

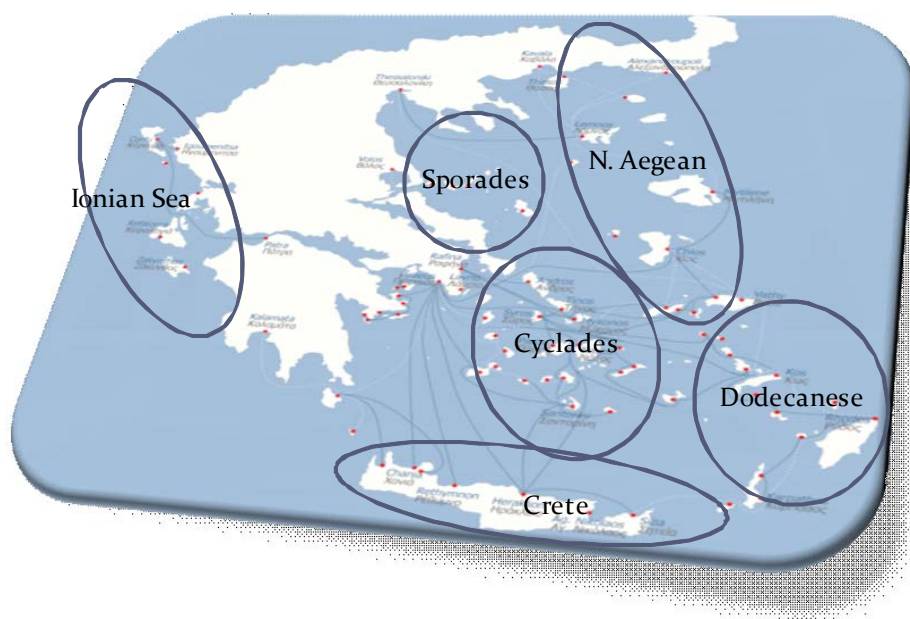


ANNUAL REPORT

ON THE

GREEK FERRY INDUSTRY

“New Players in a Mature Market”



June 2008

Consultants
to:



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EXECUTIVE SUMMARY

- Maturity in passenger, car and truck demand in both Greece and Adriatic Sea.
- The withdrawal from the markets of North Europe continues.
- Supply side in absolute vessel numbers appears to be rather steady.
- Fleet renewal strategies continue at a slower pace.
- Oil prices continue to ask significant pressure on companies' financial results. Nevertheless the strong Euro alleviates the "pain".
- Most companies show improved financial results due to:
 - i. Deregulation of freight rates,
 - ii. Non – operational income (vessel sales, restructuring of loans),
- Stronger than ever before ongoing mergers between the major market players.
- Greek ferry operators are in danger of losing their leading role in the Adriatic Sea
- Danger of oligopolistic conditions prevailing in the Aegean Sea.
- Competition is still strong
- Possible decline in bank credit due to the worldwide crises effects of the credit crunch.

1. INTRODUCTION

The year 2007 will be remembered by investors for two main things. The first relates to the bank credit crises triggered by the bubble created in the U.S. housing market and the second to the highest degree of shareholding activity in the Greek ferry companies. In addition to the write-offs of the billions of dollars from the majority of the banks around the globe due to losses in the housing subprime market, which has not been overcome yet despite the endless injection of cash by the Central Banks, another event, which is still shaking the global economy significantly, is the dramatic increase of commodities. Both agricultural products and precious metals traded in international markets have reached the highest levels in decades.

In this turbulent period Greek ferry companies make serious efforts to keep up with competition and retain their competitive advantage via a number of strategic decisions such as fleet redeployment, restructuring of internal operations, purchase of new vessels and discard of older fleet, restructuring of long-term and short-term liabilities, optimization of itineraries' schedules and creation of mergers, acquisitions and co-operations.

In the summer of 2007 a number of significant actions took place by investors leading in significant changes in the companies' shareholding structures. ATTICA GROUP is already in the phase of merger with BLUE STAR FERRIES after the acquisition of both companies by MARFIN INVESTMENT GROUP, ANEK LINES is controlled by the Cypriot company SEA STAR CAPITAL, which in its turn is controlled by Mr. I. Vardinogianis, MINOAN LINES is controlled by ATLANTICA DI NAVIGAZIONE which belongs to the GRIMALDI GROUP, NEL LINES increased its share capital by €16.7 million and finally, SAOS FERRIES merged with the listed company NIKOS GALIS.

A number of exogenous factors have affected the operations and thus the competitiveness of the ferry operators during 2007. Fuel oil prices still ask significant pressures on the financial results since the average increase of BRENT prices has reached the level of 12% compared to 2006. This increase has been partly absorbed by the strong Euro, which has reached its highest levels ever compared to the U.S. dollar. In reference to demand figures these appear to have reached a level of maturity since the numbers of transported passengers, cars and trucks appear to be rather steady in the last three years or so.

Present report examines the traffic and financial results of the Greek ferry market for 2007 focusing on the five (6) listed companies to the Athens Exchange (ANEK LINES, ATTICA GROUP, BLUE STAR FERRIES, MINOAN LINES, NEL LINES, SAOS FERRIES) and the non-listed HELLENIC SEAWAYS (HSW). Reference is also made to smaller in terms of size companies playing a significant role in the market.

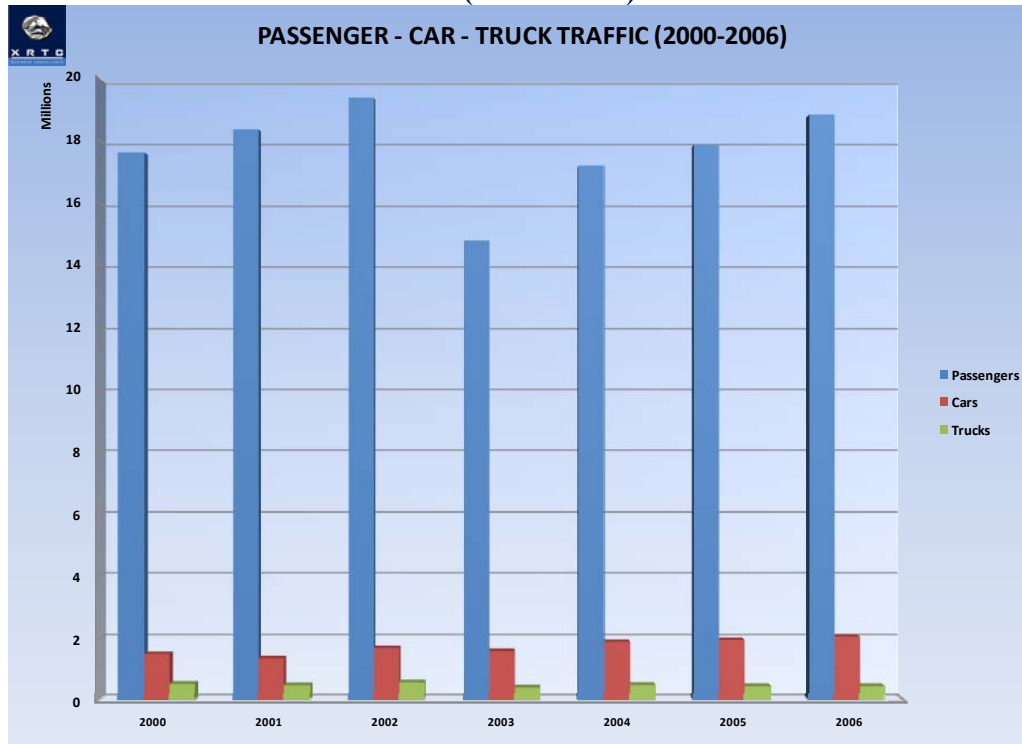
2. GREEK FERRY SECTOR MARKET PRESENTATION

2.1. MARKET OVERVIEW

According to published data of the National Statistical Service of Greece (N.S.S.G.) we see that the Greek ferry market has reached a level of maturity since traffic figures for passengers, car and trucks show signs of marginal increase, as presented in Figure 1, despite the fluctuations as in the case of passengers. The average increase in traffic volumes between 2001 and 2006 do not exceed the level of 2%, 5% and 1% for passengers, cars and trucks respectively. It should be pointed out that traffic volumes of short distances are not included here.

Special attention needs to be given in the significant fluctuations of passenger demand. These are attributed to the highest levels of elasticity passengers have compared to cars and trucks since this part of the demand is more sensitive to economic, financial, social and geopolitical changes which take place at national and international level. The above factors, in combination with the seasonality that characterises passenger demand make the task of capacity forecasting and scheduling rather complicated. Thus ferry operators tend to adjust and schedule the frequency of the provided service based on the demand with the least variance, which is trucks.

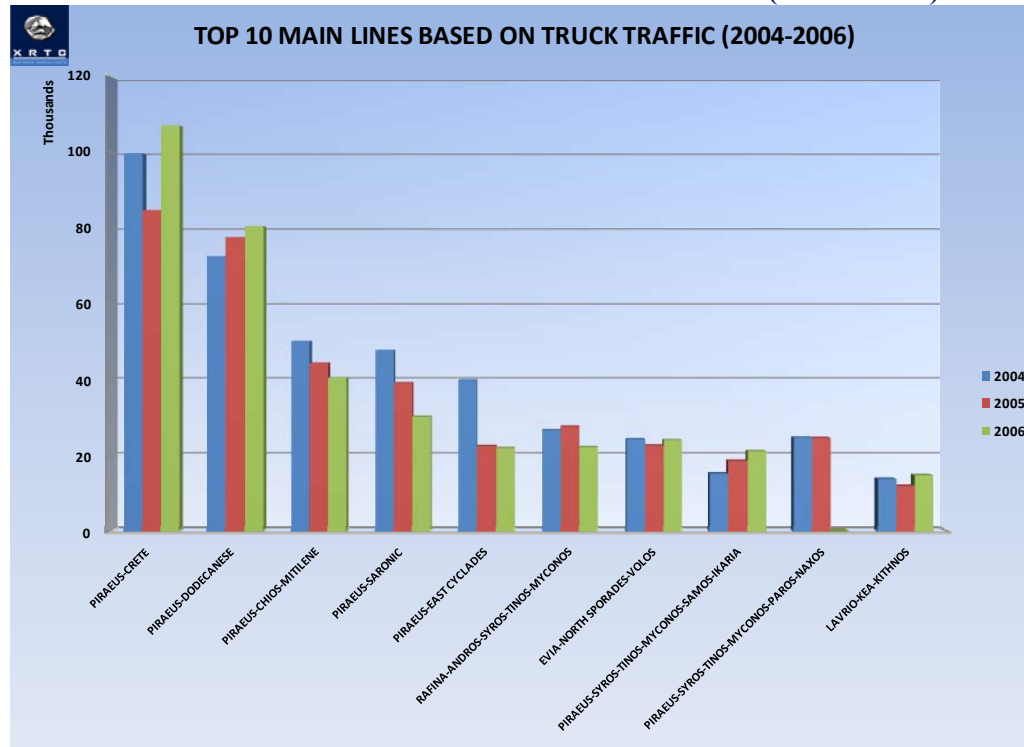
FIGURE 1: GREEK FERRY DEMAND (2001 – 2006)



Source: XRTC Ltd. - Business Consultants (Based on Data NSSG)

As seen in Figure 2, among the top ten itineraries with the highest truck traffic volumes are those of Crete, Dodecanese, Chios-Mitilene, Saronic and Cyclades. The marginal fluctuations in demand between 2004 and 2006, in the majority of the itineraries, strengthen the signs of maturity present in the Greek ferry market. Respective are the results in the cases of passengers and cars thus they are not presented in detail.

FIGURE 2: TOP 10 MAIN LINES BASED ON TRUCK TRAFFIC (2004 – 2006)



Source: XRTC Ltd. - Business Consultants (Based on Data NSSG)

2.2. DEMAND ANALYSIS OF LISTED COMPANIES AND HELLENIC SEAWAYS

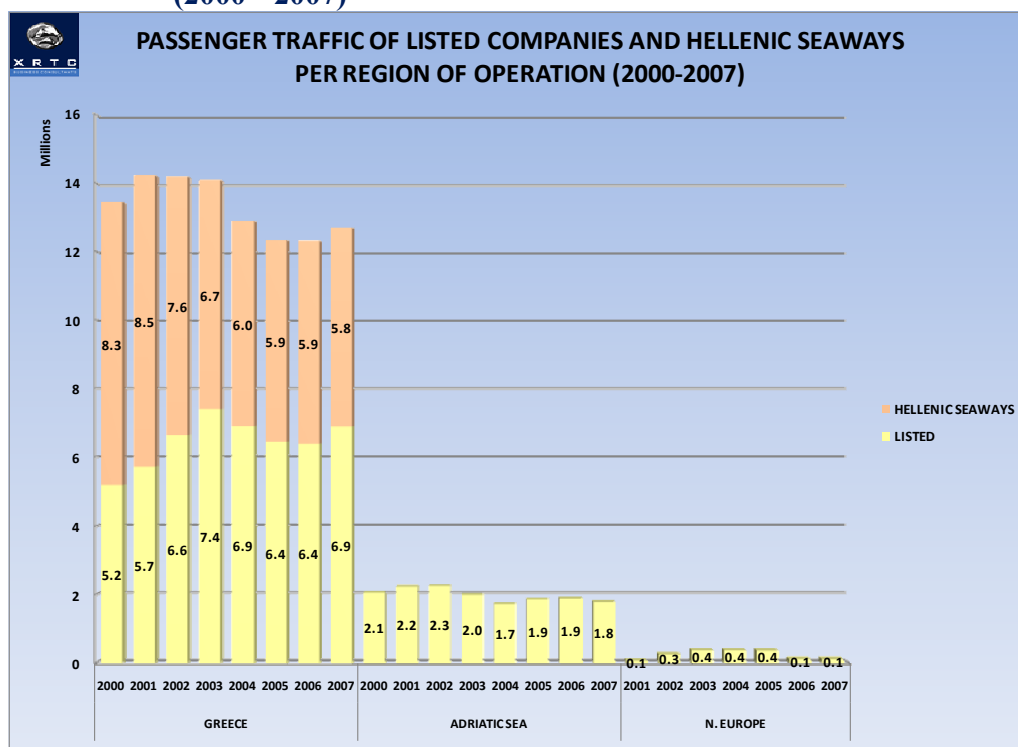
The analysis relates to the six companies listed in the Athens Exchange (ANEK LINES, ATTICA GROUP, BLUE STAR FERRIES, MINOAN LINES, NEL LINES, SAOS FERRIES) and HELLENIC SEAWAYS. Both the analysis of traffic in terms of passengers, cars and trucks and the analysis of offered capacity focus on the areas these companies operate; Greece, Adriatic and North Europe (Baltic and North Sea). When reading the report the following clarifications should be taken into account:

- Traffic data of SAOS FERRIES are included in the years 2006 and 2007

- Traffic data of ANEK LINES have been calculated based on the triangulation of traffic figures reported by the N.S.S.G. and the company's competitors in the itineraries it operates in. The method of data triangulation has been adopted due to the fact that the company prefers to report its traffic information in market shares per itinerary and not in absolute numbers like the rest of the listed and non-listed companies do.

As presented in Figure 3, passenger traffic of both listed companies to the Athens Exchange and HELLENIC SEAWAYS show signs of maturity. In the case of Greece passenger demand appears to fluctuate between 12 and 13 million after it peaked at 14 million between 2001 and 2003. In the Adriatic Sea the market shows stronger signs of stability with the Greek operators transporting around two million passengers per year. In the markets of North Europe (Baltic and North Sea) there is a dramatic decrease in passenger volumes due to the gradual exit of ATTICA GROUP from the region. Today the company operates in the itinerary of Scotland-Belgium only.

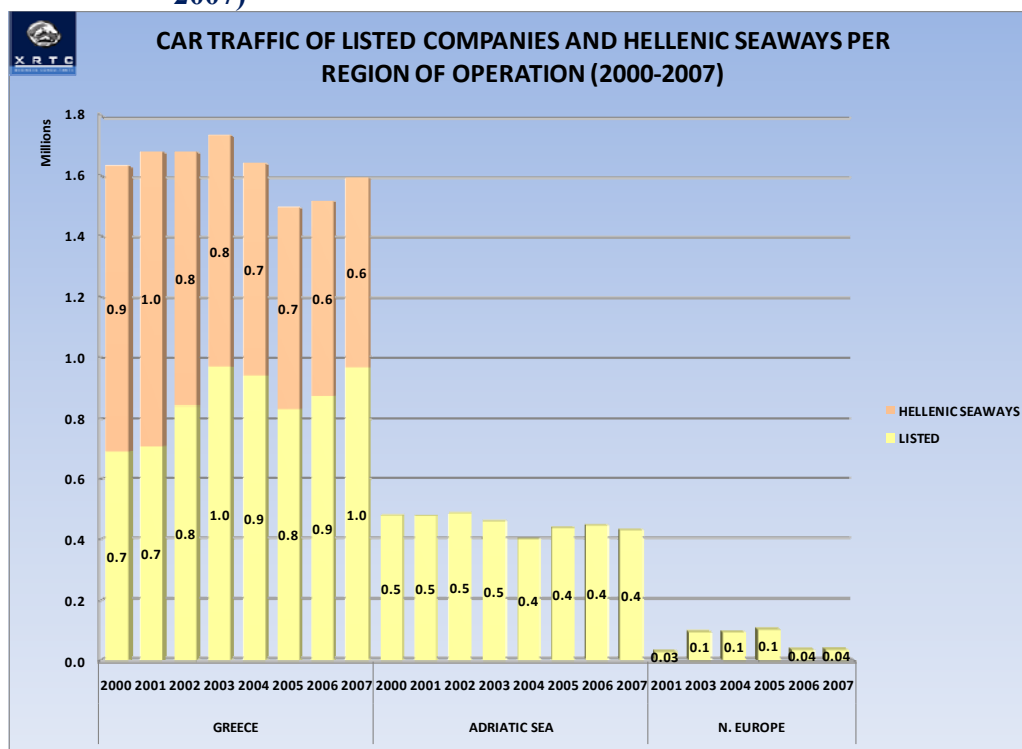
FIGURE 3: PASSENGER TRAFFIC OF LISTED COMPANIES AND HSW PER REGION OF OPERATION (2000 – 2007)



Source: XRTC Ltd. - Business Consultants

Car traffic demand appears to follow the same trend with the passenger one as presented in Figure 4. The Adriatic Sea market seems to be rather unchanged since 2000 with the average volume ranging between 400 and 500 thousand units. The decreasing trend in the car traffic figures of North Europe is due to the gradual exit of the only Greek listed company operating in the region.

FIGURE 4: CAR TRAFFIC OF LISTED COMPANIES AND HSW PER REGION OF OPERATION (2000 – 2007)

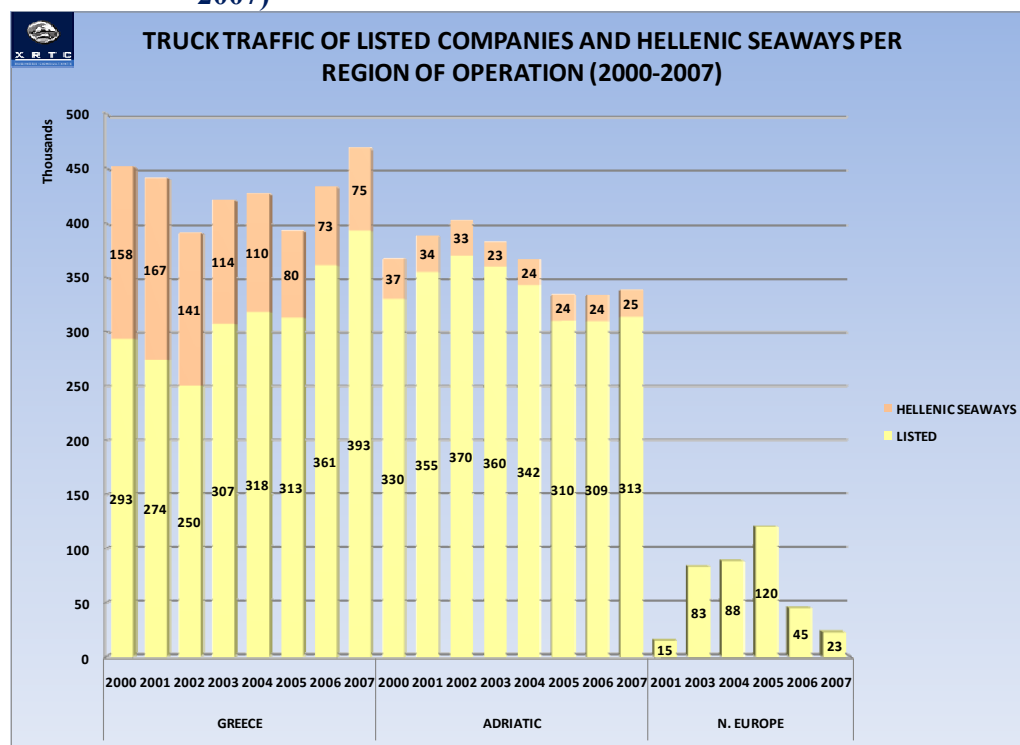


Source: XRTC Ltd. - Business Consultants

The truck market requires special attention in our analysis for both Greece and Adriatic Sea. North Europe results again show the exit of ATTICA GROUP from these markets. As illustrated in Figure 5, in the Greek market, truck traffic appears to have an average upward trend of +5% since 2000 for the listed ferry operators alone, with the exception of SAOS FERRIES where a +14% increase is observed between 2006 and 2007. It is worth mentioning at this point that after a long period of fluctuations around the 400 thousand units in truck traffic volumes, in 2007 demand exceeded the 450 thousand units.

As far as the Adriatic Sea market is concerned strong signs of maturity are present since, especially after 2003, truck traffic numbers have dropped below the 350 thousand units per year for the total of the listed ferry operators (NEL LINES and SAOS FERRIES do not operate in the area). HELLENIC SEAWAYS truck traffic numbers are aligned with the prevailing market conditions.

FIGURE 5: TRUCK TRAFFIC OF LISTED COMPANIES AND HSW PER REGION OF OPERATION (2000 – 2007)

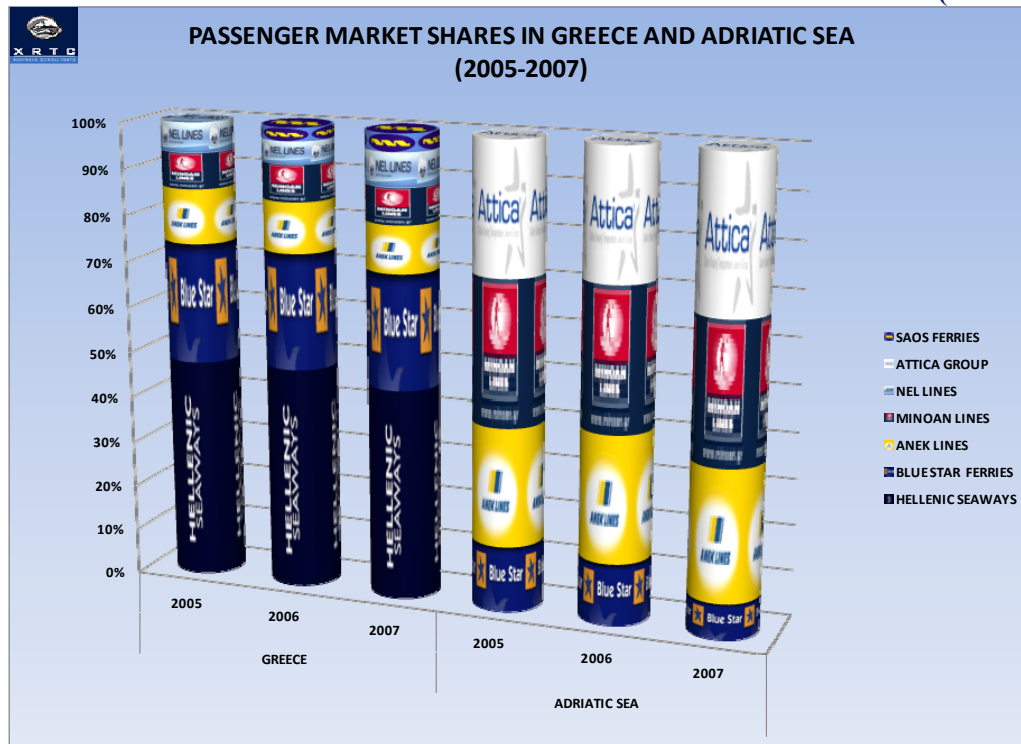


Source: XRTC Ltd. - Business Consultants

The results concerning the market shares of the ferry operators differ depending on the area of operation and the type of demand (passengers, cars, trucks). As illustrated in Figure 6, HELLENIC SEAWAYS holds around 50% of the passenger traffic in the Greek market, with BLUE STAR FERRIES and ANEK LINES following with 25% and 10% respectively. MINOAN LINES, NEL LINES and SAOS FERRIES appear to transport less than 10% of the passengers each, which is attributed to the limited operation of these companies in the area. It must be clarified here that in the case of HELLENIC SEAWAYS, passenger traffic of the Saronic area is also included, which represents the 2/5 of the company's clientele. Another interesting result is that there are no significant changes in the companies' market shares between 2005 and 2007, which can be partly explained by the fact that there have been no major itinerary or other operational changes.

In the Adriatic Sea MINOAN LINES and ANEK LINES possess 30% of the passenger traffic each, with ATTICA GROUP along with BLUE STAR FERRIES transporting around 40% of the total traffic. During the last three years market share levels remain steady with the exception of BLUE STAR FERRIES, which shows a decline due to the redeployment of its fleet in North Europe in order to cover the needs of ATTICA GROUP.

FIGURE 6: PASSENGER MARKET SHARES IN GREECE AND ADRIATIC SEA (2005 – 2007)

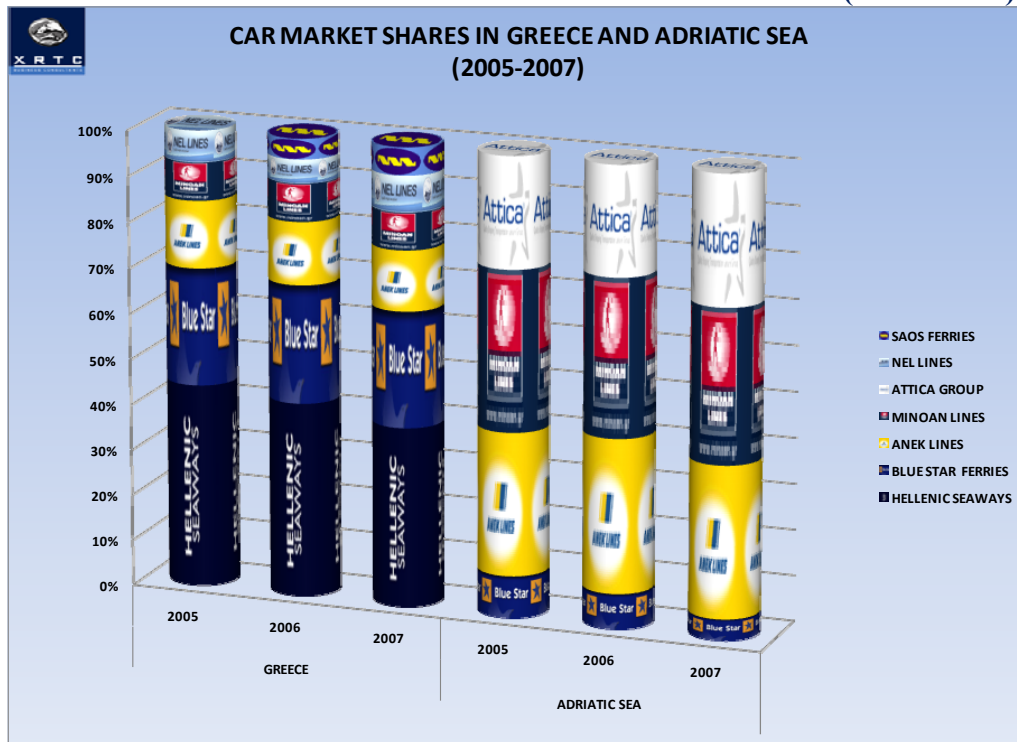


Source: XRTC Ltd. - Business Consultants

Car market shares in the Greek and Adriatic Sea markets have similar characteristic to the passenger ones. As seen in Figure 7, HELLENIC SEAWAYS is the dominant player in the Greek market with 40% of the traffic, with BLUE STAR FERRIES and ANEK LINES following with 25% and 13% respectively. It must be clarified here that in the case of HELLENIC SEAWAYS, car traffic of the Saronic area is also included, which represents the 2/5 of the company's clientele.

In the case of the Adriatic Sea things seem to be more evenly distributed among the ferry operators. As seen, each operator holds around 1/3 of the car traffic, which remains unchanged during the last three years. ATTICA GROUP and BLUE STAR FERRIES are considered to be as one company due to their ongoing merger.

FIGURE 7: CAR MARKET SHARES IN GREECE AND ADRIATIC SEA (2005 – 2007)

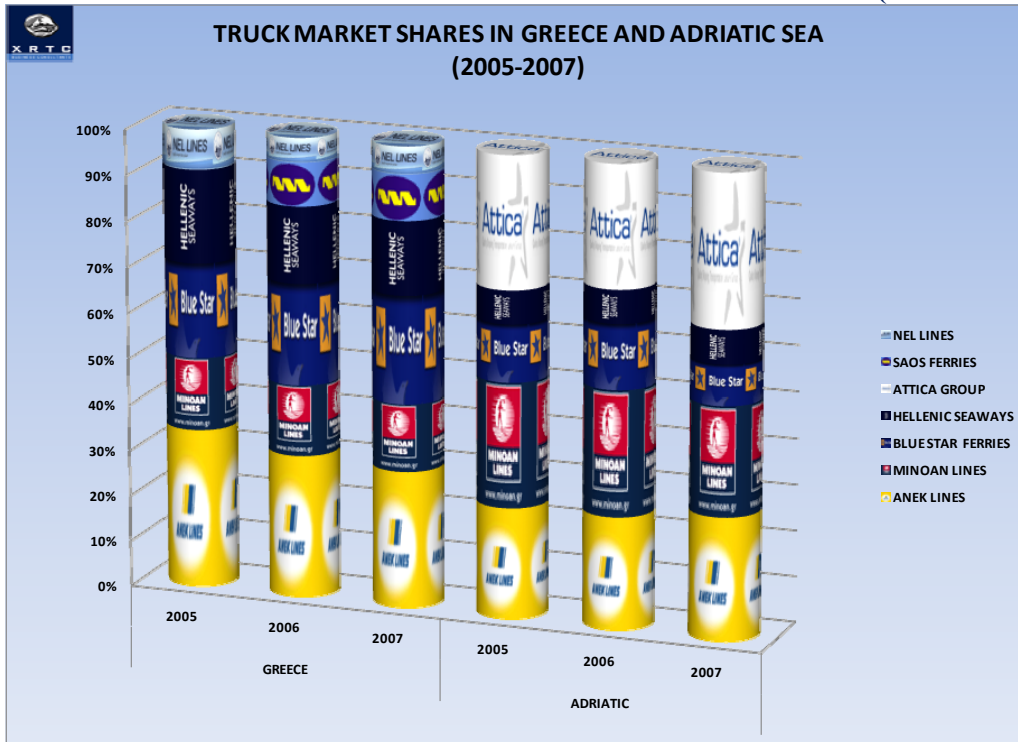


Source: XRTC Ltd. - Business Consultants

Truck traffic analysis presents a totally different image in terms of market share conditions. As illustrated in Figure 8, ANEK LINES possess more than 30% of the Greek market. BLUE STAR FERRIES, HELLENIC SEAWAYS and MINOAN LINES follow with 22%, 17% and 15% respectively. Significant is the presence of NEL LINES and SAOS FERRIES each serving a 6.5% of the truck market. It must be clarified here that in the case of HELLENIC SEAWAYS, truck traffic of the Saronic area is also included, which represents the 2/5 of the company's clientele.

As presented, both ATTICA GROUP and BLUE STAR FERRIES dominate the Adriatic Sea market, serving more than 40% of the trucks. ANEK LINES and MINOAN LINES follow with 26% and 25% respectively. HELLENIC SEAWAYS has also managed to obtain a 7.5% of the market share, sailing from the port of Korinthos unlike the rest of the ferry operators who prefer the port of Patra.

FIGURE 8: TRUCK MARKET SHARES IN GREECE AND ADRIATIC SEA (2005 – 2007)



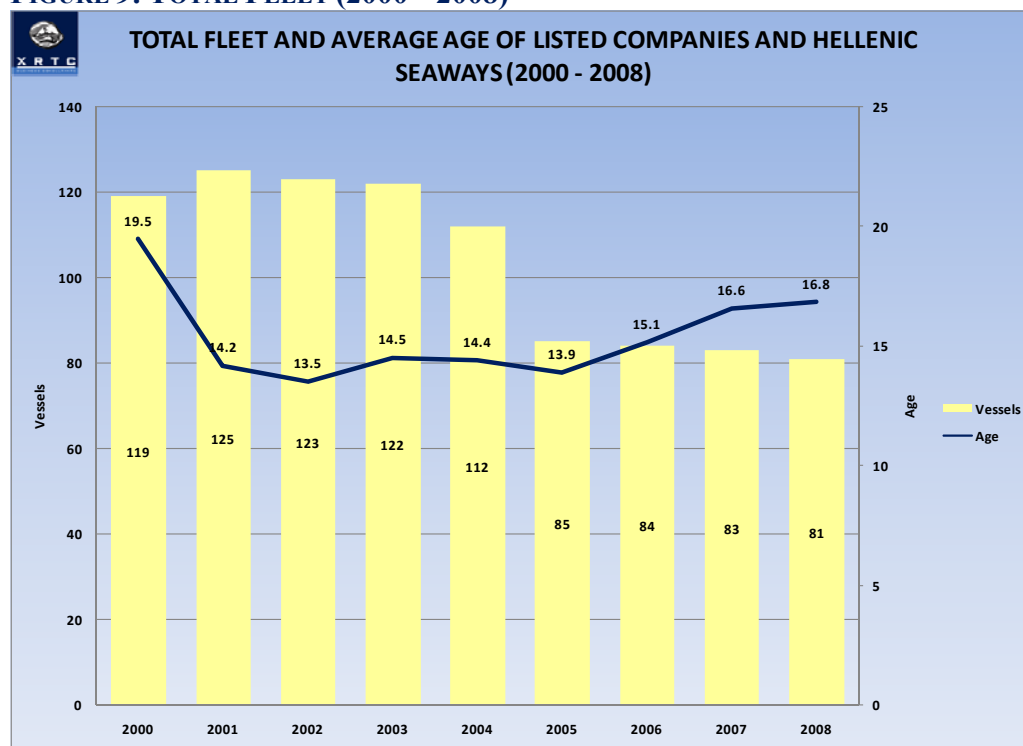
Source: XRTC Ltd. - Business Consultants

2.3. SUPPLY ANALYSIS OF LISTED COMPANIES AND HELLENIC SEAWAYS

As seen in Figure 9, the trend of fleet reduction in absolute vessel numbers, which started in 2001, continues until today. With the exception of 2005, where there is a sudden decline due to the fleet restructuring strategies of HELLENIC SEAWAYS the average rate of fleet reduction does not exceed the level to -2% annually. This reduction is attributed to the following reasons:

- The renewal strategies adopted by most ferry operators.
- The provision of higher quality services with the use of modern vessels.
- The divestment strategies adopted by some key players.

FIGURE 9: TOTAL FLEET (2000 – 2008)

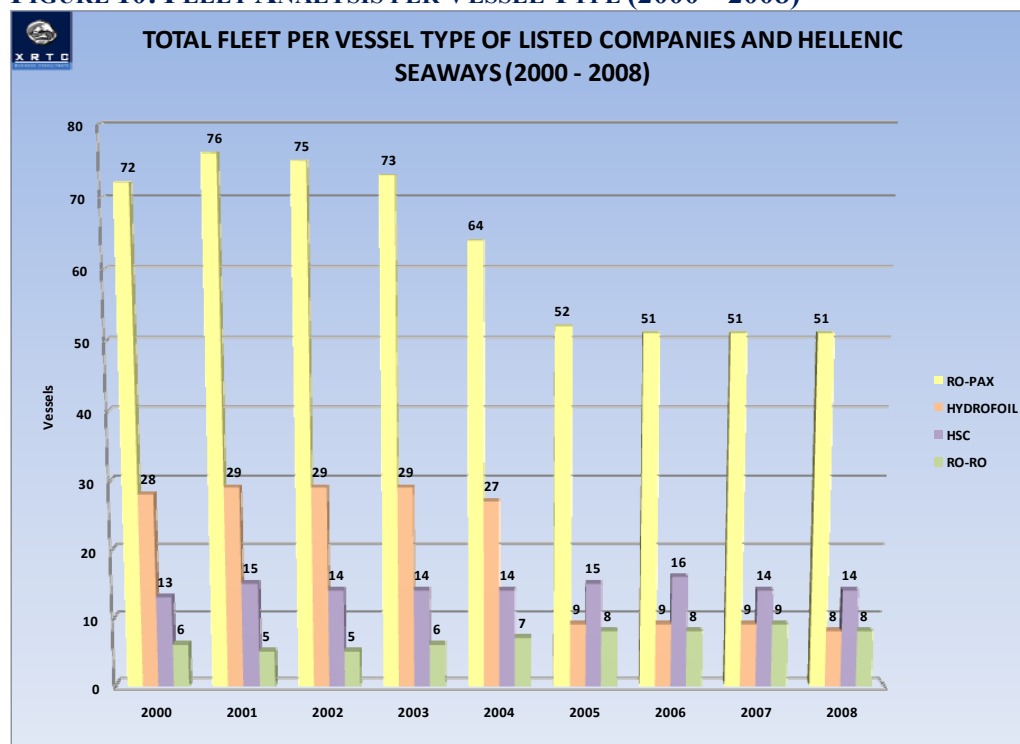


Source: XRTC Ltd. - Business Consultants

There is also significant decrease in the number of HYDROFOILS and RO-PAX vessels as illustrated in Figure 10. This decrease took place mainly between 2004 and 2005 due to the fleet renewal strategy of HELLENIC SEAWAYS. Since 2005 no significant changes have been reported. HELLENIC SEAWAYS, BLUE STAR FERRIES and NEL LINES added vessels to their fleets during the last three years each of them for different reasons:

- HELLENIC SEAWAYS purchased a series of second hand vessels and also had two new building projects (NISSOS CHIOS and NISSOS MYCONOS),
- BLUE STAR FERRIES via the acquisition of DANE LINES enlarged its fleet by an additional vessel, and
- NEL LINES via the acquisition of C-LINK also enlarged its fleet by another three units.

FIGURE 10: FLEET ANALYSIS PER VESSEL TYPE (2000 – 2008)

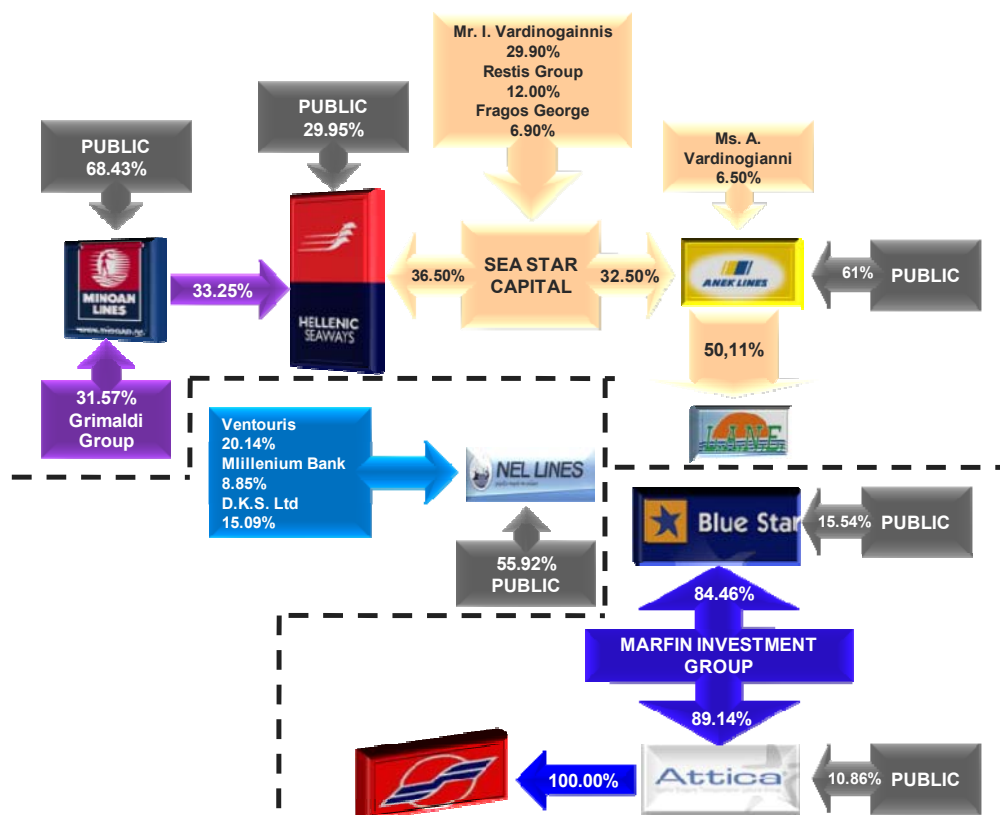


Source: XRTC Ltd. - Business Consultants

2.4. MARKET SHAREHOLDING STRUCTURES

The changes that took place during 2007 in the companies' shareholding structures were rather significant. Mr. P. Laskaridis sale of his shares in HELLENIC SEAWAYS and MINOAN LINES to SEA STAR CAPITAL (Mr. I. Vardinogiannis interests) and ATLANTICA DI NAVIGAZIONE (Mr. E. Grimaldi interests) respectively along with the purchase of ATTICA GROUP and BLUE STAR FERRIES by MARFIN INVESTMENT GROUP, which signalled the exit of Mr. P. Panagopoulos from the market belong to the main events of 2007. The public listing of SAOS FERRIES to the Athens Exchange via the NIKOS GALIS company and the intentions of HELLENIC SEAWAYS to follow, consist strong evidence that the sector aims to become public and more open to new investment ideas. There is still a lot of reported movement and more developments are expected, since in 2008 the press has frequently mentioned talks among investors who play key roles in the developments of the industry. In Figure 11 the shareholder structure of the Greek ferry market is presented. In Table 1 the main market characteristics of the Greek ferry sector are presented via the application of S.W.O.T. Analysis.

FIGURE 11: COMPANIES' SHAREHOLDING STRUCTURE 2008



Source: XRTC Ltd. - Business Consultants

TABLE 1: S.W.O.T. ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> Quality of management Fleet replacement Good relationships with banks Improved financial results Restructuring of operations 	<ul style="list-style-type: none"> Increase in the average age of the fleet Immediate taxes imposed on ticket fares Inefficient subsidies' system
Opportunities	Threats
<ul style="list-style-type: none"> Scope for more mergers and acquisitions Gradual investments in port infrastructure Possibilities for the creation on new itineraries in the Med and in Europe Need for new investments Subsidies by the European Union and the Greek State 	<ul style="list-style-type: none"> Delay in the completion of the national ferry transportation network Lack of port infrastructure Lack of vessels in the global market Fuel cost Reduced fleet in the Greek market Increased competition (Adriatic Sea) Crisis in international banking system

Source: XRTC Ltd. - Business Consultants

3. MARKET FINANCIAL ANALYSIS

According to European legislation 1606/2002 and based on the Greek state law 3229/2004 (as amended from state law 3301/2004) Greek companies listed in any Stock Market (Local or abroad) are obliged to publish their consolidated financial statements based on the international financial standards as of 01.01.2005. Thus the financial data used in this report starting from 2004 onwards are published based on these international standards. The financial analysis to follow focuses on the following basic categories:

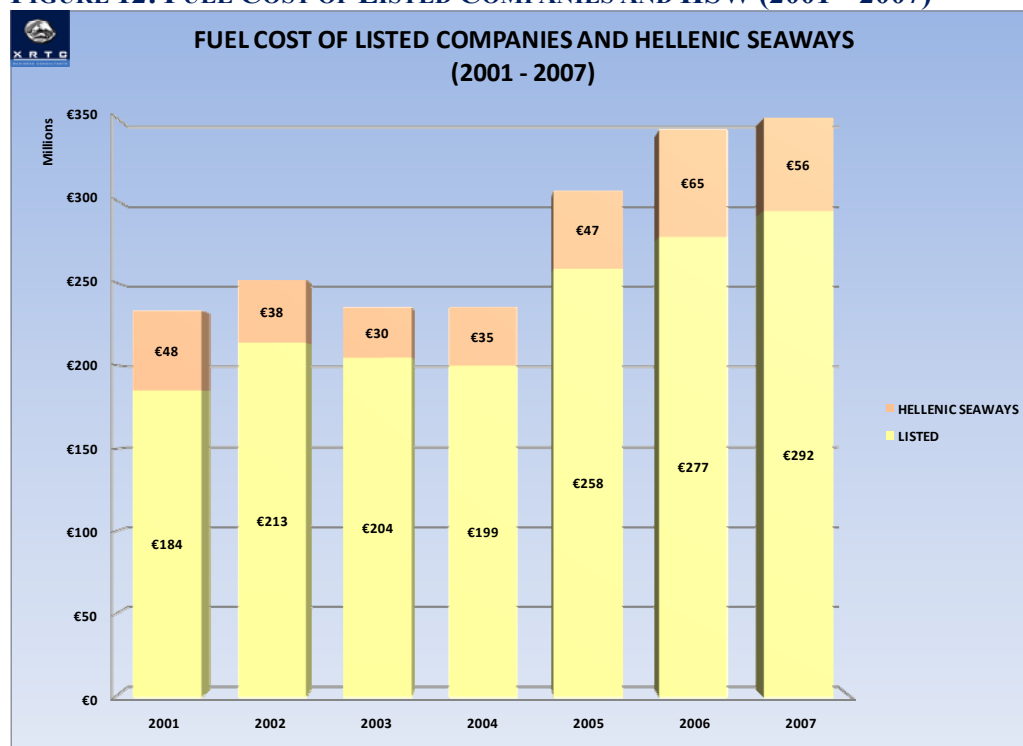
- Cost analysis,
- Total turnover from operations,
- EBITDA,
- Net results before tax
- Bank debt
- Financial ratios

The report will present the market analysis which consists from data deriving from the six listed ferry companies in the Athens Exchange – namely ANEK LINES, ATTICA GROUP, BLUE STAR FERRIES, MINOAN LINES, NEL LINES, SAOS FERRIES and HELLENIC SEAWAYS, the sole non-listed ferry company which is considered due to its fleet size, numerous destinations as well as financial performance and size.

3.1. COST ANALYSIS

The price increase of bunkers during the past three years has substantially burdened the financial results for each and every company individually and further more the results of the companies operating high speed vessels the consumption of which is notably higher than that of the conventional vessels and additionally the type of fuel consumed is also higher in price than that consumed by conventional vessels. In 2007 bunker costs per barrel increased by +12% compared to 2006. This increase was partly absorbed by the strong Euro. The positive effects of the strong Euro can be partly seen in Figure 12 where the increase in 2007 is of just +2% compared to 2006. This marginal increase is also attributed to the restructuring of the itineraries and the optimisation of the provided services.

FIGURE 12: FUEL COST OF LISTED COMPANIES AND HSW (2001 – 2007)

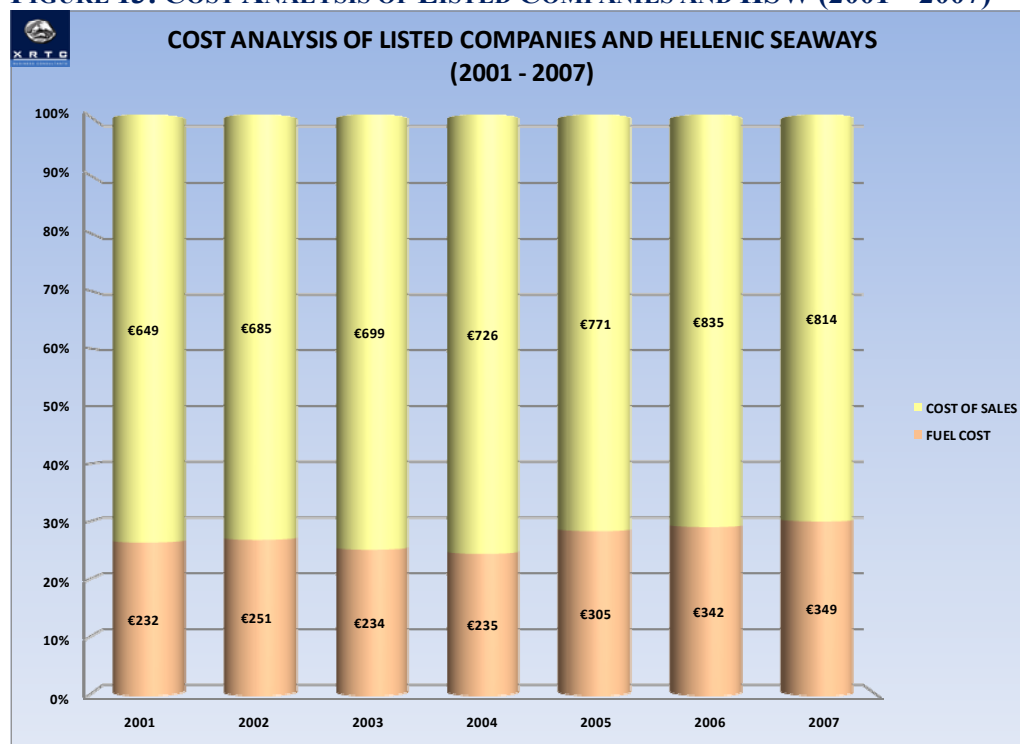


Source: XRTC Ltd. - Business Consultants

It is worth mentioning that despite the increase in the operational expenses and the fuel cost, which consists 30% (Figure 13) of the total operational cost, the average annual increase since 2001 is around +5% which can be explained by:

- The efforts to retain the rest of the operational expenses at low levels.
- The adoption of fuel hedging practises.
- The fuel premium added on the ticket prices.

FIGURE 13: COST ANALYSIS OF LISTED COMPANIES AND HSW (2001 – 2007)

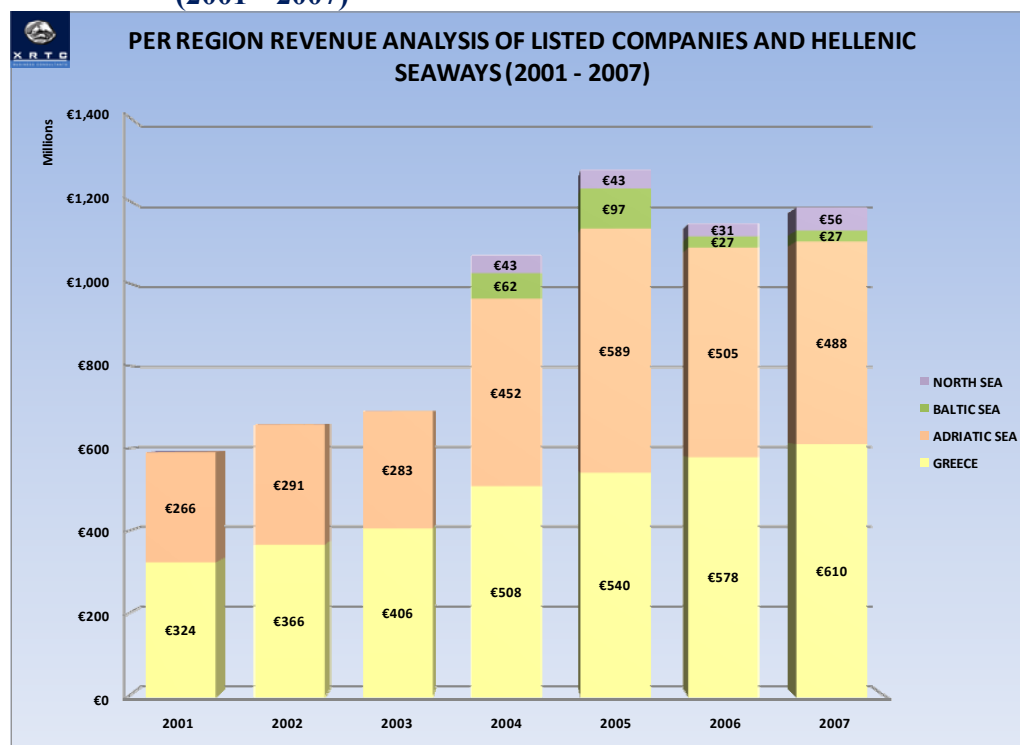


Source: XRTC Ltd. - Business Consultants

3.2. REVENUE ANALYSIS

Revenues for the six listed companies and HELLENIC SEAWAYS appear to vary between €1.0 and €1.2 billion during the last four years (Figure 14). This result is attributed to the doubling of the revenues in the Adriatic Sea and the annual average increase of +6% in Greece. In North Europe the exit of ATTICA GROUP from the region has significantly resulted in the decrease of revenues. It must be clarified also that Greek ferry operators charter their vessels abroad. Companies such as MINOAN LINES, HELLENIC SEAWAYS and NEL LINES obtained significant revenues via the adoption of such practices.

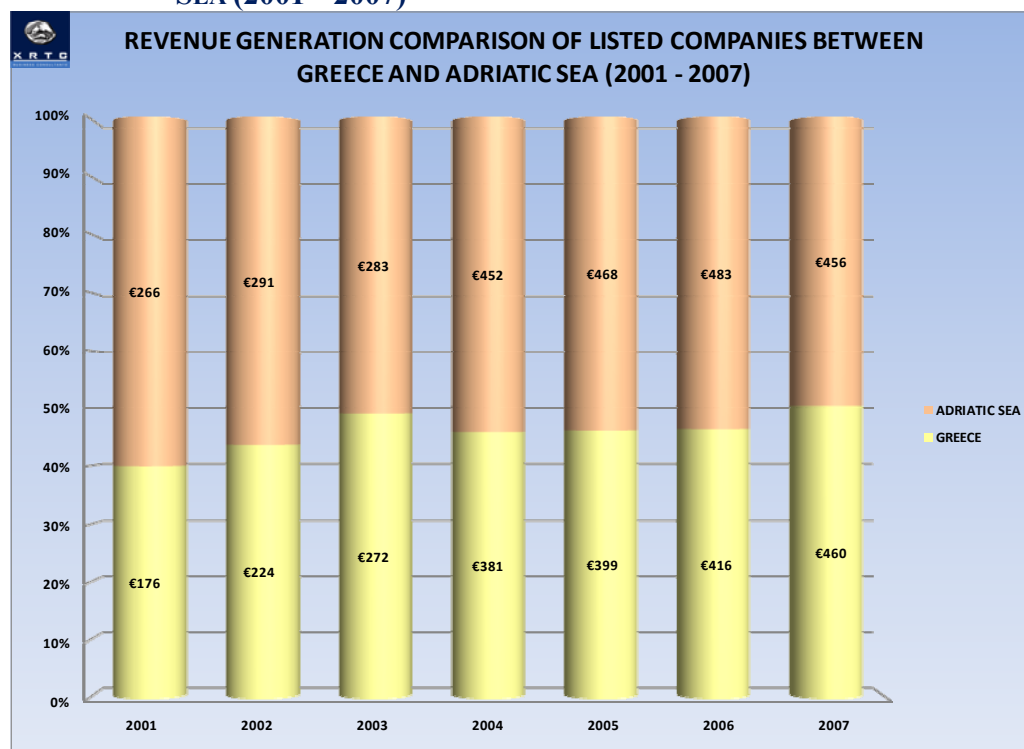
FIGURE 14: REVENUE ANALYSIS PER REGION OF OPERATION OF LISTED COMPANIES AND HSW (2001 – 2007)



Source: XRTC Ltd. - Business Consultants

In reference to the main areas of operation (Adriatic Sea and Greece) 2007 appears to be the first year for the listed companies alone, since 2001, where revenues from both regions are evenly distributed. As presented in Figure 15, between 2001 and 2006, about 55% to 57% of the total revenues were generated in the Adriatic Sea. In 2007 Adriatic Sea revenues appear to shrink. It is to be seen if this trend will continue or not.

FIGURE 15: REVENUE COMPARISON OF LISTED COMPANIES BETWEEN GREECE AND ADRIATIC SEA (2001 – 2007)

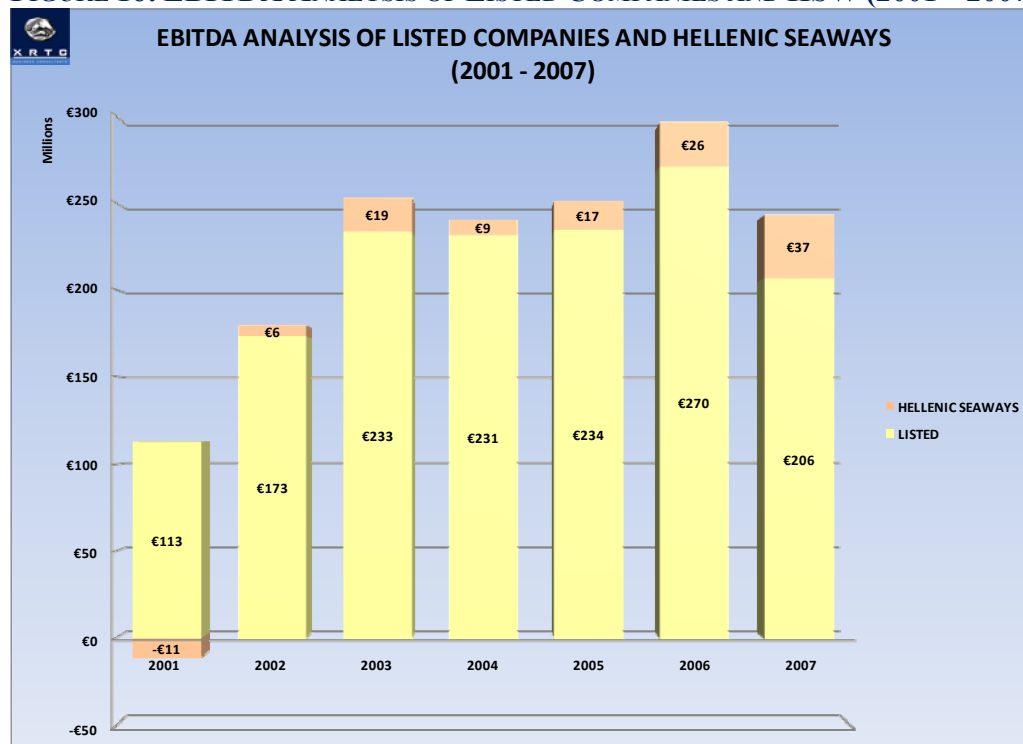


Source: XRTC Ltd. - Business Consultants

3.3. *EBITDA ANALYSIS*

Market EBITDA results present a significant decline of -20% in 2007 compared to 2006 after the significant increase of +18% in 2006 compared to 2005 (Figure 16). This is mainly due to the fact that most of the ferry companies with the exception of BLUE STAR FERRIES reported significantly lower results. For instance ANEK LINES, MINOAN LINES and NEL LINES reported a decrease in their EBITDA results of -17%, -25% and -95% respectively.

FIGURE 16: EBITDA ANALYSIS OF LISTED COMPANIES AND HSW (2001 – 2007)

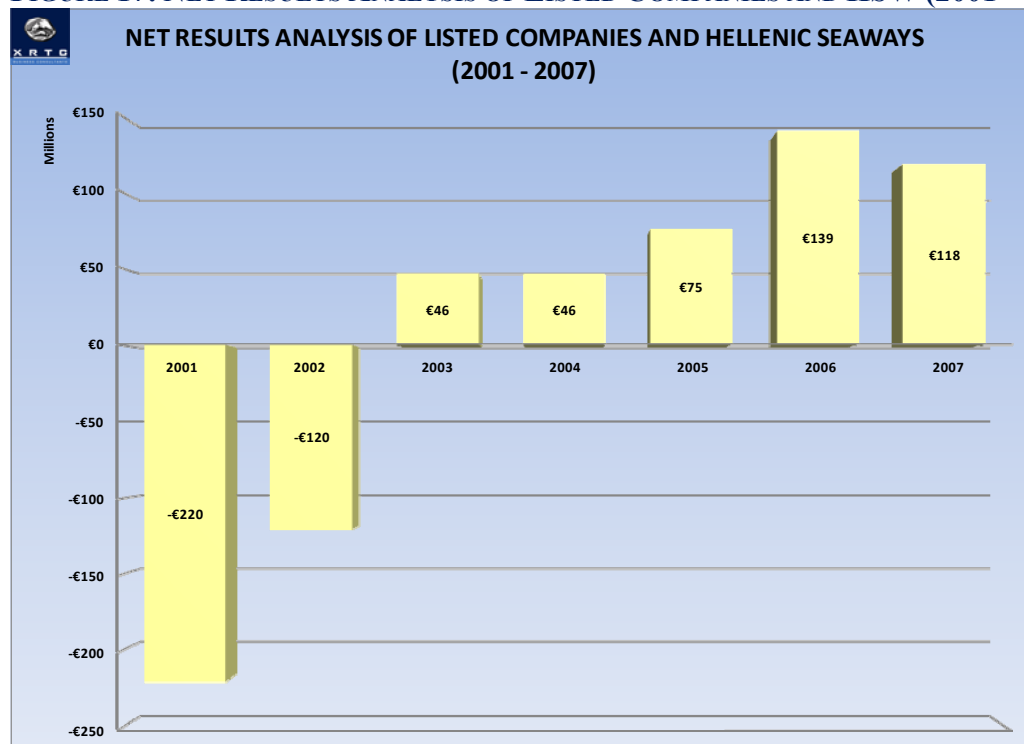


Source: XRTC Ltd. - Business Consultants

3.4. NET RESULTS ANALYSIS

Net results are lower by -15% in 2007 compared to 2006, as presented in Figure 17. Companies seem to be affected by fuel prices and by the high competition levels that exist in some itineraries. Characteristic is the case of ANEK LINES stating that revenues were affected in the itinerary of Piraeus – Chania due to competition by HELLENIC SEAWAYS. Most ferry operators report lower net results with the exception of ATTICA GROUP and BLUE STAR FERRIES. ANEK LINES, MINOAN LINES, NEL LINES and SAOS FERRIES have their net results decreased by -47%, -19%, -130% and -85% respectively.

FIGURE 17: NET RESULTS ANALYSIS OF LISTED COMPANIES AND HSW (2001 – 2007)



Source: XRTC Ltd. - Business Consultants

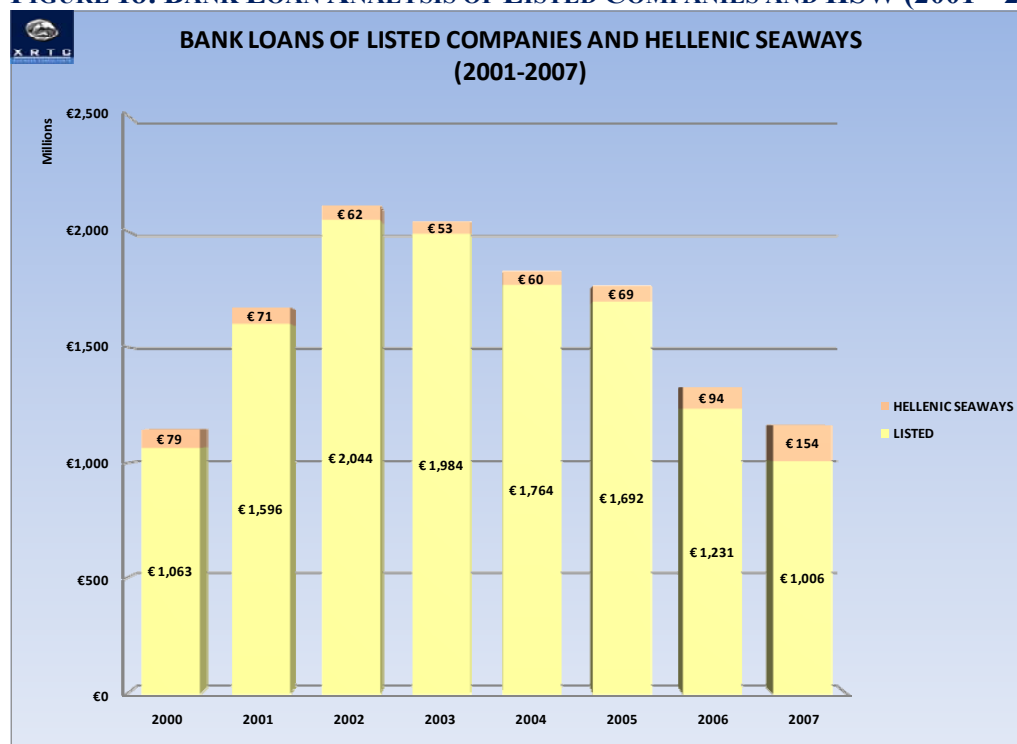
3.5. BANK LOAN ANALYSIS

In 2007 shipping finance continued to grow at the same pace like previous years in the ferry sector, despite the shrinking of the portfolios of the banks supporting the sector. After five years or more the banking market completed significant syndication loans worth millions of Euros for the listed companies MINOAN LINES and ANEK LINES. Nevertheless the most active company in ferry finance was HELLENIC SEAWAYS due to its heavy investment program.

As presented in Figure 18, in 2007 bank loan outstanding decreased by -12% compared to 2006. Since 2002 bank loans have decreased at a level -44% due to:

- The rational annual repayment profiles following the restructurings.
- The sale of assets thus the repayment of corresponding loan portions.

FIGURE 18: BANK LOAN ANALYSIS OF LISTED COMPANIES AND HSW (2001 – 2007)



Source: XRTC Ltd. - Business Consultants

3.5.1. A NEW ERA IN FERRY FINANCING

After the significant loan restructurings that took place during the previous years in order to deal with the overestimated repayment expectations created by the syndication loans at the beginning of the decade a new era for ferry financing begun. The significant investments in new building projects by HELLENIC SEAWAYS triggered the market. The result was the restructuring of the company's loans via the creation of the first syndication loan worth €154 million, with the participation of the French bank Natixis, the National Bank of Greece, Piraeus Bank, Alpha Bank and First Business Bank.

The entrance of Mr. P. Laskaridis in MINOAN LINES after the purchase of Mr. P. Panagopoulos stake in July 2007 resulted in the biggest syndication loan of the year in the form of Club Deal. The successful management of Mr. P. Laskaridis and Mr. G. Strintzis in HELLENIC SEAWAYS was applied in MINOAN LINES by the former with the assistance of the company's Managing Director Mr. A. Maniadakis. Thus, 10 banks, out of which five were Greek (National Bank of Greece, Alpha Bank, Piraeus Bank, Emporiki Bank and EFG Eurobank) and five foreign (Natixis Bank and BNP Paribas from France, Deutsche Schiffsbank and Bayersche Hypovereinse Bank from Germany and Citibank from the USA) participated in a bond structured loan in the form of Club Deal of €375

Consultants to:

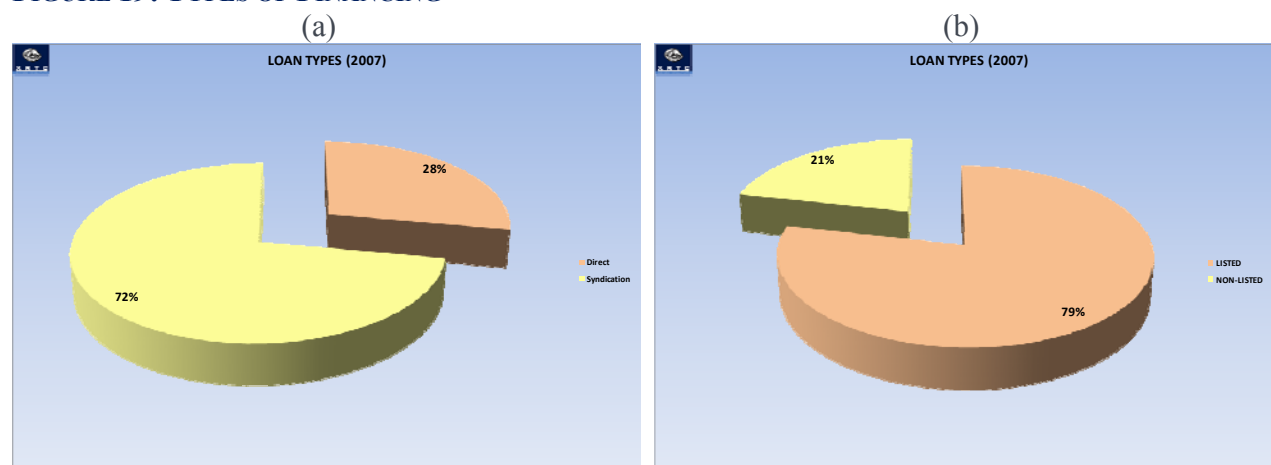


million. The most recent loan in the ferry market for the year 2007 is that of Piraeus Bank, National Bank of Greece, Alpha Bank, Emporiki Bank, Attica Bank and Natixis Bank with ANEK LINES. All syndication loans refinance existing loans but with better terms for the ferry operators. Of importance is also the syndication loan of National Bank of Greece and Natixis Bank for the recently listed to the Athens Exchange company of SAOS FERRIES. The company turned into bank lending after a long period of investing with personal equity. Ferry companies were also supported by banks with the provision of direct loans during 2007. Among the loans raised are those of Millennium with NEL LINES, Citibank with BLUE STAR FERRIES, Natixis Bank with G.A. FERRIES, National Bank of Greece with AGOUDIMOS LINES and First Business Bank with SEA JETS HSC.

At this point it must pointed out, that apart from the financing of assets there have been cases where the acquisition of shareholding stakes has been financed by banks. These strategic decisions have been supported by Marfin, EFG Eurobank and Millennium, Deutsche Bank, Credit Suisse First Boston and Cyprus Bank. This type of financing is not included in our analysis for the Greek ferry market.

As seen in Figure 19, the financing of the Greek ferry companies is made mainly via syndication loans (72%). Listed companies to the Athens Exchange prefer syndication loans to raising loans directly by the banks, with the exceptions of SUPERFAST and NEL LINES, which have close relations with KFW Bankengruppe and Millennium respectively. All non-listed companies prefer bilateral loans.

FIGURE 19: TYPES OF FINANCING



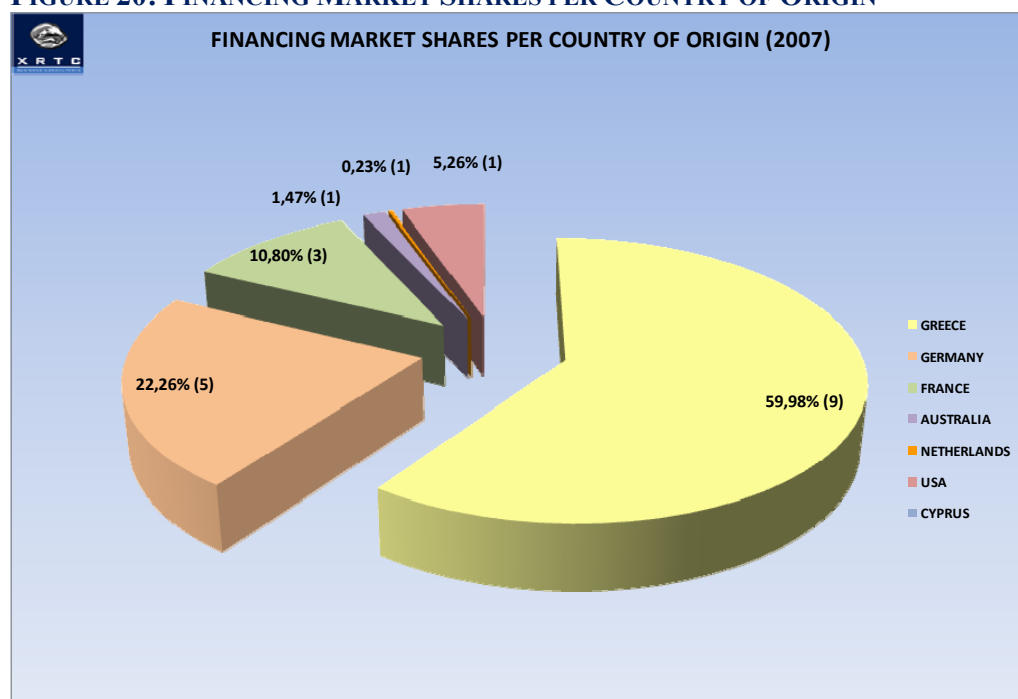
Source: XRTC Ltd. - Business Consultants

3.5.1. BANK LOAN ANALYSIS OF THE FERRY INDUSTRY

The crises in the financing of the Greek ferry industry during the period 2002-2005, reshaped the structure of the banking sector. As seen in Figure 20, Greek institutions dominate the market possessing about 60% of the total financing in the ferry market in 2007 compared to the 27% in 2004. It is worth mentioning that in 2004 the respective market share for the German banks was around 48%. This percentage today has decreased at 22.3%, which is mainly attributed to the sale of the SUPERFAST fleet, which was financed by the German Bank KfW Bunkengruppe and to the exit of many German banks from the specific market. Characteristic is the result that in 2004 there were 11 active German banks in the Greek ferry financing sector and today only four exist. French banks come third with 11% compared to 7% in 2004 overtaking those from the USA (2004: 7.5%, 2007: 5.26%) and the Netherlands (2004: 8%, 2007: 0.23%). The main reason of the high penetration of the French banks is the entrance of Natixis Bank in the Greek market, which has an international experience in the sector and a network of experienced consultants.

It is important to stress that banking institutions which supported and assisted considerably in the growth of the Greek ferry sector in the past, have either exited the market or participate with small amounts today. For instance, banks such as the American JP Morgan, The French Calyon, the Dutch Fortis, the Norwegian Nordea and others are no longer present.

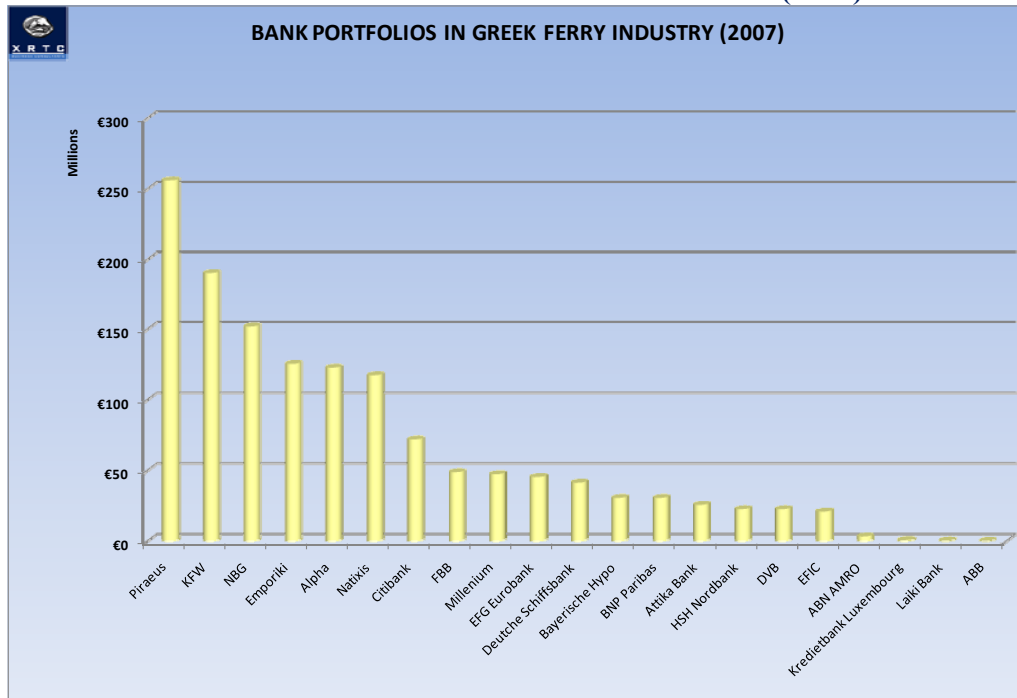
FIGURE 20: FINANCING MARKET SHARES PER COUNTRY OF ORIGIN



Source: XRTC Ltd. - Business Consultants

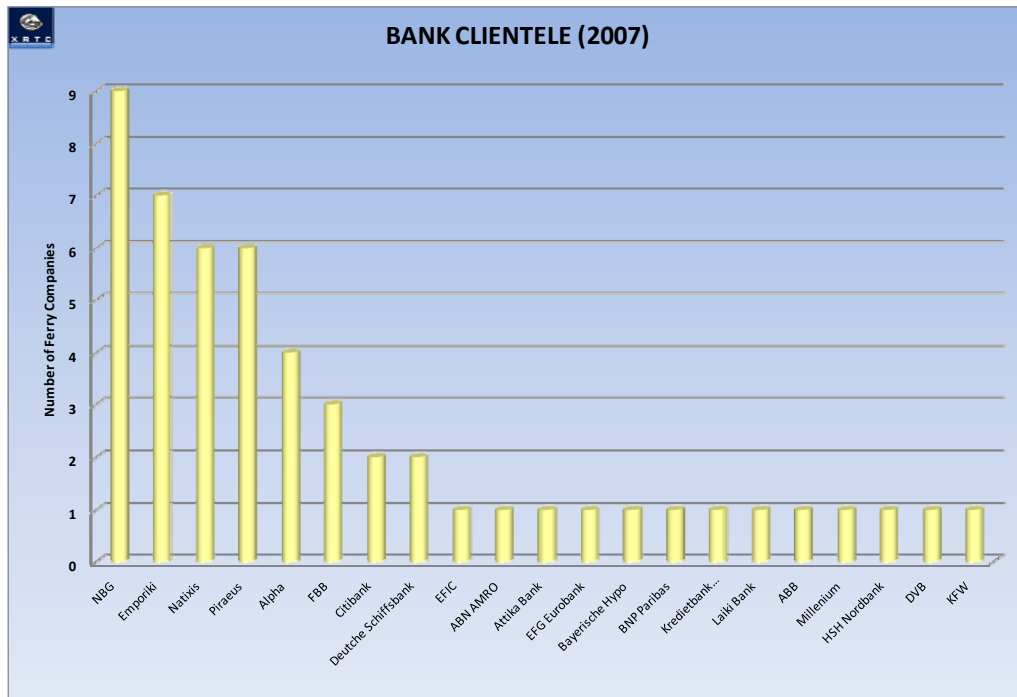
As seen in Figure 21, only seven banks have portfolios of more than €50 million and six out of the top ten are Greek with Piraeus Bank leading. From the 34 banks that used to be active in the market today 21 banks exist. From those, 13 have only one relation with a Greek ferry company, and six have more than three customers. National Bank of Greece supports most companies (9) followed by Emporiki (7), Natixis Bank (6) and Piraeus Bank (6) as presented in Figure 22. Finally, First Business Bank has three customers and Citibank and DSB Bank two.

FIGURE 21: BANK PORTFOLIOS IN GREEK FERRY INDUSTRY (2007)



Source: XRTC Ltd. - Business Consultants

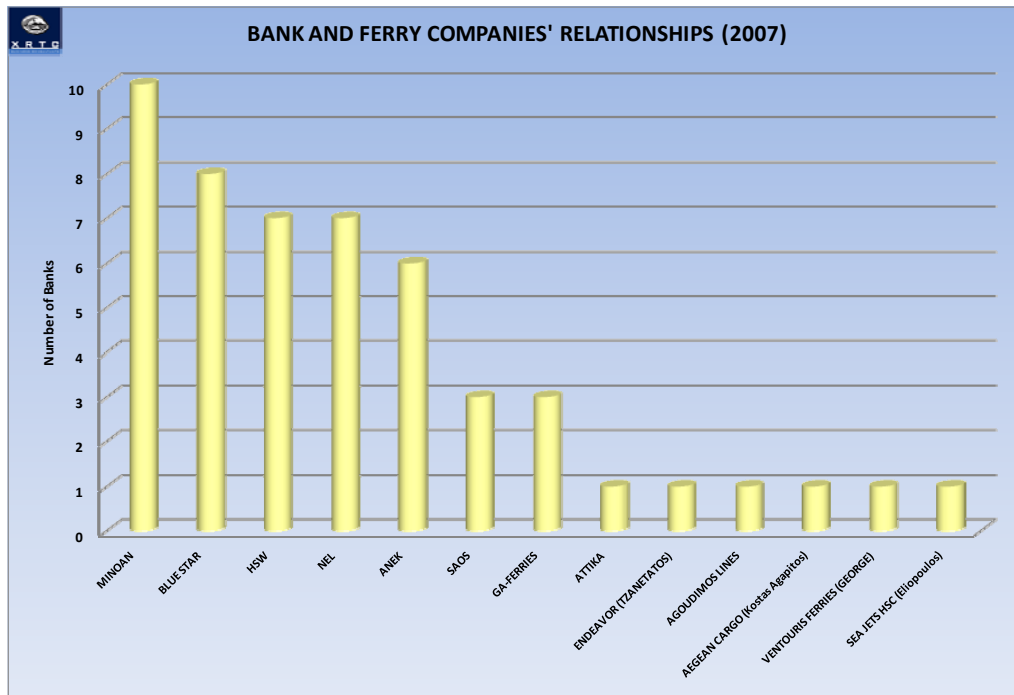
FIGURE 22: BANK CLIENTELE



Source: XRTC Ltd. - Business Consultants

In reference to the relations of ferry operators with banking institutions, MINOAN LINES appears to have most relationships due to the syndication loan raised in 2007. As illustrated in Figure 23, BLUE STAR FERRIES follow with eight relationships and HELLENIC SEAWAYS and NEL LINES with seven. Characteristic is the case of ANEK LINES which raised the second biggest syndication loan by six banks only.

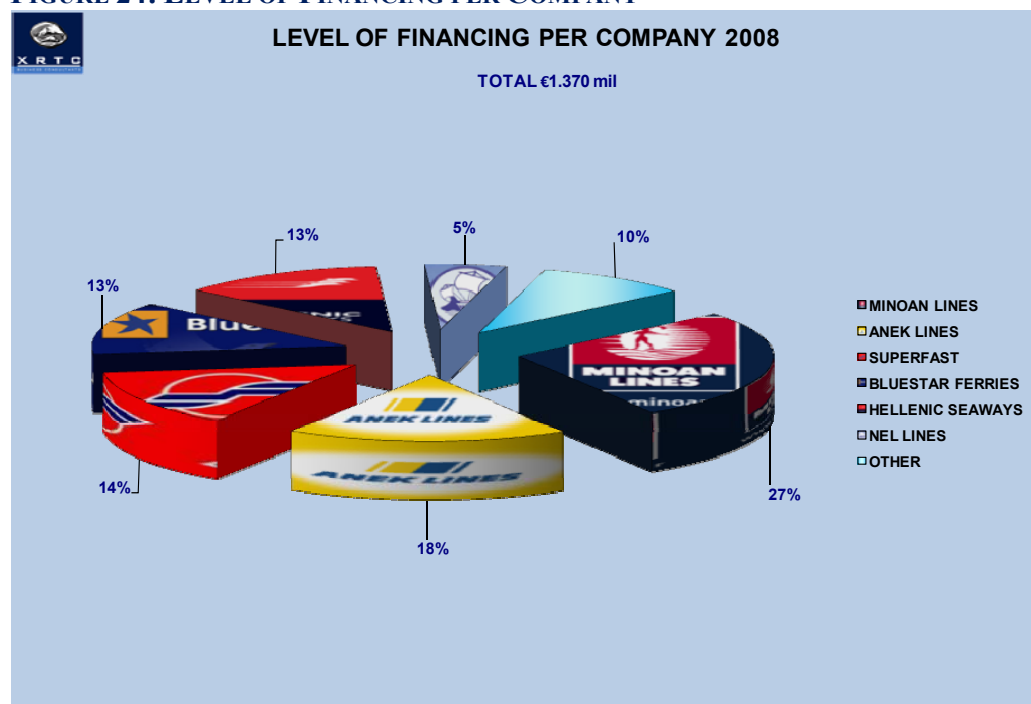
FIGURE 23: RELATIONSHIPS BETWEEN BANKS AND FERRY OPERATORS



Source: XRTC Ltd. - Business Consultants

In the present study 14 ferry companies have been identified, with bank loans which sum up to €1.4 billion. It is most likely that more loans exist and have been raised by smaller ferry operators with the assistance of regional branches or other banking institutions abroad and have not been officially reported for different reasons. Based on the data available, MINOAN LINES have the highest loan stake as presented in Figure 24.

FIGURE 24: LEVEL OF FINANCING PER COMPANY



Source: XRTC Ltd. - Business Consultants

3.6. COMPANY COMPARATIVE ANALYSIS

Table 2 presents a comparative analysis of the listed companies to the Athens Exchange and HELLENIC SEAWAYS aiming at providing a clearer view of the financial status of each company individually and of the sector as a whole. As seen, ANEK LINES and HELLENIC SEAWAYS present the highest equity results and SAOS FERRIES the lowest.

In terms of bank debt MINOAN LINES and SAOS FERRIES have the lowest indices despite the significant improvement of the latter in comparison to 2006. ATTICA GROUP and BLUE STAR FERRIES show the highest results with HELLENIC SEAWAYS being at the same level (around 0.8). These results are not of any concern for the companies since they are far from the danger zone of not being able to meet their loan liabilities.

Special attention needs to be paid by the ferry operators to their cost structure since it is at high levels compared to their revenues. With the exception of NEL LINES which presents a significant decrease in its total costs in 2007 compared to 2006 the rest of the operators continue to report high cost of sales, which can be partly explained by the fuel costs.

TABLE 2: COMPANY FINANCIAL COMPARISON BASED ON INDICATIVE INDICATORS (2006 – 2007)

RATIO	YEAR	ANEK LINES	ATTICA GROUP	BLUE STAR FERRIES	HELLENIC SEAWAYS	MINOAN LINES	NEL LINES	SAOS FERRIES
Revenues/ Total Equity	2006	2.29	0.72	0.66	0.79	0.75	0.46	0.38
	2007	1.17	0.62	0.74	0.80	0.70	0.64	0.44
Bank Loans/ Total Liabilities	2006	0.74	0.77	0.85	0.55	0.76	0.39	0.28
	2007	0.69	0.80	0.82	0.78	0.50	0.58	0.36
Cost of Sales/ Revenues	2006	0.74	0.71	0.64	0.77	0.71	1.29	0.82
	2007	0.76	0.70	0.65	0.74	0.62	0.30	0.94
Total Equity / Total Liabilities	2006	0.33	0.88	1.04	1.22	0.62	0.41	2.05
	2007	0.71	1.14	1.15	1.15	0.69	0.56	1.24
Net Results before Tax/ Interest Expense	2006	1.55	1.40	2.58	2.23	0.73	6.26	-7.35
	2007	0.69	2.63	2.20	2.42	0.66	-1.03	-4.76

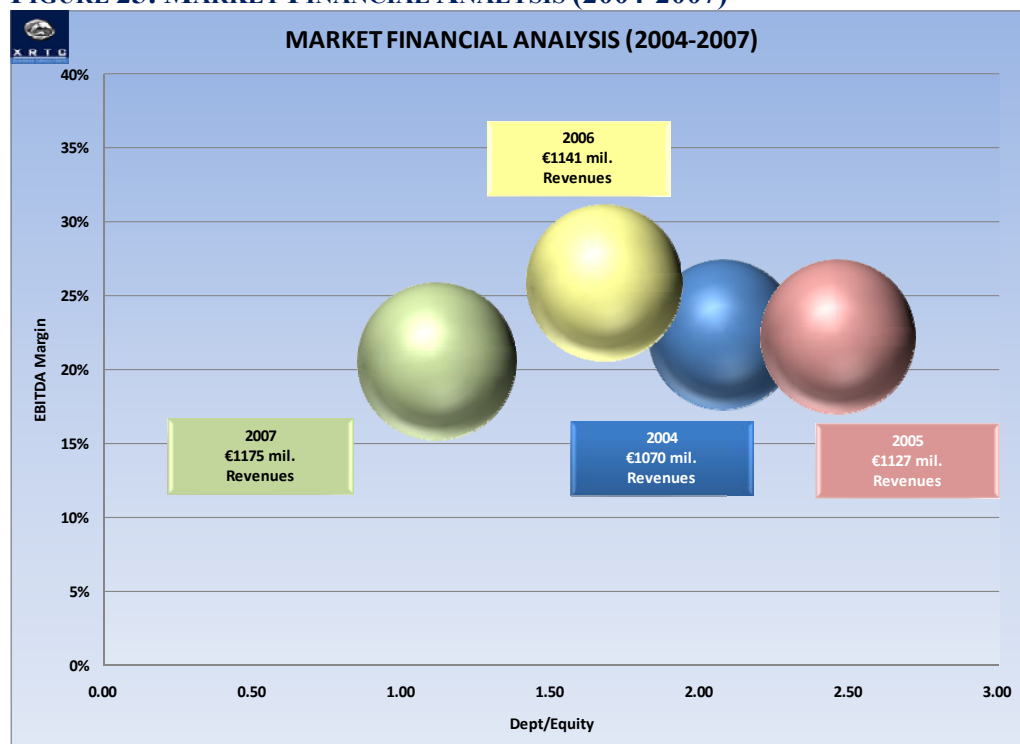
Source: XRTC Ltd. - Business Consultants

The trend of decreasing bank debt is clearly seen in the Total Equity/Total Liabilities ratio. Most companies, present improved results, with the exception of SAOS FERRIES and HELLENIC SEAWAYS, which increased the level of bank debt due to their investment programs. Finally, the ability of ferry operators to meeting their interest expenses seems to be strong for most companies. Still there is a minority (NEL LINES, SAOS FERRIES) showing signs of concern.

Analysing the market as a whole (Figure 25) a marginal increase of +2% in the revenues of 2007 is seen compared to 2006, reaching the highest level of last four years (2004-2007). EBITDA results seem to vary between 21% (2007) and 26% (2006) during the same period. Significant is also the decrease of the Dept/Equity ratio at the lowest level (1.1) showing the shrinking of bank debt which is attributed to:

- The repayment of outstanding loans.
- The sale of a series of vessels from various companies and the repayment of the corresponding debt.

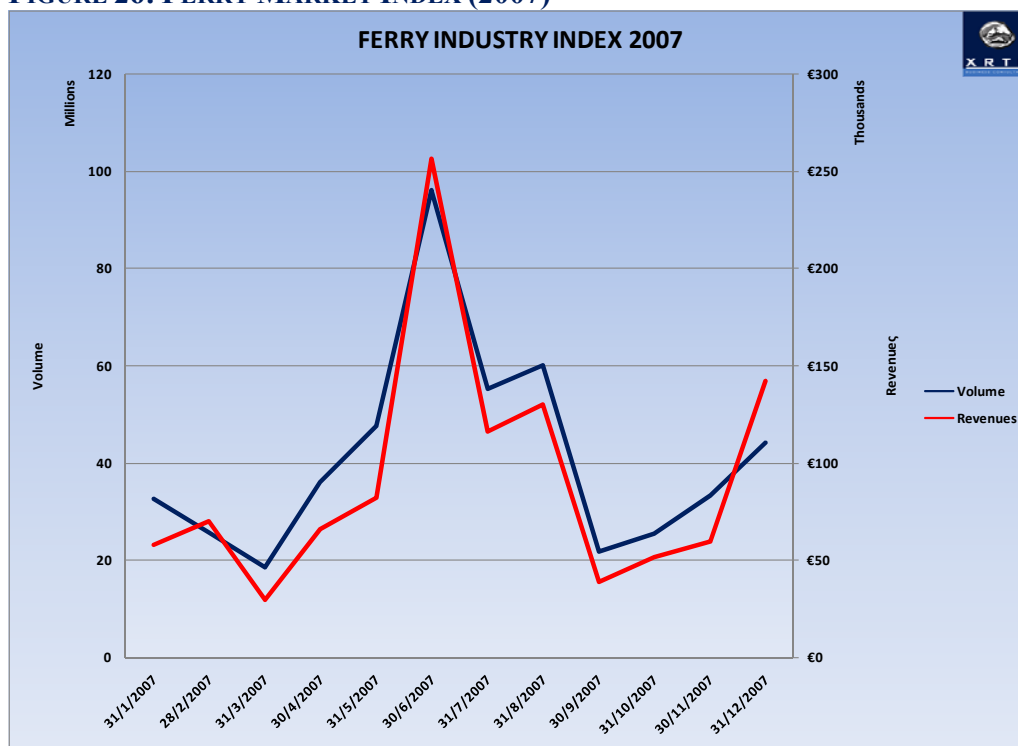
FIGURE 25: MARKET FINANCIAL ANALYSIS (2004-2007)



Source: XRTC Ltd. - Business Consultants

Aiming at picturing the course of the listed companies in the stock market an index has been created based on the average monthly traded volume (Figure 26). The revenues based on the traded volumes are also shown in the right hand axis. The fluctuations illustrated depict the developments that have taken place in the sector and are attributed either to developments in the global markets or changes in the shareholding structures of the companies. For instance the summer pick is attributed to the significant movement reported in MINOAN LINES, ANEK LINES and NEL LINES either via share capital increases or via the sale and purchase of big stakes. The involvement of MARFIN INVESTMENT GROUP via the purchase of ATTICA GROUP and BLUE STAR FERRIES in the sector can also explain the increase of the index during the fall.

FIGURE 26: FERRY MARKET INDEX (2007)



Source: XRTC Ltd. - Business Consultants

4. COMPANY PRESENTATION AND ANALYSIS

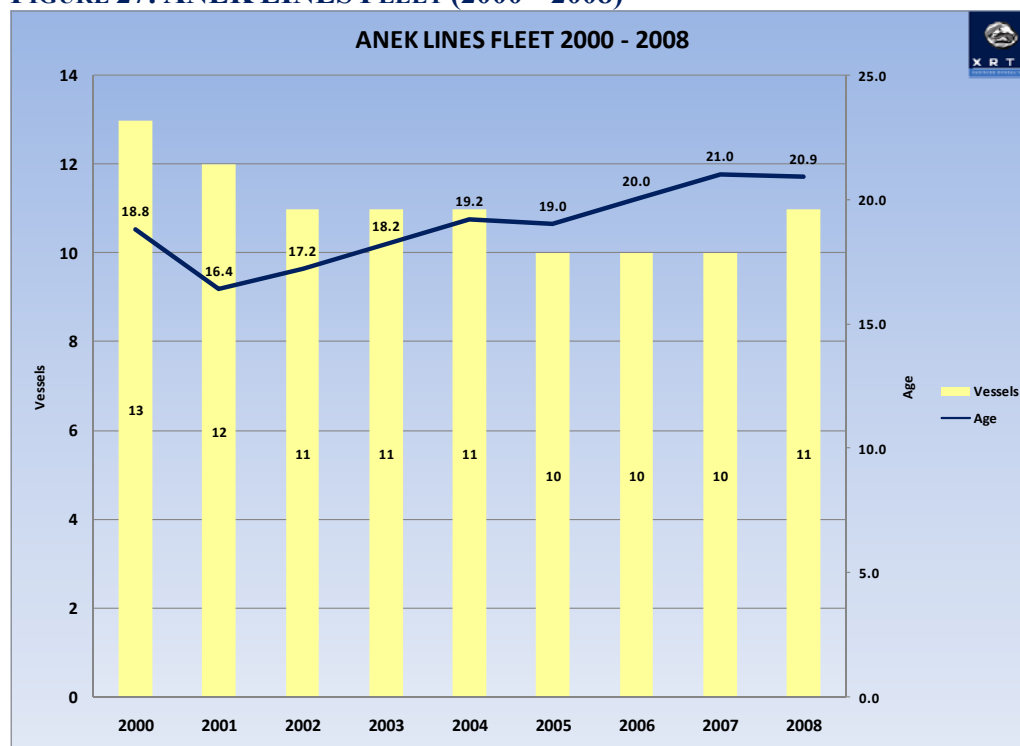
The basic characteristics of each listed company (ATTICA GROUP, BLUE STAR, HELLENIC SEAWAYS, MINOAN LINES, ANEK, NEL) are presented in the analysis that follows. Emphasis is given in financial and traffic figures. Information on other basic market players is also shown based on data availability.

4.1. LISTED COMPANIES TO THE ATHENS EXCHANGE

4.1.1. ANEK LINES

The company continues its fleet renewal strategy via the second-hand market with the most recent being the purchase of RO-PAX ELYROS from Japan. The fleet's growth along with its average age since 2000 is presented in Figure 27.

FIGURE 27: ANEK LINES FLEET (2000 – 2008)



Source: XRTC Ltd. - Business Consultants

Today the company operates 11 RO-PAX vessels deployed in the areas of Adriatic Sea and Crete. One is chartered in COTAVAN and one is under construction (Table 3).

TABLE 3: ANEK LINES FLEET DEPLOYMENT 2008

Vessel Type	Number	Area of Operation
RO-PAX	4	ADRIATIC SEA
RO-PAX	4	CRETE
RO-PAX	2	CHARTERED
RO-PAX	1	UNDER CONSTRUCTION

Source: XRTC Ltd. - Business Consultants

The year 2007 has not been as fruitful as 2006. As presented in Table 4 both EDITDA and net results decreased significantly. The increase in the fuel cost prices along with the marginal growth in revenues have been the main reasons for the increase in the operating costs. In the positive side belongs the decrease in the company's long-term liabilities by -17% after the restructuring of its loans. In 2007 there has been a lot of movement in company's shareholding structure. After the purchase of the 14% of the company's shares in 2006 by Mr. E. Grimaldi, ANEK LINES managed to buy this share back, increase its share capital and purchase the stake of Mr. P. Laskaridis in HELLENIC SEAWAYS via SEA STAR CAPITAL. Today Mr. I Vardinogannis controls via SEA STAR CAPITAL both ANEK LINES and HELLENIC SEAWAYS.

TABLE 4: ANEK LINES MAIN FIGURES (2006 – 2007)

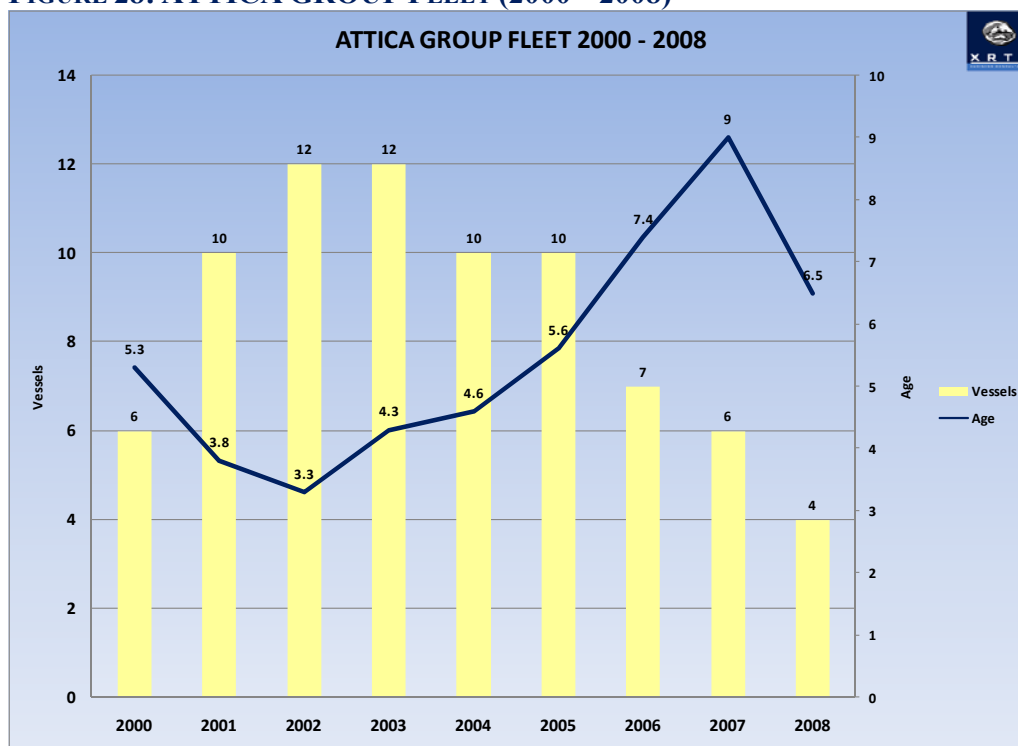
	2006	2007	Δ%
Passenger Traffic	1,870,000	1,811,000	-3.2%
Car Traffic	358,000	353,000	-1.4%
Truck Traffic	217,000	231,000	6.5%
Revenues	€254,718,000	€254,332,000	-0.2%
EBITDA	€52,430,000	€43,500,000	-17.3%
Net Results	€23,541,000	€12,284,000	-47.8%
Cost of Sales	€188,989,000	€194,059,000	2.7%
Fuel Cost	€67,662,000	€74,592,000	10.3%
Long-Term Liabilities	€261,393,000	€216,957,000	-17.0%
Share Price (31 st Dec.)	€1.09	€2.26	107.5%

Source: XRTC Ltd. - Business Consultants

4.1.2. ATTICA GROUP

The acquisition by of ATTICA GROUP by MARFIN INVESTMENT GROUP is the main event of 2007. The company has sold most of its fleet reaching the level of four vessels (Figure 28). The average age of its fleet has not exceeded that of 12 years since the philosophy of the company has been the operation of young and quality vessels.

FIGURE 28: ATTICA GROUP FLEET (2000 – 2008)



Source: XRTC Ltd. - Business Consultants

The company operates only in the Adriatic Sea area with four RO-PAX vessels (Table 5) and in the North Sea with one vessel which belongs to BLUE STAR FERRIES with which is under merger.

TABLE 5: ATTICA GROUP FLEET DEPLOYMENT 2008

Vessel Type	Number	Area of Operation
RO-PAX	4	ADRIATIC SEA

Source: XRTC Ltd. - Business Consultants

The increase in the net results (+57%) and the marginal decrease in the EBITDA results (-2%) is due to:

- Increase in revenues from stocks and participations in other companies,
- Low cost of operations

TABLE 6: ATTICA GROUP MAIN FIGURES (2006 – 2007)

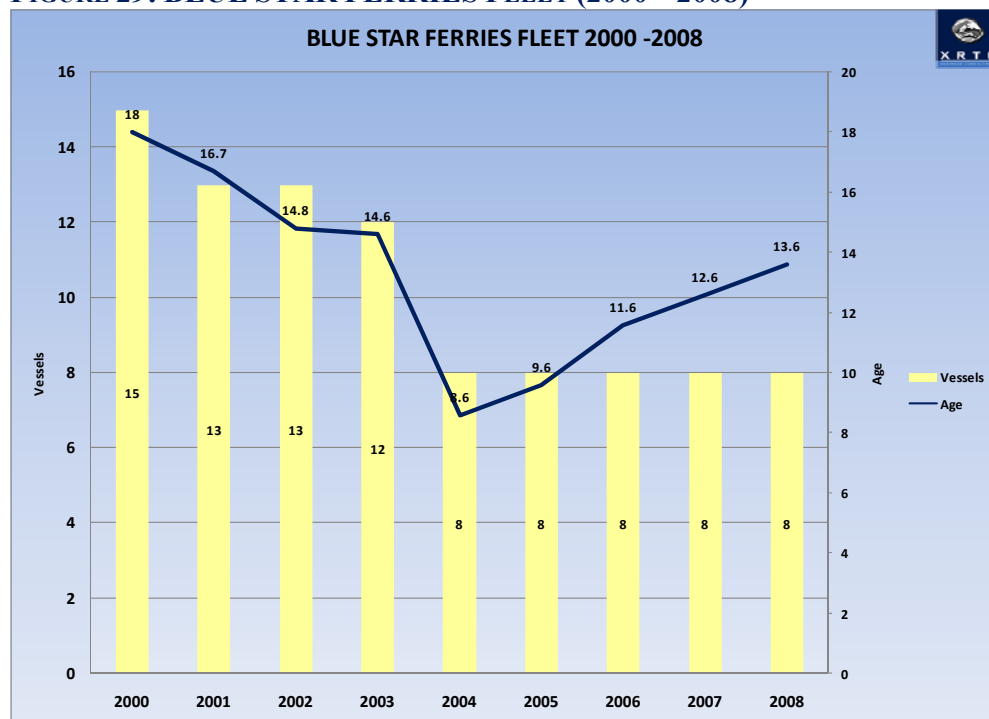
	2006	2007	Δ%
Passenger Traffic	638,764	582,911	-8.7%
Car Traffic	142,911	123,142	-13.8%
Truck Traffic	133,929	114,023	-14.8%
Revenues	€326,597,000	€316,313,000	-3.1%
EBITDA	€71,530,000	€69,600,000	-2.6%
Net Results	€39,371,000	€62,092,000	57.7%
Cost of Sales	€231,217,000	€221,652,000	-4.1%
Fuel Cost	€100,800,000	€94,575,000	-6.1%
Long-Term Liabilities	€401,550,000	€361,754,000	-10.0%

Source: XRTC Ltd. - Business Consultants

4.1.3. BLUE STAR FERRIES

The development of BLUE STAR FERRIES until today is presented in Figure 29. The company operates a fleet of eight vessels with average age 13.5 years.

FIGURE 29: BLUE STAR FERRIES FLEET (2000 – 2008)



Source: XRTC Ltd. - Business Consultants

All eight vessels are of RO-PAX type and are deployed in the areas of Adriatic, North Sea, Cyclades and Dodecanese as illustrated in Table 7. It is worth pointing out that it is the first time that BLUE STAR FERRIES covers needs of the mother company ATTICA GROUP in North Europe with the vessel BLUE STAR 1. Additionally, the presence of the vessel DIAGORAS strengthened the company on the region of Dodecanese offering a daily service with two vessels.

TABLE 7: BLUE STAR FERRIES FLEET DEPLOYMENT 2008

Vessel Type	Number	Area of Operation
RO-PAX	1	ADRIATIC SEA
RO-PAX	1	NORTH SEA
RO-PAX	4	CYCLADES
RO-PAX	2	DODECANESE

Source: XRTC Ltd. - Business Consultants

BLUE STAR FERRIES reports the most improved results compared to the rest of the listed companies. This improvement is mainly due to the operation of a second vessel in Dodecanese and of one vessel in the North Sea. To this operation is attributed the increase of the operating costs by +20% and the respective increase in the company's revenues (Table 8).

TABLE 8: BLUE STAR FERRIES MAIN FIGURES (2006 – 2007)

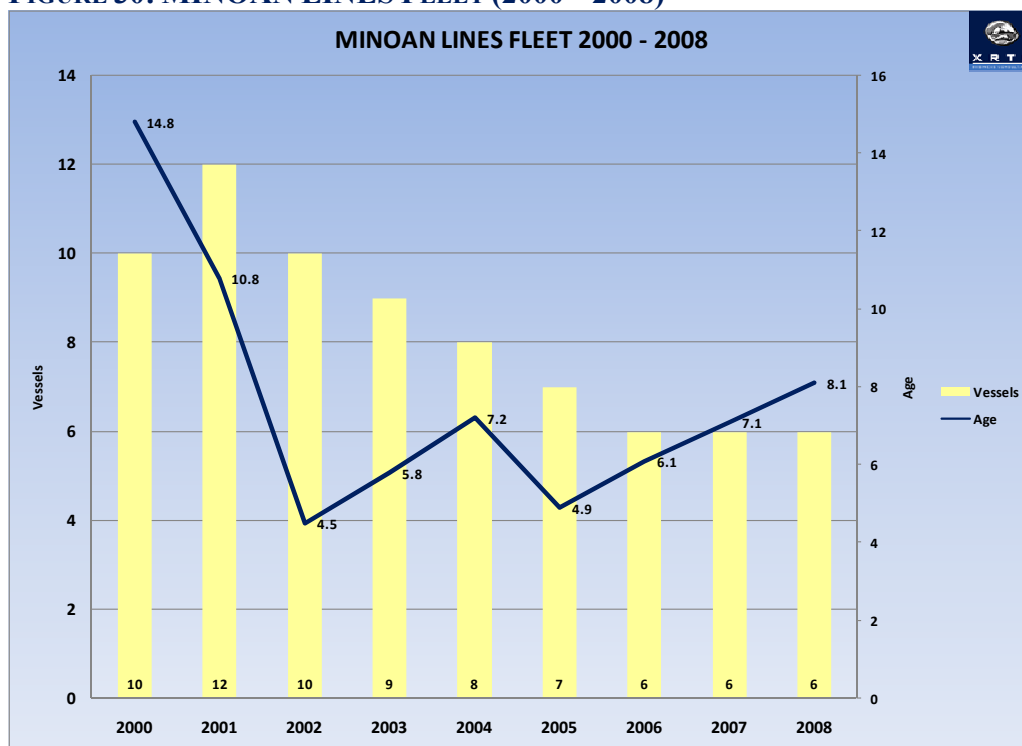
	2006	2007	Δ%
Passenger Traffic	3.351.170	3.309.822	-1,3%
Car Traffic	425.662	458.611	7,8%
Truck Traffic	143.042	159.059	11,2%
Revenues	€ 141.160.000	€168.131.000	19,1%
EBITDA	€ 40.835.000	€44.312.000	8,5%
Net Results	€ 21.967.000	€21.451.000	-1,4%
Cost of Sales	€90.044.000	€108.748.000	20,8%
Fuel Cost	€33.135.000	€39.938.000	20,5%
Long-Term Liabilities	€176.757.000	€163.592.000	-7,5%
Share Price (31 st Dec.)	€3,10	€3,80	22,6%

Source: XRTC Ltd. - Business Consultants

4.1.4. MINOAN LINES

MINOAN LINES appears with no changes in its fleet during the last three years. After its investment plan until 2001 with new buildings the need for operational efficiency and effectiveness led to the sale of a number of vessels with the most recent one being F/B ARIADNI PALLAS in 2006. Today the company operates one of the youngest fleets in the Greek ferry market (Figure 30).

FIGURE 30: MINOAN LINES FLEET (2000 – 2008)



Source: XRTC Ltd. - Business Consultants

All six vessels are of RO-PAX type with four operating in the Adriatic Sea and two in the Cretan route (Table 9). The purchase by Mr. E. Grimaldi of the biggest share stake brought no changes in the company's fleet deployment strategies.

TABLE 9: MINOAN LINES FLEET DEPLOYMENT 2008

Vessel Type	Number	Area of Operation
RO-PAX	4	ADRIATIC SEA
RO-PAX	2	CRETE

Source: XRTC Ltd. - Business Consultants

As seen in Table 10, the company's traffic figures in terms of passengers, car and trucks are rather stable. The decrease in the financial results stems mainly from the sale of F/B ARIADNI PALLAS which resulted also in the decrease of operating and fuel costs as well. Lastly, we note the reduction of the company's long-term liabilities which is attributed to the re-payment of old loans and to the sale of F/B ARIADNI PALLAS.

TABLE 10: MINOAN LINES MAIN FIGURES (2006 – 2007)

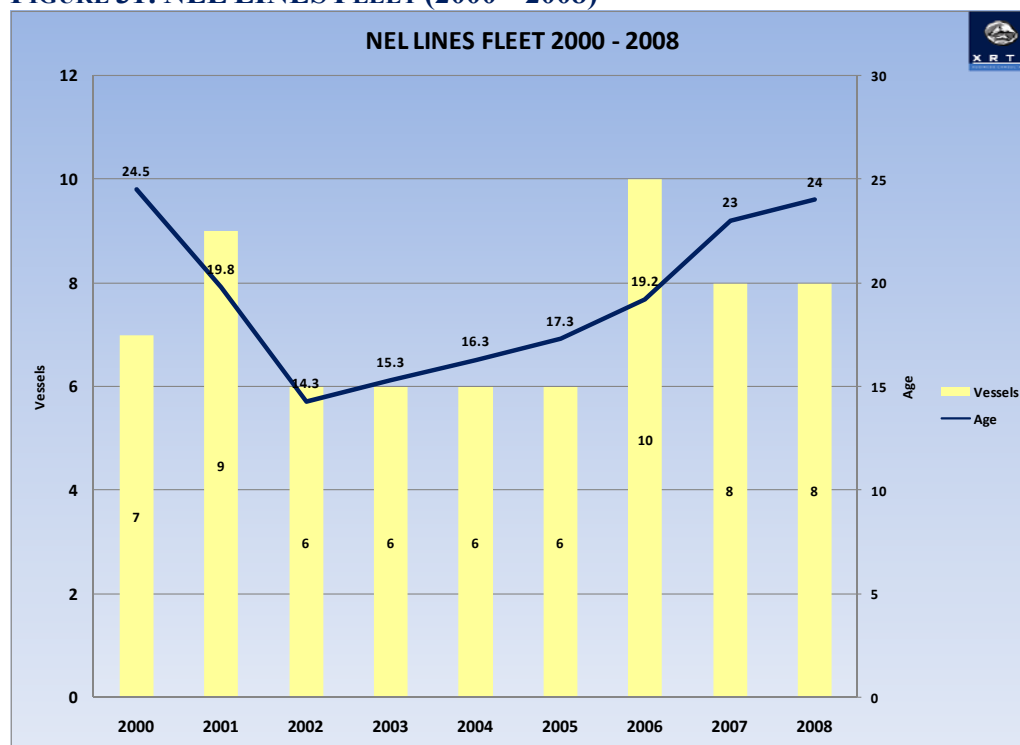
	2006	2007	Δ%
Passenger Traffic	1,549,000	1,524,000	-1.6%
Car Traffic	280,000	275,000	-1.8%
Truck Traffic	157,000	150,000	-4.5%
Revenues	€206,891,038	€195,940,000	-5.3%
EBITDA	€61,393,830	€46,300,000	-24.5%
Net Results	€20,237,367	€16,360,000	-19.1%
Cost of Sales	€129,020,000	€121,750,000	-5.6%
Fuel Cost	€61,731,046	€57,038,678	-7.6%
Long-Term Liabilities	€347,346,896	€210,501,182	-39.4%
Share Price (31 st Dec.)	€4.18	€4.86	16.3%

Source: XRTC Ltd. - Business Consultants

4.1.5. NEL LINES

NEL LINES operates a fleet of eight vessels after the acquisition of C-LINK in 2006 (Figure 31).

FIGURE 31: NEL LINES FLEET (2000 – 2008)



Source: XRTC Ltd. - Business Consultants

During the last three years under the management of Managing Director Mr. Ventouris, the company has followed a significant restructuring program including loan restructuring, acquisition of C-LINK and renegotiation of agreements with the French shipyards achieving the installation of new machinery. In March 2007 the vessels AEOLIS KENTERIS and PANAGIA PAROY, owned by NEL LINES and C-LINK respectively were sold. The company operates three HSC and five RO-PAX type conventional vessels in the areas of Cyclades, North Aegean and Crete (Table 11).

TABLE 11: NEL LINES FLEET DEPLOYMENT 2008

Vessel Type	Number	Area of Operation
RO-PAX	2	NORTH AEGEAN
RO-PAX	2	CYCLADES
HSC	2	CYCLADES
HSC	1	CRETE
RO-RO	1	NORTH AEGEAN

Source: XRTC Ltd. - Business Consultants

Despite the increase in traffic figures in 2007 compared to 2006, financial results are not so positive (Table 12). This is explained by the fact that the reported traffic figures of 2007 include also C-LINK traffic making the results difficult to compare. Negative net results are attributed to the increased cost of repairs of the two HSC vessels by +48% and to the increase administrative costs by +14%. In order to meet the challenges NEL LINES increased its share capital by €16.6 million. In order to be able to stay competitive the company needs to consider deploying its fleet in other geographic areas focusing abroad. This though requires special attention and careful planning after the not so successful effort to enter the Cretan market.

TABLE 12: NEL LINES MAIN FIGURES (2006 – 2007)

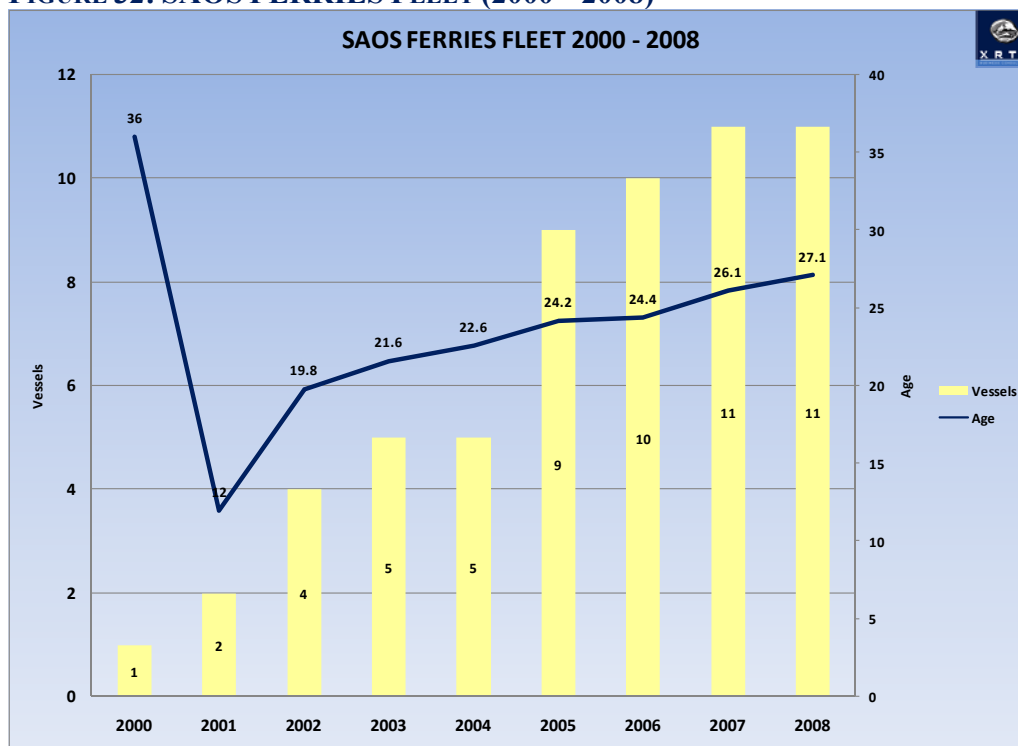
	2006	2007	Δ%
Passenger Traffic	603,548	934,177	54.8%
Car Traffic	77,990	125,662	61.1%
Truck Traffic	23,003	27,897	21.3%
Revenues	€26,979,330	€45,090,546	67.1%
EBITDA	€43,772,687	€2,120,003	-95.2%
Net Results	€32,077,908	-€9,830,001	-130.7%
Cost of Sales	€147,653,365	€138,241,810	-6.4%
Fuel Cost	€13,782,489	€18,959,124	37.7%
Long-Term Liabilities	€59,824,807	€62,383,243	4.3%
Share Price (31 st Dec.)	€1.01	€0.79	-21.8%

Source: XRTC Ltd. - Business Consultants

4.1.6. SAOS FERRIES

SAOS FERRIS was founded in 1975 as a public company from the citizens of the island of Samothrace located in the North Aegean. The aim of the company was the connection of the island of Samothrace with the ports of Kavalla and Alexandroupoli located in the East Macedonia Province in North Greece. The first vessel used for this purpose was RO-PAX SAOS. In 1999 the vessel SAOS II was built and the company was transformed to S.A. In 2001 Mr. Fotis Manousis family became the main strategic investor. Between 2000 and 2005 a group of companies is created under the name of SAOS S.A. with main investor Mr. Manousis. The company presents an impetus growth since then as seen in Figure 32. In mid 2007 it merged with the listed to the Athens Exchange company NIKOS GALIS.

FIGURE 32: SAOS FERRIES FLEET (2000 – 2008)



Source: XRTC Ltd. - Business Consultants

Today it operates a fleet of 11 vessels (Table 13) in the areas of Cyclades, Sporades and North Aegean. The company's revenues until 2005 were based on the deployment of its fleet in subsidised itineraries from the Greek State. This has changed from 2006 onwards aiming at operating in the competitive parts of the market.

TABLE 13: SAOS FERRIES FLEET DEPLOYMENT 2008

Vessel Type	Number	Area of Operation
RO-PAX	1	NORTH AEGEAN /DODECANESE
RO-PAX	1	CYCLADES
RO-PAX	5	NORTH AEGEAN
RO-RO	3	NORTH AEGEAN
HYDROFOILS	1	NORTH AEGEAN

Source: XRTC Ltd. - Business Consultants

The increased traffic figures along with the respective increase in the company's revenues and EBITDA are evidence of the dynamic nature of the company. The negative net results are mainly attributed to the increase in fuel costs and to the cost of sales as seen in Table 14. An important reason for the reported increased fuel costs is the high consumption of the aged fleet the company operates.

TABLE 14: SAOS FERRIES MAIN FIGURES (2006 – 2007)

	2006	2007	Δ%
Passenger Traffic	348.668	490.369	40,5%
Car Traffic	67.179	96.003	42,9%
Truck Traffic	41.008	46.859	14,0%
Revenues	€19.397.000	€23.282.000	20,3%
EBITDA	€1,057	€3,487,000	3287,0%
Net Results	-€3.745.000	-€6.915.000	-84,5%
Cost of Sales	€15.856.000	€21.844.000	37,8%
Fuel Cost	€8.271.000	€11.149.000	34,8%
Long-Term Liabilities	€7.585.000	€15.891.000	109,5%

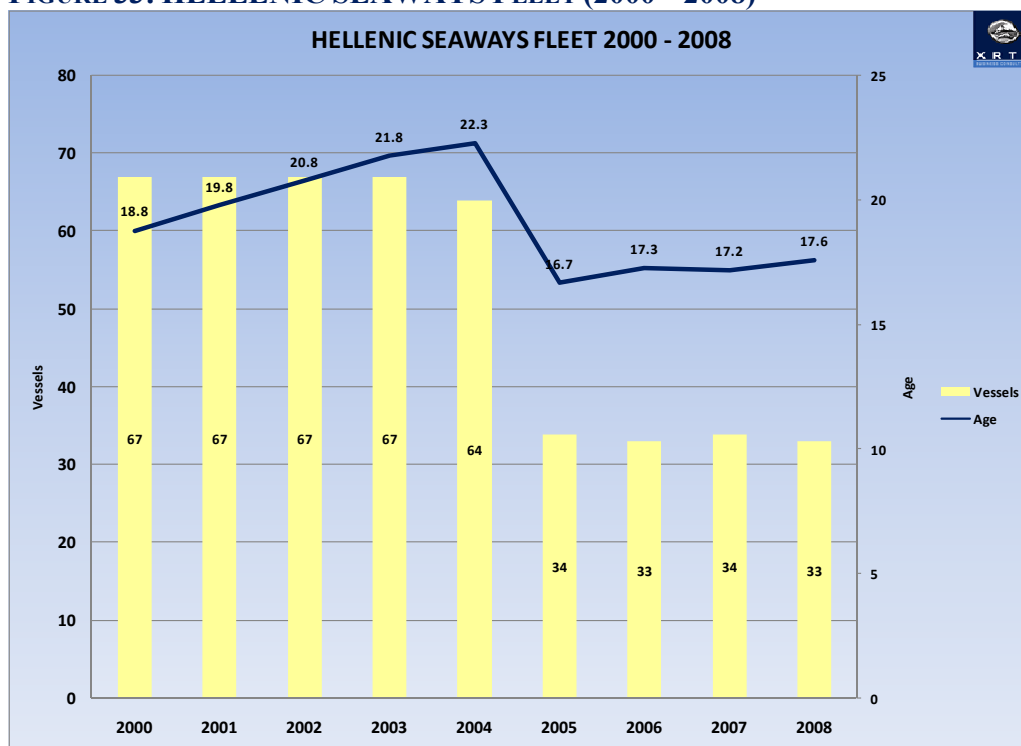
Source: XRTC Ltd. - Business Consultants

4.2. NON – LISTED COMPANIES TO THE ATHENS EXCHANGE

4.2.1. HELLENIC SEAWAYS

HELLENIC SEAWAYS owns and operates the largest fleet in absolute numbers compared to the rest of the companies presented above. The company owns 33 vessels, operating mainly in the Aegean Sea area. Since 2004 a major fleet renewal strategy is implemented encapsulating the sale of 32 older vessels and the modernization of the fleet through the purchase of second hand and new building ones. The purchases of the RO-RO vessels ARIADNI and CELTIC SUN and the new built RO-PAX NISSOS CHIOS are characteristic examples.

FIGURE 33: HELLENIC SEAWAYS FLEET (2000 – 2008)



Source: XRTC Ltd. - Business Consultants

The company operates 11 HSCs, seven HYDROFOILs, 10 RO-PAX and five RO-ROs deployed in the Adriatic Sea, Cyclades, Saronicos, Sporades, North East Aegean and Crete (Table 15).

TABLE 15: HELLENIC SEAWAYS FLEET DEPLOYMENT 2008

Vessel Type	Number	Area of Operation
HSC	7	CYCLADES
HSC	2	SPORADES
HSC	2	CRETE
RO-PAX	3	SARONIC
RO-PAX	2	CYCLADES
RO-PAX	1	SPORADES
RO-PAX	2	NORTH AEGEAN
RO-PAX	1	CHARTERED
RO-PAX	1	CRETE
HYDROFOILS	6	SARONIC
HYDROFOILS	1	SPORADES
RO-RO	3	ADRIATIC SEA
RO-RO	1	CHARTERED
RO-RO	1	UNDER CONSTRUCTION

Source: XRTC Ltd. - Business Consultants

The rescheduling of itineraries in 2007 led to better utilization of the fleet which along with the liberalization and subsequent increase of the ticket prices led to the increase of the company's turnover by +10.2%. Significant improvement was also recorded in the company's EBITDA and net results which increased by +42% and +72.6% respectively despite the marginal decrease in the traffic of passengers (-3.9%), cars (-2.8%) and the increase in trucks (+3.49%) as presented in Table 16. Among the company's priorities is its introduction to the Athens Exchange in the coming year as part of its growth strategy. The new developments in the shareholding structure of the company with the participation of Mr. E. Grimaldi and Mr. I Vardinogiannis in the decision processes has made the HELLENIC SEAWAYS equation more complex.

TABLE 16: HELLENIC SEAWAYS MAIN FIGURES (2006 – 2007)

	2006	2007	Δ%
Passenger Traffic	5,937,864	5,714,145	-3.9%
Car Traffic	643,121	625,443	-2.8%
Truck Traffic	97,089	100,515	3.4%
Revenues	€165,406,163	€182,334,699	10.2%
EBITDA	€25,450,000	€36,575,000	42.0%
Net Results	€10,219,203	€17,643,185	72.6%
Cost of Sales	€129,578,185	€135,359,424	4.5%
Fuel Cost	€56,931,820	€56,462,217	0.0%
Long-Term Liabilities	€95,293,475	€155,422,709	63.1%

Source: XRTC Ltd. - Business Consultants

4.2.2. *AEGEAN SPEED LINES*

AEGEAN SPEED LINES is the sole Greek owned ferry company to operate high speed vessels flying a non-Greek flag. It owns three vessels operating in the West Cyclades area (Table 17). Its shareholder base consists of Greek and foreign investors with Mr. Leonidas-Evgenidis Dimitriadis being the major shareholder.

TABLE 17: AEGEAN SPEED LINES FLEET 2008

Vessel Type	Vessel Name	Year Built	Area of Operation
HSC	SPEEDRUNNER II	1996	CYCLADES
HSC	SUPERSEACAT III	1999	CYCLADES
HSC	SUPERSEACAT IV	1999	CYCLADES

Source: XRTC Ltd. - Business Consultants

4.2.3. AGOUDIMOS LINES

AGOUDIMOS LINES is a Greek traditional shipping company operating for more than 30 years in the sector. AGOUDIMOS LINES is the subsidiary of FLANMARE SHIPPING INC, a group which is active in tramp shipping operations operating a fleet of dry bulk vessels. Presently Agoudimos Lines operates a fleet of five RO-PAX vessels (Table 18) in the areas of Adriatic, Cyclades and NE Aegean. The owner of the company is Mr. Mimis Agoudimos.

TABLE 18: AGOUDIMOS LINES FLEET 2008

Vessel Type	Vessel Name	Year Built	Area of Operation
RO-PAX	IONIAN KING	1991	ADRIATIC SEA
RO-PAX	IONIAN SKY	1974	ADRIATIC SEA
RO-PAX	CAPETAN ALEXANDROS	1962	ADRIATIC SEA
RO-PAX	PENELOPE A	1972	CYCLADES
RO-PAX	PENELOPE	1975	NORTH AEGEAN

Source: XRTC Ltd. - Business Consultants

4.2.4. G.A. FERRIES

GA FERRIES was founded by Mr. Gerasimos Agoudimos in 1988 with the purchase of two RO_PAX vessels; DALIANA and MILENA. The company has begun the implementation of an investment plan which focuses on the provision of quality services to the customer. The purchase in 2001 of the vessel ANTHI MARINA was the first step towards this direction. The company operates seven RO-PAX vessels and one HSC. The areas of operation are Dodecanese, Cyclades, Crete, Sporades and North Aegean as presented in Table 19.

TABLE 19: GA FERRIES FLEET 2008

Vessel Type	Vessel Name	Year Built	Area of Operation
RO-PAX	ANTHI MARINA	1980	DODECANESE
RO-PAX	DALIANA	1969	CYCLADES/CRETE
RO-PAX	MARINA	1971	CYCLADES/NORTH AEGEAN
RO-PAX	MILENA	1969	CYCLADES/NORTH AEGEAN
RO-PAX	RODANTHI	1973	DODECANESE
RO-PAX	ROMILDA	1974	CYCLADES
RO-PAX	DIMITROULA	1976	CYCLADES/CRETE
HSC	JET FERRY 1	1995	SPORADES

Source: XRTC Ltd. - Business Consultants

4.2.5. KALLISTI FERRIES

The company KALLISTI FERRIES was founded in 2007. The main shareholders are George Spanos and Pascal Lota. Both have long experience in shipping with the former being the owner of SPANOS MARITIME & TRADING GROUP and the latter being the main owner of CORSICA FERRIES and SARDINIA FERRIES. The company operates in the area of the North Aegean with the vessels CORSICA EXPRESS III and SARDINIA VERA (Table 20).

TABLE 20: KALLISTI FERRIES FLEET 2007

Vessel Type	Vessel Name	Year Built	Area of Operation
RO-PAX	CORSICA EXPRESS III	1996	NORTH AEGEAN
RO-PAX	SARDINIA VERA	1975	NORTH AEGEAN

Source: XRTC Ltd. - Business Consultants

4.2.6. LANE LINES

LANE Lines operates with three RO-PAX vessels in the areas of Cyclades, Dodecanese and Crete (Table 18). Strategic partner is the company is ANEK LINES.

TABLE 21: LANE LINES FLEET 2008

Vessel Type	Vessel Name	Year Built	Area of Operation
RO-PAX	MIRTIDIOTISSA	1975	CYCLADES/DODECANESE/CRETE
RO-PAX	IERAPETRA L	1975	ΔΩΔΕΚΑΝΗΣΑ/B.A. ΑΙΓΑΙΟ
RO-PAX	VINTSENTZOS CORNAROS	1976	ΔΩΔΕΚΑΝΗΣΑ/B.A. ΑΙΓΑΙΟ

Source: XRTC Ltd. - Business Consultants

4.2.7. SEA JETS HSC JOINT VENTURE (ILIOPOULOS GROUP)

ILIOPOULOS GROUP started its operations in 1997 with the purchase of a high speed vessel. In 2003 the company purchased two high speed vessels (SEAJET 2 and SUPERJET) as presented in Table 22. Today it operates a fleet of nine vessels of which two are HSC and seven are Hydrofoils operating in the areas of Cyclades and Dodecanese. Main shareholder is Mr. Marios Iliopoulos who operates a fleet of tankers as well.

TABLE 22: SEA JETS HSC JOINT VENTURE FLEET 2007

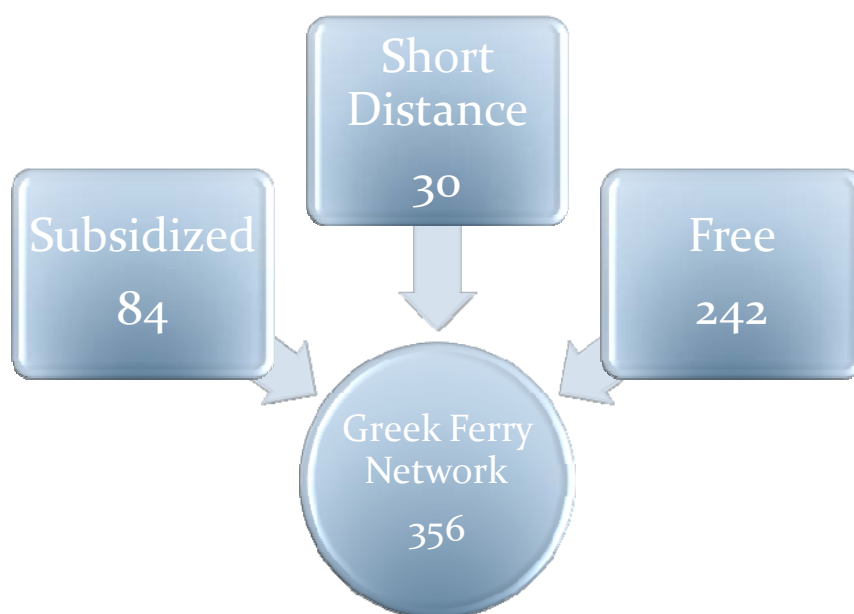
Vessel Type	Vessel Name	Year Built	Area of Operation
HSC	SEA JET 2	1998	CYCLADES
HSC	SUPER JET	1995	CYCLADES

Source: XRTC Ltd. - Business Consultants

5. SPECIAL REPORT: COMPETITION, SUBSIDIES AND SOCIAL COHESION

Due to the uniqueness of the Aegean and Ionian Archipelago, the Greek ferry market requires a more in depth analysis. The social, political, economic and business effects of the Greek State Law 2932/2001 have been widely debated, despite the fact that the Greek ferry industry has not been completely conformed with the E.U. regulation 3577/1992 yet. The Greek State Law 2932/2001 anticipates the protection of public service in order to encourage the principle of competition in reference to scheduling, the members of the crew, the crew list and sanitary regulations. According to 2007 data the Greek ferry system is composed of 356 itineraries which are broken into 84 itineraries subsidised by the Greek State, 30 short haul routes covering distances of up to 15 nautical miles and 242 free itineraries where competition conditions prevail (Figure 34).

FIGURE 34: GREEK FERRY NETWORK



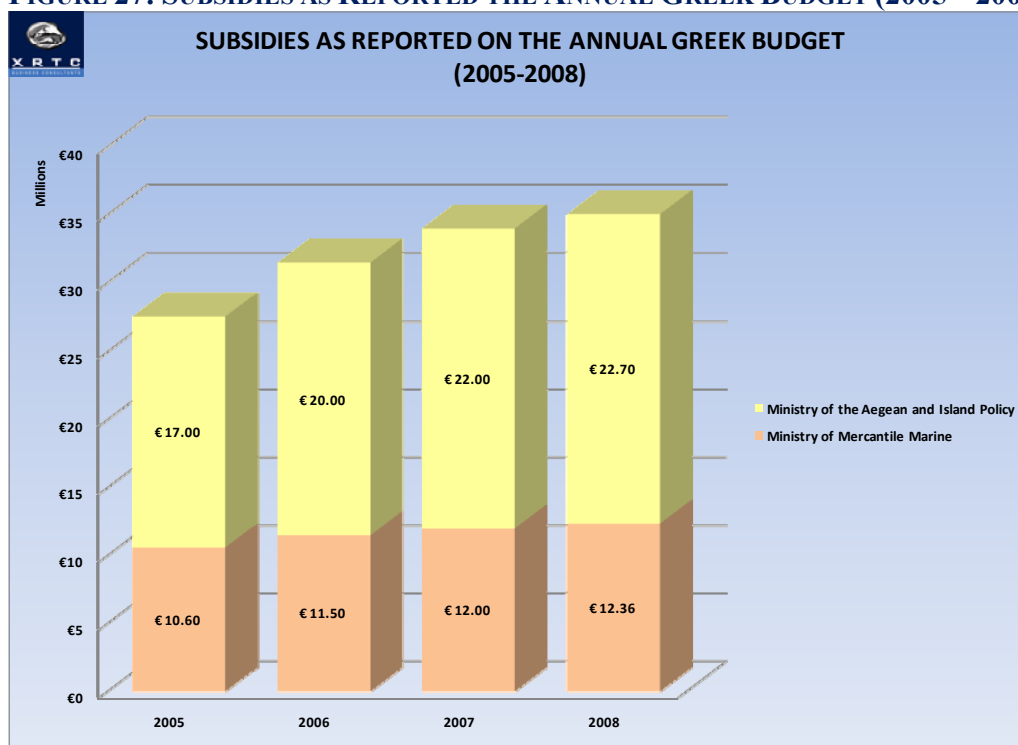
Source: XRTC Ltd. - Business Consultants

The non – marketable conditions in many areas of the Aegean Sea which impede the operation of ferry operators imposes the Greek State to the subsidisation of a significant number of itineraries in order to achieve a minimum level of social and economic cohesion. As seen in Figure 35 the amounts reported in the State’s annual budget present an average increase of +8% since 2005. Both the Ministry of Mercantile Marine and the Ministry of the Aegean and Island Policy which in 2007 were merged are responsible for the efficient use of these funds.

The amount of public funds which in 2008 reach the level of €35 million for the coverage of 84 itineraries appear to be rather low since the level of satisfaction reported by the islanders is rather low. Among the many complains are the frequency of service, the quality of the vessels and speed.

It should be pointed out that the actual amount spent by the government to ferry subsidies reached the level of €50 million in 2007. Comparing this amount to the €25 million provided by the Swedish government to cover the needs of the Gotland Island alone, it can be derived that there is still a long way to go.

FIGURE 27: SUBSIDIES AS REPORTED THE ANNUAL GREEK BUDGET (2005 – 2008)



Source: XRTC Ltd. - Business Consultants (Based on Annual Budget Report)

As presented in Table 23, in 2007, 84 itineraries were subsidized (31 by M.M.M. and 53 by M.A.) which were served by 40 ferry operators. Among the companies that are analysed here, SAOS FERRIES, NEL LINES (via C-LINK), BLUE STAR FERRIES, and G.A. FERRIES appear to offer their services under subsidised conditions.

TABLE 23: OVERVIEW OF SUBSIDIZED ITINERARY NETWORK (2006-2007)

	Number of Itineraries			Number of Companies		
	2006	2007	Δ%	2006	2007	Δ%
M.M.M.	29	31	6.8%	12	12	0.0%
M.A.	34	53	55.9%	19	28	47.4%
Total	63	84	33.3%	31	40	29.0%

M.M.M.: Ministry of Mercantile Marine
M.A.: Ministry of the Aegean and Island Policy

Source: XRTC Ltd. - Business Consultants

6. CONCLUSIONS – SUGGESTIONS

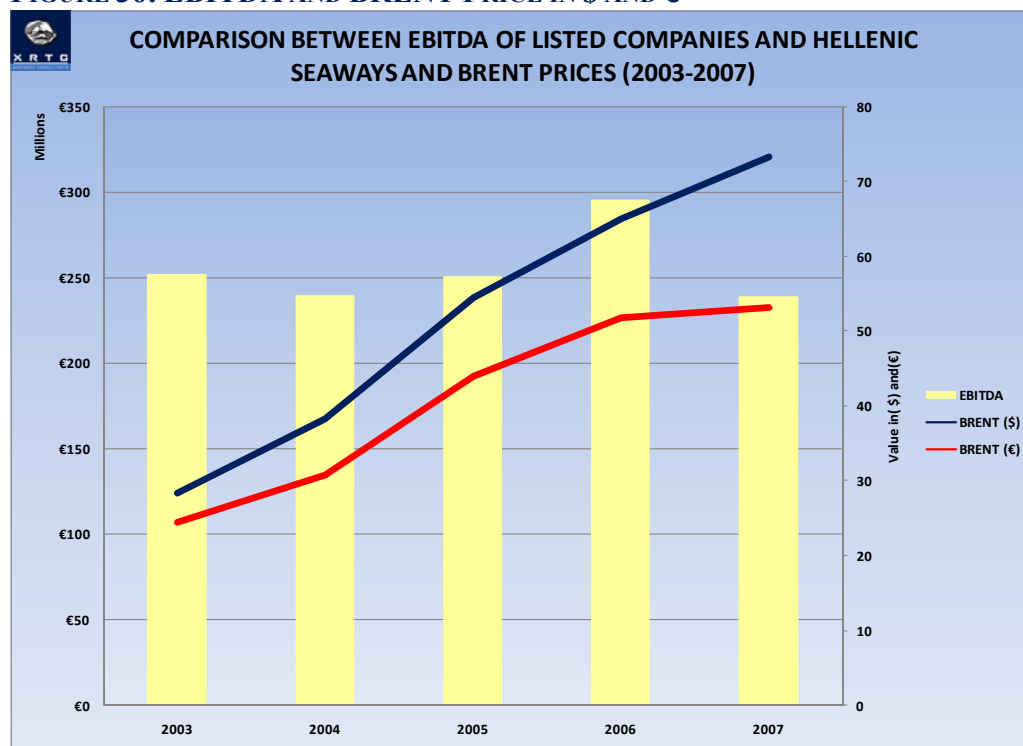
The year 2007 will be remembered as the year of intensive movement in the shareholding structures of the ferry companies. This period will also be remembered by the bank credit crises triggered by the bubble created in the U.S. housing market, which resulted in the write-offs of billions of dollars by the majority of the banks around the globe. This crisis is not over yet despite the endless injection of cash by the Central Banks. Another event, which is still shaking the global economy significantly, is the dramatic increase of commodities. Both agricultural products and precious metals traded in international markets have reached the highest levels in decades.

The conditions of the external environment which begun taking shape last August affected the share prices of the listed ferry companies and added more weight on the operational costs mainly due to the impetus increase of oil prices. Fortunately this increase has been partly absorbed by the strong exchange rate of the Euro against the U.S. Dollar. Since January 2007, while fuel prices increased by +75% in US Dollar terms the respective increase in Euros is of +48%. Apart from the developments in the global markets, which affected ferry operators significantly, each company faced a different situation in terms of traffic volumes, fleet size and financial status. Characteristic are the examples of MINOAN LINES and ANEK LINES who managed to restructure their loans via syndication loans of €375 million and €245 million respectively.

The gradual harmonization of the Greek legislative framework with the European legislation via the Greek state law 2932/2001 resulted in the creation of a new competitive environment in the Greek ferry sector presenting to all operators a new perspective. All operators across the board encountered negative macroeconomic pressures including the stabilization of the to date increasing trend in traffic demand in the itineraries of the Adriatic Sea, the increase in the interest rates affecting debt repayments and the increase of the bunkers' cost. Figure 36 illustrates clearly the inelastic structure of bunker costs.

The summer of 2007 was the beginning of talks which led to a series of mergers and acquisitions neglected until then by the banking system. Among the most important developments of year is the exit of Mr. P. Laskaridis from both MINOAN LINES and HELLENIC SEAWAYS, the exit of Mr. P. Panagopoulos from ATTICA GROUP and MINOAN LINES, the move of Mr. E. Grimaldi from ANEK LINES to MINOAN LINES and the purchase of the majority of the HELLENIC SEAWAYS shares by SEA STAR CAPITAL, where Mr. Vardinogainnis is the main shareholder.

FIGURE 36: EBITDA AND BRENT PRICE IN \$ AND €



Source: XRTC Ltd. - Business Consultants

ATTICA GROUP is already in the phase of merger with BLUE STAR FERRIES after the acquisition of both companies by MARFIN INVESTMENT GROUP, ANEK LINES is controlled by the Cypriot company SEA STAR CAPITAL, which controls the 36.5% of HELLENIC SEAWAYS, MINOAN LINES is controlled by ATLANTICA DI NAVIGAZIONE which belongs to the GRIMALDI GROUP, NEL LINES increased its capital by €16.7 million and finally and SAOS FERRIES merged with the listed company NIKOS GALIS with Manousis family controlling 70% of the company.

Another important fact is the decrease in the bank portfolios of ferry financing due to the lack of new big investments, the sale of many vessels and the repayment of debts by the ferry operators. It is highly likely that new bank institutions will enter the market like Millennium bank which supported Mr. Ventouris Managing Director of NEL LINES. Of increasing concern are the exit of many foreign banks from the market and the global exposure of the financial institutions. For the time being though, there is no need for capital since no business plans are present. The smaller in size needs of big companies can be and are satisfied by the specialized and loyal to them banking partners. The problem arises when smaller in size companies, which do not fulfill the rules of corporate and organizational transparency, are in need of new loans.

The global financial crisis does not leave the ferry sector untouched. Companies will be asked to pay higher premiums to pay off their debts since this crisis has resulted in the increase of lending cost. A significant factor, which could assist in the development and growth of the ferry sector in the future, can be the investment in modern fast ships friendly to the environment. We are not far from seeing the need of new building projects becoming practice since the lack of second hand vessels and the limited shipyard availability in Asia could shift the order book to European soil. After the two successful projects of NISSOS CHIOS and NISSOS MYCONOS Greece has proven that is capable of delivering such projects and will have the opportunity to take its share. Banks will be asked to finance these new investments where European export credit agencies can participate as well. Finally, the roles of the Athens Exchange and the European Investment Bank remain to be seen.

It is worth mentioning here that the Greek ship – shipbuilding industry showed significant signs of possible recovery with the two HELLENIC SEAWAYS RO/PAX projects and the restructuring projects taking place in Perama. The international environment conditions with the vessel construction costs rising continuously allow the Greek industries to be cost competitive. This effort should continue and be supported by the strong labour unions and the Greek banking sector as is the case in Turkey.

The Greek state is obliged to continue supporting not only the ferry sector but the populations leaving in the island complexes as well. The subsidies in specific itineraries should increase in order to achieve a satisfactory level of cohesion with the mainland. Focus should also be given on the viability of the competitive conditions since these can keep transport costs at low levels and thus social cohesion can be sustained. Another issue that needs special attention is the immediate charges imposed via the ferry tickets by the state. These result in the increase of the ticket prices, which impede healthy competition conditions.

In parallel the state should expand its successful port policy investing more in infrastructure aiming for the less favoured areas. Private investors should be more than welcomed in investing in new port infrastructures since they can trigger development in these areas via the creation of new jobs and via the attraction of tourists. These investments are also necessary for the operation of new vessels as today's infrastructure impedes their safe operation and makes operators reluctant in operating them in these areas.

The future prospects for the Greek ferry sector look promising with new business efforts taking place. Sea transportation is the only way for the decongestion of the land transport in the European Union leading to further development in the sector. Significant capital investments are expected in sea transportation in the coming years despite the significant bureaucratic barriers imposed by the E.U. Greek ferry operators should be optimistic and take advantage of the new opportunities stemming from the new business environment. Their experience is strong capability which enables them to act appropriately to the benefit of themselves and their shareholders. The signs of maturity



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present in the markets of Adriatic Sea and Greece make the need for the application of geographic diversification strategies more evident than ever before.

The takeover of the ferry companies by new businessmen in the ferry market gives hope and at the same time raises concerns for the prospects of the market. The changes that took place in the shareholding structures during 2007 confirmed the feeling that most of us had that the market is reaching a maturity level and that new practices, such as corporate governance are required. It remains to be seen whether the new players will stay in the market or they will continue with the sale and purchase game. Still there is a lot of ground for more mergers and acquisitions mainly with smaller players being the target. Mergers between bigger players could also take place with the vision of creating companies that can become regional and European players. No delays in the deployment of new strategic plans by the operators are allowed in this modern environment. Big consortiums with new fleets have already begun to operate in the region look favorably their expansion in the Greek and Adriatic markets. For all that we need to see how the managers can apply modern strategies and prove that they can cope with the modern challenges.

* * *

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