MINOAN LINES SHIPPING S.A.

Financial Statements
for the year 2006 (1/1 – 31/12/2006)

In accordance with International Financial Reporting Standards

The accompanying financial statements have been approved by the Board of Directors on 13/03/2007 and have been uploaded to the Company's web site www.minoan.gr.

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REPORT OF THE BOARD OF DIRECTORS OF "MINOAN LINES S.A." TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006

The Board of Directors' Report of the 'MINOAN LINES S.A' (hereinafter referred to as 'MINOAN LINES' or 'the Company') was prepared in accordance with article 136 of the Codified Law 2190/1920 and refers to the Annual Stand-Alone and Consolidated Financial Statements as of 31 December 2006 and for the year ended, which have been prepared for the first time in accordance with International Financial Reporting Standards (I.F.R.S.)

To the Shareholders

Ladies and Gentlemen,
We present to you the financial results of, the Group and the Parent Company, as well as the most significant events that underlined the performance of the Company's business activity.

Overview

The significant progress (partial markets' deregulation and abolition of the vessels' age-limit) that occurred during 2006 regarding the convergence of Greece's coastal institutional framework with the respective one of the European Union has differentiated the prevailing market conditions to the whole sector's account.

However, the completion of harmonization process is still to be done in order for the Greek Shipping companies to obtain the flexibility required to remain strong and powerful at their deploying markets.

In business level, the determinant factor of the market was the continuous upward course of the fuel price, which ended up at a price 25% higher than the already high levels of 2005. This fact affected negatively the financial results of all the companies of the shipping sector, constraining significantly their operating profits.

Fortunately, the increase of internal tourism and merchandizing acted as a counter measure to the above mentioned situation.

The Company

Traffic statistics
The Company managed to maintain its leading position for the year 2006 in both, the two main target markets of its operation. In particular:

- ***Heraklion – Piraeus Route:*** The Company achieved to increase significantly its traffic volumes in each traffic category carrying in total, 968 thous. passengers, 126 thous. cars and 66 thous. trucks while the market shares for the aforementioned categories were shaped at 71.0%, 62.1% and 49.6% respectively.
- ***North Adriatic Routes (Ancona – Venice Routes):*** The Company carried in total, 581 thous. passengers, 154 thous. cars and 91 thous. trucks. Furthermore, the Company carried out the 33.4% of the total trips in the particular market achieving the highest market shares in all traffic categories (35.7% in passengers, 37.5% in cars and 35.2% in trucks).

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:

- ✓ The 'Non-Current Assets' are shaped at €637.54 million against €729.26 of the previous year reduced by €91.71 million (-12.6%), a fact owing primarily to the sale of the vessel H/S/F ARIADNE PALACE and land and buildings in Patras and Heraklion as well as the liquidation of the Company's share in the subsidiary MINOAN AGENCIES S.r.l .
- ✓ The 'Current Assets' are shown increased by €22.23 million (+38.4%) and were shaped at €80.09 million against €57.86 million of the previous year, a result mainly attributed to the significant improvement of the Company's cash reserves.

- ✓ The 'Equity' was improved by €21.72 million (+8.7%) and reached €270.63 million against €248.91 million of the previous year a fact which primarily attributed to the profit of the year.
- ✓ The 'Total Liabilities' dropped at € 447.00 against € 538.20 million of the previous year. This decreased amount is due to the decline so of the Company's debt as of the "Trade and Other payables" item.

  The significant reduction of the Company's long-term Debt at the current levels of € 365.56 million versus € 453.84 in 2005 (€ 88.28 million, decrease) is attributable to the annual scheduled payments as well as the sale of the vessel H/S/F ARIADNE PALACE and the repayment of its debt. The aforementioned reduction led to the improvement of the "Debt to EBITDA" ratio from 8.1 points in the previous year to 6.0 points in 2006.
- ✓ The 'Revenues' registered an increase of €2.50 million (+1.2%) and reached €206.70 million, despite the fact that the Company operated its business with one vessel less (F/B DAEDALUS), of which contribution to the Revenues was € 8.38 million, for 2005.
- ✓ The 'Cost of Sales before depreciation' was increased by €7.36 million (+6.1%) as compared to the previous year, reaching €128.95 million, a fact owing solely to the increase in fuel price.
- ✓ The 'Distribution costs and Administration expenses before depreciation' kept at the previous year levels (€ 0.26 million reduction and were shaped at €28.02 million. The ratio of the particular item to the Revenues was reduced from 13.9% in 2005 to 13.6% in 2006.
- ✓ The 'Other Operating Income' increased as compared to the previous year due to the gains from the sale of H/S/F ARIADNE PALACE amounted of €11.24 million.
- ✓ The 'Operating Profit before tax, depreciation, financing and investing costs' which includes the aforementioned gains, reached €61.42 million against €56.04 million in 2005 while the respective margin was shaped at 29.7% against 27.4% in 2005.
- ✓ The 'Financial Expenses' stood at € 27.77 million versus € 26.55 million in 2005 while the "Financial Income" dropped at € 2.61 million against € 8.24 million of the previous year. This reduction is mainly attributed to the gains from the sale of the Company's stake in FORTHnet S.A. and ANEK S.A. amounted to €7.17 million that were recorded in the income statement of 2005.
- ✓ The 'Net Profit After taxation' was shaped at €18.27 million against €17.02 million of 2005 improved by €1.25 million (+7.4%)
- ✓ The distribution of dividend proposed by the Management is € 0.135 per share.

2006 – Important events

- ✓ On January 2006, the Company paid the fine imposed by the European General Competition Committee after the rejection of its appeal. This fact did not affect the financial results for the year 2006 since the Company has already shaped the relevant provision for the total amount and the proportional interests for the previous years as well.
- ✓ On February 2006, the Company sold a private real estate in Patras instead of € 351 thousands while on March 30 2006 liquidated its stake on the subsidiary MINOAN AGENCIES instead of € 1.42 million. The total gains from the sales reached € 1.44 million.
- ✓ Sold, on December 2006, H/S/F ARIADNE PALACE at the net price of € 88.00 million. Within the same month, Minoan Lines sold also, its private real estate (former Company's Head Office in Heraklion) in the price of € 335 thous.

Hedging

Due to the nature of its business activities and debt's structure, the Company is exposed to potential risks which namely are the increase in interest rates and fuel prices. In order to hedge their exposure to such risks, derivative financial instruments are being used.

In particular, the interest rate swap contracts of the Company cover the 55% approximately of the Company's loans as at 31/12/2006. The respective hedge contract related to the fuel prices covers the 50% of the estimated fuel consumption quantity for 2007.

Quality and Safety Certifications

The Company aiming at the safe and qualitative transportation of people, it continuously seeks to improve and upgrade the services offered on board. Its efforts have been certified by the most prestigious quality and safety organizations.

In particular, the Company has been certified:

- ✓ In accordance with the ISO 9001-2000 Certification by the Germanischer Lloyd for "Safe and Quality transport of passengers and vehicles by sea" and in accordance with the ISO 14001:2004 (Environmental Management System) for the "transport of people and vehicles by sea" by the same organization.

- ✓ By the Mercantile Marine Ship Survey in accordance with ISM Code (International Safety Management) for "Safe transport on board"

- ✓ By TUV Hellas in accordance with ISO 22000:2005 that warrants the hygiene in storage, production and disposal of food and beverages on board, securing on the best authority, the high quality of rendered services.

- ✓ By the Ministry of Mercantile Marine with International Ship and Port facilities Security (I.S.P.S. Code) certification.

Strategic Planning 2007 - Objectives

The modernization process attempted in all the sectors of our activity first highlighting those of Commercial and Marketing, the emphasis on cutting down the operating expenses form the guide lines and the objective intent of the strategy that we shall follow in the next years.

This strategy, which will lead to the further growth of the Company, will be strictly implemented and it is expected to bring positive results.

In particular, the Company, recognizing the trends and needs of the modern market, anticipates further growth regarding the market shares at the deployed lines, and plans the commercial policy for 2007 oriented to the following objectives:

- Growth of distribution channel in Europe.
- Strengthening of our reservation system by connecting it with even more sales points
- Distribution of our product though the major online travel agencies

Other significant objectives are:

- Synergies and other co-marketing activities with other important supplementary companies in order to provide added value to our customers
- The effective communication of the company's activities through targeted advertisement and other promotional campaigns.
- The further development of Minoan En Plo Loyalty program, which highlights the customer-centric philosophy of the company

The Group

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

Companies consolidated by the method of 'full consolidation' at 31/12/2006

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%

* in liquidation

Companies integrated by the method of 'net equity'

Name	% of share
MEDITERRANEAN FERRIES S.r.l.*	50.00%
HELLENIC SEAWAYS S.A. – GROUP OF COMPANIES	33.31%

* in liquidation

Consolidated Balance Sheet – Financial Results

In the table here below are set out in summary the consolidated balance sheet as well as the income statement of the Group, compared with the corresponding items of the previous year.

(in € million)	2006	2005	Change	
			€	%
Balance Sheet				
Non Current Assets	637.49	731.01	-93.52	-12.8%
Current Assets	85.75	58.55	27.20	+46.5%
Equity	276.20	251.07	25.13	+10.0%
Total Liabilities	447.04	538.49	-91.44	-17.0%
Income Statement				
Revenues	**206.89**	**204.81**	**2.08**	**+1.0%**
Cost of Sales*	129.02	122.41	6.61	+5.4%
Distribution Costs and Administration Expenses*	28.13	27.86	0.27	+1.0%
Operating Profit before tax, depreciation, financing and investing costs	**61.39**	**56.25**	**5.14**	**+9.1%**
Depreciation	19.40	20.71	-1.31	-6.3%
Financial Expenses	21.76	17.79	3.97	+22.3%
Net Profit after taxation	**21.60**	**17.61**	**3.99**	**+22.7%**

* before depreciation

The Net Profit of the Group reached € 21.60 million versus € 17.61 million of the previous year, improved by € 3.99 million (+ 22.7%). The difference in the Group's Net Profit as compared with this of the Parent is primarily owing to the gains from the participation in the associated company HELLENIC SEAWAYS, of which the consolidated net profit for the year 2006 in accordance with I.F.R.S. reached € 10.14 million against € 1.99 million in 2005. The respective profit that is recorded to the Consolidated Financial Statements reached € 3.38 million against € 0.66 million in 2005, corresponding to the Parent's share.

Hellenic Seaways

Hellenic Seaways constitutes a significant investment within the wider frame of the Company's strategic planning.
The H.S.W's strategic development along with its modern organization structure brought positive results, as indicated into the company's financial statements for the year 2006.
The key financial data of the H.S.W's consolidated financial statements in accordance with I.F.R.S. are as follows:

(in € million)	2006	2005
Non Current Assets	325.60	269.65
Equity	208.66	198.33
Revenues	165.41	141.08
Net Profit After Taxation	10.14	1.99

The steady course in terms of profitability growth over the last couple of years and the solid shareholder structure along with the strict implementation of its business plan, consist the basis of leading 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 2006, 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	0.02	0.14	0.07	0.34
Equity	-0.03	3.23	5.32	0.05	0.34
Total Liabilities	0.05	0.05	0.02	0.02	0.00
Revenues	0.00	0.00	0.08	0.17	0.00
Net Profit After Taxation	0.00	0.02	-0.01	-0.01	0.11

* in liquidation

Events held on 2007

Share Capital Composition

The intense investing interest as expressed by the upward performance of the Company's share over the year, was confirmed recently, by the increase of the ATTICA GROUP S.A. share (the main Company's shareholder for the last 2.5 years) in the Company's share capital which now is 22.25%.

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 2006.
At the present General Meeting expires the term in office of the Chief Executive Officer Mr. Antonios Maniadakis and the members of the Board, Messrs. Michael Vavourakis, Iraklis – Dimitrios Kalogerakis and Konstantinos Mamalakis.
The present General Meeting is called to elect, for making up the Board of Directors and for a term of office of three-years, four (4) regular members and two (2) substitute members, in accordance with Article 17 of the Articles of Association and the L. 3016/2002 as well as to appoint statutory auditors for the year 2007.
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, recompensing this way the efforts made for continuing improvement of the quality of our services.
- Particular thanks we owe to express to the banks, which collaborate with us, for the spirit of confidence and trust towards our Company.
- 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, 13 March 2007
For and on Behalf of the Board Of Directors

The Chairman	**The Chief Executive Officer**
Stylianos Sarris	**Antonios Maniadakis**

Translation from the Greek original

Independent Auditor's Report

To the Shareholders of
MINOAN LINES A.E.

Report on the Financial Statements

We have audited the accompanying Stand Alone and Consolidated Financial Statements (the "Financial Statements") of MINOAN LINES A.E. (the "Company"), which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the Financial Statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as they have been 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, 16 March 2007
KPMG Kyriacou Certified Auditors S.A.

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

Minoan Lines Shipping S.A. – Financial Statements for the year 2006 (1/1 – 31/12/2006) (in Euros)

Income Statement

	Note	The Group		The Company	
		1/1 – 31/12/2006	1/1 – 31/12/2005	1/1 – 31/12/2006	1/1 – 31/12/2005
Revenue	4	206,891,038.30	204,808,782.81	206,703,062.77	204,197,670.14
Cost of Sales	5	-147,653,365.14	-141,976,881.15	-147,580,389.82	-141,156,112.43
Gross Profit		**59,237,673.16**	**62,831,901.66**	**59,122,672.95**	**63,041,557.71**
Other Operating Income	6	11,992,862.74	2,385,925.18	12,021,101.73	2,384,199.20
Distribution expenses		-19,157,395.94	-18,692,054.43	-19,134,825.72	-19,337,161.38
Administrative expenses		-9,743,781.80	-10,310,403.85	-9,654,793.96	-10,080,014.63
Other Operating expenses	7	-333,710.58	-672,834.18	-333,710.58	-671,951.19
Operating profit before financing costs		**41,995,647.58**	**35,542,534.38**	**42,020,444.42**	**35,336,629.71**
Financial income	8	2,645,962.74	8,116,887.44	2,614,354.01	8,245,325.55
Financial expenses	9	-27,781,288.23	-26,565,261.74	-27,768,957.22	-26,553,770.59
Share of Profit of associates	14	3,377,044.72	662,282.94	-	-
Profit before tax		**20,237,366.81**	**17,756,443.02**	**16,865,841.21**	**17,028,184.67**
Income Tax	11	1,387,055.16	-145,725.08	1,407,595.56	-6,525.25
Profit after tax		**21,624,421.97**	**17,610,717.94**	**18,273,436.77**	**17,021,659.42**
Attributable to :					
Equity holders of the parent		**21,603,340.15**	**17,612,845.90**	**18,273,436.77**	**17,021,659.42**
Minority Interest		**21,081.82**	**-2,127.96**	**-**	**-**
Basic and Diluted earnings per Share after Tax	29	**0.30**	**0.25**	**0.26**	**0.24**

The accompanying notes on pages 6 – 25 are integral part of the Financial Statements

Minoan Lines Shipping S.A. – Financial Statements for the year 2006 (1/1 – 31/12/2006) (in Euros)

Balance Sheet

	Note	The Group		The Company	
		31/12/2006	31/12/2005	31/12/2006	31/12/2005
Assets					
Non – current assets					
Property, plant and equipment	12	563,644,681.51	664,907,564.79	563,644,175.87	659,679,880.69
Investments in subsidiaries	13	-	-	3,478,021.47	3,465,551.47
Investments in associates	14	69,505,352.00	66,062,812.79	66,080,097.17	66,080,097.17
Other Financial Assets	15	4,311,622.45	-	4,311,622.45	-
Other long term assets		31,079.19	36,546.84	31,079.19	30,963.41
Total non – current assets		**637,492,735.15**	**731,006,924.42**	**637,544,996.15**	**729,256,492.74**
Current assets					
Inventories	16	4,030,255.95	4,048,037.97	4,030,255.95	4,048,037.97
Trade and other receivables	17	52,402,104.12	43,674,919.25	52,150,215.08	43,134,359.86
Available –for- sale securities		64,900.64	64,508.30	64,900.64	64,508.30
Other current assets	17	7,251,816.47	6,419,546.89	7,250,064.47	6,402,097.46
Cash and cash equivalents	18	16,800,487.88	4,342,769.57	16,596,091.98	4,211,617.78
Non – current assets held for sale	19	5,200,000.05	-	-	-
Total current assets		**85,749,565.11**	**58,549,781.98**	**80,091,528.12**	**57,860,621.37**
Total assets		**723,242,300.26**	**789,556,706.40**	**717,636,524.27**	**787,117,114.11**
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	20	26,942,576.38	26,942,576.38	26,942,576.38	26,942,576.38
Fair value and hedge reserves	15, 27	3,512,306.39	-	3,446,811.90	-
Other reserves	21	57,752,265.18	69,252,152.85	57,732,295.73	69,216,024.12
Retained earnings		28,341,347.36	-4,761,880.46	22,926,713.97	-6,830,451.19
Total Equity attributable to equity holders of the parent		**276,131,995.31**	**251,016,348.77**	**270,631,897.98**	**248,911,649.31**
Minority Interest		**68,783.22**	**54,791.97**	**-**	**-**
Total Equity		**276,200,778.53**	**251,071,140.74**	**270,631,897.98**	**248,911,649.31**
Non – current liabilities					
Interest-bearing loans and borrowings					
Employee defined benefit obligations	23	339,835,685.36	425,344,867.39	339,835,685.36	425,344,867.39
Deferred government grants	24	2,321,825.80	2,201,038.33	2,321,825.80	2,130,389.35
Provisions	25	5,189,385.78	5,382,506.39	5,189,385.78	5,382,506.39
Total Non – current liabilities		-	63,333.72	-	57,308.36
Current liabilities		**347,346,896.94**	**432,991,745.83**	**347,346,896.94**	**432,915,071.49**
Bank overdrafts	23	35,072,877.45	28,083,893.59	35,072,877.45	28,083,893.59
Current portion of interest -bearing loans and borrowings	23	25,729,596.00	28,500,000.00	25,729,596.00	28,500,000.00
Trade and other payables	26	38,892,151.34	48,909,926.24	38,855,255.90	48,706,499.72
Total current liabilities		**99,694,624.79**	**105,493,819.83**	**99,657,729.35**	**105,290,393.31**
Total liabilities		**447,041,521.73**	**538,485,565.66**	**447,004,626.29**	**538,205,464.80**
Total Equity and liabilities		**723,242,300.26**	**789,556,706.40**	**717,636,524.27**	**787,117,114.11**

The accompanying notes on pages 6 – 25 are integral part of the Financial Statements

Minoan Lines Shipping S.A. – Financial Statements for the year 2006 (1/1 – 31/12/2006) (in Euros)

Statement of changes in Equity

	Share Capital	Share Premium	Fair Value Reserve	Hedge Reserve	Other Reserves	Retained Earnings	Total Equity
Balance as at 1/1/2005	**159,583,500.00**	**26,942,576.38**	**7,648,086.10**	**-**	**69,216,024.12**	**-16,759,510.61**	**246,630,675.99**
Changes in equity for the year 1/1 – 31/ 12/2005							
Change in fair value of available for sale securities	-	-	-7,648,086.10	-	-	-	-7,648,086.10
Net Profit for the year 1/1 – 31/12/2005	-	-	-	-	-	17,021,659.42	17,021,659.42
Total recognized income and expense	-	-	**-7,648,086.10**	**-**	**-**	**17,021,659.42**	**9,373,573.32**
Dividends paid	-	-	-	-		-7,092,600.00	-7,092,600.00
Balance as at 31/12/2005	**159,583,500.00**	**26,942,576.38**	**-**	**-**	**69,216,024.12**	**-6,830,451.19**	**248,911,649.31**
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 for the year 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 1/1 – 31/12/2006	-	-	-	-	-	18,273,436.77	18,273,436.77
Total recognized income and expense			**-**	**3,446,811.90**		**18,273,436.77**	**21,720,248.67**
Statutory Reserve	-	-	-	-	914,000.00	-914,000.00	-
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**	**-**	**3,446,811.90**	**57,732,295.73**	**22,926,713.97**	**270,631,897.98**

The accompanying notes on pages 6 – 25 are integral part of the Financial Statements

Minoan Lines Shipping S.A. – Financial Statements for the year 2006 (1/1 – 31/12/2006) (in Euros)

Consolidated Statement of changes in Equity

	EQUITY HOLDERS OF THE PARENT COMPANY								
	Share Capital	Share Premium	Fair Value Reserve	Hedge Reserve	Other Reserves	Retained Earnings	Total Shareholders Equity	Minority Interest	Total Equity
Balance as at 1/1/2005	**159,583,500.00**	**26,942,576.38**	**7,648,086.10**	**-**	**69,245,866.00**	**-15,277,429.73**	**248,142,598.75**	**60,633.43**	**248,203,232.18**
Changes in equity for the year 1/1 – 31/ 12/2005									
Change in fair value of available for sale securities and other items recognized directly in Equity	-	-	-7,648,086.10	-	-	1,590.22	-7,646,495.88	-	-7,646,495.88
Net Profit for the year 1/1- 31/ 12/2005	-	-	-	-	-	17,612,845.90	17,612,845.90	-2,127.96	17,610,717.94
Total recognized income and expense	**-**	**-**	**-7,648,086.10**	**-**	**-**	**17,614,436.12**	**9,966,350.02**	**-2,127.96**	**9,964,222.06**
Dividends paid	-	-	-		-	-7,092,600.00	-7,092,600.00	-3,713.50	-7,096,313.50
Statutory Reserve	-	-	-	-	6,286.85	-6,286.85	-	-	-
Balance as at 31/12/2005	**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**
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**
Changes in equity for the year 1/1 – 31/ 12/2006									
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 securities available for sale	-	-	508,009.81	-	-	-	508,009.81	-	508,009.81
Net Profit for the year 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	-	-	**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**

The accompanying notes on pages 6-25 are integral part of the Financial Statements

Minoan Lines Shipping S.A. – Financial Statements for the year 2006 (1/1 – 31/12/2006) (in Euros)

Statement of Cash Flows

	The Group		The Company	
	1/1 – 31/12/2006	**1/1 – 31/12/2005**	**1/1 – 31/12/2006**	**1/1 – 31/12/2005**
Cash flow from Operating Activities				
Profit before tax	**20,237,366.81**	**17,756,443.02**	**16,865,841.21**	**17,028,184.67**
Adjustments for:				
Depreciation and amortization	19,398,182.08	20,709,559.04	19,398,009.65	20,700,307.92
Provisions	459,987.27	741,006.09	459,987.27	722,672.07
Unrealized foreign exchange differences	-79,257.86	342,825.50	-79,257.86	342,825.50
(Gain) on sale of investments and property, plant and equipment	-16,138,913.06	-10,289,160.82	-12,863,903.55	-9,755,315.99
Financial expenses	27,778,903.14	25,648,839.32	27,766,572.13	25,637,348.17
Other non – monetary (expenses)	-440,271.67	-192,661.52	-440,301.69	-192,661.52
Operating results before changes in working capital	**51,215,996.71**	**54,716,850.63**	**51,106,947.16**	**54,483,360.82**
Decrease (Increase) in inventories	17,782.02	-324,588.05	17,782.02	-324,588.05
Increase in trade and other receivables	-10,126,414.26	-7,795,797.61	-10,078,323.57	-7,653,871.85
Increase (Decrease) in liabilities (other than borrowings)	-12,744,744.25	9,620,375.89	-12,746,279.37	9,432,455.77
Interest and related expenses paid	-24,619,243.82	-22,996,137.42	-24,606,912.81	-22,984,646.27
Taxes paid	890,658.83	-145,725.08	912,608.00	-6,525.25
Cash flows from operating activities (a)	**4,634,035.23**	**33,074,978.36**	**4,605,821.43**	**32,946,185.17**
Cash flow from investing activities				
Acquisition of subsidiaries and associates net of cash	-	-	-59,970.00	-
Purchase of property, plant and equipment	-834,211.30	-584,839.84	-833,533.26	-581,529.50
Proceeds from property, plant and equipment and investments disposal	90,106,622.70	23,052,679.03	90,106,622.70	23,052,679.03
Increase in other long-term assets	-490.51	-3,651.00	-508.12	-3,651.00
Interest income received	-	94,331.79	-	92,617.85
Dividends received	148,252.98	166,402.74	162,532.19	296,554.79
Cash flows from investing activities (b)	**89,420,173.87**	**22,724,922.72**	**89,375,143.51**	**22,856,671.17**
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	-83,290,602.17	-45,666,054.55	-83,290,602.17	-45,666,054.55
Repayment of finance lease liabilities	-95,983.95	-74,128.93	-95,983.95	-74,128.93
Dividends paid	-209,904.67	-6,852,627.03	-209,904.62	-6,848,905.93
Cash Flow from financing activities (c)	**-81,596,490.79**	**-52,592,810.51**	**-81,596,490.74**	**-52,589,089.41**
Net Increase in cash and cash equivalents (a) + (b) + (c)	**12,457,718.31**	**3,207,090.57**	**12,384,474.20**	**3,213,766.93**
Cash and cash equivalents at the beginning of the year	**4,342,769.57**	**1,135,679.00**	**4,211,617.78**	**997,850.85**
Cash and cash equivalents at the end of the year	**16,800,487.88**	**4,342,769.57**	**16,596,091.98**	**4,211,617.78**

The accompanying notes on pages 6 – 25 are integral part of the Financial Statements

Minoan Lines Shipping S.A. – Financial Statements for the year 2006 (1/1 – 31/12/2006) (in Euros)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2006 (1/1-31/12/2006)

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 title 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 2006 and 2005 was 803 and 917, 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 31/12/2006 was 70,926,000, while the total market capitalization reached € 296,470,680.00. Every share carries one voting right.

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

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

The General Shareholders' Meeting elects the Board of Directors. The Board of Directors consists of twelve members of which three are executive and nine are non-executive members. Four among the non-executive members are acting independently.

The financial statements for the year ended 31/12/2006 include the stand alone 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.

Name	Headquarters	Participation %	
		2006	2005
European Thalassic Agencies shipping management & consultants S.A.*	Panama	100.00%	100.00%
Kritiki Filoxenia S.A.	Heraklion, Crete	99.99%	99.99%
Minoan Agencies S.r.l.	Ancona, Italy	-	95.00%
Minoan Escape S.A.	Heraklion, Crete	99.95%	-
Minoan Cruises S.A.	Heraklion, Crete	80.28%	80.28%
Athina A.V.E.E.	Heraklion, Crete	99.99%	99.99%
Hellenic Seaways S.A.	Piraeus	33.31%	33.31%
Mediterranean Ferries S.r.l.*	Genova, Italy	50.00%	50.00%

* The companies are in liquidation.

The financial statements for the year ended 31/12/2006 have been approved by the Board of Directors on 13/03/2007.

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 presented in Euro. They 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.

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 which 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 Instruments
Note 31: Contingent liabilities

3. Significant Accounting Policies

3.1 Basis of Consolidation

3.1.1 Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power directly or indirectly, 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. 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 cost value 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

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, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Non-derivative financial instruments are recognized if the Company and the Group become a party to the contractual provisions of the instrument. Financial assets are derecognized if the Group companies' contractual rights to the cash flows from the financial assets expire or if the Group companies transfer the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group companies commit themselves to purchase or sell the asset. Financial liabilities are derecognized if the Group companies obligations specified in the contract expire or are discharged or cancelled.

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 (one year) 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 recognizeded 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 Company holds derivative financial instruments to hedge its exposure to interest rate risks and risks arising from the increase in fuel prices. In accordance with its policy, the Company does not hold derivative financial instruments for speculation purposes but only to hedge cash flows.

Derivatives are recognized at fair values, which are based on the mark to market values of the particular contracts at the balance sheet date.

The Company and the Group apply hedge accounting because they meet the required criteria. The Company and the Group justify that hedging is effective at inception of the contracts and at each reporting date. Changes in the fair value of the derivative hedging instrument are recognized directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the income statement. The cumulative gain or loss previously recognized in equity is taken to the income statement after the sale of the derivative.

3.3.3 Costs associated with 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. a) Land, Buildings and Vessels have been revalued to fair value which has been determined by independent appraisals on or prior to the date of transition to IFRS 1 (1 January 2004) which fair value has been considered as deemed cost. b) The remaining tangible assets have been recorded at historical cost.
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. All other costs are recognized in the income statement.

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.

Minoan Lines Shipping S.A. – Financial Statements for the year 2006 (1/1 – 31/12/2006) (in Euros)

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 Leased assets

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 on the Company and Group's balance sheet. The lease payments to the lessor are recognized 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

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.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit and loss. For available for sale financial assets that are equity securities listed in a stock exchange the reversal is recognized directly in equity. 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 value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax 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 less cost to sell.

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

The short – term employee benefits (other than termination benefits) are recognized as salaries expenses on an accrual basis.

Termination benefits are recognized as an expense when the Company and the Group are committed to a formal detailed plan to terminate employment before the normal retirement date.

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.

3.11 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.

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 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

Basic Earnings per Share 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.

The calculation of the diluted earnings per share does not differ from the calculation of the basic earning per share.

Minoan Lines Shipping S.A. – Financial Statements for the year 2006 (1/1 – 31/12/2006) (in Euros)

3.15 Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing specific services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from other segments. 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 (Europe).

3.16 New Standards and Interpretations

The International Accounting Standards Board and the Interpretations Committee have issued a number of new accounting standards and interpretations as well as amendments of to the standards, which are effective for accounting periods that commenced from 1/1/2006 and thereafter unless it is mentioned otherwise below.

- IFRS 7 *Financial Instruments – Disclosures* require additional qualitative and quantitative disclosures about the financial instruments and the risks of an entity. IFRS 7 becomes effective for accounting periods beginning on or after 1/1/2007 and is not expected to have any significant impact on the financial statements except for certain additional disclosures.
- IAS 1 (Amendment) *Capital disclosures*: requires disclosures with respect to capital management. The amendment becomes effective for accounting periods beginning on or after 1/1/2007. The Company assessed the impact of the amendment and concluded that additional disclosures will be required.
- IFRS 8 *Operating segments*: requires that segment reporting is based on information used by management in order to allocate resources and evaluate performance of each segment. IFRS 8 will become effective for accounting periods beginning on or after 1/1/2009 and is not expected to have an impact on the financial statements.
- IAS 19 (Amendment) *Employee benefits*: Provides the alternative of recognizing actuarial gains and losses directly in equity, introduces new recognition criteria for multi-employer plans for which there are not sufficient information for the defined benefit accounting and provides for additional disclosures. The amendment did not have any impact on the financial statements.
- IAS 39 (Amendment) *Fair value option*: The amendment did not have an impact on the classification of the financial instruments.
- IFRIC 4 *Determining whether an arrangement contains a lease*: IFRIC 4 did not have an impact on the accounting treatment of any of the existing arrangements.
- IFRIC 10 *Interim Financial Reporting and Impairment* prohibits the reversal of an impairment loss recognized in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IFRIC 10 becomes effective for accounting periods beginning on or after 1/11/2006 and will apply prospectively from the date that the Company and the Group first applied the measurement criteria of IAS 36 and IAS 39 respectively (i.e., 1 January 2004). The adoption of IFRIC 10 did not have an impact on the financial statements.

4. Revenue

	The Group		The Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Revenue from Vessel Operations	173,976,878.91	171,501,462.09	174,045,535.54	171,521,221.55
Revenue from restaurant – bars	18,990,085.50	19,223,661.82	18,990,085.50	19,223,661.82
Revenue from shops on board	12,005,155.12	11,576,347.90	12,005,155.12	11,576,347.90
Revenue from slot machines	1,662,286.61	1,876,438.87	1,662,286.61	1,876,438.87
Revenue from travel agencies	179,623.85	-	-	-
Other revenue	-	555,428.19	-	-
Rental income	77,008.31	75,443.94	-	-
Totals	**206,891,038.30**	**204,808,782.81**	**206,703,062.77**	**204,197,670.14**

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5. Cost of sales

	The Group		The Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Crew Salaries and employer's contribution	30,820,784.21	32,457,925.62	30,820,784.21	32,457,925.62
Bunkers and Lubricants	61,731,046.14	53,650,970.91	61,731,046.14	53,650,970.91
Repairs – Maintenance - Consumables – Salaries and technical work expenses	8,528,874.57	8,517,289.15	8,528,874.57	8,517,289.15
Food – Beverages – Shops merchandize	12,805,754.41	12,590,341.89	12,805,754.41	12,590,341.89
Other Costs	15,137,196.02	15,194,227.18	15,064,220.70	14,373,458.46
Depreciation	18,629,709.79	19,566,126.40	18,629,709.79	19,566,126.40
Totals	**147,653,365.14**	**141,976,881.15**	**147,580,389.82**	**141,156,112.43**

6. Other operating income

	The Group		The Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Gains from the sale of vessel	11,240,400.31	2,083,587.36	11,240,400.31	2,083,587.36
Gains from the sale of buildings	72,882.71	-	72,882.71	-
Commissions	176,017.10	142,838.21	176,017.10	142,838.21
Rental income	37,470.40	36,155.28	45,558.70	38,516.12
Revenue from Government Grants	340,433.25	10,396.93	340,433.25	10,396.93
Other Revenue	125,658.97	112,947.40	145,809.66	108,860.58
Totals	**11,992,862.74**	**2,385,925.18**	**12,021,101.73**	**2,384,199.20**

7. Other operating expenses

	The Group		The Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Impairment loss on trade receivables	253,871.06	400,817.65	253,871.06	400,817.65
Other Expenses	79,839.52	272,016.53	79,839.52	271,133.54
Totals	**333,710.58**	**672,834.18**	**333,710.58**	**671,951.19**

8. Financial income

	The Group		The Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Dividend Income from securities	77,638.09	166,402.74	162,532.19	296,554.79
Gain on disposal of investments and available for sale securities	1,360,358.89	7,798,658.96	1,377,500.00	7,798,658.96
Foreign exchange gains	256,970.60	57,493.95	256,970.60	57,493.95
Interest and other related income	180,586.96	64,319.02	46,943.02	62,605.08
Interest rate swap income	770,408.20	30,012.77	770,408.20	30,012.77
Totals	**2,645,962.74**	**8,116,887.44**	**2,614,354.01**	**8,245,325.55**

9. Financial expenses

	The Group		The Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Interest expenses & bank commissions	26,966,132.19	24,776,212.81	26,966,052.94	24,764,721.66
Loss on disposal of available for sale securities	76,558.41	516,102.97	76,558.41	516,102.97
Commissions on Letters of Guarantee	29,846.24	53,918.41	17,594.48	53,918.41
Credit card commissions	154,423.72	134,813.77	154,423.72	134,813.77
Foreign Exchange Losses	50,558.88	400,319.45	50,558.88	400,319.45
Amortization of Loans Restructuring Cost	503,768.79	503,768.79	503,768.79	503,768.79
Interest Expense on European Committee's Fine	-	180,125.54	-	180,125.54
Totals	**27,781,288.23**	**26,565,261.74**	**27,768,957.22**	**26,553,770.59**

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10. Personnel expenses

	The Group		The Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Salaries and wages	36,385,681.87	37,712,271.54	36,385,681.87	37,379,591.06
Social security contributions	4,410,657.08	4,633,389.44	4,410,657.08	4,528,349.99
Other personnel expenses	488,897.81	543,104.94	488,897.81	543,104.94
Employee Defined Benefit obligation (Note 24)	213,354.74	344,895.25	213,354.74	322,163.35
Totals	**41,498,591.50**	**43,233,661.17**	**41,498,591.50**	**42,773,209.34**

11. Income taxes

The income from taxes has been finalized after the completion of the tax authorities' audit related to the Company's unaudited previous fiscal years.

	The Group		The Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Prior years' income taxes returned	1,443,608.67	209,162.84	1,443,608.67	209,162.84
Prior years' income tax audit differences	-	-211,664.65	-	-211,664.65
Current tax provision	-56,553.51	-140,308.00	-36,013.11	-4,023.44
Deferred Tax	-	-2,915.27	-	-
Totals	**1,387,055.16**	**-145,725.08**	**1,407,595.56**	**-6,525.25**

12. Property, plant, equipment

The Group

	Land	Buildings Technical works	Transportation Equipment	Vessels	Furniture and Other Equipment	Computer Software	Totals
Cost 1/1/2005	**8,144,535.60**	**8,378,973.40**	**164,478.68**	**692,382,141.65**	**3,829,633.95**	**2,171,739.19**	**715,071,502.47**
Acquisitions and additions 2005	-	-	9,915.00	344,656.43	154,487.17	94,988.30	**604,046.90**
Less: Disposals for the year 2005	-	-	-	4,718,836.89	23,044.72	-	**4,741,881.61**
Carrying amounts 31/12/2005	**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**
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 1/1 – 31/12/2006	-	-	13,748.80	499,186.58	238,438.12	82,837.80	**834,211.30**
Less: Disposals 1/1 – 31/12/2006	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**
Accumulated Depreciation 1/1/2005	**-**	**1,159,749.29**	**109,979.05**	**21,325,065.10**	**3,089,473.98**	**1,524,678.92**	**27,208,946.34**
Depreciation 1/1 – 31/12/2005	-	343,689.00	17,509.35	19,566,126.40	311,099.40	471,134.89	20,709,559.04
Less: Disposed assets accumulated depreciation	-	-	-	1,889,622.89	2,779.52	-	1,892,402.41
Total Accumulated Depreciation 31/12/2005	**-**	**1,503,438.29**	**127,488.40**	**39,001,568.61**	**3,397,793.86**	**1,995,813.81**	**46,026,102.97**
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 1/1 – 31/12/2006	-	340,914.47	11,806.80	18,629,709.79	241,742.62	174,008.40	19,398,182.08
Less: Disposed assets 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**
Net book value							
at 1/1/2005	**8,144,535.60**	**7,219,224.11**	**54,499.63**	**671,057,076.55**	**740,159.97**	**647,060.27**	**687,862,556.13**
at 31/12/2005	**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**

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The Company

	Land	Buildings Technical works	Transportation Equipment	Vessels	Furniture and Other Equipment	Computer Software	Totals
Cost 1/1/2005	**2,944,535.60**	**7,562,913.05**	**147,214.36**	**692,382,141.65**	**3,775,495.97**	**2,171,739.19**	**708,984,039.82**
Acquisitions and additions 2005	-	-	9,915.00	344,656.43	151,176.83	94,988.30	**600,736.56**
Less: Disposals for the year 2005	-	-	-	4,718,836.89	23,044.72	-	**4,741,881.61**
Carrying amounts 31/12/2005	**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**
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 1/1 – 31/12/2006	-	-	13,748.80	499,186.58	237,760.08	82,837.80	**833,533.26**
Less: Disposals 1/1 – 31/12/2006	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**
Accumulated Depreciation 1/1/2005	**-**	**343,688.99**	**107,821.01**	**21,325,065.10**	**3,053,854.55**	**1,524,678.92**	**26,355,108.57**
Depreciation 1/1 – 31/12/2005	-	343,689.00	13,193.27	19,566,126.40	306,164.36	471,134.89	20,700,307.92
Less: Disposed assets depreciation	-	-	-	1,889,622.89	2,779.52	-	1,892,402.41
Total Accumulated Depreciation 31/12/2005	**-**	**687,377.99**	**121,014.28**	**39,001,568.61**	**3,357,239.39**	**1,995,813.81**	**45,163,014.08**
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 1/1 – 31/12/2006	-	340,914.47	11,806.80	18,629,709.79	241,570.19	174,008.40	19,398,009.65
Less: Disposed assets 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**
Net book value							
at 1/1/2005	**2,944,535.60**	**7,219,224.06**	**39,393.35**	**671,057,076.55**	**721,641.42**	**647,060.27**	**682,628,931.25**
at 31/12/2005	**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**

In 2006, the Company sold land and buildings with a net book value of € 598,039.99 at the sales price of € 670,922.70. On December 2006, the Company sold the vessel ARIADNE PALACE with a net book value of € 76,759,599.69 at the net sales price of € 88,000,000.00. The gains from the aforementioned sales are recognized at the "Other Operating Income" caption (Note 6).

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

	The Group		The Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Cost of sales	18,629,709.79	19,566,126.40	18,629,709.79	19,566,126.40
Distribution expenses	119,434.75	125,705.49	119,434.75	125,705.49
Administrative expenses	649,037.54	1,017,727.15	648,865.11	1,008,476.03
Totals	**19,398,182.08**	**20,709,559.04**	**19,398,009.65**	**20,700,307.92**

13. Investments in subsidiaries

The investments in subsidiaries are as follows:

Name	Investment 31/12/2006	Investment 31/12/2005
Kritiki Filoxenia S.A.	3.203.196,84	3.203.196,84
Minoan Escape S.A.	59.970,00	-
Minoan Agencies S.r.l.	-	47.500,00
Minoan Cruises S.A.	214.854,63	214.854,63
Totals	**3.478.021,47**	**3.465.551,47**

On March 2006, the Company sold its share in Minoan Agencies S.r.l. (acquisition cost: € 47,500.00) at the sales price of € 1,425,000.00. The net sale proceeds amounted to € 1,377,500.00 is included in the account "Financial Income".

Moreover, on February 2006, the Company established MINOAN ESCAPE S.A. which has as main objective the operation of a tourist agency while the initial share capital is € 60,000.00

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14. Investments in associates

In the Company's financial statements, the investments in associates, amounted to 66,080,097.17 relate to the share of the Company in Hellenic Seaways S.A.

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

	31/12/2006	31/12/2005
Total Assets	381,450,011.89	312,269,809.47
Total Liabilities	172,787,892.40	113,942,542.02
Total Equity	208,662,119.49	198,327,267.45
	1/1 – 31/12/2006	1/1 – 31/12/2005
Revenue	165,406,163.58	141,084,798.38
Net consolidated Profit for the period	10,138,230.92	1,988,240.59

The share of profit of the Company in its associate Hellenic Seaways as of 31/12/2006 and 31/12/2005 is €3,377,044.72 and € 662,282.94 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 (accounting policy 3.3.2) at 31/12/2006, which amounts to € 4,311,622.45. The change in fair value is recorded in the hedge reserve in equity.

16. Inventories

	The Group		The Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Merchandise	2,619,520.35	2,515,669.75	2,619,520.35	2,515,669.75
Consumables	1,410,735.60	1,532,368.22	1,410,735.60	1,532,368.22
Totals	**4,030,255.95**	**4,048,037.97**	**4,030,255.95**	**4,048,037.97**

17. Trade and Other receivables

	Accounts Receivable			
	The Group		The Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Customers – Check Receivables	50,911,777.95	41,980,967.90	50,935,533.05	42,234,752.10
Trade receivables due from affiliates and associates	193,954.03	193,954.03	207,271.64	256,542.12
Other Account Receivables	1,296,372.14	1,499,997.32	1,007,410.39	643,065.64
Totals	**52,402,104.12**	**43,674,919.25**	**52,150,215.08**	**43,134,359.86**

	Other Current Assets			
	The Group		The Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Prepaid Expenses	6,962,139.73	6,308,954.64	6,962,139.73	6,308,003.04
Accrued Income	218,066.44	51,698.78	216,314.44	35,200.95
Other prepayments and accrued income	71,610.30	58,893.47	71,610.30	58,893.47
Totals	**7,251,816.47**	**6,419,546.89**	**7,250,064.47**	**6,402,097.46**

In the item "Trade and Other Receivables" a provision of impairment due to doubtful debts has been recorded which amounted to € 1,359,543.94. The provision of impairment recorded in current and prior year's income statement, amounted to € 253,871.06 and € 400,817.65 respectively. It is recorded in the "Other Expenses" item.

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18. Cash and Cash equivalents

	The Group		The Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Cash in hand	254,688.67	233,363.75	253,789.70	232,622.70
Cash in banks and time deposits	16,545,799.21	4,109,405.82	16,342,302.28	3,978,995.08
Totals	**16,800,487.88**	**4,342,769.57**	**16,596,091.98**	**4,211,617.78**

19. Non – Current assets held for sale

Non – current assets held for sale of the Group include land and buildings of a subsidiary of net book value as of 31/12/2006 of € 5,200,000.05, for which a decision for sale has been made by management of the Group.

20. Share capital – Share premium

Share capital of the Company is divided into 70.926.000 common shares with a nominal value of 2.25 euros each. The Share Premium is a result of the increase of share capital which was approved by the Regular General Meeting of the Company's shareholders held on 16/5/1999.

The shareholders have the right of dividend while every share carries one voting right.

21. Other reserves

	The Group		The Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Statutory Reserve	10,612,235.66	9,706,752.07	10,594,724.97	9,680,724.97
Other reserves	47,140,029.52	59,545,400.78	47,137,570.76	59,535,299.15
Totals	**57,752,265.18**	**69,252,152.85**	**57,732,295.73**	**69,216,024.12**

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

The reduction of the reserves amounted to € 12,397,728.39 as at 31/12/2006 compared to 31/12/2005 is the result of the transfer of losses to the other reserve in accordance with the decision taken at the General Shareholders' Meeting on 25/6/2006.

22. Dividends

The dividend relating to 2006 that is proposed to be distributed by the Board of Directors at the General Shareholder Meeting is € 9,575,010.00 (€ 0.135 per share).

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

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

	31/12/2006	31/12/2005
Syndicate Loan - Agent Citibank	286,592,600.97	352,425,783.00
Syndicate Loan - Agent Piraeus Bank	53,243,084.39	72,919,084.39
Totals	**339,835,685.36**	**425,344,867.39**

The current portion of the Interest – bearing loans and borrowings are analyzed as follows:

	31/12/2006	31/12/2005
Syndicate Loan - Agent Citibank	19,729,596.00	22,500,000.00
Syndicate Loan - Agent Piraeus Bank	6,000,000.00	6,000,000.00
Totals	**25,729,596.00**	**28,500,000.00**

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. The prepayment of loan, partially or completely, is permitted.

- The Syndicate Loan agreements include certain covenants and the Company is required to provide information on a constant basis to the agent bank regarding its business activities.

- In order to secure the aforementioned debt of € 365,565,281.36, 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.

Bank overdrafts as of 31/12/2006 amounted to € 35,072,877.45 is covered by post dated checks.

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 their dismissal.

	The Group	The Company
Balance as at 1/1/2005	**2,925,281.49**	**2,872,966.53**
Current Service Cost	227,229.41	205,945.87
Interest Cost	117,665.84	116,217.48
Benefits paid	-1,069,138.41	-1,064,740.53
Balance as at 31/12/2005	**2,201,038.33**	**2,130,389.35**
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	**2,321,825.80**	**2,321,825.80**

The total amount of Employee Defined Benefit Obligations is unfunded

The amount, recorded as an expense at 31/12/2006 and 31/12/2005 respectively, is analyzed as follows:

	The Group		The Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Current Service cost	144,699.96	227,229.41	144,699.96	205,945.87
Interest Cost	68,654.78	117,665.84	68,654.78	116,217.48
Totals	**213,354.74**	**344,895.25**	**213,354.74**	**322,163.35**

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

	The Group		The Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Distribution expenses	89,608.99	115,978.81	89,608.99	115,978.81
Administrative expenses	123,745.75	209,075.13	123,745.75	206,184.54
Cost of sales	-	19,841.31	-	-
Totals	**213,354.74**	**344,895.25**	**213,354.74**	**322,163.35**

The main assumptions used are as follows:

- Discounted Rate 4.10% as of 31/12/2006 and 3.63% as of 31/12/2005
- Long – term average annual salaries increase 5.00% in both 31/12/2006 and 31/12/2005.

25. Deferred Government grants

The deferred government grant relates 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 at 31/12/2006 and 31/12/2005 respectively, was €193,120.61.

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26. Trade and Other payables

	The Group		The Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Suppliers – Check payables	24,948,349.47	29,903,414.62	24,948,146.47	29,847,327.05
Income Tax payable	68,110.51	349,929.86	48,982.71	213,645.30
Withholding Taxes – Social Security Contributions payable	3,753,246.49	3,985,367.34	3,751,860.92	3,936,464.77
Dividends payable	444,303.13	654,207.80	444,303.13	654,207.75
Sundry creditors	4,991,226.31	4,404,919.18	4,976,693.46	4,318,632.27
Derivative Financial Instruments	864,810.55	-	864,810.55	-
European Competition Committee fine (interest included)	-	4,491,520.82	-	4,491,520.82
Accrued expenses	2,715,737.03	3,083,669.39	2,714,740.81	3,083,092.60
Customer advances	160,337.55	1,181,335.98	159,687.55	1,181,335.98
Deferred income	873,795.01	698,959.77	873,795.01	698,959.77
Payables to affiliates and associates	72,235.29	156,601.48	72,235.29	281,313.41
Totals	**38,892,151.34**	**48,909,926.24**	**38,855,255.90**	**48,706,499.72**

The item "Derivative financial instruments" represents the fair value of the hedge in fuel prices which amounts to 864.810,55, as determined by the Banks (accounting policy 3.3.2). The amount is also recorded in the account "Hedge reserve" under equity.

27. Financial instruments

Due to the nature of their business activities, the Group companies are exposed to potential risks which namely are the increases in interest rate and fuel prices. In order to hedge their exposure to such risks, derivative financial instruments are being used.

27.1 Interest rate, fuel price – credit – foreign currency risks

- **Risks from Interest rate and fuel prices fluctuations**

The loan agreements are associated with floating interest rates adjusted to the changing market conditions. The fuel cost is related to floating fuel prices affecting the cash flows of the Group's companies.

- **Hedging**

According to the Company's policy, and in order to hedge its exposure to the increase of interest rates and fuel prices, it signed hedging agreements for the aforementioned potential risks. The Company considers these derivatives as cash flow hedges.

The interest rate swap contracts of the Company cover the 55% approximately of the Company's loans as at 31/12/2006. The respective hedge contract related to the fuel prices covers the 25% of the estimated fuel consumption quantity for 2007. At 31/12/2006, the fair value of the interest rate swaps amounts to 4.311.622,45 and it is recorded in the account "Other Financial Assets" (note 15). At 31/12/2006 the fair value of the fuel price swap amounts to € 864.810,55 and it is recorded to the account "Trade and other payables" (note 26).

- **Credit risks**

Credit valuations are performed on all customers requiring credit and a credit limit is established for each customer. The "Trade and Other Receivables" balances are reviewed in order to ensure that they do not exceed the predetermined credit limit.

The Company's maximum exposure to credit risks in case all customers do not pay their debts reached, at 31/12/2006, to the amount of the accounts receivable as stated in the balance sheet, decreased by the received Letters of Guarantee amounting to € 3,739,292.10. At the balance sheet date, there were no significant concentrations of credit risk.

- **Foreign currency risks**

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.

27.2 Effective interest rates

The average effective interest rate as at the Balance Sheet Date along with the periods in which they mature

31 /12/2006	Average effective Rate	Total	Until 1 year	2-3 years	4-5 years	More than 5 years
Fixed rate instruments						
Short term Borrowings	5.82%	35,072,877.45	35,072,877.45	-	-	-
Variable rate instruments						
Long Term Borrowing	5.16%	365,565,281.36	25,729,596.00	150,823,309.39	107,177,567.00	81,834,808.97
Interest rate Swap	-0.18%	-4,311,622.45	-	-	-4,311,622.45	-
31 /12/ 2005						
Fixed rate instruments						
Short Term Borrowings	5.54%	28,083,893.59	28,083,893.59	-	-	-
Variable rate instruments						
Long term Borrowings	4.31%	453,844,867.39	28,500,000.00	181,740,117.39	33,600,000.00	210,004,750.00

27.3 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.

28. Analysis of business activities by geographical segment

The Group operates its business mainly to 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 42.9% and 16.2% of the total annual revenue, respectively. The revenue that results from truck fares represents 40.9% of the total annual revenue and it is evenly earned throughout the year.

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	The Group					
	Hellas		**Europe**		**Totals**	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Total Non – Current assets	291,423,153.49	292,763,830.87	351,269,581.71	438,243,093.55	**642,692,735.20**	**731,006,924.42**
Capital expenditure	314,815.39	247,137.39	519,395.91	337,702.45	**834,211.30**	**584,839.84**
Total Liabilities	158,616,520.12	172,089,505.22	288,425,001.61	366,396,060.44	**447,041,521.73**	**538,485,565.66**
	1/1 – 31/12/2006	**1/1 – 31/12/2005**	**1/1 – 31/12/2006**	**1/1 – 31/12/2005**	**1/1 – 31/12/2006**	**1/1 – 31/12/2005**
Revenue	67,924,873.17	65,945,913.99	138,966,165.13	138,862,868.82	**206,891,038.30**	**204,808,782.81**
Gross Profit*	29,745,346.39	23,379,632.79	29,492,326.77	39,452,268.87	**59,237,673.16**	**62,831,901.66**
Profit before Tax, Financing cost and Depreciation (EBITDA)	28,257,223.60	25,024,354.80	33,136,606.06	31,227,738.62	**61,393,829.66**	**56,252,093.42**

	The Company					
	Hellas		**Europe**		**Totals**	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**	**31/12/2006**	**31/12/2005**
Total Non – Current assets	286,275,920.05	290,999,149.03	351,269,076.10	438,257,343.71	**637,544,996.15**	**729,256,492.74**
Capital expenditure	314,815.39	247,137.39	518,717.87	334,392.11	**833,533.26**	**581,529.50**
Total Liabilities	158,592,383.20	172,053,144.02	288,412,243.09	366,152,320.78	**447,004,626.29**	**538,205,464.80**
	1/1 – 31/12/2006	**1/1 – 31/12/2005**	**1/1 – 31/12/2006**	**1/1 – 31/12/2005**	**1/1 – 31/12/2006**	**1/1 – 31/12/2005**
Revenue	67,847,864.86	65,870,470.05	138,855,197.91	138,327,200.09	**206,703,062.77**	**204,197,670.14**
Gross Profit*	29,668,338.08	23,304,188.85	29,454,334.87	39,737,368.86	**59,122,672.95**	**63,041,557.71**
Profit before Tax, Financing cost and Depreciation (EBITDA)	28,269,185.51	24,999,786.78	33,149,268.56	31,037,150.85	**61,418,454.07**	**56,036,937.63**

* after depreciation

29. Earnings per share

	The Group		**The Company**	
	31/12/2006	**31/12/2005**	**31/12/2006**	**31/12/2005**
Profit attributable to shareholders of the Company	21,603,340.15	17,612,845.90	18,273,436.77	17,021,659.42
Weighted average number of shares outstanding	70,926,000	70,926,000	70,926,000	70,926,000
Basic and diluted earnings per share	0.30	0.25	0.26	0.24

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

30. 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 associated companies.
On the tables below the balances of trade receivables and payables as well as the purchases and sales of the companies of the Group as at 31/12/2006 and 31/12/2005 are stated:

30.1 Subsidiaries

31/12/2006

Company	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**

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31/12/2005

Company	Minoan Lines S.A.	Minoan Agencies S.r.l.	Minoan Cruises S.A.	Kritiki Filoxenia S.A.	Totals
Minoan Lines S.A. (due from)	-	229,645.02	29,571.45	33,016.64	**292,233.11**
Athina A.V.E.E. (due from)	124,711.93	-	-	13,300.64	**138,012.57**
Totals	**124,711.93**	**229,645.02**	**29,571.45**	**46,317.28**	**430,245.68**

1/1 – 31/12/2006

Company	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**
Revenues from lease	-	600.00	1,760.84	**2,360.84**
Totals	94,534.78	600.00	1,760.84	**96,895.62**

1/1 – 31/12/2005

Company	Minoan Lines S.A.	Minoan Agencies S.r.l.	Minoan Cruises S.A.	Kritiki Filoxenia S.A.	Totals
Minoan Lines S.A.					
Revenue from Leases and other	-	19,759.46	600.00	1,760.84	**22,120.30**
Minoan Agencies S.r.l.					
Agency fees and commissions on ticket sales	1,048,708.40	-	-	-	**1,048,708.40**
Totals	**1,048,708.40**	**19,759.46**	**600.00**	**1,760.84**	**1,070,828.70**

30.2 Associates

31/12/2006

Company	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**

31/12/2005

Company	Hellenic Seaways S.A.	Mediterranean Ferries S.r.l.	Totals
Minoan Lines S.A. (payable to)	156,601.48	-	**156,601.48**
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 year 2006 and 2005, revenue from building rentals amounted to € 37,362.79 and € 35,105.28 respectively.

The above transactions are at arm's length.

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30.3 Members of the Board of Directors and management

	31/12/2006	31/12/2005
Executive members	393,726.62	316,744.82
Non – executive members	242,072.10	217,408.09
Directors	1,216,679.32	1,541,203.88
Totals	**1,852,478.04**	**2,075,356.79**

31. 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 parent company in the total amount of € 4,5 million for:

(i) not making notification, and proceeding to concentration of business by the Company with the businesses of the joint venture named “JOINT VENTURE HYDROFOIL” and

(ii) not making notification and proceeding with twenty (20) business concentrations on coastal business the period between 3/3/1999 and 31/12/1999 by Hellenic Flying Dolphins S.A. (HELLENIC SEAWAYS S.A.).

The Company has filed before the Administrative Court of Appeal of Athens an appeal dated 19/4/2002 against the above Decision for legal falses and vague and conflicting valuation of the facts and arguments that were presented before the Competition Committee; furthermore, the Company filed before the aforementioned Court an application dated 22/4/2002 by virtue of which the execution of the above decision of the Competition Committee was suspended until the issuance of the court decision on the appeal against such Decision. Estimating that the appropriate Administrative Courts will issue a decision justifying the Company, the Company has not recorded any respective provision.

By virtue of Decision No. 1101/2005 of the Administrative Court of Appeal of Athens, the above mentioned Decision No. 210/III/2002 of the Competition Committee was nullified with regard to the section that is connected with the Company.

The Company has not recorded any provision for the above-mentioned fine, estimating that it will be justified from the Administrative Courts.

b. The companies of the Group, which are either consolidated or integrated by the equity method in the Consolidated 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:

Company	Open tax years
Minoan Lines S.A.	2006
Minoan Escape S.A.	2006
Minoan Cruises S.A.	2000 – 2006
Kritiki Filoxenia S.A.	2000 – 2006
Athina A.V.E.E.	2000 – 2006
Mediterranean Ferries S.r.l.	2002 – 2006
Hellenic Seaways S.A.	2003 – 2006

c. The adverse effect on the operating results of one of the subsidiaries by the amounts of USD 0.56 million and € 0.21 million 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 made any provision estimating that it will be justified by the appropriate Courts.

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32. Subsequent events

On January 2007, the Company entered into a hedge agreement for the potential risk of increase in fuel prices. The above mentioned hedge contract covers the 25% of the estimated fuel consumption quantity for the year 2007.

No other subsequent events relating to the Company have occurred or need to be disclosed under the International Financial Reporting Standards (I.F.R.S.).

Heraklion, March 13th 2007

The Chairman of the Board	The Chief Executive Officer	The Chief Financial Officer	The Chief Accountant
Stylianos Sarris	Antonios Maniadakis	George Vassilokonstantakis	Dimitra Batsi
ID C No P 315797	ID C No X 850531	ID C No X 945118	ID C No P 487723 ID 23944 First Class