ThPA SA
THESSALONIKI PORT AUTHORITY
PUBLIC LIMITED COMPANY

ANNUAL FINANCIAL STATEMENTS
ACCORDING TO THE INTERNATIONAL
FINANCIAL REPORTING ACCOUNTING STANDARDS (I.F.R.S.)
FOR THE PERIOD WHO ENDED ON DECEMBER 31,2007

THESSALONIKI, MARCH 27, 2008

THESSALONIKI PORT AUTHORITY S.A.

Annual Financial Statements

for the period 1.1.2007 to 31.12.2007

prepared in accordance with the International Financial Reporting Standards (IFRS)

(amounts in euro)

I hereby confirm that the Annual Financial Statements attached are those approved by the Board of Directors of Thessaloniki Port Authority S.A. on 27.3.2008 which have been published in the press and posted to the internet at www.Thpa.gr. Note that the summary financial data published in the press seeks to provide the reader with certain general financial information but does not provide a complete picture of the financial position and results of the Company in accordance with the International Financial Reporting Standards. Moreover, it should be noted that the summary financial data published in the press contains certain abridgements or rearrangements of accounts for the purpose of simplification.

The Chairman of the Board of Directors
Of Thessaloniki Port Authority S.A.

Lazaros Kanavouras

<u>**C O N T E N T S**</u>

INDEPENDENT AUDITORS' REPORT

To the Shareholders of «Thessaloniki Port Authority S.A.»

Report on the Financial Statements

We have audited the accompanying financial statements of «Thessaloniki Port Authority S.A» (the «Company»), which comprise the balance sheet as of 31 December 2007 and the income statement, statement of changes in shareholders' equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Greek Standards on Auditing which are in compliance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 consider 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 2007 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

The Board of Directors' Report includes all information required by article 43a paragraph 3 of C.L. 2190/1920 as well as by article 11a of L. 3371/2005 and its content is consistent with the accompanying financial statements.

Thessaloniki, March 27, 2008

The Certified Auditors-Accountants

Andreas Dim.Tsamakis	**Margarita Konstantia Ant. Vassiliadou**
S.O.E.L. Registration Number 17101	**S.O.E.L. Registration Number 12861**

BDO

Protypos Hellenic Auditing Company AE
Certified & Registered Auditors
81 Patission & Heyden Street Athens, GR 104 34
R.N. 111

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS OF THESSALONIKI PORT AUTHORITY S.A. TO THE ORDINARY GENERAL MEETING OF … JUNE 2008

Dear shareholders,

We are pleased to submit the financial statements of Thessaloniki Port Authority S.A. for the accounting period 1.1.2007 – 31.12.2007. The year which ended was the 8th accounting period for ThPA S.A. as a public limited company and was profitable just like in previous years.
The current financial statements have been prepared in accordance with the IAS – IFRS adopted by the European Union, implementation of which is mandatory for the Company for accounting periods ending after 31.12.2004 because it is listed on ATHEX.

1. Company operations:

ThPA S.A. is a public utility enterprise operating in the public interest in accordance with private economy considerations and in administrative and financial terms is independent from the State.
It was incorporated in 1999 by converting the body governed by public law, Thessaloniki Port Authority, into a public limited company.

1.1. The purpose of the Company is to manage and exploit the Port of Thessaloniki and/or other ports and in particular:

- To provide ship berthing and cargo and passenger handling services to and from the port.
- To install, run and exploit all manner of port infrastructure.
- To take up all activities related to the port and all other commercial, industrial, oil or business activities including tourism, culture, fishing activities and the planning and running of port services.
- Any other duties assigned to ThPA under law as a body governed by public law.

The Company's purpose has been enshrined in its Articles of Association which was included in Article VIII of Law 2688/1999 and amended by the 7th Extraordinary General Meeting of shareholders on 23.8.2002 (Societes Anonyme and Limited Liability Companies Bulletin of the Government Gazette No. 9944/30.9.2002). Since that date no other changes have been made to its corporate purpose.
As far as its corporate operations are concerned, ThPA S.A. will continue to be governed by Law 2688/1999 as amended and in force, which is the special legal basis for its operations, but also be Codified Law 2190/1920 as amended an in force, on issues which are not specifically regulated, and by Chapter II of Law 3429/2005.

1.2. The company's main activities are:
The provision of services related to the anchoring of ships, loading/ unloading, cargo handling and storage, other port services (water supply, power supply, telephone network connections, garbage removal etc), handling passenger traffic (coastal shipping and cruise liners) and exploitation of areas for cultural and other uses.
The Company is active in the field of transportation-related and auxiliary activities, as well as in the field of travel agency activities (Statistical Classification of Economic Activities (STAKOD) 03, code 63). The nature of the company's activities is such that allows it only to operate in Greece, regardless of the fact that its clientele also consists of international companies. Furthermore, the Company does not engage in any other commercial or industrial activities but only provides services in the area of the port of Thessaloniki.
Its business activities relate to providing the services relating to:

- unitised cargoes (containers)
- conventional cargoes (bulk, general, RO-RO)

- coastal shipping and cruise liner passengers
- ships (anchoring, mooring, berthing and other services)
- car parking lots.

1.3. The Port of Thessaloniki:

- is located approximately in the middle of Northern Greece,
- is located at the crossroad of the East - West land transportation networks (Egnatia Road) and of the South - North land transportation networks (Patra-Athens-Thessaloniki-Evzoni [PATHE] Motorway and Trans-European routes X and IV) and is directly connected to them,
- has an international hinterland and handles cargoes from northern Greece, the Former Yugoslav Republic of Macedonia, Western Bulgaria and parts of Albania, Romania and the Black Sea countries,
- is the largest transit port in Greece.
- operates one of the EU's 27 Free Zones. Since 1995, it has operated in full compliance with the EU Customs Code. Under Community law, Free Zones are customs facilities designed to promote foreign trade, allowing cargo arriving at the domestic customs territory of the European Union to avoid being sent through customs and to avoid it undergoing a normal customs clearance procedure.

The port zone at the Port of Thessaloniki extends eastward from the Epanomi lighthouse, without including it, and westward without interruption to the estuary of the River Axios.

Within the above zone, ThPA SA carries on the activities that the Port Authority formerly had as a body governed by public law by virtue of the legislation previously applicable to it, save for the port land zone, which is a subset of the wider area. Within that specific area the Company has the right to use and exploit the lands, buildings, facilities, and so on, in line with the terms of the Concession Agreement of 27.06.2001 which the Company signed with the Greek State.

1.4. The Port of Thessaloniki's competitive environment is defined by the port's geographic location, the type, origin / destination of cargoes handled the quality and cost of services provided and includes ports of different operating features.

The wider geographic area currently served by the port of Thessaloniki is:

- Macedonia, Thrace and part of Thessaly.
- FYROM, south-western Bulgaria and southern Serbia.
- The Black Sea countries.

The possibility of attracting cargoes currently handled by the ports of Alexandroupoli, Kavala, Stavros, Nea Moudania and Volos is limited. As far as container handling is concerned, the competition faced by the port of Thessaloniki is small, since no other port in northern Greece has the equipment required for container handling. The ports of Alexandroupoli and Kavala are expected to claim a small share of this market once their ambitious development plans are implemented.

Including the areas of northern Bulgaria, central Serbia, Romania and Albania into the port of Thessaloniki's zone of influence is considered extremely difficult, due to further rapid development of local ports in the above areas via the use of private funds.

ThPA intends to attract new major clients from FYROM, south-western Bulgaria and southern Serbia, whose economies are currently developing and modernising, as well as to bolster its dealings with Asia.

1.5. The Company's main clients are industries, shipping agents, container transportation companies and transit agents (companies undertaking the transportation of freight), while its sales are promoted:

- Via a system of associated shipping agents who represent third parties (container transportation companies, cereal trading companies, mineral ore trading companies, steelwork companies, etc).
- Via direct contact and negotiation between clients and ThPA S.A.

2. Information concerning the share capital, rights and restrictions on transferring shares, direct or indirect holdings within the meaning of Presidential Decree 51/1992, rules for appointing and replacing members of the Board of Directors, major company agreements with third parties or Board members of staff (Article 11 of Law 3371/2005)

2.1. ThPA's share capital stands at € 30,240,000 divided into 10,080,000 ordinary registered shares with a nominal value of € 3.00 each. The share capital was fully paid up on 31.12.2007. The share capital contains no shares which do not represent company capital or rights to acquire debentures.

By means of decision of the Extraordinary General Meeting of shareholders of 1.3.2007 it was decided to increase the share capital by € 1,063,536 by capitalising the first dividend for the 1st accounting period (2000) and by the sum of € 1,960,464 by capitalising that amount from the tax preference items reserve under Law 2881/2001. Those moves have not been completed because the Ministry of Development has yet to approve the increase.

By means of decisions of the Ordinary General Meeting of ThPA SA shareholders held on 22.6.2001 and Decisions Nos. 269/5.6.2000 and 476/21.6.2001 of the Inter-ministerial Committee on Privatisation (ICP) consisting of the Ministers of Economy and Finance, of Development and Mercantile Marine, it was decided to list the shares of the company "ThPA SA" on the Main Market of the Athens Exchange and to sell the existing shares owned by the Greek State.

Consequently, no shares in the Company are traded on a regulated market outside of Greece.

Of the total number of Company shares (10,080,000), 2,520,000 owned by the Greek State were offered to the public (25% of the total capital), 120,000 shares of which were privately placed with Company employees.

The price of the share offered to the public was set using the book building procedure.

Moreover, pursuant to Decision No. 585/17.7.2001 of the Inter-ministerial Committee on Privatisation, the vendor granted a share retention incentive to shareholders participating in the public offering and private placement, as follows

"The vendor shall distribute to every private or institutional investor who acquires shares during the public offering or the private placement 2 shares in the Company for every 10 shares they hold for a period of 3 months from the date on which the transfer of shares is registered in the Athens Central Securities Depository, up to the total number of 200 gratis shares per investor".

On 27.08.2001, trading of the aforementioned 2,520,000 shares to which the public offering and private placement related began.

In the 2007 accounting period and in the current accounting period (2008) the company or third parties have not made public offerings to purchase or swap shares of other companies or shares of ThPA S.A. respectively.

2.1.1. The shareholder line-up of the Company on 29.2.2008 is as follows:

Shareholders	**No. of shares**	**%**
Greek State	7.486.194	74.27%
Investors	2.593.806	25.73%
TOTAL	**10.080.000**	**100.00%**

This shareholder line-up will remain unchanged until the management report is submitted.

2.1.2. All company shares are traded on the Athens Exchange.

2.1.3. Other than the Greek State, there are no other shareholders with a major direct or indirect holding within the meaning of Presidential Decree 51/1992 as replaced by Articles 9 to 11 of Law 3556/2007.

2.2. All shares in the Company are ordinary registered shares.

Each share incorporates all the rights and obligations established by law and by the Company's Articles of Association, which however do not contain provisions more restrictive than those appointed by the law. By way of exception, Article 6(2) and Article 7 of the Company's Articles of Association provide that the minimum holding of the Greek State in the Company's share capital may not drop below 51% even after listing of the company of the Athens Exchange. The Greek State, which was the sole initial shareholder in ThPA S.A., has its right to retain a majority holding in the company statutorily enshrined in Articles 6(2) and 7 of the company's Articles of Association.

The Company's shares are freely negotiable. Note that Law 2688/1991 which specifically governs the organisation and operation of ThPA S.A. includes Article 11(3) which states that the Ministers of Economy & Finance and Mercantile Marine may issue a joint decision setting limits on the transfer of ThPA shares for each investor for any percentage of the capital other than the 51% which belongs to the Greek State.

Shareholders exercise their rights in relation to management of the Company exclusively via their participation company General Meetings of Shareholders.

Each share confers the right to a single vote. Joint holders of a share must, in order to be entitled to vote, designate a common representative who shall represent them at all General Meetings and must so inform the Company. Until such appointment has been made the exercise of their rights shall be suspended.

No agreements between shareholders entailing restrictions on the transfer of shares or the exercise of voting rights have been disclosed to the Company.

Article 11 of Law 3631/2008 states that:

'1. *The purchase of shares providing voting rights in private limited companies of national strategic importance that hold or held a monopoly in their field, and particularly companies that own, operate or manage national infrastructure networks, by a party other than the Greek State, or by companies linked to that party within the meaning of Article 42(e) of Law 2190/1920, or by parties acting in a coordinated manner, equal to 20% or more of the total share capital of the companies concerned shall require prior approval from the Inter-ministerial Committee on Privatisation established by Law 3049/2002 and in accordance with the procedure laid down therein.'*

2.3. The Board of Directors represents the company both in and out of court. It has issued a decision assigning the exercise of certain powers to the Chairman of the Board of Directors and the Managing Director acting jointly or individually.

The Board of Directors is the supreme administrative body and prepares strategy and development policy while also supervising, controlling and managing company assets. It decides on all issues relating to the company in the context of its scope with the exception of those matters which pursuant to law or the Articles of Association fall within the exclusive competence of other bodies. There are no competences to issue new shares or purchase treasury stock pursuant to Article 16 of Codified Law 2190/1920. The line-up, term in office, establishment, operating and duties of the Board of Directors are governed by the provisions of Articles 9 to 12 of the Company's Articles of Association. The Board of Directors consists of 11 members whose term in office is 5 years. Of the 11 members, 7 are elected by the General Meeting of Shareholders, including the Managing Director, while the other 4 members are appointed by the following representative groups, who although not shareholders, are entitled to appoint board members:

2 members may be appointed to represent Company employees. These representatives are drawn from the two most representative trade unions, one being an administrative employee and the other a port worker. They must be company employees.

1 member is nominated by the Economic & Social Committee (ESC) and is drawn from bodies related to company operations.

1 member representing the Mun. of Thessaloniki.

2.4. There are no agreements between the Company and third parties which will come into effect or amend or expire in the event of change of control of the company after a public offering, and there are also no agreements with staff or Board members which provide for the payment of compensation in the case of resignation or dismissal due to a public offering.

3. Objectives and strategies

3.1. The port of Thessaloniki is the leading transit port of Greece in terms of conventional cargoes. It is the EU port closest to the Balkans and the Black Sea, ensures the safety of cargoes handled and has a natural sea entrance which can serve even deep draught vessels. Its advantages include the Container Terminal operating round the clock at flat rates, a conventional port which operates over two shifts using top class equipment, and the "Free Zone", one of the 27 Free Zones operating within the European Union, in order to facilitate and develop trade between the Member States of the European Union and non-Member States. It has piers of adequate depth, sufficient outdoor areas and sheds, as well as specially constructed roads suitable for handling bulk cargo and heavy vehicle traffic plus mechanical equipment that load / unload any type of cargo.

3.2. The company's strategy seeks to increase the assets of its shareholders while fulfilling its obligations as a public utility:

- by retaining the dominant position the port holds in the region, and by transforming it into the leading port in the Balkans.
- by reinforcing its role in the Eastern Mediterranean, as a centre for intermodal transport, and
- by helping it to evolve into a transit hub and major regional port and gateway for the markets of SE Europe where 'in transit' handling will play a major role.

To this end it seeks:

- to reinforce its competitive position by improving performance and by adopting an attractive pricing policy.
- to increase its profitability by improving its operating margin, attracting cargoes, reducing cost and providing new integrated port logistics services oriented towards Third Party Logistics (3PL) services.
- to improve the quality of the services through its investment plan by updating and extending port infrastructure and superstructure, training personnel and upgrading and extending technological infrastructure with the use of advanced software packages and the development of specialised computerised applications.
- to develop the Container Terminal by awarding port services to a private sector operator.

3.3. The key pillar of the Company's pricing policy is to keep its service tariffs at competitive levels, compared to the rest of the region's ports, so as to attract clients. To that end, cargo loading and handling service tariffs had remained unchanged since 2003 but rose in 2007 following implementation of the new ThPA regulations and service tariffs (Government Gazette 390/2.3.2007).

3.4. The basic objective is to attract new cargoes and to provide value added services, coupled with safe, rapid handling services. To that end the company is continuously endeavouring to modernise and renew its relatively new mechanical equipment and to further develop infrastructure by financing such moves with its cash assets.

Plans for the next three years include:

- gradual modernisation of conventional cargo facilities (infrastructure and electromechanical equipment) to bring the cargo handling capacity up to at least 7 million tonnes. These plans include the procurement of forklifts, the procurement and restoration of electric gantry cranes and loading equipment as well as other conventional cargo equipment.
- construction of buildings and implementation of transport service works.
- extension and integration of the IT infrastructure to promote integrated management of the port as well as support procedures
- establishment of a modern Container Terminal (by extending pier 6), procurement of state-of-the-art equipment and modernising the existing Container Terminal by conceding operation of that terminal to a private sector operator. Under the tender notice for the tender procedure currently under way, the operator will be obliged to make a mandatory investment of around € 307 million at 2007 prices over 8 years, which will cover 1,200 m of new quay at least 16 m deep, the creation of an additional 360,000 m2 of open areas, modernisation of road surfaces, improvements to infrastructure and an increase of the sea depth to 14m at the current Container Terminal and procurement of at least 8 syper post Panamax gantry cranes, 30 RTG (or RMG), a state-of-the-art IT system, thereby creating a container terminal with more than 3 times its current capacity of 440,000 TEUs.

4. Key resources, risks and various relationships

4.1. The Company has the exclusive right to use and exploit the land, buildings and facilities at the Port of Thessaloniki Port Land Zone which are the property of the Greek State. The above exclusive right was granted to ThPA for 40 years pursuant to the concession agreement dated 27-06-2001, concluded between the Greek State (represented by the Ministers of Finance and Mercantile Marine) and ThPA SA, which expires in 2041, in return for consideration of 1% of the sales for the first 3 years of the agreement and 2% of the sales for the remaining years. A draft law has already been put before the Hellenic Parliament to extend the concession right to 2051. The key points of the agreement are set out in paragraph 3 of the notes to the financial statements.

4.1.1. The port land zone covers an area of around 1,550,000 m2 and it is around 3.5 km long. It has 6,200 m of quays, up to 12 m depth, 6 piers, administration and technical support buildings, warehouses, sheds, special equipment and other facilities.

- the warehouses and offices occupy a total surface area of approximately 134,000 m2.
- the landscaped open areas cover 500,000 m2, and may be exploited as open storage space.
- the open sheds cover a total surface area of approximately 12,000 m2.
- the road network, as well as the railway network which are 13,350 m long cover the entire concession surface area and are connected to the national networks.
- the water supply network runs to all quays, as does the sewerage network serving all concession areas.

4.1.2. The Container Terminal is the most recent building complex belonging to ThPA S.A. It was designed and operates based on the state-of-the-art technological considerations and uses suitable container handling equipment. It is located on pier 6, quay 26 and is 600 m long and can handle ships with a draught of up to 12 m. Its internal utilisable surface area is 200,000 m2 laid out allow container handling, delivery and dispatch.

4.1.3. That section of the port outside the Container Terminal is the conventional port and is served by quays 1 to 24. It covers around 1,070,000 m2 and has a total of 5 piers. The conventional port is split between the Free Zones (quays No 15 to 24), at which third country cargoes are handled, and the rest of the port (quays No 1 to 14) for cargoes from European Union countries At the same time, passenger ships, hydrofoils and cruise liners that serve the passenger traffic throughput at the port of Thessaloniki also dock within the boundaries of the conventional port and the boundaries of the Free Zone.

4.1.4. The buildings and infrastructure within the port zone conceded by the Greek State are cited in detail in the Concession Agreement. The status of Warehouses A, B, C, D and 1 has been specifically regulated by the Joint Ministerial Decision No. 16968/27.03.2001 (Government Gazette 375/B/5.04.2001) of the Ministers of Culture and Mercantile Marine. Of these, the Company retains the right to use and exploit warehouses D and 1, building complex B2 at warehouse B, warehouse C, as well as the open area at Pier 1 to host fairs and music, conference or other related activities while warehouse B2 is used as a restaurant. The other buildings (warehouse A, and complex B1 at warehouse B) are used to house the Thessaloniki Film Museum, the State Museum of Contemporary Art and the Photography Museum.

4.2. The Company's assets consist of:

4.2.1. Four plots of land held for exploitation purposes, located outside the concession area, with a total value of €6,847,000, namely:

- - A plot at Kountouriotou & Salaminos St. (Thessaloniki), leased to the "Customs Brokers Union of Thessaloniki", with a total surface area of 1,233.49 m2.

- - A plot at Kountouriotou & Fokaias St. (Thessaloniki), leased to the "Thessaloniki Shipping Agents Association", with a total surface pf 285.50 m2.
- - A plot at the Old Nares Mine, comprising two granite extraction mines, the deserted buildings of the company that had undertaken to exploit them and the mine products transportation facilities. The mines that operated there until the late 1950s are currently not in use. However, the morphology of the ground and the subsoil forbids any residential exploitation and development of the total surface of 104,023.00 m2.
- - A plot at Triandria of Thessaloniki, with a total surface area of 165.00 m2.

4.2.2. Mechanical and other equipment – facilities with a total value (historical cost) of € 72,702,000.

Of these, the assets used more than 10% in the provision of services can be summarised as follows:

- - 4 Electric Gantry Cranes, 10 Straddle Carriers, 3 Front Lifts,
- - 10 Electric Gantry Cranes of lifting capacity 25-40tonnes, 40 fork lifts of lifting capacity 6-37tonnes, 3 Self-moving Cranes of lifting capacity 100-150 tonnes, 15 loaders 0,8-5 M3 and various other loading equipment.

4.2.3. Moreover, the Company has developed one of the most up-to-date digital communication networks, having installed optic fibres to create a Backbone Network. More than 75 km of fibres have been installed in total.
The specialised software applications used (with a total value €1,097,000 (historical cost)), already cover a major part of port procedures, especially those related to financial services, statistical data, HRM, maintenance, document organisation and management and container terminal management.

4.3. The Company's driving force is its personnel, split into Administrative, Technical, and Auxiliary staff and port workers. In 2007 the Company employed an average of 570 people, compared to the 580 employed in 2006. Industrial relations are regulated by the Employees General Regulation, the national collective labour agreement or sector or inter-professional agreements while their pay are is set in the sectoral Collective Labour Agreement for full-time staff or in individual employment contracts.

The company invests in continuous training and briefing of its personnel by means of training courses and seminars on general issues, such as communication, administration, finance, health and safety.

4.4. No restrictive liens have been registered in the name of creditors in respect of the company's movable and immoveable assets. At the time this report was drawn up, ThPA SA had not granted any guarantees in favour of third parties.

4.5. Moreover, the Company has an important number of clients and suppliers. The provision of services and their pricing is uniform and irrespective of agreements. Agreements are concluded in the general context of ThPA's business policy to attract clients and increase the cargoes handled by the Port of Thessaloniki. The agreements concluded provide clients with special terms and facilities in the context of a 'Memorandum of Understanding', without imposing any rights of exclusivity for the contracting parties as regards the provision of port services beyond the short-term agreements the company signs for the concession of areas.

4.6. The company has no branches.

4.7. Moreover, and in order to secure its assets, and to safeguard itself against liability to third parties, the company has insured its fixed equipment (machinery - tools -

vehicles - vessels, etc) against all risks, civil liability and employer civil liability, as well as client cargo liability. The annual cost of such insurance is € 527,000.

4.8. As port administrator, ThPA is especially aware of the need to protect the environment, and thus has been "P.E.R.S." certified by the ESPO & ECOPORTS Foundation; it has drawn up a plan concerning removal and management of ship garbage and residues, as well as mitigation of incidents related to marine pollution involving oil, and also spends significant amounts to that end each year. Moreover, the Company is seeking to develop an integrated environmental management system (E.M.A.S.), and to that end, has joined the research programme of the Aristotle University of Thessaloniki titled "GREEN PORT III". The Company has also entered the alternative waste, lubricant, used tyres and batteries management system and invests in employee health and safety by constantly improving working conditions.

4.9. In 2007 ThPA S.A put in place a Port Facility Security Plan which was drawn up in line with the International Port and Ship Facility Security Code (ISPS) to safeguard ships docking at port facilities, the cargoes they are carrying, crews, passengers, and so on from malicious activities.

4.10. In addition to the obligations and contingent liabilities cited in the financial statements, which are not expected to have a significant impact on the operation of the Company and its financial status, the Company has no commitments arising from past incidents which could cause a resource outflow, nor commitments due to onerous contracts or restructuring scheme that could create risks as regards its continuation as a going concern.

5. Results and Expectations

Examining the results for the 2007 accounting period, it is necessary to mention that during the period that ended, the port of Thessaloniki handled a total of 17,883,039 tonnes, 8,466,459 tonnes of which was dry cargo, 447,221 TEUs (containers), 2987 ships and 150,202 passengers. In addition to procuring basic mechanical equipment and implementing infrastructure projects, during the year ended ThPA completed its examination of the possibility of conceding the container terminal to a private sector operator to further develop the terminal and to ensure that such services play a major part in improving the competitiveness of container sector.

5.1. Compared to 2006 there was an increase in the bulk cargo handled (mainly ores and scrap) by 31.19%, unitised cargoes (containers) by 33.11% in TEU terms, general cargo by 15.87%, passenger traffic by 15.82%, ship traffic by 6.53% and Ro-Ro cargo traffic by 70.81%. **Moreover, from 1.4.2007 the new ThPA service tariffs became applicable, with rates for ThPA services being increased by around 18% on average according to the competent officers. Moreover, on 16.5.2007 the rates for conventional cargo prices handled but invoiced on the basis of special agreements concluded between ThPA and its clients went up by around 20%.**

5.1.1. These increases in cargo handling figures and tariff rates resulted in Company turnover for 2007 rising 44.26% compared to 2006, and profits net of tax, due to the major rise in sales, were up 281% despite the rise in costs (which were up some 16.2%).

In addition, the 2007 results were up € 202,000 from the valuation of investment properties and the reduction in the tax rate from 29% to 25%.

5.1.2. Staff pay and expenses rose by 13% due to the recruitment of new staff, increased costs for staff group insurance and overall there was a increase in the order of 16.2% primarily due to:

- recognition of € 513,000 concerning ThPA payment to the IKA fund for acknowledging its employee's military service, as an expense.
- a provision for bad debt from the booking of a grant from the Greek State under the Translognet programme, which had yet to be paid to ThPA (€ 352,165).
- recognition of the difference arising from the valuation of the National Bank bond at fair value and from the two swaps (Emporiki Bank and Alpha Bank) of € 259,815 as an expense.

5.2. Moreover, when preparing these financial statements in line with the IAS – IFRS adopted by the European Union, the Company:

- valued its assets using:
  - the fair value method for plots (investment properties) as calculated by an independent evaluator;
  - the historical cost method for intangible assets and property, plant and equipment;
  - the fair value or carried cost method for financial instruments depending on whether classed as held-to-maturity or for sale.
  - the fair value method for staff termination liabilities calculated by an actuary.
- depreciated fixed assets using the straight-line method at depreciation rates approved by the Board of Directors of ThPA in Decision No. 2623/2005, which are higher than the tax rates, apart from the cases of equipment – utensils and computer equipment, where the maximum tax rates have been used.
- recognised provisions for the open tax periods (2001-2006) of € 682,000 and of € 60,000 for the 2007 period.

5.2.1. In light of these points, the necessary adjustments and restructuring of accounts required to ensure tax records comply with the IAS (primarily transfers of intangible assets from the tax standards to expenses, fixed asset grants to depreciation liabilities at new rates, valuation of investment properties at fair value) there was a negative impact on the Company's equity under the IFRS by € 3,340,761, a negative impact on its pre-tax income under the IFRS by € 314,825 and a negative impact on its income net of tax under the IFRS by € 567,091.

5.3. Comparing the balance sheet figures and these results for the period, it is clear that the Company has a particular robust capital structure and financial position.

5.3.1. The allocation of the Company's capital to fixed assets and current assets is considered satisfactory, given that the fixed assets account for 42% of total Company assets and current assets account for 46% of total Company assets, while the remaining 9.89% of non-current assets correspond to other financial instruments of ThPA SA and to deferred tax assets.
In terms of the level of funds committed to equipment, as a public utility ThPA is obliged to invest in state-of-the-art technological equipment and in infrastructure works to improve the quality of services provided and to respond to its public utility objectives and consequently commits major amounts of capital to achieving this.

5.3.2. Due to its high reserves (53.50% of owners' equity) it is financially independent and can finance its investments without taking out loans. Owners' equity covers 83.99% of assets, short- and long-term assets account for only 16% of liabilities, while equity more than covers assets, creating additional capital of around € 62,348,000 to finance investments.
Due to its large cash assets, Company working capital is € 54,358,000.
The company has low inventories (materials and spare parts) of € 1,746,000 of which 3.12% relates to fuel and lubricant stocks, 50.50% to consumables and 46.38% to spare parts.
The turnaround time for current assets (35 days to receivable collection date) and liabilities (supplier payment within 34 days) enable the company to

settle its liabilities at regular dates and remain independent and solvent. The Company does not have due debts, has no short-term loans and does not have cheques receivable in its portfolio.
It collects down payments from its clients before carrying out work. In 2007 these amounted to € 4,376,000 and consequently its actual receivables were € 6,314,000 - 4,376,000 = € 1,398,000).

5.3.3. The return on equity is considered adequate given that it yielded:

- 16.30% based on pre-tax profits
- 12.09% based on earnings net of tax.

figures which are particularly high compared to the Bank interest rates in 2007, while the RoA ratio yielded:

- 13.69% based on pre-tax profits
- 10.16% based on earnings net of tax.

5.4. ThPA shares are listed on the mid-cap index in the transportation services sector. Over the 2007 period the share performed impressively well (up 88.57%).
Over the same period the general index rose by 15.95% while price of the company share in the same sector rose by 70.91%.
The share price on 14.3.2008 was € 22.20. The book value of the share was € 11.38 compared to € 10.19 in 2006 while the share price to book value (PBV) was 1.95.
The ratio of the share's market value on 14.3.2008 to gross profits/share on 31.12.2007 (P/E) was 12, and 16 compared to net profits/share.

5.5. Company dividend policy seeks to satisfy shareholders while at the same time building reserves to finance investments. It is proposed that dividends of € 4,636.800 (or € 0.46 per share) be distributed from the 2007 net profits.

6. Performance metrics and ratios

To ensure that readers have a fuller understanding of the 2007 results we are pleased to present the following ratios:

▪ Growth Ratios

- Turnover:	44,26%
- Total income:	44,25%

▪ Performance and profitability ratios

- Gross profit margin (sales – cost of sales / turnover (%))	33.85%
- EBITDA (earnings before tax, interest, deprecation / turnover (%))	30,05%
- Operating profit (EBIT) (earnings before tax, interest / turnover (%))	24,34%
- Net earnings margin (EBT) (earnings before tax / turnover (%))	28,20%
- Margin net of tax (earnings net of tax / turnover (%))	20,92%

▪ Return on capital ratios

- Net EBT / equity	(RoE)	16,30%
Net earnings net of tax / equity		12,09%
- Net EBT / capital employed	(RoCE) 15.56%	
Net earnings net of tax / capital employed		11,54%

-	Net EBT / total assets (RoA) 13.69%	
	Net earnings net of tax / total assets	10,16%

- ▪ <u>Liquidity ratios</u>

-	Current Liquidity (Current assets / short-term liabilities)	4,32
-	Actual liquidity (Current assets – reserves / short-term liabilities)	4.21
-	Quick liquidity (cash and cash equivalents / short-term liabilities)	3.70
-	Defensive interval ratio (Cash assets & receivables / daily operating expenses)	574 days

- ▪ <u>Capital structure & viability ratios</u>

-	Equity / total capital	83,99 %
-	Equity / debt	100 %
-	Equity / net assets	2,19%

- ▪ <u>Investment ratios</u>

-	Earnings per share net of tax	1,38
-	Earnings per share before tax	1,85
-	Share intrinsic value (BV)	11,38
-	Share market price*/ share book value (PBV)	1,95
-	Share dividend yield*	2,07

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* Share market price on 14.3.2008: €22.20.

7. Risk management

- Financial risk factors
  The company is not exposed to major financial results such as market risk, changes in foreign exchange rates or purchase prices, credit risk, or liquidity risk. The company's financial instruments are bank deposits (sight and time deposits), and trade debtors and creditors.

- Market Risk
  Exchange rate risk: The company does business with Greek and foreign customers and the transaction currency is the Euro. Consequently there is no foreign exchange risk.

  Price risk: The company is not exposed to price risk. The price of services is not a source of risk, nor is the cost of services since it is primarily comprised of the payrolling costs.

  Interest rate risk: The company holds several securities whose cash flows are determined by a floating interest rate tied to EURIBOR. Based on the securities held on 31.12.2007 an increase (decrease) in the interest rate in the order of + or -1% would cause an increase (decrease) in results for the period of € 128,000. The company has a bond whose fair value has been calculated as its market value. Based on its face value on 31.12.2007 an increase or decrease in its value by + or -1% would bring about an increase or decrease in reserves of € 10,000. The company is not exposed to the risk of interest rate fluctuations since it has not loans.

- Credit Risk: Company exposure to credit risk is limited to the financial assets in the balance sheet journal which can be broken down as follows:

Financial asset categories	2007	2006
Investments held to maturity	11.608.884	11.500.000
Financial assets at fair value presented in the results	1.015.000	1.095.000
Derivatives	-	-
Cash and cash equivalents	60.470.996	47.691.888
Trade and other receivables	6.313.769	4.524.740

The credit risk the company is exposed to vis-à-vis contracting parties due to its large customer based is minimal since as standard practice it obtains advances before commencing work carried out.

- Liquidity risk: There is no liquidity risk for the company since it has adequate cash equivalents to meet its operating costs. The maturity of its financial liabilities on 31.12.2007 was as follows:

	2007		2006	
	Short-term			
	up to 6 months	6 - 12 months	up to 6 months	6 - 12 months
Bank loans	-	-	-	-
Trade liabilities	1.790.605	-	1.563.348	-
Other short-term liabilities	14.543.565	16.617	9.762.609	31.120
Total	16.334.170	16.617	11.325.957	31.120

Customer and other trade receivable maturity dates were as follows:

		2007		
		0-1 year	**1-5 years**	**5 years or more**
Customers		6.698.272	293.835	367.220
Less provisions		- 384.503	-293.835	-367.220
Total net receivables	**6.313.769**	**-**	**-**	

	2006		
	0-1 year	**1-5 years**	**5 years or more**
Customers	4,896,886	293.835	367.220
Less provisions	- 372.146	-293.835	-367.220
Total net receivables	4,524,740	-	-

- Capital risk management

The purpose of the company when managing capital is to ensure the ability to continue operating, to generate profits for shareholders and benefits for other stakeholders and to maintain its capital structure which will reduce the cost of capital.
To maintain or adjust the capital structure the company should adjust the amount of dividends and pay capital of shareholders, issue new shares or sell assets to reduce debts.
Capital is reviewed based on the gearing ratio. This ratio is calculated as net debt / total capital. Net debt is calculated as total borrowing (including short- and long-term loans presented in the consolidated balance sheet) less cash assets. Total capital is calculated as equity presented in

the consolidated balance sheet plus net debt. The company does not use loan capital and thus its gearing ratio is zero.

8. Important events up to the reporting date. Developments - Prospects

8.1. Decision No. 3610/15.1.2008 of the company's BoD approved the tender notice for an open highest bidder tender procedure for award of a concession to develop, operate and exploit the Container Terminal located within the Thessaloniki Port Zone for a period of 30 years for (a) financial consideration consisting of:

- An initial payment of € 40 million
- An annual contribution based on consolidated income
- A guaranteed annual contribution (70% of the annual contribution)
- An annual rent for existing infrastructure of € 2.47 million adjusted every year
- An annual rent for new infrastructure of € 3.66 million adjusted every year

and (b) private financing by the investor (to further develop and expand existing infrastructure and superstructure) using the highest financial tender as the award criterion.

The deadline for submitting tenders is 20.3.2008 but that has been extended to 15.5.2008 by a more recent decision of the Board of Directors.

As far as company staff are concerned, a draft law which will be enacted will make specific reforms to fully protect employees in light of the business restructuring of ThPA S.A (voluntary retirement scheme, transfers or secondment to the operator).

8.2. The tender procedure for the Container Terminal provoked staff strikes. These are still under way and their impacts will be reflected in the 2008 results. It is expected that those results will remain encouraging and the period will be profitable but the figures achieved in 2007 will not be achieved.

From the data available to data, handling of both containers and conventional cargo for the 1st two months of 2008 is down compared to the same period in 2007 as are sales but this has been balanced out by the increase in tariffs applicable from 1.4.2007.

THE CHAIRMAN OF THE BOARD OF DIRECTORS	**THE CEO of THPA**
Lazaros Kanavouras	**Ioannis Tsaras**

THESSALONIKI PORT AUTHORITY S.A.

INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2007
(amounts in €)

	Notes:	01.01-31.12.2007	01.01-31.12.2006
Sales	(o), 7	66.284.947	45.946.950
Cost of goods sold	8,13	(43.848.161)	(38.502.767)
Gross Profit		**22.436.786**	**7.444.183**
Other income	9	979.209	1.276.713
Administrative expenses	10,13	(6.013.600)	(4.957.982)
Selling expenses	11,13	(656.911)	(485.581)
Other expenses	14	(609.699)	(39.564)
Operating profits		**16.135.785**	**3.237.769**
Net financial income	(o), 15	2.558.180	1.860.412
Net earnings before tax		**18.693.965**	**5.098.181**
Income tax	(g), 16	(4.825.572)	(1.458.999)
Net profit for the period		**13.868.394**	**3.639.183**
Basic earnings per share net of tax (in €)	(p), 17	**1,38**	**0,36**

THE CHAIRMAN OF THE BOARD OF DIRECTORS / ThPA S.A.	THE CEO OF ThPA S.A.	THE FINANCIAL DIRECTOR	THE ACCOUNTANT
L. Kanavouras ID Card No. AB 717218/06	I. Tsaras ID Card No. P 723030/95	N. Mazmanidis ID Card No. AE 195768/07	M. Chondroudaki Lic. No. 0039369

(The notes which follow (numbered 1 to 39) and Annex I constitute an integral part of these financial statements)

THESSALONIKI PORT AUTHORITY S.A.

BALANCE SHEET DATED 31 DECEMBER 2007
(amounts in €)

ASSETS

	Notes:	31.12.2007	31.12.2006
Non-current assets			
Investments in Property	**(c), 18**	6.847.000	6.645.000
Tangible assets	**(d) (e), 19**	44.995.888	43.091.156
Intangible assets	**(f) (d), 20**	472.064	539.965
Other financial assets	**(f), 21**	11.608.884	11.500.000
Long-term financial assets	**(a), 22**	18.270	18.270
Financial assets at fair value posted in results	**(f), 21**	1.015.000	1.095.700
Deferred tax assets	**(g), 16**	849.449	1.041.714
Total non-current assets		**65.806.555**	**63.931.806**
Current assets			
Inventories	**(h), 23**	1.746.397	1.735.096
Receivables from customers	**(f), 24**	6.313.769	4.524.740
Advances and other receivables	**25**	2.177.667	2.223.455
Cash and cash equivalents	**(j), 26**	60.470.996	47.691.888
Total current assets		**70.708.829**	**56.175.180**
Total assets		**136.515.385**	**120.106.986**

EQUITY

Equity			
Share capital	**(k), 27**	30.240.000	30.240.000
Reserves	**28**	61.345.308	61.175.742
Profits carried forward		23.077.796	11.394.969
Total equity		**114.663.104**	**102.810.710**

LIABILITIES

Long-term liabilities			
Provisions for employee benefits	**(l), 29**	4.194.413	4.272.669
Asset subsidies	**(m), 30**	73.502	73.502
Other provisions	**(l), 31**	1.146.319	1.557.650
Other long-term liabilities		87.260	35.378
Total long-term liabilities		**5.501.494**	**5.939.199**
Short-term liabilities			
Liabilities to suppliers	**(f), 32**	1.790.605	1.563.348
Customer down payments	**(f), 33**	4.376.600	3.045.835
Current Income tax	**(g), 34**	3.529.634	-
Dividends payable	**(n), 35**	32.062	31.120
Other liabilities and accrued expenses	**(f), 36**	6.621.886	6.716.773
Total short-term liabilities		**16.350.787**	**11.357.077**
Total owners' equity and liabilities		**136.515.385**	**120.106.986**

THE CHAIRMAN OF THE BOARD OF DIRECTORS / ThPA S.A.	THE CEO of ThPA S.A.	THE FINANCIAL DIRECTOR	THE ACCOUNTANT
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(Οι σημειώσεις που ακολουθούν με αρ. 1 - 39 και το παράρτημα Ι, αποτελούν αναπόσπαστο μέρος των οικονομικών καταστάσεων)

THESSALONIKI PORT AUTHORITY S.A.

STATEMENT OF CHANGES IN EQUITY (31 DECEMBER 2006 AND 31 DECEMBER 2007)

(amounts in €)

	Share capital	Dividends available to increase share capital	Statutory Reserves	Untaxed reserves	Total Reserves	Accumulated profits	Total
Equity at start of period (1.1.2006)	**30.240.000**	**1.063.536**	**816.739**	**59.080.058**	**60.960.333**	**9.987.195**	**101.187.528**
Period earnings net of tax	-	-	-	-	-	3.639.183	**3.639.183**
Carried forward to reserves			166.989	48.419	215.408	(215.408)	
Dividends distributed						(2.016.000)	(2.016.000)
Equity at end of period (31.12.2006)	**30.240.000**	**1.063.536**	**983.728**	**59.128.477**	**61.175.741**	**11.394.970**	**102.810.711**
Equity at start of period (1.1.2007)	**30.240.000**	**1.063.536**	**983.728**	**59.128.477**	**61.175.741**	**11.394.970**	**102.810.711**
Period earnings net of tax	-	-	-	-	-	13.868.394	13.868.394
Carried forward to reserves			169.566		169.566	(169.566)	
Dividends distributed		-	-	-	-	(2.016.000)	(2.016.000)
Equity at end of period (31.12.2006)	**30.240.000**	**1.063.536**	**1.153.294**	**59.128.477**	**61.345.308**	**23.077.796**	**114.663.104**

THE CHAIRMAN OF THE BOARD OF DIRECTORS / ThPA S.A.	THE CEO of ThPA S.A.	THE FINANCIAL DIRECTOR	THE ACCOUNTANT
L. Kanavouras ID Card No. AB 712218/06	I. Tsaras ID Card No. P 723030/95	N. Mazmanidis ID Card No. AE 195768/07	M. Chondroudaki Lic. No. 0039369

THESSALONIKI PORT AUTHORITY S.A.

CASH FLOWS

	31/12/2007	31/12/2006
Operating activities		
Earnings before tax	**18.693.965**	**5.098.181**
Plus/Minus adjustments for:		
Depreciation	**3.780.115**	**3.648.824**
Provisions	**-489.587**	**46.517**
Earnings from adjustment in investment properties to fair values	**-202.000**	**-362.200**
Interest received	**-2.823.038**	**-1.874.755**
Decrease/ (increase) in long-term financial assets	**-28.184**	
Interest charges and related expenses		
Plus / minus adjustments for changes in working capital accounts or related to operating activities		
Decrease/ (increase) in inventories	**-11.301**	**-30.000**
Decrease/ (increase) in receivables	**-1.550.976**	**1.472.143**
(Decrease)/Increase in liabilities (save banks)	**1.058.742**	**313.595**
Less:		
Interest charges and related expenses paid		
Tax paid	**-838.721**	**-2.265.798**
Total inflow/(outflow) from operating activities (a)	***17.589.015***	***6.046.507***
Investing Activities:		
Acquisition of subsidiaries, affiliates, joint ventures and other investments		
Purchase of intangible and tangible assets	**-5.616.945**	**-1.025.075**
Proceeds on sale of intangible and tangible assets		
Decrease/ (increase) in long-term financial assets		**6.315.117**
Dividends collected		
Interest received	**2.823.038**	**1.874.755**
Total inflow/(outflow) from investing activities (b)	***-2.793.907***	***7.164.797***
Financing Activities		
Proceeds from increase in share capital		
Proceeds on loans issued/ taken out		
Loan repayment		
Leasing arrangement liabilities paid (instalments)		
Dividends paid	**-2.016.000**	**-2.016.000**
Total inflow/(outflow) from financing activities (c)	**-2.016.000**	**-2.016.000**
Net increase/ (decrease) in cash and cash equivalents for the period (a)+(b)+(c)	***12.779.108***	***11.195.304***
Cash and cash equivalents at the beginning of the period	**47.691.888**	**36.496.585**
Cash and cash equivalents at the end of the period	**60.470.996**	**47.691.888**

The Chairman of the BoD/ThPA SA	The CEO OF THPA SA	The Financial dIRECTOR	The Accountant
L. Kanavouras	I. Tsaras	N. Mazmanidis	M. Chondroudaki
ID Card No. AB 712218/06	ID Card No. P 723030/95	ID Card No. AE 95768/07	Lic. No. 0039369

1. INCORPORATION AND COMPANY OPERATIONS:

The company with the corporate name Thessaloniki Port Authority S.A., trading as ThPA S.A. was established in 1999 when the body governed by public law, Thessaloniki Port Authority, was converted into a public limited company (societe anonyme) pursuant to Law 2688/1999.

The company is active in the field of transportation-related and auxiliary activities and travel agency activities (Statistical Classification of Economic Activities (STAKOD) 03 classification code: 63) providing cargo loading/unloading and storage services and other port and passenger handling services.

In the accounting periods which ended on 31 December 2007 and 31 December 2006 the company employed 571 and 570 people respectively.

2. LEGAL FRAMEWORK

The company is supervised by the Ministry of Mercantile Marine and operates pursuant to the provisions of Law 2688/1999 (Government Gazette 40/A) as amended and supplemented by the provisions of Article 15 of Law 2881/2001 and Article 17 of Law 2892/2001, the provisions of Codified Law 2190/1920 on societes anonyme and Legislative Decree 2553/1953 as in force from time to time. ThPA S.A. is a public utility enterprise operating in the public interest in accordance with private economy considerations and in administrative and financial terms is independent from the State.

The purpose of the company is to manage and exploit the Port of Thessaloniki and/or other ports. The boundaries of the Port of Thessaloniki zone, including the Thessaloniki Free Zone, are laid down in the applicable provisions in force from time to time.

Pursuant to Article 3 of its Articles of Association, the company's purpose is:

- To provide ship berthing and cargo and passenger handling services to and from the port.

- To install, run and exploit all manner of port infrastructure.

- To take up all activities related to the port and all other commercial, industrial, oil or business activities including tourism, culture, fishing activities and the planning and running of port services.

- Any other duties assigned to ThPA under law as a body governed by public law.

The Company's purpose has been enshrined in its Articles of Association which was included in Article VIII of Law 2688/1999 and amended by the 7th Extraordinary General Meeting of shareholders on 23.8.2002 (Societes Anonyme and Limited Liability Companies Bulletin of the Government Gazette No. 9944/30.9.2002). Since that date no other changes have been made to its corporate purpose.
As far as its corporate operations are concerned, ThPA S.A. will continue to be governed by Law 2688/1999 as amended and in force, which is the special legal basis for its operations, but also be Codified Law 2190/1920 as amended an in force, on issues which are not specifically regulated, and by Law 3016/2002 as in force.

3. CONCESSION AGREEMENT - RIGHT TO USE AND EXPLOIT THE PORT LAND ZONE AT THE PORT OF THESSALONIKI

The Company has the exclusive right to use and exploit the land, buildings and facilities at the Port of Thessaloniki Port Land Zone which are the property of the Greek State. This exclusive right was conceded to ThPA S.A. for 40 years by means of the concession agreement of 27 June 2001 signed by the Greek State (represented by the Ministers of Finance and Mercantile Marine) and ThPA S.A. and expires in 2041.

The main points of this agreement are as follows:

- The right of use covers all land sections outdoors or under roof, existing buildings, port & technical works, dikes, service roads, the railway network, public utility networks, extensions to sites & works, the port maritime zone, all premises on the port land zone save for buildings housing public services, parts of the land and maritime port zone used by divisions of the Greek Armed Forces for national security purposes, specially designed buildings on Pier 1 and its surroundings.

- The right to use and exploit the port consists of ThPA's ability -during such time as the agreement is in effect- to hold, use and operate the port land zone, and its buildings and facilities in accordance with the specific provisions of paragraph 3 of the agreement.

- The initial concession is for 40 years but that may be extended if a new written agreement is concluded by the parties (Article 4 of the Agreement).

- The agreement may be rescinded and terminated before the concession period ends.

- Termination or expiry shall automatically oblige ThPA S.A. to hand back the conceded areas to the State in the condition specified in Article 6.4 of the Agreement.

- Consideration (a percentage of the total consolidated income of the company less extraordinary income from prior periods and income from financial management) is payable at a rate of 1% for the first 3 years and 2% for the remaining years. Additional considerable is payable:
  - Where the concession area is extended
  - Where facilities are utilised for other purposes and
  - Where the agreement is renegotiated.

- ThPA is obliged:
  - to carry out preventative maintenance on the works – buildings conceded and the repair and restore wear and tear.
  - to comply with the strategic, social and business purpose of the concession arrangement.
  - to ensure adequate and safe infrastructure and facilities.
  - to safely demarcate and protect the Free Zone.
  - to treat users on equal terms.
  - to protect the land and marine environment.
  - to constantly improve the level of services provided to users.

- The Greek State is obliged to provide the necessary assistance:
  - to ensure that the purpose of the concession arrangement is achieved and
  - to finance works in the national interest in accordance with the provisions of Article 11 of the Agreement.

(More information about the Concession Agreement is contained in Annex 1 of the financial statements).

4. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) ***Basis of preparation of the Financial Statements*** The attached financial statements have been prepared in accordance with the historical cost principle, apart from the valuation of the Company's investment properties which were valued at fair value, while the previous adjustment made in May 2000 was used for other fixed assets, done before ThPA was listed on ATHEX, as the deemed cost on that date. They have also been prepared on the assumption that the company is a going concern. The financial statements have been prepared in line with the IFRS published by the IASB and the interpretations issued by the IFRIC and adopted by the EU. The company prepared financial statements in line with the IFRS for the first time for the period which ended on 31.12.2005. The attached financial statements are based on the financial statements prepared by the company in line with Greek commercial law, adjusted using the suitable off-book entries to ensure compliance with the IFRS.

(b) ***First-time adoption of the IFRS*** Pursuant to Regulation (EC) No 1606/2002 and Law 3329/2004 (amended by Law 3301/2004) Greek companies listed on any equities exchange in Greece or abroad are obliged to prepare financial statements for accounting periods commencing from 1.1.2005 onwards in line with the IFRS. Pursuant to IFRS 1 and the aforementioned Greek legislation the said companies are obliged to present comparative financial statements in line with the IFRS for at least one accounting period (from 31.12.2004 onwards).

ThPA S.A. published its first fully IFRS-compliant financial statements for the accounting period which ended on 31.12.2005 with the transition date being 1.1.2004. Consequently the company applied IFRS 1 when preparing the first annual financial statements and the interim periods covered by those first complete IFRS-compliant financial statements. The Company took avail of the following exceptions to application of other standards:

- It used the adjusted valuations of fixed asset equipment calculated by the Article 9 Codified Law 2190/1920 committee when ThPA was transformed from a body governed by public law to a societe anonyme and the company was listed on the Athens Exchange in 2001 as the deemed cost on that date (Note 18).
- All accumulated actuarial profits/losses identified during the actuarial valuation of provisions for staff liabilities (termination compensation) were recognised on 1.1.2004 (the transition date).

The other optional exceptions in paragraph 13 and mandatory exceptions in paragraph 26 of IFRS 1 were not applied to the financial statements for the 2004 period.

(c) ***National financial statements:*** The company keeps its accounting books and records and prepares its financial statements in line with Greek commercial law (Codified Law 2190/1920), the Greek general chart of accounts and Greek taxation law. The attached financial statements have been based on the said national financial statements suitably adjusted and revised based on off-book entries to comply with the IFRS.

(d) ***New international financial reporting standards and IFRIC interpretations***

The IASB and IFRIC have already issued a series of new accounting standards and interpretations which become mandatory for accounting periods which commence from 1.1.2006 onwards (unless otherwise stated below).

The Company's assessment about the impact of implementation of these new standards and interpretations is set out below:

IAS 19 (Amendment): Employee benefits
This is not applicable to the Company and will not affect its financial statements.
IAS 21: The effects of changes in foreign currency rates.
This is not applicable to the Company and will not affect its financial statements.
IAS 39 (Amendment): Cash flow hedges in foreseeable intra-group transactions.
This is not applicable to the Company and will not affect its financial statements.
IAS 39: Recognition and measurement of fair value.
This is not applicable to the Company and will not affect its financial statements.
IAS 39 & IFRS 4: Insurance Contracts – Financial Guarantee Contracts
This is not applicable to the Company and will not affect its financial statements.
IFRS 2: Share-based payment
This is not applicable to the Company and will not affect its financial statements.
IFRS 1 & IFRS 6: Exploration for and evaluation of mineral resources
This is not applicable to the Company and will not affect its financial statements.
IFRS 1 & IFRS 7: Financial Instruments - Disclosures:
This standard is mandatory for accounting periods commencing after 1.1.2007. It is not expected to have a significant impact on the Company's financial statements. This standard primarily requires additional disclosures about financial instruments.
IFRS 8: Operating Segments
This has not been adopted by the EU. It applies from 1.1.2009.
IFRIC 3: Emission rights
This is not applicable to the Company and will not affect its financial statements.
IFRIC 4: Determining whether an arrangement contains a lease
This is not applicable to the Company and will not affect its financial statements.
IFRIC 5: Rights to Interests Arising from Decommissioning, Restoration and Environmental Funds
This is not applicable to the Company and will not affect its financial statements.
IFRIC 6: Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
This is not applicable to the Company and will not affect its financial statements.
IFRIC 7: Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
It applies from 01.03.2006. This is not applicable to the Company and will not affect its financial statements.
IFRIC 8: Scope of IFRS 2:
It applies from 01.05.2006. This will not affect the Company's financial statements.
IFRIC 9: Reassessment of Embedded Derivatives.
It applies from 01.06.2006. This is not applicable to the Company and will not affect its financial statements.
IFRIC 10: Interim Financial Reporting and Impairment
It applies from 01.11.2006. This has not been adopted by the EU. This is not applicable to the Company and will not affect its financial statements.
IFRIC 11 & IFRS 2: Group and Treasury Share Transactions.
It applies from 01.03.2007. This is not applicable to the Company and will not affect its financial statements.
IFRIC 12: Service Concession Agreement.
It applies from 01.01.2008. Management of ThPA S.A. is currently examining to what extent this Interpretation is applicable to the Company.
IAS 23: Borrowing Costs- Amendment
Applicable to annual accounting periods commencing on or after 1.1.2009. Not applicable to the Company.
IFRS 3 : Business Combinations and IAS 27: Consolidated and Separate Financial Statements

The amendment of IFRS 3 and IAS 27 was issued in January 2008 and applies to annual accounting periods commencing on or after 1.7.2009. The amendments to this standard have yet to be adopted by the EU.

IAS 1: Presentation of Financial Statements – Amended.

The amended IAS 1 – Presentation of financial statements was issued in September 2007 and applies to annual accounting periods commencing on or after 1.1.2009.

IFRIC 13: Customer Loyalty Programmes

Applicable to annual accounting periods commencing on or after 1.7.2008. The company is currently assessing whether this interpretation will have any impact on it.

IFRIC 14: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Applicable to annual accounting periods commencing on or after 01.01.2008. IFRIC 14 is not applicable to the Company.

Amendment to IFRS 2: Share-based Payments - Vesting Conditions and Cancellations

Applicable to annual accounting periods commencing on or after 1.1.2009. The amendment to this standard has yet to be adopted by the EU.

(e) ***Reformulated Accounts:*** Some accounts in prior period financial statements were reformulated to present similar, comparable data to that in current period accounts. The amounts affected by such reformulations are not significant enough to require disclosure.

(f) ***Approval of the financial statements:*** The financial statements for the period ended on 31.12.2007 were prepared in line with the IFRS and approved by the Board of Directors on 27.3.2008 (ThPA Board of Directors Decision No. 3677/27.3.2008). The financial statements for the 2006 period were published in March 2007 and were approved by ThPA Board of Directors Decision No. 3327/28.3.2007.

(g) ***Management Assessments:*** Preparing financial statements in line with the IFRS requires that Company Management make assumptions and assessments which affect other asset and liability accounts, disclosure of contingent assets and liabilities on the financial statement date and the income and expenses presented in the period being examined. Consequently the actual results may differ from those assessments.

5. SUMMARY OF MAIN ACCOUNTING PRINCIPLES

The main accounting principles used by the Company in preparing the attached financial statements are as follows:

(a) Foreign Exchange conversion

- **(i)** ***Functional and presentation currency:*** The assets presented in the Company financial statements are valued in the currency of the economic environment in which it operates (functional currency). The financial statements are presented in Euro, which is the company's functional currency.

- **(ii)** ***Transactions and balances:*** There are no company transactions and balances in foreign currencies during the periods covered by the dates cited in these financial statements.

(b) Investments in Property: The company owns four plots of land outside the Port Zone which are held to generate rent or increase the value of its capital. The company has chosen the fair value method for valuing its investment properties.
Profits or losses arising from a change in fair value in property investments are included in the net profit or loss for the period in which that change occurs.

(c) Property, plant and equipment: Making use of the provisions of IFRS 1 (First time adoption of the IFRS) the Company used the exception concerning valuation of property, plant and equipment when preparing the IFRS transition balance sheet on 1.1.2004. In this regard it considered the adjusted value of tangible assets calculated by the Article 9 Codified Law 2190/1920 committee in May 2000 when ThPA was converted from a body governed by public law to a societe anonyme before it was listed on the Athens Exchange as the deemed cost for the purpose of preparing the transition balance sheet dated 1.1.2004.

After the transition date the property, plant and equipment were valued at deemed cost or acquisition cost (for additions) less accumulated depreciation and any impairment.

The acquisition cost of fixed assets consists of the purchase price including import tariffs if applicable, and non-rebateable taxes and any other cost required to make the asset functional and ready for future use. Repairs and maintenance costs are expensed in the period in which they are incurred. Major later additions and improvements are capitalised at the cost of those assets.

Assets manufactured by ThPA S.A. are posted at own manufacture cost which includes the cost of subcontractors, materials and pay for technical staff in relation to structures (including employer social security contributions) and a proportion of overheads.

Fixed assets under construction include assets being constructed presented at cost. Fixed assets under construction are not depreciated until the asset is completed and available for the use for which it is intended.

Plots – lots are not depreciated. Depreciation of other property, plant and equipment is done using the straight line method based on the following useful lives for each asset category:

Fixed assets	Useful life (years)
Buildings & Technical works	15-40
Mechanical facilities	8-10
Bridge cranes – engine- & electricity-powered cranes	30-40
Loaders	7-15
Machinery	10-15
Loading tools	15
Forklifts	10-15
Floating transports	10-20
Furniture and other equipment	6-10
Computers, electronic assemblies - office equipment	3-5

Depreciation of fixed assets which existed on 1.1.2004 was calculated at deemed cost calculated by the Article 9 Codified Law 2190/1920 committee when ThPA was converted from a body governed by public law to a societe anonyme before it was listed on the Athens Exchange.

To calculate taxable income ThPA S.A. calculates depreciation using the rates contained in Article 34 of Law 2937/2001 and the maximum rates contained in Presidential Decree 299/2003.

The useful lives of property, plant and equipment are re-examined on each balance sheet date. Residual values are not calculated by the company because under Article 32 of Law 3153/2003 the proceeds from the sale of fixed assets devolve to the State.
Company non-operating assets are divided into:

- scrap assets which are deleted from the books.
- assets held for sale, in line with IFRS 5 for which no depreciation is recorded.
- all those not meeting the above criteria for which depreciation is recorded.

(d) ***Fixed asset impairment:*** Under IAS 36, real estate, the facilities, equipment, and intangible fixed assets are to be assessed for possible value impairment when there are indications that the book value of the fixed asset exceeds its recoverable amount. Whenever the book value of a fixed asset exceeds its recoverable amount, its corresponding impairment loss is presented in the results. The recoverable amount of a fixed asset is either he estimated net sale value or the value in use whichever is higher. The net sale price is considered to be the realisable proceeds from the sale of an asset in the context of a two-way transaction in which the parties are fully cognisant and which they enter into freely, having deducted all additional direct selling costs for the asset, while the value in use is the current value of the estimated future cash flows expected to accrue to the enterprise from the use of an asset from its sale at the end of its estimated useful life. If an enterprise is not in a position to estimate the recoverable amount of a fixed asset, for which there is indication of impairment, it defines the recoverable amount of cash-generating unit to which the asset belongs.

Impairment losses for assets booked in previous years may only be reversed where there are satisfactory indications that such impairment no longer exists or has reduced. In such cases the reversal is recognised as income.

Management considers that there is no question of obsolescence of Company fixed assets and consequently does not calculate the recoverable amount of assets.

(e) ***Intangible assets:*** Intangible assets relate to the cost of purchasing software and all expenses incurred to develop software in order for it to be commissioned. Depreciation of software is booked based on a fixed line method over a period of 3 to 5 years.

(f) ***Financial assets:*** A financial instrument is any contract which generates a financial asset for an undertaking and a financial liability or equitable title in another undertaking.

The company's financial instruments are classified into the following categories based on the substance of the contract and the purpose for which they were acquired.

i) Financial instruments acquired at fair value presented in the income statement These are financial assets which meet the following conditions:

- Financial assets held for trade (including derivatives, apart from those are designated, effective hedging instruments, whose acquired or generated for sale or repurchase and lastly those which are part of a portfolio comprised of recognised financial instruments).

Upon initial recognition, the undertaking defines them as assets acquired at fair value with changes being recognised in the income statement.

Realised and unrealised profits or losses arising from changes in fair value of financial assets impaired to their fair value by changed in the results are recognised in the income statement for the period in which they arise.

The purchase and sale of investments are posted on the date of the commercial transaction, which is the date on which the company commits to purchasing or selling the asset. Investments are initially posted at fair value which is augmented by expenses directly attributable to the transactions with the exception, in relation to expenses directly attributable to the transaction, of those assets valued at fair value with changes posted to results. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

The fair values of financial assets quoted on active markets are designated based on current demand prices. In the case of assets not so traded, fair values are designated using valuation techniques such as recent transaction analysis, comparables and cash flow discounts. Equity titles not traded on an active market classed as financial assets available for sale whose fair value can be reliably designated are valued at acquisition cost.

ii) Loans and receivables: These include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company provides interest-bearing and interest-free loans to its staff. All loans to staff are initialled recognised at cost, which is the actual value of the amount received less the cost of loan issuing expenses. Following initial recognition, loans are valued at cost, which does not differ significantly from their carried cost, using the effective interest rate. Short-term receivable are booked at the value of the commercial transaction less provisions for bad debt. Long-term receivables with a specific repayment date were valued at acquisition cost, which does not differ significantly from their present value using the discount interest rate in line with the provisions of IAS 39 and IAS 18.

iii) Held-to-maturity investments: This includes non-derivative financial assets with fixed or determinable payments and a specific maturity date which the company intends to and is capable of holding to maturity.

iv) Accounting for derivatives and hedging operations: Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are measured at their fair value. The method for recognising profits or losses generated depends on the nature of the asset whose risk is hedged.

(g) ***Income tax (current and deferred):*** Current and deferred income tax is calculated based on the relevant financial statement accounts based on the taxation laws which apply in Greece. Current income tax relates to tax on the taxable profits of each company adjusted based on tax law requirements and calculated based on the current tax rate.

Deferred taxation is calculated using the liability method on all interim differences on the balance sheet date between the taxation basis and the book value of the assets and liabilities.

Expected tax discounts from interim tax adjustments are determined and presented either as future (deferred) tax liabilities or as deferred tax assets.

Deferred tax assets are posted for all tax deductible interim difference and tax losses carried forward to the extent that this is likely that there will be taxable profits available in respect of which the interim difference can be utilised.

The book value of deferred tax assets is revised on each balance sheet date and reduced to the extent that it is not considered likely that there will be sufficient taxable profits for which all or part of the deferred tax assets can be used.

Current tax assets and liabilities for the current and past accounting periods are valued at the figure expected to be paid to the tax authorities (or recovered from them) using tax rates (and tax laws) which have been adopted or substantively adopted by the balance sheet date.

(h) ***Inventories:*** Consumables and spare parts used to maintain company mechanical equipment are valued at either cost price or net realisable value, whichever is lower, and their cost is calculated using the weighted average cost. Consumables are posted as inventories when purchased and after used are posted to expenses or capitalised. At the end of each period the Company re-examines the possibility of its inventories having become obsolete and makes a provision or deletes them from the books (Note 23).

(i) ***Trade receivables:*** Receivables from customers are posted initially at fair value and later valued at carried cost using the effective interest rate less impairment losses. Where the carried cost or cost of a financial asset exceeds its present value, then the asset is valued at its recoverable amount, in other words at the present value of future cash flows calculated using the effective interest rate. The loss is presented directly in the results. Impairment losses are recognised in the results when there are objective indications that the company is not in a position to collect the amounts due based on contractual terms.

(j) ***Cash and cash equivalents:*** Cash and cash equivalents include cash, sight deposits and short-term investments of up to 3 months which are highly-realisable and low risk.

(k) ***Share capital:*** The share capital includes the company's ordinary shares.

(l) ***Provisions for risks and expenses – contingent liabilities:*** Provisions for risks and expenses are recognised when the company has a current legal or presumed commitment as a result of past events or when it is likely that there is a resource outflow which entails financial benefits and the relevant commitment can be reliably assessed. The company re-examines the need to form provisions at the end of each year and adjusts them so that they reflect the best possible assessments and in the case where this is considered necessary discounts them based on a reasonable pre-tax discount rate.
Contingent liabilities are not posted to the financial statements but are disclosed unless the likelihood of a resource outflow incorporating financial benefits is minimal. Contingent assets are not posted to the financial statements but are disclosed where the inflow of financial benefits is likely.

(m) ***Government Grants:*** The Company has received grants from Community programmes to acquire intangible and tangible assets. Grants are recognised when there is a reasonable assurance that the grant will be collected and that the relevant terms and conditions will be complied with. Asset grants are recognised as income for future periods and depreciated in

line with the useful life of the grant-aided asset. The depreciation of grant-aided assets is presented in the Other Income account in the income statement.
Grants covering part of the expenses paid, received from the Manpower Employment Agency, to employ students on work practice, and from the ESF are posted in the Other Income account (Note 9).

(n) ***Dividends:*** Dividends are posted when the General Meeting of Shareholders issues a decision giving shareholders the right to collect them.

(o) ***Income recognition:*** Income is valued at the value of the commercial transaction and booked in the accounting period to which it relates. On the date of the interim financial statements all manner of accrued, non-invoiced income from services in the period those statements relate to (income from services, or from capital, etc.) is booked. The most important categories of income for the Company are as follows:

- **Income from unitised cargo transport comprising:**
  - Income from Container Terminal services
  - Income from Container Services

- **Income from conventional cargo transport comprising:**
  - Income from loading/ unloading services at conventional port
  - income from the provision of hull S/S services
  - Income from stalling services
  - Income from Silo services

- **Income from services to passengers on coastal and cruise ships comprising:**
  - Income from other services (special duty) on tickets
  - Income from vehicle passage
- **Income from services to ships and other services comprising:**
  - Income from mooring and berthing
  - Income from other services (electricity, telecommunications, spent oils collection, use of sites).
- **Income from operation of organised parking lots.**

(p) ***Earnings per share:*** The earnings per share are calculated by dividing the net profits payable to ordinary shareholders by the average weighted number of shares in circulation during the period. There are no debentures convertible to stock or other potential instruments convertible to stock which would reduce profits during the periods to which the financial statements relate and consequently reduced profits per share have not been calculated.

(q) ***Segment reporting:*** The company operates as a single unit providing port services at the Port of Thessaloniki. In this context it is not obliged to prepare and disclose financial data per operating segment in line with the requirements of IAS 14: Segment Reporting.
It should be noted that in general of geographical segment reporting, all company activities are conducted within the Thessaloniki wider area and consequently this is deemed to be one geographical area.

(r) ***Provisions for post-employment benefits:*** Post-employment benefits include defined benefits plans. The accrued cost of fixed contribution plans is posted as an expense in the period to which the cost relates.