



MINOAN LINES SHIPPING S.A.

Financial Statements

for the year 2007 (1/1 – 31/12/2007)

In accordance with International Financial Reporting Standards

The accompanying financial statements have been approved by the Board of Directors on March 21st 2008 and have been uploaded to the Company's web site www.minoan.gr

Table of Contents

Report of the Board of Directors			
Independent Auditor's Report			
Financial statements for the year ended 2007 (1/1 – 31/12/2007)		Page	
	Income Statement	1	
	Balance Sheet	2	
	Statement of changes in Equity	3	
	Consolidated Statement of changes in Equity	4	
	Statement of Cash Flows	5	
Notes to the financial statements for the year 2007 (1/1 – 31/12/2007)			
General Information	1	General Company's Information	6
	2	Basis of preparation of the financial statements	7
	2.1	Statement of Compliance	7
	2.2	Basis of Preparation	7
	2.3	Uses of estimates	7
	3	Significant Accounting Policies	7
	3.1	Basis of Consolidation	7
	3.1.1	Subsidiaries	7
	3.1.2	Associates	8
	3.1.3	Transactions eliminated on Consolidation	8
	3.2	Foreign Currency Transactions and Functional Currency	8
	3.3	Financial Instruments	8
	3.3.1	Non – derivative financial instruments	8
	3.3.1.a	Trade and Other receivables	8
	3.3.1.b	Available for sale securities	8
	3.3.1.c	Cash and Cash equivalents	9
	3.3.1.d	Interest bearing loans and borrowings	9
	3.3.1.e	Trade and other payables	9
	3.3.2	Derivative financial instruments	9
	3.3.3	Costs related to share capital increase	9
	3.4	Property, plant and equipment	9
	3.5	Leases	10
	3.6	Inventories	10
	3.7	Impairment	10
	3.7.1	Financial assets	10
	3.7.2	Non – Financial assets	11
	3.8	Non – Current assets held for sale	11
	3.9	Dividends	11
	3.10	Employee benefits	11
	3.10.1	Defined contribution plans	11
	3.10.2	Defined benefit plans	11
	3.10.3	Termination benefits	12
	3.10.4	Short-term benefits	12
3.11	Provisions	12	
3.12	Revenue	12	
3.12.1	Operating revenue (freight)	12	
3.12.2	Revenue from on – board services	12	
3.12.3	Other income	12	
3.12.4	Dividend income	12	
3.12.5	Government grants	12	
3.13	Expenses	13	
3.13.1	Finance income and expense	13	

	3.13.2	Income Tax	13
	3.14	Earnings per share	13
	3.15	Segment reporting	13
	3.16	New standards and interpretations not yet adopted	13
	3.17	I.F.R.S. and I.F.R.I.C. Interpretations became effective within the year ended 2007	15
Financial Results	4	Revenue	15
	5	Cost of sales	15
	6	Other operating income	15
	7	Other operating expense	16
	8	Financial income	16
	9	Financial expenses	16
	10	Personnel expenses	16
	11	Income Tax	16
Assets	12	Property, plant , equipment	17
	13	Investments in subsidiaries	18
	14	Investments in associates	18
	15	Other financial assets	18
	16	Inventories	19
	17	Trade and Other receivables-Other current assets	19
	18	Cash and Cash equivalents	19
	19	Non – current assets held for sale	19
Equity and Liabilities	20	Share capital	19
	21	Reserves	19
	22	Dividends	20
	23	Long term debt and current portion of long-term interest bearing loans and borrowings	20
	24	Employee defined benefit obligations	20
	25	Deferred government grants	21
	26	Trade and other payables	22
Other Information	27	Financial Risk Management	22
	27.1	General	22
	27.2	Credit risk	22
	27.2.1	Credit Risk exposure	23
	27.2.2	Impairment loss	23
	27.3	Liquidity risk	24
	27.4	Market risk	24
	27.4.1	Currency risk	25
	27.4.2	Interest Rate Risk	25
	27.4.2.a	Sensitivity analysis on interest rate cash flows	25
	27.4.3	Fuel Risk	25
	27.5	Capital management	25
	28	Fair values	26
	29	Analysis of business activities by geographical segment	26
	30	Earnings per share	27
	31	Related Party transactions	27
	31.1	Subsidiaries	28
	31.2	Associates	28
	31.3	Members of the Board of Directors and management	28
	32	Contingent liabilities	29
33	Subsequent events	29	

REPORT OF THE BOARD OF DIRECTORS OF “MINOAN LINES S.A.” TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

To the Shareholders

Ladies and Gentlemen,

We present to you the separate and consolidated financial statements of the financial year 2007, as well as the most significant events that underlined the performance of the Company's business activity.

General

The main characteristics of 2007 were a) the continuous increase of fuel prices, and, b) the intense competition in the markets (lines) where the Company operates.

The upward course of fuel prices, which within the last three-year period (2005 – 2007) has been excessively increased (+115%), has seriously burdened the Company's vessels' operational expenses.

Moreover, the new deployment (operation) of vessels, mainly in the South Adriatic, and in combination with the reduction in passengers and vehicles traffic volumes, led to the increase of competition within this particular market.

However, regardless of the aforementioned facts, during 2007 there was an intense, significant interest from various investors for the shipping industry, leading to major changes in the share capital structure of most coastal companies.

Within this environment, Minoan Lines managed to increase its volumes in all traffic categories reaching higher levels in comparison with the corresponding number of trips.

The Company

In 2007, the Company operated its business with two vessels in “Heraklion – Piraeus” and four vessels in Adriatic routes (Ancona and Venice) maintaining its strong position for another year in both markets.

Traffic Volumes

In “Heraklion-Piraeus” route, the Company increased its market shares in each transportation category.

Heraklion - Piraeus	Traffic (in thous.)			Market Shares	
	2007	2006	change %	2007	2006
Passengers	982	968	+ 1.5%	72.0%	71.0%
Cars	130	126	+ 3.4%	62.2%	62.1%
Trucks	69	66	+ 4.0%	49.6%	49.6%

In north Adriatic routes (Ancona and Venice), the Company maintained the highest market shares among the Companies operated in the specific market as concerns passengers and cars categories performing significantly fewer trips since it served the Venice line with one vessel less after the sale of H/S/F ARIADNE PALACE in December 2006. The reduction of its share in trucks is primarily attributed to the full garage capacity utilization.

Ancona & Venice	Traffic (in thous.)			Traffic per Trip			Market Shares	
	2007	2006	Change %	2007	2006	Change %	2007	2006
Passengers	542	581	- 6.7%	538	500	+ 7.5%	36.1%	35.7%
Cars	145	154	- 6.0%	143	132	+ 8.3%	37.3%	37.5%
Trucks	81	91	- 11.0%	80	78	+ 2.5%	31.3%	35.2%
Trips	1,008	1,161	- 13.2%				30.6%	33.4%

Financial Results – Balance Sheet

The most important items of the Balance Sheet and Income Statement of the Company that have been prepared in accordance with I.F.R.S. are presented below:

In million €	2007	2006	Change	
			€	%
Balance Sheet				
Non Current Assets	617.21	637.54	- 20.34	- 3.2%
Current Assets	55.22	80.09	- 24.87	- 31.1%
Equity	268.18	270.63	- 2.45	- 0.9%
Total Liabilities	404.24	447.00	- 42.76	- 9.6%
Income Statement				
Revenue	195.70	206.70	- 11.00	- 5.3%
Cost of Sales*	-121.64	-128.95	- 7.31	- 5.7%
Distribution Costs and Administration Expenses*	-28.14	-28.02	+ 0.12	+ 0.4%
Other operating results	+0.37	+11.69	- 11.31	- 96.8%
Operating Profit before tax, depreciation, financing and investing costs (E.B.I.T.D.A.)	46.30	61.42	- 15.12	-24.6%
Depreciation	-17.16	-19.40	- 2.23	- 11.5%
Financial Expenses	-25.04	-27.77	- 2.73	- 9.8%
Financial Income	+6.53	+2.61	+ 3.91	+ 149.7%
Taxes	-0.05	+ 1.41	- 1.46	- 103.9%
Net Profit after Tax	10.57	18.27	- 7.70	- 42.2%

*before depreciation

- ✓ The 'Non-Current Assets' amounted to €617.21 million against €637.54 million of the previous year reduced by €20.34 million (-3.2%), primarily due to the depreciation costs of the current year as well as the liquidation of hedging contracts.
- ✓ The 'Current Assets' are decreased by €24.87 million (-31.1%) and amounted to €55.22 million against €80.09 million of the previous year, mainly attributed to the decline of trade receivables reflecting the reduced revenues after the sale of H/S/F ARIADNE PALACE and the decrease of Company's cash and cash equivalents as well.
- ✓ The 'Equity' was reduced by €2.45 million (-0.9%) and reached €268.18 million against €270.63 million of the previous year, primarily attributed to the dividends' payment for 2006 which were distributed within 2007.
- ✓ The 'Total Liabilities' dropped at € 404.24 million against € 447.00 million of the previous year. This decrease is due to the decline both of the Company's debt and the "Trade and Other payables" item.

On profit/loss basis, the significant changes occurred in operating results in relation to those of the previous year is exclusively due to the fact that the Company operated its business with one vessel less, after the sale of H/S/F ARIADNE PALACE which recorded a profit on sale of € 11.24 million for the fiscal year of 2006.

Moreover, it should be noted that for 2006, a profit amounting to €1.37 million from the sale of MINOAN AGENCIES S.r.L has been recorded in the item 'financial income'. In addition, 2006 net results included a significant amount derived from tax-refund after the completion of the tax audit for the years 2000-2005.

In more detail:

- ✓ The 'Revenues' decreased by €11.00 million (-5.3%) and reached €195.70 million against €206.70 in 2006. It is worth noting that in 2006, the operation of H/S/F ARIADNE PALACE contributed to the Revenues € 26.92 million.
- ✓ The 'Cost of Sales before depreciation' was decreased by €7.31 million (-5.7%) as compared to the previous year, amounting to €121.64 million against €128.95 of previous year. At this point we would like to note the dramatic increase in fuel cost, which consists now the 47% of the Company's cost of sales against 38% three years ago.
- ✓ The 'Distribution costs and Administration expenses before depreciation' were maintained, for the third year at the same levels (€ 0.12 million increase versus 2006) and amounted to €28.14 million.
- ✓ The 'Other Operating Results' was decreased significantly (-96.8%) as compared to the previous year due to the profit recorded in 2006 from the sale of H/S/F ARIADNE PALACE amounted to €11.24 million.
- ✓ Due to the aforementioned profit, the 'Operating Profit before tax, depreciation, financing and investing costs', for 2007 is shown reduced (-24.6%) amounted to €46.30 million in relation to €61.42 million in 2006 while the respective margin was 23.7% against 29.7% in 2006.
- ✓ The 'Financial Expenses' were reduced by -9.8% amounting to € 25.04 million versus € 27.77 million in 2006 due to the decline in the Company's Debt.
- ✓ The 'Financial Income' was significantly increased to € 6.53 million (+149.7%) against € 2.61 million of the previous year due to the revenue from the interest rate swap contracts during the year and the profit from their liquidation as well.
- ✓ The 'Net Profit After taxation' amounted to €10.57 million against €18.27 million of 2006 reduced by €7.70 million (-42.2%)
- ✓ The dividend proposed by the Management to the General Assembly for distribution is € 0.05 per share.

Significant events in 2007

The refinancing of the Company's loan structure was agreed in December 2007 with the signing of a new Bond loan and was concluded with the signing of a supplemental letter and its drawdown in February 2008.

In this Bond loan facility, the duration of which is 12 years and it amounts to € 375 million , 10 banks participate while the Book Runner is the National Bank of Greece.

This successful refinancing has been achieved due to the continuous improvement of Minoan Lines' financial performance in the last years which contributes to the improvement of the financial terms of the above-mentioned Bond loan. On an annual basis, we estimate a € 3 million benefit for the Company.

The participation of the banks at the bond loan facility is as follows:

NATIONAL BANK OF GREECE S.A.
ALPHA BANK A.E.
EFG EUROBANK ERGASIAS S.A.
EMPORIKI BANK OF GREECE S.A.
PIRAEUS BANK A.E.
B.N.P. PARIBAS (SUISSE) S.A.
BAYERISCHE HYPO - UND VEREINSBANK AG
CITIBANK INTERNATIONAL PLC
DEUTSCHE SCHIFFSBANK AG
NATIXIS

The management of the Company wishes to thank all the banks for their trust and support throughout the years of their cooperation.

Business Risks

Two of the major risks the Company is exposed to are: a) the increase in fuel prices because of the Company's nature of provided services, and, b) the risk from a potential increase in interest rates due to its loan structure.

The Company, given the prevailing market condition each period of time, intends to hold derivative financial instruments to hedge its exposure to interest risks and risks arising from the increase in fuel prices in order to improve its performance.

Prospects – Strategy for 2008

The first indications show that 2008 is going to be a very difficult year for the world economy. The rapid increase of fuel prices because of the inflationary pressures that creates, forces the European Central Bank to maintain high interest rates which lead to the appreciation of Euro against dollar. As a result both the growth and the competitiveness of Europe are negatively affected. This situation is expected to influence almost all sectors of the Greek economy.

Thus, the coastal sector is expected to be affected further since, apart from the high fuel prices, a potential recession may indirectly affect tourism as well.

In this negative climate, the Company is called to manage effectively this given situation. The first priority for 2008, under these circumstances, is the strengthening of its market shares in the lines that it operates with a continuous monitoring of all requirements that are created, and planning of the commercial policy for their immediate coverage as well as further drastic reduction of operational expenses.

The Group

In the tables below, the companies are presented, in which MINOAN LINES, as parent company has a majority holding interest and therefore consolidated by the full consolidation method (subsidiaries) as well as the companies in which the parent has neither majority holding interest nor control over them (associates) and therefore consolidated by the Equity method.

Companies consolidated by the method of 'full consolidation' at 31/12/2007

Name	% of share
EUROPEAN THALASSIC AGENCIES SHIPPING MANAGEMENT & CONSULTANTS S.A.*	100.00%
CRETAN FILOXENIA S.A.	99.99%
ATHINA A.V.E.E.	99.99%
MINOAN ESCAPE S.A.	99.95%
MINOAN CRUISES S.A.	80.28%

* under liquidation

Companies consolidated by the equity method

Name	% of share
MEDITERRANEAN FERRIES S.r.l.*	50.00%
HELLENIC SEAWAYS A.N.E. – GROUP OF COMPANIES	33.35%

* under liquidation

Consolidated Balance Sheet – Financial Results

In the table below, the consolidated balance sheet as well as the income statement of the Group are presented in summary.

In million €	2007	2006	Change	
			€	%
Balance Sheet				
Non – current assets	623.62	637.49	- 13.87	- 2.2%
Current Assets	60.84	85.75	- 24.91	- 29.0%
Equity	280.17	276.20	+ 3.97	+ 1.4%
Total Liabilities	404.30	447.04	- 42.74	- 9.6%
Income Statement				
Revenue	195.94	206.89	- 10.95	- 5.3%
Cost of sales *	-121.75	-129.02	- 7.27	- 5.6%
Distribution Costs and Administration Expenses*	-28.20	-28.13	+ 0.07	+ 0.2%
Other operating results	+0.31	+11.66	- 11.35	- 97.3%
Operating Profit before tax, depreciation, financing and investing costs (E.B.I.T.D.A.)	46.29	61.39	- 15.10	- 24.6%
Depreciation	-17.16	-19.40	- 2.23	- 11.5%
Financial expenses	-12.70	-21.76	- 9.06	- 41.6%
Taxes	-0.07	+1.39	- 1.46	- 105.3%
Net profit after tax and minority interests	16.36	21.60	- 5.24	- 24.3%

* before depreciation

The Net Profit of the Group reached € 16.36 million versus € 21.60 million of the previous year, reduced by € 5.24 million (- 24.3%). The difference in the Group's Net Profit as compared with this of the Parent is primarily due to the share of profit from the participation in the associated company HELLENIC SEAWAYS, of which the consolidated net profit for the year 2007 in accordance with I.F.R.S. reached € 17.38 million against € 10.16 million in 2006 (+71.0%). The respective profit that is recorded to the Consolidated Financial Statements reached € 5.83 million against € 3.38 million in 2006, corresponding to the Company's share.

Hellenic Seaways

The renewal of its fleet along with the completion of the investment plan of the three year period 2004 – 2007, the operation in new markets as well as the partial delimitation of markets, constituted the major factors for the improvement of its financial results which are recognized in the 2007 financial statements of the company.

The basic items of the consolidated financial statements of H.SW in accordance with I.F.R.S are shown below.

In million €	2007	2006	Change	
			€	%
<u>Balance Sheet</u>				
Non-current Assets	373.58	325.41	+ 48.16	+ 14.8%
Current Assets	52.79	55.21	- 2.43	- 4.4%
Equity	228.11	208.37	+ 19.74	+ 9.5%
Total Liabilities	198.25	172.26	+ 26.00	+ 15.1%
<u>Income Statement</u>				
Revenues	182.33	165.41	+ 16.93	+ 10.2%
Net Profit after tax and minority interests	17.38	10.16	+ 7.22	+ 71.0%

The steady course in terms of profitability growth over the last years along with the strict implementation of its business plan, is estimated to lead Hellenic Seaways to the route of further improvement of its financial position.

Subsidiaries' Summary Financial Data

The table hereunder provides summary financial data of the subsidiaries that were consolidated by the method of full consolidation in the year 2007, according to their respective financial statements

(in € million)	EUROPEAN THALASSIC AGENCIES SHIPPING MANAGEMENT & CONSULTANTS S.A.*	CRETAN FILOXENIA S.A.	ATHINA A.V.E.E.	MINOAN ESCAPE S.A.	MINOAN CRUISES S.A.
Non Current Assets	0.00	3.28	5.20	0.00	0.00
Current Assets	0.01	0.00	0.16	0.07	0.32
Equity	- 0.03	3.21	5.34	0.01	0.33
Total Liabilities	0.05	0.08	0.02	0.05	0.00
Revenues	0.00	0.00	0.08	0.23	0.00
Net Profit After Taxation	0.00	- 0.01	0.03	- 0.03	- 0.01

* under liquidation

Events held on 2008

Company's Shareholding developments

2007 has been a year of rapid developments in the share capital structure of almost all Greek coastal companies. This fact affected our Company as well.

Thus, after the withdrawal from the company's share capital of ATTICA holdings, Laskaridis Group and the Cyprian company "Sea Star", in January 2008 the company "Atlantica di Navigazione Spa" owned by Grimaldi Group, acquired an interest in Minoan Lines amounting to 30% of its share capital.

Founded back in 1947, the Grimaldi Group has a modern fleet of over 100 vessels of various categories and constitute the largest European Group in the short sea (short distances) passenger and car ferry shipping.

Explanatory report of the board of directors pursuant to article 11a paragraph 1 of Law 3371/2005

1. Structure of the Company's share capital

The Company's share capital amounts to € 159,583,500 divided in 70,926,000 ordinary shares with a nominal value of € 2.25 each. All the shares are registered and listed for trading in the Securities Market of the Athens Stock Exchange (under "Large Cap" classification). Each share carries all the rights and obligations set out in law.

2. Limitations on transfer of Company shares

The Company shares may be transferred as provided by the law and there are no restrictions regarding the transfer of shares.

3. Significant direct or indirect holdings in the sense of articles 9 & 11 of Law 3556/2007

On January 31st 2008, the company «INTESA SANPAOLO Spa» informed our Board of Directors that participates in Minoan Lines share capital with 31.57% and holds 22,395,623 shares with voting rights.

The transaction took place on January 25th, 2008. In the above mentioned stake the participation 30% of «ATLANTICA Spa Di NAVIGAZIONE» is included through the company «INTESA SANPAOLO Spa» that acts as custodian.

4. Shares conferring special control rights

None of the Company shares carry any special rights of control.

5. Limitations on voting rights

There are no limitations on voting rights.

6. Agreements among Company shareholders

The Company is not aware of any agreements among shareholders entailing limitations on the transfer of shares or limitations on voting rights.

7. Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Association deviating from those provided in Codified Law 2190/20

The rules set out in the Articles of Association of the Company on the appointment and replacement of members of the Board of Directors and the amendment of the provisions of the Articles of Association do not differ from those envisaged in Law 2190/20.

In reference to the replacement of members of the Board of Directors the article 22 & 23 of the articles of association applies.

Article 22 - Replacement of member of the Board of Directors

1. In case of vacancy in the Board of Directors due to death, resignation or for any other reason whatsoever, the remaining Directors are obliged by a resolution:

- A) To proceed with the filling of such vacancy with the Substitute Directors being elected at the last three (3) Regular General Meetings of the Shareholders. In that case, the vacancy will be filled with the Substitute Director who has been elected at the most recent Regular General Meeting of the Shareholders and, if two

Substitute Directors have been elected at such General Meeting, with the Substitute Director that has received more votes.

- B) If the filling of the vacancy is not possible by Substitute Directors either because such Substitute Directors have not been elected or because the list of Substitute Directors has been exhausted, the remaining Directors are obliged to elect a director to replace the vacancy, provided that the number of the remaining Directors shall be less than nine (9) and taking also into account paragraph 1 of Article 26.
2. In case A of the aforementioned paragraph (Filling of the vacancy from the list of the Substitute Directors), the service of the Substitute Director shall be terminated at the end of the period of service of the director who is replacing.
3. In case B of the aforementioned paragraph (election by the remaining Directors), the service of the Substitute Director shall automatically be terminated at the end of the first following his election regular or special General Meeting of the Shareholders and his acts shall be considered valid even if such Director may not be elected as director by the General Meeting of the Shareholders. If the Substitute Director elected by the remaining directors, is elected by the General Meeting of the Shareholders as Director, such Director shall be elected to serve until the end of the period of service of the director who is replacing. The same service period will apply in case the General Meeting of the Shareholders will elect as a Director a person other than the Substitute Director elected by the remaining Directors.

Article 25

3. A Director not being present at the Meetings of the Board of Directors for three consecutive months has to be considered as his resignation and shall result to the decline of such Director from the respective resolution of the Board of Directors and the recording at the respective Minutes.

8. Authority of the Board of Directors or certain of its members to issue new shares or to purchase treasury shares of the Company pursuant to article 16 of codified Law 2190/1920

There is no authority of the Board of Directors or certain of its members to issue new shares or to purchase treasury shares of the Company, pursuant to article 16 of Law 2190/20.

9. Significant agreements put in force, amended or terminated in the event of a change in the control of the Company, following a public offer.

The Company has no agreements which are put in force, amended or terminated in the event of a change in the control of the Company following a public offer.

10. Significant agreements with members of the Board of Directors or employees of the Company

The Company has no significant agreements with members of the Board of Directors or its employees providing for the payment of compensation, especially in the case of resignation or dismissal without good reason or termination of their period of office or employment. In case of termination of employment by a member of company's staff indemnities and compensations according to the relevant legislation apply.

Ladies and Gentlemen,

On the 'Notes to the Financial Statements' you may find the complete financial analysis so of the Company as also of the Group. From the data presented above paired with the attached financial statements of this report, you can definitely shape a full view of both, Company's and Group's financial performance for the year 2007.

At the present General Meeting, the term in office of the Chairman and Vice Chairman Messrs Stylianos Sarris and Emmanuel Koulentakis and the members of the Board, Messrs Papageorgiou Georgios and Sbokos Ioannis expires. The present General Meeting is called to elect, for the composition of the Board of Directors and for a term in office of three-years, four (4) regular members and two (2) substitute members, in accordance with Article 18 of the Articles of Association and the Law 3016/2002 as well as to appoint statutory auditors for the fiscal year 2008.

Concluding this report on the work performed during the year just ended, we wish to extend our gratitude to:

- Our shareholders, for the contribution and continuous support to our Company

- Our customers, the passenger public and the transport companies for their preference in the ships of our Company, rewarding in this way the efforts made for continuing improvement of the quality of our services.
- All of our direct and indirect co-operators for the excellent co-operation.
- The personnel of our Company on land and in the sea, who with dedication and conscientiousness contributes significantly to the progress of the Company.

Feeling confident that we have performed with loyalty and dedication the task assigned, we remain for your fair and constructive comments that might assist the new Board of Directors to continue the increasingly upward course of our Company.

Heraklion, March 21st 2008

For and on Behalf of the Board Of Directors

The Chairman

The Chief Executive Officer

Stylios Sarris

Antonios Maniadakis

Translation from the Greek original
Independent Auditor's Report

**To the Shareholders of
MINOAN LINES A.N.E.**

Report on the Financial Statements

We have audited the accompanying Separate and Consolidated Financial Statements of MINOAN LINES A.N.E. (the "Company"), which comprise the stand alone and consolidated balance sheet as at 31 December 2007, and the stand alone and consolidated 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 the fair presentation of these Financial Statements in accordance with International Financial Reporting Standards, as 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 harmonized with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and 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 give a true and fair view, of the separate and consolidated financial position of the Company as of 31 December 2007, and of its separate and consolidated financial performance and its separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

The Board of Director's Report is consistent with the accompanying Financial Statements.

Athens, 24 March 2008
KPMG Certified Auditors A.E.

Marios T. Kyriacou, Certified Auditor Accountant
A.M. SOEL 11121



Income Statement

	Note	<u>The Group</u>		<u>The Company</u>	
		<u>1/1-31/12/2007</u>	<u>1/1-31/12/2006</u>	<u>1/1-31/12/2007</u>	<u>1/1-31/12/2006</u>
Revenue	4	195,937,633.48	206,891,038.30	195,701,520.97	206,703,062.77
Cost of Sales	5	-138,241,810.99	-147,653,365.14	-138,127,079.63	-147,580,389.82
Gross Profit		57,695,822.49	59,237,673.16	57,574,441.34	59,122,672.95
Other Operating Income	6	371,597.96	11,992,862.74	436,856.37	12,021,101.73
Distribution expenses		-19,467,188.99	-19,157,395.94	-19,457,138.58	-19,134,825.72
Administrative expenses		-9,407,659.73	-9,743,781.80	-9,357,204.72	-9,654,793.96
Other Operating expenses	7	-61,859.75	-333,710.58	-61,859.75	-333,710.58
Operating profit before financing costs		29,130,711.98	41,995,647.58	29,135,094.66	42,020,444.42
Financial income	8	6,514,325.63	2,645,962.74	6,527,931.67	2,614,354.01
Financial expenses	9	-25,049,462.36	-27,781,288.23	-25,037,379.00	-27,768,957.22
Share of Profit (Loss) of associates	14	5,834,926.31	3,377,044.72	-	-
Profit before tax		16,430,501.56	20,237,366.81	10,625,647.33	16,865,841.21
Income Tax expense	11	-74,048.23	1,387,055.16	-54,774.24	1,407,595.56
Profit/(Loss) after tax		16,356,453.33	21,624,421.97	10,570,873.09	18,273,436.77
Attributable to :					
Equity holders of the parent		16,360,072.13	21,603,340.15	10,570,873.09	18,273,436.77
Minority Interest		-3,618.80	21,081.82	-	-
Basic and Diluted earnings per Share after Tax (in €)	30	0.23	0.30	0.15	0.26

The accompanying notes on pages 6 – 29 are integral part of the Financial Statements

Balance Sheet

	Note	The Group		The Company	
		31/12/2007	31/12/2006	31/12/2007	31/12/2006
Assets					
Non – current assets					
Property, plant and equipment	12	547,498,711.74	563,644,681.51	547,498,269.24	563,644,175.87
Investments in subsidiaries	13	-	-	3,478,021.47	3,478,021.47
Investments in associates	14	76,078,697.30	69,505,352.00	66,185,097.17	66,080,097.17
Other Financial Assets	15	-	4,311,622.45	-	4,311,622.45
Other long term assets		45,096.33	31,079.19	45,096.33	31,079.19
Total non – current assets		623,622,505.37	637,492,735.15	617,206,484.21	637,544,996.15
Current assets					
Inventories	16	4,552,578.00	4,030,255.95	4,552,578.00	4,030,255.95
Trade and other receivables	17	39,816,808.25	52,402,104.12	39,772,061.94	52,150,215.08
Available for sale securities		82,937.64	64,900.64	82,937.64	64,900.64
Other current assets	17	5,230,111.98	7,251,816.47	5,223,951.32	7,250,064.47
Cash and cash equivalents	18	5,961,248.70	16,800,487.88	5,587,549.57	16,596,091.98
Non – current assets held for sale	19	5,200,000.05	5,200,000.05	-	-
Total current assets		60,843,684.62	85,749,565.11	55,219,078.47	80,091,528.12
Total Assets		684,466,189.99	723,242,300.26	672,425,562.68	717,636,524.27
Equity and liabilities					
Equity					
Share capital	20	159,583,500.00	159,583,500.00	159,583,500.00	159,583,500.00
Share premium		26,942,576.38	26,942,576.38	26,942,576.38	26,942,576.38
Fair value and hedge reserves	15, 27	1,492,396.35	3,512,306.39	-	3,446,811.90
Other reserves	21	58,282,934.49	57,752,265.18	58,262,295.73	57,732,295.73
Retained earnings		33,802,257.31	28,341,347.36	23,392,577.06	22,926,713.97
Total Equity attributable to equity holders of the parent		280,103,664.53	276,131,995.31	268,180,949.17	270,631,897.98
Minority Interest		65,164.42	68,783.22	-	-
Total Equity		280,168,828.95	276,200,778.53	268,180,949.17	270,631,897.98
Non – current liabilities					
Interest-bearing loans and borrowings	23	203,041,971.97	339,835,685.36	203,041,971.97	339,835,685.36
Employee defined benefit obligations	24	2,462,945.19	2,321,825.80	2,462,945.19	2,321,825.80
Deferred government grants	25	4,996,265.17	5,189,385.78	4,996,265.17	5,189,385.78
Total Non – current liabilities		210,501,182.33	347,346,896.94	210,501,182.33	347,346,896.94
Current liabilities					
Bank Overdrafts	23	21,277,162.32	35,072,877.45	21,277,162.32	35,072,877.45
Current portion of interest -bearing loans and borrowings	23	136,793,713.39	25,729,596.00	136,793,713.39	25,729,596.00
Trade and other payables	26	35,725,303.00	38,892,151.34	35,672,555.47	38,855,255.90
Total current liabilities		193,796,178.71	99,694,624.79	193,743,431.18	99,657,729.35
Total liabilities		404,297,361.04	447,041,521.73	404,244,613.51	447,004,626.29
Total Equity and Liabilities		684,466,189.99	723,242,300.26	672,425,562.68	717,636,524.27

The accompanying notes on pages 6 – 29 are integral part of the Financial Statements



Statement of changes in Equity

	Share Capital	Share Premium	Fair Value Reserves	Hedge Reserves	Other Reserves	Retained Earnings	Total Equity
Balance as at 1/1/2006	159,583,500.00	26,942,576.38	-	-	69,216,024.12	-6,830,451.19	248,911,649.31
Changes in equity 1/1 – 31/12/2006							
Change in fair value of derivative financial instruments	-	-	-	3,446,811.90	-	-	3,446,811.90
Net Profit for the year 2006 1/1 – 31/12/2006	-	-	-	-	-	18,273,436.77	18,273,436.77
Total recognized income and expense for the year ended	-	-	-	3,446,811.90	-	18,273,436.77	21,720,248.67
Statutory Reserve	-	-	-	-	914,000.00	-914,000.00	-
Transfer from other reserves to offset prior years' accumulated losses	-	-	-	-	-12,397,728.39	12,397,728.39	-
Balance as at 31/12/2006	159,583,500.00	26,942,576.38	-	3,446,811.90	57,732,295.73	22,926,713.97	270,631,897.98
Balance as at 1/1/2007	159,583,500.00	26,942,576.38	-	3,446,811.90	57,732,295.73	22,926,713.97	270,631,897.98
Changes in equity 1/1 – 31/12/2007							
Change in fair value of derivative financial instruments	-	-	-	-3,446,811.90	-	-	-3,446,811.90
Net Profit for the year 2007 1/1 – 31/12/2007	-	-	-	-	-	10,570,873.09	10,570,873.09
Total recognized income and expense for the year ended	-	-	-	-3,446,811.90	-	10,570,873.09	7,124,061.19
Statutory Reserve	-	-	-	-	530,000.00	-530,000.00	-
Dividends distribution	-	-	-	-	-	-9,575,010.00	-9,575,010.00
Balance as at 31/12/2007	159,583,500.00	26,942,576.38	-	-	58,262,295.73	23,392,577.06	268,180,949.17

The accompanying notes on pages 6 – 29 are integral part of the Financial Statements



Consolidated Statement of changes in Equity

	<u>Attributable to the shareholders of the parent</u>						Total Shareholders Equity	Minority Interest	Total Equity
	Share Capital	Share Premium	Fair Value Reserves	Hedge Reserves	Other Reserves	Retained Earnings			
Balance as at 1/1/2006	159,583,500.00	26,942,576.38	-	-	69,252,152.85	-4,761,880.46	251,016,348.77	54,791.97	251,071,140.74
<u>Changes in equity</u>									
<u>1/1 – 31/12/2006</u>									
Change in fair value of derivative financial instruments	-	-	-	3,004,296.58	-	-	3,004,296.58	-	3,004,296.58
Change in fair value of available for sale securities	-	-	508,009.81	-	-	-	508,009.81	-	508,009.81
Net Profit for the year 2006 1/1 – 31/12/2006	-	-	-	-	-	21,603,340.15	21,603,340.15	21,081.82	21,624,421.97
Total recognized income and expense for the year ended	-	-	508,009.81	3,004,296.58	-	21,603,340.15	25,115,646.54	21,081.82	25,136,728.36
Statutory Reserve	-	-	-	-	914,984.55	-914,984.55	-	-	-
Change in Equity due to the sale of subsidiary	-	-	-	-	-17,143.83	17,143.83	-	-7,090.57	-7,090.57
Offset of accumulated losses of prior years to other reserves	-	-	-	-	-12,397,728.39	12,397,728.39	-	-	-
Balance as at 31/12/2006	159,583,500.00	26,942,576.38	508,009.81	3,004,296.58	57,752,265.18	28,341,347.36	276,131,995.31	68,783.22	276,200,778.53
Balance as at 1/1/2007	159,583,500.00	26,942,576.38	508,009.81	3,004,296.58	57,752,265.18	28,341,347.36	276,131,995.31	68,783.22	276,200,778.53
<u>Changes in equity</u>									
<u>1/1 – 31/12/2007</u>									
Change in fair value of derivative financial instruments	-	-	-	-3,004,296.58	-	-	-3,004,296.58	-	-3,004,296.58
Change in fair value of available for sale securities	-	-	984,386.54	-	-	-793,482.87	190,903.67	-	190,903.67
Net Profit for the year 2007 1/1 – 31/12/2007	-	-	-	-	-	16,360,072.13	16,360,072.13	-3,618.80	16,356,453.33
Total recognized income and expense for the year ended	-	-	984,386.54	-3,004,296.58	-	15,566,589.26	13,546,679.22	-3,618.80	13,543,060.42
Statutory Reserve	-	-	-	-	530,669.31	-530,669.31	-	-	-
Dividends distribution	-	-	-	-	-	-9,575,010.00	-9,575,010.00	-	-9,575,010.00
Balance as at 31/12/2007	159,583,500.00	26,942,576.38	1,492,396.35	-	58,282,934.49	33,802,257.31	280,103,664.53	65,164.42	280,168,828.95

The accompanying notes on pages 6 – 29 are integral part of the Financial Statement



Statement of Cash Flows

	The Group		The Company	
	1/1 - 31/12/2007	1/1 - 31/12/2006	1/1 - 31/12/2007	1/1 - 31/12/2006
Cash flow from Operating Activities				
Profit before tax	16,430,501.56	20,237,366.81	10,625,647.33	16,865,841.21
<i>Adjustments for:</i>				
Depreciation and amortization	17,163,336.46	19,398,182.08	17,163,273.32	19,398,009.65
Provisions	346,594.99	459,987.27	346,594.99	459,987.27
Unrealized Foreign Exchange Differences	-39,550.91	-79,257.86	-39,550.91	-79,257.86
Gain on sale of investments, property, plant and equipment	-5,874,636.85	-16,138,913.06	-39,710.54	-12,863,903.55
Financial expenses	25,048,639.99	27,778,903.14	25,036,595.86	27,766,572.13
Other non – monetary income	-182,425.67	-440,271.67	-181,858.20	-440,301.69
Operating results before changes in working capital	52,892,459.57	51,215,996.71	52,910,991.85	51,106,947.16
(Increase) Decrease in inventories	-522,322.05	17,782.02	-522,322.05	17,782.02
Decrease (Increase) in trade and other receivables	14,134,754.99	-10,126,414.26	13,932,020.92	-10,078,323.57
Decrease in liabilities (other than borrowings)	-3,877,210.60	-13,282,139.80	-3,912,190.49	-13,284,549.57
Interest and related expenses paid	-23,242,064.27	-24,619,243.82	-23,230,020.14	-24,606,912.81
Taxes paid	-68,110.51	1,428,054.38	-48,982.71	1,450,878.20
Cash flows from operating activities (a)	39,317,507.13	4,634,035.23	39,129,497.38	4,605,821.43
Cash flow from investing activities				
Acquisition of subsidiaries and associates net of cash	-133,250.00	-	-133,250.00	-59,970.00
Purchase of property, plant and equipment	-1,014,004.26	-834,211.30	-1,014,004.26	-833,533.26
Proceeds from property, plant and equipment and investments disposal	32,296.84	90,106,622.70	32,296.84	90,106,622.70
Increase in other long-term assets	-14,017.14	-490.51	-14,017.14	-508.12
Dividends received	5,373.02	148,252.98	24,079.54	162,532.19
Cash flows from investing activities (b)	-1,123,601.54	89,420,173.87	-1,104,895.02	89,375,143.51
Cash flow from financing activities				
Proceeds from the issue of long-term borrowings	-	2,000,000.00	-	2,000,000.00
Repayment of long/short term borrowings	-39,525,311.13	-83,290,602.17	-39,525,311.13	-83,290,602.17
Repayment of finance lease liabilities	-51,778.73	-95,983.95	-51,778.73	-95,983.95
Dividends paid	-9,456,054.91	-209,904.67	-9,456,054.91	-209,904.62
Cash Flow from financing activities (c)	-49,033,144.77	-81,596,490.79	-49,033,144.77	-81,596,490.74
Net Decrease in cash and cash equivalents (a) + (b) + (c)	-10,839,239.18	12,457,718.31	-11,008,542.41	12,384,474.20
Cash and cash equivalents at the beginning of the year	16,800,487.88	4,342,769.57	16,596,091.98	4,211,617.78
Cash and cash equivalents at the end of the year	5,961,248.70	16,800,487.88	5,587,549.57	16,596,091.98

The accompanying notes on pages 6 – 29 are integral part of the Financial Statements



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2007 (1/1-31/12/2007)

1. General Company's Information

The Company was established on 25/05/1972 (FEK 939–25/5/1972), is based in the Heraklion Crete Municipality and its discrete name is “MINOAN LINES S.A.”. It operates in the Ferry shipping sector both in Domestic and International sea routes.

The number of the personnel employed for the year ended 31/12/2007 and 31/12/2006 was 827 and 803, respectively.

Minoan Lines' shares are listed on the Athens Stock Exchange (code: MINOA). The corresponding code under Reuters is MILr.AT and under Bloomberg is MINOA GA.

The total number of ordinary shares outstanding at 31/12/2007 was 70,926,000, while the total market capitalization reached € 344,700,360.00. Every share carries one voting right.

The Company's share participates in the composition of the following Athens Stock Exchange indices:

<u>Index</u>	<u>Code</u>
Athex Composite Share Price Index	GD
FTSE / Athex Travel-Leisure	DTA
FTSE / Athex Mid 40	FTSEM
FTSE / Athex International	FTSEI
FTSE / Athex 140	FTSEA
Athex Composite Index Total Return Index	SAGD
Eurobank Mid Cap Private Sector 50 Index	EPS50
Athex All Share Index	DOM

The General Shareholders' Meeting elects the Board of Directors. The Board of Directors consists of twelve members (12) of which three (3) are executive, four (4) are non-executive and five (5) are non-executive-independent members.

The financial statements for the year ended 31/12/2007 include the separate financial statements and the consolidated financial statements (the “financial statements”). The consolidated financial statements include the Company and its subsidiaries (the Group), as well as the participation of the Group in the associates.

The subsidiaries and associates that are included in the consolidated financial statements along with the respective percentages of participation that parent Company holds either directly or indirectly are outlined in the table below :

<u>Name</u>	<u>Headquarters</u>	<u>% Participation</u>	
		<u>31/12/2007</u>	<u>31/12/2006</u>
Kritiki Filoxenia S.A.	Heraklion	99.99%	99.99%
Minoan Escape S.A.	Heraklion	99.95%	99.95%
Minoan Cruises S.A.	Heraklion	80.28%	80.28%
Athina A.V.E.E.	Heraklion	99.99%	99.99%
Hellenic Seaways S.A.	Piraeus	33.35%	33.31%
European Thalassic Agencies shipping management & consultants S.A.*	Panamas	100.00%	100.00%
Mediterranean Ferries S.r.l.*	Genova	50.00%	50.00%

* The companies are in liquidation.

2. Basis of preparation of the financial statements

2.1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and adopted by the European Union.

2.2 Basis of Preparation

The financial statements are prepared on the historical cost basis except for available-for-sale financial assets and derivative financial instruments that are stated at their fair value.

2.3 Use of estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. The results of the aforementioned estimates, form the basis of making decisions about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant estimates and critical judgements in applying accounting policies that have significant effect on the financial statements as well about those which involve potential adjustment risks for the next fiscal year are referred to the following notes:

Note 3.4: Property, Plant and Equipment

Note 24: Employee Defined Benefit Obligation

Note 27: Financial Risk Management

Note 31: Contingent liabilities

3. Significant Accounting Policies

3.1 Basis of Consolidation

3.1.1 Subsidiaries

Subsidiaries are entities managed and controlled directly or indirectly by the Company. Control exists when the Company has the power, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the Company's financial statements, investment in subsidiaries is presented at the acquisition cost less any impairment loss.

3.1.2 Associates

Associates are those entities in which the Company has significant influence, but not control, over their financial and operating policies and do not meet the requirements to consider them as subsidiaries. In the consolidated financial statements, associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

In the Company's financial statements participation in associates is presented at the acquisition cost less any impairment loss.

3.1.3 Transactions eliminated on Consolidation

Intra-group balances and transactions, and any realized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains and losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

3.2 Foreign Currency Transactions and Functional Currency

The companies of the Group maintain their books in Euro and the financial statements are presented in Euro (functional currency). Transactions in foreign currencies are translated to Euro at the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Euro at the closing exchange rate on that date. Foreign exchange differences arising on transaction are recognized in the income statement. Non-monetary assets that are accounted for at cost are translated at the exchange rate at the date of the transaction.

3.3 Financial Instruments

3.3.1 Non – derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, (for instruments not at fair value through profit or loss), any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

3.3.1a Trade and Other receivables

Trade and Other Receivables are stated at the unamortized cost with the effective interest rate method, except of the cases, which an impairment indication exists. In such cases a provision is determined while the item is estimated at the recoverable amount and the relevant loss is recognized at the income statement (accounting policy 3.7.1). Receivables with a short-term duration are not discounted.

3.3.1b Available for sale securities

Available for sale securities include investments in entities that are listed on a stock exchange and non-listed and are classified as financial instruments available for sale and are recognized at the acquisition cost less any transaction costs. Subsequent to the initial recognition available for sale securities for listed entities are stated at their fair value (the quoted bid price at the balance sheet date) and any changes

therein are recognized directly in equity, except for impairment losses which are recognized directly in the income statement (accounting policy 3.7.1). When these securities are derecognized, the accumulated gain or loss that was previously recognized in equity is recognized directly in the income statement.

Securities not listed in the stock exchange, for which there is no other method of reliably determining fair value, are measured at cost.

3.3.1c Cash and Cash equivalents

Cash and cash equivalents comprise of cash in hand and in banks, as well as short term investments of high liquidity, such as short-term balances due from banks maturing within three months after the balance sheet date.

3.3.1d Interest bearing loans and borrowings

The interest bearing loans and borrowings are initially measured at their fair value that represents the amount of cash borrowed. Subsequent to initial recognition, the loans are measured at amortized cost using the effective interest rate method.

3.3.1e Trade and other payables

The trade and other payables are recognized at cost.

3.3.2 Derivative financial instruments

The companies of the Group periodically hold derivative financial instruments to hedge its exposure to interest rate risks and risks arising from the increase in fuel prices. Derivatives are recognized at their fair value, which is based on the mark to market values of the particular contracts at the balance sheet date. Changes in the fair value of the derivative financial instruments related to cash flow hedges, are recognized directly in equity provided that the hedge is effective and the criteria for using hedge accounting are met. The non effective part of the hedge is recognized in the income statement. If the criteria for using hedge accounting cease to be met, or the hedging instrument is expired or sold, the cumulative gain or loss, previously recognized in equity, remains in equity until the forecast transaction occurs and then is taken to the income statement. If the forecast transaction is not expected to occur, the amount is transferred to the income statement.

If the requirements for using hedging accounting cease to be implemented, or the hedging financial instrument is expired or sold, the cumulative gain or loss, previously recognized in equity, is taken to the income statement.

3.3.3 Costs related to share capital increase

Incremental costs directly attributable to issue of ordinary shares are recognized as a deduction from share premium.

3.4 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, and increased by the subsequent additions. The cost of property, plant and equipment at 1/1/2004 (date of transition to I.F.R.S.) has been determined as follows : a) according to I.F.R.S. 1, Land, Buildings and Vessels have been assessed to fair value - determined by independent appraisals-which fair value has been considered as deemed cost. b) The remaining property, plant and equipment have been recorded at historical cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The carrying amount of the above items, is increased by the subsequent costs if it is probable that the future

economic benefits embodied within these costs will flow to the Group companies, and decreased by the accumulated depreciation. All other costs are recognized in the income statement.

Borrowing costs, realized at the construction period of qualifying assets, are capitalized as part of the acquisition cost. All other financial costs are recognized in profit or loss as incurred.

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful lives of each asset that is reassessed annually. Land is not depreciated.

The depreciation of the vessels is calculated on the cost less the residual value. Management's estimates that may have an effect in the future on the financial statements, relate to the useful lives and the residual value of vessels. The useful lives and the residual value are based on the historical data and assumptions that, at the present time, are considered reasonable. The aforementioned assumptions are not expected to change within the next 12 months.

The estimated useful lives are as follows:

Buildings	33 years
Vessels	35 years
Vessels' equipment	4.16 years
Transportation Means	6.66 years
Furniture and relevant equipment	6.66 years
Computers and Software	4.16 years

The acquisition cost and the accumulated depreciation of the property, plant and equipment are transferred from the respective accounts at the time of their sale or withdrawal, while the expected gain or loss is recognized in the income statement.

3.5 Leases

Leases in terms of which the Company and the Group assume substantially all the risks and rewards of ownership are classified as finance leases. For the property, plant and equipment acquired through a finance lease, the relevant leased asset and liability are initially recognized at an amount equal to the fair value of leased asset or, if lower, the present value of the minimum lease payments that have been agreed to be paid to the lessor at the beginning of the lease. The present value is measured with the discount interest rate referred to in the lease contract. After the initial recognition the leased assets are depreciated over the shorter of the term of the lease agreement or the asset's useful life. The lease payments are apportioned between the finance charge and reduction of the outstanding liability for the duration of the lease agreement.

Other leases that do not fulfill the criteria of a finance lease, are operating leases and the leased assets are not recognized in the Company and Group's balance sheet. The lease payments to the lessor are recognized directly in the income statement over the term of the lease agreement.

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the F.I.F.O. (First In First Out) method. Net realisable value is the estimated selling price in the ordinary course of business, less the selling expenses.

3.7 Impairment

3.7.1 Financial assets

The financial assets are assessed at each reporting date to determine whether there is any objective indication of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost, is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows

discounted at the effective interest rate (accounting policy 3.3.1a). An impairment loss in respect of an available-for-sale financial asset, is calculated by reference to its current fair value (accounting policy 3.3.1b). Impairment losses are recognized in the income statement.

In a subsequent period, an impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For available for sale financial assets that are equity securities listed in a stock exchange, the reversal is recognized directly in equity. For other financial assets measured at amortized cost, the reversal is recognized in profit and loss. Impairment loss of available for sale securities not listed in a stock exchange that are measured at cost can not be reversed.

3.7.2 Non – Financial assets

The carrying amounts of non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication that their carrying value is greater than its recoverable amount. The impairment loss of non-financial assets is recognized directly in the income statement.

The recoverable amount of an asset is the greater of its fair value (decreased by selling costs) and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

3.8 Non – Current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Generally the assets are measured at the lower of their carrying amount and fair value (decreased by selling costs).

3.9 Dividends

Dividends payable are recognized as a liability at the time they are declared (approved) by the General Shareholder's Meeting of the companies that are included in the consolidation.

3.10 Employee benefits

3.10.1 Defined contribution plans

A defined contribution plan relates to contributions by the Company to independent pension funds for retirement benefits of the employees for which an entity will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss on an accrual basis.

3.10.2 Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive a lump sum payment on retirement. The liability recognized in respect of defined benefit pension plans is the present value of the future benefit that employees have earned in return for their service in the current and prior years. The calculation is determined by discounting the expected future cash flows at a rate that reflects the weighted average interest of the Government bonds. The defined

benefit obligation is calculated annually based on actuarial valuation performed by independent actuaries using the projected unit credit method.

Cumulative actuarial gains and losses arising from actuarial assumption variations to the extent that they exceed 10 per cent of the accrued liabilities are amortized in a period equal to the average remaining working lives of the employees.

3.10.3 Termination benefits

Termination benefits are recognised as an expense, when the Company and the Group, is demonstrably committed to a formal detailed plan to terminate employment before the normal retirement date, is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

3.10.4 Short-term benefits

Short-term employee benefits are expensed as they are incurred .

3.11 Provisions

A provision is recognized when the Company and the Group have a present contractual or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money. At each reporting period provisions are re-assessed.

3.12 Revenue

The Revenues consist of the following:

3.12.1 Operating revenue (freight)

Income from vessel's services (freight from passengers, vehicles and trucks) is recognized in the income statement when the trip is completed which coincides with the time the services are rendered.

3.12.2 Revenue from on – board services

Revenue from on-board services (shops, bars and restaurant services) is recognized in the income statement at their fair value less discounts and returns, when the risks and rewards of ownership have been transferred to the buyer and the collection is reasonably assured.

3.12.3 Other income

Other income is recognized as revenue in the income statement when the services have been rendered.

3.12.4 Dividend income

Dividend income is recognized as revenue at the date the dividends are approved from the General Shareholder's Meeting.

3.12.5 Government grants

Government grants are recognized in the financial statements initially as deferred income where there is reasonable assurance that it will be received and that the Group companies will comply with the conditions attaching to it. Grants that compensate the Company and the Group for expenses incurred are recognized as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the cost of an asset are recognized in the income statement as other operating income on a systematic basis over the useful life of the asset.

3.13 Expenses

3.13.1 Finance income and expense

Finance income and expense comprise of interest payable on borrowings recognized in the income statement using the effective interest rate method, interest receivable on funds invested, foreign exchange gains and losses, dividends income, gains or losses from the sale of other investments and securities, and gains or losses on the interest rate swap contracts.

3.13.2 Income Tax

Income tax comprises current and deferred taxes.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Current tax is measured at the tax rates that are applied to the taxable income at the reporting date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

No deferred taxes are recognized in the Company's financial statements by reason of the special fiscal regime (shipping company) according to the law 27/1975 indicating that no tax is imposed to the revenues acquired by vessels with Greek flag.

For profit other than vessel's profit the computation of taxable income is made after deducting the tax free amount which equals to the ratio of vessel's profit to the total gross profits of the Company. The applicable rates are 29% for 2006 and 25% for 2007 and thereafter.

3.14 Earnings per share

The Group and the Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilute potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.15 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services which is subject to risks (business segment), or in providing products or services within a particular economic environment (geographical segment).

The Group has one primary business segment that is that of the parent company's shipping operations. The geographical segments are the following based on the geographical location of the routes of the vessels that is Greece and Adriatic Sea.

3.16 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have not yet been effective

for the year ended 31 December 2007, and have not been applied in preparing these financial statements.

- I.F.R.S. 8 “*Operating Segments*” : requires the disclosure of segment information based on the internal reports regularly reviewed by the Group’s Chief Management in order to assess each segment’s performance and to allocate resources to them. I.F.R.S. 8, becomes mandatory for the financial statements commencing from 1/1/2009 and will not have an impact on the Group’s financial statements.
- Revised I.A.S. 23 “*Borrowing Costs*” : has not yet been adopted by the European Union and removes the option to expense borrowing costs and requires that an entity capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised I.A.S. 23 will become mandatory for the Group’s 2009 financial statements and will not have an impact on the Group’s and Company’s financial statements.
- I.F.R.I.C. 11 *I.F.R.S. 2 – “Group and Treasury Share Transactions”* : requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. I.F.R.I.C. 11 will become mandatory for the 2008 financial statements, with retrospective application required. It is not expected to have any impact on the Group’s and Company’s financial statements.
- I.F.R.I.C. 12 “*Service Concession Arrangements*” : has not yet been adopted by the European Union and provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. I.F.R.I.C. 12, which becomes mandatory for the 2008 financial statements, is not expected to apply on the Group’s and Company’s financial statements.
- I.F.R.I.C. 13 “*Customer Loyalty Programmes*” : has not yet been adopted by the European Union and addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. I.F.R.I.C. 13, which becomes mandatory for the 2009 financial statements, is not expected to have a significant impact on the Group’s and Company’s financial statements.
- I.F.R.I.C. 14 *I.A.S. 19 - “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”* : has not yet been adopted by the European Union and clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements on such assets. It also addresses when a minimum funding requirement might give rise to a liability. I.F.R.I.C. 14 will become mandatory for the 2008 financial statements, with retrospective application required and will not effect the Group’s and Company’s financial statements.
- Revised I.A.S. 27 “*Consolidated and Separate financial statements*” and revised I.F.R.S.3 “*Business Combinations*” that have not yet been adopted by the E.U. , will become effective for business combinations with acquisition date in financial years commencing on or after 1/7/2009. The main changes from the amended standards, are summarized as follows: a) in cases where changes in ownership interests have as result an entity to obtain or lose control of another entity, the value of the investment prior to the change of the interest or the value remaining after the change, should be measured at fair value b) upon initial recognition non-controlling interest might be measured at fair value and should absorb the total losses incurred attributable to their interest c) any contingent consideration is recognized as a liability and measured at fair value d) costs incurred by the acquirer are not included in the cost of a business combination but are expensed. The aforementioned amendments are not expected to have a significant impact on the Group’s and Company’s financial statements.
- Revised I.F.R.S. 2 “*Share based payments*” : this amendment to the standard refers to vesting conditions, and has not yet been adopted by the E.U. It will become effective from the period commencing on or after January 1st 2009, and will not have any impact on the Group’s and Company’s financial statements.

- Revised I.A.S. 1 “*Financial Statements – Presentation*”: requires the statement of changes in equity to include transactions only with the shareholders and introduces a new statement of comprehensive income consisting from items recorded both in the income statement and in the statement of changes in equity. The revision to the standard has not yet been endorsed by the E.U. and will become effective from the period commencing on or after January 1st 2009.

3.17. I.F.R.S. and I.F.R.I.C. Interpretations that became effective within the year ended 2007

The following standards and interpretations that are applicable to the Company have been applied in 2007 financial statements.

- I.F.R.S. 7 “*Financial Instruments - Disclosures*”: imposed additional disclosures about the financial instruments
- I.A.S. 1 (Amendment) “*Financial Statements - Presentation*”: imposed additional disclosures with respect to capital management.
- I.F.R.I.C. 10 “*Interim Financial Reporting and Impairment*”: did not have an impact on the financial statements of the Group and Company.

4. Revenue

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Revenue from Vessel Operations	161,713,780.79	173,976,878.91	161,789,231.47	174,045,535.54
Revenue from restaurant – bars	18,798,977.50	18,990,085.50	18,798,977.50	18,990,085.50
Revenue from shops on board	12,693,615.81	12,005,155.12	12,693,615.81	12,005,155.12
Revenue from slot machines	2,419,696.19	1,662,286.61	2,419,696.19	1,662,286.61
Revenue from travel agencies	232,222.75	179,623.85	-	-
Rental income	79,340.44	77,008.31	-	-
Totals	195,937,633.48	206,891,038.30	195,701,520.97	206,703,062.77

5. Cost of sales

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Crew Salaries and employer’s contribution	29,178,502.18	30,820,784.21	29,178,502.18	30,820,784.21
Bunkers and Lubricants	57,038,678.93	61,731,046.14	57,038,678.93	61,731,046.14
Repairs – Maintenance - Consumables – Salaries and technical work expenses	8,753,129.89	8,528,874.57	8,753,129.89	8,528,874.57
Food – Beverages – Shops merchandise	12,868,365.17	12,805,754.41	12,868,365.17	12,805,754.41
Other Costs	13,912,103.86	15,137,196.02	13,797,372.50	15,064,220.70
Depreciation	16,491,030.96	18,629,709.79	16,491,030.96	18,629,709.79
Totals	138,241,810.99	147,653,365.14	138,127,079.63	147,580,389.82

6. Other operating income

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Gains from the sale of Vessels	-	11,240,400.31	-	11,240,400.31
Gains from the sale of property-plant and equipment	-	72,882.71	-	72,882.71
Income from services to third parties	176,456.17	176,017.10	176,456.17	176,017.10
Rental income	35,143.42	37,470.40	45,304.26	45,558.70
Revenue from Government Grants	113,456.11	340,433.25	113,456.11	340,433.25
Revenue from reversal of doubtful debt provision	30,701.05	-	30,701.05	-
Other Revenue	15,841.21	125,658.97	70,938.78	145,809.66
Totals	371,597.96	11,992,862.74	436,856.37	12,021,101.73



7. Other operating expense

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Impairment losses on Trade and other Receivables	-	246,632.53	-	246,632.53
Receivables write off	5,237.17	7,238.53	5,237.17	7,238.53
Other expenses	56,622.58	79,839.52	56,622.58	79,839.52
Totals	61,859.75	333,710.58	61,859.75	333,710.58

8. Financial income

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Dividend Income from investments and securities	5,373.00	77,638.09	24,079.54	162,532.19
Gain on disposal of investments and available for sale securities	15,631.00	1,360,358.89	15,631.00	1,377,500.00
Foreign exchange gains	136,444.41	256,970.60	136,444.41	256,970.60
Interest and other related income	40,138.77	180,586.96	35,038.27	46,943.02
Interest rate swap income	2,082,457.95	770,408.20	2,082,457.95	770,408.20
Gain from sale of interest rate hedging contracts	4,234,280.50	-	4,234,280.50	-
Totals	6,514,325.63	2,645,962.74	6,527,931.67	2,614,354.01

9. Financial expenses

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Interest expenses	23,260,767.17	25,038,165.76	23,260,767.17	25,038,165.76
Bank commissions & other interest expenses	970,468.78	1,927,966.43	970,335.08	1,927,887.18
Loss on disposal of investments and available for sale securities	65,962.38	76,558.41	65,962.38	76,558.41
Commissions on Letters of Guarantee	17,665.65	29,846.24	7,746.36	17,594.48
Credit card commissions	182,150.87	154,423.72	180,120.50	154,423.72
Foreign exchange losses	48,678.72	50,558.88	48,678.72	50,558.88
Amortization of Loans Restructuring Cost	503,768.79	503,768.79	503,768.79	503,768.79
Totals	25,049,462.36	27,781,288.23	25,037,379.00	27,768,957.22

10. Personnel expenses

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Salaries and wages	34,930,523.61	36,385,681.87	34,930,523.61	36,385,681.87
Social security contributions	4,286,656.35	4,410,657.08	4,286,656.35	4,410,657.08
Other personnel expenses	364,577.29	488,897.81	364,577.29	488,897.81
Employee Defined Benefit obligations (note 24)	859,589.10	213,354.74	859,589.10	213,354.74
Totals	40,441,346.35	41,498,591.50	40,441,346.35	41,498,591.50

11. Income Tax

The income tax as presented in the income statement at 31/12/2006, refers to the income tax refund derived from the adjustments made after the completion of the tax authorities audit, effected on the Parent's un-audited fiscal years.

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Prior years' Income tax refund	-	1,443,608.67	-	1,443,608.67
Income tax expense	-74,048.23	-56,553.51	-54,774.24	-36,013.11
Totals	-74,048.23	1,387,055.16	-54,774.24	1,407,595.56



12. Property, plant, equipment

	The Group						Totals
	Land	Buildings Technical works	Transportation Equipment	Vessels	Furniture and Other Equipment	Computer Software	
Cost 1/1/2006	8,144,535.60	8,378,973.40	174,393.68	688,007,961.19	3,961,076.40	2,266,727.49	710,933,667.76
Acquisitions and additions 2006	-	-	13,748.80	499,186.58	238,438.12	82,837.80	834,211.30
Less: Disposals for the year 2006	428,793.60	266,355.00	26,218.94	84,034,442.41	266,358.30	43,185.15	85,065,353.40
Less: Transfer to the assets held for sale	5,200,000.00	816,060.35	-	-	-	-	6,016,060.35
Carrying amounts 31/12/2006	2,515,742.00	7,296,558.05	161,923.54	604,472,705.36	3,933,156.22	2,306,380.14	620,686,465.31
Cost 1/1/2007	2,515,742.00	7,296,558.05	161,923.54	604,472,705.36	3,933,156.22	2,306,380.14	620,686,465.31
Acquisitions and additions 1/1- 31/12/2007	-	-	-	295,038.52	647,451.72	142,594.07	1,085,084.31
Less: Disposals 1/1 – 31/12/2007	-	-	2,209.54	500,612.91	291,524.92	-	794,347.37
Carrying amounts 31/12/2007	2,515,742.00	7,296,558.05	159,714.00	604,267,130.97	4,289,083.02	2,448,974.21	620,977,202.25
Accumulated Depreciation 1/1/2006	-	1,503,438.29	127,488.40	39,001,568.61	3,397,793.86	1,995,813.81	46,026,102.97
Depreciation for the year 2006	-	340,914.47	11,806.80	18,629,709.79	241,742.62	174,008.40	19,398,182.08
Less: Disposed assets accumulated depreciation	-	97,108.61	13,153.64	7,229,586.78	186,561.07	40,030.85	7,566,440.95
Less: Accumulated depreciation of assets classified as assets held for sale	-	816,060.30	-	-	-	-	816,060.30
Total Accumulated Depreciation 31/12/2006	-	931,183.85	126,141.56	50,401,691.62	3,452,975.41	2,129,791.36	57,041,783.80
Accumulated Depreciation 1/1/2007	-	931,183.85	126,141.56	50,401,691.62	3,450,239.08	2,132,527.69	57,041,783.80
Depreciation 1/1 – 31/12/2007	-	310,394.62	9,179.87	16,491,030.96	261,715.09	91,015.92	17,163,336.46
Less: Disposed assets depreciation 1/1-31/12/2007	-	-	2,209.49	486,007.94	238,412.32	-	726,629.75
Total Accumulated Depreciation 31/12/2007	-	1,241,578.47	133,111.94	66,406,714.64	3,473,541.85	2,223,543.61	73,478,490.51
Net book value at 1/1/2006	8,144,535.60	6,875,535.11	46,905.28	649,006,392.58	563,282.54	270,913.68	664,907,564.79
at 31/12/2006	2,515,742.00	6,365,374.20	35,781.98	554,071,013.74	480,180.81	176,588.78	563,644,681.51
At 31/12/2007	2,515,742.00	6,054,979.58	26,602.06	537,860,416.33	815,541.17	225,430.60	547,498,711.74

	The Company						Totals
	Land	Buildings Technical works	Transportation Equipment	Vessels	Furniture and Other Equipment	Computer Software	
Cost 1/1/2006	2,944,535.60	7,562,913.05	157,129.36	688,007,961.19	3,903,628.08	2,266,727.49	704,842,894.77
Acquisitions and additions 2006	-	-	13,748.80	499,186.58	237,760.08	82,837.80	833,533.26
Less: Disposals for the year 2006	428,793.60	266,355.00	8,954.62	84,034,442.41	216,218.31	43,185.15	84,997,949.09
Carrying amounts 31/12/2006	2,515,742.00	7,296,558.05	161,923.54	604,472,705.36	3,925,169.85	2,306,380.14	620,678,478.94
Cost 1/1/2007	2,515,742.00	7,296,558.05	161,923.54	604,472,705.36	3,925,169.85	2,306,380.14	620,678,478.94
Acquisitions and additions 1/1-31/12/2007	-	-	-	295,038.52	647,451.72	142,594.07	1,085,084.31
Less: Disposals 1/1 – 31/12/2007	-	-	2,209.54	500,612.91	291,524.92	-	794,347.37
Carrying amounts 31/12/2007	2,515,742.00	7,296,558.05	159,714.00	604,267,130.97	4,281,096.65	2,448,974.21	620,969,215.88
Accumulated Depreciation 1/1/2006	-	687,377.99	121,014.28	39,001,568.61	3,357,239.39	1,995,813.81	45,163,014.08
Depreciation for the year 2006	-	340,914.47	11,806.80	18,629,709.79	241,570.19	174,008.40	19,398,009.65
Less: Disposed assets accumulated depreciation	-	97,108.61	6,679.52	7,229,586.78	153,314.90	40,030.85	7,526,720.66
Total Accumulated Depreciation 31/12/2006	-	931,183.85	126,141.56	50,401,691.62	3,445,494.68	2,129,791.36	57,034,303.07
Accumulated Depreciation 1/1/2007	-	931,183.85	126,141.56	50,401,691.62	3,442,758.35	2,132,527.69	57,034,303.07
Depreciation 1/1 – 31/12/2007	-	310,394.62	9,179.87	16,491,030.96	261,651.95	91,015.92	17,163,273.32
Less: Disposed assets depreciation 1/1-31/12/2007	-	-	2,209.49	486,007.94	238,412.32	-	726,629.75
Total Accumulated Depreciation 31/12/2007	-	1,241,578.47	133,111.94	66,406,714.64	3,465,997.98	2,223,543.61	73,470,946.64
Net book value at 1/1/2006	2,944,535.60	6,875,535.06	36,115.08	649,006,392.58	546,388.69	270,913.68	659,679,880.69
at 31/12/2006	2,515,742.00	6,365,374.20	35,781.98	554,071,013.74	479,675.17	176,588.78	563,644,175.87
At 31/12/2007	2,515,742.00	6,054,979.58	26,602.06	537,860,416.33	815,098.67	225,430.60	547,498,269.24

The depreciation of property plant and equipment is recorded in the following captions in the income statement:

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Cost of sales	16,491,030.96	18,629,709.79	16,491,030.96	18,629,709.79
Distribution expenses	122,013.56	119,434.75	122,013.56	119,434.75
Administrative expenses	550,291.94	649,037.54	550,228.80	648,865.11
Totals	17,163,336.46	19,398,182.08	17,163,273.32	19,398,009.65

13. Investments in subsidiaries

Investments in subsidiaries are presented below :

<u>Name</u>	<u>Participation Value</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>
Kritiki Filoxenia S.A.	3,203,196.84	3,203,196.84
Minoan Escape S.A.	59,970.00	59,970.00
Minoan Cruises S.A.	214,854.63	214,854.63
Totals	3,478,021.47	3,478,021.47

14. Investments in associates

In the Company's separate financial statements, the investments in associates, amounted to € 66,185,097.17 as at 31/12/2007 and € 66,080,097.17 as at 31/12/2006, relate to the investment of the Company in Hellenic Seaways S.A.

In January 2007, the Parent acquired 35 thousands shares of its associate company, Hellenic Seaways, which cost € 105,000.00. Its participation to the company was increased at 33.35% against 33.31% at 31/12/2006.

The main items of the consolidated financial statements of Hellenic Seaways S.A. in accordance with I.F.R.S. are as follows:

	<u>31/12/2007</u>	<u>31/12/2006</u>
Total Assets	426,361,625.87	380,625,508.79
Total Liabilities	198,253,274.65	172,257,124.89
Total Equity	228,108,351.22	208,368,383.90
	<u>1/1 – 31/12/2007</u>	<u>1/1 – 31/12/2006</u>
Total Revenue	182,334,699.12	165,406,163.58
Net consolidated Profit for the year	17,379,226.68	10,160,792.64

The share of Profit after taxation in the associate company Hellenic Seaways S.A. as of 31/12/2007 and 31/12/2006, is € 5,834,926.31 and € 3,377,044.72 respectively. Additionally, the Group's share for items (profit or losses) recognized directly in equity, at 31/12/2007 and 31/12/2006 amounted to € 633,418.99 and € 65,494.49 respectively.

The investment in the associate Mediterranean ferries S.r.l has been impaired in prior years'.

15. Other financial assets

Other Financial Assets, include the fair value of the interest rate swap contracts as determined by the Banks at 31/12/2006, amounted to € 4,311,622.45 (accounting policy 3.3.2). A respective amount is included in the item "fair value hedge reserve" at 31/12/2006. In December 2007, the Parent Company proceeded to the sale of the interest rate hedging contracts, and the net profit of the aforementioned sale amounted to € 4,324,280.50, was recorded in the income statement (note 8).

16. Inventories

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Merchandise	2,386,536.73	2,619,520.35	2,386,536.73	2,619,520.35
Consumables	2,166,041.27	1,410,735.60	2,166,041.27	1,410,735.60
Totals	4,552,578.00	4,030,255.95	4,552,578.00	4,030,255.95

17. Trade and Other receivables-Other current assets

	<u>Trade and other Receivables</u>			
	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Customers – Check Receivables	38,636,981.93	50,911,777.95	38,663,934.39	50,935,533.05
Trade receivables due from affiliates and associates	208,815.31	193,954.03	257,568.19	207,271.64
Other Account Receivables	971,011.01	1,296,372.14	850,559.36	1,007,410.39
Totals	39,816,808.25	52,402,104.12	39,772,061.94	52,150,215.08

	<u>Other Current assets</u>			
	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Prepaid Expenses	5,161,967.64	6,962,139.73	5,160,496.06	6,962,139.73
Accrued Income	8,786.24	218,066.44	4,097.16	216,314.44
Other accruals and deferred income	59,358.10	71,610.30	59,358.10	71,610.30
Totals	5,230,111.98	7,251,816.47	5,223,951.32	7,250,064.47

The Company and the Group exposure to credit risks, as well as the impairment losses related to trade and other receivables are analyzed in note 27.

18. Cash and Cash equivalents

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Cash in hand	215,539.77	254,688.67	214,927.92	253,789.70
Cash in banks and time deposits	5,745,708.93	16,545,799.21	5,372,621.65	16,342,302.28
Totals	5,961,248.70	16,800,487.88	5,587,549.57	16,596,091.98

19. Non – Current assets held for sale

Non – current assets held for sale include land and buildings of a subsidiary with net book value € 5,200,000.05, for which a decision for disposal has been taken by the management of the Company.

20. Share capital

The Share capital of the Company is divided into 70.926.000 common shares with a nominal value of 2.25 euros each.

The equity holders receive dividend, since it is approved for distribution by the General Shareholders Meeting. Every common share carries one voting right.

21. Reserves

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Statutory Reserve	11,142,904.97	10,612,235.66	11,124,724.97	10,594,724.97
Other reserves	47,140,029.52	47,140,029.52	47,137,570.76	47,137,570.76
Totals	58,282,934.49	57,752,265.18	58,262,295.73	57,732,295.73

Statutory reserve: According to the Greek corporate law, the Company is required to transfer 5% at least of its net profit to the statutory reserve, until such a reserve reaches 1/3 of the issued share capital. This reserve can be used exclusively before any distribution of dividends to off–set a deficit.

Other reserves: This reserve is established in accordance with the Company's Articles of Association and results from the balance of the annual earnings which remain after deducting the statutory reserve and the dividends.

22. Dividends

The General Shareholders Meeting of 22/7/2007, approved the distribution of dividend for the fiscal year 2006 amounting to € 9,575,010.00 (€ 0.135 per share).

The dividend from the profit of the year 2007, which will be proposed by the Board of Directors to the General Shareholders Meeting for distribution, amounts to € 3,546,300.00 (0.05 per share).

23. Long term debt and current portion of long – term interest bearing loans and borrowings

The long - term debt of the Company is analyzed as follows:

	<u>Average</u> <u>Interest Rate 2007</u>	<u>31/12/2007</u>	<u>Average</u> <u>Interest Rate 2006</u>	<u>31/12/2006</u>
Syndicate Loan - Agent Citibank	6.01%	203,041,971.97	5.09%	286,592,600.97
Syndicate Loan - Agent Piraeus Bank	6.73%	-	5.51%	53,243,084.39
Totals		<u>203,041,971.97</u>		<u>339,835,685.36</u>

The current portion of the Interest – bearing loans and borrowings at the end of the year 2007 and 2006 respectively, are presented below:

	<u>31/12/2007</u>	<u>31/12/2006</u>
Syndicate Loan - Agent Citibank	83,550,629.00	19,729,596.00
Syndicate Loan - Agent Piraeus Bank	53,243,084.39	6,000,000.00
Totals	<u>136,793,713.39</u>	<u>25,729,596.00</u>

The Syndicate loan agreements are denominated in Euro with a floating interest rate (euribor), plus a spread as defined in the particular agreements. The loans mature gradually until 2012. Nevertheless a partial or total prepayment of the loan, is permitted.

In order to secure the aforementioned debt of € 339,835,685.36, first and second preferred mortgages have been registered on the Company's vessels amounting to € 408,675,783.00 and € 158,000,000.00 respectively. Furthermore, pre-notations of € 17,154,748.66 have been registered on the Group's Land and Buildings while 25,850,775 shares of HELLENIC SEAWAYS S.A., which the Company owns, have been pledged.

In December 2007, the Parent Company, reached to an agreement with the banks for the issuance of a non-convertible bond loan amounted to € 375,000,000.00, which was amended with a supplemental letter and became effective in February 2008. With the aforementioned agreement, along with the draw-down amount the Company prepaid in full all advances of the above-mentioned syndicate loans.

The short term borrowings amounted to € 21,277,162.32 and € 35,072,877.45 at 31/12/2007 and 31/12/2006 respectively, are covered by post dated checks. The average interest rates reached 5.39% and 5.82% respectively.

24. Employee defined Benefit obligations

According to the Greek Labour Law, employees when retired are entitled to compensation which amounts to 40% of the amount of a dismissal.

	<u>31/12/2007</u>	<u>31/12/2006</u>
Present value of defined benefit obligations	2,505,109.37	2,546,925.85
Unrecognized actuarial losses	-42,164.18	-225,100.05
Total liability	<u>2,462,945.19</u>	<u>2,321,825.80</u>
	<u>The Group</u>	<u>The Company</u>
Balance as at 1/1/2006	2,201,038.33	2,130,389.35
Write-off provision of sold Subsidiary	-70,648.98	-
Current Service Cost	144,699.96	144,699.96
Interest Cost	68,654.78	68,654.78
Benefits paid	-21,918.29	-21,918.29
Balance as at 31/12/2006	<u>2,321,825.80</u>	<u>2,321,825.80</u>
Balance as at 1/1/2007	2,321,825.80	2,321,825.80
Current Service Cost	306,965.14	306,965.14
Interest Cost	104,423.96	104,423.96
Benefits paid	-718,469.71	-718,469.71
Effect of settlement	448,200.00	448,200.00
Balance as at 31/12/2007	<u>2,462,945.19</u>	<u>2,462,945.19</u>

The amount, recorded as an expense at 31/12/2007 and 31/12/2006 respectively, is analyzed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Current Service cost	306,965.14	144,699.96	306,965.14	144,699.96
Interest Cost	104,423.96	68,654.78	104,423.96	68,654.78
Cost of settlement	448,200.00	-	448,200.00	-
Totals	<u>859,589.10</u>	<u>213,354.74</u>	<u>859,589.10</u>	<u>213,354.74</u>

The above expenditure is included in the following categories of the income statement:

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Distribution expenses	325,804.25	89,608.99	325,804.25	89,608.99
Administrative expenses	533,784.85	123,745.75	533,784.85	123,745.75
Totals	<u>859,589.10</u>	<u>213,354.74</u>	<u>859,589.10</u>	<u>213,354.74</u>

The movement of the defined benefit obligations for the years 2003-2007 is presented below :

	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2005</u>	<u>31/12/2004</u>	<u>31/12/2003</u>
Defined Benefit Obligations	2,462,945.19	2,321,825.80	2,130,389.35	2,872,966.53	1,999,609.34

The total amount of Employee Defined Benefit Obligations is unfunded.

The main assumptions used are as follows:

- Discounted Rate at 31/12/2007 and 31/12/2006 4.8% and 4.10% respectively
- Long – term average annual salaries increase 5.00%

25. Deferred Government grants

The deferred government grants relate to the subsidy received by the Company from the Norwegian Government for the vessel IKARUS PALACE during the period of its shipbuilding. It is recognized as revenue in the income statement on a systematic basis over the useful life of the vessel. The amount recorded in the income statement which decreased the item “cost of sales” was €193,120.61 for each of the year 2006 and 2007.

26. Trade and Other payables

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Suppliers – Check payables	23,421,501.14	24,948,349.47	23,421,501.14	24,948,146.47
Income Tax payable	84,941.15	68,110.51	66,474.05	48,982.71
Withholding Taxes-Social Security Contributions payable	3,131,511.96	3,753,246.49	3,130,083.52	3,751,860.92
Dividends payable	563,258.22	444,303.13	563,258.22	444,303.13
Sundry creditors	4,877,052.95	4,991,226.31	4,846,472.58	4,976,693.46
Derivative Financial Instruments	-	864,810.55	-	864,810.55
Accrued expenses	2,390,538.92	2,715,737.03	2,388,267.30	2,714,740.81
Customer advances	152,070.43	160,337.55	152,070.43	159,687.55
Deferred income	1,104,428.23	873,795.01	1,104,428.23	873,795.01
Payables to affiliates and associates	-	72,235.29	-	72,235.29
Totals	35,725,303.00	38,892,151.34	35,672,555.47	38,855,255.90

The item Derivative Financial Instruments includes the fair value at 31/12/2006, of the hedge in fuel prices amounting to € 864,810.55 as determined by the Banks (accounting policy 3.3.2). A respective amount is included at 31/12/2006, in the item “fair value hedge reserve”. The aforementioned agreement expired on December 31st 2007, and the realized profit derived from the hedging oil contracts, were recorded in the income statement.

27. Financial Risk Management

27.1 General

The Company and the Group are exposed to the following financial risks

- Credit risk
- Liquidity risk
- Market risk.

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group’s risk management framework. The Board has delegated authority to the Financial Division for monitoring of financial risks. The Company’s and Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks, adherence to limits and to hedge such risk depending on the prevailing market conditions each period of time. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities.

27.2 Credit risk

Credit risk is the risk of financial loss for the Company and the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade and other receivables.

The Company set a credit policy under which each new customer is analysed individually for creditworthiness before the Company’s standard payment and credit terms and conditions are offered. The customers that fulfil the credit conditions sign the relevant agreements. Credit limits, representing the maximum open amount, are set for each customer, and are reviewed regularly by the Financial Division. Customers that fail to meet the Group’s benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Company and the Group, record provisions for impairment losses that represent their estimate of expected losses in respect of trade and other receivables.

27.2.1 Credit risk exposure

The net book value of ‘Trade and Other Receivables’ indicate the maximum exposure to the Company’s credit risk. In order to secure the aforementioned exposure, the Company receives letters of guarantee from its customers. The net book value of ‘Trade and Other Receivables’ along with the letters of guarantee received, are presented below:

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Trade and other payables	39,816,808.25	52,402,104.12	39,772,061.94	52,150,215.08
Letters of guarantee received	-4,308,282.92	-3,739,292.10	-4,308,282.92	-3,739,292.10

The maximum exposure to credit risk per customer group is as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Port Agents	13,793,056.13	21,618,162.37	13,793,056.13	21,618,162.37
Travel Agencies	5,651,524.63	8,003,791.99	5,696,216.33	8,027,547.09
Truck customers	18,740,497.86	20,855,659.52	18,740,497.86	20,855,659.52
Other receivables	1,631,729.63	1,924,490.24	1,542,291.62	1,648,846.10
Totals	39,816,808.25	52,402,104.12	39,772,061.94	52,150,215.08

At 31/12/2007, the balance due from two port agents of the Company, represents approximately 30% of the total receivables.

27.2.2 Impairment loss

The aging of the trade and other receivables, at the balance sheet dates were as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Not past due	34,542,778.58	38,647,925.23	34,502,443.89	38,629,774.94
Past due 1-30 days	1,670,875.08	1,738,906.35	1,670,875.08	1,738,906.35
Past due 31-120 days	1,078,071.23	9,230,412.22	1,078,071.23	9,230,412.22
Past due 121-365 days	473,522.92	421,865.11	473,522.92	421,865.11
Past due over a year *	2,051,560.44	2,362,995.21	2,047,148.82	2,129,256.46
Totals	39,816,808.25	52,402,104.12	39,772,061.94	52,150,215.08

* including debtors in litigation and settlement agreements

The allowance of impairment, concerns those customers who did not settled their debts towards the Company and the Group and cooperation with whom has been terminated.

The Company estimates that there is no need to record an allowance of impairment regarding the not past due receivables, or the receivables past due up to one year, because such receivables concern customers with a good payment history.

The allowance of impairment, that has reduced the “Trade and Other Receivables” item, concerns the receivables that remain pending for more than a year and the movement of the provision for 2007 and 2006 was:

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Opening Balance	1,359,543.94	1,112,911.41	1,359,543.94	1,112,911.41
Less : amounts received (note 6)	-30,701.05	-	-30,701.05	-
Plus : Impairment loss	-	246,632.53	-	246,632.53
Closing Balance	1,328,842.89	1,359,543.94	1,328,842.89	1,359,543.94

The allowance of impairment account is used to register impairment losses, unless the Company

evaluates that no recovery of the pending amount is expected, therefore the amounts are written off directly against the receivable.

27.3 Liquidity risk

Liquidity risk is the risk that the Company or the Group will not be able to meet its financial obligations as they fall due. The Company's and Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's or Group's reputation.

The Company ensures that it has sufficient cash on demand with a combination of cash and bank overdraft facilities to meet expected obligations for a period of 6 months. In addition, the Company maintains lines of credit amounted to € 87.9 million as at 31/12/2007 and € 57.9 million as at 31/12/2006. The non-withdrawn amounts were € 66.6 million at 31/12/2007 and € 22.9 million at 31/12/2006. The interest of all lines of credit is payable at the rate of EURIBOR plus the margin of the bank, while they are secured with post-dated cheques.

Below are presented the contractual expiries of the Company's financial liabilities based on the agreements effected on the balance sheet date :

<u>31 /12/2007</u>	<u>Totals</u>	<u>within 1 year</u>	<u>2-3 years</u>	<u>4-5 years</u>	<u>over 5-years</u>
Bank Overdrafts	21,277,162.32	21,277,162.32	-	-	-
Trade and other payables	35,672,555.47	35,672,555.47	-	-	-
Long term debt (excluding future interest payments)	339,835,685.36	136,793,713.39	28,059,192.00	174,982,779.97	-
<u>31 /12/2006</u>	<u>Totals</u>	<u>within 1 year</u>	<u>2-3 years</u>	<u>4-5 years</u>	<u>over 5-years</u>
Bank Overdrafts	35,072,877.45	35,072,877.45	-	-	-
Trade and other payables (excluding derivatives)	37,990,445.35	37,990,445.35	-	-	-
Long term debt (excluding future interest payments)	365,565,281.36	25,729,596.00	150,823,309.39	107,177,567.00	81,834,808.97
Interest Rate Swap contracts	-4,311,622.45	-1,921,513.63	-2,012,523.60	-377,585.22	-
Fuel Oil Swap contracts	864,810.55	864,810.55	-	-	-

The table below, presents the contractual expiries of the long term debt, after the conclusion of the Bond Loan Facility amounted to € 375,000,000.00 and the relevant interests until the maturity of the facility commencing from 2008 :

	<u>Totals</u>	<u>within 1 year</u>	<u>2-3 years</u>	<u>4-5 years</u>	<u>over 5-years</u>
Long term debt	555,832,021.34	36,635,824.00	76,747,648.00	72,511,914.67	369,936,634.67

27.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and fuel prices will affect the Company's and Group's results or the value of their financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company and the Group, conclude periodically derivative agreements, in order to manage interest

rates and fuel risks fluctuations. All such transactions are performed within the guidelines set by Board of Directors.

27.4.1 Currency risk

After the entrance of Greece in the Euro-Zone, the Company's foreign currency risk was almost eliminated given the fact that the transactions abroad are mainly realized in Euro. Furthermore, the Company is not subject to foreign currency risk regarding its loans, taking under consideration that these are denominated in Euro.

27.4.2 Interest rate risk

According to the Company's policy, and in order to hedge its exposure to the increase of interest rates it signed relevant hedging agreements in the previous years. The Company defined these derivatives as cash flow hedges. The interest rate swap contracts of the Company (signed in November 2005) referred to a notional amount of € 200 million. In December 2007 and given the prevailing market conditions that period of time and the refinancing of its total debt, the Company proceeded to the sale of the interest rate swap contracts (note 8).

At the balance sheet date, the financial instruments of the Company and the Group, that were liable to interest rate fluctuations, were as follows :

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2007</u>	<u>31/12/2006</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Fixed rate instruments				
Financial assets	5,961,248.70	16,800,487.88	5,587,549.59	16,596,091.98
Floating rate instruments				
Financial Liabilities	361,112,847.68	400,638,158.81	361,112,847.68	400,638,158.81

27.4.2.a Sensitivity analysis on interest rate cash flows

At the balance sheet date, a 0.5% fluctuation of the interest rates, would have proportionally increased or decreased the financial results of the Company, at the amounts presented below.

	<u>0.5% increase</u>	<u>0.5% decrease</u>
<u>31/12/2007</u>		
Long term borrowings & Bank Overdrafts	-1,939,891.08	1,939,891.08
Interest rate swap effect	1,011,333.31	-1,011,333.31
Cash flow sensitivity	-928,557.77	928,557.77
<u>31/12/2006</u>		
Long term borrowings & Bank Overdrafts	-2,400,840.30	2,400,840.30
Interest rate swap effect	727,055.01	-780,258.91
Cash flow sensitivity	-1,673,785.29	1,620,581.39

The table above does not include the positive effect from cash deposits' interest rate fluctuations.

27.4.3 Fuel risk

The Group's fuel oil hedging contracts covered a significant amount of the total fuel consumption for 2007 and expired at 31/12/2007

27.5 Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board of Directors monitors the return on invested capital, aiming to its maximization so as to

ensure the distribution of dividends according to the relevant legislation and the annual repayment of the Company's debt

The Company in order to serve the annual repayment (interest included), of its debt is monitored by the following ratios:

Debt/Earnings Before Interest Taxes Depreciation and Amortization (E.B.I.T.D.A.)

Earnings Before Interest Taxes Depreciation and Amortization (E.B.I.T.D.A.)/Net Interest Expense

	The Company	
	31/12/2007	31/12/2006
Long term debt and short term borrowings	361,112,847.68	400,638,158.81
Less : Cash and cash equivalents	-5,587,549.57	-16,596,091.98
Net debt	355,525,298.11	384,042,066.83
Earnings Before Interest Taxes Depreciation and Amortization (E.B.I.T.D.A.)	46,298,367.98	61,418,454.07
Net debt / E.B.I.T.D.A.	7.7	6.3

	The Company	
	1/1-31/12/2007	1/1-31/12/2006
Earnings Before Interest Taxes Depreciation and Amortization (E.B.I.T.D.A.)	46,298,367.98	61,418,454.07
Net interest expenses	21,178,309.22	24,267,757.56
E.B.I.T.D.A. / Net interest expenses	2.2	2.5

It should be noted that, in 2006 E.B.I.T.D.A. includes an amount of € 11.24 million derived from the gain from the sale of H/S/F ARIADNE PALACE.

There were no changes in the Group's approach to capital management during the year.

28. Fair values

The fair values of the financial instruments, that is trade and other receivables, current liabilities and cash and cash equivalents do not differ from the carrying value due to their short term nature. Furthermore, the fair values of long – term borrowings do not differ in respect to the book values due to the fact that they bear variable interest rates.

The financial assets which are related to interest rate and fuel price hedging are recognized at the fair values as these have been determined by the Banks.

29. Analysis of business activities by geographical segment

The Group operates its business mainly in the passenger ferry shipping industry while the geographical segment is based on the vessels' operations of the parent in both, coastal (Greece) and Adriatic (Europe) routes.

The Company due to the nature of its business activities, encounters the effect of seasonality relating to the revenue from passengers' and private cars' fares and the revenue from on-board services (bars – restaurants, shops), that represent 42.1% and 18.0% of the total annual revenue respectively.

The revenue that results from truck fares, represents 39.8% of the total annual revenue and it is evenly earned throughout the year.



	The Group			Totals	
	31/12/2007	Greece routes	Adriatic routes		Non-allocated items
Revenue	68.485.031,70	127.216.489,27	236.112,51	195.937.633,48	
Gross Profit (before depreciation)	35.206.449,15	38.859.023,15	121.381,15	74.186.853,45	
Profits before depreciation taxation financing and investing costs (E.B.I.T.D.A.)	33.296.438,12	30.065.530,53	-17.067.920,21	46.294.048,44	
Depreciation	-6.368.077,64	-10.122.953,32	-672.305,50	-17.163.336,46	
Profits before taxation financing and investing costs (E.B.I.T.)	26.928.360,48	19.942.577,21	-17.740.225,71	29.130.711,98	
Share of Profit from affiliates	-	-	5.834.926,31	5.834.926,31	
Profit before tax	20.628.166,47	9.314.256,80	-13.511.921,71	16.430.501,56	
Income Tax expense	-	-	-74.048,23	-74.048,23	
Profits after tax	20.628.166,47	9.314.256,80	-13.585.969,94	16.356.453,33	
Total Assets	205.923.479,28	331.936.937,05	146.605.773,66	684.466.189,99	
Total Liabilities	107.118.375,00	184.470.491,14	112.708.494,90	404.297.361,04	
Capital expenditure	122.193,29	172.845,23	790.045,79	1.085.084,31	
	31/12/2006	Greece routes	Adriatic routes	Non-classified items	Totals
Revenue	64.957.479,71	141.745.583,06	187.975,53	206.891.038,30	206.891.038,30
Gross Profit (before depreciation)	33.211.110,50	44.541.272,24	115.000,21	77.867.382,95	77.867.382,95
Profits before depreciation taxation financing and investing costs (E.B.I.T.D.A.)	31.193.239,90	46.332.271,28	-16.131.681,52	61.393.829,66	61.393.829,66
Depreciation	-6.345.334,95	-12.284.374,84	-768.472,29	-19.398.182,08	-19.398.182,08
Profits before taxation financing and investing costs (E.B.I.T.)	24.847.904,96	34.047.896,43	-16.900.153,81	41.995.647,58	41.995.647,58
Share of Profit from affiliates	-	-	3.377.044,72	3.377.044,72	3.377.044,72
Profit before tax	18.913.266,28	21.580.318,72	-20.256.218,19	20.237.366,81	20.237.366,81
Income Tax expense	-	-	1.387.055,16	1.387.055,16	1.387.055,16
Profits after tax	18.913.266,28	21.580.318,72	-18.869.163,03	21.624.421,97	21.624.421,97
Total Assets	212.049.981,79	342.021.031,95	169.171.286,52	723.242.300,26	723.242.300,26
Total Liabilities	114.118.375,00	197.393.207,75	135.529.938,98	447.041.521,73	447.041.521,73
Capital expenditure	205.070,00	294.116,58	335.024,72	834.211,30	834.211,30

30. Earnings per share

	The Group		The Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Earnings attributable to the Shareholders of the Parent Company	16,360,072.13	21,603,340.15	10,570,873.09	18,273,436.77
Weighted Average number of shares outstanding	70,926,000	70,926,000	70,926,000	70,926,000
Basic and Diluted Earnings per Share	0.23	0.30	0.15	0.26

There is no current obligation for issuing new shares in the future, thus it is not necessary to provide any other earnings per share index.

31. Related Party transactions

Related parties are considered the members of the Board of Directors and Management of the Company, the members of the Board of Directors and Management of subsidiaries of the Group, the financially dependent members and first-degree relatives of the members of the Board of Directors and Management, and the associate companies.

On the tables below the balances of trade receivables and payables on December 31st 2007 and December 31st 2006, as well as the purchases and sales of the companies of the Group for the fiscal years 2007 and 2006 are stated:

31.1 Subsidiaries

31/12/2007

<u>Company</u>	Minoan Escape S.A.	Kritiki Filoxenia S.A.	Totals
Minoan Lines S.A. (due from)	24,786.36	23,966.52	48,752.88
Athina A.V.E.E. (due from)	-	53,345.39	53,345.39
Totals	24,786.36	77,311.91	102,098.27

31/12/2006

<u>Company</u>	Minoan Escape S.A.	Kritiki Filoxenia S.A.	Totals
Minoan Lines S.A. (due from)	13,317.61	-	13,317.61
Athina A.V.E.E. (due from)	-	53,345.39	53,345.39
Totals	13,317.61	53,345.39	66,663.00

1/1 – 31/12/2007

<u>Company</u>	Minoan Escape S.A.	Minoan Cruises S.A.	Kritiki Filoxenia S.A.	Totals
Minoan Lines S.A.				
Revenues from Fares	75,450.68	-	-	75,450.68
Revenue from rentals	62,897.57	600.00	1,760.84	65,258.41
Totals	138,348.25	600.00	1,760.84	140,709.09

1/1 – 31/12/2006

<u>Company</u>	Minoan Escape S.A.	Minoan Cruises S.A.	Kritiki Filoxenia S.A.	Totals
Minoan Lines S.A.				
Revenues from Fares	94,534.78	-	-	94,534.78
Revenue from rentals	-	600.00	1,760.84	2,360.84
Totals	94,534.78	600.00	1,760.84	96,895.62

31.2 Associates

31/12/2007

<u>Company</u>	Hellenic Seaways S.A.	Mediterranean Ferries S.r.l.	Totals
Minoan Lines S.A. (due from)	14,861.28	193,954.03	208,815.31

31/12/2006

<u>Company</u>	Hellenic Seaways S.A.	Mediterranean Ferries S.r.l.	Totals
Minoan Lines S.A. (payable to)	72,235.29	-	72,235.29
Minoan Lines S.A. (due from)	-	193,954.03	193,954.03

Additionally, the Company has received from the associate Hellenic Seaways S.A. for the fiscal years 2007 and 2006, revenue from building rentals amounted to € 33,314.56 and € 37,362.79 respectively. The above transactions are at arm's length.

31.3 Members of the Board of Directors and management

The salary expense of the Members of the Board and the Company's Directors is analysed as follows:

	<u>31/12/2007</u>	<u>31/12/2006</u>
Executive members	397,485.12	393,726.62
Non – executive members	235,327.39	242,072.10
Directors	1,139,928.87	1,216,679.32
Totals	1,772,741.38	1,852,478.04



32. Contingent liabilities

The contingent liabilities are the following:

a. By virtue of Decision No. 210/III/2002 of the Competition Committee, which is based on two reports of the Competition Secretariat, a penalty was imposed to the Company in the total amount of € 4,5 million.

The Company has been justified by the Court of Appeal of Athens. Estimating that the appropriate Administrative Courts will issue a decision justifying the Company, the Company has not recorded any respective provision.

b. The companies of the Group, which are either consolidated or integrated by the equity method in the financial statements, have not been audited and consequently their tax obligations have not yet been finalized by the tax authorities, for the financial years presented below:

<u>Company</u>	<u>Open tax years</u>
Minoan Lines S.A.	2006-2007
Minoan Escape S.A.	2006-2007
Minoan Cruises S.A.	2000 – 2007
Kritiki Filoxenia S.A.	2000 – 2007
Athina A.V.E.E.	2000 – 2007
Mediterranean Ferries S.r.l.	2002 – 2007
Hellenic Seaways S.A.	2007

c. The adverse effect on the results of one of the subsidiaries with the amounts of USD 0.56 million and € 0.21 million respectively, for which letters of guarantee have been issued to the Seamen's Pension Fund depends on the results of the legal proceedings commenced by both the subsidiary and the Seamen's Pension Fund. The subsidiary has not recorded any provision estimating that it will be justified by the appropriate Courts.

d. The adverse effect on the consolidated results of € 0.57 million depends on the results of the legal proceedings of the associate Hellenic Seaways S.A , for which no provision has been recorded estimating that it will be justified by the appropriate Courts.

33. Subsequent events

In February 2008 the Parent Company received the amount of 375,000,000.00 € relating to the issue of the non-convertible bond loan with interest cost at the Euribor rate plus margin.

There are no subsequent events relating to the Company or the Group that have occurred and need to be disclosed under the International Financial Reporting Standards (I.F.R.S.).

Heraklion, March 21st 2008

**The Chairman
of the Board**

**The Chief
Executive Officer**

**The Chief
Financial Officer**

**The Chief
Accountant**

**Stylianos
Sarris**
ID C No AZ 962813

**Antonios
Maniadakis**
ID C No X 850531

**George
Vassilokonstantakis**
ID C No AZ 957560

**Dimitra
Batsi**
ID C No AZ 467355
ID 23944 First Class