Th.p.a s.a.

THESSALONIKI PORT AUTHORITY S.A.

ANNUAL FINANCIAL REPORT
for the period ended on
31 December 2008

THESSALONIKI, 27 MARCH 2009

CONTENTS

Statements by Board of Directors members
(in accordance with Article 4 of Law 3556/2007)

The members of the Board of Directors of the company with the corporate name Thessaloniki Port Authority S.A., trading as ThPA S.A, whose registered offices are in Thessaloniki at the port:

1. Lazaros Kanavouras, son of Athanasios, Chairman of the Board of Directors
2. Ioannis Tsaras, son of Georgios, Managing Director and Board Member
3. Iakavos Frantzis, son of Christoforos, Board Member, specifically appointed to that end by Decision No. 4001/26.8.2008 of the Board of Directors

in our said capacity, do hereby declare and confirm that as far as we know:

(a) the annual financial statements of ThPA S.A. for the period 1.1.2008 to 31.12.2008, which were prepared in accordance with the applicable IAS fairly present the assets and liabilities, equity and results for the period for ThPA S.A.

(b) the annual report of the Board of Directors of ThPA S.A. fairly presents the information required by Article 4 of Law 3556/2007.

Thessaloniki, 27/03/2009

The Declarants

The Chairman of the Board	The Managing Director & Member of the Board	The Board-appointed Member
Lazaros Kanavouras	**Ioannis Tsaras**	**Iakovos Frantzis**
ID Card No. AB717218/06	**ID Card No. P723030/95**	**ID Card No. AE183232/07**

MANAGEMENT REPORT FROM THE BOARD OF DIRECTORS OF THESSALONIKI PORT AUTHORITY S.A. TO THE ORDINARY GENERAL MEETING OF 26 MAY 2009

Dear shareholders,

We are pleased to submit the financial statements of Thessaloniki Port Authority S.A. for the accounting period 1.1.2008 – 31.12.2008. The year which ended was the 9th 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 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. This report was prepared in line with the relevant provisions of Law 3556/2007 (Government Gazette 91/A/30.4.2007, Article 4) and the decisions of the Hellenic Capital Market Commission issued pursuant to it, and in particular Articles 1 and 2 of Decision No. 7/448/11.10.2007 of the Board of Directors of the Hellenic Capital Market Commission.
This report contains all information required by law so provide readers with a substantive briefing about the activities of the company Thessaloniki Port Authority S.A. in the said period.

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.

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) 08, code 52). 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'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 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's intention is to attract new large clients from FYROM, SW Bulgaria and Southern Serbia. In addition to the infrastructure projects and the procurement of the equipment needed, potential medium-term collaboration with a private sector, global port services provider specialised in container terminals would significantly boost the further growth and development of the port given the large capacity such a provider has to effectively market the port worldwide, compared to the limited capacity that a regional port, like that of Thessaloniki, has on its own.

1.4. 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 Articles 9, 10 and 11 of Law 3556/2007, rules for appointing and replacing members of the Board of Directors, major company agreements with third parties or Board members of staff. (Article 11a of Law 3371/2005)

2.1. Share capital

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 contains no shares which do not represent company capital or rights to acquire bonds.

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 special tax-free reserve under Law 2881/2001. Following an opinion issued by the State Legal Council, the Ordinary General Meeting of Shareholders of ThPA on 30.6.2008 decided to revoke the decision of the Extraordinary General Meeting of 1.3.2007 and to pay the dividend for the 1st accounting period to the Greek State.

The Ordinary General Meeting of Shareholders of ThPA S.A. of 22.6.2001 decided to list ThPA's shares on the main market of the Athens Exchange and to sell existing shares belonging to the Greek State.

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.

Moreover, the vendor-cum-shareholder gave a retention incentive in the form of 2 shares for every 10 shares which shareholders had acquired during the public offering or private placement. These shares were to be held for a period of 3 months from the date of entry of the transfer of shares in the Athens Central Securities Depository. Up to a total number of 200 gratis shares could be offered 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 2008 fiscal year and in the current fiscal year (2009) 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 28.2.2009 was 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. The company does not hold treasury stock.

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

2.1.3. On 31.12.2008 there were no shareholders, other than the Greek State, who had major direct or indirect holdings within the meaning of the provisions of Law 3556/2007 (Articles 9, 10 and 11). Note that on 24.7.2008 Morgan Stanley & Go International acquired a holding of over 5% (5.087%), which after sales of certain shares on 30.10.2008 dropped below the 5% threshold to 4.993%.

2.2. Transfer of shares – restrictions on shareholders

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 2688/1999, 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. Rules on appointment and replacement of members

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. Agreements with third parties

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. Main resources

3.1. 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 was to expire 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. That contract was ratified by Law 3654/2008 on 3.4.2008, under which the initial effective term of the contract was extended from 40 to 50 years with the result that it now expires in 2051 and the exclusive right of ThPA to use and exploit plots / buildings and facilities can be conceded by ThPA to third parties for purposes related to port services and facilities for a period not exceeding the contract effective term. The main points on the current contract are set out in paragraph 3 of the notes to the financial statements.

3.1.1. 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.

3.1.2. 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.

3.1.3. 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.

3.2. The Company's assets consist of:

3.2.1. Four plots of land held for exploitation purposes, located outside the concession area, with a total value of €7,160,000, 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.

3.2.2. Mechanical and other equipment – facilities with a total value (historical cost) of € 69,364,000.

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

- 4 Electric Gantry Cranes, 17 Straddle Carriers, 3 Front Lifts and 1Transtainer
- 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.

3.2.3. 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 €1,313,000 (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.

3.3. The Company's driving force is its personnel, split into Administrative, Technical, and Auxiliary staff and port workers. In 2008 the Company employed an average of 541 people, compared to the 571 employed in 2007. 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. Objectives and strategies

4.1. 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.

4.2. 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 further develop the Container Terminal.

4.3. 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).

4.4. 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 five 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. In relation to electromechanical equipment, it should be noted that plans for the procurement of forklifts have been completed and plans for the procurement and restoration of electric gantry cranes and loading equipment as well as other conventional cargo equipment are nearing completion.
- 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

  ThPA’s objective is to gradually more than double capacity of the container terminal over the next 5 years (up to 2015) from 450,000 TEUs which is current figure handled, to around 1,000,000 TEUs. It will seek to do this by extending quay 26 by

550 m and to a depth of 15.8m, by constructing additional retaining walls 300m wide and also acquiring the necessary equipment (gantry cranes, container handlers in the container terminal forecourt, etc.).

5. Results

Examining the results for the 2008 accounting period, it is necessary to mention that during the period that ended, the port of Thessaloniki handled a total of 15,536,670 tonnes, 6,591,930 tonnes of which was dry cargo, 238,940 TEUs (containers), 2,225 ships and 163,502 passengers. In addition to procuring basic mechanical equipment and implementing infrastructure projects, during the year ended ThPA completed the tender procedure for 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. The decision to go ahead with this resulted in employee strikes during the whole of 2008 and the results of those strikes are clearly reflected in the results for the period.

5.1. Bearing those points in mind, compared to 2007 there was a decrease in the bulk cargo handled (mainly ores and scrap) by 5.27 %, unitised cargoes (containers) by 46.57% in TEU terms, general cargo by 25.36 %, ship traffic by 25.46%, ship traffic and Ro-Ro cargo traffic by 2.64 % while passenger traffic rose by 8.9%.
Note that the pricing policy followed in 2008 is different from that followed in 2007, especially so for the period 1.1-31.3.2008. From 1.4.2007 a new regulation took effect and a new service pricelist for ThPA S.A. was introduced and prices were increased by the estimates of competent officers for ThPA services by 18% on average while for conventional cargoes handled and priced based on special agreements signed with ThPA and customers, the increases were in the order of 10% from 16.5.2007 to 31.12.2007 and 7% from 1.1.2008.

5.1.1. As a result of the drop in cargo being handled -even despite the partial increase in prices- Company turnover for 2008 was down by 25.56% compared to 2007 and profits net of tax, despite reduced costs (down some 9.86%) dropped by 61.76%.
It is useful to note that despite the unfavourable conditions faced in 2008, the Company's results and sales for that year are better than those for 2006 (sales + 7.3% and profits + 45.72%).
In addition the results for 2008 were bolstered by € 313,222 by the valuation of investment properties which took place.

5.1.2. As far as expenses are concerned, note that staff salaries were down by 12.83% due to the drop in the number of staff and the cut in the cost of additional work by staff by around 50% due to absences from additional work, while overall expenses dropped by 9.86% due to the fact that in 2008 there were no extraordinary expenses for that fiscal year or previous ones, as had been the case in 2007, other than the difference which arose from the valuation of the National Bank bond at fair value and the two Emporiki Bank and Alpha Bank swaps, worth € 151,015, which was recognised as an expense in 2008.

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 (2001-2007) of € 742,000 and of € 360,000 for the 2008 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 positive impact on the Company's equity under the IFRS by € 402,745, a positive impact on its pre-tax income under the IFRS by € 169,161 and a negative impact on its income net of tax under the IFRS by € 420,719.

5.3. Comparing the balance sheet figures and the results for the period, it is clear that the Company continues to have a particularly 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 36.61% of total Company assets and current assets account for 48.71% of total Company assets, while the remaining 18.11% 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 (53.35 % of owners' equity) it is financially independent and can finance its investments without taking out loans. Equity accounts for 85.79% of assets, and short- and long-term liabilities only account for 14.20% of liabilities.

Due to its large cash assets, Company working capital is € 51,548,000.

The company has low inventories (materials and spare parts) of € 1,870,000 of which 4.49 % relates to fuel and lubricant stocks, 48.82 % to consumables and 46.69 % to spare parts.

The turnaround time for current assets (35 days to receivable collection date if one takes into account the 16-day deposit period) and liabilities (supplier payment within 41 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 2008 these amounted to € 2,251,000 and consequently its actual receivables were € 4,693,000 - 2,551,000 = € 2,143,000).

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

- 6.94% based on pre-tax profits
- 4.64 % based on earnings net of tax.

figures which are similar to the Bank interest rates in 2008, while the RoA ratio yielded:

- 5.95 % based on pre-tax profits
- 3.98 % based on earnings net of tax.

5.4. ThPA shares are listed on the mid-cap index in the transportation services sector. Over the period 1.1.2008 – 31.12.2008 the share value dropped by 71.77 %.

Over the same period the general index lost 65.69% of its value, while the price of the company share in the same sector dropped by 68.34 %.
The share price on 31.12.2008 was € 9.88. The book value of the share was € 11.34 compared to € 11.38 in 2007 while the share price to book value (PBV) was 0.87.
The ratio of the share's market value on 18.3.2009 (€ 9.99) to gross profits/share on 31.12.2008 (P/E) was 12.8, and 19.21 compared to net profits/share.

6. Dividend policy

Company dividend policy seeks to satisfy shareholders while at the same time building reserves to finance investments. It is proposed that dividends of € 1,814.400 (or € 0.18 per share) be distributed from the 2008 net profits.

7. Risks and various relationships

7.1. 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.

7.2. 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.

7.3. The company has no branches.

7.4. 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. €.

7.5. 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.

7.6. 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.

7.7. 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.

8. Risk management

8.1. 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.

8.2. 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 because it is a service provider and is not affected by changes in the prices of raw materials. The services provided are priced based on a published price list and prices are increased or reduced when the Company considers that necessary. The cost of services provided, which consists primarily of the cost of payrolling, is affected by increases in pay thanks to inflationary pressures. The Company is also affected to a small degree by the price risk one commercial paper it holds with a nominal value of € 1 million which has been valued at fair value in profit and loss. A change in fair value of ± 5% would affect the results for the period by ± € 50,000. The Company is also affected by changes in the fair value of investment properties. A change in property prices by ± 5% would bring about a € 358,011 change in results for the period.
- 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 31.12.2008 an increase (decrease) in the interest rate in the order of + or -1% would cause an increase (decrease) in results for the period of € 130,000. The company is not exposed to the risk of interest rate fluctuations since it has not loans. The Company has short-term time deposits which are easily convertible to cash. An increase (decrease) in the interest rate of + 1% or -1% would bring about an increase (decrease) in results for the period of around € 500,000.

8.3. 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	2008	2007
Investments held to maturity	11,773,670	11,608,884
Financial assets at fair value presented in the results	700,000	1,015,000
Derivatives	-	-
Cash and cash equivalents	54,083,189	60,470,996
Trade and other receivables	4,693,521	6,313,769

The credit risk the company is exposed to vis-à-vis customers is minimal (a) due to its large customer base and (b) since as standard practice it obtains advances before commencing work carried out.

Moreover, as far as financial assets and cash and cash equivalents are concerned, Company Management implements a spread-based policy in relation to the number of banks it does business with and has a policy for evaluating their creditworthiness.

8.4. Liquidity risk:

The company is not exposed to liquidity risk since its operating expenses are covered by cash equivalents accounting for 83% of its current assets. The maturity of its financial liabilities on 31.12.2008 was as follows:

	31.12.2008

	up to 6 months	6 - 12 months
Suppliers	3,533,116	-
Customer down payments	2,551,155	-
Current Income tax	-	
Dividends payable	19,872	-
Other liabilities and accrued expenses	7,230,307	-
Total	**13,334,450**	-

	31.12.2007	
	up to 6 months	6 - 12 months
Suppliers	1,790,605	-
Customer down payments	4,376,600	-
Current Income tax	3,529,634	
Dividends payable	15,445	16,617
Other liabilities and accrued expenses	6,621,886	-
Total	**16,334,170**	-

The customer receivable maturity table is as follows:

	2008		
	0 - 3 months	3 - 6 months	6 months and over
Customers	3,473,254	421,544	1,744,160
Less allowances	-	-	945,438
Total net receivables	**3,473,254**	**421,544**	**798,722**

	2007		
	0 - 3 months	3 - 6 months	6 months and over
Customers	5,108,765	553,835	1,697,503
Less allowances	-	-	1,045,558
Total net receivables	**5,108,767**	**553,057**	**651,945**

8.5. Capital risk management
The company does not use loan capital and thus its gearing ratio is zero.

8.6. Fair value The amounts shown in the balance sheets for cash, receivables and short-term liabilities are close to the relevant fair values due to their short-term maturity.

9. Major events during the 2008 fiscal year

9.1. 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 was 20.3.2008 but that was extended to 15.5.2008 by a later decision of the Board of Directors.

The following 3 companies took part:

- HPH Ltd , HPI Sarl, ALAPIS S.A. LYD S.A.
- COSCO PACIFIC Ltd, and
- P&O Aktor Concessions S.A. – Piraeus Bank S.A.

The grouping HPH Ltd. – HPI Sarl – ALAPIS S.A. - LYD S.A. was declared the highest bidder in decision No. 3800/30.7.2008 of the Board of Directors of ThPA, having tendered the sum of € 419,468,447 and in decision No. 3814/26.8.2008 of the Board of Directors of ThPA the interim contractor was appointed after the Company had checked all the supporting documents. Following that there were negotiations to draft and sign the concession agreement. Those negotiations lasted until December 2008. On 23.12.2008, however, the grouping HPH Ltd. – HPI Sarl – ALAPIS S.A. - LYD S.A. informed ThPA S.A. that it was no longer interested and was withdrawing from the negotiations due to disagreements which had arisen on major issues. On 30.1.2009 ThPA S.A. informed the contractor that it intended to exercise all its lawful rights to protect ThPA in relation to the outcome of the tender procedure.

9.2. The Company was undergoing a normal tax audit by the tax office for the 2001-2004 fiscal years and that audit was completed in January 2009.

9.3. The Ordinary General Meeting of shareholders in ThPA S.A. took the following decisions on 30.6.2008:

- to revoke the decision of the Extraordinary General Meeting of shareholders dated 1.3.2007 which had decided to distribute a dividend for the year 2000 and to pay a dividend of € 1,063,000 to the Greek State. That amount was in fact paid on 8.7.2008.
- to approve amendment of the concession agreement of 27.6.2001 between the Greek State and ThPA S.A. in relation to its effective term and further concession of the right of exploitation to third parties for a period of up to 50 years to provide port services in order to bring the concession agreement into line with the amendments made to it by Law 3654/2008.

10. Events occurring after the balance sheet date

10.1. Following Hutchison's withdrawal of interest, on 9.2.2009 the Board of Directors of ThPA declared that company in forfeit and requested that the Royal Bank of Scotland forfeit the letter of guarantee of € 5 million in its favour. That was done on 16.2.2009 as can be seen from the relevant ThPA accounts.

10.2. On 27.1.2009 the tax audit was completed and ThPA was obliged to pay € 726,024 in additional tax, which was met by existing provisions.

10.3. Apart from the points made above, there are no other events after the balance sheet of 31.12.2008 relating to the Company which need to be reported in line with the IFRS.

11. Developments - Prospects

The results for the 2009 fiscal year from normal company operations are expected to be better than those for 2008. Based on data available to date, it is clear that container traffic at port in the first two months of 2009 is up 16.39% while conventional cargo is down 29.9%, while conventional sales have risen slightly. Furthermore, the extraordinary income of € 5 million from forfeiture of the letter of guarantee will considerably improve the Company's results.

12. Major transactions with related parties as defined in IAS 24

Management remuneration

During 2008 salaries and attendance fees of € 433,866 were paid to members of the Board of Directors. Senior managers, accounting office staff, the head of legal affairs, internal auditors and other company executives were paid € 806,944 over the same period.

In addition to the fees cited, no other business relationship or transaction existed in the period 1.1.2008 to 31.12.2008 and no other benefits was provided during that period by the company to persons participating in its management.

No loans were granted to the Chairman, the Managing Director, the members of the Board of Directors, the Management and other executives of the company and the personnel of the Internal Audit Department by the Company, save for the amount of € 7,700.00 that was granted to the Manager of the Conventional Port Division and the Chief Accountant, based on the Company's sectoral collective labour agreement. The balance to be repaid by 31.12.2008 was € 2,535 (€ 1,692 and € 843 respectively). Moreover, on 31.12.2008 the company owed salaries to Board of Directors members of € 11,675 which related to the month of December which were paid in January 2009.

The remuneration of management and other executives is regulated by the sectoral collective labour agreement covering company staff, while the general managers' and legal consultant's remuneration is determined by decision of the Board of Directors. The remuneration of the Chairman and Vice Chairman of the Board of Directors and the Managing Director is determined by decision of the General Meeting of Shareholders of ThPA S.A.

ON BEHALF OF THE BOARD OF DIRECTORS

THE CHAIRMAN	THE MANAGING DIRECTOR
Lazaros Kanavouras	**Ioannis Tsaras**

INDEPENDENT AUDITOR'S REPORT

(Translated from the original Greek version)

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 2008 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

Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by 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. This responsibility also includes 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 Standards on Auditing which conform with International Standards on Auditing. Those Standards require that we comply with ethical requirements, 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 2008 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by European Union.

Report on Other Legal Requirements

We have verified the consistency of Board of Directors' Report with the accompanying financial statements, in the context of the requirements of articles 43a and 37 of C.L. 2190/1920.

Athens, March 27, 2009

The Certified Auditors-Accountants

Batsoulis Anast. George	**Damilakos Spir.Vrasidas**
S.O.E.L. Registration Number 14001	**S.O.E.L. Registration Number 22791**

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