **239** | **17** |
| Acquisition of subsidiary | - | | - | - | - | - |
| Adjustments to discount rate | - | | | - | - | - |
| Additional provisions | - | - | - | 427 | 427 | 80 |
| Used provisions | - | - | - | (96) | (96) | - |
| Unused amounts reversed | - | (6) | - | - | (6) | - |
| **31.12.2014** | **9** | **0** | **-** | **554** | **563** | **97** |

** *Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

| | THE COMPANY | | | | | |
|---|---|---|---|---|---|---|
| | **Loss from shares** | **Other provisions** | **Tax audit differences** | **Other provisions (legal claims)** | **Total** | **Customers provisions** |
| **31.12.2012** | **9** | **-** | **-** | **124** | **134** | **69** |
| | | | | | | |
| Additional provisions | - | 6 | - | 64 | 70 | (69) |
| Used provisions | - | - | - | (2) | (2) | |
| Unused amounts reversed | - | | - | - | - | |
| Reclassification | | | | | | |
| **31.12.2013** | **9** | **6** | **-** | **187** | **202** | **-** |
| Acquisition of subsidiary | - | - | - | - | - | |
| Adjustments to discount rate | - | - | - | - | - | |
| Additional provisions | - | | | 7 | 7 | 80 |
| Used provisions | - | - | - | (96) | (96) | |
| Unused amounts reversed | - | | - | | - | - |
| Reclassification | | (6) | - | | (6) | |
| **31.12.2014** | **9** | **-** | **-** | **98** | **107** | **80** |

Under the above table, provisions for bad debts less receivables are presented.

## 5.13. Analysis of suppliers

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

| | THE GROUP | | | THE COMPANY | |
|---|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2014** | **31.12.2013*** | **31.12.2012*** | **31.12.2014** | **31.12.2013** |
| Suppliers | 2.779 | 1.988 | 1.466 | 2.663 | 1.909 |
| **Total Suppliers and Other Liabilities** | **2.779** | **1.988** | **1.466** | **2.663** | **1.909** |

** *Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

## 5.14. Analysis of other liabilities and advance payments

| | THE GROUP | | | THE COMPANY | |
|---|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2014** | **31.12.2013*** | **31.12.2012*** | **31.12.2014** | **31.12.2013** |
| Suppliers advance payments | 813 | 716 | 393 | 770 | 688 |

| | | | | | |
|---|---|---|---|---|---|
| Social insurance | 708 | 656 | 491 | 708 | 656 |
| VAT and other taxes | - | - | - | - | |
| Accrued expenses | 917 | 903 | 567 | 780 | 753 |
| Income carried forward | 92 | 141 | 154 | 5 | 13 |
| Dividends | 3 | 8 | 23 | 3 | 8 |
| Liabilities from associates | 0 | 0 | 0 | - | 23 |
| Other short-term liabilities | 1.898 | 2.472 | 1.776 | 1.589 | 2.223 |
| **Total** | **4.431** | **4.896** | **3.404** | **3.855** | **4.364** |
| | | | | | |

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

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

** Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

### 5.15. Current Tax Liabilities

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

| | THE GROUP | | | THE COMPANY | |
|---|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2014** | **31.12.2013*** | **31.12.2012*** | **31.12.2014** | **31.12.2013** |
| | | | | | |
| Current tax liabilities | | | | | |
| Income tax | 105 | 315 | 165 | 0 | 1 |
| Tax audit differences | - | - | | | |
| **Total tax liabilities** | **105** | **315** | **165** | **0** | **1** |

** Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

### 5.16. Deferred Tax Assets and Liabilities

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

The tax rates for the FY 2014 regarding the companies operating abroad are as follows:

| Country | Tax rate |
|---|---|
| SERBIA | 15% |
| CYPRUS | 12,5% |
| HONG KONG | 16,50% |

Deferred income tax is provided on temporary differences using the tax rates expected to apply to the countries where the Group companies are active. The amounts shown in the balance sheet are expected to be recovered or settled after December 31, 2014.

Deferred taxation on 31/12/2014 for Group companies operating in Greece has been calculated at the applicable tax rate of 26% established by L. 4110/2013.

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

As at 31 December 2014, the Group and the Company had accumulated tax losses carried forward of € 8,673 k, for which an amount of € 2,255 k was recognized as deferred tax asset, given that the Management estimates that their offsetting with future taxable profits is reasonably possible. This Management's assessment is based on the relevant approved business plan of the respective companies.

Changes in deferred tax assets and liabilities of the group are as follows:

| | THE GROUP | | | | | | |
|---|---|---|---|---|---|---|---|
| | 31/12/2014 | | | 31/12/2013* | | 31/12/2012* | |
| **Amounts in thousands €** | **Deferred tax asset** | **Deferred tax liability** | | **Deferred tax asset** | **Deferred tax liability** | **Deferred tax asset** | **Deferred tax liability** |
| Property, plant and equipment | 7.096 | (4.745) | | 6.897 | (5.064) | 4.828 | (4.932) |
| Intangible assets | 9 | - | | - | (0) | - | (52) |
| Actuarial results reserves | 73 | - | | - | (112) | 433 | (72) |
| Employees termination benefit obligations | 536 | - | | 598 | - | - | - |
| Government grants | - | (13) | | - | - | - | - |
| Tax loss to be offset | - | - | | 4 | - | 27 | - |
| Provisions – obligations | 36 | - | | 104 | (163) | - | (4) |
| Deferred Tax Liability from credit foreign currency translation differences (valuation) | - | - | | - | | 400 | - |
| Recognition of tax loss | 305 | - | | 709 | - | - | - |
| Recognition of loss offsetting with reserves Law 4172/2013under provisions of Article 72 | 1.950 | - | | | - | - | - |
| **Total** | **10.004** | **(4.757)** | | **8.314** | **(5.339)** | **6.124** | **(5.061)** |
| Offsetting | (912) | 912 | | (1.081) | 1.081 | (679) | 679 |
| **Net deferred tax asset / (liability)** | **9.092** | **(3.845)** | | **7.232** | **(4.258)** | **5.445** | **(4.382)** |

Changes in deferred tax assets and liabilities of the Group for FY 2014 & 2013 are as follows:

| THE GROUP | | | | |
|---|---|---|---|---|
| **Deferred tax assets (liabilities)** | **1.1.2014** | **Recognized in Other Comprehensive Income** | **Recognized in Income Statement** | **31.12.2014** |
| Property, plant and equipment | 1.833 | | 518 | 2.351 |
| Intangible assets | (0) | | 9 | 9 |
| Actuarial results reserves | (112) | 185 | | 73 |
| Employees termination benefit obligations | 598 | | (63) | 536 |
| Government grants | - | | (13) | (13) |
| Tax loss to be offset | 4 | | (4) | - |
| Provisions – obligations | (59) | | 95 | 36 |
| Deferred Tax Liability from credit foreign currency translation differences (valuation) | - | | - | - |
| Recognition of tax loss | 709 | | (404) | 305 |
| Recognition of loss offsetting with reserves Law 4172/2013under provisions of Article 72 | - | | 1.950 | 1.950 |
| **Total** | **2.975** | **185** | **2.087** | **5.247** |
| | | | | |
| | | | | |
| **Recognized as:** | | | | |
| **Deferred tax asset** | **7.232** | | | **9.092** |
| **Deferred tax liability** | **(4.258)** | | | **(3.845)** |

| THE GROUP | | | | |
|---|---|---|---|---|
| **Deferred tax assets (liabilities)** | **1.1.2013** | **Recognized in Other Comprehensive Income** | **Recognized in Income Statement** | **31.12.2013** |
| Property, plant and equipment | (104) | | 1.937 | 1.833 |
| Intangible assets | (52) | | 52 | (0) |
| Actuarial results reserves | 361 | (473) | | (112) |
| Employees termination benefit obligations | - | | 598 | 598 |
| Government grants | - | | - | - |
| Tax loss to be offset | 27 | | (23) | 4 |
| Provisions – obligations | (4) | | (55) | (59) |
| Deferred Tax Liability from credit foreign currency translation differences (valuation) | 400 | | (400) | - |
| Recognition of tax loss | - | | 709 | 709 |
| Change in tax rates | - | | - | - |
| **Total** | **1.063** | **(473)** | **2.384** | **2.975** |
| | | | | |
| | | | | |
| **Recognized as:** | | | | |
| **Deferred tax asset** | **5.445** | | | **7.232** |
| **Deferred tax liability** | **(4.382)** | | | **(4.258)** |

** * Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

Changes in deferred tax assets and liabilities of the company for FY 2014 & 2013 are as follows:

| | THE COMPANY | | | |
|---|---|---|---|---|
| | **31/12/2014** | | **31/12/2013** | |
| **Amounts in thousands €** | **Deferred tax asset** | **Deferred tax liability** | **Deferred tax asset** | **Deferred tax liability** |
| Property, plant and equipment | 7.096 | (899) | 6.897 | (806) |
| Intangible assets | 9 | | | (0) |
| Actuarial results reserves | 73 | | | (112) |
| Employees termination benefit obligations | 536 | | 598 | |
| Government grants | | (13) | 4 | |
| Provisions – obligations | 36 | | 104 | (163) |
| Deferred Tax Liability from credit foreign currency translation differences (valuation) | | | | |
| Recognition of tax loss | 305 | | 709 | |
| Recognition of loss offsetting with reserves Law 4172/2013under provisions of Article 72 | 1.950 | | | |
| **Total** | **10.004** | **(912)** | **8.314** | **(1.081)** |
| | | | | |
| **Offsetting** | **(912)** | | **(1.081)** | |
| | | | | |
| **Net deferred tax asset / (liability)** | **9.092** | **-** | **7.232** | **-** |

*Amounts in thousands €, unless stated otherwise*

Changes in deferred tax assets and liabilities of the company for FY 2014 & 2013 are as follows:

| THE COMPANY | | | | |
|---|---|---|---|---|
| **Deferred tax assets (liabilities)** | **1.1.2014** | **Recognized in Other Comprehensive Income** | **Recognized in Income Statement** | **31.12.2014** |
| Property, plant and equipment | 6.091 | | 105 | 6.197 |
| Trade receivables | (0) | | 9 | 9 |
| Actuarial results reserves | (112) | 185 | | 73 |
| Employees termination benefit obligations | 598 | | (63) | 536 |
| Government grants | 4 | | (17) | (13) |
| Trade receivables | (59) | | 95 | 36 |
| Provisions | - | | - | - |
| Recognition of tax loss | 709 | | (404) | 305 |
| Change in tax rates | - | | 1.950 | 1.950 |
| **Total** | **7.232** | **185** | **1.675** | **9.092** |
| **Recognized as:** | | | | |
| **Deferred tax asset** | **7.232** | | | **9.092** |
| **Deferred tax liability** | **-** | | | **-** |

| THE COMPANY | | | | |
|---|---|---|---|---|
| **Deferred tax assets (liabilities)** | **1.1.2013** | **Recognized in Other Comprehensive Income** | **Recognized in Income Statement** | **31.12.2013** |
| Property, plant and equipment | 4.714 | | 1.377 | 6.091 |
| Intangible assets | (52) | | 52 | (0) |
| Actuarial results reserves | (72) | (39) | | (112) |
| Employees termination benefit obligations | 433 | | 165 | 598 |
| Government grants | | | 4 | 4 |
| Trade receivables | 27 | | (86) | (59) |
| Provisions | (4) | | 4 | - |
| Recognition of tax loss | 400 | | 309 | 709 |
| Change in tax rates | - | | - | - |
| **Total** | **5.881** | **(39)** | **1.390** | **7.232** |
| **Recognized as:** | | | | |
| **Deferred tax asset** | **5.881** | | | **5.881** |
| **Deferred tax liability** | **-** | | | **-** |

## 5.17. Analysis of loans

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

| Amounts in thousands € | THE GROUP | | | THE COMPANY | |
|---|---|---|---|---|---|
| | **31.12.2014** | **31.12.2013*** | **31.12.2012*** | **31.12.2014** | **31.12.2013** |
| **Long-term debt** | | | | | |
| Bond loans | 34.145 | 37.035 | 26.706 | 34.145 | 37.035 |
| Long-term bank loans | 1.460 | 1.792 | 1.647 | | |
| **Total long-term debt** | **35.605** | **38.827** | **28.353** | **34.145** | **37.035** |
| **Short-term debt** | | | | | |
| Short-term bank loans | - | 1.903 | 245 | - | 1.705 |
| Short-term portion of bond and bank loans | 5.255 | 6.003 | 21.042 | 4.923 | 6.003 |
| **Total short-term debt** | **5.255** | **7.906** | **21.287** | **4.923** | **7.708** |
| | | | | | |
| **Total** | **40.860** | **46.733** | **49.640** | **39.068** | **44.743** |

*** Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

On the property of the parent company and the Group there are liens amounting to € 48,850 k and $ 25,500 k for outstanding loans amounting to € 40,860 k and € 39,068 k respectively. Furthermore, there are effective the guarantees provided by the parent, amounting to € 1,300 k and collaterals over 100% of its paid share capital in the company Touristika Theretra S.A. for ensuring its bond loan.

During the period, the Company and the Group received no new loans while they repaid € 6,869 k.

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

| | 31/12/2014 | 31/12/2013 |
|---|---|---|
| Bank debt | 3,47% | 3,27% |

## 5.18. Other long term liabilities

| | THE GROUP | | | THE COMPANY | |
|---|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2014** | **31.12.2013*** | **31.12.2012*** | **31.12.2014** | **31.12.2013** |
| Grants | - | 31 | 23 | - | 17 |
| Social Insurance Fund | - | - | - | - | - |
| Other long-term liabilities | 27 | 39 | 979 | 23 | - |
| **Total long-term liabilities** | **27** | **71** | **1.002** | **23** | **17** |

*** Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

## 5.19. Analysis of employee retirement benefits

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

Employee retirement benefits obligations are analyzed as follows:

| | Amounts in thousands € | | | | |
|---|---|---|---|---|---|
| | 31/12/2014 | | | 31/12/2013 * | |
| | **Defined benefit plans (Non-financed)** | **Defined benefit plans (Non-financed))** | | **Defined benefit plans (Non-financed)** | **Defined benefit plans (Non-financed))** |
| Defined benefits obligation | 2.340.126 | 2.340.126 | | 1.872.253 | 1.872.253 |
| Fair value of the plan assets | - | - | | - | - |
| | 2.340.126 | 2.340.126 | | 1.872.253 | 1.872.253 |
| **Classified as:** | | | | | |
| Long-tern liability | 2.340.126 | 2.340.126 | | 1.872.253 | 1.872.253 |
| Short-tern liability | 0 | 0 | | 0 | 0 |

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

*Amounts in thousands €, unless stated otherwise*

| | 31/12/2014 | | | 31/12/2013 * | |
|---|---|---|---|---|---|
| | Defined benefit plans (Non-financed) | Defined benefit plans (Non-financed)) | Defined benefit plans (Non-financed)) | Defined benefit plans (Non-financed) | Defined benefit plans (Non-financed) |
| Defined benefits obligation as at January 1 | 1.872.253 | 1.872.253 | | 1.805.533 | 1.805.533 |
| Current employment cost | 150.120 | 150.120 | | 154.073 | 154.073 |
| Interest expenses | 67.763 | 67.763 | | 62.281 | 62.281 |
| Revaluation – actuarial loss /(profit) from changes in financial assumptions | 709.710 | 709.710 | | (68.505) | (68.505) |
| Benefits payable | (188.344) | (188.344) | | (82.872) | (82.872) |
| Cost of previous service | (271.376) | (271.376) | | 1.743 | 1.743 |
| **Defined benefits obligation as at December 31st** | **2.340.126** | **2.340.126** | | **1.872.253** | **1.872.253** |

The amounts recognized in the Income Statement are as follows:

| | 31/12/2014 | | | 31/12/2013 | |
|---|---|---|---|---|---|
| | Defined benefit plans (Non-financed))) | Total | | Defined benefit plans (Non-financed))) | Total |
| Current employment cost | 150.120 | 150.120 | | 154.073 | 154.073 |
| Cost of previous service | (271.376) | (271.376) | | 1.743 | 1.743 |
| Net interest on benefit obligation | 67.763 | 67.763 | | 62.281 | 62.281 |
| **Total expenses recognized in the Income Statement** | **(53.493)** | **(53.493)** | | **218.097** | **218.097** |

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

| | 31/12/2014 | | | 31/12/2013 | |
|---|---|---|---|---|---|
| | Defined benefit plans (Non-financed))) | Total | | Defined benefit plans (Non-financed))) | Total |
| Actuarial profit /(loss) from changes in demographic assumptions | - | - | | - | - |
| Actuarial profit /(loss) from changes in financial assumptions | (709.710) | (709.710) | | 68.505 | 68.505 |
| Return on the plan assets (less the amounts included in net interest) | - | - | | - | - |
| **Total income /(expenses) recognized in total comprehensive income** | **(709.710)** | **(709.710)** | | **68.505** | **68.505** |

** * Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

The effect of change in significant actuarial assumptions is as follows:

| | Discount rate | |
|---|---|---|
| | 1% | -1% |
| Increase / (decrease) in defined benefit obligation | 72.075,88 | -25.273,36 |
| | | |
| | Future salary increases | |
| | 1% | -1% |
| Increase / (decrease) in defined benefit obligation | 64.353,47 | -17.550,95 |
| | | |
| | | |
| | Inflation | |
| | 1% | -1% |
| Increase / (decrease) in defined benefit obligation | 64.353,47 | -17.550,95 |

*Amounts in thousands €, unless stated otherwise*

The company has commissioned independent actuaries to create an estimation of Company obligation to pay retirement indemnities. The principal actuarial assumptions on 31 December 2014 are as follows:

| | 31/12/2014 | 31/12/2013 |
|---|---|---|
| Discount rate as at December 31st | 2,08% | 3,79% |
| Future salary increases | 1,75% | 2,00% |
| Inflation | 1,75% | 2,00% |

Demographic assumptions:

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

Mortality

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

Morbidity

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

Regular Employment Termination Ages

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

The above results depend on the assumptions (economic and demographic) generated under an actuarial study. Therefore, if a 0.5% higher discount rate had been applied, then the total liability would have been lower by approximately 8%. If salary increase assumption by 0.5% had been used, then the total liability would have been higher by approximately 7%.

### 5.20. Analysis of Income Statement

The year 2014 has been marked by significant recovery of the Tourist Industry. This fact has led to a significant increase in all sizes (income, occupancy, room rates, etc) of hotels in Greece, since the inbound tourism is not affected by the economic crisis. However, the consequences of the crisis have been reflected in the revenue from the segment of F & B (Food & Beverage), with consistently strong Greek presence, since the segment has recorded lower growth rates compared to room rates. On the contrary, the stagnation of Serbia economy in conjunction with the transitional period during which tourism infrastructure has increased (new hotels, airport, airline privatization etc.), in view of Serbia joining the EU, resulted in a decrease in the hotels sizes.

Room occupancy ratio of the luxury hotel industry in Athens increased by 14,6 % compared to 2013, adjusting the ratio to 64,5% versus 56,2% in 2013. Smaller scale adjustments were made to the average room rate of luxury hotels, amounting to 8,8% growth compared to 2013. Therefore, room occupancy ratio of the luxury hotel industry in Athens increased by 24,6% while the total room revenue – by 26,7%.

"Grande Bretagne" hotel recorded a 27% sales growth versus 2013, while «King George» hotel recorded 266% sales increase (given than it operated within the entire period of the current year in contrast to a month within the previous period). Regarding the Group Hotels in Serbia, given high level of competition, they recorded a decrease in sales, in particular, «Hyatt Regency Belgrade» - by 18% and «Excelsior" remained at the same levels as last year. In terms of EBITDA, increase in sales and expenditure restraint (despite the rigidity of the salary and wages expenses) had a very positive effect, with an increase of about € 4,26 m for the Group and € 7,40 m for the Company in relation to 2013. Moreover, Sheraton Rhodes Hotel, whose results due to consolidation under Equity method have affected the investing results of the Group, presenting an increase of 12%.

The aforementioned events resulted in the following significant items of the Financial Statements:

- **Turnover** of LAMPSA S.A. ("Grand Bretagne" and "King George") stood at € 38,651 k versus € 27,020 k in 2013, presenting an increase of 43,04% mainly arising from room revenue (occupancy & average price) as a result of stabilization and growth of inbound tourism. King George participation stood at € 7,6 m versus € 2,9 m ion the seven month period of 2013. Consolidated turnover stood at € 48,693 k versus € 39,063 k in 2013, presenting an increase of 24,65%.

- **Consolidated gross profit** amounted to € 16,577 k from € 11,372 k in 2013, presenting an increase of 45.77%, while gross profit margins increased from 29.11% in 2013 to 34.05% in 2014. Gross profit of the parent company amounted to € 13,736 k versus € 6,660 k in 2013, representing an increase of approximately 45,77%. The gross profit margin of the Company stood at 35.54% in 2014 from 24.65% in the last year. The increase is mainly attributed to a large increase in turnover and therefore to the improvement of profit margins due to relatively stable wage costs, a major component of the cost of sales.

- The Group's **other income** presented decreases due to decrease in revenue from unused provisions within the current year and revenue from balances arising from the transfer of current assets of King George hotel.

- **The operating profit (before interest, taxes, depreciation and amortization-EBITDA)** amounted to € 10,695 k compared to € 6,440 k in 2013, representing an increase of 66.06%. The substantial increase in EBITDA reflects the affect of the important increase in turnover as well as to the prudent management, proved highly satisfactory regarding revenue and EBITDA. It is to be noted that despite decreased turnover, Serbian hotels present positive EBITDA.

- **Financial Cost** of the Group and the company recorded a slight decrease due to the decrease in the parent company loan liabilities by € 5,675 k (from € 44,743 k to € 39,068 k), which will be further expanded in 2015, given that the payments were mostly performed at the year end.

- **Other financial results** of the Group Ομίλουwere burdened with impairments of Goodwill amounting to € 5,731 k within the current year and FX translation differences of € 1,405 k mainly arising from valuation of the Company loan in $. Moreover, the Company results were burdened due to impairment of the participating interest in the subsidiary Excelsior amounting to € 2,326 k, while positive effect was recorded regarding income from dividends standing at € 1,657 k versus € 885 k in the previous year.

- **Earnings (losses ) from impairment** of tangible assets are due to valuation of land and buildings of the subsidiaries in Serbia. The Group's management believes that these impairments do not reflect the market value of real estate and arise from temporarily adjustments imposed by the IFRS. The lack of comparables in Serbia did not allow to form commercial values, while opening of new international hotel units in Belgrade reflects growth expectations that are not consistent with these impairments. The Management estimates that identifying of such comparables in view of Serbia's joining the European Union will allow to reverse the performed impairments.

- **Earning before tax** of the Group recorded loss of € 6,870 k. versus profit of € 1,810 in 2013, mainly due to impairment of assets and goodwill. Earnings before tax of the Company recorded profit of € 1,843 k versus losses of € 1,011 k in 2013.

- **Net earnings** (after tax and before non-controlling interests) of the Group recorded loss of € 4,925 k versus € 3,425 in 2013, mainly due to impairment of assets and goodwill totally amounting to € 9,962. Earnings before tax for the Company stood at € 1,843 k versus loss of € 1,011 k in 2013.

- **Share from (loss)/profit** of associates pertains to the share of Lampsa in the results of Touristika Theretra for the current year.

- Within the current year, regarding the Group and the Company, net investments in tangible and intangible assets stood at € 2,832 k and € 1,201 k (2013: € 3,328 k and € 2,164 k respectively).

- ***Turnover***

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

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 01/01-31/12/2014 | 01/01-31/12/2013* | 01/01-31/12/2014 | 01/01-31/12/2013 |
| Rooms rental income | 31.059 | 24.606 | 24.477 | 16.475 |
| Sales of Food and Beverage | 14.736 | 12.278 | 12.046 | 9.165 |
| SPA-Health Club Income | 366 | 414 | - | |
| Telephone Income | 24 | 35 | - | |
| Other Income | 2.507 | 1.731 | 2.127 | 1.380 |
| **TOTAL** | **48.693** | **39.063** | **38.651** | **27.020** |

** * Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

**Gross profit** for the Group was as follows:

| | CONSOLIDATED | | CORPORATE | |
|---|---|---|---|---|
| **Amounts in thousands €** | **1/1-31/12/2014** | **1/1-31/12/2013*** | **1/1-31/12/2014** | **1/1-31/12/2013** |
| Gross Profit | 16.576 | 11.372 | 13.736 | 6.660 |

The gross profit percentage is as follows:

| | CONSOLIDATED | | CORPORATE | |
|---|---|---|---|---|
| | **1/1-31/12/2014** | **1/1-31/12/2013*** | **1/1-31/12/2014** | **1/1-31/12/2013** |
| Gross profit percentage | 34% | 29% | 36% | 25% |

** * Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

*Amounts in thousands €, unless stated otherwise*

- ***Expenses per category***

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

| | THE GROUP | | | THE COMPANY | | |
|---|---|---|---|---|---|---|
| **1.1 - 31.12.2014** | **Cost of sales** | **Administrative expenses** | **Distribution expenses** | **Cost of sales** | **Administrative expenses** | **Distribution expenses** |
| Inventory consumption | 6.210 | 28 | 8 | 4.533 | - | - |
| Employee fees and expenses | 13.537 | 2.145 | 743 | 10.787 | 1.974 | 725 |
| Third parties fees and expenses | 1.393 | 2.428 | 1.416 | 1.377 | 2.146 | 1.248 |
| Utilities | 3.116 | 1.493 | 47 | 3.116 | 1.407 | 28 |
| Taxes – duties | 30 | 639 | 17 | 30 | 634 | 9 |
| Miscellaneous expenses | 3.672 | 1.140 | 915 | 3.030 | 374 | 568 |
| Depreciation | 4.650 | - | - | 2.533 | - | - |
| Operating provisions | 80 | - | - | 80 | - | - |
| Own use of inventory | (573) | - | - | (573) | - | - |
| **Total** | 32.115 | 7.873 | 3.146 | 24.915 | 6.534 | 2.578 |

| | THE GROUP | | | THE COMPANY | | |
|---|---|---|---|---|---|---|
| **1.1 - 31.12.2013*** | **Cost of sales** | **Administrative expenses** | **Distribution expenses** | **Cost of sales** | **Administrative expenses** | **Distribution expenses** |
| Inventory consumption | 5.386 | 29 | 15 | 3.610 | | |
| Employee fees and expenses | 12.158 | 2.361 | 687 | 9.327 | 2.049 | 667 |
| Third parties fees and expenses | 839 | 3.174 | 1.209 | 825 | 1.742 | 964 |
| Utilities | 2.451 | 1.158 | 26 | 2.294 | 1.158 | 26 |
| Taxes – duties | 21 | 646 | 49 | 21 | 618 | 5 |
| Miscellaneous expenses | 2.617 | 501 | 828 | 2.102 | 436 | 463 |
| Depreciation | 4.625 | - | | 2.587 | | |
| Operating provisions | - | 2 | 3 | | | - |
| Own use of inventory | (406) | - | - | (406) | | |
| **Total** | **27.690** | **7.871** | **2.819** | **20.360** | **6.005** | **2.125** |

** *Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

Other Income and Expenses of the Group and the Company are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Other Income** | **1.1 - 31.12.2014** | **1.1 - 31.12.2013*** | **1.1 - 31.12.2014** | **1.1 - 31.12.2013** |
| Income from Grants | 68 | 33 | 68 | 33 |
| Other similar activities income | 68 | 23 | 68 | 23 |
| Income from rentals | 689 | 740 | 316 | 309 |
| Commissions – Brokerage | 88 | 31 | 88 | 31 |
| Income from previous years unused provisions | 85 | 139 | 85 | 139 |
| Income from previous years used provisions | 98 | 106 | 98 | 106 |
| Invoiced expenses | 89 | 141 | 89 | 141 |
| Income from lump sum tax payment | - | - | - | |
| Profit from disposal of assets | - | | - | - |
| Other income | 48 | 502 | 5 | 410 |
| **Total** | **1.233** | **1.714** | **818** | **1.191** |

** *Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **1.1 - 31.12.2014** | **1.1 - 31.12.2013*** | **1.1 - 31.12.2014** | **1.1 - 31.12.2013** |
| Other Expenses | | | | |
| Provisions for doubtful receivables & litigations | 420 | 118 | - | 103 |
| Loss from destruction – disposal of assets | 81 | 6 | - | 0 |
| Interest on past due legal cases compensation | - | - | - | |
| Legal cases compensations | 39 | - | 39 | |
| Fines and surcharges | 11 | 56 | 11 | 56 |
| Previous years taxes & Unified Property Tax | - | 4 | - | 4 |
| Other taxes | 28 | 152 | - | |
| Other previous years expenses | - | 26 | - | 26 |
| Large Property Tax | - | 54 | - | 54 |
| Miscellaneous expenses | 204 | 129 | 61 | 26 |
| **Total Other Expenses** | **784** | **545** | **111** | **269** |

*Amounts in thousands €, unless stated otherwise*

** *Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

### 5.21. Financial income / expense & Other Financial Results

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

| - | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Interest income from:** | **1.1 - 31.12.2014** | **1.1 - 31.12.2013*** | **1.1 - 31.12.2014** | **1.1 - 31.12.2013** |
| - Bank deposits | 9 | 12 | 2 | 4 |
| - Interest from securities | - | - | - | - |
| - Customers interest | 44 | 11 | - | |
| - Loans to third parties | - | 21 | - | - |
| **Financial Income** | **53** | **44** | **2** | **4** |

** *Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Interest expenses from:** | **1.1 - 31.12.2014** | **1.1 - 31.12.2013*** | **1.1 - 31.12.2014** | **1.1 - 31.12.2013** |
| Employees compensation obligation | 68 | 62 | 68 | 62 |
| - Bank loans | 1.518 | 1.576 | 1.392 | 1.469 |
| - Finance lease obligations | 11 | 1 | - | |
| - Other bank expenses & commissions | 47 | 30 | 32 | 30 |
| - Securities valuation differences | - | - | - | |
| - Letters of Guarantee commissions | 7 | 2 | 7 | 2 |
| - Other financial expense | 8 | 53 | - | |
| **Financial Cost** | **1.660** | **1.725** | **1.499** | **1.564** |

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31/12/2014** | **31/12/2013*** | **31/12/2014** | **31/12/2013** |
| Income from dividends | - | - | 1.657 | 885 |
| Loss from goodwill-securities impairment | (5.731) | | (2.326) | |
| Profit from foreign currency translation differences | 195 | 477 | 5 | 605 |
| Loss from foreign currency translation differences | (1.405) | 194 | (1.326) | (20) |
| **Total** | **(6.941)** | **672** | **(1.990)** | **1.470** |

- **Earnings (losses ) from impairment** of tangible assets are due to valuation of land and buildings of the subsidiaries in Serbia. The Group's management believes that these impairments do not reflect the market value of real estate and arise from temporarily adjustments imposed by the IFRS. The lack of comparables in Serbia did not allow to form commercial values, while opening of new international hotel units in Belgrade reflects growth expectations that are not consistent with these impairments. The Management estimates that identifying of such comparables in view of Serbia's joining the European Union will allow to reverse the performed impairments.

- **Share from (loss)/profit** of associates pertains to the share of Lampsa in the results of Touristika Theretra for the current year.

### 5.22. Reconciliation of income tax

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

*Amounts in thousands €, unless stated otherwise*

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 01/01-31/12/2014 | 01/01-31/12/2013 | 01/01-31/12/2014 | 01/01-31/12/2013 |
| Current tax expenses | (143) | (336) | - | - |
| Deferred income tax | 2.087 | 1.951 | 1.675 | 1.390 |
| **Total** | **1.945** | **1.615** | **1.675** | **1.390** |

| THE GROUP | 01/01-31/12/2014 | 01/01-31/12/2013* |
|---|---|---|
| **Earnings before Tax** | **(6.870)** | **1.810** |
| Tax rate | 26% | 26% |
| | | |
| **Expected tax expense / (income) under the statutory tax rate** | **(1.786)** | **471** |
| Adjustment for differences in tax rates | 402 | |
| Effect of different tax rates in other countries | | (562) |
| Effect of negative goodwill | | |
| Adjustment for tax exempt income | | |
| - investments in equity | | |
| - other tax exempt income | | 4 |
| **Adjustment for non-removable costs** | | |
| - depreciation/impairment related to goodwill | 1.490 | |
| - amortization of finance leases | | |
| - other non-removable costs | 194 | 301 |
| Derecognition of previous years deferred tax asset | 203 | |
| Other taxes | | 15 |
| Recognised previous periods loss | (628) | |
| Non-recognised tax assets from losses of subsidiary | | |
| Effect of readjustment under Law 2065/1992 (20%) | | |
| Tax reduction due to offsetting previous years loss | | (139) |
| Recognition of loss offsetting with reserves under Law 4172/2013 following provisions of Article 72 | (1.950) | - |
| Dividends withheld taxes | | |
| Tax termination tax | | - |
| Subsequent recognition of liability arising from accounting and tax value adjustment | | - |
| Other | 131 | (1.704) |
| **Realized tax expense, net** | **(1.945)** | **(1.615)** |
| Weighted tax rate | 28,31% | -89,23% |

**Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

| THE COMPANY | 01/01-31/12/2014 | 01/01-31/12/2013 |
|---|---|---|
| **Profit before tax** | **1.843** | **(1.011)** |
| Tax rate | 26% | 26% |
| | | |
| **Expected tax expense / (income) under the statutory tax rate** | **479** | **(263)** |
| Adjustment for differences in tax rates | | |
| Effect of different tax rates in other countries | | |
| | | |
| Adjustment for tax exempt income | | |
| - investments in equity | | |
| - other tax exempt income | (431) | |
| Previous year tax settlement and extraordinary contribution | - | - |
| **Adjustment for non-removable costs** | | |
| - depreciation/impairment related to goodwill | | |
| - amortization of finance leases | | |
| - other non-removable costs | 791 | 330 |
| Derecognition of previous years deferred tax asset | | 436 |
| Tax reduction due to offsetting previous years loss | | |
| Recognition of loss offsetting with reserves under Law 4172/2013 following provisions of Article 72 | (1.950) | |
| Other taxes | - | - |
| Non-recognized loss for the year for future offsetting | | |
| Recognized previous years loss | (565) | (189) |
| Effect of readjustment under Law 2065/1992 (20%) | | |
| Withholding tax on dividends | | |
| Tax termination | - | - |
| Effect of change in tax rate | | (1.704) |
| **Realized tax expense, net** | **(1.675)** | **(1.390)** |
| Weighted tax rate | -90,88% | 137,57% |

### *5.23. Profit / (Loss) per share*

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

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

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **01/01-31/12/2014** | **01/01-31/12/2013*** | **01/01-31/12/2014** | **01/01-31/12/2013** |
| Profit attributable to the owners of the parent | (4.556) | 3.281 | 3.519 | 379 |
| Weighted average number of shares | 21.364 | 21.364 | 21.364 | 21.364 |
| **Bask earnings / loss per share (in €)** | **-0,2133** | **0,1536** | **0,1647** | **0,0177** |

*** Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

### 5.24. Transactions with related parties

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

| **Amounts in thousands €** | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Sale of services** | **01/01-31/12/2014** | **01/01-31/12/2013** | **01/01-31/12/2014** | **01/01-31/12/2013** |
| Subsidiaries/jointly controlled | 26 | - | 26 | - |
| Other related parties | 64 | | 64 | |
| **Total** | **90** | **-** | **90** | **11** |
| Subsidiaries/jointly controlled | **01/01-31/12/2014** | **01/01-31/12/2013** | **01/01-31/12/2014** | **01/01-31/12/2013** |
| Other related parties | 16 | - | 16 | 4 |
| **Total** | 413 | | 413 | |
| **Total** | **429** | **-** | **429** | **4** |
| **Balance of receivables** | **31/12/2014** | **31/12/2013** | **31/12/2014** | **31/12/2013** |
| Subsidiaries/jointly controlled | 28 | 3 | 28 | 16 |
| Other related parties | 17 | | 17 | |
| **Total** | **45** | **3** | **45** | **16** |
| **Balance of liabilities** | **31/12/2014** | **31/12/2013** | **31/12/2014** | **31/12/2013** |
| Subsidiaries/jointly controlled | 7 | - | 7 | 23 |
| Other related parties | 141 | | 141 | |
| **Total** | **147** | **-** | **147** | **23** |

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

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

For the fiscal year that ended in 31 December 2014, the Company hasn't made a provision for doubtful debt relating to amounts owed by affiliated companies.

From the above transactions, transactions and balances with subsidiaries companies have been eliminated from consolidated financial statements of the Group. Among the subsidiaries of the Group exist requirements / liabilities from the total value of loans € € 3,821 k and corresponding income / expense interest of € 253 k, as well as exchange differences income / expense / Reserve Equity of € 211 k, which are eliminated on consolidation.

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

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **01.01-31.12.2014** | **01.01-31.12.2013*** | **01.01-31.12.2014** | **01.01-31.12.2013** |
| Key executives and BoD member s | | | | |
| Salaries – Fees | 988 | 982 | 578 | 461 |
| Social insurance cost | 147 | 163 | 92 | 93 |
| Bonus | 119 | 89 | 119 | 89 |
| Compensation | 7 | - | 7 | |
| **Total** | **1.260** | **1.233** | **795** | **643** |

*** Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

Finally in the provision made for compensation of the Group's and Company's staff, an amount of € 55 k (2013:€ 53 k) is included for the executives and members of the board while in the statement of results are recorded € 7 k (2013: € 8 k).

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

### 5.25. Employee Benefits

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

| | 01.01-31.12.2014 | 01.01-31.12.2013* | 01.01-31.12.2014 | 01.01-31.12.2013 |
|---|---|---|---|---|
| | | | | |
| Employee Salaries - Bonus | 12.651 | 11.458 | 10.089 | 8.764 |
| Social insurance cost | 2.826 | 2.623 | 2.632 | 2.389 |
| Other employee benefits | 1.016 | 944 | 832 | 709 |
| Projected and paid employee compensation | (69)* | 181 | (69)* | 181 |
| **Total** | 16.424 | 15.206 | 13.486 | 12.043 |

- The revenue is due to the balance from of valuation of employee compensation obligation under IAS 19 and the compensation paid.

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

| | **THE GROUP** | | **THE COMPANY** | |
|---|---|---|---|---|
| | **31/12/2014** | **31/12/2013*** | **31/12/2014** | **31/12/2013** |
| Salary employees | 531 | 537 | 307 | 319 |
| Daily wages employees | 268 | 108 | 268 | 108 |
| **Total** | **799** | **627** | **575** | **427** |

*** Adjusted figures are due to New IFRS 11 "Joint Arrangements" (Note 5.6).*

### 5.26. Contingent assets-liabilities

- **Operating leases - Income**

The Group leases certain offices and shops under non-cancellable operating leases. All leases include a term. They have varying terms, escalation clauses and rights. The following is an analysis of contractual rentals to be collected in the coming years:

| | **CORPORATE** | |
|---|---|---|
| **Amounts in thousands €** | **31/12/2014** | **31/12/2013** |
| Operating leases collectable in 1 year | 259 | 291 |
| Subtotal 1: Short-tern operating leases | 259 | 291 |
| | | |
| | | |
| Operating leases collectable in 2 to 5years | 658 | 767 |
| **Subtotal 2** | **658** | **767** |
| | | |
| Operating leases collectable after 5 years | 496 | 619 |
| **Subtotal 3** | **496** | **619** |
| | | |
| Subtotal 4 (=2+3): Long-term operating leases | 1.154 | 1.386 |
| | | |
| **TOTAL (=1+4)** | **1.413** | **1.677** |

**Operating leases - Expenses**

On 24/12/2012, a final notarized contract was established between the parent company and the "Eurobank Ergasias SA Bank", for long-term leasing of the King George Hotel, with a lease term of ten (10) years with the Lessee having the right to extend it initially for five (5) years and then for a further five (5) years. Leasing was initiated with the signature of the Protocol of Delivery and Receipt of the Lease on 20/3/2013. The annual rent is comprised of a Minimum annual lease amount of € 700 k and a percentage of annual rent in proportion to Gross Profit, calculated on the Gross Profit of the Lease and alternatively on the sum of the Gross Profits of King George & Grande Bretagne hotels. An analysis of the minimum conventional rents which will be paid in the following years is as follows:

| | CORPORATE | |
|---|---|---|
| **Amounts in thousands €** | **31/12/2014** | **31/12/2013** |
| Operating leases collectable in 1 year | 700 | 624 |
| Subtotal1: Short-tern operating leases | 700 | 624 |
| | | |
| Operating leases collectable in 2 to 5years | 2.800 | 2.802 |
| **Subtotal 2** | **2.800** | **2.802** |
| | | |
| Operating leases collectable after 5 years | 2.252 | 2.952 |
| **Subtotal 3** | **2.252** | **2.952** |
| | | |
| Subtotal 4 (=2+3): Long-term operating leases | 5.052 | 5.753 |
| | | |
| **TOTAL (=1+4)** | **5.753** | **6.377** |

### Litigation cases

a) Administrative procedures for the compensation to former owners of the land on which the Hyatt Hotel (subsidiary company BEOGRADSKO MESOVITO PREDUZECE) and other third party structures have been constructed. The case is under inspection of the Commission for decision on the return of land in the Municipality of New Belgrade (hereinafter: the Commission). Despite the fact that the Supreme Court of Serbia annulled twice the second resolution, the Commission still supports the position that the Company is responsible and could seek compensation for the damage suffered by the legal predecessor of which the Company had acquired the land from. Regarding the aforementioned case, the Group has made a provision amounting to € 420 k as at 31.12.2014

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

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

### Unaudited tax years

The unaudited tax years of the Group are as follows:

| THE COMPANY | Unaudited tax years |
|---|---|
| LAMPSA HELLENIC HOTELS S.A. | 2010 |
| GRAND BRETAGNE LTD | 2010 - 2014 |
| LUELLA ENTERPRISES LTD | 2007 - 2014 |
| HARVARD INVESTMENTS CORPORATION | 2007 - 2014 |
| WORLD SPIRIT S.A. | 2007 - 2014 |
| TOURISTIKA THERETRA S.A. | 2010 |
| EXCELSIOR BELGRADE SOCIALLY OWNED HOTEL & CATERING TOURIST ENTERPRISES | 2007 - 2014 |
| BEOGRADSKO MESOVITO PREDUZECE | 2012 - 2014 |
| NORTH HAVEN LTD | 2000 - 2014 |
| MARKELIA LTD | 2010 - 2014 |

For the unaudited tax years of the Group companies there is a probability for additional taxes and penalties to be imposed, during the period that they will be examined and finalized by the relevant tax authorities. On 03.02.2015, the parent company received tax audit order regarding FY 2010. It is estimated that no additional charges and taxes will arise and, therefore, no provision has been made. Any arising difference will burden the results of FY, within which the tax audit is completed.

Moreover, in December 2014, the parent company received tax re-audit order regarding additional information for FYs 2003 – 2009 (under tax amnesty termination), extending the limitation period until 31.12.2015 (instead of 31/12/2013). Following this order, in the beginning of 2015, the additional order was sent specifying that the selective tax audit will be conducted regarding INCOME. VAT, CBR.

* For the FY 2011-2012, the parent company and TOURISTIKA THERETRA S.A. were subject to tax audit of the Certified Public Accountants as provided by Article 82 para 5 N 2238/1994. The parent company received Unqualified Conclusion Tax Compliance Report, that is, without material differences, whereas TOURIST RESORTS S.A. received a Qualified Conclusion Tax Compliance Report given that the company did not submit the Adjustment Goodwill Tax Statement under L. 2065/1992 and it was not possible to confirm, based on the submitted data, that no goodwill has arisen, given that the real estate is not subject to objective values tables and the calculation should be based on comparative market data. For the FY to be considered terminated, there must be effective the provisions of par. 1a, Article 6, POL 1159/2011.
Regarding the fiscal year 2014, the tax audit is in progress and the relevant tax certificate will be granted after the publication of the Financial Statements of 2014. If by the time the tax audit will be completed additional tax liabilities occur, it is estimated that they will not have a material impact on the financial statements of the Group and the Company.

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

According to Law 4172/23-7-2013, Article 72, there should be taxation for the formed tax-free reserves shown on the tax books of societes anonymes. The Company has the option, under the above law, either to offset these reserves with future tax losses or to be taxed with a rate of 15% or 19%, depending on the time of taxation. At this stage, management believes that the untaxed reserves available are not falling under these categories of taxation.

### 5.27. Guarantees

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

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **31/12/2014** | **31/12/2013*** | **31/12/2014** | **31/12/2013** |
| Liens on land plots and building for provision of loan in | 48.850 | 59.350 | 48.850 | 59.350 |
| Liens on land plots and building for provision of loan in $ | 25.500 | 43.551 | 25.500 | 43.551 |
| Other guarantees to ensure liabilities | 587 | 87 | 587 | 87 |
| Guarantees for other associates | 1.300 | | 1.300 | |
| **Total** | **76.237** | **102.988** | **76.237** | **102.988** |

** Adjusted figures are due to New IFRS 11 «Joint Arrangements» (Note 5.6).*

## 6. Risk management policies objectives

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

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

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

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

- Evaluation of risks associated with the activities and operations of the group,
- design of methodology and selection of appropriate financial products to reduce risks and

- application / implementation, in accordance with the procedure approved by the management, of the risk management procedures.

### 6.1. Currency risk

The Group operates internationally and therefore is exposed to foreign exchange risk arising primarily from U.S. dollar. This type of risk arises mainly from loans and deposits in foreign currency as well as net investments in foreign entities. The Group holds investments in foreign entities, net assets of which are exposed to foreign currency exchange rates (primarily the U.S. dollar). The exchange rate risk of this kind arises from the rate of these currencies against the euro, partially offset by corresponding liabilities (e.g. loans) of the same currency.

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

| | 2014 | 2013 |
|---|---|---|
| | | |
| **Amounts in thousands €** | | |
| **Nominal amounts** | **US$** | **US$** |
| Financial assets | | 5 |
| Financial liabilities | (1.928) | (2.250) |
| **Short-term exposure** | **(1.928)** | **(2.245)** |
| | | |
| Financial assets | | - |
| Financial liabilities | (9.468) | (10.627) |
| **Long-term exposure** | **(9.468)** | **(10.627)** |
| **Total** | **(11.396)** | **(12.872)** |

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

We assume a change of 0.70% in the 31 December 2014 exchange rate of EUR / USD (2013: 0.7%). These percentages were based on the average market volatility in exchange rates for a period of 3 months from the end of each year (31/12).

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

| **Amounts in thousands €** | **2014** | **2013** |
|---|---|---|
| | **US$** | **US$** |
| Income statement | (224) | (310) |
| Equity | (224) | (310) |

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

| **Amounts in thousands €** | **2014** | **2013** |
|---|---|---|
| | **US$** | **US$** |
| Income Statement | 211 | 293 |
| Equity | 211 | 293 |

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

### 6.2. Sensitivity analysis of interest rate risk

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

The Group's policy is to minimize its exposure to cash flow interest rate risk on long-term financing. On 31 December 2014, the Company is exposed to changes in market interest rates, with regard to its bank loans, which are subject to variable interest rate.

The following table shows the sensitivity of the earnings for the year and equity, to a reasonable possible change in interest rate of 1.0% or 1.0% (2013: + / -1%). The changes in interest rates are estimated to be reasonable compared to market conditions.

| Amounts in thousands € | 01/01-31/12/2014 | | 01/01-31/12/2013* | |
|---|---|---|---|---|
| | 1,0% | -1,0% | 1,0% | -1,0% |
| Income statement | (324) | 324 | 357 | (357) |
| Equity | (324) | 324 | 357 | (357) |

### 6.3. Credit Risk Analysis

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

| Amounts in thousands € | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| Financial assets categories | 31/12/2014 | 31/12/2013* | 31/12/2014 | 31/12/2013 |
| Cash and cash equivalents | 3.057 | 3.947 | 1.142 | 1.204 |
| Trade receivables | 2.495 | 2.289 | 1.757 | 1.627 |
| **Total** | **5.553** | **6.536** | **2.899** | **2.831** |

Over 80% of Group's sales are performed through credit cards, the credit sales though are made to customers with evaluated credit history.

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

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

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

### 6.4. Liquidity risk analysis

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

The Group maintains cash to meet its liquidity needs for a period up to 30 days.

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

| THE GROUP | 31/12/2014 | | | |
|---|---|---|---|---|
| **Amounts in thousands €** | Short-term | | Long-term | |
| | within 6 months | 6 to 12 months | 1 to 5 years | over 5 years |
| Bank Debt | 166 | 166 | 1.460 | - |
| Bond Loan | 2.462 | 2.462 | 32.792 | 1.353 |
| Finance lease liabilities | - | - | - | - |
| Other long-term liabilities | - | - | - | 27 |
| Trade liabilities | 2.779 | - | - | - |
| Other short-term liabilities | 4.431 | - | - | - |
| **Total** | **9.837** | **2.627** | **34.253** | **1.380** |

| | 31/12/2013* | | | |
|---|---|---|---|---|
| **Amounts in thousands €** | Short-term | | Long-term | |
| | within 6 months | 6 to 12 months | 1 to 5 years | over 5 years |
| Bank Debt | - | 1.903 | - | - |
| Bond Loan | 2.531 | 3.472 | 28.707 | 10.119 |
| Finance lease liabilities | - | - | - | - |
| Other long-term liabilities | - | - | - | - |
| Trade liabilities | 1.988 | - | - | - |
| Other short-term liabilities | 4.896 | - | - | - |
| **Total** | **9.415** | **5.375** | **28.707** | **10.119** |

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

The Group on 31/12/2014 had negative working capital as current liabilities exceed current assets by € 5,330 k (parent company € 7,190 k). The most important part of current liabilities (42% Group – 43% parent company) is short-term borrowings and long-term debt installments payable in the following year. The additional amending act of the repayment schedule was signed on May 29, 2014 with the lending bank Eurobank concerning the modification of the repayment of the loan. Specifically, the debenture installment due amounting at € 900 k was integrated in the end of May 2018. Within the following year, the Group and the company shall repay to the banks the amounts of € 5,255 k and € 4,923 k respectively. The Company Managements considers that the amounts will be covered by the operating cash flows as well as by the dividends expected to be submitted by the subsidiary, estimated to amount to $ 2,2 m till 31.12.2015.

Finally, two major shareholders of the parent company “NAMSOS ENTERPRISES COMPANY LIMITED” and “DRYNA ENTERPRISES COMPANY LIMITED”, representing 28.48% in the share capital of each (total of 56.96%), although it is estimated that it will not be necessary, are committed to cover working capital subsequent needs for at least the next twelve months from the date of approval of the interim financial statements of 31/12/2014.

## 7. Capital management policies and procedures

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

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

The Group monitors capital on the basis of the amount of equity, less cash and cash equivalents as reflected in the balance sheet. The capital for the years 2014 and 2013 is analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **2014** | **2013*** | **2014** | **2013** |
| **Total Equity** | **81.328** | **86.996** | **61.882** | **58.889** |
| Plus: Subordinated loans | | | | |
| Less: Cash and cash equivalents | (3.057) | (3.947) | (1.142) | (1.204) |
| **Capital** | 78.271 | 83.049 | 60.740 | 57.685 |
| | | | | |
| Total Equity | 81.328 | 86.996 | 61.882 | 58.889 |
| Plus: Loans | 40.860 | 46.733 | 39.068 | 44.743 |
| Total Capital | **122.188** | **133.729** | **100.950** | **103.631** |
| | | | | |
| **Capital to Total capital** | **6/10** | **6/10** | **6/10** | **6/10** |

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

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

## 8. Post Balance Sheet Date events

Apart from the aforementioned, there are no other significant events as from 2014 closing till currently.

Athens, March 30, 2015

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

*Amounts in thousands €, unless stated otherwise*

## E. Financial Data and Information

# "LAMPSA GROUP S.A."

**Number in the Register of Societes Anonymes 06015/006/B/86/0135, G.E.MI Number 223101000**
**A1, Basileos Georgiou Str, 105 64, Athens**
**Summary Financial Data and Information for the period from January 1, 2014 until December 31, 2014**
**Published based on Law 2190/1920, article 135 for enterprises issuing full year financial statements, consolidated or not, according to the IFRS**

**The following data and information, resulting form the Financial Statements, aim at providing general information on the financial standing and the financial results of "LAMPSA GROUP S.A." We, therefore recommend the reader, before proceeding to any kind of investment or other transaction with the company, to consult the company's website where all periodical financial statements under IFRS as well as the auditors' report are presented.**

### COMPANY INFORMATION

| | |
|---|---|
| **Competent authority** | **Ministry of Economy , Competitiveness and Shipping** |
| **Company's website** | **http://www.lampsa.gr** |
| **BoD composition** | George Galanakis-President, Apostolos Doxiadis- Vice President, Anastasios Homenidis -Chief Executive Officer, Nikolaos D.Dandolos -Executive Member, Thomas Miller -Executive Member, Athanasios Papadopoulos -Executive Member, Philippos Spyropoulos - Executive member, Chloe Laskaridi -Executive Member, Maurice Modiano -Executive Member |
| **Date of approval of the financial statements** | **March 30, 2015** |
| **Certified Auditors** | **George Deligiannis (R.N. SOEL 15791)** |
| **Audit Firm** | **Grant Thornton (R.N. SOEL 127)** |
| **Type of auditor's audit report** | **Unqualified Opinion-Emphasis of matter** |

### BALANCE SHEET ( Consolidated and Company)

| *(Amounts in € '000)* | THE GROUP 31.12.2014 | THE GROUP 31.12.2013 | THE GROUP 31.12.2012 | THE COMPANY 31.12.2014 | THE COMPANY 31.12.2013 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Own used fixed assets | 118.984 | 125.025 | 126.506 | 72.484 | 73.841 |
| Intangible assets | 304 | 6.034 | 5.978 | 83 | 68 |
| Other fixed assets | 9.752 | 7.968 | 5.616 | 33.111 | 33.504 |
| Inventory | 871 | 880 | 781 | 630 | 578 |
| Trade receivables | 1.827 | 1.576 | 1.407 | 1.529 | 1.334 |
| Other current assets | 4.543 | 5.803 | 5.467 | 2.082 | 2.673 |
| **TOTAL ASSETS** | 136.280 | 147.366 | 145.735 | 109.939 | 111.997 |
| **CAPITAL & LIABILITIES** | | | | | |
| Share capital | 23.928 | 23.928 | 23.928 | 23.928 | 23.928 |
| Other shareholders' equity | 54.020 | 59.319 | 55.494 | 37.955 | 34.961 |
| **Total shareholders' equity (a)** | **77.947** | **83.247** | **79.422** | **61.882** | **58.889** |
| Minority rights (b) | 3.380 | 3.749 | 4.299 | - | - |
| **Total Equity (c)=(a)+(b)** | 81.328 | 86.996 | 83.721 | 61.882 | 58.889 |
| Long term debt | 35.605 | 38.827 | 28.353 | 34.145 | 37.035 |
| Provisions / Other long term liabilities | 6.776 | 6.439 | 7.338 | 2.470 | 2.091 |
| Short term debt | 5.255 | 7.908 | 21.287 | 4.923 | 7.708 |
| Other short term liabilities | 7.316 | 7.199 | 5.035 | 6.518 | 6.275 |
| **Total Liabilities (d)** | **54.952** | **60.371** | **62.014** | **48.056** | **53.108** |
| **TOTAL CAPITAL & LIABILITIES ( c) + (d)** | **136.280** | **147.367** | **145.735** | **109.939** | **111.997** |

### INCOME STATEMENT (Consolidated and Company)

| ***(Amounts in € '000)*** | THE GROUP 01/01-31/12/2014 | THE GROUP 01/01-31/12/2013 | THE COMPANY 01/01-31/12/2014 | THE COMPANY 01/01-31/12/2013 |
|---|---|---|---|---|
| **Total sales** | **48.693** | **39.063** | **38.651** | **27.020** |
| Gross Profit / Loss | 16.577 | 11.372 | 13.736 | 6.660 |
| EBIT | 6.068 | 1.838 | 5.308 | (570) |
| Total Profit / (loss) before tax | (6.870) | 1.810 | 1.843 | (1.011) |
| **Total profit / (loss) after tax (A)** | **(4.925)** | **3.425** | **3.519** | **379** |
| Shareholders of parent company | (4.556) | 3.281 | 3.519 | 379 |
| Minority interests | (369) | 144 | - | - |
| Other comprehensive income after tax (B) | (747) | (149) | (525) | 29 |
| **Total comprehensive income after tax (A) + (B)** | **(5.672)** | **3.276** | **2.993** | **408** |
| Shareholders of parent company | (5.303) | 3.349 | 2.993 | 408 |
| Minority interests | (368) | (73) | - | - |
| **Earnings after tax per share - basic (in €)** | - 0,2133 € | 0,1536 € | 0,1647 € | 0,0178 € |
| **EBITDA** | 10.695 | 6.440 | 8.774 | 1.994 |

### STATEMENT OF CHANGES IN EQUITY ( Consolidated and Company)

| *(Amounts in € '000)* | THE GROUP 31.12.2014 | THE GROUP 31.12.2013 | THE COMPANY 31.12.2014 | THE COMPANY 31.12.2013 |
|---|---|---|---|---|
| **Equity at the beginning of the year (01/01/2014 & 01/01/2013 respectively)** | 86.997 | 83.721 | 58.889 | 58.480 |
| Aggregate total income after tax | (5.672) | 3.371 | 2.993 | 408 |
| Change of capital from acquisition of | - | (95) | - | - |
| **Equity at the year end (31/12/2014 & 31/12/2013 respectively)** | 81.328 | 86.997 | 61.882 | 58.888 |

### CASH FLOW STATEMENT - Indirect Method (Consolidated & Company)

| *(Amounts in € '000)* | THE GROUP 01/01-31/12/2014 | THE GROUP 01/01-31/12/2013 | THE COMPANY 01/01-31/12/2014 | THE COMPANY 01/01-31/12/2013 |
|---|---|---|---|---|
| Operating activities | | | | |
| Profit before tax | **(6.870)** | **1.810** | **1.843** | **(1.011)** |
| *Plus/less adjustments for:* | | | | |
| Depreciation | 4.850 | 4.825 | 2.533 | 2.587 |
| Amortization of grants | (23) | (23) | (23) | (23) |
| Provisions | 211 | 238 | (216) | 224 |
| Impairment of Investments- Impairment of Goodwill | 5.731 | - | 2.326 | - |
| Profit/ (Loss) of asset sale and impairment | 4.231 | 7 | - | 0 |
| Foreign exchange differences | 1.191 | (111) | 1.134 | 132 |
| Interest expense | 1.660 | 1.725 | 1.499 | 1.564 |
| Interest income | (53) | (46) | (2) | (4) |
| Investment results | 198 | (771) | (1.657) | (741) |
| **Operating profit before changes in working capital** | **10.927** | **7.455** | **7.438** | **2.728** |
| *Plus/ less adjustments for changes in working capital accounts or accounts related with operating activities:* | | | | |
| Decrease / (increase) in inventories | (10) | 7 | (52) | (146) |
| Decrease / (increase) in receivables | (238) | (1.147) | 21 | (1.125) |
| (Decrease) / increase in short term liabilities (except for banks) | (32) | 1.153 | 78 | 1.410 |
| **Minus:** | | | | |
| Interest expense and related expenses paid | (1.679) | (1.345) | (1.577) | (1.251) |
| Taxes Paid | (430) | (119) | - | 1 |
| **Total inflows / (outflows) from operating activities (a)** | **8.541** | **6.004** | **5.907** | **1.617** |
| Investing activities | | | | |
| Return of share capital to parent company | - | - | - | 4.536 |
| Purchase of tangible and intangible assets | (2.406) | (3.506) | (759) | (2.446) |
| Proceeds from disposal of tagible assets | - | 1.708 | - | - |
| Interest income | 2 | 46 | 2 | 4 |
| Debt payment collection | 51 | 1.800 | - | - |
| Increase of share capital and amounts paid for capital increase of consolidated company | - | (95) | - | (1.696) |
| Divideds received | - | - | 1.657 | 886 |
| **Total inflows / (outflows) from investing activities (b)** | **(2.353) -** | **(49)** | **900** | **1.284** |
| Financing activities | | | | |
| Proceeds from issued loans | - | 1.798 | - | 1.800 |
| Payments of loans | (6.869) | (6.063) | (6.869) | (4.269) |
| Payments of obligations under finance leases | (209) | (9) | - | - |
| **Total inflows / (outflows) from financing activities (c )** | **(7.077)** | **(4.274)** | **(6.869)** | **(2.669)** |
| **Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c )** | **(890)** | **1.680** | **(62)** | **232** |
| **Cash and cash equivalents at the beginning of year** | 3.947 | 2.267 | 1.204 | 972 |
| **Cash and cash equivalents at the year end** | 3.057 | 3.947 | 1.142 | 1.204 |

### ADDITIONAL DATA AND INFORMATION

1. The matter of emphasis mentioned in the audit report of the statutory auditor refers to Note 5.28 to the annual financial statements which describes the existence of pending court cases of subsidiary company amounting to EUR 1,1 million. The final outcome of the aforementioned cases cannot be estimated at present and therefore, no provision has been made in the Group financial statements in respect of the court cases.
2. The Group companies, the participating interest held by the Group in their share capital and their consolidation method are analytically presented in Note 24 to the Annual Financial Statements. Within the current period and in accordance with the requirements of IFRS 11, the consolidation method of the jointly controlled entity (Joint Venture) TOURISTIKA THERETRA S.A changed from proportionate consolidation to equity method. During the current period the subsidiaries companies Harvard Investments and World Spirit LTD S.A. were liquidated. These liquidations have no effect on the Consolidated Financial Statements of the Group. There has been no event that could be considered as an operating sector action discontinuance or other company discontinuance in accordance with I.F.R.S.
3. The Group before taxes results were burdened with Goodwill impairment amount of € 5,731 k and the subsidiaries tangible fixed assets impairment amount of €4,248 (€2,375 k SNP and €1,573 k Excelsior), while the Parent Company results were burdened with the impairment of the participating interest in the subsidiary Excelsior amounting to € 2,326 k. This electronic message transmission contains information from the Company that may be proprietary, confidential and/or privileged. The information is intended only for the use of the individual(s) or entity named above. If you are not the intended recipient, be aware that any disclosure, copying or distribution or use of the contents of this information is prohibited. If you have received this electronic transmission in error, please notify the sender immediately by replying to the address listed in the "From:" field.
4. Note 5.26 to the Annual Financial Statements presents the unaudited fiscal years of both the Company and the Group.
5. The subsidiary company "LUELLA ENTERPRISE Co" paid dividend of amount € 1,657 k to the parent company LAMPSA S.A.
6. The Group and the Parent Property items are burdened with pledges amounting to € 59,550 k and € 35,500 k in respect of the loan balance standing at € 40,860 k and € 39,068 k respectively.
7. For litigation or disputes in arbitration courts or arbitration bodies that may have impact on the financial position of the Company and the Group, provisions of € 127 k and € 369 k respectively has been made. In addition the Company and the Group have made a cumulative provision of € 2,343 k pertaining to employee remuneration provision. Finally, provisions for bad receivables regarding the Company and the Group stand at € 58 k and € 97 k respectively.
8. The number of staff as at the current period end is 575 persons in respect of the Company and 759 persons in respect of the Group, while as at the comparative date, the numbers stood at 437 persons and 617 persons respectively.
9. As at the current period end, there are no parent company shares held by itself or by its associates or subsidiaries.
10. Investments in tangible and intangible assets during the current period amounted on a consolidated basis to € 2,832 k and on the parent company basis to € 1,206 k.
11. Other Comprehensive Income for the Group, amounting to € (209) k pertains to exchange differences on translation of subsidiaries' balance sheets.
12. Financial statements for the current period have complied with the accounting principles used for the preparation of the financial statements of the year 2013, adjusted with revisions that IFRS require. There are no changes in accounting policies and estimates with respect to the previous year except from those that refer to revisions of IAS and for that reason the comparative Financial Statements where revised and the third comparative period is presented in the Balance Sheet and in the Statement of Financial Position Analytical description is presented in Note 3.6 to the Annual Financial Statements. Besides the above, there has been no error correction and / or reclassification of items.
13. Profit / (loss) per share was calculated based on the profit after tax while minority interests based on the weighted average parent number of shares.
14. Potential differences in totals are due to rounding. The amounts are presented in thousand Euro as they are also presented in the annual financial statements.
15. The following transactions regard transaction with related parties during the current period, as well as the receivables and liabilities balances, on 31/12/2014, within the meaning of IAS 24:

| *(Amounts in € '000)* | THE GROUP | THE COMPANY |
|---|---|---|
| Income | 90 | 90 |
| Expenses | 428 | 428 |
| Receivables | 45 | 45 |
| Liabilities | 147 | 147 |
| Transactions and fees of executives and members of Management | 1206 | 795 |
| Receivables to executives and members of Management | - | - |
| Liabilities to executives and members of Management | - | - |

From the transactions above, the transactions and the balances with subsidiary companies have been eliminated from the Group consolidated financial items. Among the subsidiary companies of the Group there are receivables / liabilities arising from borrowing, totally amounting to € 3,821 k, respective interest income/expenses, amounting to € 213 k and exchange differences income/expenses/equity reserves, amounting to € 231 k, which have been eliminated and/or consolidation.

Athens, March 30, 2015

| President of the BoD | Managing Director | Chief Financial Officer |
|---|---|---|
| George Galanakis | Anastasios Homenidis | Constantinos Kyriakos |
| ID No Ξ 282324 | ID No AI 506406 | ID No AZ 512473 - First Class Licence No 0010932 |

**G. Annual Financial Statements publication website**

The Company annual financial statements, the Independent Auditor's Report and the Report of the Board of Directors for FY ended as at December 31st, 2014, have been posted on the Company website www.lampsa.gr.

The aforementioned Financial Statements will remain at the disposal of the investors for at least five (5) years as starting from the date of their publication.