

Management Report of the Board of Directors

Dear Shareholders,

We submit for approval the annual financial statements according to the IFRS, adopted since 1/1/2005 from the Company, and which consist of the Balance Sheet, Income Statement, Cash Flows statements and notes on the Financial Statements. of the period.

We also submit for approval the present report for the facts and financial results of the period ended 31/12/2005.

OPERATION PROGRESS

1) Arrivals - Overnights

In 2005, which is the full operating period after the renovation, 26.402 customers stayed in the hotels (domestic and foreigners) compared to 14.530 in 2004 (+ 81,7%).

In more details :

Arrivals

- 19.756 foreign customers in 2005 against 10.638 in 2004 (+ 85,7%).
- 6.646 Greek customers against 3.892 in 2004 (+ 70,8%).

Overnights

The arrivals as analyzed above created 88.233 overnights in 2005 (66.343 domestic and 21.890 foreigners), against 55.584 overnights in 2004 (13.137 domestic + 42.447 foreigners). As a result, the average occupancy percentage calculated for the entire 2005 and in accordance to the total bed availability arose to 34,7% in 2005 against 28,6% in 2004. The average length of stay in 2005 was for Greek customers 3,4 days and for foreigners 3,3 days against 4,0 and 3,4 days respectively in 2004.

The room occupancy of the complex assuming the total of available rooms on an annual basis and in full operation, rise to 46,9%, compared to 37,3% for the year 2004.

2) Operations Accounts Revenues

The revenue mix per department code is analyzed as follows (in thousands of euro):

| | Turnover | Other operating revenue | Securities & credit interest | Non operating revenue | Total revenue 2005 | Total revenue 2004 |
|---|------------------|-------------------------------|---------------------------------------|-----------------------------|--------------------------|--------------------------|
| Room Rentals | 11.405,43 | - | - | - | 11.405,43 | 12.253,36 |
| Telephone-Laundry | 158,03 | - | - | - | 158,03 | 239,55 |
| Food & Beverage | 8.572,24 | - | - | - | 8.572,24 | 7.326,49 |
| Beach tickets | 1.570,27 | - | - | - | 1.570,27 | 1.749,87 |
| PAY TV, VIDEO,INTERNET | 37,73 | - | - | - | 37,73 | 16,60 |
| Banquet rentals | 247,00 | - | - | - | 247,00 | 852,44 |
| Entrance fees | 375,30 | - | - | - | 375,30 | 236,00 |
| Shops rentals. | - | 325,57 | - | - | 325,57 | 235,61 |
| Other operating revenue | - | 529,43 | - | - | 529,43 | 197,56 |
| OPERATING REVENUE | 22.366,00 | 855,00 | - | - | 23.221,00 | 23.107,48 |
| Credit interest- Repurchase agreements | - | - | 47,00 | - | 47,009 | 244,00 |
| Total operating revenue | 22.366,00 | 855,00 | 47,00 | - | 23.268,00 | 23.351,48 |
| Non operating revenue | | | | 146,00 | 146,00 | 989,52 |
| TOTAL REVENUE | 22.366,00 | 855,00 | 47,00 | 146,00 | 23.414,00 | 24.341,00 |

Operating revenue was reduced by 0,4% i.e. 23.268,00 thousands euro against 23.351,48 thousands of € in 2004.

Beach revenue totals 1.570,27 thousands euro against 1.749,87 thousands euro in 2004. The decrease of 10,3% compared to 2004 was mostly caused by the reopening of the neighboring beach and by the increase of the revenue from hotel entrance tickets (+58,0). The number of the beach tickets issued in 2005 arose to 173.509, compared to 188.997 in 2004 (-8,2%).

Operating and other expenses

The total expenses of the period including depreciation and amortization (5.565,00 thousands €), Aphrodite rental (70,89 thousands €) and loan interest (1.335,91 thousands €), reached the amount of 30.094,00 thousands euro in 2005 against 24.739,00 thousands € in 2004.

The breakdown of expenses per each department code is as follows: (in thousands of euro)

| | Cost of Sales | Administrative expenses | Selling expenses | Loan interest | Non operating expenses | Income tax | Total expenses 2005 | Total expenses 2004 |
|-----------------------------------|------------------|-------------------------|------------------|-----------------|------------------------|---------------|---------------------|---------------------|
| Cost of employment | 11.857,06 | 1.585,00 | 548,36 | - | - | - | 13.990,25 | 12.987,58 |
| Food & Beverage Cost | 1.618,38 | - | - | - | - | - | 1.618,38 | 1.494,04 |
| Energy Cost | 1.406,34 | - | - | - | - | - | 1.406,34 | 1.084,02 |
| Sales & Marketing Cost | 327,35 | - | 1.449,75 | - | - | - | 1.777,22 | 1.119,28 |
| Depreciation | 5.565,00 | - | - | - | - | - | 5.565,00 | 2.381,00 |
| Insurance | 147,51 | - | - | - | - | - | 147,51 | 155,86 |
| Rentals/Aphrodite | 70,89 | - | - | - | - | - | 70,89 | 132,72 |
| Loan Interest | - | - | - | 1.335,00 | - | - | 1.335,91 | 542,39 |
| Other expenses | 3.326,47 | - | 169,89 | - | - | - | 3.495,45 | 3.737,12 |
| Total operating expenses | 24.319,00 | 1.585,00 | 2.168,12 | 1.335,00 | - | - | 29.406,95 | 23.634,01 |
| Non operating expenses | - | - | - | - | 110,00 | - | 110,05 | 244,99 |
| Total expenses | - | - | - | - | - | - | 29.517,00 | 23.879,00 |
| Income Tax | - | - | - | - | - | 577,00 | 577,00 | 860,00 |
| Total | 24.319,00 | 1.585,00 | 2.168,00 | 1.335,00 | 110,00 | 577,00 | 30.094,00 | 24.739,00 |

It is worth to mention that:

Personnel expenses increased from 12.987,58 thousands euro in 2004 to 13.990,25 thousands euro in 2005 i.e. increase by 1.002,67 thousands euro (+7,7%).

| | <u>2005</u> <u>in thousands</u> <u>of €</u> | <u>2004</u> <u>in thousands</u> <u>of €</u> |
|-------------------------------|---|---|
| Regular pay..... | 9.955,38 | 8.794,81 |
| Additional pay..... | 364,73 | 580,46 |
| Employer contribution..... | 3.058,02 | 2.764,78 |
| Employees' food expenses..... | 181,36 | 163,06 |
| Other personnel expenses..... | 429,12 | 577,18 |
| Severance pay..... | 1,64 | 107,29 |
| Total | 13.990,25 | 12.987,58 |

Energy cost (electricity, PTT, water) in 2005 arose to 1.406,34 thousands of € against 1.084,02 thousands of € in 2004. i.e an increase of 322,32 thousands of € or 29,7%, as shown below :

| | <u>2005</u> <u>in thousands</u> <u>of €</u> | <u>2004</u> <u>in thousands</u> <u>of €</u> |
|--------------------------------|---|---|
| ELECTRICITY..... | 871,11 | 646,46 |
| WATER SUPPLY..... | 378,56 | 288,65 |
| Telephone – Post expenses..... | 156,67 | 148,91 |
| Total | 1.406,34 | 1.084,02 |

Sales and Marketing expenses (advertising, commissions, sales representatives' office etc) arose to 1.777,22 thousands euro in 2005 against 1.119,28 thousands euro in 2004.

| Sales & Marketing Expenses | <u>2005</u> in thousands of € | <u>2004</u> in thousands of € |
|---------------------------------------|--|--|
| Commissions to travel agents..... | 422,24 | 136,12 |
| Promotion-advertising expenses | 1.026,58 | 703,14 |
| Travel-exhibition expenses..... | 147,33 | 119,47 |
| Other expenses..... | 181,07 | 160,55 |
| Total..... | <u>1.777,22</u> | <u>1.119,28</u> |

Other operational expenses include maintenance, fuel, laundry, other fees, etc and arose to 3.495,45 thousands euro in 2005 while in 2004 amounted 3.737,12 thousands euro.

Income tax includes:

| | <u>In thousands</u> € |
|--------------------------------------|----------------------------------|
| a. Tax on property..... | 290,99 |
| b. Differentials from tax audit..... | 166,01 |
| c. Income tax provisions..... | 120,00 |
| Total..... | <u>577,00</u> |

Profit/(Loss) account 2005

Profit/(Loss) for the period 1/1-31/12/2005 is analyzed as follows:

| <u>Income</u> | <u>In thousands €</u> |
|---|------------------------------|
| Turnover..... | 22.366,00 |
| Other operational revenue..... | 855,00 |
| Securities income..... | 47,00 |
| Non operational revenue..... | 146,00 |
| Total..... | <u>23.414,00</u> |
| | |
| <u>Expenses</u> | |
| Cost of sales..... | 24.319,00 |
| Administrative expenses..... | 1.585,00 |
| Selling expenses | 2.168,00 |
| Loan interest..... | 1.335,00 |
| Non operational expenses..... | 110,00 |
| Total..... | <u>29.517,00</u> |
| | |
| Profit/(Loss)for the period before taxes | <u>(6.103,00)</u> |
| | |
| <u>Plus:</u> | |
| Income tax..... | <u>(577,00)</u> |
| | |
| Profit/(Loss) for the period..... | <u>(6.680,00)</u> |

BREAKDOWN OF LIABILITIES TO BANKS

Liabilities to the National Bank of Greece S.A. total, 33.867,44 thousands of euro on 31/12/2005 and are analyzed as follows:

| | <u>In thousands of €</u> |
|---|---------------------------------|
| Long-Term borrowings..... | 31.774,51 |
| Long-term liabilities payable in the next period..... | 2.092,93 |
| Total..... | <u>33.867,44</u> |

FIXED ASSETS

The Company as at 31st December 2005 possesses the following property:

Land

1) Area of 192.622 m² in Mikro Kavouri Vouliagmenis with acquisition value of € 75.275.128,39, which increased to € 80.275.000,00 after the write up of the value of the lot according to the law 3229/2004.

Buildings

Company complex include

- Fully renovated owned hotels ARION and NAFSIKA and rented hotel APHRODITE ΑΦΡΟΔΙΤΗ.
- Bungalows
- Also fully renovated luxury restaurant CLUB HOUSE, as well as AEOLUS ballroom.

Room availability per hotel is analyzed as follows:

| <u>OWNED</u> | No. of rooms |
|-------------------------|---------------------|
| “ARION” hotel..... | 123 |
| BUNGALOWS..... | 76 |
| “NAFSIKA” hotel | 162 |
| Total | 361 |
| <u>RENTED</u> | |
| “APHRODITE” hotel..... | 165 |
| Grand total..... | 526 |

ANNOUNCEMENT OF INTERNATIONAL TENDER FOR THE SELECTION OF A SPECIALIST OPERATOR FOR THE HOTEL COMPLEX.

During 2005 the Board of Directors of the Company assigned the financial consultant Bank of America N.A. and Hotel Operation consultant HVS International the task of conducting an International tender for the selection of a specialist Hotel Operator. The selection of an operator for the hotel complex falls within the strategy of the management of Astir Palace Vouliagmeni, which aims at the improvement of the level and quality of services provided, as well as the empowerment of its financial prospects through the expertise and the brand name of the Operator.

FINANCIAL STATEMENTS 2005

For the completion of the operational image of the Company in 2005 we are presenting the annual financial statements of 31/12/2005, consisted by the Balance Sheet, the Income statement, Cash flows statements and the notes on the financial statements, which provide with accuracy and complicity the property and financial structure of the Company .

Finally, dear Shareholders, we do not neglect to propose to you to express your gratefulness to the Company’s personnel for serving the company with zeal and dedication.

Athens,3 March 2006

PRESIDENT OF THE BOARD OF DIRECTORS
AND MANAGING DIRECTOR

EFSTRATIOS-GEORGE ARAPOGLOU

