

Annual financial statements

for the fiscal year from Jan 1st to Dec 31st

2007



According to the International Financial Reporting Standards

It is hereby certified that the attached financial statements are those that have been approved by the Board of Directors of ANEK S.A. on March 26, 2008 and have been published by being posted on the internet, at the website www.anek.gr.

The Managing Director

Ioannis I. Vardinoyiannis

The attached financial statements have been translated from the Greek original version.

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TABLE OF CONTENTS

BOARD OF DIRECTORS REPORT	4
INDEPENDENT AUDITOR'S REPORT	12
ANNUAL FINANCIAL STATEMENTS OF DECEMBER 31ST 2007	14
INCOME STATEMENTS	15
BALANCE SHEETS	16
EQUITY CHANGES STATEMENTS	17
CASH FLOW STATEMENTS	18
INFORMATION AND EXPLANATORY NOTES ON THE FINANCIAL STATEMENTS OF THE YEAR 01.01.2007 - 31.12.2007	19
1. General information on the Group	20
2. Drafting basis of financial statements	21
3. Principal accounting policies	23
4. Fixed assets / Investments in property	30
5. Investments in subsidiaries & affiliates	32
6. Inventories	33
7. Trade receivables and other short-term receivables	34
8. Financial asset at fair value through profit & loss	34
9. Cash and cash equivalents	34
10. Long-term bank borrowings	35
11. Short-term borrowings	36
12. Income tax and deferred tax liabilities	37
13. Provisions for employee benefits and other provisions	38
14. Trade payables and other short-term liabilities	38
15. Share capital / Share premium	39
16. Reserves	39
17. Earnings per share	40
18. Segmental analysis	40
19. Cost of sales	41
20. Other income	42
21. Administrative/ Selling & marketing expenses	42
22. Other expenses	43
23. Financial expenses and financial income	43
24. Results from investment activities	43
25. Payroll Cost	44
26. Depreciation	44
27. Balances and transactions with associated parties	44
28. Commitments	45
29. Contingent liabilities/ receivables - Litigious disputes or disputes in arbitration	45
30. Purposes and risk management policies	46
31. Dividends	47
32. Subsequent events	47

BOARD OF DIRECTORS REPORT

of ANEK LINES S.A.

to the Annual Ordinary General Meeting of Shareholders for the year 2007

Dear Shareholders,

Our Company continued in 2007 to present a dynamic progress and development of its activities, in consequence of its strategic planning. The events and conjunctures in the sector of passenger shipping, particularly in 2007, have lent credit to many of our choices, the accuracy of which is mainly proven by the market shares that form solid bases for the implementation of the development plans of the Parent Company ANEK as well as of the Group.

I. Market shares

The market shares for the year 2007 are as follows:

- at the routes from Piraeus to Crete and from Crete to Piraeus, ANEK served 50.0% of passengers, 53.1% of private vehicles and 66.1% of trucks;
- at the routes of Northern Italy (Venice and Ancona) the market shares amounted to 34.0% for passengers, 36.7% for private vehicles and 35.0% for trucks.

II. Financial figures

During 2007, high levels of traffic volume were noted, which resulted in the increase of the Company's turnover by 3.3% in relation to 2006. The gross profit margin was decreased from 30.4% in 2006 to 26.2% in 2007. This decrease is mainly due to the increase of the cost of sales by 9.6%. More specifically, the cost of fuels for 2007 increased by 13.4%.

The Group's turnover was maintained at the same level as in the previous period, while the cost of sales increased by 2.7% and the gross profit margin from 25.8% in 2006 was shaped at 23.7% in 2007.

The earnings before taxes, financing and investing results and depreciation – amortization (EBITDA) of the Company for the year 2007 amounted to € 43.5 million instead of € 50.4 million in 2006, presenting a decrease of 13.6%. The respective figures for the Group stood at € 43.3 million for 2007, compared to €52.4 million in 2006.

Earnings after taxes for 2007 amounted to € 13.6 million compared to earnings of € 20.3 million in 2006, which is mostly due to the increase in fuels by € 7.8 million, and to the intense

competition in all of the routes where the Company is active, and particularly in “Piraeus–Chania”. Respectively for the Group, the earnings after taxes and minority interests amounted to € 12.3 million for 2007, instead of € 20.2 million for 2006.

During 2007 -and as a consequence of the Parent company’s capital increase and results- there has been a considerable improvement to the Company’s and the Group’s capital structure ratios. More specifically:

- ‘Equity / Debt’ ratio increased from 0.3 in 2006 to 0.7 both for the Company and for the Group;
- ‘Equity / Non - current assets’ ratio amounted to 0.6 from 0.3 in the previous period;
- ‘Non - current assets / Long-term loans’ ratio from 1.4 in 2006 (both for the Company and the Group) amounted to 1.7 and 1.8 in standalone and consolidated basis, respectively.

III. Important events of the fiscal year 2007

- During the fiscal year 2007, the Company’s share capital increase was successfully completed; such share capital increase was decided at the General Meetings of November 5th 2006 and December 23rd 2006, following a relevant motion of the Board of Directors, to increase the Company’s share capital by € 101.5 million by means of payment in cash, and issue 101.5 million new common registered shares with voting rights, at the nominal value of € 1.00 each, with a preemptive right in favor of its existing shareholders at a ratio of 17 new to 10 existing common and preferential shares, at € 1.05.
- Following the successful completion of such increase, under the framework of its strategic planning and development policy, and having implemented part of its investment plan, the Board of Directors decided, during its meeting on 16.07.2007, to purchase the ro/pax ship “FERRY TSUKUBA” from Japan. The ship was built in 1998, it is 192 meters long, 27 meters wide, it has 23.5 knots service speed and features a garage approximately 2,000 lane meters long. The ship was delivered in Japan on 24.07.2007, was renamed to “ELYROS” and upon its arrival in Greece, it was restructured based on the highest standards and according to international safety regulations considering passengers’ safety and comfort. Following such restructuring, the ship shall have a transport capacity of 2,000 passengers and is expected to be routed during the summer season.
- The lease of F/B EL. VENIZELOS to the Tunisian state company COTUNAV was continued in 2007 for the period from June 22 to September 20, and will continue for a respective period in 2008, thus contributing in the improvement of the Company’s results and image abroad.
- Moreover, during the period from June 28th to October 26th 2007, the F/B “LATO” was chartered to the Algerian company CNAN MAGREB LINES SpA. In August 2007, the ship incurred mechanical failure and was replaced by the F/B LEFKA ORI. Thereafter, in order to meet the needs of its routes in the Adriatic Sea, the Company proceeded to the

chartering of the F/B “JEAN NICOLI”, and thus the operating cost was incremented with the chartering cost.

- On 05.11.2007, following an invitation from the Company’s Board of Directors to a General Meeting of Shareholders and a Special General Meeting of Shareholders holding preference shares, the items raised were: a) abolishment of decisions by the 2nd Repeat General Meetings of shareholders holding ordinary and preference shares dated 18.06.2006, b) decision-making on the issuance of a bonded loan, in accordance with law 3156/2003, convertible to Company shares, by abolishment of the stock options of existing Shareholders and provision to foreign institutional investors directly or indirectly, up to € 120 million. (approximately), c) decision-making on the issuance of a bonded loan, in accordance with law 3156/2003, convertible to Company shares, by provision to Company shareholders up to € 40 million (approximately). The above issues were approved by decisions of the second repetition General Meeting of Shareholders dated 03.02.2008 and the second repetition Special Meeting of Shareholders dated 02.03.2008.

- During the fiscal year 2007, the Company proceeded to a) the establishment together with its subsidiary “ETANAP S.A”, a company with business name “ANEK HOLDINGS S.A.”, with registered offices in the Municipality of Eleftherios Venizelos of Chania, Crete, having as object any type of business activities in tourism, the participation in other companies and businesses, the management of other companies and businesses through consultancy, etc., b) the establishment together with its subsidiary “LANE”, of the shipping company under Law 959/79 “T.C.SAILING SHIPPING COMPANY”, with registered offices in the Municipality of El. Venizelos of Chania, Crete, having as object the ownership of Greek merchant ships, the operation and management of Greek or foreign flagged merchant ships, and the acquisition of shares in other shipping companies.

Thereafter, the company “ANEK HOLDINGS S.A.” founded the company “ANEK ENERGY LIMITED LIABILITY COMPANY” which has registered offices in El. Venizelos municipality, Chania, Crete, and its object is the development, operation and exploitation of electric power stations for the production of power using renewable energy sources.

- During the fiscal year 2007 and in order to upgrade its IT systems, the Company proceeded to the purchase of a new payroll software, thus achieving a more efficient monitoring of payroll cost, which is a very important account of operating cost.

IV. Goals for 2008

- The successful completion of the share capital increase during 2007 gives to ANEK the possibility of achieving its goals and strategies aiming on one hand at enhancing its fleet and on the other at ensuring greater market shares.

- Following the approving decisions of the General and Special Meeting of Shareholders – as mentioned above – the process of issue of bonded loans for a total amount of up to € 160 million convertible into shares and their allocation to foreign institutional investors for an amount of € 120 million, and to Company shareholders for an amount of € 40 million, is in progress. Through the undertaking of the greatest part of the bonds by

foreign institutional investors, the Company's financing from a wide international basis is achieved. The attraction of funds shall permit us to proceed to further investments (purchase of new ships, participation in other similar businesses) and to achieve a reduction of our bank loans and enhance the Company's cash ratio.

- ➔ Moreover, the procedure of restructuring of the Company's long-term loans was recently completed. The new loan agreement, which was signed with a group of Greek banks, permitted to achieve more favourable repayment terms and a reduction of financial cost.
- ➔ The new fiscal year shall reveal new challenges, due to the major rearrangements taking place in the field of coastal shipping on one hand, and to the continued increase in fuel prices on the other. Considering the above, we estimate that the implementation of the Company's strategic plan and the routing of the new ship shall create new chances for further development and more efficient fleet management.

V. Other information (articles 43a & 107 of Codified Law 2190/1920)

- **Branches:** means the Group's ships, as well as offices and ticket agencies (in Athens, Piraeus, Chania, Irakleio and Rethymno). Moreover, a branch in Athens is operated by the subsidiary "ETANAP".
- **Risk management:** ANEK Group's Management, as detailed in the annual financial statements for the year 2007, applies the appropriate ad hoc policies for the management of financial risks (price risk, interest rate risk, credit risk, liquidity risk, etc.) and for maintaining the financial balance on a permanent basis.
- **Subsequent events:** after 31.12.2007 and until the preparation of this report, the major events, as already mentioned, were the decisions of Meetings regarding the issue of bonded loans, and the restructuring of long-term bank loans.

Dear Shareholders,

ANEK continues to be a reliable, competitive, and dynamic presence in every route in which is active and it is demonstrated that it grows and develops to the benefit of its shareholders and the market in general.

Therefore, given the results for the fiscal year 2007, the Board of Directors proposes to the General Meeting, which shall approve the financial statements, the distribution of dividend for a total amount of approximately € 8.1 million, or at €0.05 per share.

From the information that we presented above, as well as from the financial statements, you can shape a full image on the Parent Company ANEK as well as on the Group, and on the proceedings of the Board of Directors for the year 2007. The Board of Directors proposes that you decide upon the approval of the financial statements for the fiscal year 01.01.2007 - 31.12.2007, as well as on the other items on the agenda.

Chania, March 26th 2008

On behalf of the Board of Directors of ANEK

The 1st Vice-Chairman

GEORGIOS G. KATSANEVAKIS

EXPLANATORY REPORT OF THE BOARD OF DIRECTORS

of ANEK LINES S.A.

according to article 11a of Law 3371/2005

This explanatory report addressed by the Board of Directors of ANEK S.A. to the Ordinary General Meeting of its Shareholders includes detailed information with regard to the issues under Article 11 (a) (1) of Law 3371/2005.

1. Structure of the Company's share capital

The Company's share capital amounts to € 161,299,191.00 divided into 157,360,940 ordinary and 3,938,251 preferred voting shares with a nominal value of € 1.00 each.

Company shares have been listed on the Athens Stock Exchange, and are traded under the Big Capitalization category.

The rights of the Bank's shareholders that derive from the Bank's shares are pro rata the capital percentage corresponding to the fully paid value of each share. Each share provides all the rights provided for by Law and the Company's Articles of Incorporation, and more specifically:

- a) The right to dividend from the Company's annual profits or profits at liquidation.
- b) 35% of the net profit after deducting the statutory reserve is distributed to the shareholders from the earnings of each period as a first dividend, while an additional dividend may be distributed if it so decided by the General Meeting.

All shareholders holding ordinary or preference shares on the date on which dividend beneficiaries are designated, are entitled to dividends. The dividend of each share is paid within two (2) months from the date of the Ordinary General Meeting that approved the annual financial statements. The place and terms of payment are communicated in the Press.

- c) The right to withdraw the contribution at the time of liquidation or respectively of the capital amortization corresponding to each share, if so decided by the General Meeting;
- d) The right of preemption at each increase of the share capital in cash and the obtainment of new shares;
- e) The right to receive a copy of the financial statements, of the reports of chartered auditors and of those of the Company's BoD;
- f) The right to participate in the General Meeting, which includes the following individual rights: right to authorize, attend, participate in debates, submit suggestions with regard to the items on the agenda, record opinions in the minutes and vote;

The General Meeting of the Company's Shareholders retains all its rights during liquidation. Shareholder liability is limited to the face value of the shares they hold.

Preferred shares issued in 1990 and 1996 enjoy only those benefits stipulated by law, namely the preferential collection of first dividend and preferential participation in the proceeds of liquidation.

2. Restrictions to the transfer of the Company's shares

The Company's shares are transferred as set forth in the Law, while the Articles of Incorporation pose no restrictions as to their transfer, given that they are non-paper shares listed on the ASE.

3. Considerable direct or indirect holdings in the sense of Law 3556/2007

On 31.12.2007, the Shareholders holding more than 5% of the total number of Company's shares were the following:

INTESA SAN PAOLO SPA	14.91%
SEA STAR CAPITAL PLC	14.90%
MORGAN STANLEY & CO INTERNATIONAL PLC	5.67%

Respectively, the Shareholders holding more than 5% on February 29th 2008 were the following:

SEA STAR CAPITAL PLC	32.50%
MORGAN STANLEY & CO INTERNATIONAL PLC	7.45%

4. Shares granting special rights to audit

There are no such shares providing their holders with special rights of control.

5. Restrictions on voting rights

No provision is made in the Company's Articles of Incorporation for restrictions on voting rights.

6. Agreements among the Company's shareholders

The Company is not aware of any agreements among its Shareholders imposing restrictions to the transfer of its shares or to exercising the rights to vote arising from such shares.

7. Rules for appointing and replacing BoD members and amending the Articles of Incorporation

The rules provided for in the Company's Articles of Association on the appointment and replacement of BoD members and the amendment to its Articles of Association are not different than those provided for in Codified Law 2190/1920.

8. BoD authorization to issue new or buy treasury shares

The Board of Directors has no right to increase the Company's share capital by the issue of new shares, or to buy treasury shares, without the prior approval of the General Meeting.

9. Significant agreements that inure, are modified or expire as a result of audit change following a public proposal

There are no significant agreements that enter into force, are modified or expire as a result a change in auditing the Company following a public proposal.

10. Agreements with members of the Board of Directors or the Company's personnel

There are no agreements between the Company and members of its Board of Directors or its personnel providing for the payment of compensation in case of resignation or dismissal on no serious grounds or termination of term or employment as a result of a public proposal.

Chania, March 26th 2008

On behalf of the Board of Directors of ANEK

The 1st Vice-Chairman

GEORGIOS G. KATSANEVAKIS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ANEK AE

Report on the Financial Statements

We have audited the accompanying individual and consolidated financial statements of ANEK AE (the "Company"), which comprise the individual and consolidated balance sheet as at 31 December 2007, and 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, as adopted by the European Union (EU). 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 the Greek Auditing Standards, which are based on the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the financial position of the Company and of the Group as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

Without qualifying our opinion, we draw attention to Note 12 in the Notes to the financial statements, where reference is made to the fact that the tax returns of the Parent Company, for certain years, have not been examined by the tax authorities as yet and, as a consequence, the possibility exists of additional taxes and penalties being assessed at the time when the returns will be examined and will be accepted as final. The outcome of these tax inspections cannot be predicted at present and, therefore, no provision has been made in these financial statements in this respect.

Report on Other Legal and Regulatory Requirements

The Report of the Board of Directors includes information provided for by article 43a paragraph 3 and article 107 paragraph 3 of c.L. 2190/1920 as well as by article 11a of L. 3371/2005 and its content is consistent with the aforementioned financial statements.

Athens, March 26, 2008

EMMANUEL N. DIAMANTOULAKIS

Certified Public Accountant

Institute of CPA Reg. No. 13101



NIKOLAOS G. ZAHARIAS

Certified Public Accountant

Institute of CPA Reg. No. 15831



**ANNUAL FINANCIAL STATEMENTS OF DECEMBER
31ST 2007**

Any differences in totals are due to the rounding of figures.

INCOME STATEMENTS

	Note	The Group		The Company	
		01.01.07- 31.12.07	01.01.06- 31.12.06	01.01.07- 31.12.07	01.01.06- 31.12.06
Revenue	18	254,332	254,718	232,310	224,955
Cost of sales	19	(194,059)	(188,989)	(171,402)	(156,459)
Gross Profit		60,273	65,729	60,908	68,496
Other income	20	3,216	5,419	988	969
Administrative expenses	21	(10,898)	(10,474)	(9,771)	(8,911)
Selling and marketing expenses	21	(24,754)	(22,226)	(22,919)	(23,194)
Other expenses	22	(733)	(2,805)	(107)	(1,774)
Profit before taxes, financing & investing results		27.104	35,643	29,099	35,586
Financial expenses	23	(17,851)	(15,211)	(17,647)	(14,986)
Financial income	23	1,708	117	1,671	59
Results from investment activities	24	852	2,233	655	(58)
Profit from associates	5	471	60	-	-
Profit before taxes		12,284	22,842	13,778	20,601
Income tax	12	(473)	(1,337)	(167)	(253)
Profit after taxes		11,811	21,505	13,611	20,348
Attributable to:				-	-
Equity holders of the Company		12,314	20,187	-	-
Minority interest		(503)	1,318		
		11,811	21,505		
Earnings per share after taxes - basic (in €)	17	0.100	0.347	0.110	0.349
Proposed dividend for distribution per share (in €)		-	-	0.05	0.06
Summary of results					
Earnings before taxes, financing and investing results, depreciation & amortization (EBITDA)		43,263	52,430	43,501	50,376
Earnings before taxes, financing & investing results (EBIT)		27,104	35,643	29,099	35,586
Profit before taxes		12,284	22,842	13,778	20,601
Profit after taxes		11,811	21,505	13,611	20,348

The additional notes are an integral part of the above annual financial statements.

BALANCE SHEETS

	Note	The Group		The Company	
		31.12.07	31.12.06	31.12.07	31.12.06
ASSETS					
Tangible fixed assets	4	370,350	351,066	356,848	336,883
Investments in property	4	2,249	2,291	1,192	1,234
Intangible assets	4	591	850	591	850
Investments in subsidiaries	5	-	-	4,625	4,120
Investments in associates	5	3,098	2,873	46	46
Other long-term receivables		85	85	70	71
Total non current assets		376,373	357,165	363,372	343,204
Inventories	6	12,008	9,543	10,809	8,715
Trade receivables	7	69,860	78,056	70,432	80,609
Other short-term receivables	7	6,800	4,670	5,181	2,505
Financial asset at fair value through profit & loss	8	1,492	349	1,476	346
Cash and cash equivalents	9	56,257	3,260	54,632	2,562
Total current assets		146,417	95,877	142,530	94,737
TOTAL ASSETS		522,790	453,042	505,902	437,941
EQUITY AND LIABILITIES					
Long-term bank borrowings	10	210,403	254,186	209,862	253,643
Deferred tax liabilities	12	1,380	1,375	539	549
Retirement benefits provisions	13	3,247	2,912	3,045	2,757
Other provisions	13	885	1,627	523	1,219
Deferred grants for assets	4	1,042	1,292	881	1,043
Total long-term liabilities		216,957	261,393	214,850	259,211
Short-term borrowings	11	44,235	31,989	43,016	31,492
Trade payables	14	32,424	27,055	27,747	26,874
Other short-term liabilities	14	12,711	21,272	10,457	17,229
Total short-term liabilities		89,370	80,316	81,220	75,595
Total liabilities		306,327	341,709	296,070	334,806
Share capital	15	161,299	59,740	161,299	59,740
Share Premium	15	1,195	-	1,195	-
Reserves	16	33,828	43,340	32,635	42,269
Retained earnings		14,437	2,207	14,703	1,125
Total Equity holders of Company		210,759	105,287	209,832	103,135
Minority interest		5,704	6,046	-	-
Total equity		216,463	111,333	209,832	103,135
TOTAL EQUITY AND LIABILITIES		522,790	453,042	505,902	437,941

The additional notes are an integral part of the above annual financial statements.

EQUITY CHANGES STATEMENTS

The Group	Share capital	Share premium	Treasury shares	Fair value revaluation reserves	Asset revaluation reserve	Other reserves	Retained earnings	Total	Minority interests	Total
Balance at 01.01.2006	96,182	31,533	(2,311)	(271)	1,762	42,015	(87,569)	81,341	8,143	89,484
Net results for 2006							20,187	20,187	1,318	21,505
Share capital decrease & losses offset	(36,442)						36,442	-		-
Premium offsetting for coverage of losses		(31,533)					31,533	-		-
Transfer of reserves at fair value to results				271				271		271
Transfer to reserves					362	10	21	393	(393)	-
Approval of subsidiaries minority interests							793	3,104	(90)	(90)
Sales and earnings from treasury shares			2,311				799	(10)	(2,932)	(2,941)
Impact from change in subsidiary consolidation					(809)					
Balance at 31.12.06	59,740	-	-	-	2,124	41,216	2,207	105,287	6,046	111,333
Net results for 2007							12,314	12,314	(503)	11,811
Increase of share capital	101,559	1,195						102,754		102,754
Approval of dividends for 2006								(9,678)	(102)	(9,780)
Acquisition of additional % in subsidiary								-	(5)	(5)
Subsidiary share capital increase								-	157	157
Transfer to reserves and other movements						167	(84)	83	110	193
Balance at 31.12.2007	161,299	1,195	-	-	2,124	31,704	14,437	210,759	5,704	216,463

The Company	Share capital	Share premium	Treasury shares	Reasonable value re-valuation reserves	Asset revaluation reserve	Other reserves	Retained earnings	Total
Balance at 01.01.2006	96,182	31,533	(2,311)	(271)	1,072	41,198	(87,991)	79,412
Net results for 2006							20,348	20,348
Share capital decrease & losses offset	(36,442)						36,442	-
Premium offsetting for coverage of losses		(31,533)					31,533	-
Sales and earnings from treasury shares			2,311				793	3,104
Recovery of securities impairment and valuation				271				271
Balance at 31.12.06	59,740	-	-	-	1,072	41,198	1,125	103,135
Net results for 2007							13,611	13,611
Increase of share capital	101,559	1,195						102,754
Transfer to legal reserve						33	(33)	-
Approval of dividends for 2006							(9,678)	(9,678)
Bonus shares from subsidiary's profits capitalization						10		10
Balance at 31.12.2007	161,299	1,195	-	-	1,072	31,563	14,703	209,832

The additional notes are an integral part of the above annual financial statements.

CASH FLOW STATEMENTS

	The Group		The Company	
	01.01.07- 31.12.07	01.01.06- 31.12.06	01.01.07- 31.12.07	01.01.06- 31.12.06
<u>Operating activities</u>				
Profit before taxes	12.284	22.842	13.778	20.601
<i>Plus (Less) adjustments for:</i>				
<i>Subsidiary profits due to consolidation process change</i>	-	(2.451)	-	-
Depreciation	16.159	16.787	14.402	14.790
Amortization of grants for assets	(246)	(386)	(162)	(302)
Provisions	229	1.813	294	1.291
Results of investing activities	(830)	(64)	(655)	58
Profit / (loss) from sale of fixed assets	(1)	(6)	-	-
Unrealized foreign exchange differences	(18)	2	(13)	2
Other non-cash revenues – reversal of assets impairment	(492)	(2,229)	-	-
Interest and related expenses (less interest income)	16.147	14.931	15.971	14.770
	43.232	51.239	43.615	51.210
<i>Plus (less) adjustments of working capital to net cash or related to operational activities:</i>				
Decrease / (increase) of inventories	(2,451)	76	(2,094)	(62)
Decrease / (increase) of receivables	6,065	(12,192)	7,496	(13,472)
Increase / (decrease) of liabilities (other than borrowings)	(3,623)	1,421	(6,309)	1,234
Less:				
Interest & related expenses paid	(17,644)	(14,783)	(17,459)	(14,625)
Income taxes paid	(810)	(429)	(559)	(261)
Cash flows from operating activities (a)	24,769	25,332	24,690	24,024
<u>Investing activities</u>				
Acquisition of affiliates, securities and other investments	(5,548)	-	(6,028)	-
Proceeds from the sale of securities & other investments	4,723	231	4,723	231
Acquisition of fixed assets	(34,681)	(4,989)	(34,067)	(4,281)
Proceeds from the sale of fixed assets	32	11	-	-
Interest received	1.532	53	1,523	51
Dividends received	247	117	335	274
Proceed from Grants	206	172	-	172
Cash flows from investing activities (b)	(33,489)	(4,405)	(33,514)	(3,553)
<u>Financing activities</u>				
Proceeds from the issue of share capital	106,796	-	106,637	-
Payments of expenses for share capital issuance	(3,887)	-	(3,883)	-
Proceeds from borrowings	9,875	258	9,129	-
Repayments of borrowings	(41,412)	(28,275)	(41,385)	(27,929)
Proceeds from sale of treasury shares	-	3.104	-	3.104
Dividends paid	(9,655)	(55)	(9,604)	(15)
Cash flows from financing activities (c)	61,717	(24,968)	60,894	(24,840)
Net increase/(decrease) in cash and cash equivalents (a) + (b) + (c)	52,997	(4,041)	52,070	(4,369)
Cash and cash equivalents at beginning of the year	3.260	13,495	2.562	6,931
<i>Less: subsidiary cash due to consolidation process change</i>	-	(6,194)	-	-
Cash and cash equivalents at end of the year	56,257	3,260	54,632	2,562

The additional notes are an integral part of the above annual financial statements.

**INFORMATION AND EXPLANATORY NOTES ON THE
FINANCIAL STATEMENTS OF THE YEAR
01.01.2007 - 31.12.2007**

1. General information on the Group

The Parent Company was incorporated in 1967 (FEK 201/10.04.67) under the corporate name “ANEK S.A.” and the trademark title “ANEK LINES” (hereinafter “ANEK” or the “Company” or the “Parent company”) and performs business activities in the sector of passenger shipping. The Company’s headquarters are located in the municipality of Eleftherios Venizelos, Prefecture of Chania, and its registered offices are located on K.Karamanli Ave, Chania. Company shares have been listed on the Athens Exchange, and are traded under the Big Capitalization category. The Group, besides the Parent Company, also includes the following subsidiaries and associated companies with the respective participation rates:

Company name	Group Percentage	Seat	Activity
LANE S.A.	50.11%	Ag. Nicolaos Lasithiou	Passenger Shipping
ETANAP S.A.	50%	Stylos Chania	Production and distribution of bottled water
LEFKA ORI S.A.	62%*	Stylos Chania	Production and trade of plastic bottles and packaging products
CHAMPION FERRIES L.T.D.	70%	Marshal Islands	Shipping
ANEK HOLDINGS S.A.	99.5%**	El. Venizelos, Chania	Tourism – Participation in other companies – Consulting e.t.c.
T.C. SAILING SHIPPING COMPANY	97.5%***	El. Venizelos, Chania	Shipping company as per L.959/79
ANEK LINES LUXEMBOURG S.A.	100%	Luxembourg	Special purpose company
ANEK LINES ITALIA S.r.l.	49%	Ancona Italy	Factoring and representation of shipping companies

* direct participation: 24% and indirect participation through ETANAP: 38%

** direct participation: 99% and indirect participation through ETANAP: 0,5%

*** direct participation: 95% and indirect participation through LANE: 2,5%

The aforementioned companies in which ANEK participates by more than 50% have been included in the consolidated financial statements of December 31st 2007 using the method of total consolidation. ANEK LINES ITALIA S.r.l. in which the Parent Company participates by 49% was consolidated using the Equity method.

“ANEK HOLDINGS S.A.” under the corporate name “ANEK HOLDINGS S.A.” was founded in August 2007 and set up by full participation (100%) “ANEK ENERGY LIMITED LIABILITY COMPANY” which has registered offices in El. Venizelos municipality in Chania and for the purpose of the “development, operation and exploitation of electric power stations for the production of power using renewable energy sources”. The abovementioned company, as well as “T.C. SAILING SHIPPING COMPANY”, which was also founded in 2007, have not initiated business activities to date. Lastly, during the last quarter of 2007, “ANEK LINES LUXEMBOURG S.A.” was founded, a company seated in Luxembourg having as special purpose the issue and management of financial products.

In addition to the aforementioned companies, ANEK participates by 41.87% in the share capital of DANE SA, which has been put under special liquidation based on article 46 of L.1892/1990. The value of participation and the receivables of the parent company from DANE

have been completely written off from its balance sheet (for further information see "annual financial statements for the period 2006").

The number of personnel employed on the 31st of December 2007 amounted to 1,134 persons for the Company (out of which 883 were employed as crew aboard ships) and to 1,303 persons for the Group (crew aboard ships 1,016 persons).

2. Drafting basis of financial statements

The attached annual standalone and consolidated financial statements (hereinafter "financial statements") have been prepared according to the International Financial Reporting Standards (hereinafter "IFRS"), which have been issued by the International Accounting Standards Board (IASB) and their interpretations, and have been adopted by the European Union. The financial statements have been prepared according to the going concern principle and the historical cost principle, as modified with the adjustment of specific assets and liabilities at fair values. The IASB has issued a series of standards followed by the Group, which are referred to as «IFRS Stable Platform 2005». Moreover, it is noted that the Group implemented the IFRS 1 "First implementation of IFRS" upon drafting the financial statements of 31.12.05, which were the first to be drafted according to the IFRS.

Approval of financial statements

ANEK' S Board of Directors at the meeting on March 26th 2008 has approved the annual financial statements for the period 2007.

Important accounting estimates, judgments and assumptions

The drafting of financial statements according to the IFRS requires that the Group proceeds to estimates, admissions, assumptions and evaluation judgments that affect the assets and liabilities, the notification of any receivables and payables on the date of the financial statements as well as the published amounts of income and expenses. The real results may differ from these estimates. The said estimates, admissions and evaluation judgments are made in order to select the most appropriate accounting principles and are based on the prior experience of the Group in relation to the level or the volume of relevant transactions or events and on other factors relevant to the expectations on the future developments and transactions. Moreover, they are reexamined periodically in order to correspond to the current conditions and reflect the current risks.

The accounting assessments on ships' useful life and residual value (see note 3 vi) are important for the Group's assets, since they significantly affect the financial position and results. A significant judgment involves the classification of Company's investments (e.g. classification of an asset as available for sale, held to-maturity-investment or as an asset valued at fair value through profit & loss), as well as the impairment test thereon with the identification of recoverable value and value in use (see note 3 vii). Finally, the recoverability of receivables, the assessment of certain balances as doubtful and the formation of provisions with regard to the non-recovery of receivables, as well as provisions formed for other contingent liabilities, require judgments and assessments affecting the financial statements.

New standards and interpretations

The International Accounting Standards Board, as well as the International Financial Reporting Interpretation Committee, has already issued a range of new IFRS and interpretations, which are mandatory for accounting periods starting from January 1st 2007 and thereafter. The Group's management estimates with regard to the effects from the application of these new standards and interpretations are indicated below:

IFRS 7, Financial instruments: Disclosures and complementary adaptation to IAS 1, Presentation of Financial Statements – Disclosure of Capital (applies to annual accounting periods on or after January 1st 2007):

IFRS 7 requires further disclosures about financial instruments, aimed at improving the information provided and, more specifically, it requires the disclosure of qualitative and quantitative information as regards exposure to risks from financial instruments. The relevant adaptation of IAS 1 involves disclosures on the amount of a company's capital, and on the way such capital is managed. The Group implemented for the first time IFRS 7 in the financial statements for the period 2007.

IFRS 8, Operating Segments (applies to annual accounting periods starting on or after January 1st 2009):

IFRS 8 replaces IAS 14 "Financial Information by Segment" and adopts an administrative approach as regards the financial information provided by segment. The information to be provided shall be that used by the management internally to evaluate the performance of operating segments and the allocation of sources to those segments. No change to the presented operating segments is expected following adoption.

Interpretation 11, IFRS 2 – Group and Treasury Share Transactions (applies to annual accounting periods starting on or after March 1st 2007):

This Interpretation requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity-instruments to be accounted for as an equity-settled share-based payment transaction, even when the entity opts or has the obligation of purchasing such equity instruments from third parties or the company shareholders provide the instruments to be granted. The Interpretation also addresses how subsidiaries handle plans in their financial statements, under which employees are granted rights on equity instruments of the entity's parent. Interpretation 11 does not apply to the Group.

Interpretation 12, Service Concession Arrangements (applies to annual accounting periods starting on or after January 1st 2008):

Interpretation 12 addresses how service concession operators should apply existing International Financial Reporting Standards (IFRS) to account for the obligations they undertake and rights they receive in service concession arrangements. According to the Interpretation, service concession operators should not recognize the relevant infrastructure as tangible fixed assets, but recognize one financial asset or one intangible asset. Interpretation 12 does not apply to the Group.

Interpretation 13, Customer Loyalty Programmes (applies to annual accounting periods starting on or after July 1st 2008):

Customer loyalty programmes provide customers with incentives to buy products or services of a company. If a customer buys products or services, then the company grants the customers

bonus points that the customer can thereafter redeem to acquire free or discounted products or services. Such programmes can be implemented by the company itself or by a third party. Interpretation 13 can be implemented in all loyalty programmes that a company may offer to its customers as part of a sale transaction. The Group considers the impact of Interpretation 13 on its financial statements.

Interpretation 14: IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (applies to annual accounting periods on or after January 1st 2008):

Interpretation 14 covers the interaction between minimum funding requirements (which are usually imposed by laws and regulations) and the measurement of a defined benefit asset. The study of Interpretation 14 is only related with limited cases of defined benefit programmes following termination of service, which are «in excess» or are subject to minimum funding requirements. Among other issues, it specifically addresses the concept of «available» used in IAS 19. In general, the Interpretation explains that a financial benefit is available if the company reserves the right to identify the benefit during the settlement of the defined benefit programme. The identification of the asset does not depend on whether financial benefits are directly identifiable or not as at the balance sheet date or on how the company intends to use any surplus. The Interpretation further prescribes the accounting treatment of a liability for minimum funding requirements arising from services already received by the company. Interpretation 14 does not apply to the Group.

IAS 23: Borrowing Costs (amended 2007) (applies to annual accounting periods starting on or after January 1st 2009):

The amended IAS 23 removes the option of immediately recognizing as an expense borrowing costs that are attributable to the acquisition, construction or production of a fixed asset. The characteristic of such asset is that it takes a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalize such borrowing costs as part of the cost of the asset. The revised IAS 23 does not require the capitalization of borrowing costs relating to assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale. The impact of the adoption of IAS 23 on the Group's financial statements depends on the amount of borrowed capitals to be in use for the acquisition, construction or production of the asset.

3. Principal accounting policies

The principal accounting policies that were adopted during the preparation of the attached annual financial statements for 2007 are the same as the ones adopted during the drafting of the annual financial statements of the previous period - except for the case of additional disclosures required due to the implementation of IFRS 7 and the amendment of IAS 1 - and are the following:

(i) Consolidation basis

The attached consolidated financial statements of the Company include the financial statements of the Parent Company as well as of all subsidiary companies in which ANEK can exercise

control. The control is exercised when ANEK, through a direct or indirect ownership of percentages in capitals maintains the majority of votes or has the power to exercise control in the boards of directors of subsidiaries. The subsidiaries are consolidated from the day the essential control is transferred to the Parent company, and they cease to be consolidated when the control is no longer exercised. All the related party transactions and balances have been eliminated in the attached consolidated financial statements. Where it was required, the accounting policies of subsidiaries have been amended so that consistency with the accounting policies that were adopted by the Group can be ensured.

(ii) Investments in subsidiary companies (standalone financial statements)

The investments of the Parent Company in its subsidiaries are appraised at the acquisition cost minus any accumulated impairment loss.

(iii) Investments in associates

ANEK investments in other companies which ANEK materially controls, other than subsidiaries or joint ventures, shall be valued using the Equity method. In the standalone financial statements they are valued at acquisition cost less any impairment losses. For the investments in associated companies for which there are signs of permanent decrease of their value, their retrievable value is defined and any depreciation damage is registered by burdening the income statement.

(iv) Foreign currencies transactions

The currency of operation and presentation of ANEK and its subsidiaries is the Euro. Transactions in other currencies are converted into euros according to the currency exchange rates that were valid on the dates of these transactions. Upon the date of drafting of the financial statements, the monetary elements of assets and liabilities expressed in other currencies are adapted so that they depict the current currency exchange rates. The earnings and losses that result from transactions in foreign currencies as well as from the end of the year appraisal of monetary elements in foreign currencies, are registered in the attached income statements, with the exception of transactions that fulfill the conditions for the counterbalancing of cash flows depicted in equity.

(v) Recognition of revenues

The revenues are recognized to the extent that it is possible for financial benefits to flow in the Company and the respective amounts can be reliably counted. The following specific recognition criteria must also be fulfilled upon the recognition of the earnings.

Revenues from fares (tickets or ship leases)

The revenues from tickets are recognized at the moment when the passengers/ vehicles execute the trip (traveling tickets). The revenues from ship leases are recognized according to the accrued principle. The government grants for unprofitable shipping lines are recognized in the respective period and in the financial statements they are presented under "other income".

Revenues from goods sold and services onboard

The revenues from goods sold and onboard are recognized at the moment of the sale or the provision of the service, when the relevant receipts are issued.

Revenues from goods sold and from services of non-shipping companies

The revenues from goods sold are recognized at the moment of sale and they are accounted by the issuance of the respective invoices. The revenues from the provision of services are accounted at the period when the services are provided.

Interests

The interest revenues are recognized according to the accrued accounting policy.

Dividends

The dividends are recognized as revenues when the right to collect them is established.

(vi) Fixed assets and depreciations/ Investments in property

- The ships, the buildings and the furniture, as well as the other equipment are appraised at the historical (or deemed) cost minus the accumulated depreciations – amortizations and any provisions for their impairment. As the historical cost of buildings upon the drafting of the financial statements of 31.12.05 and onwards, was calculated the deemed cost according to IFRS 1.
- In what concerns ships, the Group proceeded to an estimate of the relevant useful life, which was set at 35 years from the launching year of each ship, and considers parts with a different useful life as non-existent. The residual value of ships is initially set at a percentage of 20% on the acquisition cost of acquisition, but is annually reexamined and adjusted whenever necessary. All Group' s ships are in compliance with the provisions of the Stockholm Agreement.
- The land is appraised at its fair value, as for the resulting appraisal surplus value on the 1st of January 2004, it was registered in the reserve for readjustment of property (net in terms of the respective deferred tax). The balance sheet account "Investments in property" represents the value of three land plots of the subsidiary ETANAP, which are out of the production network as well as the building value (and the proportion of the land plot)of the Parent Company, which is leased. The investments in property were appraised at their acquisition value, which does not differ from their fair value.
- Intangible assets include software.
- Repairs and maintenance, are included in the expenses of the year in which they are executed. Any significant improvement is being capitalized under the cost of the respective assets, for as long as those improvements increase the asset' s expected useful life, its productive capacity, or decrease its maintenance cost. The cost and the accumulated depreciations of an asset are written-off upon its sale or withdrawal, or when no further financial benefits are expected from its continued use. The earnings of the losses that result from the distribution of an asset, are included in the income statement of the year in which the respective asset is withdrawn.
- Depreciation is calculated according to the fixed method with coefficients that reflect the useful life durations of the respective assets as follows:

<u>Type of asset</u>	<u>Useful life</u>
Ships	35 years
Buildings	20 – 50 years
Plants	66 years
Engineering equipment	8 years
Other transport means	5 – 9 years
Furniture and other equipment	5 – 6 years
Software	3 – 6 years

(vii) Impairment of property assets value

The accounting values of the non-current assets are examined for purposes of impairment when events or changes in conditions suggest that their accounting value may not be retrievable. When the accounting value of some asset exceeds the retrievable amount the respective impairment loss is registered in the income statement, unless if there is a credit balance in the readjustment reserve for the same asset. The retrievable value is defined as the highest value between the net sale price and the value in use. The net sale price is the amount that can be received from the sale of a property asset in the context of a reciprocal transaction in which the parties are fully aware and voluntarily adhere to, after the deduction of any additional immediate cost for the distribution of the property asset, while the use value is the net current value of the estimated future cash flows that are expected to be executed by the continuous use of a property asset and from the return that is expected to result from its distribution at the end of its estimated useful life. For the purposes of defining the impairment, the elements in assets are grouped at the lowest level for which the cash flows may be separately recognized. More specifically, the impairment test of the accounting values of the most important assets of the Parent Company and the Group includes the following:

- a) Ships: based on the assessments of independent expert agencies, the current values of ships as at the balance sheet date exceed the respective accounting values and, therefore, no determination of their value in use was required.
- b) Investments in subsidiaries: for trading and industrial companies of the Group there are no indications of impairment of their value based on their internal accounting value. Moreover, for "LANE" subsidiary, there are no indications of additional impairment of its value, considering its reformed - at the current value of the company's ships" equity.

(viii) Inventories

Inventories are stated at the lowest price between cost and net realizable value. The net realizable value of merchandise and products is the estimated selling price in the Company's normal operation, minus the estimated necessary cost for their sale. The net liquid value of fuel, lubricants and materials on ships, as well as of raw and auxiliary materials of trade and industrial subsidiary companies is the cost for their replacement. Cost is determined using the weighted average method. Appropriate allowance is made for obsolete or slow-moving items.

(ix) Trade receivables

Trade receivables appear at their nominal value, after provisions for any uncollected balances. On every balance sheet date all the delayed or bad debts are estimated in order to define the necessity or not for a provision for bad debts. Any balance definitely not collected is written-off

by a respective reduction of the provision for bad debts.

(x) Cash and cash equivalents

The Group considers the futures deposits and other highly liquid investments with an initial maturity less than three months as cash. For the drafting of cash flow statements, the cash at hand consists of cash and bank deposits as well as cash at hand as defined above.

(xi) Bank borrowings

All loan payables are initially registered at the cost that reflects their reasonable value reduced by the respective expenses for the loan. After the initial registration, they are valued at the unamortized cost using to the effective rate method, which is not materially different than the current interest rate.

(xii) Borrowing costs

The borrowing costs are recognized as an expense at the period when they are executed.

(xiii) Provision for retirement benefits

The payables for personnel retirement benefits (with the exception of ship crews), are calculated at the current value of future benefits considered accrued at the end of the year, on the basis of the recognition of the benefits right of employees during the estimated work life. The aforementioned payables are calculated according to the financial and projected admissions by independent assessors and they are defined using the projected unit credit method. The relevant annual provisions are included in the payroll cost in the attached income statements and consist of the current value of provisions that became accrued during the year (period), the interests on the payable provisions, any cost of a previous service, the projected earnings or losses that were recognized in the period and any other additional retirement costs. The costs of previous service are recognized on a fixed basis on the average period until the benefits of the programme are established. Non-recognized projected earnings or losses, in case that at the beginning of the period they exceed 10% of the estimated payables for provisions, are recognized according to the corridor approach, at equal amounts in the average remaining period of employment of active employees and they are included in the net cost of retirement for the period. The payables for the aforementioned provisions are not financed. As for ship crews, based on the current legislation, it is stipulated that they do not accumulate rights over compensation regarding termination or retirement and therefore the financial statements do not include a relevant provision

(xiv) Social insurance programmes

The ship crews are insured in NAT, whereas the Company's administrative personnel is mostly covered by the principal public insurance body for the private sector (IKA) that provides pension and medical-pharmaceutical benefits. Every employee is under the obligation to contribute part of his monthly salary to the fund, while part of the total contribution is covered by the Company. Upon retirement, the retirement fund is responsible for the payment of retirement benefits to the employees. Consequently, the Company has no legal or deemed obligation to pay future benefits according to this programme.

(xv) Income tax (current and deferred)

According to the legislation in force on the taxing of ships (L. 27/1975, article 2), the earnings from the exploitation of the ships are exempted from income taxes. According to the same law, the ships under a Greek flag are subject to a special tax, on the basis of register tons of total capacity. This tax is considered to be an income tax. The earnings from the non shipping activities are taxed according to the general provisions on income tax, where according to L. 3296/2004 the tax coefficient amounts to 25% for the period 2007 and onwards. Deferred income tax has been calculated either on differences of accounting and tax basis of subsidiary companies that operate under the regular income tax status, or on differences of accounting and tax basis of accounts of the Group's shipping companies which (differences) upon their realization or settlement are expected to affect the determination of the income tax. The current and the deferred tax are calculated according to the financial statements of each and every company included in the consolidated financial statements, according to the tax legislation in force in Greece or other tax frameworks within which operate the foreign subsidiaries. No deferred tax obligation has been recognized as regards differences related to investments in subsidiaries, since it is believed that such temporary difference shall not be reversed in the near future. The expense for income tax includes the current tax for ships according to L. 27/1975, the income tax of non shipping activities which results according to the earnings of each company as they are shaped in their tax statements, provisions for additional taxes and increments for periods that have not been audited and from deferred income taxes according to the legislated tax coefficients. The income tax related to data that have been directly recognized in equity, is directly registered in equity and not in the income statement.

(xvi) Operating leases

Leases for which the lessor is burdened with all the risks and benefits of the asset's ownership, are registered as operating leases. The payments of operating leases are recognized as an expense in the income statement on a regular basis during the lease.

(xvii) Government Grants

Government grants that concern the subsidization of fixed assets are recognized at their fair value when there is reasonable certainty that the grant will be collected and all the relevant terms of receipt will be upheld. These grants are registered under long-term obligations as income of subsequent periods and are transferred to the income statement in equal annual installments according to the estimated useful life of subsidized assets, less the cost of sales. Grants related to expenses are systematically registered under the revenues for the period in which these must be reconciliated with the respective expenses.

(xviii) Provisions and contingencies

Provisions are recognized when the Group has current legal or deemed payables as a result of previous events, their liquidation is possible through the outflow of resources and the respective amounts of payables may be reliably appraised. The provisions are reexamined on every balance sheet date and are adjusted so as to depict the current value of the expense that is expected to be disbursed in order to settle the payable. In what concerns the provisions expected to be liquidated in the long-term, when the time value of money will be significant, the relevant

amounts are calculated by prepaying the estimated future cash flows with coefficient before taxes that reflects the current estimates of the market on the time value of money and where deemed necessary, the risks specifically related to the payable. Contingent liabilities are not recognized in the financial statements but they are made known, unless the possibility of an outflow of resources that incorporate financial benefits is minimum. Contingent assets are not recognized in the financial statements but they are made known provided that the inflow of financial benefits is possible.

(xix) Earnings per share

Earnings per share are calculated by dividing the net profits or losses (after the deduction of preferred dividends of there are any) by the average balanced number of shares in circulation for the duration of every year, exempting the average of common shares that were acquired by the Group as treasury shares. The earnings per share in the consolidated financial statements are calculated by dividing the net profits or losses after the deduction of minority interests with the average balanced number of shares.

(xx) Segmental reporting

The Group presents the necessary information per segment of activity taking as a main criterion for the field separation the geographical activities, whereas in terms of the business separation it considers that its activities are included in one principal business field, the one of passenger shipping. The geographical fields are defined by the routes in which the ships are active: domestic lines (coastal shipping) and foreign lines (mostly the Adriatic Sea).

(xxi) Financial instruments

The financial receivables and the financial payables in the balance sheet include the cash, the debts, the investments, the short-term and long-term payables. The accounting policies for the recognition and appraisal of this data refer to the respective accounting policies that are presented in this note. The financial products are presented as debts, payables or elements of the net equity on the basis of the essence and content of the relevant contracts from which they result. All derivatives not registered as hedging instruments are considered to be acquired for commercial purposes. Initially, derivatives are entered in the balance sheet at their fair value (which is the same as transaction cost) on the date of conclusion of the derivatives contract and, thereafter, they are valued at fair value. Derivatives are presented as assets when their estimated fair value is positive and as liabilities when their estimated fair value is negative. Changes in the fair value of derivatives are entered in the income statement.

(xxii) Other investments

Investments, besides the ones in subsidiaries, associates and joint ventures, are categorized as held for sale, financial data at fair value through profit & loss and held-to-maturity investments. In general, the investments held for sale and the financial data at a reasonable value through results, are appraised at fair value with the resulting profits or losses being recognized as a separate element of treasury capitals for the investments held for sale and the income statement for financial data expressed at a reasonable value through results. The held-to-maturity investments are appraised at the net unamortized cost, using the effective rate method and the

respective results of the prepayment are recognized in the income statement through the depreciation procedure or upon sale. Interests, dividends, profits and losses resulting from the financial products characterized as receivables or payables, are accounted as income or expenses respectively. The financial products are counterbalanced when the Group, according to the law, has the legal right to do so and plans to counterbalance them in order to retrieve the property asset and settle the payable at the same time.

(xxiii) Rearrangement of accounts

In the comparative data of the balance sheet for the period 2006, the account «intangible assets» was included in the general category «fixed assets». In the balance sheet for the period 2007, intangible assets appeared in the separate line of non-current assets.

4. Fixed assets / Investments in property

The fixed assets (intangible and tangible) movement tables for the Group and the Company are indicated in the following page:

The Group	Ships	Land and buildings	Other equipment	Property in progress	Intangible assets	Total
Acquisition value as of 01.01.06	468.326	13.051	7.347	10	-	488.734
Additions	3.125	942	318	-	604	4.989
Disposals	-	-	(5)	-	-	(5)
Reduction due to subs. consolid. change	-	-	(428)	-	-	(428)
Transfer to investment property	-	(1.351)	-	-	-	(1.351)
Transfer to intangible assets	-	-	(1.023)	-	1.023	-
Acquisition value as of 31.12.06	471.451	12.641	6.210	10	1.627	491.939
Additions	628	591	378	32.918	166	34.681
Disposals	(5)	-	(47)	-	-	(52)
Acquisition value as of 31.12.07	472.074	13.232	6.540	32.928	1.793	526.568
Accumulated depreciation 01.01.06	121.282	515	4.091	-	-	125.888
Depreciation charge	15.457	210	719	-	359	16.745
Disposals	-	-	(1)	-	-	(1)
Reduction due to subs. consolid. change	-	-	(305)	-	-	(305)
Transfer to investment property	-	(75)	-	-	-	(75)
Transfer to intangible assets	-	-	(418)	-	418	-
Reversal of impairment	(2.229)	-	-	-	-	(2.229)
Accumulated depreciation 31.12.06	134.509	650	4.087	-	777	140.023
Depreciation charge	14.768	245	679	-	425	16.117
Disposals	(1)	-	(20)	-	-	(21)
Reversal of impairment	(492)	-	-	-	-	(492)
Accumulated depreciations 31.12.07	148.784	895	4.746	-	1.201	155.627
Net book value 31.12.06	336.943	11.991	2.123	10	850	351.916
Net book value 31.12.07	323.290	12.337	1.795	32.928	591	370.941

The Company	Ships	Land and buildings	Other equipment	Property in progress	Intangible assets	Total
Acquisition value as of 01.01.06	449,278	9,402	3,395	10	-	462,085
Additions	2,989	582	107	-	604	4,282
Disposals	-	-	-	-	-	-
Transfer to investment property	-	(1,351)	-	-	-	(1,351)
Transfer to intangible assets	-	-	(1,023)	-	1,023	-
Acquisition value as of 31.12.06	452,267	8,633	2,479	10	1,627	465,016
Additions	577	206	200	32,918	166	34,067
Disposals	-	-	(2)	-	-	(2)
Acquisition value as of 31.12.07	452,844	8,839	2,677	32,928	1,793	499,081
Accumulated depreciation 01.01.06	109,994	469	2,147	-	-	112,611
Depreciation charge	13,979	171	239	-	359	14,747
Disposals	-	-	-	-	-	-
Transfer to investment property	-	(75)	-	-	-	(75)
Transfer to intangible assets	-	-	(418)	-	418	-
Accumulated depreciation 31.12.06	123,973	565	1,968	-	777	127,283
Depreciation charge	13,499	203	234	-	424	14,360
Disposals	-	-	(2)	-	-	(2)
Accumulated depreciations 31.12.07	137,472	768	2,200	-	1,201	141,641
Net book value 31.12.06	328,294	8,068	511	10	850	337,733
Net book value 31.12.07	315,372	8,071	477	32,928	591	357,439

- “Property in progress” include the acquisition cost of a ro/pax ship which is in the process of refitting. The estimated final acquisition cost of the ship is expected to amount to approximately € 60 million.
- Based on the assessment of an independent expert organization, there was a reversal of impairment of € 492 thousand, which concerns a ship of "LANE" subsidiary and was

included in profit & loss.

Existing liens

On the assets of the Group there are the following liens:

- a) mortgages on ships amounting to € 421.2 million and
- b) mortgages burdening realties amounting to € 2.6 million as well as pledges on machinery (of the subsidiaries ETANAP and LEFKA ORI) amounting to € 1.9 million.

The above liens exist to secure borrowing liabilities of total amount of € 235.0 million on 31.12.2007.

Government grants for assets

The net book value, on the 31st of December 2007 of the government grants for assets of the Company, reaches € 1,043 thousand (€ 1,288 thousand for the Group) from which € 881 thousand (€ 1,042 thousand for the Group) fall under non-current liabilities, and € 162 thousand (€246 thousand for the Group) fall under other current liabilities.

Investments in property

The account "Investments in property" includes the value of a parent company privately owned office that has been leased, and the value of three plots owned by the subsidiary ETANAP, not included in the productive pipeline. The income from the lease of the building for 2007 amounted to € 35 thousand. The circulation of investment property is presented in the following table:

	The Group	The Company
Acquisition value as of 01.01.06	1,057	-
Transfer from property assets	1,351	1,351
Additions / (reductions) for the period	-	-
Acquisition value as of 31.12.06	2,408	1,351
Additions / (reductions) for the period	-	-
Acquisition value as of 31.12.07	2,408	1,351
Accumulated depreciation 01.01.06	-	-
Transfer from property assets	75	75
Depreciation charge	42	42
Disposals	-	-
Accumulated depreciation 31.12.06	117	117
Depreciation charge	42	42
Disposals	-	-
Accumulated depreciations 31.12.07	159	159
Net book value 31.12.06	2,291	1,234
Net book value 31.12.07	2,249	1,192

5. Investments in subsidiaries & affiliates

Subsidiaries

Parent investments in subsidiary companies and the relevant participation percentages are reported in note 1. The value of the investment in subsidiaries, presented in the attached financial statements of the Company are as follows:

Company	31.12.07	31.12.06
LANE	2,556	2,551
ETANAP S.A.	1,488	1,321
LEFKA ORI S.A.	248	248
CHAMPION FERRIES L.T.D.	0	0
ANEK HOLDINGS S.A.	297	-
T.C. SAILING SC	5	-
ANEK LINES LUXEMBOURG S.A.	31	-
	4,625	4,120

During the period, the parent company increased its participation rate in its subsidiary "LANE" from 50.03% to 50.11%. In addition, ANEK participated in the share capital increase (with cash payment and capitalization of profits carried forward and at premium) of the subsidiary "ETANAP" resulting to the increase of the participation acquisition cost by € 167 thousand. Lastly, in the course of the period, "ANEK HOLDINGS S.A.", "T.C. SAILING" and "ANEK LINES LUXEMBOURG" were founded (see note 1).

Affiliates

The participation value in the affiliate ANEK LINES ITALIA S.r.l. in the consolidated financial statements stands at € 3,098 thousand on 31.12.2007 and in comparison to the previous period it is increased by the part of earnings for the period 2007 that correspond to the Group and reduced by the amount of dividends receivable by said company. The main figures of the affiliate's financial statements for the period 2007 are as follows:

Total Assets	7,308	Total turnover	8,998
Less: Total accrued expenses	<u>985</u>	Earnings before taxes	1,607
Total Equity	6,323	Profit after taxes	943

During this period, the shareholders' meeting of ANEK LINES ITALIA S.r.l. decided the distribution of dividend for the fiscal year 2006 for a total amount of € 500 thousand, of which € 245 thousand is attributable to the Company and is included in its investing results.

6. Inventories

Inventories as of 31.12.2007 and 31.12.2006 are analyzed as follows:

	The Group		The Company	
	31.12.07	31.12.06	31.12.07	31.12.06
Merchandise and products	2,325	2,466	2,248	2,381
Raw and auxiliary materials and packaging materials	2,196	1,720	1,669	1,354
Fuel and lubricants	3,888	2,061	3,465	1,863
Spare parts	3,594	3,290	3,427	3,115
Other	5	6	-	2
	12,008	9,543	10,809	8,715

7. Trade receivables and other short-term receivables

All receivables are short-term (to be collected in one year maximum) and, therefore, there is no need to proceed with discounting at balance sheet date. Trade receivables include the following:

	The Group		The Company	
	31.12.07	31.12.06	31.12.07	31.12.06
Debtors	29,314	35,553	24,794	33,145
Receivables from affiliates	-	2,401	6,152	8,488
Checks and notes receivable	40,872	40,336	39,507	38,983
Checks and bills overdue	3,518	3,474	3,498	3,299
Doubtful and disputed clients	2,795	3,002	2,795	3,002
	76,499	84,767	76,746	86,918
Less: provision for bad debts	(6,639)	(6,711)	(6,314)	(6,309)
	69,860	78,056	70,432	80,609

The provision formed is considered sufficient to cover any failure to recover receivables.

Other short-term receivables as of 31.12.2007 and 31.12.2006 are analyzed as follows:

	The Group		The Company	
	31.12.07	31.12.06	31.12.07	31.12.06
Various debtors	1,329	768	1,224	697
State receivables	1,808	1,538	1,390	1,165
Insurance receivables	1,421	52	1,369	-
Prepayments to suppliers	1,765	1,027	1,009	533
Other prepayment & accrued income	477	1,285	189	110
	6,800	4,670	5,181	2,505

8. Financial asset at fair value through profit & loss

Financial asset at fair value through results presented in the attached annual financial statements are as follows:

	The Group		The Company	
	31.12.07	31.12.06	31.12.07	31.12.06
Shares of companies listed	1,100	311	1,100	311
Other investments	392	38	376	35
	1.492	349	1.476	346

During the period, the Parent company proceeded to the sale and purchase of listed and unlisted shares. The results (profits) from the sales and the valuation of securities amounted to € 342 thousand and are included under "results from investing activities".

The account "other investments", also, includes the Parent's participation by 19.80% in the share capital of ANEN, whose value was completely written-off in a previous period.

9. Cash and cash equivalents

The cash and cash equivalents analysis is as follows:

	The Group		The Company	
	31.12.07	31.12.06	31.12.07	31.12.06
Cash on hand	707	637	652	601
Bank deposits (sight and term deposit accounts)	55,550	2,623	53,980	1,961
	56,257	3,260	54,632	2,562

Bank deposits of 31.12.07 include part of the proceeds of the Company's share capital increase completed during the period, which is yet to be allocated. The totality of the Group's cash is in euro.

10. Long-term bank borrowings

The total long-term bank borrowings of the Group on 31.12.2007 amount to €210,403 thousand, from which € 209,862 involve the Company. The analysis of the long-term bank borrowings of the Company on 31.12.2007 and 31.12.2006 is as follows:

Balances at the start of the fiscal period (01.01.07 & 01.01.06, respectively):	31.12.07	31.12.06
Syndicated loan	255,165	277,043
Bilateral loan	19,443	19,919
	274,608	296,962
Less: payments during the year	(41,385)	(22,354)
	233,223	274,608
Less: Non-current liabilities payable in the following year	(23,361)	(20,965)
Long-term bank borrowings	209,862	253,643

From the payments made during 2007, the amount of € 20,420 thousand involves the implementation of the schedule of allocation of funds raised from the Company's share capital increase.

Syndicated loan

In October 2003 the Company, in the framework of its loan restructuring, contacted a syndicated loan of variable interest with a bank conglomeration (Euro Libor plus margin rate), of an eight year term, amounting to € 308.513 thousand with conclusive date of final repayment that of 28.02.2011. The repayment initially agreed upon shall be effected within the eight year term, as follows:

Until 28.02.2006	33,870
From 01.03.2006 to 28.02.2009	65,830
From 01.03.2009 to 28.02.2011	<u>208,813</u>
	308,513

The payable installments for the period 2008 amount to € 22,768 thousand. The Company may proceed with early repayment of the loan, without being burdened with penalty. Within the borrowing agreement there are provisions foreseeing the termination of the agreement in case of overdue installments, a non compliance with the general and economic conditions of safeguard provided, information sharing, insolvency, as well as a series of other oc-

currencies that can affect business activities, the property status, and the economic situation of the Company.. Also, the borrowing agreement involves economic sanctions concerning requirements for the conditioning of the minimum borrowing level, as for the securities offered. Furthermore, the Company provides certain securities, with regard to the application of laws and regulations, the preservation of nature, business activities, environmental issues, and the status of the insurance coverage, as well as notifications in relation to a sell-off of assets, a merger, or investments. The residual balance appearing in the attached balance sheets, is valued at net book value, in compliance to the method of real interest rate, but is not far from the fair value. For the aforementioned syndicated loan, there are secured bonds (shipping mortgages) to banks. The total interest paid for the loan, for 2007 and 2006, amounted to € 14,023 thousand and € 12,405 thousand, respectively.

Bilateral loan

In October 2003 the Company, in the framework of its loan restructuring, contracted a bilateral loan with a Greek bank of total amount reaching € 24.083 thousand of variable interest (Euro Libor plus margin rate) of an eight year term, with conclusive date of final repayment that of 28.02.2011.

The repayment initially agreed upon shall be effected within the eight year term, as follows:

Until 28.02.2006	1,130
From 01.03.2006 to 28.02.2009	1,670
From 01.03.2009 to 28.02.2011	<u>21,283</u>
	24,083

The payable installment for the year 2008 amounts to € 593 thousand. The Company may proceed with early repayment of the loan, without being burdened with penalty. The borrowing agreement foresees that the agreement may be terminated in case of overdue installments, a non compliance to the general and economic conditions of safeguard provided, information sharing, insolvency, as well as a series of other occurrences that can affect business activities, the property status, and the economic situation of the Company. Furthermore, the Company provides certain securities, with regard to the application of laws and regulations, the preservation of nature, business activities, environmental issues, and the status of the insurance coverage, as well as notifications in relation to a sell-off of assets, a merger, or investments. The residual balance of the aforementioned loan appearing in the attached balance sheets do not vary significantly from its reasonable value. For the aforementioned bipartite loan, there are secured bonds (shipping mortgages) to the borrowing bank. The total interest paid for the loan, for 2007 and 2006, amounted to € 1,291 thousand and € 1,163 thousand, respectively.

New loan restructuring

During March 2008, the Company proceeded to a new restructuring of its long-term loan (for more details, see note 32 "Subsequent events").

11. Short-term borrowings

The Company has contracted agreements of creating accounts based on the mutual

credit system, in euro of variable interest (Euribor plus margin rate) which were mostly granted by the banks assigning checks receivable, using the above grants as securities.

The total interest paid for the aforementioned loans, for the periods 2007 and 2006, amounted to € 533 thousand and € 786 thousand, respectively.

The short-term bank loans can be analyzed as follows:

	The Group		The Company	
	31.12.07	31.12.06	31.12.07	31.12.06
Short-term loans	20,847	10,915	19,656	10,527
Long-term installments payable in the following year	23,388	21,074	23,360	20,965
	44,235	31,989	43,016	31,492

12. Income tax and deferred tax liabilities

The Parent company and subsidiaries operating in shipping are not subject to income tax for the profits arising from this business activity. As income tax is considered the tax in regard to Law 27/1975 (tax applied to the shipping tons of the total tonnage of the ship). The fiscal years of consolidated subsidiaries not subject to tax audit are presented in the following table:

Company	Unaudited years
ANEK	2005 – 2007
LANE	1994 – 2007
ETANAP S.A.	2006 – 2007
LEFKA ORI S.A.	2003 – 2007

As for the years that have not yet been subject to tax audit, the Group's companies have formed, as appropriate, relevant provisions for additional taxes that might arise following a future tax clearance for the relevant years. But in any case the Group's management estimates that the final figures of tax audit differences shall not be significant.

The income tax appearing in the income statement for the years 2007 and 2006 for the Company and the Group is broken down as follows:

	The Group		The Company	
	31.12.07	31.12.06	31.12.07	31.12.06
Income tax over taxable income	228	1.204	30	116
Tax L. 27/1975 on register tons of total capacity	153	150	147	145
Tax audit differences & provisions	87	-	-	-
Deferred taxes of temporary differences	5	(17)	(10)	(8)
	473	1,337	167	253

Deferred income taxes are accounted based on different accounting and tax bases of assets and receivables of subsidiaries falling under normal tax assessment, as well as various accounting and tax bases of assets and liabilities of the Parent, which (differences) are expected to pertain an effect on tax during the asset matching or their settlement. The remaining of the deferred taxes of the Group, amounting to € 1,380 thousand (€ 539 thousand for the Parent company) derives mainly from the valuation of the land and buildings in their reasonable value, given that the proceeds from their potential sale will be subject to tax in compliance to the general stipulations regulating income tax.

13. Provisions for employee benefits and other provisions

■ Social insurance programmes

The contributions of the Group towards insurance funds, for 2007 and 2006, are included within the payroll cost, and have amounted to € 6,261 thousand and € 6,252 thousand respectively, and to €5,556 thousand and 5,423 thousand, respectively, for the Company.

■ Retirement benefit provisions

The movement of net liabilities for severance grants in the attached balance sheets is as follows:

	The Group		The Company	
	31.12.07	31.12.06	31.12.07	31.12.06
Net liabilities at the beginning of year	2,912	2,862	2,757	2,614
Reduction due to subsidiary consolid. change	-	(159)	-	-
Benefits paid	(15)	-	-	-
Provision recognized in results*	350	209	288	143
Net liabilities at the end of the year	3,247	2,912	3,045	2,757

* included in administrative and selling expenses

The liabilities of the Group, emanating from its obligation to pay down severance grants were determined through actuarial studies performed by independent actuaries of international reputation. The details and basic provisions of the actuarial study are as follows:

Discount rate	4.3%
Remuneration increase	4.9%
Capitalization increase	2%
Anticipated average of remaining working life	17.3 years

■ Other provisions

Other provisions for the Group as of 31.12.2007 amounting to € 885 thousand (€ 523 thousand for the company) mainly concern additional insurance contributions for crews and increments that are estimated to be imposed by NAT during yield settlement, for the relevant contributions of the insurance fund in question. The Group's administration estimates that the provision is sufficient to cover for the amounts that are expected to be charged in the future.

14. Trade payables and other short-term liabilities

All trade payables are short-term and, therefore, there is no need to proceed with discounting at balance sheet date. Trade payables include the following:

	The Group		The Company	
	31.12.07	31.12.06	31.12.07	31.12.06
Suppliers	28,420	24,024	25,126	23,808
Checks payable	3,841	3,031	2,283	2,427
Liabilities to affiliates	163	-	338	639
	32,424	27,055	27,747	26,874

Respectively, the other short-term liabilities are as follows:

	The Group		The Company	
	31.12.07	31.12.06	31.12.07	31.12.06
Tax and social security payables	2,578	6,127	1,772	5,209
Dividends paid	451	274	258	185
Grants for assets (short-term)	246	232	162	162
Advances from trade debtors	2,223	3,387	2,184	1,873
Sundry creditors	5,111	7,085	4,118	5,792
Accrued expenses	1,351	2,928	1,349	2,915
Earned income	751	1,239	614	1,093
	12,711	21,272	10,457	17,229

15. Share capital / Share premium

The Parent company's share capital – following the share capital increase that was carried out in May 2007 - currently stands at € 161,299,191.00 divided into 157,360,940 common and 3,938,251 preferred voting shares with the nominal value of € 1.00 each. This increase was fully covered with the issue of 101,558,750 new common registered shares with the nominal value of €1.00 each. Preferred shares enjoy only those benefits stipulated by law, namely the preferential collection of first dividend and preferential participation in the proceeds. The weighted average of shares for the years 2007 and 2006 was as follows:

	31.12.2007	31.12.2006
Company shares number	161,299,191	59,740,441
Less: treasury shares (balanced)	-	(1,504,322)
	<u>161,299,191</u>	<u>58,236,119</u>
Weighted number of shares in circulation	<u>123,179,879</u>	<u>58,236,119</u>

For weighting the number of shares (treasury shares for the year 2006 and new shares issued from the share capital increase for the year 2007), the duration of the circulation period of such shares was reduced to the total duration of the year.

Share premium: the share premium that resulted from the Company's share capital increase amounted to € 5,078 thousand and following the deduction of expenses from such increase, it stood at € 1,195 thousand.

16. Reserves

The reserves on March 31st 2007 and December 31st 2006 are analyzed as follows:

	The Group		The Company	
	31.12.07	31.12.06	31.12.07	31.12.06
Legal reserves	12,838	12,777	12,792	12,759
Statutory reserves	12,417	18,270	12,417	18,270
Asset revaluation reserves	2,124	2,124	1,072	1,072
Other reserves	6,449	10,169	6,354	10,169
	33,828	43,340	32,635	42,269

- **Legal reserves:** in compliance to Greek trade legislation, the companies are obligated to deduct 5% from the profit of each year and form a legal reserve until it reaches a third of their initial capital. According to the Company's articles of association, the aforementioned percentage amounts to 10%. The distribution of legal reserve is prohibited.
- **Statutory reserves:** involve the optional provision for additional reserve, from net profits of each year in compliance to the Company's articles of association.
- **Asset revaluation reserve** (net after deferred tax): formed following the real property valuation in order to determine their fair value, which was determined by an independent reputable estimator.
- **Other reserves:** formed, mainly from the income exempt tax and reserves taxed in a special way. Such reserves are subject to tax in case they are distributed, but at present the Company's intention is not to distribute the reserves in question, and therefore the deferred taxes were not computed.

17. Earnings per share

Basic earnings per share are calculated by dividing the earnings corresponding to the Parent shareholders by the weighted number of shares in circulation during the period.

	The Group		The Company	
	01.01.07- 31.12.07	01.01.06- 31.12.06	01.01.07- 31.12.07	01.01.06- 31.12.06
Profit after taxes attributable to Equity holders of the Company (€ thousand)	12,314	20,187	13,611	20,348
Weighted number of shares	123,179,879	58,236,119	123,179,879	58,236,119
Profit after taxes per share basic (in €)	0.100	0.347	0.110	0.349

18. Segmental analysis

As mentioned in note 3 xx, the main business activity of the Group is concentrated upon shipping activities, maintaining shipping routes both inland and abroad. The main sources of profit come from passenger, vehicles and truck fares, as well as onboard activities (bar, restaurants, stores). The revenues of Group's shipping companies included in the consolidated turnover are included in revenues from trade activity.

In the following table there is a geographical distribution of the activities of both the Group and the Company for 2007 and 2006 :

	Domestic		Abroad		Total	
	01.01.07- 31.12.07	01.01.06- 31.12.06	01.01.07- 31.12.07	01.01.06- 31.12.06	01.01.07- 31.12.07	01.01.06- 31.12.06
The Group						
Revenues from fares	92,083	95,898	130,143	123,519	222,226	219,417
On-board revenues	15,312	15,049	15,655	14,832	30,967	29,881
Other	460	975	679	4,446	1,139	5,420
Total	107,855	111,922	146,477	142,797	254,332	254,718
Gross operating results*	23,595	28,887	36,678	36,841	60,273	65,729
Grants to LANE	1,968	3,002	-	-	1,968	3,002
Ship value additions	459	2,206	163	919	623	3,125
Ship depreciation	5,723	6,493	9,045	8,964	14,767	15,457
LANE reversal of impairment	(492)	(2,229)	-	-	(492)	(2,229)
Net book value of ships	74,672	67,522	248,618	269,421	323,290	336,943
Non-distributed assets	-	-	-	-	199,500	116,099
Total Assets	-	-	-	-	522,790	453,042
The Company						
Revenues from fares	84,976	84,552	120,501	114,280	205,477	198,832
On-board revenues	10,072	10,422	15,655	14,832	25,727	25,254
Other	426	707	680	162	1,106	869
Total	95,474	95,681	136,836	129,274	232,310	224,955
Gross operating results from operations	23,991	29,736	36,917	38,761	60,908	68,496
Ship value additions	413	2,070	164	919	577	2,989
Ship depreciation	4,454	5,015	9,045	8,964	13,499	13,979
Net book value of ships	66,754	58,873	248,618	269,421	315,372	328,294
Non-distributed assets	-	-	-	-	190,530	109,647
Total Assets	-	-	-	-	505,902	437,941

* The above gross Group results do not include the Ministry of Aegean grants to the subsidiary LANE for unprofitable lines, which are included under the account "other income". Additions, depreciations and net book values of ships were distributed in geographical activities depending on the operation period of each ship in domestic and international lines. Any distribution besides gross operating results would be arbitrary.

19. Cost of sales

The cost of sales appearing on the financial statements of 2007 and 2006 can be analyzed as follows:

	The Group		The Company	
	01.01.07- 31.12.07	01.01.06- 31.21.06	01.01.07- 31.12.07	01.01.06- 31.12.06
Payroll cost, crew benefits, etc.	49,210	49,538	43,723	43,480
Fuel and lubricants	74,592	67,622	66,424	58,583
Material purchase	16,255	15,390	13,661	12,931
Insurance fees / port fees / water supply	14,746	14,069	12,929	11,918
Repairs and maintenance	10,666	12,388	10,001	11,280
Chartering	10,778	7,541	8,819	2,473
Other	2,612	6,558	2,346	1,815
Depreciation	15,200	15,883	13,499	13,979
	194,059	188,989	171.402	156,459

20. Other income

Other income appearing in the attached financial statements is broken down as follows:

	The Group		The Company	
	01.01.07- 31.12.07	01.01.06- 31.21.06	01.01.07- 31.12.07	01.01.06- 31.12.06
Grants for unprofitable lines	1,968	3,002	-	-
Profit from claims	275	664	275	328
Provision of services to third parties, rental fees and other additional sales profits	455	639	387	507
Other	518	1,114	326	134
	3,216	5,419	988	969

21. Administrative/ Selling & marketing expenses

Administrative expenses for 2007 and 2006 are analyzed as follows:

	The Group		The Company	
	01.01.07- 31.12.07	01.01.06- 31.21.06	01.01.07- 31.12.07	01.01.06- 31.12.06
Payroll cost & other personnel expenses	5,877	5,827	5,334	5,163
Third party fees and benefits	1,972	1,774	1,470	1,283
Other	2,210	2,063	2,155	1,724
Depreciation	839	810	812	741
	10,898	10,474	9,771	8,911

Respectively, the selling-marketing expenses are analyzed as follows:

	The Group		The Company	
	01.01.07- 31.12.07	01.01.06- 31.21.06	01.01.07- 31.12.07	01.01.06- 31.12.06
Payroll cost & other personnel expenses	5,774	5,302	5,342	4,933
Sales commission	15,593	13,249	14,542	15,342
Advertising expenses	1,598	1,896	1,588	1,562
Other	1,669	1,684	1,356	1,288
Depreciation	120	95	91	69
	24,754	22,226	22.919	23,194

The “payroll cost” under administrative and selling-marketing expenses of the Company includes a provision for retirement benefits of a total amount of € 288 thousand (€ 350 thousand for the Group).

22. Other expenses

Other expenses appearing in the annual financial statements are broken down as follows:

	The Group		The Company	
	01.01.07- 31.12.07	01.01.06- 31.21.06	01.01.07- 31.12.07	01.01.06- 31.12.06
Additional clearance duties to NAT	301	733	-	443
Provisions for doubtful debtors and other provisions	113	1,720	-	1,229
Other	319	352	107	102
	733	2,805	107	1,774

23. Financial expenses and financial income

Financial expenses and income are analyzed as follows:

	The Group		The Company	
	01.01.07- 31.12.07	01.01.06- 31.21.06	01.01.07- 31.12.07	01.01.06- 31.12.06
Interest expenses	15,922	14,429	15,847	14,354
Other financial expenses	1,768	583	1,646	468
Debit exchange differences	161	199	154	164
	17,851	15,211	17,647	14,986
Interest income	1,532	96	1,523	51
Credit exchange differences	176	21	148	8
	1,708	117	1.671	59

24. Results from investment activities

The results from investing activities of the Group and the Parent Company include:

	The Group		The Company	
	01.01.07- 31.12.07	01.01.06- 31.21.06	01.01.07- 31.12.07	01.01.06- 31.12.06
Profit/ losses from the sale and valuation of Securities	342	259	342	374
Reversal of impairment	492	2,229	-	-
Income from dividends	40	15	335	177
Expenses and losses of futures	(22)	-	(22)	-
Impairment of participation in subsidiary	-	-	-	(338)
Losses from final impairment of securities	-	(270)	-	(270)
	852	2,233	655	(58)

Partial reversal of impairment was performed for the value of a LANE ship, based on an estimate by an independent firm (note 4).

During the fiscal year, the Parent company received in the form of dividends the amount of € 245 thousand from "ANEK LINES ITALIA", € 64 thousand from "ETANAP", € 24 thousand from "LEFKA ORI" and € 2 thousand from other companies.

25. Payroll Cost

Payroll cost included in the financial statements is as follows:

	The Group		The Company	
	01.01.07- 31.12.07	01.01.06- 31.12.06	01.01.07- 31.12.07	01.01.06- 31.12.06
Salaries and wages	51,651	51,118	46,012	45,010
Other services	2,483	2,430	2,463	2,357
Employer contributions	6,261	6,252	5,556	5,423
Compensations paid	117	644	79	642
Provisions for retirement benefits	350	223	288	143
	60,862	60,667	54,398	53,575

26. Depreciation

Depreciation accounted for in the attached annual financial statements has been allocated as follows:

	The Group		The Company	
	01.01.07- 31.12.07	01.01.06- 31.12.06	01.01.07- 31.12.07	01.01.06- 31.12.06
Cost of sales	15,200	15,883	13,499	13,979
Administrative expenses	839	810	812	742
Selling and marketing expenses	120	94	91	69
	16,159	16,787	14,402	14,790

27. Balances and transactions with associated parties

Balances (receivables/ liabilities) with associated parties on December 31st 2007 and 2006 are as follows:

	The Group		The Company	
	31.12.07	31.12.06	31.12.07	31.12.06
Receivables				
Receivables from subsidiaries	-	-	6,152	6,087
Receivables from other associated parties	-	2,401	-	2,401
Receivables from executives and members of the BoD	36	14	36	14
	36	2,415	6,188	8,502
Liabilities				
Liabilities to subsidiaries	-	-	175	640
Liabilities to other associated parties	163	-	163	-
Liabilities to executives and members of the BoD	8	16	8	16
	171	16	346	656

Respectively, purchases and sales with associated parties for the years 2007 and 2006 are as follows:

	The Group		The Company	
	01.01.07- 31.12.07	01.01.06- 31.12.06	01.01.07- 31.12.07	01.01.06- 31.12.06
Purchases				
Purchases of goods from subsidiaries	-	-	1,836	197
Purchases of services from subsidiaries	-	-	2,609	667
Purchases of services from other associated parties	4,228	4,200	4,228	4,200
	4,228	4,200	8,673	5,064
Sales				
Sales of services to subsidiaries	-	-	97	29
	-	-	97	29

"Other associated parties" include transactions and balances with the associated company "ANEK LINES ITALIA Srl". Besides the above, there were no other transactions between the Group and the associated parties as defined by IAS 24. The transactions among the companies of the Group are subject to the usual commercial terms in their field of activity.

Fees of BoD members and executives

The gross fees of the members of the Board and the Company managers for 2007 and 2006 amounted to € 1,231 thousand and 665 thousand respectively. The respective amounts for the Group are € 1,424 thousand and € 782 thousand respectively.

28. Commitments

Operating leases: On December 31st 2007, the Company had operating lease agreements mainly regarding lease of buildings and chartering that are going to be terminated on various dates until 2012. The lease expenses included in the attached income statement, for 2007, amount to € 9,263 thousand. The minimum future payable lease for building and chartering of ships based on non reversible operating leases on December 31 2007 are as follows:

Within a year	4,975
From 2 to 5 years	1,627
	6,602

Capital commitments: On 31.12.2007, the Parent Company's non-allocated funds, having resulted from the capital increase made during the year 2007, amounted to € 49,655 thousand, which according to the relevant prospectus, shall be allocated to the purchase of new ships (see note 4 also).

Other commitments: There are commitments to Group's companies that have been subject to investing plans subsidized by the Greek State.

29. Contingent liabilities/ receivables - Litigious disputes or disputes in arbitration

There are no litigious disputes or disputes in arbitration or other liabilities against the Group that could significantly affect its financial standing.

Contingent liabilities of the Group on 31.12.2007 arising in its ordinary course of business, involve guarantees granted to secure liabilities and performance bonds amounting to € 4,740 thousand. Respectively, the Group has received guarantees for securing receivables amounting to € 13,733 thousand. Moreover, as mentioned in note 12, the tax liabilities of the Group's companies for certain fiscal years have not been finalized.

30. Purposes and risk management policies

■ Credit risk

The Group has no significant concentrations of credit risk, due to the procedures of credit check applied in order to minimize the possibility of creating risks. The companies of the Group have a wide customer range, in order to avoid credit risks. Besides, additional guarantees to ensure the credits granted exist where necessary. When facing special credit risks, the Group proceeds to the creation of provision regarding damages caused by impairment of receivables.

■ Liquidity risk

The liquidity risk is limited due to the existence of satisfactory available and approved bank credits. In order to avoid the possibility of a liquidity risk, the Group sees that there are always available committed credit lines to cover for extraordinary needs during low liquidity years. The Company prepares short-term and long-term cash plans from which cash needs result in time. The maturity of financial liabilities on December 31st 2007 for the Group is broken down as follows:

	Up to 6 months	6 to 12 months	1 year and more
Long-term loans	5,419	17,969	210,403
Trade payables	31,553	871	-
Other short-term liabilities	12,710	-	-

■ Foreign exchange risk

Due to its activation mainly in countries of the euro-zone, the Group is not exposed to foreign exchange risks. There is a very limited potential of foreign exchange risk caused by the market value of spare parts and other materials, or services procured by countries outside the euro-zone, which is extremely limited in relation to the total of markets and expenses.

■ Risk from fluctuation of interest rates - sensitivity analysis

The Group's loan obligations are Euro Libor-linked. Cash flows may be affected by changes in rates, depending on market fluctuations. The sensitivity of results for the year and equity in a fluctuation of lending rate by ± 1 base unit, would result in their variation by € 2,546 thousand.

■ **Risk from fluctuation of prices**

- Fuels: the cost of fuels, which is a major part of the Group's operating cost, is influenced by the unstable international oil prices. This risk is partly counterbalanced by adjustments to the prices of fares.
- Financial products: Group's investments in shares and other financial assets are subject to a risk of change of their prices. However, such investments are not significant in size, and thus the specific risk is limited.

■ **Objectives and policies for managing capital**

The Company's targets in respect to asset management is to ensure its uninterrupted operation in the future and to ensure a satisfactory dividend return for its shareholders. Aiming at the maintenance or adaptation of its capital structure, the Company can adapt the amount of dividends payable, refund shareholders, issue new shares or sell assets in order to reduce loans. The Group monitors its capital sufficiency based on the leverage ratio, which is calculated by dividing the net borrowing to the total capital employed. "Net borrowing" means total loans (both long-term and short-term) less cash. "Total capital employed" means, respectively, the sum of equity plus net borrowing. During the year 2007 and following the increase of the Parent company's share capital, this ratio was significantly improved. Management's objective is to keep the leverage ratio below 70%. Group's ratios as of 31.12.2007 and 31.12.2006 are as follows:

	31.12.2007	31.12.2006
Total borrowing	254,638	286,175
Less: cash	(56,257)	(3,260)
Net borrowing (a)	198,381	282,915
Total Equity	216,463	111,333
Total capital employed (b)	414,844	394,248
Leverage ratio (a) / (b)	47.82%	71.76%

31. Dividends

Pursuant to the provisions of the Greek commercial law, companies are obliged each year to distribute a first dividend equal at least to 35% of profits after taxes and after having formed the legal reserve. The Ordinary General Meeting of June 10th 2007 decided the distribution of dividends for the fiscal year 2006 for a total amount of € 9,678 thousand (€ 0.06 per share) which was paid during July 2007.

For the fiscal year 2007, the dividend per share proposed by the Board of Directors of the Company to the annual ordinary General Meeting of its shareholders amounts to € 0.05 per share, i.e. a total of € 8,065 thousand.

32. Subsequent events

- The second repetition General Meeting of Shareholders dated 03.02.2008 and the second repetition Special General Meeting of Shareholders dated 02.03.2008 decided the issue of

convertible bond loans, pursuant to Law 3156/2003, for a maximum amount of € 120 million, by recalling the preemptive right of existing Shareholders and allocating to foreign institutional investors a maximum amount of € 40 million, by providing to Company shareholders through exercise of their preemptive rights. The procedures of issue of the above bond loans are in progress.

- The procedure of restructuring of the Company's long-term borrowing with a group of Greek banks was completed in the end of March 2008. The new loan agreement, through which more favourable repayment terms were achieved, provides for a floating interest rate (Euribor plus a margin) and the possibility of early repayment without charge. The Company has provided securities and collateral guarantees to the lending banks.
- Besides what has been mentioned above, there are no other facts posterior to December 31st 2007, which could substantially affect the financial positions and income statements of the Group and the Company, or that should be mentioned in the notes regarding the financial statements.

Chania, March 26th 2008

The 2nd Vice-Chairman

Spyridon I. Protopapadakis
ID Card No. AA 490648

The Chief Financial Officer

Stylios I. Stamos
ID Card No. M 068570

The Managing Director

Ioannis I. Vardinoyiannis
ID Card No. P 966572

The Head of Accounting Dept.

Ioannis E. Spanoudakis
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