

ANNUAL REPORT

10. Board of Directors' Report

BOARD OF DIRECTORS' REPORT AUTOHELLAS TOURIST AND TRADING ANONYMOUS COMPANY **TO THE ORDINARY GENERAL ASSEMBLY OF SHAREHOLDERS**

In respect of the Individual and Consolidated Financial Statements of 31.12.2006.

Dear Shareholders,

On filing the company's Individual and Consolidated Financial Reports for the corporate use which expired on December 31st 2006 subject to approval, we present this annual report over the company's Individual and Consolidated Financial Statements for your complete information over the activities and prospects of our company.

- **GENERAL:**

Autohellas S.A. represents HERTZ largest national franchisee globally. By virtue of agreement, Autohellas S.A. has the exclusive right to use the Hertz brand name and trademark in Greece, to receive information and know-how relating to the operation of car rental system, as well as any improvements in designing and implementing rental services under the Hertz system. Autohellas extended this right in 1998 until the 31st of December 2023. This extraordinary in duration agreement has been granted to Autohellas as a result of Hertz' successful representation in Greece during the past 30 years.

- **ACTIVITY:**

The two main sectors of the company's activity are Renting (short-term rental) and Fleet Management (long-term rental and fleet management).

Renting Sector covers the rental needs of individual clients as well as companies for occasional, short-term rentals of up to 1 year.

Fleet Management Sector covers the long-term needs of its clients for rental and management of their fleet.

Turnover in 2006 closed at 107,054,496.93 €, an increase of 8.9%.

In the Renting Sector, the total earnings reached the amount of 32.7 million € from 31.8 million € in 2005, presenting an increase of 2.8%. Respectively, in the Fleet Management Sector total earnings reached the amount of 74.3 million € from 66.9

million € in 2005, presenting an increase of 11%. This evolution, which has exceeded the growth of the market, results mainly from the aggressive line of action that the company has followed.

The participation of Fleet Management in the consolidated turnover of Autohellas reached 69.4%, increasing each year the turnover's stability, as the contracts with the long-term renting clients have an average duration of 4 years.

▪ RESULTS

Consolidated after tax profits marked an increase of 13.6%, reaching 18,028,465.85 € from 15,868,547.72 € in 2005. Respectively, the profits of Autohellas increased by 32% reaching 18,106,351.35 € from 13,694,472.56 € in 2005. Moreover, the return on net assets reached 16%, the highest of the industry and one of the highest in the market.

Finally, car depreciations increased by 10.2% amounting to 39.9 million € from 36.2 million in 2005.

▪ HOLDINGS – CONSOLIDATED CORPORATIONS

COMPANY	SHARES	HOLDING	PERCENTAGE
AUTOTECHNICA LTD	393.482	2,011,842.00	99.99%
BEMAL AUTO LTD	1.000	1,000,000.00	100%
DEMSTAR RENTALS 2005 LTD	75.000	2,061,004.50	75%
AEGEAN AIRLINES S.A.	247.396	10,218,412.01	9.24%
THE CRETE GOLF CLUB S.A	49.371	718,157.72	5.92%
PIRAEUS BEST LEASING ATEE	28.598	2,691,220.07	48.08%
ELTREKKA S.A.	103.915	2,200,001.02	50%
	TOTAL:	20.900.637,32	

Autotechnica Ltd and Demstar Rentals 2005 Ltd comprise the two fully consolidated companies in the results of Autohellas S.A.

Respectively, Piraeus Best Leasing S.A. and ELTREKKA S.A. are consolidated by the net position method. At a consolidated level, the Group's turnover reached 116,865,964.57 € from 107,528,401.51 € in 2005, increased by 8.9%.

More specifically, Autotechnica is Hertz' national franchisee in Bulgaria, while being the importer / distributor of SEAT cars. During 2005 it ended the representation of the AUDI brand, which resulted in a reduction of turnover and earnings. In particular, in 2006, the turnover reached 6.1 million € from 7 million € in 2005, reduced by 12% while profits reached 425 thousand € instead of 370 thousand € in 2005, increased by 15%.

Demstar Rentals 2005 started its activity in June 2005 and it is Hertz's national franchisee in Cyprus. Autohellas has the licensee agreement, and this right has been assigned to Demstar Rentals 2005 Ltd. Autohellas participates by 75% in Demstar Rentals 2005, while the remaining 25% belongs to a Cypriot businessman. Autohellas' total investment was 2 million €. The consolidated turnover in 2006 reached 3.7 million € instead of 2.2 million € during the 7 months of the company's operation in 2005, while profits after tax reached 217 thousand € instead of 74 thousand €.

As far as Piraeus Best Leasing is concerned, turnover reached 31.7 million € and earnings after tax reached 1.2 million €. The company is actively involved in long-term car rentals with a fleet of 6,273 cars at the end of 2006. Autohellas has undertaken the maintenance and management needs for a large part of this fleet.

The main activity of ELTREKKA S.A. is the import, storing, trading and distribution of car spare parts of many international houses in the Greek market. Autohellas completed the acquisition of 50% of the company in July 2005 and the total investment reached 2.2 million €.

Turnover in 2006 closed at 21.5 million € and earnings before tax at 5 thousand €.

As for the rest of the participations, it has an exclusive collaboration for the promotion of car rentals to its clients with Aegean Airlines, while at the end of year 2006 the participation in Multifin, which was 12.5%, was sold for 5.5 million €.

▪ NETWORK – TANGIBLE FIXED ASSETS

Autohellas operates through a network of about 115 sales points and 7 service points for its cars. It owns several of these facilities. More specifically:

- 1) Building plot in Corfu, located in Tripouleika, 2,275 m², book valued at 272,152.61 euro and value of premises and garage (190 m²) at 363,900.83, that is total real estate value at 636,053.44 euro.
- 2) Store (ground floor 65 m² – basement 70 m²) 6/10 joint ownership at 12, Syggrou Ave., with plot rate of total book value 127,720.78 euro (building value at 114,619.36 euro, plot value at 13,101.42 euro).
- 3) Real estate at 34, 25th Avgoustou str. in Herakleion, Crete, (plot 48.12 m²) book value at 78,925.97 euro and building value 210,269.39 euro (206.64 m²), that is total value 289,195.36 euro.
- 4) Building plot in Pylaia, Thessalonica, 5,170 m², book value at 573,147.47 euro, and premises and garage (1991 m²) value at 1,144,215.31 euro, that is total value of real estate at 1,717,362.78 euro.
- 5) Building plot in Mykonos, located in "OMVRODEKTIS", 6,884.93 m², book value at 95,154.81 euro and building (604 m²) value at 593,723.92, that is total real estate value at 688,878.73 euro.

- 6) Store (ground floor 44.50 m² with loft 21 m² and storage area 44.50 m²) in Piraeus at 67, Agiou Nikolaou Str. and Akti Miouli Str. junction, with building plot rate of total book value 155,310.16 euro (building value 137,707.95 euro and plot value 17,602.21).
- 7) Underground storage space in Amarousio, Attica, at 12, Agiou Thoma str., 89 m², with building plot rate of 52.82 m², of total book value 33,905.72 euro (building value 27,205.81 euro, plot value 6,699.91 euro).
- 8) Building plot in Kremasti, Rhodes, 9,070 m², book value at 283,125.44 euro, and built premises and garage of 439.73 m² value 851,022.27 euro, that is total real estate value 1,134,147.71 euro.
- 9) Building plot at 33, Viltanioti str. (Goltsi bridge or Varies), Kifissia, of 10,545.65 m², book value at 1,204,548.79 euro, building and garage (3,796 m²) value at 2,223,148.69 euro, that is total real estate value at 3,427,697.48 euro.
- 10) Building plot at 31, Viltanioti str. (Goltsi bridge or Varies), Kifissia, of 11,290 m², book value at 1,588,826.47 euro, on which there have been built buildings of 18,118 m², book valued at 13,686,332.15 euro, that is total real estate value at 15,275,158.62 euro.
- 11) Ground floor store in Agios Nikolaos, Crete, at 14-15, Akti Iosif Koundourou str. of 42.06 m² with building plot rate of 79.02 m², of total book value of 220,102.72 euro (building value 128,987.29 euro and plot value 91,115.43 euro).
- 12) Plots of land in Paiania, located in Poussi-ledi, 24,525.10 m², book value at 3,504,056.84 and land shaping value at 122,145.00 euro that is total value at 3,626,201.84 euro.
- 13) Store (ground floor 75 m² and basement 105 m²) in Athens, at 71, Vas. Sofias ave. and M.Petraki str. junction with building plot rate of total book value 353,724.34 euro (premises value 195,314.78 euro and plot value 158,409.56).
- 14) Building plots in Lakythra, Kefallonia, in Alypradata Quarter, 3,600 m² and 1,677 m², valued at 58,694.06 euro and 49,258.99 euro respectively, metal building (shelter), 214.50 m², valued at 73,818.21 euro, that is total real estate value at 181,771.26 euro.
- 15) Plot of land in "Aspra Chomata" (Mandragoura) located in Koropi Attika, 10,253 m², book value at 335,923.96 euro junction with a semi-final construction of 300 m², of book value 128,675.27 euro, adding to a total value of 464,599.23 euro.
- 16) The cars as a whole on 31.12.2006 had an acquisition value of 269,690,991.30 €. The maximum number of cars was 26,800 during August.

There is no mortgage, no prenotation of mortgage or any other charges over the tangible fixed assets.

▪ PROSPECTS :

The year 2007 is expected to be another good year.

The continuous efforts to promote tourism on the part of the Greek state, by taking advantage of the country's increased publicity during the last couple of years, predict a further increase of arrivals. At the same time, the signs from the international tourist exhibitions are positive for the Greek market.

As far as the long-term rentals are concerned, the year 2007 is expected to maintain the same growth rate as more and more companies of small size recognize the institution and the benefits the product is offering them. Autohellas' aim is to maintain its share in this constantly growing segment.

After Autotechnica's loss of revenue in Bulgaria as a result of terminating the collaboration with AUDI, figures are expected to improve. A main factor towards development is car rentals, either short-term or long term. Bulgaria's tourist market even though still small, it is expected to continue growing at a fast pace. The same goes for enterprise development, especially because of Bulgaria's prospects of entry into the European Union in 2007.

The aim for Cyprus is "Demstar Rentals 2005" to assume a leading role in market in the next few years, while the prospects for further development are combined with the expected liberalization of the car rental market.

Finally, in the beginning of 2007 Autohellas began the establishment of a new company in Romania, in order to represent Hertz in the Fleet Management sector in that particular country.

According to the above mentioned, the auditors' report, as well as the annual financial statements of December 31st 2006, we believe you have at your disposal all the necessary documentation to proceed with the approval of the annual Financial Statements for the fiscal year ending on December 31st 2006 and to disengage the Board of Directors and the auditors from all responsibility.

Kifissia, February 27th, 2006

The Board of Directors

The President of the Board of Directors
Theodoros Vassilakis