

**MARITIME COMPANY OF LESVOS S.A.
AND ITS SUBSIDIARIES**

**ANNUAL FINANCIAL STATEMENTS
31st DECEMBER, 2007**

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

**MARITIME COMPANY OF LESVOS S.A.
AND ITS SUBSIDIARIES**

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MARITIME COMPANY OF LESVOS S.A.
BOARD OF MANAGEMENT REPORT
Transactions of fiscal year 1st January – 31st December 2007

Dear shareholders,

The Board of Directors of the LESVOS MARITIME COMPANY S.A. is honored to submit for your approval the audited Financial Statements for the fiscal year 1st January 2007 to 31st December 2007 (CONSOLIDATED AND NON-CONSOLIDATED) provided the International Financial Reporting Standards as well as the audit report of the Independent Public Accountant.

Dear shareholders,

The routing of two High Speed vessels, AEOLOS KENTERIS I and AEOLOS KENTERIS II, strengthened the company's presence in the Aegean. The company goal is to acquire a market share in new lines which can make a positive contribution to the gross operating margin. Naturally, many things must still be done for the Group to enter into a working profitability, despite the prevailing high competition and this is not facilitated by our absence of many years from specific markets. Moreover, in the current fiscal year a suspending factor for the achievement of our objectives was also the rapid rise in oil prices (the price of Brent has more than doubled since the start of 2007 to date), which noticeably limits profit margins and upsets our planning. The answer to this negative economic situation is the routing of high speed vessels in appropriate lines and the increase in their commercial usage time, maximization of services provided so that the "cost-benefit" relationship benefits the customer and creates a feeling of fulfillment, the qualitative upgrade of sales (agents, transfer companies, public relations, new services/products, new policies, review and market research, etc.) as well as the rational shrinking of operating costs where this does not impact on the quality of services offered. Henceforth, Management's main concern was the Group's capital structure as the cost of capital is relatively high and constitutes a suspending factor for its growth. The severe credit crisis which erupted during the last six months of the year in the US high credit risk mortgage market (sub-prime mortgage market) caused and causes powerful shocks in the international stock markets with the result that many large banking institutions incurred huge losses and liquidity problems. Capital markets were negatively influenced by this crisis, having to write-off huge losses during recent months. The result of this climate was that our company share price was also influenced and lost part of its value.

FINANCIAL RESULTS - BALANCE SHEET 2007

Financial Results 2007

2007 was the third fiscal year where the financial statements were issued on the basis of the **International Financial Reporting Standards (IFRS)**. The accounting principles applied by the Group are described analytically in the Notes on the Financial Statements which constitute an integral part of the Annual Financial Statements.

Despite intense competition, especially in the main line (Piraeus - Chios - Mytilini), the Group achieved a spectacular improvement in turnover, which amounted to €45,090,546.57 versus €26,979,330.45 of the previous fiscal year, i.e. an increase of 67%. This increase was mainly due to the routing of two high speed vessels, AEOLOS KENTERIS and AEOLOS KENTERIS II, on new lines and the incorporation in the financial statements for 2007 the turnover of the subsidiary C-LINK FERRIES which is mainly used in the subsidized unproductive lines. If we take into account the informal pro-forma financial information for the year 2006, which was published on 7th March 2008, the information memorandum that was drawn up for the purposes of an increase in the company's share capital, the increase compared with the previous fiscal year for the turnover for the subsidiary C-LINK FERRIES MC in the fiscal year 2006 amounts to 20.94%.

Also, the Group significantly reduced its operating losses to €805,631.06 versus €7,851,959.96 in 2006. Even though comparable criteria are not sufficiently satisfactory for the results of the current fiscal year with the results of the previous year 2006, as the results for the subsidiary company C-LINK FERRIES MC were not incorporated, we will attempt to show a comparison and analysis of these results based on miles covered. Based on this comparison and analysis, the main reasons that influenced the operating results of the Group in the current fiscal year versus the previous year were: a) the increase in vessels income per mile of 3% which is due to the increase in the price of tickets and b) the reduction in total operating costs per mile of 19%. More specifically, regarding operating costs, the cost of fuels decreased by 14% per mile due to the withdrawal of the high speed vessels "Aeolos Kenteris" and "Panagia Parou", salaries reduced by 7%, due to the reduction of the naval minimum wage, insurance premiums for vessels were decreased by 25%, while the cost of repairs and upgrades of equipment for vessels per mile was increased by 48% due to the extensive repair programme which improved considerably the functional capability of the fleet. Total insurance premiums for vessels and repairs as a percentage of total operating costs amounted to 17% in the current fiscal year.

Bearing in mind that no comparison is available between fiscal years 2006 and 2006, as the results for the subsidiary company C-LINK FERRIES MC are not incorporated in the fiscal year 2006, it should be noted that administrative expenses (excluding agents' commissions) for the Group increased by 14% compared with the previous year, "pre-tax profits, financing, investment results and depreciation (EBIDTA)" equaled €2,120,003.30 from €43,772,687.16 in 2006 and finally "Profit/Loss after taxes" amounted to a loss of €9,830,001.01 against a profit of €32,077,907.61 in the fiscal year 2006.

Balance Sheet 2007

The net position of the Group amounted to €54,520,238.64 versus €58,736,951.66 in 2006.

Group lending obligations decreased significantly, and in 2007 amounted to €70,667,655.26 versus €117,362,430.55 in 2006.

Total assets for the Group amounted to €151,241,101.73 from €201,539,013.06 in 2006 and total debt stood at €96,720,863.09 from €142,802,061.40 in 2006.

Ratios showing the economic position of the Company are as follows:

		31/12/2007	31/12/2006
LIQUIDITY =	<u>CURRENT ASSETS</u> SHORT-TERM LOANS	1.74	1.43
LENDING CHARGES =	<u>EQUITY CAPITAL</u> LOAN CAPITAL	1.11	0.69
TOTAL RETURN OF WORKING CAPITAL =	<u>PROFIT BEFORE TAX & FINANCIAL EXPENSES</u> EQ. CAP. + LOAN CAPITAL	-0.17%	25.88%
RETURN ON SHAREHOLDER EQUITY =	<u>NET PROFIT</u> EQUITY CAPITAL	-10.43%	54.61%

Ratios showing the economic position of the Group are as follows:

		31/12/2007	31/12/2006
LIQUIDITY =	<u>CURRENT ASSETS</u> SHORT-TERM LOANS	1.26	1.22
LENDING CHARGES =	<u>EQUITY CAPITAL</u> LOAN CAPITAL	0.77	0.50
TOTAL RETURN OF WORKING CAPITAL =	<u>PROFIT BEFORE TAX & FINANCIAL EXPENSES</u> EQ. CAP. + LOAN CAPITAL	-0.94%	21.13%
RETURN ON SHAREHOLDER EQUITY =	<u>NET PROFIT</u> EQUITY CAPITAL	-18.03%	54.61%

The return factors, both at company level and at Group level, for the previous fiscal year were significantly influenced by the income that resulted from the regulation of loans, due to the malfunctioning of the high speed vessels at a cost of €55.18 million. Apart from that, at group level there is no comparison available in the output factors as the results of the subsidiary company C-LINK FERRIES MC were not incorporated in the results of the previous fiscal year.

Vessel Utilization – Routes

In summary, the Group was active in the fiscal year 2007 in the main line Piraeus – Chios – Mytilini and Mytilini – Limnos – Thessaloniki. This line was served by the vessels “Mytilini”, “Theofilos” and “Taxiarchis”. The vessel “Taxiarchis” was active for a short period of time (from 27/5-18/9) in the Red Sea. The high speed vessel “Aeolos Kenteris I” was used in the line Piraeus – Rethymno without the expected results. The dynamic entrance into the Cyclades market continued in 2007 with the high speed vessel “Aeolos Kenteris II” and more specifically in the line “Piraeus – Paros – Naxos” with satisfactory results.

The vessels of the subsidiary company, whose income is for the first time incorporated into the unified results, were active in the following lines:

High Speed Vessel “Panagia Thalassini” worked the line Lavrio – Syros – Paros – Naxos.

The vessels “Panagia Tinou” and “Panagia Hozoviotissa” were active during the year in the subsidized lines of the Cyclades.

The total transport for the Group during 2007 amounted to 934,177 passengers, 125,662 cars and 27,897 trucks compared with 2006 when the numbers were 603,548 passengers, 77,990 cars and 23,003 trucks. There is no comparison available between the two fiscal years as 2006 did not incorporate the transfer work of the subsidiary company C-LINK FERRIES MC.

RISK MANAGEMENT

A major concern for the Group is to maintain its capital structure, which will decrease its cost of capital and ensure continuous activity and growth.

The capital structure is reviewed on a tax leverage basis. The tax leverage is reported in relation to the net debt of the group with the total return on capital employed (shareholder equity plus net debt).

Description	Group		Company	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Total Loans	70,667,655.26	117,362,430.55	47,242,995.34	84,998,898.89
Less: Cash & Cash Equivalents	-4,612,692.56	-7,043,303.74	-2,026,550.04	-5,708,639.78
Total Net Debt	66,054,962.70	110,319,126.81	45,216,445.30	79,290,259.11
Total Equity	54,520,238.64	58,736,951.66	56,246,066.33	58,736,951.66
Total Return on Capital Employed	120,575,201.34	169,056,078.47	101,462,511.63	138,027,210.77
Tax Leverage	54.78%	65.26%	44.56%	57.44%

The improvement of tax leverage for the group and the company is mainly due to the reduction of bank lending that resulted from the sale of the vessels AEOLUS KENTERIS of the parent company and PANAGIA PAROU of the subsidiary company C- LINK FERRIES MC.

The Group is exposed to liquidity risk. The liquidity of the Group is characterized as seasonal and is considerably influenced during the winter months due to the reduced turnover. Group Management confronts this risk by broadening the time of credit on purchases, reducing the time of debt collection as well as with existing lines of credit from credit institutions.

The group does not have important interest-earning financial assets and consequently is not at risk from the fluctuating interest rates. The risk adjustment of interest rates emanates from lending contracts, which are linked to floating interest rates. A likely interest rate increase would have a negative effect on the results of the Group.

Credit risk emanates mainly from agents, who are involved with ticket issuing. This risk is not considered important for internal activities, while it is deemed important for company activities in the Red Sea due to particularities of this market.

The group has fixed credit limits and specific terms of credit policy for all its customers. Also, in certain cases, for a better guarantee, it receives bank letters of guarantee from its customers.

The exchange risk that may exist because of Group activities in the Red Sea market is not great, mainly because the turnover which arises from this region is less than 10% of total turnover. The Group does not pre-purchase foreign exchange or futures contracts. Regarding the purchase of spare parts, materials and services in currencies outside the eurozone, these are very few compared with the overall group total of such purchases.

High oil prices are a negative factor on Group profits. Management studies and closely monitors the international developments and the effects that they have on international oil prices. The company has not participated in any hedging of the prices of oil due to the fact that prices have continued to stay at high levels over a long period of time.

CONTRIBUTION TO THE PUBLIC

The contribution of NEL LINES to the passengers and residents of our islands constitutes a fundamental element of our company philosophy from its foundation and continues up to present.

Following is a concise and indicative report of our activities that took place during 2007:

Continued support of increase in tourism for the islands of Northeastern Aegean, through sponsorships and/or participation at local festivals and exhibitions

Participation of our company vessels in the V.O.S. (Voluntary Observing Ship) program of the World Meteorological Organization and the provision of meteorological observations to the National Meteorological Service

For a second consecutive year, the program “FREE Preventative Medical Program on Board” was took place from 9 to 11 June and from 15 to 18 June 2007, on our vessel “THEOFILOS”, from Piraeus to Chios and Mytilini, under the auspices of the Ministry for Health and Social Welfare; the main sponsors were NEL LINES, Gevsiploia and OPAP and ITI was the organizing company. The health sector holds particular importance for each one of us, both on an individual and on a collective level. Participants in the program included 16 doctors, 7 nurses and 5 secretaries, various specialists from our passengers.

Free transport of athletic associations and the direct and true support of local athletic teams through sponsorships

Free transport of volunteers, humanitarian aid, and merchandise from Lesvos to the areas hit by the devastating fires in the Peloponnese region in collaboration with the Red Cross and the Lesvos Prefecture

Direct response to emergencies for the transportation of residents of our islands for serious health reasons and/or emergency aid to our islands under the threat of fires. Publications were reported on the above features under the title “Route “of salvation” from NEL LINES”.

With its activities, NEL LINES aims, on a daily basis, to implement pioneering and innovative actions with sensitivity not only towards the customer /passenger but also for the person /passenger. The company is committed to the continuation of its public contribution, with the hope that it can offer more each year.

PROSPECTS - OBJECTIVES

The aim of Group Management is to create the basis and the environment that will facilitate provision of competitive services to customers. Also, Management's main concern is the creation of modern operational methods for companies in the Group.

It is important to report that education and training of Group human resources are taken very seriously. The competitive environment makes it imperative that staff is continuously trained for the common goal of the growth of NEL LINES Group.

By investing in time on-line sales the company has already started to claim an important share of the market. The numbers of growth are impressive, developing a precious tool for the promotion of sales.

Augmentation and renewal of the fleet is a main priority and so is the return to operating profit.

ENVIRONMENT AND LABOUR ARRANGEMENT

The Group strictly observes all regulations regarding protection of the environment through a health and safety policy.

The Group's work environment is at a very high level. The Group pays appropriate importance to its human resources by supplying all the essentials, for the further growth both of professional and individual training. Continuous training, satisfactory salaries, additional benefits and a life insurance program render the working environment of the Group attractive to each new worker.

IMPORTANT EVENTS WHICH TOOK PLACE AFTER THE END OF THE FISCAL YEAR AND UNTIL THE DATE THE BALANCE SHEET WAS COMPILED

As per the 2nd Repeat Extraordinary General Assembly of Shareholders on 30/10/2007, the Board of Directors, at its meeting on 20/12/2007, decided on an increase of the company share capital by 14,179,480.50 EURO, by issuing 47,264,935 new common shares, at a nominal value of EURO 0.30 each, by cash contribution and a pre-emption right in favor of existing shareholders in the proportion of four (4) new common registered shares for every ten (10) old common registered shares. The offer price of the new shares is to EURO 0.70 per share.

The information Memorandum on the increase in Share Capital was approved by the Board of Directors of the Capital Markets Commission on 7/3/2008.

The ex-rights date of pre-emption Right was 18/3/2008, the period of "Exercise of Pre-emption Right" is from 27/3/2008 up to and including 11/4/2008, the trading period of Pre-emption Right is from 27/3/2008 up to and including 7/4/2008.

EXPLANATORY REPORT TO THE ORDINARY GENERAL ASSEMBLY OF SHAREHOLDERS REGARDING THE INFORMATION PROVIDED ACCORDING TO ARTICLE 11a OF LAW 3371/2005

Regarding the detailed information stated in accordance with article 11a of L. 3371/2005, it is deemed essential for the Ordinary General Assembly of Shareholders, convened for the fiscal year 2007, to present the following explanations in the individual paragraphs:

STRUCTURE OF SHARE CAPITAL

According to decision number 1128/17/12/2007 of the Board of Directors, it was decided to increase the company share capital by the amount of 576,000 EURO, by issuing 1,920,000 new common registered shares at a par value of 0.30 EURO each, due to the application of the stock option program, pursuant to article 13 par. 13 of Companies Act 2190/1920.

After the above, the share capital of the company is 35,448,701.10 EURO and divided into 118,162,337 common registered shares of a par value of Euro 0.30 each.

The main rights and obligations emanating from the share, as per the Company's Articles of Association and the COMPANIES ACT 2190/1920, are as follows:

1. Each share provides the right to the liquidation product of the company's assets in the event of the dissolution of the company and in the distribution of profits.
2. In any case of an increase in share capital, such increase not being performed through a contribution in kind or issuance of stocks with the right to be converted to shares, there is a provision of option right for the entire new capital or bond loan, in favor of the company shareholders, at that time, and pro rata to their participation in the existing share capital.
3. Following the lapse of the deadline defined for the enforcement of such right, the deadline being not less than that provisioned by law, the shares not undertaken by the eligible shareholders as referred to in paragraph 2 above, are freely availed of by the Board of Directors.
4. In case of an application of shares, representing one twentieth (1/20) of the paid share capital, such application being filed with the company five (5) full days prior to the Ordinary General Assembly, the Board of Directors is responsible for:
 - a) Announcing to the General Assembly the amounts paid during the past two years, for any reason by the Company to members of the Board of Directors, Managers or other employees, and any other provision of the Company to such persons or any other Agreement of the Company established for any reason with such persons.
 - b) Providing the particular information requested regarding Company affairs, insofar as this information is useful for the accurate assessment of the topics on the agenda. The Board of Directors may refuse to provide the information required for sound reason by recording such a reason in the minutes.
5. In case of an application by shareholders representing one third (1/3) of the paid share capital, the Board of Directors is obliged to call an Extraordinary General Assembly of Shareholders, appointing the date of the meeting, such a date not being more than thirty (30) days since the date that the application was submitted to the Chairman of the Board of Directors. This application must define precisely the subject of the agenda.
6. In case of an application by shareholders representing one third (1/3) of the paid share capital, which is submitted to the Company within the deadline stated in the previous paragraph and provided that such shareholders are not represented on the Board of Directors, then the Board of Directors is obliged to provide them during the General Assembly, or preferably prior to it to a representative of such persons, any information regarding the course of company affairs and its financial status. The Board of Directors may decline to provide such information for sound reason, by recording such a reason in the minutes.
7. In the cases of paragraph 4b and 6 above, any questioning regarding the basis of the reason is resolved by the relevant Single-Member Court of First Instance at the company headquarters via an injunction process.
8. In case of an application by shareholders representing one twentieth (1/20) of the paid share capital, the issuance of a decision on any topic on the agenda of the General Assembly is performed through name call.
9. In the case of an application by shareholders representing one twentieth (1/20) of the paid share capital, the Chairman of the Assembly is obliged to adjourn once the issuance of decisions of an ordinary or extraordinary General Assembly, appointing the date of the meeting for the issuance that is stated in the application of the shareholders, such a date however not being any later than thirty (30) days since the adjournment date.
10. In case of concurrence of the conditions in article 40 of L 2190/1920, company shareholders and other persons stated in this article have the rights and obligations therein.

SIGNIFICANT DIRECT OR INDIRECT PARTICIPATION UNDER PRESIDENTIAL DECREE 51/1992.

In accordance with the statements of notified indebted persons for voting rights, Mr. Ventouris Apostolos owned directly and indirectly (through Edgewater Holdings Inc) 20.44%, Millennium Bank S.A. owns 8.85%, and Allianz SE (via Dresdner Kleinwort Securities Ltd) owns 5.20%.

LIMITATIONS ON THE TRANSFER OF COMPANY SHARES

The transfer of company shares is performed in accordance with the law and there are no limitations by virtue of its articles of association.

SHARES PROVIDING SPECIAL CONTROL RIGHTS

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

LIMITATIONS ON VOTING RIGHTS – DEADLINES FOR THE EXERCISE OF RELEVANT RIGHTS

There are no limitations on the voting rights.

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

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

In cases where during the first vote, all members do not garner the absolute majority, the voting is repeated for the completion of the remaining vacant positions, the candidates for election may only be those who gained a majority and garnered up to double the number of seats to be completed at the Board of Directors.

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

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

The members of the Board of Directors of the Company are categorized as executive members, non-executive members and independent non-executive members as per the provisions of L 3016/ 2002 and L 3092/ 2002 concerning corporate governance or any revision thereof. The exact number of executive, non-executive and dependent non-executive members is defined accordingly.

If for any reason, a member position is vacant, the remaining members are responsible to elect a temporary replacement for the remainder of the term of the member who is substituted. This election is subject to approval by the next Ordinary or Extraordinary General Assembly.

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

The non-justified abstention of a member from the meetings of the Board of Directors for a period of greater than six (6) months results in resignation, which is verified by a decision of the Board of Directors.

There is no differentiation regarding the provisions of the R.L. 2190/1920 particularly regarding the decisions of the General Assembly and the revision of the Articles of Association.

RESPONSIBILITY OF THE BOARD OF DIRECTORS FOR THE ISSUANCE OF NEW SHARES AND SHARE BUY BACK

According to the company's articles of association of the company, the company has the right, under the reservation of the provisions in paragraph 4 of article 13 of Companies Act 2190/1920, within a 5 year period from the relevant decision of the General Assembly, and under a decision issued by a minimum of a two-thirds majority of total members, to increase the share capital of the company in total or in part, through the issuance of new shares up to the capital amount paid as at the date that such authority was granted by the General Assembly.

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

Regarding share buy back, there are no differences compared with the R.L. Companies Act 2190/1920.

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

There are no agreements that are set into effect, modified or terminated in the event of a change in Company control following a public proposition.

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

There are no agreements entered between the company and members of the Board of Directors or its staff, which would provision for compensation in the event of resignation or redundancy without sound reason or in the case of the termination of their term or employment. In the event of notice of termination of employment agreements of a staff member under a dependent employment contract, compensation provisioned by law is applied.

Dear Shareholders,

We presented you analytically with all data as well as the financial statements for the fiscal year 2007, from which you can form your own opinion on the Company's progress as well as the operation of the Board of Directors for the period in question. We kindly request that you approve the financial statements of the Group and the Company.

Mytilini 22 March 2008
For the Board of Directors
Chairman of the Board
Ioannis Sifakis

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

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
NEL LINES S.A.**

We have audited the accompanying financial statements and the consolidated financial statements of **NEL LINES S.A.** which comprise the balance sheet as at 31 December, 2007, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements and the consolidated financial statements give a true and fair view the financial position of NEL LINES S.A. 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 that have been adopted by the European Union.

Report on other Legal and Regulatory Requirements

In our opinion the Director's report includes all information provided by the articles 43a and 107 of L.2190/20 as well as the article 11a of L.3371/2005 and its content is consistent with the attached financial statements.

Piraeus, 27 March, 2008

THE CERTIFIED PUBLIC ACCOUNTANT

STYLIANOS KOURTELLAS
REG. NO. 11031
MOORE STEPHENS
CHARTERED ACCOUNTANTS

**MARITIME COMPANY OF LESVOS S.A.
AND ITS SUBSIDIARIES
INCOME STATEMENT
FOR THE PERIOD 1st JANUARY, 2007 UNTIL 31st DECEMBER, 2007
(Amounts expressed in Euro)**

CONSOLIDATED

	<u>Notes</u>	<u>1/1- 31/12/2007</u>	<u>1/1- 31/12/2006</u>
Revenue (sales)	19	45,090,546.57	26,979,330.45
Other operating income	20	13,031,660.67	63,269,876.39
Less: Fuel and other consumables		18,959,124.16	13,782,489.69
Less: Administrative expenses	22	16,501,570.30	12,696,225.72
Less: Depreciation	23	3,300,279.50	6,569,817.68
Less: Other operating expenses	21	21,600,072.74	19,997,804.27
Less: Interest and other financial expenses	24	7,591,161.55	5,124,961.87
Profit/(loss) before tax		(9,830,001.01)	32,077,907.61
Taxes		0.00	0.00
Profit /(Loss) of the period		(9,830,001.01)	32,077,907.61
Earning/(losses) per share	25	(0.08)	0.28

INDIVIDUAL

	<u>Notes</u>	<u>1/1- 31/12/2007</u>	<u>1/1- 31/12/2006</u>
Revenue (sales)	19	34,843,322.90	26,979,330.45
Other operating income	20	10,561,713.41	63,269,876.39
Less: Fuel and other consumables		14,567,120.32	13,782,489.69
Less: Administrative expenses	22	12,264,648.78	12,696,225.72
Less: Depreciation	23	2,522,281.75	6,569,817.68
Less: Other operating expenses	21	16,210,836.07	19,997,804.27
Less: Interest and other financial expenses	24	5,290,748.53	5,124,961.87
Profit/(loss) before tax		(5,450,599.14)	32,077,907.61
Taxes		0.00	0.00
Profit /(Loss) of the period		(5,450,599.14)	32,077,907.61
Earning/(losses) per share	25	(0.05)	0.28

The notes on pages 6-34 are an integral part of our Annual Financial Statements.

MARITIME COMPANY OF LESVOS S.A. AND ITS SUBSIDIARIES
BALANCE SHEET
31st DECEMBER, 2007
(Amounts expressed in Euro)

	<u>Notes</u>	<u>GROUP</u>		<u>COMPANY</u>	
		<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
ASSETS					
Non-current assets					
Intangible assets		39,790.66	77,147.20	38,445.09	70,263.96
Goodwill	5	2,692,679.51	3,757,742.77	0.00	0.00
Tangible assets	6	101,145,002.24	92,675,366.13	80,691,606.87	73,941,217.92
Other assets	7	4,121,297.42	3,431,071.27	3,087,978.24	1,944,389.80
Investments in subsidiaries	8	0.00	0.00	536,400.00	536,400.00
Other long-term receivables	8	<u>12,897.46</u>	<u>19,534.74</u>	<u>12,197.46</u>	<u>9,702.74</u>
		<u>108,011,667.29</u>	<u>99,960,862.11</u>	<u>84,366,627.66</u>	<u>76,501,974.42</u>
CURRENT ASSETS					
Inventories	11	1,084,455.57	1,717,362.38	1,011,333.96	1,579,928.58
Trade receivables	9	5,210,335.47	3,222,187.03	1,570,681.52	335,022.88
Other receivables	9	25,288,382.62	608,731.43	32,700,241.23	8,381,815.03
Prepayments	10	3,418,524.77	4,235,693.94	2,898,143.70	3,288,478.65
Investments	12	3,615,043.45	3,626,096.65	115,043.45	126,096.65
Cash and cash equivalents	13	4,612,692.56	7,043,303.74	2,026,550.04	5,708,639.78
Tangible assets (vessels) sold during the year 2007		0.00	81,124,775.78	0.00	65,448,575.84
Total current assets		<u>43,229,434.44</u>	<u>101,578,150.95</u>	<u>40,321,993.90</u>	<u>84,868,557.41</u>
Total assets		<u>151,241,101.73</u>	<u>201,539,013.06</u>	<u>124,688,621.56</u>	<u>161,370,531.83</u>
SHAREHOLDERS EQUITY AND LIABILITIES					
Share capital	14	35,448,701.10	31,702,455.30	35,448,701.10	31,702,455.30
Share premium		28,986,496.49	31,860,342.29	28,986,496.49	31,860,342.29
Own shares	14	(56,143.92)	0.00	(56,143.92)	0.00
Retained earnings		(9,858,815.03)	(4,825,845.93)	(8,132,987.34)	(4,825,845.93)
Total equity		<u>54,520,238.64</u>	<u>58,736,951.66</u>	<u>56,246,066.33</u>	<u>58,736,951.66</u>
LIABILITIES					
Long term liabilities					
Long term loans	17	56,098,014.35	55,172,606.71	39,660,356.20	38,460,356.20
Retirement benefit provisions	15	220,875.00	200,847.00	220,875.00	170,847.00
Other provisions	15	<u>6,064,353.92</u>	<u>4,451,353.92</u>	<u>6,064,353.92</u>	<u>4,451,353.92</u>
		<u>62,383,243.27</u>	<u>59,824,807.63</u>	<u>45,945,585.12</u>	<u>43,082,557.12</u>
Current liabilities					
Creditors and other liabilities	16	18,777,822.85	18,959,677.92	14,245,291.59	12,120,172.58
Short term loans	17	14,569,640.91	11,089,823.84	7,582,639.14	7,538,542.69
Loans for sold vessels during 2007	17	0.00	51,100,000.00	0.00	39,000,000.00
Accrued expenses	18	<u>990,156.06</u>	<u>1,827,752.01</u>	<u>669,039.38</u>	<u>892,307.78</u>
		<u>34,337,619.82</u>	<u>82,977,253.77</u>	<u>22,496,970.11</u>	<u>59,551,023.05</u>
Total liabilities		<u>96,720,863.09</u>	<u>142,802,061.40</u>	<u>68,442,555.23</u>	<u>102,633,580.17</u>
Total shareholder equity and liabilities		<u>151,241,101.73</u>	<u>201,539,013.06</u>	<u>124,688,621.56</u>	<u>161,370,531.83</u>

The notes on pages 6-34 are an integral part of our Annual Financial Statements.

MARITIME COMPANY OF LESVOS S.A. AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
1st JANUARY UNTIL 31st DECEMBER, 2007
(Amounts expressed in Euro)

GROUP

	Share capital	Share premium	Purchase of own shares	Retained earnings	Other reserves	Total equity
Balance 1 January 2006	31.154.055,30	31.421.622,29		-46.108.206,85	9.204.453,31	25.671.924,05
Increase of share capital	548.400,00	438.720,00				987.120,00
Profit/(Loss) 01/01 - 31/12/06				32.077.907,61		32.077.907,61
Balance 31 December 2006	31.702.455,30	31.860.342,29	0,00	-14.030.299,24	9.204.453,31	58.736.951,66
Balance 1 January 2007	31.702.455,30	31.860.342,29		-14.030.299,24	9.204.453,31	58.736.951,66
Purchase of own shares (note 14)			-56.143,92			-56.143,92
Increase of share capital (note 14)	3.170.245,80	-3.170.245,80				0,00
Increase of share capital (note 14)	576.000,00	326.400,00				902.400,00
Stock option reserve					768.000,00	768.000,00
Costs of share capital increase		-30.000,00				-30.000,00
Vessels' revaluation (note 6)					4.029.031,91	4.029.031,91
Profit/(Loss) 01/01 - 31/12/07				-9.830.001,01		-9.830.001,01
Balance 31 December 2007	35.448.701,10	28.986.496,49	-56.143,92	-23.860.300,25	14.001.485,22	54.520.238,64

The notes on pages 6-34 are an integral part of our Annual Financial Statements.

MARITIME COMPANY OF LESVOS S.A. AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
1st JANUARY UNTIL 31st DECEMBER, 2007
(Amounts expressed in Euro)

COMPANY

	Share capital	Share premium	Purchase of own shares	Retained earnings	Other reserves	Total equity
Balance 1 January 2006	31.154.055,30	31.421.622,29		-46.108.206,85	9.204.453,31	25.671.924,05
Increase of share capital	548.400,00	438.720,00				987.120,00
Profit/(Loss) 01/01 - 31/12/06				32.077.907,61		32.077.907,61
Balance 31 December 2006	31.702.455,30	31.860.342,29	0,00	-14.030.299,24	9.204.453,31	58.736.951,66
Balance 1 January 2007	31.702.455,30	31.860.342,29		-14.030.299,24	9.204.453,31	58.736.951,66
Purchase of own shares (note 14)			-56.143,92			-56.143,92
Increase of share capital (note 14)	3.170.245,80	-3.170.245,80				0,00
Increase of share capital (note 14)	576.000,00	326.400,00				902.400,00
Stock option reserve					768.000,00	768.000,00
Costs of share capital increase		-30.000,00				-30.000,00
Vessels' revaluation (note 6)					1.375.457,73	1.375.457,73
Profit/(Loss) 01/01 - 31/12/07				-5.450.599,14		-5.450.599,14
Balance 31 December 2007	35.448.701,10	28.986.496,49	-56.143,92	-19.480.898,38	11.347.911,04	56.246.066,33

The notes on pages 6-34 are an integral part of our Annual Financial Statements.

MARITIME COMPANY OF LESVOS S.A. AND ITS SUBSIDIARIES
CASH FLOW STATEMENT
31st DECEMBER, 2007
(Amounts expressed in Euro)

		<u>GROUP</u>		<u>COMPANY</u>	
		<u>01.01.- 31.12.2007</u>	<u>01.01.- 31.12.2006</u>	<u>01.01.- 31.12.2007</u>	<u>01.01.- 31.12.2006</u>
Cash flow from operating activities					
Profit/(loss) before tax	25	(9.830.001,01)	32.077.907,61	(5.450.599,14)	32.077.907,61
Adjustments for:					
Depreciation	23	3.300.279,50	6.569.817,68	2.522.281,75	6.569.817,68
Oster no cash transactions (1)	7	4.425.501,57	0,00	2.434.070,78	0,00
Provisions	20	(6.966.730,15)	8.909.450,77	(6.939.941,36)	8.909.450,77
Foreign exchange differences	24	(150.562,48)	(249.850,95)	(158.779,70)	(249.850,95)
Net profit from investing activities		(3.907.099,55)	(61.256.815,46)	(1.579.019,24)	(61.256.815,46)
Interest payment and other financial expenses	24	7.694.988,56	5.414.430,43	5.382.801,66	5.414.430,43
Operating profit before changes in working capital					
		632.906,81	(416.919,70)	568.594,62	(416.919,70)
Decrease/(Increase) in inventories	11	(303.662,58)	(228.798,31)	383.217,99	737.211,78
(Increase)/Decrease in receivables		269.827,63	(5.109.046,29)	2.585.018,93	(6.895.437,36)
(Decrease)/Increase in payables					
Interest and similar charges		(8.532.584,51)	(4.848.771,78)	(5.606.070,06)	(4.848.771,78)
Total cash inflow/(outflow) from operating activities (a)		<u>(13.367.136,21)</u>	<u>(19.138.596,00)</u>	<u>(5.858.423,77)</u>	<u>(19.958.976,98)</u>
Cash flow from investing activities					
Payments for the acquisition of subsidiaries, associated companies, joint ventures and other investments		(9.366,00)	(559.428,23)	(9.366,00)	(559.428,23)
		0,00	514.282,98	0,00	0,00
Purchase of tangible and intangible fixed assets		(3.382.765,55)	(8.265.992,09)	(3.077.548,04)	(8.265.992,09)
Proceeds from sale of tangible and intangible assets		60.003.469,96	130.000,00	42.003.469,96	130.000,00
Proceeds from sale of investments		29.125,50	0,00	29.125,50	0,00
Interest received		12.339,52	12.628,33	8.059,27	12.628,33
Dividends received		3.461,11	2.424,00	3.461,11	2.424,00
Net cash inflow/(outflows) from investing activities (b)		<u>56.656.264,54</u>	<u>(8.166.085,01)</u>	<u>38.957.201,80</u>	<u>(8.680.367,99)</u>
Cash flow from financing activities					
		902.400,00	987.120,00	902.400,00	987.120,00
		(30.000,00)	0,00	(30.000,00)	0,00
Proceeds from borrowings		23.595.280,74	78.163.949,95	11.099.937,41	78.163.949,95
Payments of borrowings		(70.131.276,33)	(53.271.324,44)	(48.697.061,26)	(53.271.324,44)
Purchase of own shares		(56.143,92)	0,00	(56.143,92)	0,00
Cash flow from financing activities (c)		<u>(45.719.739,51)</u>	<u>25.879.745,51</u>	<u>(36.780.867,77)</u>	<u>25.879.745,51</u>
(Decrease)/Increase in net liquid funds (a) + (b) + (c)		<u>(2.430.611,18)</u>	<u>(1.424.935,50)</u>	<u>(3.682.089,74)</u>	<u>(2.759.599,46)</u>
Cash and cash equivalents at beginning of the period		<u>7.043.303,74</u>	<u>8.468.239,24</u>	<u>5.708.639,78</u>	<u>8.468.239,24</u>
Cash and cash equivalents at the end of the period		<u>4.612.692,56</u>	<u>7.043.303,74</u>	<u>2.026.550,04</u>	<u>5.708.639,78</u>

(Note 1) Concerns the transfer to the results of the fiscal year:

	<u>GROUP</u>	<u>COMPANY</u>
• Analogy of cost of periodical inspection of ships	€ 2,583,206.31	€ 1.666.070.78
• Provision for goodwill for Subsidiaries	€ 1,065,063.26	--
• Stock options	€ 768,000.00	€ 768.000,00
• Other non-cash transactions	€ 9,232.00	--

The notes on pages 6-34 are an integral part of our Annual Financial Statements.

MARITIME COMPANY OF LESVOS S.A. AND ITS SUBSIDIARIES
Notes to the annual financial statements
31st December, 2007
(Amounts in Euro)

1. General information

The purpose of the parent company Maritime Company of Lesvos S.A. is the acquisition and exploitation of ships, mainly in the Lesvos – Chios - Piraeus coastal line. It is a Public Company and its central offices are located at El. Venizelou 5 in the Mitilini Municipality of Lesvos. The company is listed in the Athens Stock Exchange (Travels and tourism sector) and its website is www.nel.gr. The total number of common shares at 31/12/2007 was 118.162.337 and the weighted average number during the period was 116.271.459. Every common share has one voting right. The total capitalisation of Maritime Company of Lesvos S.A. at 31/12/2007 was Euro 89.507.000.

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

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

NEL LINES JOINT VENTURE was consolidated for the first time in year 2006. Maritime Company of Lesvos S.A. is a joint venture with its subsidiary C LINK FERRIES.

2. C- LINK FERRIES was established in Piraeus, address Kolokotroni 116. The parent company has the 100% shareholding (acquisition 22/12/2006) and the consolidation was made on the basis of total method. C-Link Ferries was consolidated for the first time as at 31.12.2006

The interim financial statements were approved by the Board of Directors at 22/03/2008. The members of the Board of Directors at the date of the approval of the interim financial statements were:

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

MARITIME COMPANY OF LESVOS S.A. AND ITS SUBSIDIARIES
Notes to the annual financial statements
31st December, 2007
(Amounts in Euro)

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

The annual financial statements of the accounting period 1/1/-31/12/2007 have been prepared by the management of the company in accordance with the IFRS and their interpretations that have been published by the International Accounting Standards Board (IASB) and by the International Financial Reporting Interpretation Committee (IFRIC) respectively and have been adopted by the European Union.

The accounting principles mentioned below are applied with consistency.

The present financial statements have been prepared under the historical cost convention, (except the valuation of vessels which are measured of their fair value), the continuance of activity of the group, the consistency concept, the uniformity of presentation, the consideration of the materiality, and the principle of accrued income and expenses. The preparation of the financial statements according to IFRS requires the use of accounting estimates and assumptions for the application of the accounting principles.

2.1. Adoption of new and revised International Financial Reporting Standards

The group adopted, in the current year, the new and revised International Financial Reporting Standards (IFRS) and the corresponding amendments that have been published by the International Accounting Standards Board (IASB) and from the International Financial Reporting Interpretation Committee (IFRIC) respectively, to the extent that these are related with the group's activity and are effective for accounting periods beginning on 1st January, 2007.

a. New and revised standards and interpretation effective from 1st of January, 2007

In the current year, the group has adopted IFRS 7 - *Financial Instruments: Disclosures* which is effective for annual reporting periods beginning on or after 1 January 2007, and the consequential amendments to IAS 1 - *Presentation of Financial Statements*.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in the financial statements regarding the company's financial instruments and management of capital.

Four Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are:

IFRIC 7 - Applying the Restatement Approach under IAS 29 - *Financial Reporting in Hyperinflationary Economies*;
IFRIC 8 - Scope of IFRS 2;
IFRIC 9 - Reassessment of Embedded Derivatives; and
IFRIC 10 - Interim Financial Reporting and Impairment

MARITIME COMPANY OF LESVOS S.A. AND ITS SUBSIDIARIES
Notes to the annual financial statements
31st December, 2007
(Amounts in Euro)

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

b. **New and revised standards not yet in effect**

The adoption of these Interpretations has not led to any changes in the company's accounting policies.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

IAS 1 - (Revised) Presentation of Financial Statements (effective 1 January 2009);
IAS 23 - (Revised) Borrowing Costs (effective 1 January 2009);
IFRS 8 - Operating Segments (effective 1 January 2009);
IFRIC 11 - IFRS 2: *Group and Treasury Share Transactions* (effective 1 March 2007);
IFRIC 12 - Service Concession Arrangements (effective 1 January 2008);
IFRIC 13 - Customer Loyalty Programmes (effective 1 July 2008) and
IFRIC 14 - IAS 19: *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective 1 January 2008).

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the group.

MARITIME COMPANY OF LESVOS S.A. AND ITS SUBSIDIARIES
Notes to the annual financial statements
31st December, 2007
(Amounts in Euro)

3. Basic accounting principles

3.1. Consolidation

Basis of consolidation

The purchase method is the accounting method used for consolidation.

The purchase cost is the amount of cash and cash equivalent or the fair value of other consideration given by the acquirer for the acquisition of the control of other entity's net worth plus any other cost connected with the specific purchase.

Subsidiary company

Subsidiary is the company which is controlled by other company. Control is the right to direct the financial and business policies of other company in order to obtain benefits from its activities. At the end of each accounting period the cost of participation in the subsidiary is subject to impairment test.

Consolidated financial statements

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

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

All group's companies have the same reporting date.

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

3.2. Goodwill

Goodwill is the positive difference between the acquisition cost of a company and the fair value of assets and liabilities of the acquired company at the date of acquisition (acquisition cost > fair value cost). Such goodwill is not depreciated, but is checked for any impairment at the end of each fiscal year.

Negative goodwill is the difference between the acquisition cost of a company and the fair value of assets and liabilities of the acquired company (acquisition cost < fair value cost). Negative goodwill is shown in the results.

MARITIME COMPANY OF LESVOS S.A. AND ITS SUBSIDIARIES
Notes to the annual financial statements
31st December, 2007
(Amounts in Euro)

3. Basic accounting principles (cont'd)

3.3. Financial instruments

The financial instruments are classified under the following categories on the basis of the purpose for which they were required.

Financial assets measured at fair value through Profit and Loss.

These are originally recognised and measured by the company at their fair value and their changes in values are recognised through Profit and Loss or they were acquired by the company with the purposes for sale in the short term.

Securities which are connected with the right on specific asset which can be measured in cash are originally recognised at cost which is the real value of the consideration given plus transaction expenses.

Securities are acquired by the Group for trading purposes, i.e. it is considered that they were acquired with the purpose for sale in the short term. The fair value of securities listed in active market is measured at current value. For the non listed securities the fair value is calculated on the basis of other methods such as analysis of recent transactions of comparable once and discounted cash flow.

Held to maturity investments

These are non derivative financial instruments with fixed or defined payments and specific maturity date, which the Group has the intention and the ability to hold up to maturity. The Group has not investment of such category.

Loans and claims

These are non-derivative financial instruments with fixed or defined payments which are not coded in active market. This category does not include claims or advances for purchase of goods of services or liabilities and claim which are not conventional.

Loans and claims are recognised at the outstanding balance on the basis of the effective rate of interest method. The management of the Group believes that the fair value of the short term claims and payables is the same with the book value. For the loan the Group believes that the interest rates are equivalent with the effective rate of interest and consequently is not necessary to adjust the value of these liabilities to the book value.

Financial Instruments available for sale

These are non derivative financial instruments, which are either classified under this category or cannot be classified under any one of the above categories. Depends on the intention of the management for withholding are classified under the Fixed or Current Assets.

MARITIME COMPANY OF LESVOS S.A. AND ITS SUBSIDIARIES
Notes to the annual financial statements
31st December, 2007
(Amounts in Euro)

3. Basic accounting principles (cont'd)

3.3. Financial instruments (cont'd)

Financial Instruments available for sale are initially recognised at cost plus direct transaction cost. After the initial recognition these instruments are measured at fair value and the profit or loss for the changes in their fair value are recognised direct to equity until their sale or impairment when the accumulated profit or loss previously recognised in equity is transferred to Profit and Loss. The fair value of the financial instruments which are coded in an active market is measured at current values. Participation instruments which are not coded in active markets and of which the fair value cannot be measured reliably are valued at cost. Dividends from participations available for sale are recognised to Profit and Loss when the right for collection is secured.

3.4. Foreign currency transactions

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

3.5. Tangible assets

Tangible fixed assets (excluding ships) are stated at the cost of acquisition less depreciation and impairment. The cost of acquisition includes all the initial expenses for the acquisition of assets. Subsequent expenses are recorded as an increase in book value only if they add future economic benefits to the company and their cost can be valued reliably.

Ships are stated at real value minus depreciation and impairment.

Repairs and maintenance of tangible fixed assets are recorded when incurred, except when they are incurred during the four year period of regular ship inspections, in which case they are capitalised and shown in the isomeric results of that four year period.

Differences in revaluation are rectified in agreement with those forecast in Article No. 16 of International Accounting Standards.

The depreciation of tangible fixed assets is calculated using the straight-line method according to their estimated useful economic life which is as follows:

Buildings	20 years
Ships	30 to 40 years
Other equipment	3 to 5 years

MARITIME COMPANY OF LESVOS S.A. AND ITS SUBSIDIARIES
Notes to the annual financial statements
31st December, 2007
(Amounts in Euro)

3. Basic accounting principles (cont'd)

3.5. Tangible assets (cont'd)

Land is not depreciated.

More specifically for ships, it is noted that, under Presidential Decree 124/2006, the restriction regarding the useful economic life of ships (30-35 years) is no longer in effect, provided they have been fully adopted under the Stockholm Convention. This restriction was provided under Law 2932/01 No 3 Paragraph 2(c) and concerned the routing of coastal ships in the Greek seas. All ships in this group have been adopted in the provisions of the Stockholm Convention.

The group does not enforce the above restriction on the basis of the straight-line method and the duration of the useful economic life of ships, which is 30-40 years from the time of their shipbuilding. Up until the time that Law 2932/01 was in force, the useful economic life of ships was determined by the provisions in this Law. Following the lifting of the restriction, the useful economic life of ships determined by independent experts. Depreciation is calculated on acquisition value (or after the initial recognition of the fair value) reduced by the amount of the residual value of the ship at the end of its useful life. The residual value of all ships in the group is determined by independent evaluators.

Tangible fixed assets are subject to an impairment check when certain factors show that the book value is not recoverable. The recoverable value is the larger value between the fair value (less the required sale cost) and the value due to use. Impairment damage is recognized when the recoverable value is smaller than the non-depreciated book value. Impairment damages, when they occur, are reported as expenses in the results.

At the time of disposal of tangible assets, the difference between the amount received and their real value is shown in the financial results.

3.6. Intangible Assets

Software

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

3.7. Impairment of Assets

The depreciated assets are subject to impairment test, when there are indications that their recoverable amount is doubtful. The recoverable amount is the highest of the fair value; less selling cost and the value in use. For the estimation of impairment loss the assets are classified in the smaller possible cash generating units. The impairment losses are presented as expenses in the financial statements, when they are incurred.

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3. Basic accounting principles (cont'd)

3.8. Inventories

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

3.9. Trade Receivables

Trade receivables are short-term (up to 1 year) receivables and are initially recorded at their fair value, which is the same with the nominal value. They are subsequently stated at their nominal value less any provision for bad debts or bad debts. The provision for bad debts or bad debts are recognised when there is objective evidence that the company is not in place to collect all receivable amounts based on agreed terms. The amount of impairment is the difference between the receivables book value and the present value of estimated cash flows, and is recorded as an expense in results. That difference is discounted by using the market interest rate.

3.10. Cash and cash equivalents

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

3.11. Non current assets which are hold for sale

There are fixed assets which the Group intends to sell within one calendar year since the date of their classification as “held for sale”. Non-current assets which are classified as available for sale are not subject to depreciation and are measured at the lower value between their accounting value just before their classification as “held for sale” and their value less cost of sale. The results from the sale or revaluation of the non-current assets which are held for sale are recognised to Profit and Loss.

3.12. Share Capital

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

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

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3. Basic accounting principles (cont'd)

3.13. Income Tax

According to Law 27/1975 ship owning companies with vessels under Greek flag are subject to tax which is calculated on the basis of the vessels tonnage independently from the company's results. The above substitutes the income tax from shipping activities. It is the Group's opinion that the tax is similar to contribution since it is neither imposed nor it is based on taxable profits and consequently is charged to Profit and Loss. Profits from non shipping activities (if any) are taxed in accordance with the general provision for income tax. Up to 31/12/2007 the parent company has paid tax of Law 27/1975 (tonnage tax) of € 10.232,98. The subsidiary company C LINK FERRIES has paid € 7.538,99.

3.14. Compensation to employees

(a) Short term benefits

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

(b) Benefits in case of retirement

Benefits in case of retirement include programs of determined benefits.

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

The present value of this liability as at 30/6/2007 was calculated by independent actuaries using the Present Unit Credit Method. This discounting of the estimated cash flows was made by using the weighted average interest rate applicable to Greek Government Bonds. The accumulated actuarial profit or loss at the date of estimation to the extent they are 10% over the accrued liabilities, are depreciated within a period equal to remaining period of service of the staff.

3.15. Income

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

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3. Basic accounting principles (cont'd)

3.16. Segmental information

The Group's activities are within the sector of passenger shipping throughout various geographical areas. The Group's activity throughout 2006 was restricted to the Greek Costal Lines. Since May 2007 the activities were extended to the Red Sea. Consequently the activity of the group for 2007 can be grouped to:

- a. Greek Costal lines
- b. Rea Sea

The Group's vessels carry passengers (passenger transportation) and trucks (Commercial transportation). The passenger transportation is high seasonal. The higher is from June to September and the lower from November to February. The commercial movement is distributed evenly throughout the year.

4. Financial risk management

Financial risk factors

(a) Credit risk

Credit risk is mainly related to travel agents and is not considered substantial domestically, while it is of import tans for the Red Sea operations.

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

(b) Market risk

The exchange risk that can exist due to Group activities in the Red Sea Market is not large, since the turnover that emanates from this market is 10% less than total turnover. The Group does not pre-purchase either foreign exchange or futures contracts. Regarding the purchase of spare parts, materials and services in currencies outside the eurozone, these are very few compared with the overall group total of such purchases.

(c) Liquidity risk

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

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4. Financial risk management (cont'd)

Financial risk factors (cont'd)

(d) Cash flow risk and interest-rate change risk

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

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

Risk Management

The aim of the Group is to maintain its capital structure, which will decrease its cost of capital and ensure its continuous activity and growth.

The capital structure is reviewed on a tax leverage basis. The tax leverage is reported in relation to the net debt of the group with the total return on capital employed (shareholder equity plus net debt).

DESCRIPTION	THE GROUP		THE COMPANY	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Total Lending (Note 17)	70,667,655.26	117,362,430.55	47,242,995.34	84,998,898.89
Less: Cash Flow (Note 13)	-4,612,692.56	-7,043,303.74	-2,026,550.04	-5,708,639.78
Net Profit	66,054,962.70	110,319,126.81	45,216,445.30	79,290,259.11
Total Equity Capital	54,520,238.64	58,736,951.66	56,246,066.33	58,736,951.66
Total Return on Capital Employed	120,575,201.34	169,056,078.47	101,462,511.63	138,027,210.77
Tax Leverage	54.78%	65.26%	44.56%	57.44%

The improvement in the tax leverage for the Group and the Company is due mainly to the reduction in bank lending which resulted from the sale of the ships AEOLOS KENTERIS of the parent company and PANAGIA PAROU of the subsidiary company C-LINK FERRIES MC

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5. Goodwill

Goodwill of € 3.757.742,77 was raised on acquisition of the subsidiary C LINK FERRIES M.C. This is the difference between the paid consideration of € 536.400 and the fair values of the assets and liabilities of the acquired company. The fair values are equal to the respective presented in the financial statements of 31/12/2006 which have been prepared in accordance with IAS.

At the end of the current financial year, an audit was carried out for the provision of the above mentioned goodwill in accordance with the principles stated in par. 3.7. The calculation of recoverable value of the units of created cash flows uses cash flow forecasts which result from the fiscal budgets which have been approved by management and cover a five-year period.

The table below shows the distribution of goodwill in units of created cash flows per fiscal year. It also shows the main admissions which were adopted by Management for the calculation of future cash flows, so that the audit of the distribution of goodwill in units of created cash flows will be effected.

	VESSELS			PARTICIPATION	TOTAL
	PAN.TINOI	PAN.CHOZOV/SA	PAN.THALASINI	HELLENIC AE	
INITIAL DISTRIBUTION OF GOODWILL AT 31/12/06	1,080,800.12	1,142,138.78	919,784,50	615,019.37	3,757,742.77
LESS: PROVISIONS FOR GOODWILL AS AT 31/12/07	-145,278.76	0,00	-919,784,50	0.00	-1,065,063.26
REMAINDER OF GOODWILL AS AT 31/12/07	935,521.36	1,142,138.78	0.00	615,019.37	2,692,679.51
ADMISSIONS					
INCREASE IN SALES	4% - 9%	4% - 9%	8% - 12%		
DIVIDEND YIELD (AT ACQUISITION VALUE)				4,4 %- 5,5%	
GROSS MARGIN	8% - 11%	17% - 20%	3% - 15%		
RESIDUAL VALUE OF INVESTMENTS AT END OF PERIOD OF FORECAST	750,000	827,000	14,644,000	5,600,000 (4 euro/share)	
INTEREST RATE RECOURSE AT CURRENT VALUE					8.36%

As residual value of the above investments at the end of the forecast period it was deemed:

- a) for ships, the forecast undepreciated financial value at the end of the forecast period and
- b) for the participants, the estimated internal financial value of the share at the start of the forecast period, boosted by the expected growth during the forecast period.

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5. **Goodwill** (cont'd)

The budgeted gross profit margins per vessel were calculated according to the gross margin which was realized in the previous three years, boosted by the expected improvement of output.

The rhythm of growth in sales was supported by the historical data of the previous three years by weighing apart from others, the imminent changes in the shipping routes as well as the pricing policy which follows the state in the pricing of routes of unproductive lines in which the vessels “Panagia Tinou” and “Panagia Hozoviotissa” were active.

As discount interest rate the weighted average cost of capital (WACC) was used as this was calculated at the end of the fiscal year 2007 for the subsidiary company C-LINK FERRIES MC.

The provision for goodwill as at 31/12/07, as reported above, was recorded in the fiscal results of the group at the same date and included in “Other expenses” (note 21).

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6. Tangible assets

GROUP	Land	Buildings	Ships	Other Means of Transportation	Other equipment	Total
Cost						
1/1/2007 individual	439.729,74	239.319,85	186.203.921,41	-	1.523.008,93	188.405.979,93
1/1/2007 subsidiary	-	667.218,64	36.318.599,91	191.042,32	87.633,35	37.264.494,22
Individual vessel's value during 2007			- 75.066.859,53			- 75.066.859,53
Subsidiary vessel's value during 2007			- 16.669.027,73			- 16.669.027,73
Purchases (Individual)			237.000,54	6.300,00	21.634,04	264.934,58
Purchases (Subsidiary)			11.344,27			11.344,27
Increases (Individual) (1)			7.600.000,00			7.600.000,00
Disposals (Subsidiary)				- 167.780,47		- 167.780,47
Set off of intercompany transactions				- 2.219,53		- 2.219,53
Transfer of accumulated depreciation (Individual)			- 39.329.679,01			- 39.329.679,01
Transfer of accumulated depreciation (Subsidiary)			- 1.993.900,22			- 1.993.900,22
Revaluation of ships (Individual) (2)			1.375.457,73			1.375.457,73
Revaluation of ships (Subsidiary) (2)			2.653.574,18			2.653.574,18
31/12/2007	439.729,74	906.538,49	101.340.431,55	27.342,32	1.632.276,32	104.346.318,42
Depreciation						
1/1/2007 individual		123.421,71	47.796.382,31		1.096.382,15	49.016.186,17
1/1/2007 subsidiary		47.650,81	2.757.545,60	11.921,71	37.027,95	2.854.146,07
Depreciation of sold vessels during 2007 (Individual)			- 9.618.283,69			- 9.618.283,69
Depreciation of sold vessels during 2007 (Subsidiary)			- 992.827,79			- 992.827,79
Depreciation (Individual)		12.500,86	2.349.946,13	918,75	126.637,62	2.490.003,36
Depreciation (Subsidiary)		20.016,56	736.880,10	3.354,28	15.420,35	775.671,29
Transfer of accumulated depreciation (Individual)			- 39.329.679,01			- 39.329.679,01
Transfer of accumulated depreciation (Subsidiary)			- 1.993.900,22			- 1.993.900,22
31/12/2007		203.589,94	1.706.063,43	16.194,74	1.275.468,07	3.201.316,18
31/12/2007 Net Book Value	439.729,74	702.948,55	99.634.368,12	11.147,58	356.808,25	101.145.002,24
31/12/2006 Net Book Value	439.729,74	735.465,97	90.843.817,63	179.120,61	477.232,18	92.675.366,13

- (1) The increase in the vessels value is due to the reversal of the provision for impairment due to laid up. The ship's engines were repaired by 31.3.2007 and the ships are back in routes since May. 2007.
- (2) It refers to the revaluation of group's ships at the fair value.

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	Land	Buildings	Ships	Other Means of Transportation	Other equipment	Total
INDIVIDUAL						
Cost						
1/1/2007	439.729,74	239.319,85	186.203.921,41	-	1.523.008,93	188.405.979,93
Vessel's value sold during 2007	-	-	- 75.066.859,53	-	-	- 75.066.859,53
Purchases	-	-	237.000,54	6.300,00	21.634,04	264.934,58
Increases (1)	-	-	7.600.000,00	-	-	7.600.000,00
Transfer of accumulated depreciation	-	-	- 39.329.679,01	-	-	- 39.329.679,01
Revaluation of ships (2)	-	-	1.375.457,73	-	-	1.375.457,73
31/12/2007	439.729,74	239.319,85	81.019.841,14	6.300,00	1.544.642,97	83.249.833,70
Depreciation						
1/1/2007	-	123.421,71	47.796.382,31	-	1.096.382,15	49.016.186,17
Depreciation of sold vessel during 2007	-	-	- 9.618.283,69	-	-	- 9.618.283,69
Depreciation	-	12.500,86	2.349.946,13	918,75	126.637,62	2.490.003,36
Transfer of depreciation	-	-	- 39.329.679,01	-	-	- 39.329.679,01
31/12/2007	-	135.922,57	1.198.365,74	918,75	1.223.019,77	2.558.226,83
31/12/2007 Net Book Value	439.729,74	103.397,28	79.821.475,40	5.381,25	321.623,20	80.691.606,87
31/12/2006 Net Book Value	439.729,74	115.898,14	72.958.963,26	-	426.626,78	73.941.217,92

(1) The increase in the vessels value is due to the reversal of the provision for impairment due to laid up. The ship's engines were repaired by 31.3.2007 and the ships are back in routes since May. 2007.

(2) It refers to the revaluation of company's ships at the fair value.

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6. Tangible assets

The vessels are depreciated on a straight line method during the useful economic life of 35-40 years. The vessel's useful economic life was estimated on 30.6.2007 by independent valuers. The estimated residual values of the vessels at the end of their useful economic life were also evaluated by independent valuers at 30.6.2007 and were defined at 30% of their initial acquisition cost for the conventional vessels and 20% of their initial acquisition cost for the High speed vessels. The vessels fair values (except of the vessel Panagia Thalassini) as at 30.6.2007 were valued by independent valuer. The fair value of the vessel Panagia Thalassini was revaluated by 31.3.2007 by two independent valuers and the deference on revaluation refers to that date. It is noted that the vessel Panagia Parou which was sold on 5th April, 2003 for € 18.000.000 was identical to Panagia Thalassini.

The analytical data of the above evaluation are as follows:

PARENT COMPANY

SHIP	FAIR VALUE 30/06/2007	NET BOOK VALUE 30/06/2007	REVALUATION INCREASE 30/06/2007	RESIDUAL VALUE 30/06/2007	NET BOOK VALUE 31/12/07	END OF USEFUL ECONOMIC LIFE
AEOLOS KENTERIS I	30.800.000,00	30.311.444,08	488.555,92	7.400.000,00	30.397.426,66	2035
AEOLOS KENTERIS II	28.900.000,00	28.460.625,14	439.374,86	6.700.000,00	28.525.203,40	2036
THEOFILOS	9.400.000,00	9.259.722,77	140.277,23	6.600.000,00	9.235.569,08	2015
TAXIARCHES	5.500.000,00	5.424.766,75	75.233,25	3.600.000,00	5.409.430,10	2016
MITILINI	6.400.000,00	6.167.983,53	232.016,47	4.500.000,00	6.253.846,16	2013
TOTAL	81.000.000,00	79.624.542,27	1.375.457,73	28.800.000,00	79.821.475,40	

C LINK FERRIES S.C.

SHIP	FAIR VALUE 30/06/2007	NET BOOK VALUE 30/06/2007	REVALUATION INCREASE 30/06/2007	RESIDUAL VALUE 30/06/2007	NET BOOK VALUE 31/12/07	END OF USEFUL ECONOMIC LIFE
PANAGIA TINOU	1.100.000,00	1.020.386,70	79.613,30	500.000,00	1.068.769,19	2016
PANAGIA HOZOVIOTISSA	1.200.000,00	1.110.608,77	89.391,23	500.000,00	1.169.418,42	2017
PANAGIA THALASSINI	18.000.000,00	15.515.430,35	2.484.569,65	3.600.000,00	17.574.705,11	2031
TOTAL	20.300.000,00	17.646.425,82	2.653.574,18	4.600.000,00	19.812.892,72	

** The "fair value" and the "readjustment difference" of the ship "Panagia Thalassini" are reported as at 31/3/07

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6. Tangible Assets (cont.)

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

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

After the rectification and improvement of propeller machines of the vessels, the company activated these vessels on the following Costal Lines since May 2007:

AEOLOS KENTERIS I shipping line: Piraeus-Rethymno-Piraeus

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

The following mortgages were registered on the parent company's vessels:
(31/12/2007)

MITILINI	USD	32.500.000
THEOFILOS	USD	32.500.000
TAXIARCHES	USD	9.100.000
Total	USD	<u>74.100.000</u>
MITILINI	EURO	4.000.000
THEOFILOS	EURO	4.000.000
AEOLOS KENTERIS II	EURO	26.650.000
TAXIARCHES	EURO	1.430.668
AEOLOS KENTERIS I	EURO	26.700.000
Total	EURO	<u>62.780.668</u>

The following mortgages were registered on C LINK FERRIES vessel:
(31/12/2007)

PANAGIA THALASSINI	EURO	<u>16.250.000</u>
Total		<u>16.250.000</u>

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7. Other assets

The amount of € **4.121.297,42** represents the net book value of costs for special survey, which is analyzed as follows:

	TOTAL COST OF SPECIAL SURVEY	TRANSFER TO THE PROFIT AND LOSS ACCOUNT SPECIAL SURVEY'S PART	NET BOOK VALUE 31/12/2007
AEOLOS KENTERIS	462.337,11	462.337,11	0,00
AEOLOS KENTERIS I	1.159.461,49	293.249,96	866.211,53
AEOLOS KENTRERIS II	1.056.791,11	289.451,35	767.339,76
THEOFILOS	888.833,61	270.839,03	617.994,58
MITILINI	639.586,31	189.735,11	449.851,20
TAXIARCHES	547.039,39	160.458,22	386.581,17
COMPANY NET VALUE 31/12/2007	<u>4.754.049,02</u>	<u>1.666.070,78</u>	<u>3.087.978,24</u>
PANAGIA TINOU	145.548,01	45.440,43	100.107,58
PANAGIA HOZOVIOTISSA	524.668,76	151.043,57	373.625,19
PANAGIA THALASSINI	821.846,75	262.260,34	559.586,41
PANAGIA PAROU	458.391,19	458.391,19	0,00
C-LINK FERRIES NET VALUE 31/12/2007	<u>1.950.454,71</u>	<u>917.135,53</u>	<u>1.033.319,18</u>
GROUP NET BOOK VALUE 31/12/2007	<u>6.704.503,73</u>	<u>2.583.206,31</u>	<u>4.121.297,42</u>

8. Investments – Other non current receivables

	GROUP		COMPANY	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Other non current receivables				
P.P.C. (Public Power Corporation)				
S.A. guaranties				
Offices rent				
Guarantees	1.679,11	1.231,11	1.679,11	1.231,11
Various guaranties	7.746,72	5.000,00	7.046,72	5.000,00
	2.471,63	12.303,63	2.471,63	2.471,63
Total	<u>1.000,00</u>	<u>1.000,00</u>	<u>1.000,00</u>	<u>1.000,00</u>
	<u>12.897,46</u>	<u>19.534,74</u>	<u>12.197,46</u>	<u>9.702,74</u>
Investments				
Participation in related companies	--	--	536.400,00	536.400,00
Total	<u>--</u>		<u>536.400,00</u>	<u>536.400,00</u>

Other participations concern the 10% of shares of the company P. Kakaniaris – K. Papadimitriou – P. Karantanis & Co. E.E. without substantial activity.

The participation in related companies concerns the payment of amount € 536.400 for the purchase of the total shares of C LINK FERRIES SC in accordance to the decision of the General Meeting.

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9. Trade and other receivables

	GROUP		COMPANY	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Clients	6.861.292,78	3.971.139,56	3.221.638,83	1.083.975,41
Minus: Provision for bad debts	<u>(1.650.957,31)</u>	<u>(748.952,53)</u>	<u>(1.650.957,31)</u>	<u>(748.952,53)</u>
Total	<u>5.210.335,47</u>	<u>3.222.187,03</u>	<u>1.570.681,52</u>	<u>335.022,88</u>
Other receivables				
Receivables from claim refunds	--	625.432,88	--	625.432,88
Receivables from related companies	--	--	7.565.186,30	8.154.532,78
Other receivables (1)	25.187.395,20	845.072,07	25.135.054,93	463.622,89
Prepayments for contributions ship register	100.987,42	199.759,97	--	199.759,97
Minus: Provision for bad debts	--	(1.061.533,49)	--	(1.061.533,49)
Total	<u>25.288.382,62</u>	<u>608.731,43</u>	<u>32.700.241,23</u>	<u>8.381.815,03</u>

(1) To the remaining liabilities a liability of Euro 25.000.000,00 is included, as a result of the sale of the vessel "Aeolos Kenteris". The initial pay-off date of the above mentioned amount was the 15th of November 2007, which was postponed, by agreement of the involved parties, for the 15th of May 2008. The liability is secured with the bondage of shares of the purchasing company and of the company that purchased the vessel "Panagia Parou". This is confirmed by the Custodian Bank of these shares. The deletion of the sold vessel "Aeolos Kenteris" from the Greek Registry is not completed as it is connected with the remained to be decided by the Court of Justice case between the company and NAT (not. 15.1). However, the company has undertaken the obligation to deliver the Certificate of Deletion of the vessel "Aeolos Kenteris" from the Greek Registry, on the pay-off date.

10. Prepayments

	GROUP		COMPANY	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Insurance premiums of the next period (1)	728.782,34	789.656,79	351.123,09	--
Prepaid insurance	12.285,54	421.185,69	9.975,84	421.185,69
Other	298.899,20	201.579,20	224.544,77	154.399,80
Rents of the next period	150.000,00	150.000,00	150.000,00	150.000,00
Rent of following periods (beyond one year)	2.162.500,00	2.312.500,00	2.162.500,00	2.312.500,00
Prepayments to suppliers	66.057,69	360.772,26	--	250.393,16
	<u>3.418.524,77</u>	<u>4.235.693,94</u>	<u>2.898.143,70</u>	<u>3.288.478,65</u>

(1) Corresponds to equal liability.

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11. Inventories

	GROUP		COMPANY	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Fuel-other consumables	354,24	--	354,24	--
Spare parts	444.101,33	534.692,59	370.979,72	397.258,79
	640.000,00	1.182.669,79	640.000,00	1.182.669,79
	<u>1.084.455,57</u>	<u>1.717.362,38</u>	<u>1.011.333,96</u>	<u>1.579.928,58</u>

12. Available for sale financial investments

	GROUP		COMPANY	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
A.N.E.N S.A.	26.952,31	26.952,31	26.952,31	26.952,31
L.A.N.E S.A.	14.673,51	14.673,51	14.673,51	14.673,51
CO-OPERATIVE BANK				
LESVOS - LIMNOS	64.915,63	64.915,63	64.915,63	64.915,63
MINOAN LINES S.A.	5.832,00	19.540,00	5.832,00	19.540,00
A.N.E.K. S.A.	2.110,00	15,20	2.110,00	15,20
HELLENIC SEAWAYS	3.500.000,00	3.500.000,00	--	--
SEA STAR CAPITAL	560,00	--	560,00	--
	3.615.043,45	3.626.096,65	115.043,45	126.096,65

13. Cash and cash equivalents

	GROUP		COMPANY	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Cash in hand	22.930,19	33.071,98	7.966,03	16.372,07
Short term bank deposits	4.589.762,37	7.010.231,76	2.018.584,01	5.692.267,71
	<u>4.612.692,56</u>	<u>7.043.303,74</u>	<u>2.026.550,04</u>	<u>5.708.639,78</u>

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14. Share capital – Purchase of Own Shares

	<u>31/12/2007</u>	<u>31/12/2006</u>
Number of shares	118.162.337	105.674.851
Common shares	118.162.337	105.674.851
Share capital	35.448.701,10	31.702.455,30

The total number of shares issued is 118.162.337, with a nominal value of Euro 0.30 per share. All the shares issued have been fully paid.

During the financial year 2007, the following share capital increases were made:

1) The share capital was increased in 2007 by Euro 3.170.245,80 (10.547.488 common shares of nominal value of Euro 0,30 each) as a result of a capitalization of the share premium according to the shareholders' decision of 24/6/2007 and Board of Directors decision of 25/06/2007 and it was registered under K2 10112/6.7.2007 relevant announcement. According to article 16 par. 5 of Law 2190/1920 and according to relevant decisions of the Annual Regular Shareholders General Assembly of 5/7/2006 and the Board of Directors decision 2/11/2006 the company has acquired 64.084 own shares for € 56.143,92. The decision for the purchase of 10.000.000 shares at the value of 0,30 to 3.00 Euro within a one year period. The period expired on 4/7/2007.

2) The share capital was increased by Euro 576,000.00 (1,920,000 common shares at a nominal value of Euro 0.30 each) due to the exercise of the stock option plan from the members of the Board of Directors and company personnel (and those connected with that of the companies), with an offer price of €0.47 (share premium account €0.17), as agreed at the second repeat extraordinary General Meeting of Shareholders on 25/07/2007, as well as the decision of the Board of Directors on 03/12/2007. The difference between the vesting price and the market value (€ 0,87) in vesting date was considered as an expense and recorded in results and in stock option reserves. The above increase, which does not constitute a direct modification in the articles of association, was certified by the Board of Directors of the company on 17/12/2007 and registered with the Capital Markets Commission with the number K2-18349/27.12.2007 relevant statement. The Board of Directors of the Stock Exchange, at a meeting on 10/01/2008 approved the proposed listing of 1,920,000 new common nominal shares on 16/01/2008.

During the current financial year 2007 the Ordinary General Meeting of the company's shareholders, that took place on 24/06/2007, decided, amongst others, the increase of the company's share capital with capitalization of reserves formed from the difference in the issuance price of shares above par. The company received 6.408 bonus shares. The total own shares of the company is 70.492 common shares at 31/12/2007.

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15. Provisions

	GROUP		COMPANY	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Provisions for retirement compensations to employees				
Balance at beginning	170.847,00	291.397,63	170.847,00	261.397,63
Provisions unused	--	(90.550,63)	--	(90.550,63)
Provisions for the period	<u>50.028,00</u>	<u>--</u>	<u>50.028,00</u>	<u>--</u>
Total	<u>220.875,00</u>	<u>200.847,00</u>	<u>220.875,00</u>	<u>170.847,00</u>
Other provisions				
Provisions for the KAEO rights (note 1)	5.171.353,92	3.951.353,92	5.171.353,92	3.951.353,92
Other provisions	<u>893.000,00</u>	<u>500.000,00</u>	<u>893.000,00</u>	<u>500.000,00</u>
Total	<u>6.064.353,92</u>	<u>4.451.353,92</u>	<u>6.064.353,92</u>	<u>4.451.353,92</u>

(1) The Naval Retirement Fund, in accordance with sub-article 12 Liquidation Page, ascribed in the company the capital amount of €7,030 thousand which is stated in different rights under the Capital Insurance of Passengers and Vehicles. In view of the contestation on behalf of the company both on the amount of the above sum and the correctness of its basis of calculation, the company proceeded with legal measures appealing in question the clarification of Liquidation Page, at the same time did not seek judicial protection on the suspension of the implementation of the above Page, which is provided under decision number 1746/2005 of the Administrative Court of First Instance Piraeus, ordering the suspension of the implementation of the issue of the judicial decision on the appeal. The appeal of the above Liquidation Page had been set for 14 February 2007 at the same three-member Administrative Court of First Instance Piraeus and was tried and the decision is awaited. In the framework of the above contestation and as a result of this, for reasons of conservatism, the above forecasts of contingent liabilities were formed in favor of Capital Insurance of Passengers and Vehicles. These forecasts will be liquidated with the expiry of the outstandings.

(2) The remaining forecasts concern contingent liabilities of the return of shipping costs for third parties.

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16. Suppliers and other liabilities

	GROUP		COMPANY	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Suppliers	10.986.682,64	8.168.266,59	7.972.810,19	5.656.614,47
Liabilities to Employees	712.681,66	700.931,99	486.414,26	485.489,49
Tax and other liabilities including pension contributions	5.268.745,72	6.174.050,60	4.560.187,13	4.802.957,00
Liabilities to company-major shareholders –controlled by a number of the Board of Directors	22.846,81	2.174.454,94	--	--
Customers prepayments	560.986,01	566.862,18	--	--
Other liabilities	86.272,98	35.504,59	86.272,98	35.504,59
Dividends of previous years	<u>1.139.607,03</u>	<u>1.139.607,03</u>	<u>1.139.607,03</u>	<u>1.139.607,03</u>
	<u>18.777.822,85</u>	<u>18.959.677,92</u>	<u>14.245.291,59</u>	<u>12.120.172,58</u>

17. Long term loans

	GROUP		COMPANY	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Long term liabilities				
Debenture loan	543.856,20	543.856,20	543.856,20	543.856,20
Bank loans	55.554.158,15	54.628.750,51	39.116.500,00	37.916.500,00
	<u>56.098.014,35</u>	<u>55.172.606,71</u>	<u>39.660.356,20</u>	<u>38.460.356,20</u>
Short term liabilities				
Loans of vessels sold during 2007	--	51.100.000,00	--	39.000.000,00
Bank loans	14.569.640,91	11.089.823,84	7.582.639,14	7.538.542,69
Loans total	<u>70.667.655,26</u>	<u>117.362.430,55</u>	<u>47.242.995,34</u>	<u>84.998.898,89</u>

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

	<u>31/12/2007</u>	<u>31/12/2006</u>
From 1 to 2 years	6.143.856,20	8.143.856,20
From 2 to 5 years	9.400.000,00	11.400.000,00
Over 5 years	24.116.500,00	18.916.500,00
	<u>39.660.356,20</u>	<u>38.460.356,20</u>

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

	<u>31/12/2007</u>	<u>31/12/2006</u>
Euro	46.051.870,91	83.346.233,74
\$ U.S.A 1.750.000,00	1.191.124,43	1.652.665,15

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17. Long term loans (cont'd)

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

	<u>31/12/2007</u>	<u>31/12/2006</u>
From 1 to 2 years	13.183.413,61	15.874.327,76
From 2 to 5 years	12.233.179,32	14.669.851,67
Over 5 years	30.681.421,42	24.628.427,28
	56.098.014,35	55.172.606,71

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

	<u>31/12/2007</u>	<u>31/12/2006</u>
Euro	69.476.530,83	115.709.765,40
\$ U.S.A 1.750.000,00	1.191.124,43	1.652.665,15

For the security of the loans there are registered mortgages on the group vessels and properties as they are described in note 6.

For the security of loans of the parent company, there are registered mortgages on the vessels as described in note 6 as well as mortgage pre-notation of €686,720.46 on the buildings.

For the security of loans of the subsidiary company SEA LINK FERRIES MC there are registered mortgages on the vessels as described in note 6 above, mortgage pre-notation of €780,000 on buildings and have pledged 1.4 million shares of HELLENIC SEAWAYS ANE with an acquisition value of €3.5 million as well as receiving a concessionary loan from direct contracts with public services.

18. Provisions for accrued expenses

	GROUP		COMPANY	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Loans interest	<u>990.156,06</u>	<u>1.827.752,01</u>	<u>669.039,38</u>	<u>892.307,78</u>
	990.156,06	1.827.752,01	669.039,38	892.307,78

19. Sales – Analysis by geographic sector

	GROUP		COMPANY	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Revenue from fares	43.266.625,52	25.556.086,27	33.179.781,76	25.556.086,27
On Board Sales	1.823.921,05	1.423.244,18	1.663.541,14	1.423.244,18
	45.090.546,57	26.979.330,45	34.843.322,90	26.979.330,45

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19. Sales – Analysis by geographic sector (cont'd)

The period revenue of the parent company is analyzed into operation categories:

•	611.0 “Sea and Coastal Transportations”	€	33.179.781,76
•	703.2 “Restaurants and Bars”	€	1.590.132,37
•	521.4 “General Stores”	€	73.408,77

The period revenue of the group is analyzed into operation categories:

•	611.0 “Sea and Coastal Transportations”	€	43.266.625,52
•	703.2 “Restaurants and Bars”	€	1.750.512,28
•	521.4 “General Stores”	€	73.408,77

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19. Sales – Analysis by geographic sector (cont'd)

GROUP						
Geographical sector	Greek Coastal Navigation	Red Sea 01/01/31/12/2007	Total	Greek Coastal Navigation	Red Sea 01/01/31/12/2006	Total
Revenue from sales	40.199.063,61	3.067.561,91	43.266.625,52	25.556.086,27	0,00	25.556.086,27
Restaurants and Bars	1.750.512,28	0,00	1.750.512,28	1.409.984,99	0,00	1.409.984,99
Income from restaurants	0,00	0,00	0,00	13.259,19		13.259,19
Income from general stores	46.803,27	26.605,50	73.408,77	0,00	0,00	0,00
Total	41.996.379,16	3.094.167,41	45.090.546,57	26.979.330,45	0,00	26.979.330,45
Gross profit/(loss)	-1.994.994,31	1.189.363,25	-805.631,06	-7.851.959,96	0,00	-7.851.959,96
Financial profit/(loss)	7.541.785,91	49.375,64	7.591.161,55	5.124.961,87	0,00	5.124.961,87
Profit before taxes, financing, investment results and depreciations	1.501.749,53	618.253,77	2.120.003,30	43.772.687,16	0,00	43.772.687,16
Profit before taxes	-10.325.800,58	495.799,57	-9.830.001,01	32.077.907,61	0,00	32.077.907,61
Profit after taxes	-10.325.800,58	495.799,57	-9.830.001,01	32.077.907,61	0,00	32.077.907,61
Values of ships at the beginning of period	90.843.817,63		90.843.817,63	148.379.982,70	0,00	148.379.982,70
Additions on ships of period	25.213,41	223.131,40	248.344,81	6.211.906,09	0,00	6.211.906,09
Increase/(Decrease) on ships of period	7.600.000,00	0,00	7.600.000,00	-9.000.000,00	0,00	-9.000.000,00
Balance transfer	0,00	0,00	0,00	-800.000,00	0,00	-800.000,00
Depreciations of ships	-2.890.261,97	-196.564,26	-3.086.826,23	-6.384.349,69	0,00	-6.384.349,69
Change of routing of ships	-5.307.629,71	5.307.629,71	0,00	0,00	0,00	0,00
Revaluation of ships	3.953.798,66	75.233,25	4.029.031,91	0,00	0,00	0,00
Sold vessels during 2007	0,00	0,00	0,00	-65.448.575,84	0,00	-65.448.575,84
Net book value of ships 31/12	94.224.938,02	5.409.430,10	99.634.368,12	72.958.963,26	0,00	72.958.963,26
Mortgage loans	53.216.284,14	1.234.219,62	54.450.503,76	44.344.165,15	0,00	44.344.165,15
Mortgage loans of sold vessels during 2007	0,00	0,00	0,00	39.000.000,00	0,00	39.000.000,00

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19. Sales – Analysis by geographic sector (cont'd)

COMPANY

Geographical sector	Greek Coastal Navigation	Red Sea 01/01/31/12/2007	Total	Greek Coastal Navigation	Red Sea 01/01/31/12/2006	Total
Revenue from sales	30.112.219,85	3.067.561,91	33.179.781,76	25.556.086,27	0,00	25.556.086,27
Restaurants and Bars	1.590.132,37	0,00	1.590.132,37	1.409.984,99	0,00	1.409.984,99
Income from restaurants	0,00	0,00	0,00	13.259,19		13.259,19
Income from general stores	46.803,27	26.605,50	73.408,77	0,00	0,00	0,00
Total	31.749.155,49	3.094.167,41	34.843.322,90	26.979.330,45	0,00	26.979.330,45
Gross profit/(loss)	-553.301,63	1.189.363,25	636.061,62	-7.851.959,96	0,00	-7.851.959,96
Financial profit/(loss)	5.241.372,89	49.375,64	5.290.748,53	5.124.961,87	0,00	5.124.961,87
Profit before taxes, financing, investment results and depreciations	1.737.677,67	618.253,77	2.355.931,44	43.772.687,16	0,00	43.772.687,16
Profit before taxes	-5.946.398,71	495.799,57	-5.450.599,14	32.077.907,61	0,00	32.077.907,61
Profit after taxes	-5.946.398,71	495.799,57	-5.450.599,14	32.077.907,61	0,00	32.077.907,61
Values of ships at the beginning of period	72.958.963,26		72.958.963,26	148.379.982,70	0,00	148.379.982,70
Additions on ships of period	13.869,14	223.131,40	237.000,54	6.211.906,09	0,00	6.211.906,09
Increase/(Decrease) on ships of period	7.600.000,00	0,00	7.600.000,00	-9.000.000,00	0,00	-9.000.000,00
Balance transfer	0,00	0,00	0,00	-800.000,00	0,00	-800.000,00
Depreciations of ships	-2.153.381,87	-196.564,26	-2.349.946,13	-6.384.349,69	0,00	-6.384.349,69
Change of routing of ships	-5.307.629,71	5.307.629,71	0,00	0,00	0,00	0,00
Revaluation of ships	1.300.224,48	75.233,25	1.375.457,73	0,00	0,00	0,00
Sold vessels during 2007				-65.448.575,84	0,00	-65.448.575,84
Net book value of ships 31/12	74.412.045,30	5.409.430,10	79.821.475,40	72.958.963,26	0,00	72.958.963,26
Mortgage loans	42.141.500,00	1.191.124,43	43.332.624,43	44.344.165,15	0,00	44.344.165,15
Mortgage loans of sold vessels during 2007	0,00	0,00	0,00	39.000.000,00	0,00	39.000.000,00

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20. Other income

	GROUP		COMPANY	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Profit from sale of ships (1)	3.875.224,22	--	1.551.424,16	--
Arrangement of payment of mortgage loan because for non effective operation of the vessels	--	55.180.587,13	--	55.180.587,13
Compensation	--	5.258.967,02	--	5.258.967,02
Reverse of impairment of ships	7.600.000,00	--	7.600.000,00	--
Other income	1.556.436,45	2.830.322,24	1.410.289,25	2.830.322,24
	13.031.660,67	63.269.876,39	10.561.713,41	63.269.876,39

- (1) It concerns profit from the sale of ship of the parent company "AEOLOS KENTERIS" € 1.551.424,16 and profit from the sale of ship of the subsidiary C-LINK FERRIES "Panagia Paros" € 2.323.800,06.

	AEOLOS KENTERIS	PANAGIA PAROU
Book Value	75.066.859,53	16.669.027,73
Minus : Depreciation	- 9.618.283,69	- 992.827,79
Net Book Value	65.448.575,84	15.676.199,94
Disposal revenue	67.000.000,00	18.000.000,00
Results	1.551.424,16	2.323.800,06

21. Other expenses

	GROUP		COMPANY	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Agents commission	3.761.450,55	2.330.556,06	3.367.636,82	2.330.556,06
Maintenance	4.006.318,24	113.308,82	2.898.778,90	113.308,82
Insurance premiums	2.701.191,75	2.211.141,70	2.144.366,61	2.211.141,70
Provision of impairment of ships	--	9.000.000,00	--	9.000.000,00
Fees paid to third parties	3.519.574,17	2.125.684,48	2.894.453,44	2.125.684,48
Third parties expenses	617.912,87	569.863,06	566.069,14	569.863,06
Advertisement expenses	808.597,70	1.372.566,23	800.653,43	1.372.566,23
Harbor expenses	1.802.656,96	690.988,98	1.397.380,66	690.988,98
Other expenses	3.317.307,24	1.583.694,94	2.141.497,07	1.583.694,94
Impairment of C-LINK FERRIES M.C. purchase goodwill	1.065.063,26	--	--	--
Total	21.600.072,74	19.997.804,27	16.210.836,07	19.997.804,27

22. Remuneration of employees

	GROUP		COMPANY	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Wages	14.095.182,94	10.577.774,32	10.395.973,36	10.577.774,32
Contributions to employees funds	1.710.295,08	1.343.430,40	1.308.252,84	1.343.430,40
Other	520.365,15	413.592,87	399.654,69	413.592,87
Compensation according to Law 2112/1920	175.727,13	361.428,13	160.767,89	361.428,13
	16.501.570,30	12.696.225,72	12.264.648,78	12.696.225,72

The number of employees on 31.12.2007 was 331 persons for the parent company and 445 persons for the group. The number of employees on 31.12.2006 was 289 persons for the company and 402 persons for the group.

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23. Depreciation

	GROUP		COMPANY	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Buildings	32.517,42	12.500,86	12.500,86	12.500,86
Ships:				
AEOLOS KENTERIS	--	1.854.759,92	--	1.854.759,92
AEOLOS KENTERIS I	812.623,50	826.938,10	812.623,50	826.938,10
AEOLOS KENTERIS II	745.120,76	766.547,88	745.120,76	766.547,88
MYTILINI	274.460,27	591.809,94	274.460,27	591.809,94
TAXIARCHIS	196.564,26	871.475,39	196.564,26	871.475,39
THEOFILOS	321.177,34	1.472.818,46	321.177,34	1.472.818,46
PANAGIA HOZOVIOTISSA	73.601,32	--	--	--
PANAGIA TINOU	81.578,26	--	--	--
PANAGIA THALASSINI	581.700,52	--	--	--
PANAGIA PAROU	4.273,03	--	918,75	--
Other transportation means	142.057,97	129.265,00	126.637,62	129.265,00
Office and other equipment	34.604,85	43.702,13	32.278,39	43.702,13
Software programs	3.300.279,50	6.569.817,68	2.522.281,75	6.569.817,68
Total				

For the ships Aeolos Kenteris and Panagia Parou no depreciation is calculated. The ships were sold on 5.4.2007 and the price was higher than the net book value on 31 December, 2006.

24. Financial cost

	GROUP		COMPANY	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Interest on Long term and Sort term Loans	7.694.988,56	5.356.933,48	5.382.801,66	5.356.933,48
Foreign Exchange Difference	(150.562,48)	(274.416,23)	(158.779,70)	(274.416,23)
Other expenses	46.735,47	42.444,62	66.726,57	42.444,62
	7.591.161,55	5.124.961,87	5.290.748,53	5.124.961,87

25. Earnings/(losses) per share

Profit or Loss per share applicable to nominal shareholders is calculated by the decision of the period Profit or Loss by the weighted average of the number of shares during the period.

For the calculation of profit or loss per share at consolidation level the combined profit and loss is divided by the weighted average number of shares during the period after deducting the rights of minority interest. Given that in the current period, the capitalisation of reserves and the distribution of bonus shares took place, a relevant adaptation of earning per share for the previous period occurred.

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25. Earnings/(losses) per share (Cont'd)

Number of shares 1/1/2007	105.674.851	
New shares 1/1-15/12/2007	10.567.486	Bonus Shares 1 new common share for 10 old common shares
New shares 15/12-31/12/2007	<u>1.920.000</u>	Share capital increase (stock option plan)
Total number of shares	118.162.337	

Calculation of weighted average number of shares

period	Number of Shares	Own Shares	Issued Shares	Proportion of Period	Factor of Bonus shares	Weighted average Number of Shares
Number of Shares 1/1/2007-21/3/2007	105.674.851	-	105.674.851	80	1,1	25.477.772
Own shares 21/3/2007-25/7/2007		64.084	105.610.767	126	1,1	40.103.157
Bonus Shares 25/7/2007-15/12/2007	10.567.486	-				
Own shares 25/7/2007-15/12/2007		6.408	116.171.845	143	1	45.513.901
Increase in share capital (stock option plan) 15/12-31/12/2007	1.920.000	-	118.091,845	16	1	5.176.629
Total	118.162.337	70.492	118.091.845	365		116.271.459

GROUP

	<u>31/12/2007</u>	<u>31/12/2006</u>
Earnings / (Losses)	(9.830.001,01)	32.077.907,61
Weighted average shares outstanding	116.271.459	116.271.459
Earnings / (Losses) per share in Euro	(0,08)	0,28

COMPANY

	(5.450.599,14)	32.077.907,61
Earnings / (Losses)	116.271.459	116.271.459
Weighted average shares outstanding	(0,04)	0,28
Earnings / (Losses) per share in Euro		

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26. Related parties transactions

	<u>GROUP</u>	<u>COMPANY</u>
Sales	170.000,00	--
Purchases	170.000,00	170.000,00
Receivables (1)	--	7.565.186,30
Liabilities	--	--
Transactions and wages with member of management	1.310.256,57	1.299.401,34
Receivables from members of management	--	--
Payable to members of management	--	--
Payable to the company's shareholders which is under the control of the members of the Board of Directors (2) and (note 16)	22.846,81	--

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

- (1) Total amount of receivables € 7.565.186,30 includes claim from the participation in NEL LINES JOINT VENTURE € 4.553.693,70 and claim from C LINK FERRIES S.C. € € 3.011.492,60 .
- (2) Provisional facilitation of NEL major shareholder to the subsidiary C LINK FERRIES S.C..

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

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

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27. Contingent liabilities

- 27.1. Letter of guarantee of GDR 375,000,000 or Euro 1.100.513,58 for coverage of initial claim by court of law for third parties claims, until the final issue of decision by court of law.
- 27.2. Other letter of guarantee of €24,944.97 for coverage of liabilities.
- 27.3. Additional insurance contributions to Pension Funds which may result from final assessment.
- 27.4. Taxes, excluding income tax (note 3.12.), which may result by the tax audit for the non-audited fiscal years 2005 of the parent company.
- 27.5. NEL LINES JOINT VENTURE has not been audited for 2006 by the Greek Tax Authorities.
- 27.6. C- LINK FERRIES SC. has been audited by tax authorities until 2005 (included).
- 27.7. Letter of guarantee of €688,584.00 in favour of Ministry of Aigaion for participation to public competition.
- 27.8. Legal suit against the company by charterers. This legal suit has important content and as a result will be influenced either positively (because of the return of a letter of guarantee of approximately €1.1 million, which the company deposited during this trial) or negatively – the economic situation of the company. This suit began in the year 2000 and a hearing date has been set for 11th March 2008. It was tried and a decision is awaited. It is believed the suit will be rejected.
- 27.9. The suing of the company by an urban cooperative which is seeking to determine the sum of the legal wage (related rights) for the materials of sound and picture (television) which the company used on its vessels transmitting work of actors during 2005-06 and 07 in the sum of €45,220 and claims the company should pay him the reported sum. It is believed that this case will have a positive result.
- 27.10. The suing of NEL LINES by a music composer who claims that NEL LINES has proceeded with illegal use of his work and is seeking compensation. The claim is for €400,000.00 and the company believes it will be rejected.
- 27.11. A credit institution is suing NEL LINES with a claim for a payment of €200,000.00. This claim concerns a cheque of a customer of the credit institution which was lost and the payment was requested on the basis of a photocopy which the company denied. The company believes that this suit will be rejected.
- 27.12. The Public Economic Service (DOY) of Mytilini, based on a document sent by NAT, published and copied to the company the No 725/13.02.2006 confirmation document, referring to the company's debt to NAT, of Euro 11.759.678,91 (debt of capital of Euro 7.029.969,80 plus charges of Euro 4.729.709,11) as reported on the NAT Clearance Statement No 12/28.9.2005. This confirmation document is, by the company, not legal as it was issued after the postponement of execution of the above mentioned Clearance Statement. The company filed a request of postponement and interruption against the confirmation statement at the Mytilini Court of Justice, along with a request of temporary order. Initially, the Mytilini Court of Justice issued the requested temporary order and, further on, approved the postponement request. Further to these facts the payment of the above mentioned amount was postponed until the formal examination and the decision in the Court of Justice.

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27. Contingent liabilities (cont'd)

We reasonably estimated and anticipate that the mentioned confirmation document will be declared void and cancelled. The formal examination and the decision of the Court of Justice are yet to be planned and taken. About this requirement of NAT, Nel has recorded liabilities € 7.029.646,08.

28. Contingent requirements

The ships Aeolos Kenteris I and Aeolos Kenteris II after the successful replacement of its main engines, started routes on May 2007 on the itinerary PIRAEUS- RETHYMNO – PIRAEUS and PIRAEUS – PAROS –NAXOS-PAROS-PIRAEUS.

29. Events after the Balance Sheet Date

29.1 Share capital increase

As per the 2nd Repeat Extraordinary General Assembly of Shareholders on 30/10/2007, the Board of Directors, at its meeting on 20/12/2007, decided on an increase in company share capital of 14,179,480.50 EURO, with the issue of 47,264,935 new common shares, at a nominal value of EURO 0.30 each, by cash contribution and a pre-emption right in favor of existing shareholders in the proportion of four (4) new common registered shares for every ten (10) old common registered shares. The offer price of the new shares is to EURO 0.70 per share.

The information Memorandum on the increase in share capital was approved by the Board of Directors of the Capital Markets Commission on 7/3/2008.

The ex-rights date of pre-emption Right was 18/3/2008, the period of “Exercise of Pre-emption Right” is from 27/3/2008 up to and including 11/4/2008, the trading period of Pre-emption Right is from 27/3/2008 up to and including 7/4/2008.

Mitilini 22 March, 2008

The President

CEO – Executive Member

Vice President

Ioannis Sifakis
ID. AE 425615

Apostolos Ventouris
I.D. P686232

Theocharis Papageorgiou
I.D. S 187789