



NEL LINES

MARITIME COMPANY OF LESVOS S.A.

**ANNUAL REPORT & STATEMENT
OF ACCOUNTS FOR THE FINANCIAL YEAR
2006**

Issued in accordance with the provisions of Section 16
of the decision 5/204/11.14.2000
and Section I of the decision 7/372/2.15.2006
of the Hellenic Capital Market Commission

MYTILENE APRIL 2007



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● Financial Data Summary

I.1 COMPANY FINANCIAL STATEMENTS SUMMARY

The Company's compendious Financial Elements for the Financial Years 2006 – 2005 are introduced in the table below.

(in thousand Euros)

	2006	2005
RESULTS DATA		
Turnover	26.979	38.898
Gross Profits	(7.852)	1.934
Profit / (Loss) before taxation, funding & investment results and amortizations	37.203	(5.133)
Profit / (Loss) before taxation, financial & investment results	43.773	1.092
Profit / (Loss) before taxation	32.078	(12.070)
Profit / (Loss) after taxation	32.078	(12.070)
WORKING CAPITAL DATA		
Fixed working capital assets	76.502	149.714
Reserves	1.580	363
Customer requirements	335	3.632
Other elements of working capital	82.954	17.686
Total working capital	161.371	171.395
LIABILITIES DATA		
Long term debts	43.083	105.407
Short term banking debts	46.539	15.056
Other short term debts	13.012	25.260
Net Position Total	58.737	25.672
Total amount of liabilities	161.371	171.395
DATA PER SHARE (in euros)		
Total share number by the end of Financial Year	105.674.851	103.846.851
Profit / (Loss) per share	0,30	(0,12)

I.2 GROUP COMPENDIOUS FINANCIAL STATEMENT

The Group's compendious Financial Elements for the Financial Year 2006 - 2005 are introduced in the table below.

(in thousand Euros)

	2006	2005
RESULTS DATA		
Turnover	26.979	38.898
Gross Profits	(7.852)	1.934
Profit / (Loss) before taxation, funding & investment results and amortizations	37.203	(5.133)
Profit / (Loss) before taxation, funding & investment results	43.773	1.092
Profit / (Loss) before taxation	32.078	(12.070)
Profit / (Loss) after taxation	32.078	(12.070)
WORKING CAPITAL DATA		
Fixed working capital assets	99.961	149.714
Reserves	1.717	363
Customer requirements	3.222	3.632
Other elements of working capital	96.639	17.686
Total working capital	201.539	171.395
LIABILITIES DATA		
Long term debts	59.825	105.407
Short term banking debts	62.190	15.056
Other short term debts	20.787	25.260
Net Position Total	58.737	25.672
Total amount of liabilities	201.539	171.395
DATA PER SHARE (in euros)		
Total share number by the end of Financial Year	105.674.851	103.846.851
Profit / (Loss) per share	0,30	(0,12)

2

Information about the composition of the Annual Report and the Financial Auditors of the Company

The present Annual Report includes all the information and financial data necessary for the accurate assessment of the property, the financial status and the results of the Company entitled MARITIME COMPANY OF LESVOS S.A. (hereafter referred to as «the Company» or «NEL LINES») and the Group, by its shareholders and the general public investors.

Shareholders and investors who are interested in the acquisition of further information may contact during the working days and hours with:

- The Company office, 25 Akti Miaouli, 6th Floor, 185 35

Tel. 210 41 18 121 (In charge: Mrs. Kofina Evangelia)

The composition and issuance of the Annual Report was performed in accordance with the provisions of the legislation in effect. The content of the Annual Report responds to all the information needs of investors as these are defined by the provisions of decisions 5/204/11.14.2000 and 7/372/02.15.2006 by the Hellenic Capital Market Commission.

The persons responsible for the composition and accuracy of data contained in the Annual Report are:

- a) Papageorgiou Theocharis, Deputy Chairman –Chief Financial Officer, resident of Piraeus, 25 Akti Miaouli, tel: 210-4118121.
- b) Koutsomitis Panagiotis, Assigned for the composition of the Financial Statements, resident of Mytilene, 5 Eleftheriou Venizelou , tel: 22510-26 212.
- c) Demetroulopoulos Adreas, Administration Services Manager, resident of Piraeus, 25 Akti Miaouli , tel: 210- 41 18 121.
- d) Liagos Athanasios, General Manager, resident of Piraeus, 116 Kolokotroni, tel : 210-4594096.

Regular Auditors – Chartered Accountants

The company is audited by an Independent Auditor - Chartered Accountant. The audit for the Financial Years 2006 and 2005 was performed by the Financial Auditor- Chartered Accountant Mr. Kourtelas Stylianos (Chartered Auditors Association Registration Number 11031), of the company Moore Stevens Chartered Auditors S.A.

The audit report of the Independent Auditor - Chartered Accountant for the financial year 2006 is attached to the Indexes of this Annual Report.

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● Information about public propositions

During the past and the present financial year no public propositions have been submitted.

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● Information about the Company

4.1 GENERAL INFORMATION

The Company was established on August 5th, 1972 under the trade name MARITIME COMPANY OF LESVOS S.A..

The Company Seat is located in the Municipality of Mitilini, on the island of Lesvos (5 El. Venizelou Str., tel. 22510-26 212) where the company's headquarters are located. Furthermore, the company owns the following two (2) branch offices at Piraeus:

1. 25 Akti Miaouli , tel. 210 - 4118121.
2. On the junction of 2 Astiggos & Akti Tzelepi streets in Piraeus, tel. 4113722, 4125888 (mainly active in the issuance of tickets).

The company is registered with the Incorporated Companies Record under No12470/06/B/86/44 while its term is set at fifty years (50) (till 08.17.2022) with an option to extends this period.

The financial field of activity of the Company is Passenger Navigation (ESYE code: 611) on domestic routes.

The Company is registered with the Athens Stock of Exchange since 28.08.1995.

4.2 COMPANY OBJECTIVE

The Company's objective, as per the definition contained in the Articles of Association, is:

1. The acquisition and exploitation of ships for the transportation of people, vehicles of any kind and goods in service of the Lesvos – Piraeus sea route, and for other domestic and foreign routes.
2. The charter or any other kind of exploitation of ships and sea-borne vessels in general (through commission or in cooperation with any other natural or legal person) of any Nationality and under any Flag.
3. The performance of all kinds of sea transportation of goods, passengers or vehicles with privately or otherwise owned ships.
4. In general, the transaction of any kind of business or task which favors the improved accomplishment of Company Objectives such as:
 - 4.1. The activity in any kind and form of Tourist Business related to sea transportation of passengers and vessel agency business with a Legal Person defined in a decision issued by the Board of Directors.
 - 4.2. The participation in any other firm with identical or similar objectives of any corporeal form and even the association or creation of joint ventures with such firms.
 - 4.3. The establishment of subsidiary companies engaged in the organization of tourism, transportation, industrial, merchant transportation and other kind of activities.

4.3 COMPANY BACKGROUND

The milestones in NEL Lines' development are:

1972: Foundation of NEL Lines, Purchase of the vessel "Sappho"

1974: Commencement of the Routes Mytilini – Chios and Mytilini – Thessaloniki

1975: The route Mytilini – Chios – Piraeus – Rhodes – Cyprus - Haifa is established, with regular weekly trips.

1976: Disposition on regular routes of non subsidized large ships for the Limnos-Kavala line.

1980: Implementation of the Company's services computerization.

1981: Purchase of the vessel "Alkaeos"

Foundation of the Lesvos Development Company S.A., aiming to the of the tourist resources of Lesvos, and the co-operation with NEL Lines to support the economic development of Lesvos in general.

1988: Purchase of the vessel "Saint Raphael".

1990: Purchase of the vessel "Mitilini".

1990: Commencement of the route Mitilini-Volos.

1994: Foundation of the Central Travel Agency in Piraeus.

Purchase of new premises in Mitilini in order to house the Company's headquarters.

1995: Purchase of the vessel "Theofilos"

Capital share increase through public registration and listing of the company with the Main Market of the Athens Stock of Exchange. (Official listing of NEL Lines stock with the Athens Stock of Exchange on 28.8.1995)

1998: Construction order for the high speed craft "CORSAIRE 12000" to the French shipyard Alstom Leroux Naval.

1999: Purchase of the vessel "Taxiarhis".

Capital share increase with cash deposit. Total increase income approximately 49,9 million Euros. Participation of Strategic investor (ANEK Lines S.A.) with a 16.5% interest in the company's capital share.

1999: Construction order for two new high speed crafts, "CORSAIRE 10000" and "CORSAIRE 14000" in the French shipyard Alstom Leroux Naval.

2000: Acquisition of 42% of MedLink S.A., owner of 3 F/B ships that were used on Greece – Italy routes, aiming to increase NEL Lines market share to 70%.

2000: Received the high speed craft "Aeolos Express" (CORSAIRE 12000), which commenced routes on the western Cyclades area (Piraeus or Rafina to Andros – Syros – Tinos – Mykonos).

2000: Deployment of "Aeolos Express" on the route of Piraeus or Rafina to Paros – Naxos and the route Piraeus – Chios – Mytilini.

2001: Incorporation of subsidiary companies Arisvi Shipping Ltd and Irina Shipping Ltd.

- 2001:** Deployment of the "Aeolos Express" on the Ikaria - Samos route.
- 2001:** Issuance of a decision for commencing the procedure for the issuance of a Bond loan, convertible to stocks.
- 2001:** Reception of the high speed craft "Aeolos Express II" (CORSAIRE 10000), which was deployed on the Paros-Naxos route.
- 2001:** Received the high speed craft "Aeolos Kenteris" (CORSAIRE 14000), which was deployed on the Piraeus-Chios-Mitilini route.
- 2001:** Sale of the vessel "Saint Raphael".
- 2002:** Sale of the vessel "Sappho".
- 2002:** Completion of issuance of the Bond loan, convertible to stocks.
- 2002:** Commissioning of "Aeolos Kenteris".
- 2003:** Sale of the "Alkeos" ship.
- 2003:** Sale of the ships "Saint Andreas" and "Aphrodite II" ships belonging to Arisvi Shipping Ltd and Irina Shipping Ltd companies.
- 2004:** Sale of the vessel "Maria G" belonging to Maria G Shipping Ltd company.
- 2005:** Edgewater Holdings Inc. becomes the new strategic investor through the acquisition of the NEL shares owned by ANEK Lines S.A.
- 2005:** Ships "Aeolos Express" and "Aeolos Express II" were withdrawn from the Ikaria-Samos and the Cycladic routes.
- 2005:** Capital share increase over old shares through the payment of cash.
- 2006:** Assignment of the technical management to Vita Administrational Maritime company.
- 2006:** Foundation of the NEL LINES ASSOCIATION with C LINK FERRIES M.C.
- 2006:** Settlement with Calyon Bank and SEMT PIELSTICK.
- 2006:** Submission of a proposal to buy out 33,31% of the HELLENIC SEAWAYS firm.
- 2006:** Buy-in of the shares of C LINK FERRIES M.C.

4. INFORMATION ABOUT THE COMPANY

4.4 LEGISLATION GOVERNING THE OPERATION OF NEL LINES

MERCHANT LAW

The Maritime Company of Lesvos (NEL Lines) operates as a limited liability company and thus is governed by the law 2190/1920 on limited liability companies and by the laws 3016/2002 and 3091/2002 "On company governance".

TAXATION LAW

According to the applicable legislation on vessel taxation (Law 27/1975, paragraph 2), maritime companies are exempt from income taxation for profits emanating from vessel exploitation.

The greatest part of the Company's profits emanates from vessel exploitation and thus is exempt from taxation.

The rest of its profit percentage is taxed prior to any distribution, according to law 2238/94, paragraph 109.

Consequently, the dividends are distributed from profits already taxed at legal person level and thus shareholders are not subject to any tax obligation over the amount of dividends received.

The date of dividend income acquisition is set as the date of approval of the annual financial statements by the company shareholder General Assembly.

The fact that maritime companies are exempted from taxation of profit emanating from vessel exploitation, is an important privilege for the companies of the industry, including NEL Lines.

4.5 NEL LINE'S CAPITAL SHARE

During the current financial year, the company's Capital Share changed as follows:

On 12-29-2006 the minutes of the company Board of Directors dated 22-12-2006 (No 1101) were registered with the Incorporated Companies Record under announcement number K2-18400/29.12.06, such minutes stating that the company capital share increased by 548.400,00 Euros, through cash deposit and issuance of 1.828.000 new shares, with a nominal value of 0,30 Euros each.

The aforementioned amount of 548.400,00 Euros and the above par difference of 438.720,00 Euros, was disbursed by those who enforced the Stock Option Plan (article 13 pgh. of the R.N. 2190/1920), according to the 03/12/2006 company's General Meeting resolution, as it was verified by the 11/18/2006 Board of Directors' resolution. The abovementioned increase does not require amendments on the company's articles of association. The Athens Stock of Exchange Board of Directors during the meeting held on 01/18/2007 approved the introduction to the negotiations of the 1.828.000 new shares as of 24/01/2007.

Following the above the company's capital share amounts to a total of 31.702.455,30 Euros, divided into 105.674.851 shares, with a nominal value of 0,30 euros each.

4.6 SHAREHOLDER COMPOSITION

NEL Lines' shareholder composition based on negotiable company shares as of 12.31.2006 were as follows:

SHAREHOLDERS	SHARES	AVERAGE
Edgewater Holding Inc	20.600.000	19,84%
Arvanitis Ioannis	17.501.800	16,85%
Vidaliert Corp.	2.585.727	2,49%
Other Investors	63.159.324	60,82%
TOTAL	103.846.851	100,0%

Note that:

- Only three shareholders owned a participation average of more than 2% of the company's capital share during the aforementioned date.

5 ● Share Buy-back

In application of the Extraordinary General Assembly dated 07/05/2006, which decided the share buy back in accordance with section 16 of the R.L. 2190/20, and as per the decision issued by the Company's Board Directors dated 11/02/2006, the Company decided the initiation of the aforementioned plan.

As per the decisions stated above, share buy back shall be conducted as follows:

1. The maximum number of shares that may be purchased may not exceed 9,63% of the entire number of shares, that is ten million (10.000.000) shares.
2. The lowest price per share over which the purchases shall take place shall equal the nominal value, that is thirty cents of a euro (0,30 Euro), while the highest price shall equal three euros (3,00 Euro).

The company has not proceeded to share buy back during the financial year 2006.

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Transactions with related parties

The Group, as of 12/31/2006 consists of Maritime Company of Lesvos and 100% of C LINK FERRIES M.C. These companies are both participating in NEL Lines Association.

	GROUP	COMPANY
GOODS AND SERVICES SALES	--	--
GOODS AND SERVICES PURCHASES	600.000,00	600.000,00
REQUIREMENTS	--	8.154.532,78
OBLIGATIONS	--	--
TRANSACTIONS AND FEES FOR MANAGERIAL STAFF AND MEMBERS OF THE BOARD	896.384,51	896.384,51
REQUIREMENTS OF MANAGERIAL STAFF AND MEMBERS OF THE BOARD	--	--
OBLIGATIONS TO MANAGERIAL STAFF AND MEMBERS OF THE BOARD	--	--
OBLIGATIONS TO THE COMPANY MAIN SHAREHOLDER CONTROLLED BY A BoD MEMBER.	2.174.454,94	--

The amount of € 896.384,51 includes the amount of € 136.162,54 concerning remunerations for the dismissal of managerial staff.

The transactions with related parts are invoiced within the framework of standard transactions practice.

GROUP

GOODS AND SERVICES PURCHASES

VITA DIAHIRISTIKI NE	€ 600.000,00
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COMPANY

GOODS AND SERVICES PURCHASES

VITA DIAHIRISTIKI NE	€ 600.000,00
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REQUIREMENTS

NEL LINES ASSOCIATION	€ 4.077.188,38
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C-LINK FERRIES NE	€ 4.077.344,40
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Maritime Company of Lesvos S.A. ● activity domain

As of 12/31/2006 NEL Lines' fleet consists of 3 (three) conventional F/B vessels and 3 (three) high speed Corsaire type vessels. During the operational period of 2006 2 (two) out of the 3 (three) high speed vessels did not operate, namely the "AEOLOS EXPRESS", and the "AEOLOS EXPRESS II" which are already renamed to "AEOLOS KENTERIS I" and "AEOLOS KENTERIS II" respectively, due to technical problems in their main engines. As of 02/28/2007 the company signed a draft agreement for the sale of AEOLOS KENTERIS to a foreign firm.

Vessel itineraries are defined by both the season and the effort to serve the transportation needs of the region of company activity, aiming to the provision of vacancies even during the peak demand.

During the operational period of 2006 514 circular itineraries were performed, while 603.548 passengers, 77.990 passenger cars and 23.003 trucks were transported.

The itineraries made by Company vessels during 2006 were the following:

● **Route Piraeus – Chios - Mytilini**

This route was served by the vessels MYTILINI, THEOFILOS, TAXIARHIS. Depending on the season, up to 20 itineraries took place on a weekly basis. 72% of the company's fare ticket income during the fiscal year 2006 emanated from the exploitation of this route.

● **Route Piraeus – Paros – Naxos - Santorini**

This route was served by the vessel AEOLOS KENTERIS during the summer season (07/29/06-09/10/06) with passenger coverage up to 84%. 17% of company's fare ticket income during 2006 derived from the exploitation of this route.

● **Route Northern Greece (Mitilini – Lemnos – Thessalonica)**

Depending on the season, this route was served by the vessels THEOFILOS, MYTILINI, and TAXIARHIS. The Company's income from this route amounted to approximately 8% of total income derived from fare tickets during the fiscal year 2006.

TURNOVER AS PER THE GROUP'S OBJECT OF ACTIVITY

7.1 COMPANY TURNOVER PER ACTIVITY MARKET

The Company's turnover consists mainly of vessel ticket sales. The bar and restaurant exploitation on the ships MYTILINI, THEOFILOS and AEOLOS KENTERIS is assigned to the company GEFSIPLOIA S.A. while the bar and restaurant exploitation for the vessel TAXIARHIS to the company KYKLADIKI TROFODOTIKI.

Company turnover during the last two years is depicted in the following table:

SALES PROGRESS DURING THE PERIOD 2006 – 2005

In thousands of euros

	2006	2005
Fares	25.556	36.053
Sale of goods - Other vessel revenue	1.423	2.844
Total Income from ships exploitation	26.979	38.897

The navigation sector's profits in our country present intense seasonal activity, closely related to tourism traffic. For this reason, NEL Lines' income presents fluctuations depending on the season. The most profitable periods are the summer (from June to September) and Easter.

7.2 SALES NETWORK

There are central agencies in each company's port of call. Particularly, there are Central Agencies in the ports of Thessalonica, Kavala, Lemnos, Mitilini, Chios, Mykonos, Paros, Santorini, Naxos.

The Company's Central Agent is located at Piraeus, 2 Astiggos Str. in Karaiskaki Square. The Agency is staffed by the company and is On-Line with the e-Booking System.

The Company co-operates with approximately 400 tourist agents in Athens and Piraeus and 450 agents throughout Greece. These agents are directly connected to the NEL Lines' e-Booking System via Forth CRS system.

Aiming to the continuous development and upgrade of its services, the company promoted the procedure of booking tickets both through its web site over the internet and the call center.

8

Company/Group Fixed Assets

8.1 PLOTS – BUILDING INSTALLATIONS

1. Four (4) privately owned offices with a surface of 345,20 square meters in the downtown of Mitilini (5 El. Venizelou Str.) that house the central services.
2. A plot in the location "Plakes" Volissou on Chios island.
3. A field at the site "Spiladia" of Kampos on Chios island.
4. Offices in 116 Kolokotroni Str., Piraeus (C LINK FERRIES M.C.)

NEL Lines' estates at Mitilini are insured with Aspis Pronia Anonymous General Insurance Firm.

Apart from the Properties owned, the company rents the following buildings:

LOCATION	ADDRESS	UTILITY
Mitilini	5 El. Venizelou	Repository
Piraeus	25 Akti Miaouli	Company's Offices
Piraeus	2 Astiggos	Central Agency

8.2 COMPANY - SUBSIDIARY FLEET

The Company's fleet on 12/31/2006 consisted of 3 (three) F/B ships and 3 (three) high speed CORSAIRE ships, with the following technical characteristics:

CONVENTIONAL FLEET

SHIP NAME	LENGTH (METERS)	BREADTH (METERS)	DRAUGHT (METERS)	GROSS TONNAGE (GRT)	SPEED (KNOT)	PASSENGERS	CABINS	VEHICLES		YEAR BUILD	YEAR REBUILD
								TRUCKS	CARS		
MYTILINI	138,25	22,4	6,61	9.123,83	19	1.730	484	48	36	1973	1992
THEOFILOS	149,4	23,5	6,66	13.572,14	18	1.660	650	60	224	1975	1995
TAXIARHIS	135,78	20,63	5,68	5.088,47	16	591	154	12	339	1976	1993

HIGH SPEED FLEET

SHIP NAME	LENGTH	BREADTH	DRAUGHT	GROSS TONNAGE	SPEED	PASSENGERS	VEHICLES		YEAR BUILD	YEAR REBUILD
	(METERS)	(METERS)	(METERS)	(GRT)	(KNOT)		TRUCKS	CARS		
AEOLOS KENTERIS	140	21,8	6,18	7.280,94	38	1.742	30	276	2001	-
AEOLOS KENTERIS I	112,2	15,7	4	3.560,18	32	1.000	12	146	2000	-
AEOLOS KENTERIS II	104	15,7	3,15	3.301,30	32	777	8	146	2001	-

AEOLOS KENTERIS I (Corsaire 12000), which was acquired in 2000 and the 2 new high speed AEOLOS KENTERIS II (Corsaire 10000) and AEOLOS KENTERIS (Corsaire 14000), acquired in 2001, form the latest vessel developments with regards to new technology and prevail over the F/B ships due to the Waterjet Propulsion System that defines the speed up to 36 - 40 miles per hour instead of 18 - 27 miles per hour that the conventional F/B ships develop. Furthermore, they have a triple vessel response control system with regards to the conditions prevailing at sea, which operates via computers in order not provide maximum passenger comfort. It is also note that the Company's ships operate according to the International Safety Code (ISM CODE).

The Company's fleet and the respective values as of 12.31.2006 are analyzed in the following table:

SHIP NAME	YEAR OF BUILD	VALUE (EUROS)	DEPRECIATIONS (EUROS)	NET BOOK VALUE (EUROS)
TAXIARHIS	1976	11.838.278,41	6.530.648,70	5.307.629,71
MITILINI	1973	14.877.149,06	8.581.244,10	6.295.904,96
THEOFILOS	1975	22.117.651,08	12.701.474,03	9.416.177,05
AEOLOS KENTERIS I	2000	32.764.413,07	5.852.913,83	26.911.499,24
AEOLOS KENTERIS II	2001	29.539.570,26	4.511.817,96	25.027.752,30
AEOLOS KENTERIS	2001	75.066.859,53	9.618.283,69	65.448.575,84
TOTAL (EUROS)		186.203.921,41	47.796.382,31	138.407.539,10

(The value of the vessel AEOLOS KENTERIS in the Financial Statements is presented in the Circulating Working Capital, (due to the signature of a draft agreement on its sale within the year 2007).

The table's analysis shows that on 12.31.2006, 74% of the capital invested on ships, was invested in modern technology ships with an average age of five years.

8. COMPANY/GROUP FIXED ASSETS

SUBSIDIARY FLEET

The C-Link Ferris fleet on 12/31/2006 consisted of 2 (two) F/B conventional ships and of 2 (two) F/B high speeds with the following particulars:

CONVENTIONAL FLEET

SHIP NAME	LENGTH (METERS)	BREADTH (METERS)	DRAUGHT (METERS)	GROSS TONNAGE (GRT)	SPEED (KNOT)	PASSENGERS	CABINS	VEHICLES		YEAR BUILD	YEAR REBUILD
								TRUCKS	CARS		
PANAGIA TINOY	80,7	12,43	9,04	1.785,50	14	400	18	9	16	1974	-
PANAGIA HOZOVIOTISSA	93,26	14,6	4,4	1.943,21	13	350	4	13	15	1977	-

ΣΤΟΛΟΣ ΤΑΧΥΠΛΩΩΝ ΠΛΟΙΩΝ

SHIP NAME	LENGTH (METERS)	BREADTH (METERS)	DRAUGHT (METERS)	GROSS TONNAGE (GRT)	SPEED (KNOT)	PASSENGERS	VEHICLES		YEAR BUILD	YEAR REBUILD
							TRUCKS	CARS		
PANAGIA THALASSINI	102	15,02	5,01	2.558,33	30	574	4	116	1996	-
PANAGIA PAROU	102	15,02	5,01	2.558,33	30	573	4	116	1995	-

The Company's fleet and its value as of 12.31.2006 is analyzed in the following table:

SHIP NAME	YEAR OF BUILD	VALUE (EUROS)	DEPRECIATIONS (EUROS)	NET BOOK VALUE (EUROS)
PANAGIA TINOU	1974	1.490.568,24	420.653,12	1.069.915,12
PANAGIA HOZOVIOTISSA	1977	1.355.773,54	206.265,97	1.149.507,57
PANAGIA THALASSINI	1996	16.793.984,26	1.133.254,42	15.660.729,84
PANAGIA PAROU	1995	16.660.525,48	990.150,10	15.670.375,38
TOTAL (EUROS)		36.300.851,52	2.750.323,61	33.550.527,91

The value of the vessel PANAGIA PAROU in the Financial Statements is presented in the circulating working capital (due to the signature of a draft agreement on its sale within the year 2007).

8.3 COMPANY PERSONNEL

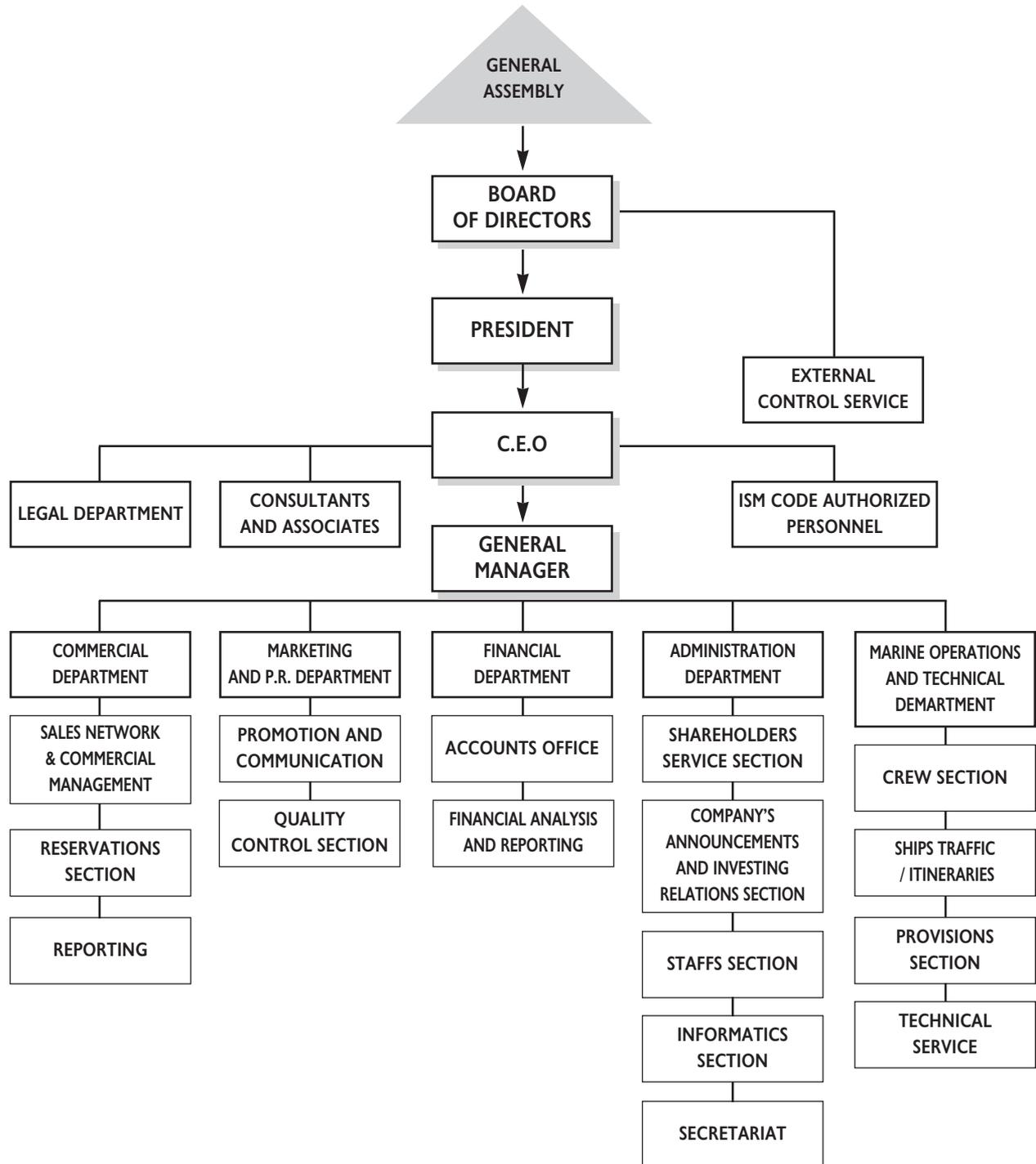
NEL Lines' number of employees varies during the year depending on the Company's demands. During the summer period, the number of employees increases in order to ensure normal itinerary operation.

The progress of the average number of personnel employed by the company during the period 2002 – 2006 is presented in the following table.

LAND AND SHIPS PERSONNEL DEVELOPMENT CHART

YEAR	EMPLOYEES	CREW	TOTAL
22002	39	301	340
22003	40	300	340
22004	37	287	324
22005	51	275	326
22006	38	251	289

8.4 ORGANIZATION CHART



9. Activity Review

9.1 PROGRESS OF ACTIVITY

Turnover refers exclusively to ticket income and income from bars and restaurants on the Company vessels leased to third parties for exploitation.

Company activity concerning passengers and vehicle transportation on all routes and the profit derived from these routes during the period 2006 – 2005 is presented in the following table:

COMPANY ACTIVITY DURING 2006 – 2005

	2006	2005
Number of transported Passengers	603.548	805.829
Number of transported Vehicles		
- Passenger Cars	77.990	103.719
- Trucks	23.003	34.676
TOTAL VEHICLES	100.993	138.395
TURNOVER (<i>In thousands of euros</i>)		
Passenger Fares	14.928	21.619
Passenger and Truck Vehicle Fares	10.207	13.990
Cargo Fares	279	327
Border Line Subsidies	142	117
Other vessel revenue	1.423	2.844
TOTAL TURNOVER	26.979	38.897
INDICES (<i>in euros</i>)		
Average Fare per Passenger	24,73	26,82
Average Fare per passenger / truck vehicle	101,07	101,09

9. ACTIVITY REVIEW

9.2 VESSEL EXPLOITATION COST

The exploitation cost before amortization and the percentage distribution based on the Turnover for the fiscal years 2006 & 2005 are analyzed in the following tables:

PROGRESS OF EXPLOITATION COSTS BEFORE AMORTIZATION 2006 – 2005

(in thousands of Euros)

	2006	2005
CONSUMABLE SUPPLIES	12.928	16.018
SPARES	843	218
PERSONNEL FEES & EXPENSES	9.535	9.808
THIRD PERSON FEES AND EXPENSES	792	114
THIRD PERSON'S PROVISIONS	3.523	2.918
OTHER EXPENSES	814	885
MERCHANDISE COSTS	12	917
TOTAL	28.447	30.878

EXPLOITATION COSTS PERCENTAGE DISTRIBUTION ON THE BASIS OF THE TURNOVER

	2006	2005
TURNOVER (Thousands of Euros)	26.979	38.898
CONSUMABLE SUPPLIES	47,9%	41,2%
SPARES	3,1%	0,6%
PERSONNEL FEES & EXPENSES	35,3%	25,2%
THIRD PERSON FEES AND EXPENSES	2,9%	0,3%
THIRD PERSON'S PROVISIONS	13%	7,5%
OTHER EXPENSES	3%	2,3%
MERCHANDISE COSTS	0,04%	2,4%
TOTAL	105,24%	79,4%

9.3 AMORTIZATIONS

Vessel amortizations burdening the turnover of the fiscal years 2006 & 2005 are represented in the following table:

AMORTIZATIONS PER VESSEL FOR PERIODS 2006 - 2005

(in thousands of Euros)

SHIP	2006	2005
THEOFILOS	1.473	1.069
MITILINI	592	592
TAXIARHIS	871	871
AEOLOS EXPRESS	827	914
AEOLOS EXPRESS II	767	848
AEOLOS KENTERIS	1.855	1.791
TOTAL	6.385	6.085

10.

Management – administration of company's operation

NEL LINES' BOARD OF DIRECTORS COMPOSITION (FROM 01/01/2006 TO 01/29/2006)

The Company's Board of Directors consists of the following persons:

BOD EXECUTIVE MEMBERS

- | | |
|----------------------------|-------------------|
| 1. Giakalis Athanasios | Chairman |
| 2. Ventouris Apostolos | Managing Director |
| 3. Mavroudis Evaggelos | Member |
| 4. Papageorgiou Theocharis | Member |
| 5. Riga Theodora | Member |

BOD NON-EXECUTIVE MEMBERS

- | | |
|----------------------|----------------|
| 6. Sifakis Ioannis | Vice President |
| 7. Kavadias Sokratis | Member |

INDEPENDENT NON-EXECUTIVE MEMBERS OF THE BOD

- | | |
|------------------------|--------|
| 8. Zourso Ioannis | Member |
| 9. Kountsouros Michael | Member |

NEL BOARD OF DIRECTOR'S COMPOSITION (FROM 01/29/2006 TO 02/26/2006)

The Chairman, Mr. Giakalis Athanasios, resigned during the company's meeting of the 29/01/2006 and Mr. Demetroulopoulos Adreas undertook his position. Furthermore, Mr. Sifakis Ioannis was appointed to the position of the Chairman and Mr. Papageorgiou Theocharis to the Vice President position.

Following the above, the BoD was established as follows:

BOD EXECUTIVE MEMBERS

- | | |
|----------------------------|-------------------|
| 1. Sifakis Ioannis | Chairman |
| 2. Ventouris Apostolos | Managing Director |
| 3. Papageorgiou Theocharis | Vice President |
| 4. Mavroudis Evaggelos | Member |
| 5. Riga Theodora | Member |
| 6. Demetroulopoulos Adreas | Member |

BOD NON-EXECUTIVE MEMBERS

- | | |
|----------------------|--------|
| 7. Kavadias Sokratis | Member |
|----------------------|--------|

INDEPENDENT NON-EXECUTIVE MEMBERS OF THE BOD

- | | |
|------------------------|--------|
| 8. Zouros Ioannis | Member |
| 9. Kountsouros Michael | Member |

NEL BOARD OF DIRECTOR'S COMPOSITION (FROM 02/26/2006 TO 12/31/2006)

1. The General Assembly held on 02/26/2006 decided that the Company's Board of Directors must consist of 7 to 9 members and a new Board of Directors was elected.
2. According the Company Board of Directors minutes' extract dated 02/26/2006, the Board of Directors elected by the above General Assembly, consisted of the following:

BOD EXECUTIVE MEMBERS

1. Sifakis Ioannis Chairman
2. Ventouris Apostolos Managing Director
3. Papageorgiou Theocharis Vice President
4. Demetroulopoulos Adreas Member

BOD NON-EXECUTIVE MEMBERS

5. Kavadias Sokratis Member

INDEPENDENT NON-EXECUTIVE MEMBERS OF THE BOD

6. Zouros Ioannis Member
7. Kountsouros Michael Member

The Organization chart consists of the following Managers at respective departments:

General Manager	Liagos Athanasios
Marketing & Public Relations	Riga Theodora
Financial Services	Papageorgiou Theocharis
Administration Services	Demetroulopoulos Adreas
Technical & Maritime Services	VITA MANAGEMENT M.C.

Information on each Manager is provided hereunder:

- 1. Athanasios Liagos**, son of Eleftherios. 46 years old, studied economics at Athens University and holds a MBA (Master in Business Administration) in Economics and Business Administration. He has served as a manager in prominent banks and corporations as well as a member of the B.O.D. of the Groups of the said companies. He is a member of the Economic Chamber of Greece and of the Association of Managerial Executives.
- 2. Theodora Riga**, daughter of Ioannis. 34 years old, certified in Investment Management by the Hellenic Capital Market Commission and holds an MBA in Business Administration.
- 3. Theocharis Papageorgiou**, son of Vassilios. 48 years old, graduate of Thessalonica's University of Industrial Businesses, served as a member of the Chartered Auditors Association (1984-1992). Since 1995, he holds the position of Chief Financial Officer of the Group of Companies of Mr. Apostolos Ventouris.
- 4. Andreas Demetroulopoulos**, son of Nikolaos. 37 years old, member of the International Association of Accountants. He holds a BA in Business Administration from Phillips College on Cyprus, he is a graduate of IEK of Athens, Stock Exchange Specialization Dept. Certified by the Ministry of Finance of Cyprus as a Stock Broker and Investment Consultant.

During the fiscal year 2006 the compensation for the Board of Director's members, came up to 259.049,97 Euros (gross salary)

- The compensations for the Board of Director's members are posted as an entry in the Management Expenses, aggravating the fiscal year's expenses.

The persons who participated as members of the Board of Directors during the present fiscal year and the Executive Officers owned the following number of company shares as of 12.31.2006:

ΑΤΟΜΑ ΠΟΥ ΔΙΑΤΕΛΟΥΝ / ΔΙΕΤΕΛΕΣΑΝ ΜΕΛΗ ΤΟΥ ΔΙΟΙΚΗΤΙΚΟΥ ΣΥΜΒΟΥΛΙΟΥ ΚΑΤΑ ΤΗ ΧΡΗΣΗ 2006

NAME	SHARES TOTAL
Sifakis Ioannis	108.027
Ventouris Apostolos (άμεση συμμετοχή)	0
Papageorgiou Theocharis	34.500
Demetroulopoulos Adreas	0
Kavadias Sokratis	369.000
Zouros Ioannis	2.501
Kountzouros Michael	58.562
Mavroudis Evangelos	0
Giakalis Athanasios	61.359
Riga Theodora	37.000
TOTAL	670.949



● Objectives – Perspective

OBJECTIVES – PERSPECTIVE

By solving the serious problems the company faced, with the repair of the engines of the high speeds and the settlement with Calyon Bank and Semt Pielstick, the management stabilised the company. The solution of these problems provides the company with the flexibility to exploit its investments in a more effective way.

The buy out of C LINK FERRIES M.C was completed during the fiscal year 2006. This purchase enhanced the company's transportation ability, added new routes for exploitation, enforced and expanded the existing company sales network.

The Company's management channels its efforts and priorities to operational profitability, modernization and service upgrade.

SERVICE UPGRADE

Through the exploitation of technology, the Company improves its services focusing on the passenger as final consumer. It creates a modern sales network using innovative methods to respond immediately to the increasing passenger demands. The modern operational systems allow the company to provide competitive services flexibly. At this point, it should be noted that the management invests on its human resources through the provision of all their training resources.

RELIABILITY & PROFESSIONALISM

Acknowledging traveller demands the company aims to become a model of reliability and professionalism in the Greek Navigation Sector. Professionalism in all the company's operations makes the difference in comparison with the sector's competition, and promotes the company to a powerful position.

COMPANY DEVELOPMENT AND CONSOLIDATION

Our vision is that of a large and reliable maritime company. Our objective is to play a leading part in the sector's development, exploiting every investment opportunity that may arise in the passenger navigation sector, either through the purchase of vessels or through strategic participations.

I. SHAREHOLDER STOCK MARKET DATA

The initial trading day of the Company's registered common shares in the Main Market of the Athens Stock Change took place on the 8.28.1995.

These shares are freely negotiable in the Athens Stock of Exchange.

After the completion of the recent Capital Increase under the Minutes (No 1101) of the Board of Directors, capital share increased by 548.000 euros, in cash deposit and the issuance of 1.828.000 new registered common shares. Following the above, share number amounts to 105.674.851 common registered shares with share value of 0,30 Euros each.

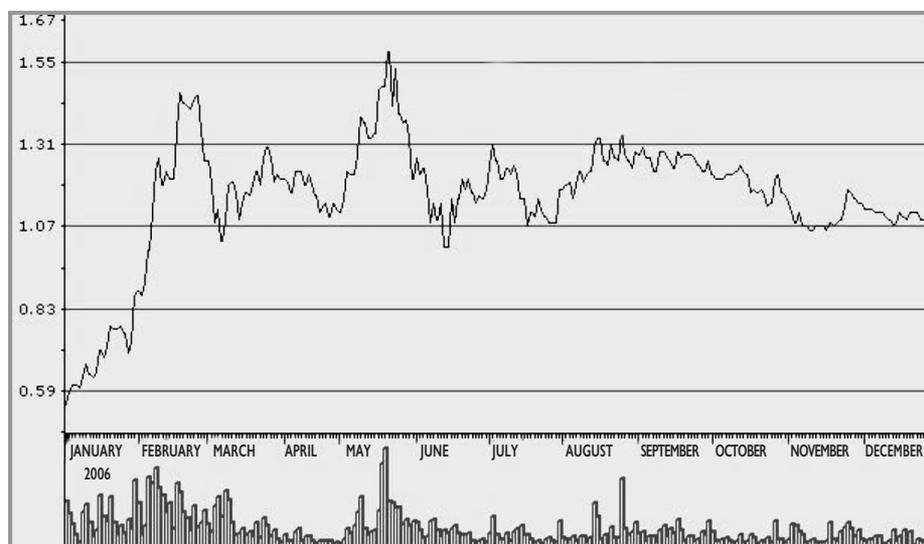
The progress of share price per month (on the first day of the month the transactions were performed) and the volume per month for all the months of the year 2006 are presented in the table below:

SHARE'S CLOSING PRICE IN EURO	
JANUARY (1/2/2006)	0,59
FEBRUARY (2/1/2006)	0,87
MARCH (3/1/2006)	1,19
APRIL (4/3/2006)	1,20
MAY (5/2/2006)	1,15
JUNE (6/1/2006)	1,22
JULY (7/3/2006)	1,31
AUGUST (8/1/2006)	1,19
SEPTEMBER (9/1/2006)	1,30
OCTOBER(10/2/2006)	1,21
NOVEMBER(11/1/2006)	1,11
DECEMBER(12/1/2006)	1,12
END OF THE YEAR(12/29/2006)	1,10

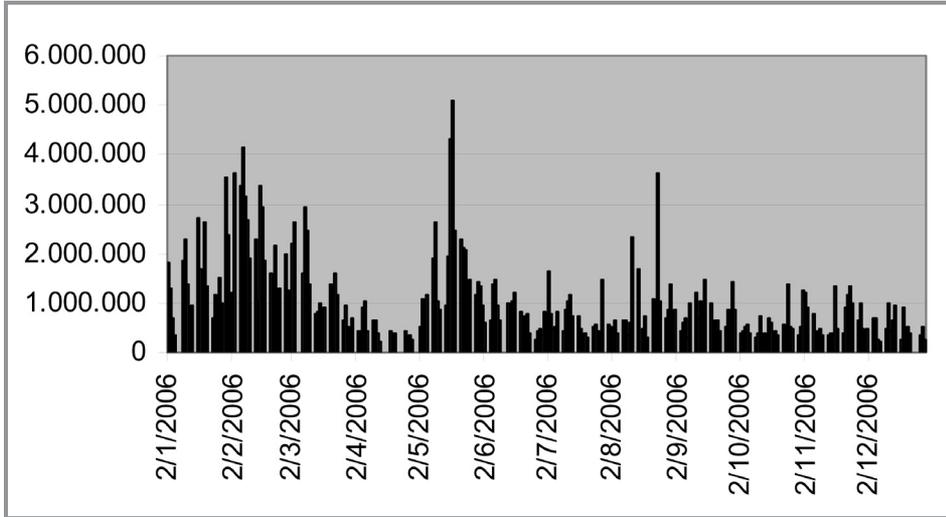
12. SHAREHOLDER STOCK MARKET DATA

TRANSACTIONS PER MONTH (ITEMS)	
JANUARY	32.178.779
FEBRUARY	42.540.914
MARCH	26.958.772
APRIL	7.612.135
MAY	38.734.138
JUNE	16.488.463
JULY	14.536.268
AUGUST	20.458.066
SEPTEMBER	16.679.786
OCTOBER	10.989.051
NOVEMBER	16.008.507
DECEMBER	9.736.869
TRANSACTIONS PER YEAR	252.921.748

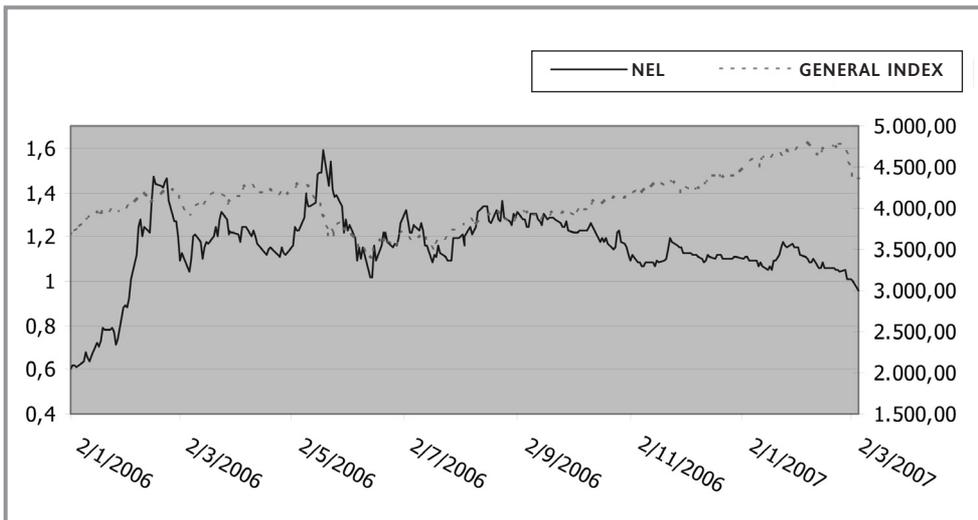
The following charts present the price developments and the transactions volume development for NEL Lines share as well as a comparative graph on the fluctuation of the price of NEL Lines share in relation with the index of Athens Stock of Exchange for the fiscal year 2006.



TRANSACTION VOLUME



NEL LINE'S PRICE PROGRESS - GENERAL INDEX



B.

Information as Section 10 of the Law 3401 of 2005

In application of the law, the Company during the fiscal year 2006 published and availed to the public the following information that can be found on its web site and in the Athens Stock of Exchange site.

ANNOUNCEMENTS FROM THE COMPANY'S WEB SITE:

	INFORMATION	WWW.NEL.GR
12/18/2006	Notification of Transactions	
12/18/2006	Information provision form, law 3401/2005	
12/5/2006	Notification of Transactions	
12/1/2006	Completion of the regular taxation audit for the fiscal years 2000 up to 2004	
11/27/2006	General Assembly's Resolutions	
11/2/2006	Invitation to Extraordinary General Assembly	
11/2/2006	Shares Buy Back	
10/30/2006	B' Renewal Extraordinary General Assembly's Resolutions	
10/27/2006	Commercial Exploitation Manager's resignation	
10/17/2006	Invitation to B' Renewal of Extraordinary General Assembly	
10/6/2006	Extrajudicial Statement – Protest	
10/5/2006	Submission of offer for the buy in of 33,31% of the Hellenic Seaways (HSW)	
10/4/2006	Sixth compound interest period of the Convertible Bond Loan	
10/6/2006	Renewal of Extraordinary General Assembly due to lack of quorum	
10/3/2006	Invitation to Renewal of Extraordinary General Assembly	
9/28/2006	Settlement between NEL LINES & FBB - First Business Bank S.A.	
27/9/2006	Adjournment of the trial between NEL LINES & NAT	
21/9/2006	NEL Line's Board of Directors report to the Extraordinary General Assembly	
9/19/2006	Response to Stock Exchange's requests	
9/15/2006	SETTLEMENT BETWEEN EL LINES & SEMT PIELSTICK.	
9/12/2006	NEL Line's BOD report to the shareholder Extraordinary General Assembly	
9/12/2006	Invitation to Renewal of Extraordinary General Assembly	
8/30/2006	Response to Stock Exchange's requests	
8/25/2006	Offer for the buy in of 33,31% of the Hellenic Seaways (HSW)	

8/17/2006	Notification of Transactions
8/7/2006	Upgrade of the company's web site www.nel.gr
7/27/2006	Submission of a suit against libel action
7/26/2006	Submission of a suit against libel action
7/26/2006	Clarification on publications
7/24/2006	Filing of action against FBB Bank.
7/11/2006	Clarification on publications
7/5/2006	A` Renewal Regular General Assembly's Resolutions
7/5/2006	Extraordinary General Assembly's Resolution
7/5/2006	Announcement about General Assemblies on 07/05/2006
6/26/2006	Liquidation of corporeal registered shares.
6/23/2006	Invitation to A` Renewal General Assembly
6/23/2006	Modification of the usage of capital withdrawn.
21/6/2006	Regular General Assembly's Resolutions.
6/15/2006	Liquidation of corporeal registered shares.
6/13/2006	Invitation to Extraordinary General Assembly
6/8/2006	New Manager to the Company's Announcement Department
5/30/2006	Invitation for the Annual General Assembly
5/30/2006	Report on the Disposition of Capital withdrawn from Capital Share Increase.
5/22/2006	Notification of Transactions.
5/22/2006	Notification of Transactions.
5/19/2006	Notification of Transactions.
5/19/2006	Agreement with Calyon Bank.
5/19/2006	Notification of Transactions.
5/19/2006	Notification of Transactions.
5/18/2006	Notification of Transactions.
5/17/2006	Notification of Transactions .

13. INFORMATION AS SECTION 10 OF THE LAW 3401 OF 2005

5/15/2006	Notification of Transactions.
5/15/2006	Notification of Transactions.
5/11/2006	Notification of Transactions.
5/11/2006	Notification of Transactions.
4/25/2006	Change in the Percentage of Participation
4/17/2006	Extension of the partnership between NEL LINES and GOODY`S.
4/12/2006	Adjournment of the trial between NEL LINES & NAT
4/7/2006	Agreement for the credit companies' payment
4/6/2006	Contract between NEL Lines and V.S. Telecom
3/30/2006	Report on the deeds of the financial year 2005.
16/3/2006	Report on the Disposition of Capital withdrawn from Capital Share Increase dated 12/31/2005.
3/12/2006	General Assembly Resolutions
3/13/2006	Resolution on the Establishment of Association
3/8/2006	Notification of Transactions
3/2/2006	Shares' buy out
2/28/2006	Response to the Athens Stock of Exchange
2/27/2006	Notification about changes in Board of Directors composition
2/26/2006	General Assembly's Resolutions
2/16/2006	C-LINK FERRIES'S share evaluation
2/16/2006	Signature of the agreement to assign shops exploitation.
2/16/2006	Response to the A.S.E.'s letter – Publications Clarification.
2/16/2006	Press Release on the decision to the proposal submitted to the General Assembly for new vessel acquisition
2/16/2006	Proposal for vessel acquisition
2/13/2006	Announcement for the contract signed on the technical management
2/10/2006	Announcement about the published financial results A trimester of 2005 and 2004.
2/9/2006	Following up to the announcements dated 1.30.2006 and 2.3.2006 of NEL LINES
2/3/2006	NEL Lines' announcement to the investors
1/30/2006	Announcement for the Extraordinary General Assembly on Sunday, 26/02
1/17/2006	NEL Lines's Board of Directors announcement
1/17/2006	New General Manager
1/2/2006	Maritime Company of Lesvos informs the public investors
1/2/2006	A.S.E. update

ANNOUNCEMENTS TO THE ATHENS STOCK OF EXCHANGE:**GENERAL ASSEMBLIES**INFORMATION: [HTTP://WWW.ASE.GR/CONTENT/GR/ANNOUNCEMENTS/DAILYPRESS](http://www.ase.gr/content/gr/announcements/dailypress)

11/03/2006	Extraordinary General Assembly
10/17/2006	B' Renewal Extraordinary General Assembly
10/03/2006	Renewal Extraordinary General Assembly
09/12/2006	Extraordinary General Assembly
06/23/2006	A' Renewal General Assembly
06/13/2006	Extraordinary General Assembly
05/30/2006	Regular General Assembly
02/27/2006	Renewal Extraordinary General Assembly
01/30/2006	Extraordinary General Assembly

TRANSACTION –CHANGES AS PER PRESIDENTIAL DECREE 51INFORMATION: [HTTP://WWW.ASE.GR/CONTENT/GR/ANNOUNCEMENTS/DAILYPRESS](http://www.ase.gr/content/gr/announcements/dailypress)

05/22/2006	Granting of voting rights due to the partial raising of lien by NOVABANK LtD and modification of percentage due to the sale of shares by EDGEWATER HOLDINGS INC
04/20/2006	Transfer of voting rights due to the establishment of a lien by Mr. IOANNIS ARVANITIS
03/01/2006	Acquisition of voting rights due to the raising of lien by EDGEWATER HOLDINGS INC.
03/01/2006	Acquisition of voting rights due to the raising of lien by EDGEWATER HOLDINGS INC.
02/28/2006	Granting of voting rights due to the raising of lien by NOVABANK LtD

13. INFORMATION AS SECTION 10 OF THE LAW 3401 OF 2005

DAILY PRICE REPORT

INFORMATION: HTTP://WWW.ASE.GR/CONTENT/GR/ANNOUNCEMENTS/DAILYPRESS	
12/28/2006	New Manager take over of Company Internal Control and new Shares Service Manager
12/22/2006	Completion of the C LINK FERRIES M.C. share's transfer
12/18/2006	Information provision form, as per Law 3401/2005 with regards to the provision of mobile assets to the company's executives and personnel in the framework of application of the option rights provision plan (section 4 par.1e)
12/01/2006	Completion of tax inspection for the fiscal years 2000 up to 2004
11/27/2006	General Assembly's Resolutions
11/02/2006	Shares Buy Back
10/30/2006	B Renewal Extraordinary General Assembly's Resolutions
10/30/2006	Resignation of the Sales Manager
10/17/2006	B' Renewal Extraordinary General Assembly on 30/10/2006
10/09/2006	Announcement – Extrajudicial Statement / Protest, addressed to the Greek Chamber of Shipping.
10/06/2006	Renewal Extraordinary General Assembly on 17/10/2006
10/05/2006	Company announces that via UBS bank has made a new offer for the 33,31% of the Hellenic Seaways (HSW) on 3,50 euros per share
10/04/2006	Announcement of Convertible bond loan
09/28/2006	The company announces the extrajudicial settlement of the dispute that arose since the beginning of the current year with FBB - First Business Bank SA
09/27/2006	Announcement for the trial between NEL LINES & NAT
09/19/2006	Response to Athens Stock of Exchange request
09/15/2006	SETTLEMENT BETWEEN EL LINES & SEMT PIELSTICK
08/30/2006	Response to Athens Stock of Exchange Letter
08/25/2006	Response to the Hellenic Capital Market Letter
08/08/2006	Upgrade of the company's web site
07/27/2006	Announcement – in reference to the suit against Société Anonyme libel action through press
07/27/2006	Announcement for the submission of a suit against the libel action suffered by the Company
07/26/2006	Response to Athens Stock of Exchange Letter
07/24/2006	Announcement of a suit against F.B.B. Bank
07/11/2006	Response to Athens Stock of Exchange Letter
07/06/2006	Shares Buy Back
07/06/2006	Extraordinary and 1st Renewal General Assembly's Resolutions

INFORMATION: [HTTP://WWW.ASE.GR/CONTENT/GR/ANNOUNCEMENTS/DAILYPRESS](http://www.ase.gr/content/gr/announcements/dailypress)

06/26/2006	Liquidation of corporeal registered shares
06/23/2006	Modification of the Withdrawn Capital Use
06/22/2006	General Assembly's Resolutions
06/15/2006	Liquidation of corporeal registered shares
06/09/2006	Assumption of office by the new Manager of Company's Announcements Department
05/22/2006	Change in Participation Percentage
05/22/2006	Change in Participation Percentage
05/22/2006	Materialization of the agreement with Calyon Bank
05/22/2006	Change in Participation Percentage
05/19/2006	Change in Participation Percentage
04/25/2006	Change in Participation Percentage
04/18/2006	Extension of membership between NEL LINES & GOODY'S
04/13/2006	Announcement of the hearing of the appeal against the balance sheets of N.A.T.
04/10/2006	Announcement of the agreement for the payment of debts to Calyon and other crediting banks under the representation of Calyon
04/06/2006	Signature of the agreement between NEL LINES & V.S. Telecom
03/13/2006	A' Renewal Extraordinary General Assembly's Resolutions
03/13/2006	Establishment of Association with C LINK FERRIES M.C.
03/02/2006	Change in Participation Percentage
03/01/2006	Response to Athens Stock of Exchange Letter
02/27/2006	Announcement for the company's Board of Director's composition
02/27/2006	Extraordinary General Assembly's Resolutions
02/24/2006	Announcement on the proposed buy in of the entire capital share of the C LINK FERRIES by NEL LINES
02/23/2006	Signature of the contract between NEL LINES & A.S. Company for the assignment of stores, on February 23
02/22/2006	Response to Athens Stock of Exchange Letter
02/16/2006	The Board of Directors decided to propose to the General Assembly the acquisition of two F/B ships and three RO ships
02/13/2006	On Friday February 10th 2006 there was signature of a contract for the technical management with VITA MANAGEMENT M.C.
02/10/2006	Response to the Hellenic Capital Market's Letter – Announcement on the published financial statements of the A' trimester of 2005 and 2004
02/09/2006	Response to Athens Stock of Exchange Letter

13. INFORMATION AS SECTION 10 OF THE LAW 3401 OF 2005

INFORMATION: [HTTP://WWW.ASE.GR/CONTENT/GR/ANNOUNCEMENTS/DAILYPRESS](http://www.ase.gr/content/gr/announcements/dailypress)

03/02/2006	Two draft agreements were signed today February 3rd for the settlement with the Calyon Bank and the other crediting banks represented by Calyon
01/30/2006	Change in Board of Directors composition
01/30/2006	Board of Directors resolutions
01/17/2006	Mr. Athanasios Liagos takes over as General Manager
01/03/2006	Contract signed with the FBB Bank in order to rearrange long term loan installments
01/03/2006	Notification of the signature of the agreement for the rearrangement of the installments of the long term loan with FIRST BUSINESS BANK S.A.

14

● Financial Statements Availability

The report of the independent financial auditor for the company's unified annual financial statements, the management report by the company's Board of Directors, the compendious economical data and information and the annual financial statements, consolidated or otherwise, are published on the company web site (<http://www.nel.gr>)

Indexes

1. Brief, unified and non-unified financial data and information for the fiscal year January 1 to December 31, 2006	44
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5. Report on the disposition of capital withdrawn from the capital share increase performed up to 03/31/2006	98
6. Report on the disposition of capital withdrawn from the capital share increase performed up to 06/30/2006	100

MARITIME COMPANY OF LESVOS S.A		BRIEF FINANCIAL DATA AND INFORMATION ON THE OPERATING PERIOD DATED JANUARY 1, 2006 TO DECEMBER 31, 2006 (published in accordance with the Law 2190, Section 135 for companies establishing annual financial lists, both unified and not as per the International Accounting Standards) The following data and information aim to a general briefing over the financial status and results of the MARITIME COMPANY OF LESVOS S.A. The reader that requires a complete view of the financial status and results of the company must ensure access to the annual financial lists provisioned by the International Accounting Standards as well as by the Chartered Auditor Accountant Audit Report. Inductively the reader may visit its internet address where such data is posted	
COMPANY PARTICULARS		NET OPERATION STATUS CHANGES LIST DATA (annual unified and non-unified) amounts expressed in Euros	
Company Offices' Address	5 Eleftheriou Venizelou street, Mitilini 81100	BALANCE SHEET DATA (annual unified and not) amounts expressed in Euros	
Societies Anonymes Registration Number	124700616/86644	THE COMPANY	
Relevant Prefecture Service	Ministry of Development, General Secretariat of Commerce, Societies Anonymes and Trust Directorate	31.12.2006	31.12.2005
Board of Directors Composition	22/3/2007 Svilanos Kourtellos (Chartered Auditors registration number 11031) Moor Stevens S.A. Chartered Auditors Under consent http://www.nel.gr	31.12.2006	31.12.2005
Chartered Auditor Accountant		31.12.2006	31.12.2005
Auditing Firm		31.12.2006	31.12.2005
Auditors inspection report type		31.12.2006	31.12.2005
Company internet address		31.12.2006	31.12.2005
BALANCE SHEET DATA (annual unified and not) amounts expressed in Euros		THE COMPANY	
ACTIVE		31.12.2006	31.12.2005
Fixed active capital assets	99.960.862,11	149.714.504,2	76.501.974,42
Reserve	1.717.382,38	363.008,88	1.579.928,58
Requests from customers	3.222.187,03	3.631.793,27	335.022,88
Other active capital elements	96.638.801,54	17.885.515,76	82.953.805,95
TOTAL ACTIVE CAPITAL	201.539.013,06	171.394.822,13	161.370.531,83
LIABILITIES		31.12.2006	31.12.2005
Long term obligations	59.824.807,63	105.406.720,4	43.082.357,12
Short term bank obligations	62.189.823,84	15.056.430,49	46.538.542,69
Other short term obligations	20.767.429,93	25.259.747,16	13.012.480,36
Total liabilities (a)	142.802.061,40	145.722.898,07	102.633.380,17
Capital Share	31.702.455,30	31.702.455,30	31.154.055,30
Other data of Company's Shares Net position	27.034.496,36	-5.482.131,25	27.034.496,36
Total company share net position (b)	58.736.951,66	25.671.924,05	58.736.951,66
Minority Rights (c)	0,00	0,00	0,00
Total shares net position (d)=(b)+(c)	58.736.951,66	25.671.924,05	58.736.951,66
TOTAL LIABILITIES (d)=(a) + (c)	201.539.013,06	171.394.822,13	161.370.531,83
ADDITIONAL DATA AND INFORMATION		THE COMPANY	
Total operating period		01.01.31.12.2006	01.01.31.12.2005
Gross profit / (loss)		26.979.330,45	38.897.816,58
Profit / (loss) prior to taxation, for funding, investment results and amortizations		-7.851.999,96	1.934.243,86
Profit / (loss) prior to taxation, for funding and investment results.		43.772.687,16	1.092.014,64
Profit / (loss) prior to taxation, total		37.202.869,48	-5.132.703,46
Minus taxation		32.077.907,61	-12.070.319,33
Profit / (loss) after to taxation		0,00	0,00
Distributed to:		32.077.907,61	-12.070.319,33
Company Shareholders		32.077.907,61	-12.070.319,33
Minority Shareholders		0,00	0,00
Profit after taxation per share – basics (in €)		0,30	-0,12
Recommended dividend per share (in €)		0,00	0,00
ADDITIONAL DATA AND INFORMATION		THE COMPANY	
1. The companies that are unified in the aforementioned lists are the following		01.01.31.12.2006	01.01.31.12.2005
COMPANY NAME	HEADQUARTERS	PARTICIPATION PERCENT/RIGHT	INCORPORATION METHOD
MARITIME COMPANY OF LESVOS S.A.	GREECE-MITILINI	MOTHER	TOTAL
NEL LINES JOINT VENTURE	GREECE-MITILINI	100,00%	TOTAL
			Operational activities
			Profit/(loss) prior to taxation
			Plus / minus adjustments for:

ANNUAL REPORT & STATEMENT OF ACCOUNTS FOR THE FINANCIAL YEAR 2006

C LINK FERRIES N.E	GREECE-PIRAEUS	100,00%	TOTAL	Amortizations	6.224.718,10	6.569.817,68
2. The mother company has been audited with regards to taxation up to the financial year 2004 and thus its financial liabilities have not been finalized				Provisions	-80.468,59	8.909.450,77
C LINK FERRIES NE has been audited with regards to taxation up to the financial year 2005 and thus there are no unaudited taxable operating periods from previous years				Currency differences	464.396,30	-249.850,95
NEL LINES JOINT VENTURE was established during the current financial year and thus there are no unaudited operating periods of previous years with regards to taxation				Results of funding and investment activity	-21.089,95	-61.256.815,46
3.NEL LINES JOINT VENTURE is unified for the first time during the current operating period. (Right acquisition on 1/7/2006)				Interest fees and relevant expenses	6.473.219,57	5.414.430,43
C LINK FERRIES NE is unified for the first time during the current operating period. (Participation right acquisition; 22/12/2006)				Plus/minus adjustments for the modification of the working capital accounts or the ones related to operational activities:		
4. Operating period results 26.979.330,45 Euros analyzed per financial activity class as follows: 611.0 Income from sea and shipping transportation € 26.556.066,27 553.1 Income from restaurants € 13.293,19 703.2 Management of real estate on the basis of an agreement € 1.409.984,99 (ship stores)				Reduction / (increase) of reserves	155.072,70	-416.919,70
5. There are no disputed claims of third parties against the company and the group which are possible to affect the financial lists.				Reduction / (increase) of demands (except banks)	1.999.094,77	737.211,76
6. The number of land and sea personnel employed on 31/12/2006 was 289 persons for the mother company and 402 persons for the group, while on 31/12/2005 it was 326 for the group and the company.				(Reduction) / (increase) of liabilities (minus)	-5.109.046,29	-6.895.437,36
7. Over the ships of the mother company there has been pre-notation of mortgages and maritime mortgages for the total amount of USD 74.100.000,00 and Euros 113.480.660,00 for the security of bank loans amounting to Euros 83.344.165,15. Similar pre-notation of mortgage amounting to Euros 686.720,46 has been entered on the buildings of the Company in order to secure a bank loan the remainder of which on 31/12/2006 was Euros 601.939,68. Over the ships of the affiliate company C LINK FERRIES NE there has been pre-notation of mortgages and maritime mortgages for the total amount of Euros 31.980.000,00 in order to secure bank loans amounting to Euros 23.174.784,14. A pre-notation of mortgage amounting to Euros 780.000,00 has been entered on its buildings in order to secure a bank loan the remainder of which on 31/12/2006 was Euros 576.105,16, while through the lien of 1.400.000 shares there has been issuance of a loan the remainder of which on 31/12/2006 was Euros 3.500.000,00.				Debit interest and similar expenses paid	-4.848.771,78	-4.848.771,78
8. Within the operating period 2006 there has been an increase of the company's capital share per € 548.400,00 (1.828.000 common registered shares of nominal value € 0,30 each) due to the plan for the acquisition of the shares of the company by the shareholders of the company. The decision was taken by the Extraordinary General Assembly of the company on 18/11/2006 (see paragraph 0.24) as per the decisions of the Register, Extraordinary General Assembly of the shareholders, dated 18/11/2006 by the BOD. This said increase, which does not constitute direct modification to the articles of association was verified by the company's BOD on 22/12/2006 and it was entered in the S.A. Register under the relevant announcement number K2-18440029.12.2006. The BOD of ASE during the session held on 18/01/2007 approved the introduction for negotiation of the 1.828.000 new common registered shares on 24/01/2007.				Total income / (expenses) from operational activities (a)	3.708,574	-19.938.076,98
9. Notifications of related parts as per the context of the International Accounting Practices 24				Investment activity		
(amounts in EURO)	THE GROUP	THE COMPANY		Acquisition of affiliates	0,00	-559.428,23
SALES OF GOODS AND SERVICES	0,00	0,00		Available funds of acquired affiliate	0,00	514.282,98
PURCHASES OF GOODS AND SERVICES	600.000,00	600.000,00		Purchase of material and immaterial fixed assets	-8.265.992,09	-8.265.992,09
REQUIREMENTS	0,00	8.154.532,78		Collections from sales of material and immaterial fixed assets	130.000,00	130.000,00
LIABILITIES	0,00	0,00		Collected interest	12.628,33	4.337,59
TRANSACTIONS AND FEES OF MANAGERIAL EXECUTIVES AND MEMBERS OF THE BOARD	896.384,51	896.384,51		Collected dividends	2.424,00	2.222,10
REQUIREMENTS FROM MANAGERIAL STAFF AND MEMBERS OF THE BOARD	0,00	0,00		Total income/(expenses) from investment activities (b)	1.453,400,59	-8.680.367,99
LIABILITIES TO THE MANAGERIAL STAFF AND MEMBERS OF THE BOARD	0,00	0,00		Financing activity		
LIABILITIES TO PRINCIPAL SHAREHOLDER COMPANY CONTROLLED BY A MEMBER OF THE BOARD	2.174.454,94	0,00		Income from the increase of capital share	19.121,870	987.120,00
10. The Management of NEL LINES signed on 28/2/2007 a draft agreement to sale abroad the ships AEOLOS KENTERRIS N.M. 39 (owned by NEL SA) and PANAGIA PAROU N.I. 11405, (owned by the affiliate C LINK FERRIES NE) which are currently used on the Red Sea, for the total price of 85 million euros. (67 million euros for the ship AEOLOS KENTERRIS and 18 million euros for the ship PANAGIA PAROU)				Income from loans issued / received	8.409.633,80	76.163.949,95
				Loan settlement	15.530,168	-53.271.324,44
				Paid dividends	-470,08	0,00
				Total income / (expenses) from funding activities (c)	12.000,865	25.879.745,51
				Net increase / (reduction) of cash available and cash equivalents for the period (a) + (b) + (c)	6.838.889,90	-2.759.599,46
				Cash available and cash equivalents at the beginning of the period	1.629.349,24	8.468.239,24
				Cash available and cash equivalents at the expiration of the period	8.468.239,24	5.708.639,78

The Chairman of the BOD
Ioannis Strikas
ID Card No. 1760578

The Managing Director
Theodoros Papageorgiou
ID Card No. 2107789
Chartered Auditors Registration Number: 21925/1993 A CLASS

Mifilini March 22, 2007

**Maritime company of Lesvos S.A
and its subsidiary**

Annual Financial Statements
31st December, 2006

The Annual Financial Statements are issued according to the International Financial Reporting Standards (IFRS) which have been adopted by the European Community

Note: This Document was translated directly from the Greek Language to the English Language. Any mistake regarding the translation is possible.

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**TRANSLATION FROM THE ORIGINAL
ISSUED IN THE GREEK LANGUAGE**

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
MARITIME COMPANY OF LESVOS S.A.**

We have audited the accompanying financial statements and the consolidated financial statements of **MARITIME COMPANY OF LESVOS S.A** which consist of the balance sheet as at 31 December, 2006, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements and the consolidated financial statements give a true and fair view of the financial position of **MARITIME COMPANY OF LESVOS S.A.** as of 31 December, 2006 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Report on other Legal and Regulatory Requirements

According to Greek Company law 2190/1920 requirements, we report the following:
In our opinion the Board of Director's report is consistent with the accompanying financial statements.

Athens, 26 March, 2007

THE CERTIFIED PUBLIC ACCOUNTANT

STYLIANOS KOURTELLAS
REG. NO. 11031
MOORE STEPHENS
CHARTERED ACCOUNTANTS

Maritime Company of Lesvos S.A. and its subsidiary
Income statement for the year
1st January 2006 until 31st December 2006
(Amounts expressed in Euro)

CONSOLIDATED

	<u>Σημ.</u>	<u>1/1- 31/12/2006</u>	<u>1/1- 31/12/2005</u>
Revenue (sales)	19	26.979.330,45	38.897.816,58
Other operating income	20	63.269.876,39	542.639,70
Less: Fuel and other consumables		13.782.489,69	17.111.016,65
Less: Administrative expenses	22	12.696.225,72	11.716.760,95
Less: Depreciation	23	6.569.817,68	6.224.718,10
Less: Other operating expenses	21	19.997.804,27	9.520.664,04
Less: Interest and other financial expenses	24	5.124.961,87	6.937.615,87
Profit/(loss) before tax		32.077.907,61	(12.070.319,33)
Taxes		0,00	0,00
Profit /(Loss) of the period		32.077.907,61	(12.070.319,33)
Earning/(losses) per share	25	0,30	(0,12)

INDIVIDUAL

	<u>Σημ.</u>	<u>1/1- 31/12/2006</u>	<u>1/1- 31/12/2005</u>
Revenue (sales)	19	26.979.330,45	38.897.816,58
Other operating income	20	63.269.876,39	542.639,70
Less: Fuel and other consumables		13.782.489,69	17.111.016,65
Less: Administrative expenses	22	12.696.225,72	11.716.760,95
Less: Depreciation	23	6.569.817,68	6.224.718,10
Less: Other operating expenses	21	19.997.804,27	9.520.664,04
Less: Interest and other financial expenses	24	5.124.961,87	6.937.615,87
Profit/(Loss) before tax		32.077.907,61	(12.070.319,33)
Taxes		0,00	0,00
Profit /(loss) for the period		32.077.907,61	(12.070.319,33)
Earnings/(losses) per share	25	0,30	(0,12)

The notes on pages 5-29 are an integral part of our Annual Financial Statements.

Maritime Company of Lesvos S.A. and its subsidiary
Balance Sheet
31st December 2006
(expressed in Euro)

	<u>Notes</u>	<u>CONSOLIDATED</u>		<u>INDIVIDUAL</u>	
		<u>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
ASSETS					
Non-current assets					
Intangible assets		77.147,20	82.556,44	70.263,96	82.556,44
Goodwill	5	3.757.742,77	0,00	0,00	0,00
Tangible assets	6	92.675.366,13	149.625.716,67	73.941.217,92	149.625.716,67
Other assets	7	3.431.071,27	0,00	1.944.389,80	0,00
Other long term receivables	8	19.534,74	6.231,11	546.102,74	6.231,11
		<u>99.960.862,11</u>	<u>149.714.504,22</u>	<u>76.501.974,42</u>	<u>149.714.504,22</u>
CURRENT ASSETS					
Inventories	11	1.717.362,38	363.008,88	1.579.928,58	363.008,88
Trade receivables	9	3.222.187,03	3.631.793,27	335.022,88	3.631.793,27
Other receivables	9	608.731,43	5.007.911,76	8.381.815,03	5.007.911,76
Prepayments	10	4.235.693,94	4.102.823,31	3.288.478,65	4.102.823,31
Investments	12	3.626.096,65	106.541,45	126.096,65	106.541,45
Cash and cash equivalents	13	7.043.303,74	8.468.239,24	5.708.639,78	8.468.239,24
Tangible assets (vessels) sold during the year 2007		81.124.775,78	0,00	65.448.575,84	0,00
Total current assets		<u>101.578.150,95</u>	<u>21.680.317,91</u>	<u>84.868.557,41</u>	<u>21.680.317,91</u>
Total assets		<u>201.539.013,06</u>	<u>171.394.822,13</u>	<u>161.370.531,83</u>	<u>171.394.822,13</u>
SHAREHOLDERS EQUITY AND LIABILITIES					
Share capital	14	31.702.455,30	31.154.055,30	31.702.455,30	31.154.055,30
Share premium		31.860.342,29	31.421.622,29	31.860.342,29	31.421.622,29
Retained earnings		(4.825.845,93)	(36.903.753,54)	(4.825.845,93)	(36.903.753,54)
Total equity		<u>58.736.951,66</u>	<u>25.671.924,05</u>	<u>58.736.951,66</u>	<u>25.671.924,05</u>
LIABILITIES					
Long term liabilities					
Long term loans	17	55.172.606,71	103.645.322,80	38.460.356,20	103.645.322,80
Retirement benefit provisions	15	200.847,00	261.397,63	170.847,00	261.397,63
Other provisions	15	4.451.353,92	1.500.000,00	4.451.353,92	1.500.000,00
		<u>59.824.807,63</u>	<u>105.406.720,43</u>	<u>43.082.557,12</u>	<u>105.406.720,43</u>
Current liabilities					
Creditors and other liabilities	16	18.959.677,92	22.099.008,51	12.120.172,58	22.099.008,51
Short term loans	17	11.089.823,84	15.056.430,49	7.538.542,69	15.056.430,49
Loans for sold vessels during 2007	17	51.100.000,00	0,00	39.000.000,00	0,00
Accrued expenses	18	1.827.752,01	3.160.738,65	892.307,78	3.160.738,65
		<u>82.977.253,77</u>	<u>40.316.177,65</u>	<u>59.551.023,05</u>	<u>40.316.177,65</u>
Total liabilities		<u>142.802.061,40</u>	<u>145.722.898,08</u>	<u>102.633.580,17</u>	<u>145.722.898,08</u>
Total shareholders' equity and liabilities		<u>201.539.013,06</u>	<u>171.394.822,13</u>	<u>161.370.531,83</u>	<u>171.394.822,13</u>

The notes on pages 5-29 are an integral part of the financial statements

Maritime Company of Lesvos S.A. and its subsidiary
Statements of Changes of Equity
31st December, 2006
(Expressed in Euro)

CONSOLIDATION

	Share capital	Share premium	Expenses associated with share capital increase	Retained earnings and other reserves	Total equity
Balance 1 January, 2006	31.154.055,30	31.607.134,20	(185.511,91)	(36.903.753,54)	25.671.924,05
Increase of share capital	548.400,00			438.720,00	987.120,00
Profit 01/01 - 31/12/06				32.077.907,61	32.077.907,61
Balance at 31 December, 2006	31.702.455,30	31.607.134,20	(185.511,91)	(4.387.125,93)	58.736.951,66

INDIVIDUAL

	Share capital	Share premium	Expenses associated with share capital increase	Retained earnings and other reserves	Total equity
Balance 1 January 2005	35.294.409,92	31.607.134,20		(48.095.658,93)	18.805.885,19
Share capital Decrease	(23.262.224,72)			23.262.224,72	0,00
Share capital Increase	19.121.870,10				19.121.870,10
Expenses associated with share capital increase			(185.511,91)		(185.511,91)
Loss 01/01 - 31/12/05				(12.070.319,33)	(12.070.319,33)
Balance 31 December 2005	31.154.055,30	31.607.134,20	(185.511,91)	(36.903.753,54)	25.671.924,05
Balance 1 January 2006	31.154.055,30	31.607.134,20	(185.511,91)	(36.903.753,54)	25.671.924,05
Share capital Decrease					
Share capital Increase	548.400,00			438.720,00	987.120,00
Profit 01/01 - 31/12/06				32.077.907,61	32.077.907,61
Balance 31 December 2006	31.702.455,30	31.607.134,20	(185.511,91)	(4.387.125,93)	58.736.951,66

The notes on pages 5-29 are an integral part of the annual financial statements

Maritime Company of Lesvos S.A. and its subsidiary
Cash flow statement
31st December, 2006
(Expressed in Euro)

	<u>CONSOLIDATED</u>		<u>INDIVIDUAL</u>	
	<u>31.12.2006</u>	<u>31.12.2005</u>	<u>31.12.2006</u>	<u>31.12.2005</u>
Cash flow from operating expenses				
Profit/(loss) before tax	32.077.907,61	(12.070.319,33)	32.077.907,61	(12.070.319,33)
Adjustments for:				
Depreciation	6.569.817,68	6.224.718,10	6.569.817,68	6.224.718,10
Provisions	8.909.450,77	(80.458,59)	8.909.450,77	(80.458,59)
Foreign exchange differences	(249.850,95)	464.396,30	(249.850,95)	464.396,30
Net profit/(Loss) from investing activities	(61.256.815,46)	(21.089,95)	(61.256.815,46)	(21.089,95)
Interest payment and other financial expenses	5.414.430,43	6.473.219,57	5.414.430,43	6.473.219,57
Operating profit before changes in working capital				
(Increase) in inventories	(416.919,70)	155.072,70	(416.919,70)	155.072,70
(Increase)/Decrease in receivables	(228.798,31)	(1.999.094,77)	737.211,78	(1.999.094,77)
(Decrease)/Increase in payables	(5.109.046,29)	(472.909,25)	(6.895.437,36)	(472.909,25)
Minus:				
Interest and similar charges	(4.848.771,78)	(2.382.109,42)	(4.848.771,78)	(2.382.109,42)
Total cash inflow/(outflow) from operating expenses (α)	<u>(19.138.596,00)</u>	<u>(3.708.574,64)</u>	<u>(19.958.976,98)</u>	<u>(3.708.574,64)</u>
Cash flow from investing activities				
Payments for the acquisition of subsidiaries, associated companies, joint ventures and other investments	(559.428,23)	0,00	(559.428,23)	0,00
Subsidiary's cash and cash equivalents	514.282,98	0,00	0,00	0,00
Purchase of tangible and intangible fixed assets	(8.265.992,09)	(1.573.197,73)	(8.265.992,09)	(1.573.197,73)
Proceeds from sale of tangible and intangible assets	130.000,00	113.237,46	130.000,00	113.237,46
Interest received	12.628,33	4.337,59	12.628,33	4.337,59
Dividends received	2.424,00	2.222,10	2.424,00	2.222,10
Net cash outflows from investing activities (β)	<u>(8.166.085,01)</u>	<u>(1.453.400,58)</u>	<u>(8.680.367,99)</u>	<u>(1.453.400,58)</u>
Proceeds from issue of share capital	987.120,00	19.121.870,10	987.120,00	19.121.870,10
Proceeds from borrowings	78.163.949,95	8.409.633,80	78.163.949,95	8.409.633,80
Payments of borrowings	(53.271.324,44)	(15.530.168,70)	(53.271.324,44)	(15.530.168,70)
Dividends paid	0,00	(470,08)	0,00	(470,08)
Cash flow from financing activities (γ)	<u>25.879.745,51</u>	<u>12.000.865,12</u>	<u>25.879.745,51</u>	<u>12.000.865,12</u>
(Decrease)/Increase in net liquid funds (α) + (β) + (γ)	<u>(1.424.935,50)</u>	<u>6.838.889,90</u>	<u>(2.759.599,46)</u>	<u>6.838.889,90</u>
Cash and cash equivalents at beginning of the year	<u>8.468.239,24</u>	<u>1.629.349,34</u>	<u>8.468.239,24</u>	<u>1.629.349,34</u>
Cash and cash equivalents at the end of the year	<u>7.043.303,74</u>	<u>8.468.239,24</u>	<u>5.708.639,78</u>	<u>8.468.239,24</u>

The notes on pages 5-29 are an integral part of the annual financial statements

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

1. General information

The parent company Maritime Company of Lesvos S.A. has as its aim the acquisition and exploitation of ships, mainly in the Lesvos – Chios - Piraeus coastal line. It is a Public Company and its central offices are located at El. Venizaelou 5 in the Mitilini Municipality of Lesvos. The company is listed in the Athens Stock Exchange (Travels and tourism sector) and its website is www.nel.gr.

The subsidiary companies which are included in the consolidated financial statements and the percentage of shareholding are as follows:

1. NEL LINES JOINT VENTURE has been established in Lesvos Island, address El. Venizelou 5 Mytilene. The parent company has the 100% shareholding (50% direct and 50% indirect through the subsidiary (100%) C-LINK FERRIES) and the consolidation was made on the basis of total method.

NEL LINES JOINT VENTURE is consolidated for the first time. Maritime Company of Lesvos S.A. is a joint venture with its subsidiary C- LINK FERRIES.

2. C- LINK FERRIES was established in Piraeus, address Kolokotroni 116. The parent company has the 100% shareholding (acquisition 22/12/2006) and the consolidation was made on the basis of total method.

The financial statements were approved by the Board of Directors at 22/3/2007. The members of the Board of Directors at the date of the approval of the financial statements were:

Sifakis Ioannes	President –Executive member
Ventouris Apostolos	CEO- Executive member
Papageorgiou Theocharis	Vice President- Executive member
Dimitroulopoulos Andreas	Executive member
Kavadias Socrates	Non-executive member
Zouros Ioannes	Independent non-executive member
Kountsouros Michael	Independent non-executive member

2. Adoption of the International Financial Reporting Standards (IFRS)

The annual financial statements of the accounting year 2006 have been prepared by the management of the company in accordance with the IFRS and their interpretations that have been published from the International Accounting Standards Board (IASB) and by the International Financial Reporting Interpretation Committee (IFRIC) respectively and have been adopted by the European Union.

The accounting principles mentioned below are applied with consistency.

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

2. Adoption of the International Financial Reporting Standards (IFRS) (cont'd)

The present financial statements have been prepared under the historical cost convention. The preparation of the financial statements according to IFRS requires the use of accounting estimates and assumptions for the application of the accounting principles.

2.1. Adoption of new and revised International Financial Reporting Standards

The group adopted, in the current year, the new and revised International Financial Reporting Standards (IFRS) and the corresponding amendments that have been published from the International Accounting Standards Board (IASB) and from the International Financial Reporting Interpretation Committee (IFRIC) respectively, to the extent that these are related with the group's activity and are effective for accounting periods beginning on 1st January, 2006.

a. New and revised standards and interpretation effective from 1st of January, 2006

The adoption of the new and revised standards and interpretations effective from the 1st of January, 2006 either do not relate with the activities of the group or do not impose changes on the accounting policies which cause material effect on the reported financial data for the current year and for the previous year.

At the date of approval of these financial statements, the following Standards and Interpretations were issued.

- | | |
|---|--|
| <ul style="list-style-type: none"> • IFRIC 7 Applying the Restatement Approach under periods IAS 29, Financial Reporting in Hyperinflationary Economics | Effective for annual beginning on or after 1 March, 2006 |
|---|--|

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

3. Basic Accounting principles

3.1. Segmental Information

The activities of the group are exclusively in Greece, are homogeneous and are considered as a single segment.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the parent company and its subsidiaries, which are controlled directly or indirectly by the parent company. Control is achieved when the parent company has the power to govern the financial and operating policy of the entity in so as to obtain benefits from its activities.

Consolidated financial statements are based on separate companies financial statements which have been prepared in accordance with IFRS and certain accounting principles followed by the Group.
All group's companies have the same reporting date.

All intercompany transactions and intercompany balances income and expenses are eliminated on consolidation.

3.2. Foreign currency transactions

The foreign currency transactions are initially recorded based on the rate (Euro to foreign currency) at the date of the transaction. The financial assets and liabilities in foreign currency are translated to the functional currency based on the exchange rate prevailing at the balance-sheet. The exchange differences are depicted in the results. The non-current assets and the liabilities that are stated at the historical cost and are expressed in the foreign currency are translated using the rate at the date of acquisition.

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

3. Basic Accounting principles (cont'd)

3.3. Tangible assets

The tangible assets are stated at the cost of acquisition less depreciations and impairments. The cost of acquisition includes all the initial expenses for the acquisition of assets. Later expenses are only recorded as an addition to the existing cost if and only if it adds future economic benefits to the company and their cost can be valued reliably. The repairs and the maintenance are charged to the results, when they are incurred.

Land is not depreciated.

The depreciations of tangible assets are calculated using the straight –line method according to their estimated useful economic life that is as follows:

Buildings	20 years
Ships	30 to 35 years

The useful economic life of the ships has been defined before the presidential Decree 124/2006. According to the provisions of this decree and subject to specific conditions the useful economic life may be unlimited.

Other equipment	10 years
-----------------	----------

The ships' residual scrap value is based on their fair values as estimated by independent valuers.

When the carrying amount of tangible assets exceed their fair value, the differences being impairment is charged as expenses in the results.

At the disposal of tangible assets, the difference between the received amount and their carrying amount is shown as profit or loss of the period.

3.4. Intangible Assets

Software

The software licenses are stated at their cost of acquisition less the accumulated depreciation. The depreciation is calculated using the straight-line method over the useful economic life of these assets which varies from 3 to 5 years.

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

3. Basic Accounting Principles (cont.)

3.5. Impairment of Assets

The depreciated assets are subject to impairment test, when there are indications that their recoverable amount will not be recovered. The recoverable amount is the highest of the fair value; less selling cost and the value in use. For the valuation of impairment loss the assets are included in the smaller possible units of cash generating units. The impairment losses are represented as expenses in the financial statements, when any occur.

3.6. Inventories

Inventories are valued at the lower of the cost of acquisition and the net realisable value. The cost is calculated using the FIFO method. The net realisable value is valued based on sales proceeds less costs associated with the sale which would have occurred in the normal operations of business.

3.7. Trade Receivables

Trade receivables are initially recorded at their fair value, which is the same with the nominal value. They are subsequently stated at their nominal value less any provision for bad debts or bad debts. The provision for bad debts or bad debts are recognised when there is objective evidence that the company is not in place to collect all receivable amounts based on agreed terms.

3.8. Cash and cash equivalents

Cash and cash equivalents include cash deposits and short term (up to 3 months maturities) investments of high liquidity and low risk.

- a) Cash and cash equivalents consist of cash on hand and balances with banks and investments of low risk in money market which are readily available.
- b) Short term investments are securities and titles which have a right attached on specific asset which can be valued in money. Securities are initially recorded at cost which is the consideration given plus related expenses.
Securities are held by the Group for trading purposes. It is considered that they have been purchased with purpose for selling at profit.

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

3. Basic Accounting principles (cont.)

3.8. Cash and cash equivalents (cont.)

b) (cont.)

Securities are valued at fair value and the profit or loss of the valuation is transferred to the Profit and Loss.

In case of listed securities the fair value is considered to be the current value. For non listed securities other methods of valuation are used.

3.9. Share Capital

Common shares are classified as equity. Direct cost for the shares issued, is presented as a decrease of the share capital.

The acquisition cost of own shares is presented as a decrease of the equity, until the own shares are sold or cancelled. Profit or loss on the sale of owned shares are shown as a reserve after taking into consideration the cost of the transaction.

3.10. Loans

Loans are initially stated at their fair value less any direct transaction cost. Later they are stated at their amortised amount using the effective interest-rate method.

3.11. Government grants

Government grants are recorded at their fair value when there is reasonable certainty that the grant will be collected and the company is consistent with all the terms of the relevant ministerial decision.

Government grants of expenses are transferred in the income statement against the respective expenses.

When the grants concern tangible assets it is recorded as deferred income and is transferred to the income statements over the expected useful life of the asset..

3.12. Income tax

The company is not subject to income tax.

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

3. **Basic Accounting principles (cont.)**

3.13. **Compensation to employees**

(a) **Short term benefits**

The short-term benefits to the employees in money or in kind , are recorded as expenses when they are earned and are real.

(b) **Benefits in case of retirement**

Benefits in case of retirement include programs of determined benefits.

The liabilities for determined benefits concern the benefits stated in law 2112/20 according to which, the employees at their retirement receive a lump-sum compensations. This compensation is calculated on the basis of predetermined scale set by the aforesaid law based on the number of years of employment and their salary at the time of retirement.

The liability that is recorded in the balance sheet for these compensation is the nominal value of the above calculation. Because of the limited number of employees, who are entitled to these benefits the respective liabilities which have not been accounted for due to the non application of the actuary method of valuation is considered immaterial.

3.14. **Income**

Income includes the fair value of sales of goods and services, net of taxes, discounts and returns. The income from the sale of tickets is recognised when the tickets are issued.

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

4. **Financial risk management**

Financial risk factors

(a) **Credit risk**

Credit risk is mainly related with travel agents and is not considered substantial.

In order to reduce the risk the company has defined strict credit limits. Furthermore it follows the policy to receive bank letters of guarantees as a security against credit limits given.

(b) **Liquidity risk**

The company's liquidity is characterized as seasonal and is affected, during the winter months, by the decreased turnover.

(c) **Cash flow risk and interest-rate change risk**

The company does not have significant interest bearing assets and consequently is not subject to risk caused by changes in interest rates.

The risk from changes in interest rates is related with the loan agreements, since the loans bear floating interest-rates.

5. **Goodwill**

Goodwill is the difference between the cost of acquisition and the respective proportion of the value of the consolidated companies at the date of acquisition. Goodwill at the date of acquisition of associated companies is included in the cost of participation and is subject to impairment tests.

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

6. Tangible assetsIndividual

	Land	Building	Ships	Other equipment	Total
Cost					
1.1.06	460.637,46	418.412,13	189.792.015,32	1.444.722,38	192.115.787,29
Purchases	--	0,00	6.211.906,09	78.286,55	6.290.192,64
Disposals / reduction (1)	(20.907,72)	(179.092,28)	(9.000.000,00)	--	(9.200.000,00)
Transfers	--	--	(800.000,00)	--	(800.000,00)
Vessel's value sold during 2007	--	--	(75.066.859,53)	--	(75.066.859,59)
31.12.2006	<u><u>439.729,74</u></u>	<u><u>239.319,85</u></u>	<u><u>111.137.061,88</u></u>	<u><u>1.523.008,93</u></u>	<u><u>113.339.120,40</u></u>
Depreciation					
1.1.06	--	110.920,85	41.412.032,62	967.117,15	42.490.070,62
Additions	--	12.500,86	6.384.349,69	129.265,00	6.526.115,55
Depreciation of sold vessel during 2007	--	--	(9.618.283,69)	--	(9.618.283,69)
31.12.2006	<u><u>--</u></u>	<u><u>123.421,71</u></u>	<u><u>38.178.098,62</u></u>	<u><u>1.096.382,15</u></u>	<u><u>39.397.902,48</u></u>
Net book value					
31.12.2006	<u><u>439.729,74</u></u>	<u><u>115.898,14</u></u>	<u><u>72.958.963,26</u></u>	<u><u>426.626,78</u></u>	<u><u>73.941.217,92</u></u>
31.12.2005	<u><u>460.637,46</u></u>	<u><u>307.491,28</u></u>	<u><u>148.379.982,70</u></u>	<u><u>477.605,23</u></u>	<u><u>149.625.716,67</u></u>

(1) The reduction of the cost of the vessels is due to impairment as an estimation of the consequences of temporary lay up due to engine non effective operation.

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

6. Tangible assets

Consolidated					
	Land	Buildings	Ships	Other equipment	Total
Cost					
1.1.06	460.637,46	418.412,13	189.792.015,32	1.444.722,38	192.115.787,29
Purchases	--	--	6.211.906,09	78.286,55	6.290.192,64
Disposals / reduction (1)	(20.907,72)	(179.092,28)	(9.000.000,00)	--	(9.200.000,00)
Transfers	--	0,00	(800.000,00)	--	(800.000,00)
Subsidiary's assets value	--	667.218,64	36.509.642,23	87.633,35	37.264.494,22
Vessel's value sold during 2007	0,00	--	(91.735.887,26)	--	(91.735.887,26)
31.12.2006	<u>439.729,74</u>	<u>906.538,49</u>	<u>130.977.676,38</u>	<u>1.610.642,28</u>	<u>133.934.586,89</u>
Depreciation					
1.1.06	--	110.920,85	41.412.032,62	967.117,15	42.490.070,62
Additions	--	12.500,86	6.384.349,69	129.265,00	6.526.115,55
Depreciation of subsidiary's vessels	--	47.650,81	2.769.467,31	37.027,95	2.854.146,07
Depreciation of sold vessels during 2007 (note 29)	--	--	(10.611.111,48)	--	(10.611.111,48)
31.12.2006	<u>--</u>	<u>171.072,52</u>	<u>39.954.738,14</u>	<u>1.133.410,10</u>	<u>41.259.220,76</u>
Net book value					
31.12.2006	<u>439.729,74</u>	<u>735.465,97</u>	<u>91.022.938,24</u>	<u>477.232,18</u>	<u>92.675.366,13</u>
31.12.2005	<u>460.637,46</u>	<u>307.491,28</u>	<u>148.379.982,70</u>	<u>477.605,23</u>	<u>149.625.716,67</u>

(1) The reduction of the cost of the vessels is due to impairment as an estimation of the consequences of temporary lay up due to engine non effective operation.

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
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(expressed in Euro)

6. Tangible Assets

The depreciation of ships is calculated based on the straight- line method for the duration of their obligatory useful economic life as it is defined by law. This life is 30 - 35 years from the time of their construction (the useful economic life of ships may not be valid under the terms and conditions stated at the P.O. 124/2006). The ships' fair value, for impairment test purpose and the determination of the residual values at the end of their useful economic life, and the purpose of calculating the depreciation charges, was determined at the 30.06.2005 by two independent valuers. In particular by the Houses of COSMOS SHIPPING CO SA and ECON SHIPPING & TRADING INC and are as follows:

Parent company

SHIP	REAL VALUE	RESIDUAL VALUE	END OF USEFUL ECONOMIC LIFE
AEOLOS KENTERIS	64.500.000	17.500.000	2031
AEOLOS EXPRESS	32.500.000	9.150.000	2030
AEOLOS EXPRESS II	30.000.000	7.800.000	2031
THEOFILOS	10.800.000	7.000.000	2008
TAXIARCHES	6.300.000	4.000.000	2008
MITILINI	7.800.000	6.000.000	2007
TOTAL	151.900.000	51.450.000	

C –LINK FERRIES S.C.

SHIP	REAL VALUE	RESIDUAL VALUE	END OF USEFUL ECONOMIC LIFE
PANAGIA TINOU	1.250.000,00	410.275,00	2011
PANAGIA HOZOVIOTISSA	1.275.000,00	477.590,00	2012
PANAGIA THALASSINI	16.250.000,00	1.488.265,80	2031
PANAGIA PAROU	16.250.000,00	1.605.340,70	2031
TOTAL	35.025.000,00	3.981.471,50	

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

6. Tangible Assets (cont.)

Two of the company's high speed vessels, are currently laid up due engine problems, as described below:

- AEOLOS EXPRESS from 25-1-2005 (renamed AEOLOS KENTERIS I)
- AEOLOS EXPRESS II from 24-5-2005 (renamed AEOLOS KENTERIS II).

After the rectification and improvement of propeller machines of the vessels, the company intends to activate these vessels on next summer period to the following shipping lines:

AEOLOS KENTERIS I shipping line: Piraeus-Rethymno-Piraeus

AEOLOS KENTERIS II shipping line: Piraeus-Paros-Naxos-Paros-Piraeus

The end of the ship's useful economic life is not applicable subject to the terms and conditions of the P.O. 124/2006.

The following vessels of parent company are mortgaged as follows:

MITILINI	USD	32.500.000
THEOFILOS	USD	32.500.000
TAXIARCHES	USD	9.100.000
Total	USD	<u>74.100.000</u>
MITILINI	EURO	4.000.000
THEOFILOS	EURO	4.000.000
AEOLOS EXPRESS II	EURO	26.650.000
TAXIARCHES	EURO	1.430.668
AEOLOS EXPRESS	EURO	26.700.000
AEOLOS KENTERIS	EURO	50.700.000
Total	EURO	<u>113.480.668</u>

The following vessels of C-Link Ferries S.C. are mortgaged as follows:

PANAGIA PAROU	EURO	15.730.000
PANAGIA THALASSINI	EURO	<u>16.250.000</u>
Total		<u>31.980.000</u>

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

7. Other assets

The amount of € 3.431.071,27 represents the net book value of costs for special survey, which is analysed as follows:

Aeolos Kenteris	499.629,53
Aeolos expenses (Aeolos Kenteris I)	54.152,88
Aeolos express (Aeolos Kenteris II)	404.056,50
Theofilos	778.090,22
Mitilini	477.416,47
Taxiarches	379.174,15
Panagia Tinou	144.854,77
Panagia Hozoviotissa	318.021,98
Panagia Thalassini	908.777,89
Panagia Parou	<u>610.587,32</u>
Total cost of special survey	4.547.761,71
Less: Transfer to the profit and Loss account special survey's part	<u>(1.143.690,44)</u>
Net book value 31.12.06	<u>3.431.071,27</u>

8. Other non-current receivables

	<u>Group</u>		<u>Company</u>	
	<u>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
P.P.C. (Public Power Corporation) S.A. guarantees	1.231,11	1.231,11	1.231,11	1.231,11
Piraeus offices rent guarantees	5.000,00	5.000,00	5.000,00	5.000,00
Various guarantees	12.303,63	0,00	2.471,63	0,00
Other participations	1.000,00	--	1.000,00	--
Participation in related companies	--	0,00	536.400,00	0,00
Total	<u>19.534,74</u>	<u>6.231,11</u>	<u>546.102,74</u>	<u>6.231,11</u>

The participation in related companies concerns the payment of amount Euro 536.400 for the purchase of the total shares of C Link Ferries SC in accordance to the decision of the General Meeting.

Other participations concern the 10% of shares of a company without substantial activity.

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

9. Trade and other receivables

	GROUP		COMPANY	
	<u>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
Clients	3.971.139,56	4.204.657,08	1.083.975,41	4.204.657,08
Minus: Provision for bad debts	<u>(748.952,53)</u>	<u>(572.863,81)</u>	<u>(748.952,53)</u>	<u>(572.863,81)</u>
Total	<u>3.222.187,03</u>	<u>3.631.793,27</u>	<u>335.022,88</u>	<u>3.631.793,27</u>
Other receivables				
Receivables from claim refunds	625.432,88	910.348,61	625.432,88	910.348,61
Receivable from insurance companies for claims damages to ships	--	678.577,74	--	678.577,74
Receivable from related companies	--	--	8.154.532,78	--
Other receivables	845.072,07	3.317.355,40	463.622,89	3.317.355,40
Prepayments for contributions ship register	199.759,97	1.007.441,74	199.759,97	1.007.441,74
Minus: Provisions for bad debts	<u>(1.061.533,49)</u>	<u>(905.811,73)</u>	<u>(1.061.533,49)</u>	<u>(905.811,73)</u>
Total	<u>608.731,43</u>	<u>5.007.911,76</u>	<u>8.381.815,03</u>	<u>5.007.911,76</u>

10. Prepayments

	GROUP		COMPANY	
	<u>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
Insurance premiums of the next period (1)	789.656,79	--	--	--
Prepaid insurance	421.185,69	859.762,45	421.185,69	859.762,45
Other	201.579,20	140.434,48	154.399,80	140.434,48
Rents of the next period	150.000,00	150.000,00	150.000,00	150.000,00
Rent of following periods (beyond one year)	2.312.500,00	2.462.500,00	2.312.500,00	2.462.500,00
Prepayments of suppliers	<u>360.772,26</u>	<u>490.126,38</u>	<u>250.393,16</u>	<u>490.126,38</u>
	<u>4.235.693,94</u>	<u>4.102.823,31</u>	<u>3.288.478,65</u>	<u>4.102.823,31</u>

(1) Corresponds to equal liability

11. Inventories

	GROUP		COMPANY	
	<u>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
Stocks	--	25.724,96	--	25.724,96
Full other consumables	534.692,59	337.283,92	397.258,79	337.283,92
Spare parts	<u>1.182.669,79</u>	--	<u>1.182.669,79</u>	--
	<u>1.717.362,38</u>	<u>363.008,88</u>	<u>1.579.928,58</u>	<u>363.008,88</u>

12. Investments

It includes participation in Hellenic Seaways Euro 3.500.000,00 (1,8% of the share capital). The respective net worth after adjustments pointed out by the Certified Public Accountants is Euro 3.551.000,00.

All the shares were given to Millenium Bank as a gurantee against loan of Euro 3.500.000,00.

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

13. **Cash and cash equivalents**

	GROUP		COMPANY	
	<u>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
Cash in hand	33.071,98	23.285,23	16.372,07	23.285,23
Short term bank deposits	7.010.231,76	8.444.954,01	5.692.267,71	8.444.954,01
	<u>7.043.303,74</u>	<u>8.468.239,24</u>	<u>5.708.639,78</u>	<u>8.468.239,24</u>

14. **Share capital**

	<u>31/12/2006</u>	<u>31/12/2005</u>
Number of shares	105.674.851	103.846.851
Common Shares	105.674.851	103.846.851
Share capital	31.702.455,30	31.154.055,30

The total number of shares issued is 105.674.851, with a nominal value of Euro 0.30 per share. All the shares issued have been fully paid.

The share capital was increased in 2006 by Euro 548.400,00 (1.828.000 common shares of nominal value of Euro 0,30 each) as a result of a stock option plan for the benefit of members of the Board of Directors, staff of the company and of other related company. The selling price of the share was Euro 0.54 according to the shareholders' meeting decision of 12/3/2007 and Board of Directors decision of 18/11/2006.

The above capital increase does not modify the Memorandum of Association and it was confirmed by the Board of Directors on 22/12/2006.

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

15. Provisions

Provisions for compensations to personnel in case of leaving the employment of the company (law 2112/20) at retirement age.

	GROUP		COMPANY	
	<u>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
Balance at beginning	291.397,63	341.856,22	261.397,63	341.856,22
Provisions unused	(90.550,63)	(136.105,87)	(90.550,63)	(136.105,87)
Provisions for the period	--	<u>55.647,28</u>	--	<u>55.647,28</u>
	<u>200.847,00</u>	<u>261.397,63</u>	<u>170.847,00</u>	<u>261.397,63</u>
Other provisions	<u>4.451.353,92</u>	<u>1.500.000,00</u>	<u>4.451.353,92</u>	<u>1.500.000,00</u>

Other provisions concern possible additional surcharge on retirement on account of pension funds.

16. Suppliers and other liabilities

	GROUP		COMPANY	
	<u>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
Suppliers	8.168.266,59	6.495.808,44	5.656.614,47	6.495.808,44
Liabilities to Employees	700.931,99	486.681,67	485.489,49	486.681,67
Tax and other liabilities including pension contributions	6.174.050,60	13.415.818,26	4.802.957,00	13.415.818,26
Other liabilities	2.776.821,71	561.093,11	35.504,59	561.093,11
Dividends of previous years	<u>1.139.607,03</u>	<u>1.139.607,03</u>	<u>1.139.607,03</u>	<u>1.139.607,03</u>
	<u>18.959.677,92</u>	<u>22.099.008,51</u>	<u>12.120.172,58</u>	<u>22.099.008,51</u>

- 16.1. Amount of Euro 7.030.000 (amount of Euro 3.079.000,00 is included in tax and other liabilities and Euro 3.951.000,00 is included in other provisions – note 15) is contingently payable to Seamens Pension Fund (NAT) and it represents Insurance premiums for of Passengers and Vehicles, according to Paper number 12 final assessment raised by the NAT. Given the dispute and contestation raised by the company for the amount in question, the Company proceeded in legal action disputing the latter final assessment, and at the same time it has applied for juridical protection in regard of the suspension of implementation of the relevant assessment, which was provided, according to the 1746/2005 Decision of Piraeus' Administrative Court of first instance, ordering the suspension of implementation up to the publication of the juridical decision.

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

17. **Loans**

	GROUP		COMPANY	
	<u>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
Long term liabilities				
Debenture loan	543.856,20	543.856,20	543.856,20	543.856,20
Bank loans	54.628.750,51	108.176.277,86	37.916.500,00	108.176.277,86
	<u>55.172.606,71</u>	<u>108.720.134,06</u>	<u>38.460.356,20</u>	<u>108.720.134,06</u>
Short term liabilities				
Loans of vessels sold during 2007	51.100.000,00	--	39.000.000,00	--
Bank loans	11.089.823,84	15.056.430,49	7.538.542,69	15.056.430,49
Loans total	<u>117.362.430,55</u>	<u>123.776.564,55</u>	<u>84.998.898,89</u>	<u>123.776.564,55</u>
Less: Loans refinancing cost	--	5.074.811,26	--	5.074.811,26
	<u>117.362.430,55</u>	<u>118.701.753,29</u>	<u>84.998.898,89</u>	<u>118.701.753,29</u>

Long term loans of parent company

- 17.1 The MILLENIUM BANK loan's balance at 31.12.2006 was €39.000.000,00. This loan was used partially for the pay-off of the CALYON loan (Euro 31.000.000,00) and partially for the working capital of the company (Euro 8.000.000,00).
- 17.2. Loan from FB Bank, the balance at 31 December, 2006 amounted to Euro 20,516,500. On 27 September, 2006 there was a mutual agreement and compromise relating to the legal claims initiated by the two parties against each other. Pursuant, to the mutual compromise, a new loan agreement was signed by which the company recognized its liability towards the bank and the chance for the conversion of the loan to shares was eliminated.
- 17.3. The AEGEAN BALTIC BANK loan's balance at 31.12.2006 was €1.675.000,00.

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

17. **Loans (cont'd)**

Long term loans of parent company (cont'd)

17.4. The convertible debenture loan balance at 31.12.2006 was €543.856,20. It includes 247.092 debentures of a nominal value of Euro 2,20 per debenture. It bears interest-rate Euribor plus 2%. The interest is payable to the debenture owners at the 1st of October of each year. It was decided by the General Meeting at the 24/06/2001 and is convertible according to the modification of the Board of Directors decision dd 17/10/2005 as follows:

10 Convertible Debentures =11 Shares

17.5. The COMMERCIAL SHIPPING BANK loan balance at 31.12.2006 was USD 2.176.560,00 or Euro 1.652.665,15. The loan is payable by four semi annual instalments of USD 426.560,00 each. The settlement of the loan is due in December of 2007.

17.6. The Millenium bank loan's balance at 31.12.2006 was € 20.500.000

For a loan granted by the CO-OPERATIVE BANK LESVOS - LIMNOS, whose balance at 31.12.2006 was €601.939,68, a mortgage on the company's building in Lesvos was registered, for the amount of €686.720,46.

The long-term loans repayment schedule is as follows:

	<u>31/12/2006</u>	<u>31/12/2005</u>
From 1 to 2 years	8.143.856,20	12.683.048,92
From 2 to 5 years	11.400.000,00	34.300.339,84
Over 5 years	18.916.500,00	61.736.745,30
	<u>38.460.356,20</u>	<u>108.720.134,06</u>

The parent company loans' book value (long-term and short-term) are expressed in the following currencies:

	<u>31/12/2006</u>	<u>31/12/2005</u>
Euro	83.346.233,74	121.208.386,20
\$ U.S.A. 2.176.560,00	1.652.665,15	2.568.178,35

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

17. **Loans (cont'd)**

Long term loan of affiliated company C Link Ferries S.C.

17.7. The MILLENNIUM BANK loan's balance at 31.12.2006 was € 12.100.000,00. This loan was used for the purchase of a vessel.

17.8. The MILLENNIUM BANK loan's balance 31.12.2006 € 11.074.784,14 . This loan was used for the purchase of a vessel

17.9. The MILLENNIUM BANK loan's balance 31.12.2006 was € 5.757,31. This loan was used for the purchase of a motor truck.

17.10 The MILLENNIUM BANK loan's balance 31.12.2006 was € 576.105,16. This loan was used for the purchase of a building

17.11 The MILLENNIUM BANK loan's balance 31.12.2006 was € 3.500.000,00 for working capital

17.12 The MILLENNIUM BANK loan's balance 31.12.2006 was € 400.000,00 for working capital.

17.13 The MILLENNIUM BANK loan's balance 31.12.2006 was € 2.000.000,00 for working capital

For the loan granted by the MILLENNIUM BANK, whose balance at 31.12.2006 was Euro 576.105,16, a mortgage on the company's buildings was provided for the amount of Euro 780.000,00.

For the loan granted by the MILLENNIUM BANK, whose balance at 31.12.2006 was € 3.500.000,00, 1.400.000 share have been impldedged.

The long term loans repayment schedule of the group is as follows:

	<u>31/12/2006</u>	<u>31/12/2005</u>
From 1 to 2 years	15.874.327,76	12.683.048,92
From 2 to 5 years	14.669.851,67	34.300.339,84
Over 5 years	24.628.427,28	61.736.745,30
	<u>55.172.606,71</u>	<u>108.720.134,06</u>

The group loans' book value (long-term and short-term) are expressed in the following currencies:

	<u>31/12/2006</u>	<u>31/12/2005</u>
Euro	115.709.765,40	121.208.386,20
\$ U.S.A. 2.176.560,00	1.652.665,15	2.568.178,35

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

18. Provisions for accrued expenses

	GROUP		COMPANY	
	<u>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
Provisions for accrued expenses	1.827.752,01	3.160.738,65	892.307,78	3.160.738,65

19. Sales

	GROUP		COMPANY	
	<u>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
Revenue from Fares	25.556.086,27	36.053.727,49	25.556.086,27	36.053.727,49
On board sales	1.423.244,18	2.844.089,09	1.423.244,18	2.844.089,09
	26.979.330,45	38.897.816,58	26.979.330,45	38.897.816,58

20. Other Income

	<u>Group</u>	<u>Company</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
	<u>31/12/2006</u>	<u>31/12/2005</u>		
Settlement of Bank Loan (20.1)	55.180.587,13	0,00	55.180.587,13	0,00
Compensation (20.2)	5.258.967,02	0,00	5.258.967,02	0,00
Other income	2.830.322,24	542.639,70	2.830.622,24	542.639,70
	63.269.876,39	542.639,70	63.269.876,39	542.639,70

20.1. On 19 May 2006 there was an agreement between the contracting banks for the final arrangement and payment of the loan. The benefit of this arrangement was the amount of Euro 55.180.587,13.

20.2. Result of the compensation from the ship constructor for the engine non effective operation of the three high speeds vessels.

21. Other expenses

	GROUP		COMPANY	
	<u>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
Agents Commission	2.330.556,06	2.638.282,14	2.330.556,06	2.638.282,14
Maintenance	113.308,82	572.044,14	113.308,82	572.044,14
Insurance premiums	2.211.141,70	1.819.499,84	2.211.141,70	1.819.499,84
Impairment of Ships Cost	9.000.000,00	--	9.000.000,00	--
Other expenses	6.342.797,69	4.490.837,92	6.342.797,69	4.490.837,92
Total	19.997.804,27	9.520.664,04	19.997.804,27	9.520.664,04

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

22. Remuneration of Employees

	GROUP		COMPANY	
	<u>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
Wages	10.577.774,32	9.454.119,08	10.577.774,32	9.454.119,08
Contributions to Employees Funds	1.343.430,40	1.379.992,43	1.343.430,40	1.379.992,43
Other	413.592,87	653.432,15	413.592,87	653.432,15
Compensations according to Law 2112/20	361.428,13	229.217,29	361.428,13	229.217,29
	<u>12.696.225,72</u>	<u>11.716.760,95</u>	<u>12.696.225,72</u>	<u>11.716.760,95</u>

The group and the company employees at the 31-12-2006 were 402.

23. Depreciation

	GROUP		COMPANY	
	<u>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
Buildings	12.500,86	12.500,86	12.500,86	12.500,86
Ships:				
- AIOLOS KENTERIS	1.854.759,92	1.791.582,62	1.854.759,92	1.791.582,62
- AIOLOS EXPRESS	826.938,10	913.813,77	826.938,10	913.813,77
- AIOLOS EXPRESS II	766.547,88	847.985,66	766.547,88	847.985,66
- MITILINI	591.809,94	591.809,93	591.809,94	591.809,93
- TAXIARCHIS	871.475,39	870.642,06	871.475,39	870.642,06
- THEOFILOS	1.472.818,46	1.069.395,69	1.472.818,46	1.069.395,69
Office and other equipment	129.265,00	86.958,34	129.265,00	86.958,34
Software programs	43.702,13	40.029,17	43.702,13	40.029,17
Total	<u>6.569.817,68</u>	<u>6.224.718,10</u>	<u>6.569.817,68</u>	<u>6.224.718,10</u>

24. Financial cost

	GROUP		COMPANY	
	<u>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
Interest on Long term and Sort term Loans	5.356.933,48	6.453.280,37	5.356.933,48	6.453.280,37
Foreign Exchange Difference	(274.416,23)	464.396,30	(274.416,23)	464.396,30
Other expenses	42.444,62	19.939,20	42.444,62	19.939,20
	<u>5.124.961,87</u>	<u>6.937.615,87</u>	<u>5.124.961,87</u>	<u>6.937.615,87</u>

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

25. Earnings/ (Losses) per Share

Earnings per share is calculated by dividing the net profit / (losses) by the weighted average number of ordinary shares in circulation during the year:

	<u>31/12/2006</u>	<u>31/12/2005</u>
Earnings / (Losses)	32.077.907,61	(12.070.319,33)
Weighted average shares outstanding	105.674.851	103.846.851
Earnings / (Losses) per share in Euro	0,30	(0,12)

26. Related parties transactions

	<u>Group</u>	<u>Company</u>
Sales	--	--
Purchases	600.000	600.000
Receivables	--	8.154.532,78
Liabilities	--	--
Transactions and wages with member of management	896.384,51	896.384,51
Receivables from members of management	--	--
Payable to the company's shareholders which is under the control of the members of the Board of Directors	2.174.454,94	--

The transactions with the related parties are priced based on the usual trading practice.

The amount of Euro 896.384,51 includes Euro 136.162,54 which represents dismissal indemnity paid to the members of management.

Participation of members of the Board of Directors in the Board of Directors of other companies

Member	Company	Point
Apostolos Ventouris	C LINK FERRIES SC	Chairman/official representative
	Brockwood Shipping Inc	Chairman/official representative
	Edgewater Holdings Inc	Chairman/official representative
	Secure Com E.I.E.	Administrator
	Aveco Holdings Inc	Chairman/official representative
Sokratis Kavvadias	Edgewater Holdings Inc	Secretary/Cashier
	Renate Trading	Only director
	C-LINK FERRIES S.C.	Secretary
Theoharis Papageorgiou	Aveco Holdings Inc	Member

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the financial statements
31st December 2006
(expressed in Euro)

27. Contingent liabilities

27.1. Letter of guarantee of GDR 375,000,000 or Euro 1.100.513,58 for coverage of initial claim by court of law for third parties claims, until the final issue of decision by court of law.

27.2. Additional insurance contributions to Pension Funds which may result from final assesement.

27.3. Taxes, excluding income tax (note 3.12.), which may result by the tax audit for the non-audited fiscal years 2005 of the parent company.

Such audit was carried out for the parent company for 2000-2004. Additional taxes of Euro 112.455,91 were assessed and were charged to the Profit and Loss of 2006.

27.4. NEL LINES JOINT VENTURE was incorporated in 2006, so there were no any tax liabilities for the previous years

27.5 There are claims of € 326.378,00 by employees against C LINK FERRIES SC.

27.6 Letter of guarantee of € 320.280,00 in favour of Ministry of Aigaion for participation to public competition.

27.7 C LINK FERRIES SC. has been audited by tax authorities until 2005 (included).

28. Events after the balance sheet date

28.1. After the successful replacement of its main engines in the Ficantieri Ship yards in Italy, the AEOLOS KENTERIS ship started routes on the 27/07/2006 until 10/09/2006 on the itinerary PIRAEUS - PAROS - NAXOS – SANTORINI.

28.2. According to the Presidential Order 124/2006, the restriction regarding the useful economic life of ships (30 - 35 years) is not in effect anymore provided that the ship in question has adapted fully the terms and conditions of the Treaty of Stockholm.

Maritime Company of Lesvos S.A. and its subsidiary
Notes to the interim financial statements

**31st December 2006
(expressed in Euro)**

28. Events after the balance sheet date (cont'd)

28.3. On September 2006 an agreement came out from the constructor of ship machines of the three high speed vessels. The main terms of the agreement are:

1. Restoration and improvement on the machine of the high speed vessels AIOLOS EXPRESS and AIOLOS EXPRESS II.
2. 24 months warranty of the mechanical parts.
3. Compensation payment in NEL 10 millions Euros.

29. After balance sheet date events

The management has signed a Memorandum of undertaking for the sale of Aeolos Kenteris and Panagia Parou (ship owned by the subsidiary C-LINK FERRIES) against a consideration of Euro 85 mil.

(Euro 67 mil. for Aeolos Kenteris and Euro 18 mil. for Panagia Parou)

There are no other substantial events after the balance sheet date which materially affect the Financial Statements.

Mytilini, 22 March 2007

The President

CEO – Executive Member

Vice President

Ioannis Sifakis
ID. I 780578

Apostolos Ventouris
I.D. P686232

Theocharis Papageorgiou
I.D. Σ 187789

**TRANSLATION FROM THE ORIGINAL
ISSUED IN THE GREEK LANGUAGE**

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
MARITIME COMPANY OF LESVOS S.A.**

We have audited the accompanying financial statements and the consolidated financial statements of **MARITIME COMPANY OF LESVOS S.A** which consist of the balance sheet as at 31 December, 2006, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements and the consolidated financial statements give a true and fair view of the financial position of **MARITIME COMPANY OF LESVOS S.A.** as of 31 December, 2006 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Report on other Legal and Regulatory Requirements

According to Greek Company law 2190/1920 requirements, we report the following:
In our opinion the Board of Director's report is consistent with the accompanying financial statements.

Athens, 26 March, 2007

THE CERTIFIED PUBLIC ACCOUNTANT

STYLIANOS KOURTELLAS
REG. NO. 11031
MOORE STEPHENS
CHARTERED ACCOUNTANTS

SHIPPING COMPANY OF LESVOS S.A. MANAGEMENT REPORT

FOR THE FISCAL YEAR FROM JANUARY 1ST TO DECEMBER 31ST 2006

Dear Shareholders,

NEL Line's Board of Directors submits the annual audited Financial Statements for the period January 1st, 2006 up to December 31st, 2006 (CONSOLIDATED AND CORPOREAL) according to the International Financial Reporting Standards and the audit report filed by the Chartered Auditor-Accountant.

Dear Shareholders,

The most important events during 2006 for the company are the following:

CHANGES IN THE COMPANY BOARD OF DIRECTORS

NEL'S BOARD OF DIRECTORS COMPOSITION (01/01/2006 – 01/29/2006)

The Company's Board of Directors consists of:

EXECUTIVE MEMBERS

- | | |
|----------------------------|----------|
| 1. Giakalis Athanasios | Chairman |
| 2. Ventouris Apostolo | CEO |
| 3. Mavroudis Evaggelos | Member |
| 4. Papageorgiou Theocharis | Member |
| 5. Riga Theodora | Member |

NON EXECUTIVE MEMBERS

- | | |
|----------------------|----------------|
| 6. Sifakis Ioannhs | Vice President |
| 7. Kavadias Sokratis | Member |

INDEPENDENT NON EXECUTIVE MEMBERS

- | | |
|------------------------|--------|
| 8. Zouros Ioannis | Member |
| 9. Kountsouros Michael | Member |

NEL'S BOARD OF DIRECTORS COMPOSITION

(from 01/29/2006 to 02/26/2006)

The Chairman Mr. Athanasios Giakalis resigned on 01/29/2006 and his position in the Board of Directors was taken over, according to the Board of Directors resolution, by Mr. Andreas Demetroulopoulos. Also, Mr.Sifakis Ioannis was appointed as Chairman and Mr. Papageorgiou Theocharis as Vice President.

Afterwards the Board of Directors had the following composition:

EXECUTIVE MEMBERS

- | | |
|----------------------------|----------------|
| 1. Sifakis Ioannis | Chairman |
| 2. Ventouris Apostolos | CEO |
| 3. Papageorgiou Theocharis | Vice President |
| 4. Mavroudis Evaggelos | Member |
| 5. Riga Theodora | Member |
| 6. Demetroulopoulos Adreas | Member |

NON EXECUTIVE MEMBERS

- | | |
|----------------------|--------|
| 7. Kavadias Sokratis | Member |
|----------------------|--------|

INDEPENDENT NON EXECUTIVE MEMBERS

- | | |
|------------------------|--------|
| 8. Zouros Ioannis | Member |
| 9. Kountsouros Michael | Member |

NEL'S BOARD OF DIRECTORS COMPOSITION

(from 26/02/2006 to 31/12/2006)

1. On 02/26/2006 the General Assembly, decided that the company's Board of Directors must consist of 7-9 members and a new Board of Directors was elected.
2. The aforementioned General Assembly elected the Board of Directors, which according to the extract of its minutes dated 02/26/2006 had the following composition:

EXECUTIVE MEMBERS

- | | |
|-----------------------------|----------------|
| 1. Sifakis Ioannis | Chairman |
| 2. Ventouris Apostolos | CEO |
| 3. Papageorgiou Theocharis | Vice President |
| 4. Demetroulopoulos Andreas | Member |

NON-EXECUTIVE MEMBERS

- | | |
|----------------------|--------|
| 5. Kavadias Sokratis | Member |
|----------------------|--------|

INDEPENDENT NON-EXECUTIVE MEMBERS

- | | |
|------------------------|--------|
| 6. Zouros Ioannis | Member |
| 7. Kountsouros Michael | Member |

Assignment of vessel management to Vita Maritime Management

On 02/10/2006 the company signed a contract with Vita Maritime Management according to which Vita Maritime Management holds the responsibility for the vessels' technical support. Vita Maritime Management, according to the law 959/1979, is a shipping company and, among others, it is engaged in the management of any kind F/B vessel under Greek or foreign flag. This contract concerns the company's F/B ships and high-speed ships and among else, addresses the technical support, supplies, insurances, surveys, crew department and the certificate issue. The results through the qualitative improvement, which Vita Maritime Management implemented on the ships, are already visible.

Agreement to maintain shops on ships

On the 02/23/2006 the company assigned its shops' management to AS Company. The financial and qualitative results of such services are already visible through the cooperation between the company and AS Company. In particular, the company assigned the exploitation of each shop to AS Company for a percentage part of the sales. This corporation aims at the improvement of the services provided to the passengers of the company's ships.

Approval for the modification of the usage of part of the capital withdrawn

The General Assembly's decision dated 02/26/2006 decided to change the usage of part of the incoming capital up to 3.530.000 euros, derived from the last Capital Increase (completed in December 2005) to finance part of the main engine's rebuilt on the F/B AEOLOS KENTERIS and the improvement on the F/B ships MYTILINI and THEOFILOS.

Buy in of SEA LINK FERRIES M.C. shares

On the 02/26/2006 the General Assembly approved, according to the Article 23a of the law 2190/1920, the buy in of SEA LINK FERRIES M.C. by Mr.Apostolos Ventouris and legal persons.

The General Assembly following being informed about the share's report of the SEA LINK FERRIES M.C., which was established by a financial auditor and the report of the financial audit performed by Moore Stephens, decided to purchase this company. The purchase was completed by the end of the year and amounted to 536.400 Euros.

Consortium Establishment with SEA LINK FERRIES M.C

The company during 2006 established a partnership with SEA LINK FERRIES M.C. up to 04/30/2008. The seat of this partnership are located in Mytilene, and the partnership shall include the companies with their fleet aiming at the exploitation of transportation in order to enhance sales via sales net.

Stock Option Plan

According to the 03/12/2006 General Assembly's resolution, the stock option plan was adopted by members of the Board of Directors and by the company's employees, as per article 13 par.9 of the law 2190/1920. Part of the plan was implemented during the year 2006.

Expansion of the cooperation between NEL LINES and GEYSIPLOIA.

On 04/14/2006 there was approval of the expansion of the cooperation between the NEL LINES and GEYSIPLOIA for the vessel "AEOLOS KENTERIS".

The financial profits as well as the qualitative results of the services on the ships are already visible. The company agreed with GEYSIPLOIA to maintain bar and restaurant on the vessel "AEOLOS KENTERIS" for a percentage of the sales.

Settlement with CALYON Bank and SEMT PIELSTICK

The settlement with the bank was accomplished after long-term negotiations and after assessment of all aspects, arising from the particular issue and the said settlement is deemed fair, beneficial and just for both the company and the credit banks.

The company after being under court proceedings for a year against the French company SEMT PIELSTICK, which was responsible for the high speed's main engine manufacture, achieved a settlement which satisfies both parties with equal benefits, such settlement including the rebuild and improvement of the main engines of our high speed ships AEOLOS KENTERIS I and AEOLOS KENTERIS II under a 24 month operation guarantee and payment to the company of the amount of Euros 10.000.000,00 (ten million euros).

Offer to the Hellenic Seaways (HSW) for the 33,31%

The company via UBS Bank, submitted two proposals to the Hellenic Seaways (HSW) for the 33,31%. In the first the price was 2,95 Euros per share and in the second the price was 3,50 euros per share.

Extrajudicial settlement of the dispute with the FBB - First Business Bank S.A. (09/28/2006)

The company made arrangements with the FBB - First Business Bank S.A., in relation with the loan contract for the backing of AEOLOS EXPRESS which was renamed to AEOLOS KENTERIS I.

According to agreement dated 01/31/2007 a new loan contract was decided, The main points of this loan contract include, among others, the acknowledgment of the full debt from the company to the bank and cancellation of the term according to which part of the loan can be exchanged with shares.

ESTABLISHMENT OF NEL TRAVEL GENERAL TOURISM AGENCY

The company established a general tourism agency where our customers – passengers have the ability to be served promptly and comfortably for all NEL Lines routes and services, as well as for reservations and issuances of tickets for other SHIPPING firms and airline companies (domestic flights) with which our company cooperates.

Results of the Financial Year 2006

2006 was the second financial year during which our financial lists were established in accordance with the International Financial Information Standards. The accounting principles applied by the Group are described in detail in the Notes over the Financial Lists that constitute an integral part to the Annual Financial Lists.

During the financial year 2006, NEL LINES Group achieved an impressive enhancement of its results. The benefits from the settlement with the crediting banks and the company that manufactures the engines were the main reasons for the Group's profit increase. The operating results of the company amounted to 26.979.330,45 Euros compared to 38.897.816,58 Euros during the previous operating period. The Profit prior to taxation from funding, investment and amortizations results (EBIDTA) increased to 43.772.687,16 euros compared to 1.092.014,64 euros.

Finally there was a respective increase to the Profit following taxation which amounted to 32.077.907,61 euros compared to the loss of 12.070.319,33 euros during the financial year 2005

The operating results of the parent company were affected by the following actual events:

1. The reduction of the operation cycle caused by the following significant reasons:

- The non routing of the two High Speed Ships AEOLOS EXPRESS and AEOLOS EXPRESS II which are already renamed to AEOLOS KENTERIS I and AEOLOS KENTERIS II, which were engaged for a short period of time in 2005.
- The reduction per 21,04% of the routes performed by the company.
- The routing of the Ship AEOLOS KENTERIS on the PAROS – NAXOS - SANTORINI line marked great completion but began trips by the end of the summer seasons and operated for a brief period compared to 2005 when it operated throughout the summer season.
- The competitive environment prevailing on the main lines on which the activates.

2. The idling costs of high speeds

3. The very low increase of the ships exploitation costs, just 3,52% compared to the previous financial year, (with the exception of amortizations) per mile traveled, as a result of the rational management of the ships and this achieved despite the marked increase in the international prices for energy sources that affected negatively the results for entire industry.

4. The increase per 43,27% of the costs related to administration, promotion and availability of the company which were mainly assigned to the reorganization and upgrade of the administrative services as well as for the development of new lines for the exploitation of the ships.

2006 BALANCE SHEET

The Group retained at a satisfactory level the Available Funds despite the fact that it proceeded to large-scale repairs on the ships in order to upgrade the services provided.

The change of the main engines of the Ship AEOLOS KENTERIS in combination with the reorganization and upgrade of the administrative services and the promotion and support of the new lines for the exploitation of the ships burdened the Available Funds of the Group.

The net position of the Group amounted to 58.736.951,66 Euros compared to the 25.671.924,05 Euros during 2005, marking an increase of 128,80%. The net position of the Group was enhanced significantly and the loans were respectively reduced following the successful settlement with Calyon Bank and the manufacturing firm Semt Pielstick.

This success is due to the diligent efforts of the company's Management.

The entire active capital of the Group amounted to 201.539.013,06 Euros compared to 171.394.822,13 Euros in 2005. The entire liabilities of the Group amounted to 142.802.061,40 Euros compared to 145.722.898,08 Euros in 2005.

INDEXES

The indexes representing the company's position displayed the following trends:

		31/12/2006	31/12/2005
LIQUIDITY =	$\frac{\text{ACTIVE ASSETS}}{\text{SHORT-TERM OBLIGATIONS}}$	1.43	0.54
LOAN DEBTS =	$\frac{\text{OWN CAPITAL}}{\text{LOAN CAPITAL}}$	0.69	0.21
OVERALL RETURNING OF WORKING CAPITAL =	$\frac{\text{EBIT}}{\text{OWN CAPITAL} + \text{LOAN CAPITAL}}$	25.88 %	- 3.56 %
OWN CAPITAL PERFORMANCE =	$\frac{\text{NET PROFIT}}{\text{OWN CAPITAL}}$	54.61 %	- 47.02 %

The indexes representing the GROUP'S position displayed the following trends:

		31/12/2006	31/12/2005
LIQUIDITY =	$\frac{\text{ACTIVE ASSETS}}{\text{SHORT-TERM OBLIGATIONS}}$	1.22	0.54
LOAN DEBTS =	$\frac{\text{OWN CAPITAL}}{\text{LOAN CAPITAL}}$	0.50	0.21
OVERALL RETURNING OF WORKING CAPITAL =	$\frac{\text{EBIT}}{\text{OWN CAPITAL} + \text{LOAN CAPITAL}}$	21.13 %	- 3.56 %
OWN CAPITAL PERFORMANCE =	$\frac{\text{NET PROFIT}}{\text{OWN CAPITAL}}$	54.61 %	- 47.02 %

Significant developments in the Hellenic Shipping domain

The deregulation of the state charter rates on most shipping lines is a significant development concerning the harmonization of the Hellenic Statutory framework on domestic transportations with the European Regulation 3577/92. Of course many things has to be done until we reach full harmonization with the European Regulation.

Through this decision, the companies are now able to define themselves their invoicing policy based on the services provided by each Shipping Company to its passengers.

A basic development that directly affects our Group is the annulment of the age limit of the Ships about their activity/exploitation, as long as they satisfy the additional safety criteria of the Stockholm Convention. The Management has taken action for improvements/additions so that the Ships satisfy such criteria.

Vessel Exploitation – Routes

In brief, the Group activated during the financial year 2006 on the main route Piraeus - Chios – Mitilini and Mitilini – Lemnos – Thessalonica. This line was served by Ships «Mitilini», «Theofilos», «Taxiarhis».

The ship «Taxiarhis» for the first time was used on the line Piraeus- Mykonos- Chios- Mitilini without however responding to the Management's expectations.

For the first time the High Speed AEOLOS KENTERIS was used on the line Piraeus – Paros – Naxos – Santorini marking a great success.

The ships of the affiliate company, the profit of which are not included in the consolidated operating results for the financial year 2006, were used on the following routes.

The High Speed PANAGIA PAROU performed during the summer period the route Lavrio – Kythnos – Paros – Naxos – Amorgos, while the High Speed PANAGIA THALASSINI was used on the line Lavrio – Syros – Tinos - Mykonos.

The ships PANAGIA TINOU and PANAGIA HOZOVIOTISSA were used throughout the year on funded Cycladic routes.

The passengers per trip transported by the Group ships were 699 in 2006 against 609 in 2005 that is a 14,75% increase. The number of the vehicles transported per route amounted to 614 equivalent units in 2006, compared to 588 in 2005 that is a 4,42% increase.

At this point, it is important to remind that the two High Speeds AEOLOS KENTERIS I and AEOLOS KENTERIS II did not perform any routes during 2006 while the ship AEOLOS KENTERIS performed trips for a short period by the end of the summer season of 2006. The Management through the achievement of a fair settlement with the company SEMT PIELSTICK shall have to its disposal the entire fleet in order to exploit it during the next administrative period.

Reference to the Parent SHIPPING Company of Lesvos S.A.

The Company with a fleet of six (6) ships activated on the lines Piraeus – Chios – Mitilini – Lemnos – Thessalonica with the ships «Mitilini, Theofilos» , Piraeus – Mykonos– Chios – Mitilini with the ship «Taxiarhis» and Piraeus – Paros – Naxos with «Aeolos Kenteris».

The entire transportation workload of the Company during 2006 amounts to 603.548 passengers, 77.990 private passenger vehicles and 23.003 truck vehicles. The respective traffic for 2005 was 805.829 passengers, 103.719 private passenger vehicles and 34.676 trucks.

Compared to 2005, the company performed 21,04% less routes.

Stocks

On December 31, 2006 the group owned the following stocks:

9.184 shares of ANEN S.A. company

2.500 shares of LANE S.A. company.

404 stocks of the Association Bank of Lesvos Lemnos

5.000 shares of the MINOAN LINES S.A. company

10 shares of ANEK S.A. company

1.400.000 shares of the Hellenic Sea Ways company.

The total value of the stocks of the Group on 12.31.2006 amounted to 3.626.096,65 euros.

On December 31, 2006 the Group owned the following estates:

Offices at number 5 El. Venizelou street, Mitilini with acquisition value 329.049,59 Euros (including a percentage of the plot). On the aforementioned building there has been pre-notation of mortgage amounting to 686.720,46 Euros for the issuance of a loan from the Association Bank of Lesvos- Lemnos.

A plot at the location Plakes of Volissos on Chios island with acquisition value 100.000,00 Euros.

A field at the location Spiladia at Campos of Chios island with acquisition value 250.000,00 Euros.

Offices at number 116 Kolokotroni Street, Piraeus with acquisition value 667.218,64 Euros (including a percentage of the plot).

Information liabilities as per section 11 a of Law 3371/2005

The capital share of the Company consists of 105.674.851 common registered shares. All company shares are registered with the Athens Stock of Exchange. The rights and obligations of the shares are the one provisioned by the law.

There are no limitations on shares transfer.

There are no shares providing special control rights.

The rules for the appointment and replacement of members of the Board of Directors, as well as for the modification of the Articles of Association do not differ from the ones provisioned by the r.l. 2190/1920.

There are no agreements between the company and members of the Board of Directors or employees, which provision remunerations in the event of resignation or dismissal with sound reasons or in the event of termination of the term or employment. In case of termination of the employment agreements of persons employed by the company under a dependent employment agreement, there is application of the remunerations provisioned by the law.

Events after 12/31/2006

Arrangement between NEL LINES and FIRST BUSINESS BANK

On 1/31/2007 there was official completion of all stages concerning the extrajudicial settlement of the dispute between NEL S.A. and FIRST BUSINESS BANK. The said issue was fully settled to the mutual benefit of both parts.

Draft Contract for vessel sales

On 2/28/2007 the company entered a draft agreement for selling abroad the ships AEOLOS KENTERIS N.M. 39 and PANAGIA PAROU, N.Π. 11405, (owned by its affiliate) which are currently used on Red Sea against the total price of 85 million Euros. The said sales are expected to be completed in March and shall enforce significantly the financial position of the Group. The anticipated accountings profit from such sale at group level shall amount to 3,9 million euros approximately.

Call center upgrade

In the framework of continuous improvement and upgrade of the services provided the company entered an agreement for the telephone support of the reservations department with the company DIRECT LINE SA which shall serve our clients seven (7) days a week 24 hours a day providing the ability to pay our services through credit card.

Social Profile

The social contribution of the SHIPPING Company of Lesvos to the passengers and the residents of our islands constitutes an essential part of the company's philosophy since the very first year of its operation. This, unchanged attitude continued in the year 2006. We briefly state our following actions:

- Creation of the program «Award in the Future» and particularly the awarding of the best students of the Department of SHIPPING and Business Services of the Administration Sciences School of the University of Aegean on Chios, as well as awarding of the best students of the Environment School and Sea Sciences School of the University of Aegean on Mitilini
- The continuous support of tourism development on the islands of Northeastern Aegean through promotional activity of discount tickets of our company supplied with the «Tourist Guide» of Lesvos, under the title «Holidays on Lesvos,2006».
- The provision of meteorological observation data from our ships through their participation to the V.O.S. (Voluntary Observing Ship) plan of the Worldwide Meteorological Organization, the National Meteorological Service, a contribution that received an award by the later.
- The provision of gratis medical services through the program «GRATIS Preventive Medicine On Board» under the Sponsored by the Ministry of Health and Social Support, with a main sponsor being NEL LINES, supported by Gefsiplioia S.A. OPAP. S.A. and company ITI.

The company is committed to continue its social work and wishes to be always able to exploit its abilities to the greatest extend possible.

Company Prospects

The Group formed through the completion of the buy in of the company C LINK FERRIES N.E. is able to provide high level services covering most of the needs of the Greek Shipping domain. Our fleet consists of five (5) Conventional and three (3) High Speed ships (without inclusion of the two high speeds the sale of which is anticipated to complete within the first trimester of 2007).

The Group during the current financial year shall apart from these, the high speeds AEOLOS KENTERIS I and AEOLOS KENTERIS II, which shall be routed on lines PIRAEUS - RETHYMNO-PIRAEUS and PIRAEUS- PAROS- NAXOS-PAROS-PIRAEUS respectively. It is anticipated that the Group income shall be significantly reinforced by the exploitation of the said ships.

The Management during the current financial year has focused in sales promotion. The modern facilities of the Group in combination with the professionalism of the executives form the basis for its expansion and development.

Additionally through the forthcoming sale of the two ships AEOLOS KENTERIS and PANAGIA PAROU the Group shall be financially enforced.

The modernization, reorganization of structures, the upgrade of the services provided on board, the study and exploitation of eventual opportunities, the creation of new income sources as well as the improvement of the financial position of the Group shall constitute the basis for the development of the company within the competitive environment it operates.

The current year is the 35th year of our company since its establishment, its critical and we ask from you to support our effort and continue doing what you have been doing up today.

Dear Shareholders

We present you analytically with all data and financial statements for the fiscal year 2006, through which you will be able to form an opinion about the Company's progress and the Board of Director's operation for the above period.

We kindly request your propound for the Company's financial statements.

Mitilini March 22nd

On behalf of the Board of Directors

The Chairman

Ioannis Sifakis

EXPLANATORY REPORT TO THE REGULAR SHAREHOLDERS' GENERAL ASSEMBLY CONCERNING THE INFORMATION PROVIDED AS PER SECTION 11A OF THE LAW 3371/2005.

With regards to the detailed information stated in accordance with section 11a of the Law 3371/2005, it is deemed essential for the Regular shareholders' General Assembly, summoned for the operating period 2006 to present the following explanations on the various paragraphs:

Composition of capital share

On 12-29-2006 there has been registration to the Sociétés Anonymes Register and under announcement number K2-18400/29.12.06, of the minutes of the company's Board of Directors dated 12-22-2006 (number 1101) as per which the capital share of the company increased per 548.400,00 Euros due to the implementation of the Stock Option Plan, with the payment of cash and the issuance of 1.828.000 new registered shares of nominal value 0,30 Euros each.

The aforementioned amount of 548.400,00 Euros and the above par difference amounting to 438.720,00 Euros, was paid by the persons that enforced the shares option right (section 13 par. of the R.L. 2190/1920), in accordance with the decision dated 03/12/2006 issued by the company's shareholders General Assembly, as this was specified by the decision of the Boards of Directors dated 11/18/2006. The said increase is not a direct modification of the Company's Articles of Association. The BoD of the Athens Stock of Exchange during the session held on 01/18/2007 approved the introduction for transactions of the 1.828.000 new common registered shares on 01/24/2007.

Following the above the capital share of the company amounts in total to 31.702.455,30 Euros divided to 105.674.851 shares of nominal value 0,30 euros each.

The shareholders' composition in accordance with the negotiable shares of the SHIPPING Company of Lesvos S.A. on 12.31.2006 was as follows:

SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE
Edgewater Holding Inc	20.600.000	19,84%
Arvanitis Ioannis	17.501.800	16,85%
Vidalient Corp.	2.585.727	2,49%
Other Public Investors	63.159.324	60,82%
TOTAL	103.846.851	100,0%

Finally, the main rights and obligations emanating from the share, as per the Company's Articles of Association and the R.L. 2190/1920, are the following:

1. Each share provides rights to the liquidation product of the company's assets in case of dissolution of the Company and distribution of profits.
2. In any case that the capital share increases, such increase not being performed through a contribution in kind or issuance of stocks with the right to be converted to shares, there is provision of option right for the entire new capital or bond loan to the favor of the Company shareholders, at the time, and pro rata to their participation in the existing capital share.
3. After the lapse of the deadline defined for the enforcement of such right, such deadline being not less than the one provisioned by the law, the shares not undertaken by the eligible shareholders as per paragraph 2 above, are freely availed by the Board of Directors.
4. In case of an application by shares representing one twentieth (20) of the paid Capital Share, such application being filed with the company five (5) full days prior to the Regular General Assembly, the Board of Directors is responsible to:
 - a) Announce the General Assembly the amounts paid during the last two years, for any reason by the Company to members of the Board of Directors, Managers or other employees, and any other provision of the Company to such persons or any other Agreement of the Company established for any reason with such persons.
 - b) To provide the particular information requested concerning the Company affairs, to the extent that such information are useful for the accurate assessment of the topics on the agenda. The Board of Directors may deny the provision of the information required for sound reason through recording of such reasoning to the minutes.
5. In case of an application by shareholders representing one twentieth (1/20) of the paid Capital Share, the Board of Directors is obliged to summon an Extraordinary shareholders General Assembly appointing the session date, such date not being more than thirty (30) days since the date that the application was submitted to the Chairman of the Board of Directors. The application must define precisely the subject of the agenda.
6. In case of an application by shareholders representing one third (1/3) of the paid Capital Share, which is submitted to the Company within the deadline of the previous paragraph and as long as such shareholders are not represented in the Board of Directors, then the Board of Directors is obliged to provide to them during the General Assembly, or preferably prior to it at a representative of such persons, any information concerning the course of the company affairs and its financial status. The Board of Directors may deny the provision of the information required for sound reason through recording of such reasoning to the minutes.
7. For the cases of paragraph 4b and 6 above, any questioning with regards to the grounds of the reasoning is settled by the relevant Uni-Member Court of First Instance at the location of the Company's headquarters through the injunction proceeding.
8. In case of an application by shareholders representing one twentieth (1/20) of the paid Capital Share, the issuance of a decision on any topic of the agenda of the General Assembly is performed through name call.
9. In case of an application by shareholders representing one twentieth (1/20) of the paid Capital Share, the, the Chairman of the Assembly is obliged to adjourn once the issuance of decisions of a regular or extraordinary General Assembly, appointing the session date for the issuance thereof stated in the application of the shareholders, such date however not being later than thirty (30) days since the adjournment date.
10. In case of concurrence of the conditions contained in section 40 of the Law 2190/1920, the company shareholders and the other persons stated in the said section have the rights and obligations contained therein.

SIGNIFICANT DIRECT OR INDIRECT PARTICIPATIONS AS PER THE CONTEXT OF THE PRESIDENTIAL DECREE 51/1992.

The significant direct participation in the company's capital share as per the provisions of the Presidential Decree 51/92 on 31/12/2006 were as follows:

Edgewater Holding Inc owned directly 20.600.000 voting rights i.e. a percentage of 19,84%, Millennium Bank S.A. owned directly 16.495.000 voting rights, i.e a percentage of 15,88%. Mr. Apostolos Ventouris owned directly (through the company Edgewater Holding Inc controlled by him) 20.600.000 voting rights, that is percentage of 19,84%.

LIMITATIONS ON THE TRANSFER OF COMPANY SHARES

The transfer of Company shares is performed in accordance with the law and there are no limitations by virtue of its article of associations.

SHARES PROVIDING SPECIAL CONTROL RIGHTS

There are no Company shares providing the owners with special control rights.

LIMITATIONS ON VOTING RIGHT – DEADLINES FOR THE ENFORCEMENT OF RELEVANT RIGHTS

There are no limitations on the voting rights.

RULES FOR THE APPOINTMENT / REPLACEMENT OF MEMBERS OF THE BOD AND FOR THE MODIFICATION OF THE ARTICLES OF ASSOCIATION AS LONG AS THESE ARE DIFFERENT THAN THE PROVISIONS CONTAINED IN THE R.L. 2190/ 1920.

The Company is managed by the Board of Directors which consists of seven (7) to nine (9) members, which are elected by the General Shareholders Assembly under a secret voting procedure and as per the absolute majority of votes represented at it.

In case that during the first voting procedure all or part of the members do not gather absolute majority, the voting procedure is repeated for the completion of the remaining vacant positions, the candidates for election may be only the persons that gained the majority and gathered up to double the number of seats to be completed at the Board of Directors.

The term of the members of the Board of Directors is of four-year duration (4-year) it commences upon their election and expires after four (4) years, and it may be extended up to the first Regular General Assembly following expiration of their term, but it may not exceed five years (5 years).

The members that complete their term may be re-elected.

The members of the Board of Directors of the company are distinguished to executive members, non executive members and independent non executive members as per the provisions of the Laws 3016/ 2002 and 3092/2002 concerning the Company Management or any revision thereof. The exact number of executive, non-executive and independent non-executive members, their duties as well as their election procedure shall be defined in accordance with the provisions of the Laws 3016/ 2002 and 3092/ 2002 or any revision thereof.

If for any reason a member position is vacant, the remaining members are responsible to elect temporarily a replacement for the remainder of the term of the member substituted. The said election is subject to approval by the directly next Extraordinary General Assembly.

The deeds of the member elected that way are deemed valid even if such election is not approved by the General Assembly.

The non justified abstain of a member from the sessions of the Board of Directors for a time period greater than six (6) months is equal to a waiver which is verified by a decision of the BoD.

There is no differentiation with regards to the provisions of the R.L. 2190/1920 particularly with regards to the decisions of the General Assembly and the revisions of the Articles of Association.

RESPONSIBILITY OF THE BOD FOR THE ISSUANCE OF NEW SHARES AND SHARE BUY BACK

As per section 6 of the company's articles of association, the company has the right, under the reservation of the provisions of paragraph 4 of section 13 of the R.L. 2190/1920, within five years since the respective decision of the General Assembly, and under a decision issued by a minimum two thirds (2/3) majority over the totality of its members, to increase its capital share in total or in part, through the issuance of new shares up to the capital amount paid as of the date that such authority was granted by the General Assembly.

Under the reservation of the provisions of sections 3a, 3b, of the r.l. 2190/1920 as revised by the law 3156/2003 for the issuance of a common bond loan, the General Assembly or the Board of Directors must issue a decision in accordance with the provisions of section 29 par. 1 and 2 and section 31 par. 1 of the r.l. 2190/1920. The authority of the Board of Directors is not transferred.

With regards to shares buy back there are no differences compared to the r.l. 2190/1920.

SIGNIFICANT AGREEMENTS SET IN EFFECT, MODIFIED OR TERMINATED IN CASE OF A CHANGE IN THE CONTROL FOLLOWING A PUBLIC PROPOSITION.

There are no agreements that are set into effect, revised or terminated in case of a change in the Company's control following a public proposition.

AGREEMENTS WITH MEMBERS OF THE BOARD OF DIRECTORS OR THE PERSONNEL OF THE COMPANY DUE TO A PUBLIC PROPOSITION.

There are no agreements entered between the company and members of the Board of Directors or its personnel that provision remuneration in the event of resignation or dismissal without sound reasoning or in case of termination of their term or employment. In case of notice of termination of employment agreements of persons employed by the Company under a dependent employment agreement there shall be application of the remunerations provisioned by the law.

Sirs and Madams,

We presented you analytically the elements and the financial statements for the fiscal year 2006, through which you will be able to form an opinion about the Company's progress and the Board of Director's operation for the above period.

We kindly request your propound for the Company's financial statements.

Mitilini March 22nd

On behalf of the Board of Directors

The Chairman

Ioannis Sifakis

SHIPPING COMPANY OF LESVOS S.A.
S.A. REG. NUMBER I2470/06/B/86/44
REPORT ON THE DISPOSITION OF CAPITAL WITHDRAWN
FROM THE CAPITAL SHARE INCREASE

The Board of Directors of the SHIPPING COMPANY OF LESVOS S.A., on the basis of the decision number 58/28.12.2000 of ASE notifies that the Capital Share increase over the old shares through the payment of cash, which was decided through the resolution dated 10/7/2005 by the Extraordinary shareholders' General Assembly of the company and was approved by the Decision dated 1/360/16.11.2005 issued by the Capital Market Committee BoD, was completed on 08.12.2005. The amount of the capital withdrawn rose up to 19.121.870,10 Euros against the amount of 24.064.370,40 Euros and the deduction of the increase costs amounting to 200.000,00 Euros provisioned by the relevant decision.

The adjustment of the Capital Share to its actual amount due to partial coverage was approved by the decision dated 11/12/2005 of the Extraordinary General Assembly and by the decision number K2-I6186/20.12.2005 issued by the Minister of Development.

Capital Share Increase Verification Date	09.12.2005
Option Right Enforcement Period	24.11.2005 -08.12.2005
Number of Registered Shares of Increase	63.739.567
Date of registration of shares with ASE	30.12.2005

There has been modification of the Disposition of Withdrawn Capital as per the provisions of the Informatory Sheet through the Extraordinary General Assembly dated 26/02/2006 and it was notified to the Ministry of Development, the Athens Stock Exchange and the Capital Market Committee. From the total amount of withdrawn capital of 19.121.870,10 euros, there is deduction of the capital share increase costs amounting to 185.511,91 Euros, while the remainder 18.936.358,19 euros are disposed as follows:

TYPE OF COSTS	AS PER THE INFORMATORY SHEET	AS PER THE CAPITAL VERIFICATION DATED 09/12/2005 BY THE BoD.	AS PER THE APPROVAL DATED 26/2/2006 OF THE EXTRAORDINARY GENERAL ASSEMBLY	MATERIALIZATION DATE	MATERIALIZED BY 31/12/2005	MATERIALIZED BY 31/03/2006	UNPERFORMED AMOUNT	
Short-term Obligations	23.864.370,40	18.936.358,19	15.406.358,19	10.900.000,00	4.506.358,19	11.261.571,05	4.144.787,14	0
Purchase of vessel engines			2.530.000,00		2.530.000,00	2.530.000,00		0
Vessel additions - improvement			1.000.000,00		1.000.000,00	634.922,93	365.077,07	
Total	23.864.370,40	18.936.358,19	18.936.358,19	10.900.000,00	8.036.358,19	11.261.571,05	7.309.710,07	365.077,07

Non-invested sums on the 31.03.2006 were deposited in current accounts

Mitilini 23/5/2006

The Chairman
of the Board of Directors

CEO

Head of the Financial Services

Ioannis Sifakis
ID Card No I780578

Apostolos Ventouris
ID Card No P 686232

Theoharis Papageorgiou
ID Card No Σ I87789

SPECIAL AUDIT REPORT BY CHARTERED AUDITOR – ACCOUNTANT

We audited the data of the aforementioned list of the SHIPPING COMPANY OF LESVOS S.A. for the period 01/01 31/03/2006. The responsibility for drafting the aforementioned list lies with the company management. Our responsibility is limited to the formation and expression of opinion over the data contained in the said List, based on the audit performed. Our audit was performed in accordance with the Hellenic Auditing Standards, which are harmonized with International Auditing Standards. Such Standards require the planning and implementation of the auditing works in a way that ensures, at a reasonable certainty level, that the aforementioned List is free of substantial inaccuracies and omissions. The audit includes the inspection, on a sampling basis, of the documentary data supporting the amounts and information included in the aforementioned List. From our inspection, it arises that the data of the said List emanate from the accounting books and evidence kept by the company as well as from the Information Sheet issued by ASE and the books kept by the Company.

Athens, May 24, 2006

The Chartered Auditor Accountant

STYLIANOS KOURTELLAS

Chartered Auditors Bar Registration Number 11131

CHARTERED AUDITORS

MOORE STEVENS S.A.

SHIPPING COMPANY OF LESVOS S.A.
S.A. REG. NUMBER I2470/06/B/86/44
REPORT ON THE DISPOSITION OF CAPITAL WITHDRAWN
FROM THE CAPITAL SHARE INCREASE

The Board of Directors of the SHIPPING COMPANY OF LESVOS S.A., on the basis of the decision number 58/28.12.2000 of ASE notifies that the Capital Share increase over the old shares through the payment of cash, which was decided through the resolution dated 10/7/2005 by the Extraordinary shareholders' General Assembly of the company and was approved by the Decision dated 1/360/16.11.2005 issued by the Capital Market Committee BoD, was completed on 08.12.2005. The amount of the capital withdrawn rose up to 19.121.870,10 Euros against the amount of 24.064.370,40 Euros and the deduction of the increase costs amounting to 200.000,00 Euros provisioned by the relevant decision.

The adjustment of the Capital Share to its actual amount due to partial coverage was approved by the decision dated 11/12/2005 of the Extraordinary General Assembly and by the decision number K2-I6186/20.12.2005 issued by the Minister of Development.

Capital Share Increase Verification Date	09.12.2005
Option Right Enforcement Period	24.11.2005 -08.12.2005
Number of Registered Shares of Increase	63.739.567
Date of registration of shares with ASE	30.12.2005

There has been modification of the Disposition of Withdrawn Capital as per the provisions of the Informatory Sheet through the Extraordinary General Assembly dated 26/02/2006 and it was notified to the Ministry of Development, the Athens Stock Exchange and the Capital Market Committee. From the total amount of withdrawn capital of 19.121.870,10 euros, there is deduction of the capital share increase costs amounting to 185.511,91 Euros, while the remainder 18.936.358,19 euros are disposed as follows:

TYPE OF COSTS	AS PER THE INFORMATORY SHEET	AS PER THE CAPITAL VERIFICATION DATED 09/12/2005 BY THE BoD	AS PER THE APPROVAL DATED 26/02/2006 AND 21/6/2006 OF THE EXTRA-ORDINARY/REGULAR GENERAL ASSEMBLY	MATERIALIZATION DATE		MATERIALIZED BY	MATERIALIZED BY	MATERIALIZED BY	UNPERFORMED AMOUNT
				2005	2006	31/12/2005	31/03/2006	30/6/2006	
Short-term Obligations	23.864.370,40	18.936.358,19	15.406.358,19	10.900.000,00	4.506.358,19	11.261.571,05	4.144.787,14		0
Purchase of vessel engines			2.530.000,00		2.530.000,00		2.530.000,00		0
Vessel additions - improvements			634.922,93		634.922,93		634.922,93		0
Loan payments			365.077,07		365.077,07			365.077,07	0
Total	23.864.370,40	18.936.358,19	18.936.358,19	10.900.000,00	8.036.358,19	11.261.571,05	7.309.710,07	365.077,07	0

Mitilini 27/7/2006

The Chairman
of the Board of Directors

CEO

Head of the Financial Services

Ioannis Sifakis
ID Card No I780578

Apostolos Ventouris
ID Card No P 686232

Theoharis Papageorgiou
ID Card No Σ I87789

SPECIAL AUDIT REPORT BY CHARTERED AUDITOR – ACCOUNTANT

We audited the data of the aforementioned list of the SHIPPING COMPANY OF LESVOS S.A. for the period 1.4.-30.06.2006. The responsibility for drafting the aforementioned list lies with the company management. Our responsibility is limited to the formation and expression of opinion over the data contained in the said List, on the basis of the audit performed. Our audit was performed in accordance with the Hellenic Auditing Standards which are harmonized to the International Auditing Standards. Such Standards require the planning and implementation of the auditing works in a way that ensures, at a reasonable certainty level, that the aforementioned List is free from essential inaccuracies and omissions. The audit includes the inspection, on a sampling basis, of the documentary data supporting the amounts and information included in the aforementioned List. From our inspection it arises that the data of the said List emanate from the accounting books and evidence kept by the company as well as from the Informatory Sheet issued by ASE and the minutes of the General Assemblies.

Mitilini, July 28, 2006

The Chartered Auditor Accountant

STYLIANOS KOURTELLAS

Chartered Auditors Bar Registration Number 11131

CHARTERED AUDITORS

MOORE STEVENS S.A.

