



MINOAN LINES SHIPPING S.A.

Annual Financial Report **for the year 2010 (1/1 – 31/12/2010)**

According to article 4 of law 3556/2007

Minoan Lines Shipping Societe Anonyme
Company's Nr 11314/06/B/86/13
in the register of the Societes Anonymes
17, 25th August Str. – 71 202
Heraklion-Crete-Greece

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STATEMENTS OF THE MEMBERS OF THE BOARD OF DIRECTORS

(In accordance with article 4 par. 2 of law 3556/2007)

We, the undersigned, hereby state that according to our knowledge:

1. The annual separate and consolidated financial statements of the company «MINOAN LINES SHIPPING S.A.» for the period from January 1st 2010 to December 31st 2010, as prepared in accordance with the applicable International Accounting Standards, give a true view of the assets, liabilities, equity, and the financial results for the period ended, of the company «MINOAN LINES SHIPPING S.A.», and of the companies included in the consolidation, taken as a whole, in accordance with the provisions of the article 4 , paragraphs 3 - 5 of the of law 3556/2007 and,
2. The annual report of the board of Directors , gives a true view of the development, the performance and the financial position of the Company and the companies included in the consolidation, taken as a whole, including the description of all significant risks and uncertainties.

Heraklion April 5th 2011

The Vice-Chairman of the Board

Konstantinos Mamalakis
ID C No AA 367050

The Managing Director

Antonios Maniadakis
ID C No X 850531

The member of the Board

Georgios Papageorgiou
ID C No P 314734

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF “MINOAN LINES S.A.” TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1/1 – 31/12/2010

This report refers to the annual consolidated Financial Statements and to the separate financial statements for the year 2010 and has been prepared in accordance with laws 2190/1920 and 3556/2007.

Significant events for the year 2010 – Effect on Financial Statements

The Greek Economy entered into recession in 2009 with negative growth rate of GDP by -2.1% while in 2010 the development was even worse with GDP growth rate -4.4% since the economic factors that have supported the growth of Greek economy over the last decade have proven to be unsustainable and not rational. Moreover, the continuing fiscal imbalances over the past years have led the public debt to very high and unacceptable levels excluding the country from Bond markets.

This development has forced the government to impose urgently austerity measures in order to address the unprecedented economic crisis. These austerity measures, as broadly expected, have aggravated the households leading to the reduction of their disposable income. Moreover, the debt crisis is the beginning of several changes that will be accelerated over the next years affecting all the sectors of Greek economy.

The aforementioned, in combination with the high fuel prices and the increased competition in the sector have affected, as expected, its economic performance.

The company in 2010, despite the unfavorable economic conditions, achieved to maintain its leading position in the Adriatic routes and on the ‘Heraklion – Piraeus’ route as well. Moreover, the Company managed to maintain its leading market shares, on a higher level than its respective share of trips on all the routes that operates.

The company's revenue despite the unfavorable economic conditions and the high level of competition remained at the same level with those of 2009 noting a marginal decrease of -1.10%.

The operating expenses were increased in comparison to 2009, despite the decrease in the most cost elements, mainly due to the increase in fuel bill by 32.8%. The said increase has affected the net profits since the fuel cost is the largest part of operating expenses.

In reference to the sale of the total share participation in the company Hellenic Seaways S.A., following the non-payment by ANEK of the installment due on November 30th, 2010 according to the Sale Agreement, the Company proceeded to a statement of retraction from the aforementioned Sale Agreement.

The Company within the year 2010 proceeded to the termination of its cooperation with the port agent of Igoumenitsa - Corfu both for non-performing debts and for committing criminal actions against it. The operation of the central shipping and port agency at the port of Igoumenitsa was undertaken by the company itself. For the recovery of the outstanding debts, the company has taken legal steps (civil and penal) against the perpetrators and debtors and has filed charges against them. Based on unpaid checks, a payment order has been issued wherewith property of the agent and the guarantors has been seized. The total debt was € 22.35 million on 30/06/2010 while the Company has received € 3.85 million in the second half of fiscal year 2010. The proceedings are pending.

The Company, for conservative reasons, made impairment test and provision of € 7 million on the total legal claim amounted € 18.5 million and proceeded to republication of its Annual Financial Statements despite the estimations of the legal counsels, that it will receive the total amount of the claim. For the said claim the Company has confiscated property of an estimated value of approximately € 4.9 million and has also registered pre-notations on property amounting to € 600 thousand.

Traffic Volumes

The company, on the north Adriatic routes (Ancona and Venice), despite the intensive competition presented increase in all traffic categories. More precisely, in 2010 the passengers category presented an increase of 7.1%, the private cars category presented an increase of 0.7% and the freight units presented a substantial increase of +8.7%. Moreover, the company managed to achieve the first position in market shares in all traffic categories. The company's vessels carried 592 thous. passengers, 146 thous. private cars and 84 thous. freight units.

The respective market shares were 40.0% for passengers, 38.3% for private cars and 39.3% for freight units while the respective share of trips was 36.0%.

On the route “Heraklion-Piraeus”, Minoan Lines maintained its leading position. More precisely, the company carried 889 thous. passengers, 112 thous. private cars and 56 thous. freight units. Moreover, the respective market

shares were shaped at 54.9%, 46.0% and 39.9% for passengers, private cars and trucks respectively while Minoan Lines accomplished the 38.6% of trips in the market.

In the Ionian Sea (Patra – Corfu) the company in 2010 carried 33 thous. passengers, 6 thous. private cars and 3 thous. freight units.

Financial Results – Balance Sheet

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

In million €	2010	2009	Change	
			€	%
Balance Sheet				
Non Current Assets	513.94	528.07	- 14.13	- 2.7%
Current Assets	98.88	119.66	-20.78	-17.4%
Equity	265.96	309.04	-43.08	-13.9%
Total Liabilities	346.87	338.68	+8.19	+2.4%
Income Statement				
Revenue	169.23	171.12	- 1.89	- 1.1%
Cost of Sales	-169.66	-149.77	+19.89	+13.3%
Distribution Costs and Administration Expenses	-26.97	-30.78	-3.81	-12.4%
Other operating results	-8.50	1.86	-10.36	
Operating loss before tax, financing and investing costs (E.B.I.T.)	-35.90	-7.57	-28.33	-374.2%
Financial Income	3.82	60.43	-56.61	-93.7%
Financial Expenses	-9.06	-10.43	- 1.37	- 13.1%
Taxes	-14.65	-15.24	- 0.59	- 3.87%
Net Loss after Tax	-43.08	42.42		

✓ The 'Non-Current Assets' amounts to € 513.94 million against €528.07 million of the previous year reduced by € 14.13 million (-2.7%), primarily due to the depreciation cost of the year 2010.

✓ The 'Current Assets' were decreased by €20.78 million (-17.4%) and shaped at €98.88 million versus €119.66 million of the previous year mainly attributed to the decrease in company's liquidity.

✓ The 'Equity' was decreased by €43.08 million (-13.94%) and reached €265.96 million against €309.04 million of the previous year. Such decrease derived from the net results of the fiscal year 2010.

✓ The 'Total Liabilities' amounted to € 346.87 million against € 338.68 million of the previous year (+2.42%), mainly attributed to the increase of company's bank debt and the short term liabilities.

With regards to the financial results, they have been affected substantially by the economic turmoil in Greece the increase of fuel prices and the intensive competition in the sector.

In more detail:

- ✓ The 'Revenues' were decreased by €1.89 million (-1.10%) and shaped at €169.23 million against €171.12 in 2009.
- ✓ The 'Cost of Sales' was increased by €19.89 million (+13.28%) and amounts €169.66 million against €149.77 as compared to the previous year.
- ✓ The 'Distribution costs and Administration expenses were decreased by € 3.81 million (-12.38%) in comparison with 2009 and shaped at € 26.97 million.
- ✓ The 'Operating Profit before tax depreciation financing and investing costs was reduced by €28.33 million in relation to the year 2009 and amounts €-35.90 million against €-7.57 million.
- ✓ The 'Financial Expenses', presented a decrease and stood at € 9.06 million against € 10.43 million in 2009 (-13.11%).
- ✓ The 'Financial Income' decreased substantially in comparison with 2009 and shaped at € 3.82 million against € 60.43 million (-93.68%). This significant change is related to the measurement at fair value of the investment in the company "Hellenic Seaways" following the sign of the agreement for its sale.
- ✓ The depreciation was reduced by € 0.59 million (-3.87%) compared to the previous year due to the sale of vessel Pasiphae Palace.
- ✓ The 'Net Profit After taxation' amounts €-43.08 million against €42.42 million of 2009.

Financial Ratios

The main financial ratios of the Company are presented here below:

Ratio	Definition	31/12/2010	31/12/2009
Liquidity	Total Current Assets	1.22	2.11
	Total Current Liabilities		
Viability ratio (days)	Total Current Assets – Short Term Borrowings	134	252
	Total operating Cost (cost of sales+ Administration Expenses + Distribution Costs) before Depreciation		
Equity to Total Liabilities	Total Equity	0.77	0.91
	Total Liabilities		
Total Liabilities to Total Assets*	Total Liabilities	0.55	0.51
	Total Assets		

*Ratio is calculated in accordance with company's loan agreement

The Group

The table below presents the companies that along with the parent company are included in the annual consolidated financial statements as well as their consolidation method:

Name	Consolidation Method	Headquarters	% Interest	
			2010	2009
Kritiki Filoxenia S.A.	Full	Heraklion-Crete	100.00%	100.00%
Athina A.V.E.E.	Full	Heraklion-Crete	100.00%	100.00%
Minoan Italia S.p.a.	Full	Palermo - Italy	100.00%	100.00%
Minoan Escape S.A.*	Full	Heraklion-Crete	99.95%	99.95%
Minoan Cruises S.A.	Full	Heraklion-Crete	80.80%	80.28%
European Thalassic Agencies shipping management & consultants S.A.*	Full	Panamas	100.00%	100.00%
Mediterranean Ferries S.r.l.*	Equity	Genova-Italy	50.00%	50.00%
Hellenic Seaways S.A.**	Equity	Piraeus	33.35%	33.35%

* The companies are in liquidation.

** up to 30/6/2009

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

In million €	2010	2009	Change	
			€	%
Balance Sheet				
Non – current assets	510.53	524.38	- 13.85	- 2.6%
Current Assets	104.37	125.41	- 21.04	-16.8%
Equity	267.40	310.78	- 43.38	- 14.0%
Total Liabilities	347.50	339.01	+8.49	+2.5%
Income Statement				
Revenue	169.37	171.28	-1.91	- 1.1%
Cost of sales	-169.70	-149.83	+19.89	+ 13.3%
Distribution Costs and Administration Expenses	-27.03	-30.86	- 3.83	- 12.4%
Operating Profit before tax, financing and investing costs	-35.98	-7.91	- 28.07	-354.9%
Net Financial expenses	-4.83	42.80	-47.63	
Depreciation	-14.65	-15.24	- 0.59	- 3.87%
Net profit after tax and minority interests	-43.39	32.36		

Share price

Minoan Lines share closed at € 2.86 as of 31/12/2010 while in 2009 the respective closing price was € 4.11.

The information table of the article 10 of law 3401/2005, which refers to the company's corporate announcement in the Athens Stock Exchange is included in the Annual Report of the Board of Directors in accordance with paragraph (a), the article 1 of the decision 7 / 448 / 11–10–2007 of the Hellenic Capital Market Commission.

Significant post balance sheet date events

The affiliate company Minoan Escape S.A., following the decision of the extraordinary General Assembly on 3/1/2011, is under liquidation.

Prospects of the year 2011

The negative economic conditions in Greece during 2010 due to the extremely high public and fiscal deficit and the measures that the Greek government was forced to take in order to reverse that situation led the economy to recession. Moreover, no improvement is anticipated in the current economic conditions in 2011 and that development is going to affect all the sectors of the economy and the consumers as well.

Additionally, the high level of fuel prices during the first quarter of 2011, if they will remain at that level, they are going to affect mainly the company's economic performance. An additional fact that is going to affect the companies of the sector is the intensive competition among them.

Minoan Lines top management is continuously monitoring the volatile economic environment and the competition within the sector and is willing to incorporate all these new developments in the Company's strategy by replacing gradually vessels with new ones with larger capacity. Since October 2009 the company has deployed on the route Patra – Ancona the new building vessel "Cruise Europa" while last July the sister vessel Cruise Olympia has been deployed on the same route. The said deployments have already enhanced the company's position while it is expected a further increase of market shares on the route.

Risks and Uncertainties

The increase in fuel prices, due to the nature of the services that the Company offers, consists the main risk to which it is exposed, since during the fiscal year 2010 the fuel cost was more than 50% of the total operating cost of vessels.

Moreover, the Company considers several hedging instruments that under the proper market conditions will use them accordingly.

Interest Rates

The economic crisis in combination with the recession across all EU countries forced the European central bank to decrease the level of interest rates in the last quarter of 2008 and 2009. Moreover, the slow economic recovery of the economies and the debt crisis of countries in south Europe maintained the level of interest rates at a low level in 2010 and, thus, the interest rate risk that the Company faces remained at a low level.

The Company's exposure to the risk of the increase of interest rates is closely monitored and the Company calculates their effect on its operation. Under proper market conditions it will use derivative financial instruments in order to hedge the aforementioned risk and to improve its financial performance.

The table here below presents the effect of 0.5% fluctuation of interest rates on the company's financial results and cash flow in the years 2010 and 2009.

Interest rate fluctuation (%)	Financial Results Sensitivity (amounts in million €)	
	2010	2009
- 0.5%	+ 1.43	+ 1.59
+ 0.5%	- 1.43	- 1.59

Liquidity

The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, securing the right combination of cash and bank credit lines.

In particular, on December 31, 2010, the Company's cash and cash equivalent reached €22.37 million while the maintained lines of credit amounts € 33.0 million.

Foreign Exchange Risk

After the entrance of Greece in the Euro-Zone, the Company's foreign currency risk was almost eliminated given the fact that the transactions abroad are mainly realized in Euro.

Furthermore, the Company is not subject to foreign currency risk regarding its loans, taking under consideration that these are denominated in Euro. Indirectly, the Company is exposed to currency risk from the bunkers supplies.

Market Conditions

The routes, where the Company operates its business, are completely deliberate resulting to an intensive competition among all the companies of these markets. The Company monitors closely the competition and acts accordingly.

Credit risk

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

Under the Company's set credit policy, every new customer is analysed individually for creditworthiness before the Company's standard payment and credit terms and conditions are offered. The customers that fulfil the credit conditions sign the relevant agreements.

Some customer categories transact with the Group only an advance payment basis. Credit limits, representing the maximum open amount, are set for each customer, and are reviewed regularly by the finance division.

Environmental Risk

Our company pays great attention to environmental issues. In this context and being aware of the importance of environmental safeguard and protection for human activities, as well as of the needs arising from technology, progress and the market, has created an environmental policy, which complies with the IMO ISM Code and ISO 14001:2004.

Significant transactions between the Company and the related parties

The tables below present the transactions between the Company and the related parties during the year 2010 according to I.A.S. 24 and the inter-company balances of the trade receivables/payables as of December 31st 2010.

Sale of services to	Relation with the Company	Amount in €	Type of transaction
Grimaldi Compagnia di Navigazione S.p.a.	Group of the ultimate controlling party	1,078,257.89	50% proportion of on board revenue from chartered vessel in accordance with charter agreement
Grimaldi Compagnia di Navigazione S.p.a.	Group of the ultimate controlling party	300,620.57	Sale of fuel stock at the of chartered vessels in accordance with charter agreement
Atlantica di Navigazione S.p.a.	Company of the ultimate controlling party Group	711,588.17	Sale of fuel stock of chartered vessels in accordance with charter agreement
Atlantica di Navigazione S.p.a.	Company of the ultimate controlling party Group	988,145.30	Chartering revenue of vessels in accordance with the charter agreement

Purchase of services from	Relation with the Company	Amount in €	Type of transaction
Grimaldi Compagnia di Navigazione S.p.a.	Group of the ultimate controlling party	14,641,450.50	Chartering cost in accordance with the agreement
Grimaldi Compagnia di Navigazione S.p.a.	Group of the ultimate controlling party	236,691.51	Purchase of fuel stock of the chartered vessels in accordance with charter agreement
Grimaldi Compagnia di Navigazione S.p.a.	Group of the ultimate controlling party	491,381.42	Crew cost in accordance with the relevant charter agreement
Grimaldi Compagnia di Navigazione S.p.a.	Group of the ultimate controlling party	153,170.58	Group supplies cost of chartered vessels in accordance with the charter agreement
Grimaldi Compagnia di Navigazione S.p.a.	Group of the ultimate controlling party	222,102.71	50% proportion of on board revenue in accordance with charter agreement

Here below the most significant outstanding balances on 31/12/2010 between the parent company and the related parties are presented:

Receivables from	Amount in €
Atlantica di Navigazione S.p.a.	1,055,395.14

Benefits to Members of the Board of Directors and management

The salary expenses of the Members of the Board and the Company's Directors are analysed as follows:

Salary expenses as of 31/12/2010	Amount in €
Executive members of B.O.D	503,725.40
Non – executive members of B.O.D.	190,402.00
Directors	816,569.49
Totals	1,510,696.89

On 31/12/2010, an amount of € 135.856,91 is receivable by one of the members of the Board of Directors, and it is derived from commercial activities.

Explanatory report of the board of directors (article 4, paragraph 7-8 of Law 3556/2007)

The explanatory report of the board of directors to the Annual General Meeting of shareholders includes additional information in reference to the issues of paragraphs 7 & 8 of the article 4-law 3556/2007.

Structure of the Company's share capital

The Company's share capital amounts to € 159,583,500 divided in 70,926,000 ordinary shares with a nominal value of € 2.25 each. Each share carries all the rights and obligations set out in law.

Limitations on transfer of Company shares

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

Significant direct or indirect interests in the context of articles 9 & 11 of Law 3556/2007

On December 31st 2010, the company «GRIMALDI COMPAGNIA DI NAVIGAZIONE S.p.a.» participated in Minoan Lines share capital with 90.84% (86.73% directly and 4,11% indirectly).

Shares carrying special control rights

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

Limitations on voting rights

There are no limitations on voting rights.

Agreements among Company's shareholders

There is an agreement of the company's main shareholder for the purchase of 2,907,966 shares (4.11% of the share capital) through a financial instrument. The Company is not aware of any other agreements among shareholders entailing limitations on the transfer of shares or limitations on voting rights.

Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Association deviating from those provided in Codified Law 2190/1920

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

In reference to the Structure of the Board of Directors the article 15 of the Articles of Association defines that " 1. *The company is directed by a Board of Directors which consists of a number of executive and non-executive members, between seven (7) and nine (9), in accordance with L. 3016/2002, as it may be in force, who may or may not be shareholders. 2. Members of the Board may always be re-elected and they remain freely revocable.*"

The members of the Board of Directors that were elected in the Annual General Meeting on 19/6/2009 are eight.

In reference to the term of office and the election of the Board of Directors the article 17 of the Articles of Association defines that " *With the exception of the provisions of article 21 of the company's Articles of Association, the members of*

the Board of Directors are elected by the General Meeting of the company's shareholders for a four-year term of office which may be extended until the Ordinary General Meeting convened after such term has elapsed."

Regarding the Replacement of a member of the Board of Directors, the article 21 of the Articles of Association defines the following:

1. The Board of Directors may elect members in replacement of members that have resigned, died or lost their capacity in any other way. The above election is effective by decision of the remaining members, if they are at least three (3) and is valid for the rest of the term of the member being replaced. The decision on the election is subject to the publicity formalities of article 7b of law 2190/1920 and is announced by the Board of Directors at the next General Meeting, which can replace the elected members, even if no such subject has been recorded in the agenda.

2. In case of resignation, death or loss of the capacity of a member or members of the Board of Directors in any other way, the remaining members can continue the administration and the representation of the company, even without the replacement of the missing members according to the previous paragraph, on condition that their number exceeds half the number of the members as it was prior to the incurring of the above facts. In every case, such members cannot be fewer than three (3).

3. In any case, the remaining members of the Board of Directors, regardless of their number (even one) can convene the General Meeting for the sole purpose of electing a new Board of Directors.

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

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

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

The Company has no agreements which are put in force, amended or terminated in the event of a change in the control of the Company following a public offer, except for the bond loan agreement which states that any change in the legal or ultimate beneficial ownership of any shares resulting in the change of control of the Company, constitute an event of default.

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

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

Corporate Governance

The Company has adopted the principles of the Corporate Governance, as they are defined by the valid Greek legislation and the international practice.

According to them the Corporate Governance is a totality of regulations, principles and auditing mechanisms, form the basis of the organization and the administration of the company, contribute significantly to the secure of the benefits of all the shareholders and everybody who is related with its operation.

The Corporate Governance Code

The Company decided to compile the Corporate Governance Code (sling in corporate site), according to the instructions of the Business and Industries Association concerning the listed companies.

Amendments of this Corporate Governance Code are in the absolute discretion of the company.

Deviations from the instructions of the Corporate Governance Code of the Business and Industries Association and their justification

The Board of Directors – Role and Competences

✓ No distinguished committees have been established by the B.o.D., which care for the procedure of the submission of candidates for the election of its members and submit proposals, regarding the remunerations of the executive members and the administrative officers, as such decisions are taken by a plenary session.

The Board of Directors – Size and Composition

- ✓ No independent vice chairman is appointed, who comes from the independent members of the B.o.D. but an executive one, considering his conjunction to the Chairman of the B.o.D during the execution of his duties.
- ✓ It is to be noted that the B.o.D according to the articles of Association no 19, has the ability to elect, by secret voting, one of its members as Managing Director, by defining, in parallel his competences.
- ✓ The status of the Chairman or the Vice Chairman of the B. o. D. is an obstacle to his election as Managing Director.

The Board of Directors – Duties and Behavior of its members

- ✓ The members of the B.o.D are not obliged to give a detailed notification of their possible professional commitments (including significant non executive commitments with companies and non profitable foundations) before their appointment; no limitation exists regarding the number of the B.o.D of listed companies where they may participate, since they correspond efficiently to their duties.
- ✓ No approval of the B.o.D is needed for the appointment one of the executive members as non executive member to a company that is not affiliate or bonded to the company.

The Board of Directors – Nomination of the candidate members

- ✓ There is no provision for a committee for the nomination of the candidates for the election of the B. o. D., since due to the structure of the company it is not considered to be necessary.

The Board of Directors – Operation

- ✓ No annual schedule/plan of the conventions of the B. o. D. is compiled, since both the call and the convention of the B. o. D. when the circumstances call it or the law imposes it, are easy.
- ✓ No meetings of the Chairman with the non executive members, without the presence of the executive members, are provided, in order to discuss the effectiveness and the remunerations of the executive members, given that, every issue is discussed in the presence of all the members of the B. o. D.
- ✓ No schedules of preliminary information of the new members of the B. o. D. are provided, neither a prevision for a continuous professional training for the members exists, given that persons with adequate and proved experience and administrative skills are appointed for the election.
- ✓ No allocation of financial sources to the committees of the B. o. D. is foreseen, neither for the recruitment of external counsels, since relevant sources are approved occasionally, based on the current needs.
- ✓ The B. o. D. is not supported by a Corporate Secretary, given that the relevant needs are covered effectively by the Administrative Secretary Department.

The Board of Directors – Assessment

- ✓ There is no prevision of an institutionalized procedure for the assessment of the effectiveness of the members of the B. o. D. and its committees, neither of the performance of the Chairman. This procedure is not considered necessary given the structure of the company.
- ✓ There is no prevision of an institutionalized procedure, according to which the regular members and non executive members convene without the presence of the executive members, in order to assess the effectiveness of the executive members and to define their remunerations.
- ✓ In the annual Corporate Governance Statement no procedure for the assessment of the B. o. D. or its committees is provided, given that no assessment procedures are provided.

The Internal Audit System

- ✓ The B. o. D. does not proceed to the assessment of the internal audit system because the Audit Committee studies and expresses its opinion (to the B. o.D.) in the annual Review of the Internal Audit System of the Internal Audit Department.

The Audit Committee

- ✓ There is no prevision for the allowance of financial sources to the Committee for the use by the committee, of external counsels, given that the composition of the Committee and the specialized knowledge and the experience of its members secure its effectiveness.

The Board of Directors – Remunerations

- ✓ There are no contracts of committed services between the company and the executive members of the B. o. D., according to which the refund of a part or the totality of the bonus that possibly has been awarded to them is foreseen.
- ✓ There is no prevision for a Remunerations' Committee, which exclusively consists by non executive members, independent to their majority, which has, as objective, the definition of the remunerations of the

members of the B. o. D. The creation of this committee, given the structure and the operation of the company, is not deemed necessary.

✓ The remuneration of the executive members of the B. o. D. is not approved by the B. o. D. after the proposal of the competent Remunerations' Committee, given that all the remunerations and the allowances to the executive members of the B. o. D. are defined by its decision and as provided by the law 2190/1920. It is possible that compensation is awarded to the members of the B. o. D., the amount of which is defined by a special decision of the Regular General Meeting of the Shareholders. Any other remuneration or compensation of the members of the B. o. D. is at the company's expenses, if it is approved by a special decision of the Regular General Meeting.

The General Meeting of the Shareholders

✓ There is no provision that the summary of the minutes of the general meeting of the shareholders to be published on the web site of the company. However the results of the voting, regarding every decision of the General Meeting, are notified within 5 days after the general meeting is convened, translated into the English language.

✓ The company does not provide voting ways via an electronic vote or via correspondence, encouraging and facilitating the presence in person of the shareholders in the general meetings.

Remark of the main features of the Internal Audit System and the Administration of the Risks that are related to the procedure of the compilation of the financial statements

The Internal Audit System

The Internal Audit System is a totality of procedures that are followed by the B. o. D., the Management and the personnel of the company, so that the effectiveness and the productivity of the corporate operation, the reliability of the financial information to the investors and the compliance to the valid legislation and guidelines, are secured.

Among these procedures the monitoring of the financial information, the assessment and the improvement of the internal audit systems and the administration of the risks, are included, as well as the verification to the institutionalized policies and processes, as they are mentioned in the Internal Regulation of the Company, the Corporate Governance Code and the Works Regulations, according to the valid legislation and the normative arrangements.

Risks and administration of the risks

Fuel prices

The increase of the price of the fuel, due to the kind of the services that the Company serves, sums up the main risk the company is exposed to, since the cost of the fuel comprises the most significant part of the total cost of the ships operation.

The Company monitors systematically and regularly the evolution of this cost and continuously processes various hedging products concerning the rise of the price of the fuel, in order to proceed to their use, as soon as the conditions of the market allow it.

Interest rates

The exposure to the risk of the interest rates of the debts is continuously monitored and the Company, in order to face its impact to its operation proceeds, when the conditions of the market allow it, to the use of financial means (hedging products), in order to administer effectively the specific risk and to improve, in parallel, its financial yield.

Cash flow

In order to face the cash flow risk, and the Company to be able to serve its due liabilities under any market conditions, a suitable combination of liquidity and approved bank credits are secured.

Exchange risk

After the adoption of the euro by Greece, the company eliminated, to a great extend, the exchange risk, given that, almost the totality of its transactions is made in euro.

Furthermore the company is not subject to the exchange risk concerning its debts, since all its debts are in euro. Indirectly the company is subject to the exchange risk through the purchase of the fuel.

The market conditions

The sea routes, where the company is operating, are subject to the free market; therefore the competition among the maritime companies in these markets is acute. The company monitors the movements of the competitors and acts respectively, in order to achieve the best financial result and to secure in the best possible way the corporate benefit.

Informative data regarding the composition of the Board of Directors

Composition of the B. o. D.

The B. o. D. of Minoan Lines SA consists of eight (8) members.

Today it consists of 3 executive and 5 non executive members 2 of whom fulfill the provisions to be independent, according to law 3016/2002 about the corporate governance. The executive members are occupied in the company or serve it by exerting administrative duties.

The non executive members of the B. o. D. do not exert administrative duties.

Note: the members 5, 6 and 7 participate in the Audit Committee

Name	Status	Starting of tenure	Expiry of tenure
1. Emanuele Grimaldi	Chairman-Executive member	19/06/2009	30/06/2013
2. Constantine Mamalakis	Vice Chairman-Executive member	19/06/2009	30/06/2013
3. Antonis Maniadakis	Managing Director-Executive member	19/05/2009	30/06/2013
4. Gianluca Grimaldi	Non Executive member	15/06/2009	30/06/2013
5. Paul Kyprianou	Non Executive member	15/06/2009	30/06/2013
6. Diego Pacella	Non Executive member	15/06/2009	30/06/2013
7. George Papageorgiou	Non Executive member – independent member	15/06/2009	30/06/2013
8. Michael Hatzakis	Non Executive member – independent member	15/06/2009	30/06/2013

Note: the members 5, 6 and 7 participate in the Audit Committee.

Heraklion, April 5th 2011

For and on Behalf of the Board of Directors

The Vice Chairman
Konstantinos Mamalakis

The Managing Director
Antonios Maniadakis



Hadjipavlou Sofianos &
Cambanis S.A.

Assurance & Advisory Services

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TRANSLATION

Independent Auditor's Report

To the Shareholders of “MINOAN LINES SHIPPING S.A.”

Report on the Restated Company and Consolidated Financial Statements

We have audited the accompanying restated company financial statements of “MINOAN LINES SHIPPING S.A.” (“the Company”) and the restated consolidated financial statements of the Company and its subsidiaries, which comprise the company and consolidated statement of financial position as at December 31, 2010, and the company and consolidated statements of comprehensive income, changes in equity and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Restated Company and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these restated company and consolidated financial statements in accordance with International Financial Reporting Standards as these have been adopted by the European Union, as well as for these internal controls that management considers necessary for the preparation of company and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these restated company and consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the company and consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the company and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the company and consolidated 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 company'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 company and consolidated 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 restated company and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2010, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as these have been adopted by the European Union.

Report on Other Legal and Regulatory Requirements

- (a) The Directors' Report includes a Corporate Governance Statement which provides the information required according to the provisions of paragraph 3d of Article 43a and paragraph 3st of Article 107 of Codified Law 2190/1920.
- (b) We have agreed and confirmed the content and consistency of the Directors' Report to the accompanying restated company and consolidated financial statements according to the provisions of the articles 43^a, 108 and 37 of the Codified Law 2190/1920.

Athens, April 5, 2011

The Certified Public Accountant

Michalis E. Karavas
Reg. No. SOEL: 13371

Deloitte.

Hadjipavlou Sofianos & Cambanis S.A.
Assurance & Advisory Services
3a Fragoklissias & Granikou Str.
151 25 Marousi
Reg. No. SOEL: E 120



Annual Company and Consolidated
Financial Statements
for the year ended December 31, 2010
(In accordance with International Financial Reporting Standards)

The accompanying Financial Statements on pages 18 to 50 have been approved by the Board of Directors on April 5th 2011 and have been uploaded to the Company's web site www.minoan.gr

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STATEMENT OF COMPREHENSIVE INCOME

	Note	The Group		The Company	
		1/1-31/12/2010	1/1-31/12/2009	1/1-31/12/2010	1/1-31/12/2009
Revenue	4	169,374,834.15	171,278,042.22	169,232,340.61	171,117,525.27
Cost of sales	5	-169,696,719.11	-149,833,570.36	-169,661,029.96	-149,774,376.20
Gross Profit(Loss)		-321,884.96	21,444,471.86	-428,689.35	21,343,149.07
Other operating income	7	923,797.97	2,485,222.43	967,603.65	2,554,484.58
Selling expenses	6	-18,914,947.28	-22,480,357.91	-18,912,699.22	-22,477,838.50
Administrative expenses		-8,119,971.04	-8,377,598.43	-8,058,136.72	-8,300,776.44
Other operating expenses	8	-9,551,924.10	-984,846.41	-9,467,033.77	-692,578.88
Operating losses before financing costs		-35,984,929.41	-7,913,108.46	-35,898,955.41	-7,573,560.17
Financial income	9	3,825,987.48	53,022,641.64	3,823,150.76	60,425,045.32
Financial expenses	10	-8,657,297.80	-10,227,554.11	-9,063,269.41	-10,431,169.92
Net financial results		-4,831,310.32	42,795,087.53	-5,240,118.65	49,993,875.40
Share of Losses from associates	16	-	-2,497,366.05	-	-
Profit / (Loss) before tax		-40,816,239.73	32,384,613.02	-41,139,074.06	42,420,315.23
Income tax expense	12	-2,571,126.38	-27,223.77	-1,940,600.89	-
Profit / (Loss) after tax		-43,387,366.11	32,357,389.25	-43,079,674.95	42,420,315.23
Other comprehensive income					
Change in fair value of available for sale securities		-	2,675.43	-	-
Total comprehensive income for the year after tax		-43,387,366.11	32,360,064.68	-43,079,674.95	42,420,315.23
The Profit/(Loss) of the year is attributable to :					
Owners of the parent company		-43,368,350.86	32,418,175.82	-43,079,674.95	42,420,315.23
Non-controlling Interests		-19,015.25	-60,786.57	-	-
Profit / (Loss) of the year		-43,387,366.11	32,357,389.25	-43,079,674.95	42,420,315.23
The total comprehensive income / (loss) for the year is attributable to :					
Owners of the parent		-43,368,350.86	32,420,851.25	-43,079,674.95	42,420,315.23
Non-controlling interests		-19,015.25	-60,786.57	-	-
Total comprehensive income / (loss) for the year after taxes		-43,387,366.11	32,360,064.68	-43,079,674.95	42,420,315.23
Basic and Diluted Earnings per Share after Tax	31	-0.6115	0.4571	-0.6074	0.5981

The accompanying notes on pages 23 - 50 are integral part of the Financial Statements



STATEMENT OF FINANCIAL POSITION

	Note	The Group		The Company	
		31/12/2010	31/12/2009	31/12/2010	31/12/2009
Assets					
Non – current assets					
Property, plant and equipment	13	431,534,822.73	445,342,066.73	431,534,822.70	445,341,826.64
Investment property	14	1,463,243.02	1,504,443.07	1,463,243.02	1,504,443.07
Investments in subsidiaries	15	-	-	3,408,405.99	3,683,028.19
Other investments	16	77,500,000.00	77,500,000.00	77,500,000.00	77,500,000.00
Other long term assets		35,481.48	35,712.00	35,481.48	35,712.00
Total non – current assets		510,533,547.23	524,382,221.80	513,941,953.19	528,065,009.90
Current assets					
Inventories	17	9,249,047.02	6,113,772.18	9,249,047.02	6,113,772.18
Trade and other receivables	18	56,806,475.43	60,716,446.20	56,799,165.73	60,709,263.01
Available for sale securities		72,545.30	132,546.03	72,545.30	132,546.03
Other current assets	18	10,390,403.52	5,389,004.89	10,390,403.52	5,372,101.00
Cash and cash equivalents	19	22,648,789.60	47,475,852.31	22,372,498.20	46,943,386.98
Non - current assets held for sale	20	5,200,000.05	5,585,311.13	-	385,311.08
Total current assets		104,367,260.92	125,412,932.74	98,883,659.77	119,656,380.28
Total Assets		614,900,808.15	649,795,154.54	612,825,612.96	647,721,390.18
Equity and liabilities					
Equity					
Share capital	21	159,583,500.00	159,583,500.00	159,583,500.00	159,583,500.00
Share premium		26,942,576.38	26,942,576.38	26,942,576.38	26,942,576.38
Other reserves	22	59,918,445.73	58,401,903.70	59,916,795.73	58,361,495.73
Retained earnings		20,950,342.91	65,861,918.85	19,516,206.10	64,151,181.05
Total Equity attributable to equity holders of the parent		267,394,865.02	310,789,898.93	265,959,078.21	309,038,753.16
Non-controlling interests		1,387.63	-6,280.17	-	-
Total Equity		267,396,252.65	310,783,618.76	265,959,078.21	309,038,753.16
Non – current liabilities					
Loans	24	258,924,107.96	-	258,924,107.96	-
Deferred tax liabilities		603,823.44	-	-	-
Retirement benefit obligations	25	2,647,971.82	2,415,529.30	2,647,971.82	2,415,529.30
Deferred government grants	26	4,416,627.21	4,609,988.88	4,416,627.21	4,609,988.88
Total Non – current liabilities		266,592,530.43	7,025,518.18	265,988,706.99	7,025,518.18
Current liabilities					
Bank overdrafts	24	23,248,082.21	4,956,992.61	23,248,082.21	4,956,992.61
Loans-current portion of long term loans	24	8,517,370.00	291,311,316.31	8,517,370.00	291,311,316.31
Liabilities related to non-current assets held for sale	20	-	150,000.00	-	150,000.00
Trade and other payables	27	49,146,572.86	35,567,708.68	49,112,375.55	35,238,809.92
Total Current liabilities		80,912,025.07	331,986,017.60	80,877,827.76	331,657,118.84
Total Liabilities		347,504,555.50	339,011,535.78	346,866,534.75	338,682,637.02
Total Equity and Liabilities		614,900,808.15	649,795,154.54	612,825,612.96	647,721,390.18

The accompanying notes on pages 23 - 50 are integral part of the Financial Statement



COMPANY STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total Equity
Balance as at 1/1/2009	159,583,500.00	26,942,576.38	58,361,495.73	21,730,865.82	266,618,437.93
Total comprehensive income after tax for the year 1/1-31/12/2009	-	-	-	42,420,315.23	42,420,315.23
Balance as at 31/12/2009	159,583,500.00	26,942,576.38	58,361,495.73	64,151,181.05	309,038,753.16
Balance as at 1/1/2010	159,583,500.00	26,942,576.38	58,361,495.73	64,151,181.05	309,038,753.16
Total comprehensive income after tax for the year 1/1-31/12/2010	-	-	-	-43,079,674.95	-43,079,674.95
Statutory Reserve	-	-	1,555,300.00	-1,555,300.00	-
Balance as at 31/12/2010	159,583,500.00	26,942,576.38	59,916,795.73	19,516,206.10	265,959,078.21

The accompanying notes on pages 23 - 50 are integral part of the Financial Statements



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Fair Value Reserves	Other Reserves	Retained Earnings	Total Shareholders Equity	Non Controlling Interest	Total Equity
Balance as at 1/1/2009	159,583,500.00	26,942,576.38	-2,675.43	58,382,529.35	33,461,405.13	278,367,335.43	56,230.00	278,423,565.43
Total comprehensive income after taxes for the year 2009	-	-	2,675.43	-	32,418,175.82	32,420,851.25	-60,786.57	32,360,064.68
Statutory Reserve	-	-	-	20.00	-20.00	-	-	-
Non-controlling interest proportion in Subsidiary's share capital increase	-	-	-	19,354.35	-17,642.10	1,712.25	-1,723.60	-11.35
Balance as at 31/12/2009	159,583,500.00	26,942,576.38	-	58,401,903.70	65,861,918.85	310,789,898.93	-6,280.17	310,783,618.76
Balance as at 1/1/2010	159,583,500.00	26,942,576.38	-	58,401,903.70	65,861,918.85	310,789,898.93	-6,280.17	310,783,618.76
Total comprehensive income after taxes for the year 2010	-	-	-	-	-43,368,350.86	-43,368,350.86	-19,015.25	-43,387,366.11
Statutory Reserve	-	-	-	1,556,930.00	-1,556,930.00	-	-	-
Purchase of non controlling interest proportion in Subsidiary's share capital	-	-	-	-	-26,683.05	-26,683.05	26,683.05	-
Reclassification of items	-	-	-	-40,387.97	40,387.97	-	-	-
Balance as at 31/12/2010	159,583,500.00	26,942,576.38	-	59,918,445.73	20,950,342.91	267,394,865.02	1,387.63	267,396,252.65

The accompanying notes on pages 23 - 50 are integral part of the Financial Statements

STATEMENT OF CASH FLOWS

	The Group		The Company	
	1/1- 31/12/2010	1/1- 31/12/2009	1/1-31/12/2010	1/1- 31/12/2009
Cash Flows from Operating Activities				
Profit / (Loss) before taxes	-40,816,239.73	32,384,613.02	-41,139,074.06	42,420,315.23
<i>Adjustments for:</i>				
Depreciation and amortization	14,456,825.77	15,047,167.86	14,456,731.57	15,047,064.54
Impairment loss on investments	-	-	413,398.20	214,854.63
Provisions and impairment loss recognized on trade receivables	10,060,312.99	-1,175,517.41	10,060,312.99	-1,466,512.34
Net Foreign Exchange (gains) / losses	9,326.12	-5,313.12	9,326.12	-5,313.12
Income/(expenses), gains/(losses) from investing activities	-3,343,824.93	-51,065,084.83	-3,343,824.93	-60,968,579.66
Interest and other financial expenses	8,654,936.21	10,227,554.11	8,647,509.62	10,216,315.29
Adjustments for changes in working capital or operating activities				
(Increase) in inventories	-3,135,274.84	-606,714.40	-3,135,274.84	-606,714.40
(Increase) / Decrease in trade and other receivables	-23,526,653.44	2,294,559.77	-23,543,430.82	2,324,689.20
Increase / (Decrease) in liabilities other than borrowings	10,461,138.80	5,551,258.17	10,758,810.84	5,516,921.33
Less :				
Interest and related expenses paid	-6,952,000.77	-9,856,269.02	-6,944,574.18	-9,845,030.20
Income taxes paid	-23,731.46	-47,652.58	-	-
Cash generated from / (used in) operating activities (a)	-34,155,185.28	2,748,601.57	-33,760,089.49	2,848,010.50
Cash Flows from Investing activities				
Acquisition of subsidiaries, associates and other investments	-	-50,000.73	-138,776.00	-170,012.08
Purchase of property, plant and equipment	-809,281.12	-2,537,237.80	-809,281.12	-2,537,237.77
Proceeds from disposal of property, plant and equipment	808,107.81	73,504,000.00	807,961.95	73,504,000.00
Advances from disposal of other investments	13,000,000.00	35,426,573.25	13,000,000.00	35,426,573.25
Dividends received	2,077,345.00	6,509.00	2,077,345.00	6,509.00
Net cash flow generated from investing activities (b)	15,076,171.69	106,349,843.72	14,937,249.83	106,229,832.40
Cash Flows from Financing activities				
Proceeds from the issue of long-term borrowings	18,291,089.60	-	18,291,089.60	-
Repayment of long/short term borrowings	-24,000,000.00	-82,531,201.36	-24,000,000.00	-82,531,201.36
Repayment of finance lease liabilities	-38,597.78	-90,595.92	-38,597.78	-90,595.92
Dividends paid	-540.94	-9,787.28	-540.94	-9,787.28
Net cash flow used in financing activities (c)	-5,748,049.12	-82,631,584.56	-5,748,049.12	-82,631,584.56
Net Increase (Decrease) in cash and cash equivalents(a)+(b)+(c)	-24,827,062.71	26,466,860.73	-24,570,888.78	26,446,258.34
Cash and cash equivalents at the beginning of the year	47,475,852.31	21,008,991.58	46,943,386.98	20,497,128.64
Cash and cash equivalents at the end of the year	22,648,789.60	47,475,852.31	22,372,498.20	46,943,386.98

The accompanying notes on pages 23 - 50 are integral part of the Financial Statements

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR 2010 (1/1- 31/12/2010)

1. General Company's Information

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

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

The total number of ordinary shares outstanding on 31/12/2010 was 70,926,000, while the total market capitalization reached € 202,848,360.00. Every share carries one voting right.

The General Shareholders' Meeting elects the Board of Directors which consists of 7-9 members. The current structure of the Board of Directors is comprised by eight (8) members, who were elected by the General Shareholders' Meeting held on June 19th 2009. On December 31st 2010, three (3) members of the board were executive, three (3) were non-executive and two (2) were non-executive-independent members.

The Annual Financial Statements for the year ended 31/12/2010 include the company and consolidated financial statements (the "Financial Statements") and were approved by the Board of Directors on April 5, 2011. The consolidated financial statements include the Company and its subsidiaries (the Group), as well as the interest of the Group in the associates.

The subsidiaries and associates that are included in the consolidated financial statements and the ownership interests that the parent company holds, directly or indirectly, are outlined in the table below :

<u>Name</u>	<u>Consolidation Method</u>	<u>Headquarters</u>	<u>% Interest</u>	
			<u>2010</u>	<u>2009</u>
Kritiki Filoxenia S.A.	Full	Heraklion-Crete	100.00%	100.00%
Athina A.V.E.E.	Full	Heraklion-Crete	100.00%	100.00%
Minoan Italia S.p.a.	Full	Palermo-Italy	100.00%	100.00%
Minoan Escape S.A.**	Full	Heraklion-Crete	99.95%	99.95%
Minoan Cruises S.A.	Full	Heraklion-Crete	80.80%	80.28%
European Thalassic Agencies shipping management & consultants S.A.**	Full	Panamas	100.00%	100.00%
Hellenic Seaways S.A. *	Equity	Piraeus	33.35%	33.35%
Mediterranean Ferries S.r.l.**	Equity	Genova-Italy	50.00%	50.00%

* Consolidated until 30/6/2009 (note 16)

** The companies are in liquidation.

*** Under liquidation according to the extraordinary General Shareholders meeting on 3/1/2011

2. Basis of preparation of the Financial Statements

2.1 Statement of Compliance

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

2.2 Basis of Preparation

The financial statements are prepared on the historical cost basis except for available-for-sale financial assets and financial instruments at fair value through profit or loss.

2.3 Use of estimates

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

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

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

Note 3.4 : Property, Plant and Equipment (depreciation)

Note 25 : Employee Defined Benefit Obligation

Note 16 : Other Investment

Note 28 : Financial Risk Management (28.2.2 Impairment loss)

Note 33 : Contingent liabilities

3. Significant Accounting Policies

The significant accounting policies presented below, have been consistently adopted in all periods presented in these financial statements by all companies of the Group .

3.1 Basis of Consolidation

3.1.1 Subsidiaries

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

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

3.1.2 Associates

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

In the Company's financial statements, participation in associates is presented at the acquisition cost less any impairment loss, except those participations that in the consolidated financial statements, are accounted according to I.A.S. 39.

3.1.3 Transactions eliminated on Consolidation

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

3.2 Foreign Currency Transactions and Functional Currency

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

3.3 Financial Instruments

3.3.1 Non – derivative financial instruments

Non-derivative financial instruments comprise of financial instruments at fair value through profit or loss, available for sale securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

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

Non-derivative financial instruments are recognized in the financial statements when the Company and the Group transact as parties with scope these financial instruments. Financial assets are derecognized, when the Group's contractual rights on the financial assets cash flows expire, or the financial assets are transferred to a third party without retaining control or material benefit or risk. The financial assets purchases and sales in the ordinary course of business are recorded in the financial statements at the transaction date which corresponds to the date of purchasing or selling by the Group. Financial liabilities are derecognized in the financial statements at the time that the contractual obligations of the Group is expired or cancelled.

3.3.1a Trade and Other receivables

Trade and Other Receivables are stated at amortized cost using the effective interest rate, except of the cases in which indications of impairment exist. In such cases, a provision is determined for the estimated impairment loss. The receivable is presented at the estimated recoverable amount and the relevant loss is recognized in the income statement (accounting policy 3.8.1). Receivables with a short-term duration are not discounted.

3.3.1b Available for sale securities

Available for sale securities include investments in entities that are listed on a stock exchange and non-listed and are classified as financial instruments available for sale and are recognized at the acquisition cost plus any transaction costs. Subsequent to the initial recognition, available for sale securities for listed entities are stated at their fair value (the quoted bid price at the balance sheet date) and any changes therein are recognized directly in equity, except for impairment losses which are recognized directly in the income statement (accounting policy 3.8.1). When these securities are derecognized, the accumulated gain or loss that was previously recognized in equity is recognized directly in the income statement.

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

3.3.1c Financial instruments at fair value through income statement

The Company classifies financial instruments at fair value through the income statement the financial assets for which -on their initial recognition- the classification at fair value provides relative information that eliminates any inconsistencies arising on a different valuation. These financial instruments are assessed to fair value at the balance sheet date and any gains or losses are recognized directly in the income statement.

3.3.1d Cash and Cash equivalents

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

3.3.1e Interest bearing loans and borrowings

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

3.3.1f Trade and other payables

The trade and other payables are recognized at cost.

3.3.2 Costs related to share capital increase

Costs directly attributable to the issuance of ordinary shares are recognized as a deduction from share premium.

3.4 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, and increased by subsequent additions. The cost of property, plant and equipment at 1/1/2004 (date of transition to I.F.R.S.) has been determined as follows : a) according to I.F.R.S. 1, Land,

Buildings and Vessels have been assessed to fair value - determined by independent appraisals- whose fair value has been considered as deemed cost. b) The remaining property, plant and equipment have been recorded at historical cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The carrying amount of the above items is increased by the subsequent expenditures incurred if it is probable that the future economic benefits embodied within these expenditures will flow to the Group companies, and decreased by the accumulated depreciation. All other costs are recognized in the income statement.

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

The net result from the assets disposal is determined by the net sale proceeds reduced by the carrying value of the asset and the gain or loss is recognized in the income statement as other operating income/expense.

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

The depreciation of the vessels is calculated on the cost less the residual value, estimated at 15% of the acquisition cost. Management's estimates that may have an effect in the future on the financial statements relate to the useful lives and the residual value of vessels. The useful lives and the residual value are based on historical data and assumptions that, at the present time, are considered reasonable. The aforementioned assumptions are not expected to change within the next 12 months.

The estimated useful lives are as follows:

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

3.5 Investment property

Investment Property that refers to assets which are no longer self own-used by the companies of the Group, is initially recognized and subsequently measured at cost, reduced by the relevant depreciation and impairment losses and increased by the subsequent additions. Depreciation is recorded in the income statement on a straight-line basis over the estimated useful lives of the property (33 years).

3.6 Leases

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

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

3.7 Inventories

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

3.8 Impairment

3.8.1 Financial assets

The financial assets –except those measured at fair value through the profit or loss - are valued at each reporting date to determine whether there is any objective indication of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate (accounting policy 3.3.1a). An impairment loss in respect of an available-for-sale financial asset, is calculated by reference to its current fair value (accounting policy 3.3.1b). Impairment losses are recognized in the income statement.

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

3.8.2 Non – Financial assets

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

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

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

3.9 Non – Current assets held for sale

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

3.10 Dividends

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

3.11 Employee benefits

3.11.1 Defined contribution plans

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

3.11.2 Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive a lump sum payment on retirement. The liability recognized in respect of defined benefit pension plans is the present value of the future benefit that employees have earned in return for their service in the current and prior years. The calculation is determined by discounting the expected future cash flows at a rate that reflects the weighted average interest of the E.C.B. The defined benefit obligation is calculated annually based on actuarial valuation performed by independent actuaries using the projected unit credit method.

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

3.11.3 Termination benefits

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

3.11.4 Short-term benefits

Short-term employee benefits are expensed as incurred.

3.12 Provisions

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

3.13 Revenue

The Revenues consist of the following:

3.13.1 Operating revenue (fares)

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

The Company implements the customer loyalty program "Minoan Lines Bonus Club", according to which each member, from any service rendered by the Company, receives points that can be redeemed as free tickets. The allocation of fares from each sale, in actual and un-realized future services, is based on the fair value of the earned points and calculated by the estimated rate of redemption according to historical data. The fair value amount is recognized as deferred income and recorded in the income statement at the time the points are redeemed.

3.13.2 Revenue from on – board sales

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

3.13.3 Other income

Other income is recognized in the income statement when the services have been rendered except for revenues from slot machines that are recognized in the income statement at the time that the money is collected.

3.13.4 Dividend income

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

3.13.5 Government grants

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

3.14 Net Financial Results

Net financial results, comprise of accrued interest expense on borrowings recognized in the income statement using the effective interest rate method, interest income on funds invested, foreign exchange gains and losses, dividends income, gains or losses from the sale of other investments and securities, gains or losses on the interest rate swap contracts and gains or losses from the financial instruments stated at fair value through profit or loss.

3.15 Income Tax

Income tax comprises current and deferred taxes.

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

The Company is a shipping company that mainly operates self-owned vessels under Greek flag. According to the article 6 of the law 2238/1994, revenue from self-owned vessels operation are income tax exempted , and are subjected to a special fiscal regime related to the law 27/1975. The above exemption also applies to any dividend distribution. For revenues derived apart from the self-owned vessels operation, (i.e. chartering, rental income, interest income e.t.c.), the provisions of article 2 paragraph 3 of the Law 27/1975 apply. In reference to the above paragraph, if a domestic or a foreign shipping company, which owns vessels under Greek flag, operates additionally to other activities, the tax exemption on the net profits or dividends equals to the ratio of vessel's revenue to the total gross revenue of the Company. The tax rate that applies in the computation of the income tax expense for profits other than vessels operation, is 24% for the year 2010, to be reduced by 1% annually for the years 2011-2014, so as to equal 20% in 2014 and thereafter. On the distribution of profits that derive from income other than vessels operation, a 40% withholding tax is applied.

Deferred income tax is the expected future tax that will be paid or recovered from income or expenses occurred during the closing period and considered deferred taxable income or expenses (temporary differences). Deferred tax is calculated using the tax rates expected to be applied in the period of which the taxable income or expense will be recognized. Temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not accounted for. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the corresponding temporary differences can be deducted. Due to the specific tax regime, no deferred taxes are recognized in the Company's financial statements.

3.16 Earnings per share

The Group and the Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilute potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.17 Operating Segments

A segment of the operations of the Group is a distinguishable business component that comprises of specific features related to the nature of the business and the related business risks. The Group has one primary business segment which is that of the parent company's shipping operations. The geographical segments are based on the geographical location of the routes of the vessels that is Greece and the Adriatic Sea. The financial results of these segments are periodically monitored by the Board of Directors. The results, the assets and the liabilities of each geographic segment disclosed include amounts that are attributed directly to each segment and those that can be reasonably allocated.

3.18 New standards, interpretations and amendments of existing standards

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current reporting period and subsequent reporting periods. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

Standards and Interpretations effective for the current financial period

- **IFRS 3 (Revised) "Business Combinations" and IAS 27 (Amended) "Consolidated and Separate Financial Statements"**. The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss. The amended IAS 27 requires that a change in ownership interest of a subsidiary to be accounted for as an equity transaction. The amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Furthermore, the acquirer in a business combination has the option of measuring the non-controlling interest, at the acquisition date, either at fair value or at the amount of the percentage of the non-controlling interest over the net assets acquired. The Group has applied the revised and amended standards from 1 January 2010.
- **IAS 32 (Amendment) "Financial Instruments: Presentation"** (effective for annual periods beginning on or after 1 February 2010). This amendment clarifies how certain rights issues should be classified. In particular, based on this amendment, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency

are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This amendment is not expected to impact the Group's financial statements.

- **IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement"**. This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. This amendment is not applicable to the Group as it does not apply hedge accounting in terms of IAS 39. The Group will adopt this amendment in any future use of hedge instrument.
- **IFRS 9 "Financial Instruments"**. This amendment which has not yet been adopted by the EU, is effective for annual periods beginning on or after 1 January 2013 and relates to classification and measurement of the financial instruments. According to the revised standard, the initial recognition of financial instruments are measured either at amortized cost or at fair value. The impact of the amended standard is closely monitored by the Company and the Group.
- **IAS 24 (Amendment) "Related Party Disclosures"**. This amendment which has not yet been endorsed by the EU, is effective for annual periods beginning on or after 1 January 2011 and modifies the definition of related-parties. The impact of the amended standard is closely monitored by the Company and the Group.

Amendments to standards that form part of the IASB's 2010 annual improvements project

The amendments set out below describe the key changes to IFRSs following the publication in May 2010 of the results of the IASB's annual improvements project. Unless otherwise stated the following amendments are effective for annual periods beginning on or after 1 January 2011. In addition, unless otherwise stated, the following amendments will not have a material impact on the Group's financial statements.

- **IFRS 7 "Financial Instruments: Disclosures"**. These amendments, (applied for annual financial statements commencing from January 1st 2011), include multiple clarifications related to the disclosure of financial instruments.
- **IAS 1 "Presentation of Financial Statements"**. This amendment, (applied for annual financial statements commencing from January 1st 2011), clarifies that entities may present an analysis of the components of other comprehensive income either in the statement of changes in equity or within the notes.
- **IAS 27 "Consolidated and Separate Financial Statements"**. This amendment clarifies that the consequential amendments to IAS 21, IAS 28 and IAS 31 resulting from the 2008 revisions to IAS 27 are to be applied prospectively.
- **IAS 34 "Interim Financial Reporting"**. This amendment places greater emphasis on the disclosure principles that should be applied with respect to significant events and transactions, including changes to fair value measurements, and the need to update relevant information from the most recent annual report.
- **IFRIC 13 "Customer Loyalty Programmes"**. This amendment clarifies the meaning of the term 'fair value' in the context of measuring award credits under customer loyalty programmes.

The Group has adopted from 1/1/2009 the revised standard I.A.S. 28 "Investments in associates". According to the revised standard, if the significant influence in an associate is ceased, the investment is excluded from the consolidation based on the equity method and is measured at fair value according to I.A.S. 39 with any gain or loss resulting from the difference with its carrying value being recorded in the income statement.

4. Revenue

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Revenue from Vessel Operations (fares)	144,901,468.75	140,310,391.69	144,916,830.75	140,338,649.69
Revenue from restaurant – bars	14,353,032.44	17,806,994.28	14,353,032.44	17,806,994.28
Revenue from shops on board	9,018,627.83	11,197,983.12	9,018,627.83	11,197,983.12
Revenue from slot machines	943,849.59	1,773,898.18	943,849.59	1,773,898.18
Revenue from travel agency operation	62,717.69	105,357.27	-	-
Income from property rental	95,137.85	83,417.68	-	-
Totals	169,374,834.15	171,278,042.22	169,232,340.61	171,117,525.27

5. Cost of sales

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Payroll cost	24,533,672.44	29,402,936.82	24,533,672.44	29,402,936.82
Bunkers and lubricants	87,104,258.41	65,604,868.40	87,104,258.41	65,604,868.40
Port expenses - Maintenances - Consumables	13,364,121.72	15,330,848.98	13,364,121.72	15,330,848.98
Food – Beverages – Shops merchandise	10,251,336.64	12,234,788.40	10,251,336.64	12,234,788.40
Other costs	5,902,218.25	7,490,684.15	5,866,529.10	7,431,489.99
Vessel chartering cost	14,641,450.50	5,375,354.82	14,641,450.50	5,375,354.82
Depreciation	14,093,022.82	14,587,235.94	14,093,022.82	14,587,235.94
Amortisation of government grant	-193,361.67	-193,147.15	-193,361.67	-193,147.15
Totals	169,696,719.11	149,833,570.36	169,661,029.96	149,774,376.20

6. Selling expenses

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Payroll cost	4,960,854.24	5,242,965.09	4,960,854.24	5,242,965.09
Commissions	10,610,384.54	12,004,982.13	10,610,384.54	12,004,982.13
Advertising and promotion expenses	2,307,628.12	4,148,777.00	2,307,628.12	4,148,777.00
Other expenses	1,036,080.38	1,083,633.69	1,033,832.32	1,081,114.28
Totals	18,914,947.28	22,480,357.91	18,912,699.22	22,477,838.50

7. Other operating income

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Gains from vessel disposal (note 13)	-	2,192,056.72	-	2,192,056.72
Gain from sale of property (note 20)	541,698.92	-	541,698.92	-
Other income from services rendered	230,423.94	150,099.96	269,084.59	215,482.68
Income from government grants	35,982.08	38,205.57	35,982.08	38,205.57
Rental income	97,620.00	97,688.68	102,765.03	103,369.51
Other income	18,073.03	7,171.50	18,073.03	5,370.10
Totals	923,797.97	2,485,222.43	967,603.65	2,554,484.58

8. Other operating expenses

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Impairment loss on trade receivables	8,347,374.05	505,163.09	8,347,374.05	505,163.09
Write off of receivables	1,096,002.48	104,481.62	1,096,002.48	103,519.82
Provision for liability to Seamen's Pension Fund	-	290,994.93	-	-
Various other expenses	108,547.57	84,206.77	23,657.24	83,895.97
Totals	9,551,924.10	984,846.41	9,467,033.77	692,578.88

9. Financial income

	The Group		The Company	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Gains from fair value measurement of other investments (note 16)	-	51,408,762.73	-	58,814,902.83
Income from time deposits	764,189.43	651,475.77	764,189.43	651,475.77
Dividend income	2,853,918.25	6,509.00	2,853,918.25	6,509.00
Interest and other related income - foreign exchange gains	207,879.80	955,894.14	205,043.08	952,157.72
Totals	3,825,987.48	53,022,641.64	3,823,150.76	60,425,045.32

10. Financial expenses

	The Group		The Company	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Interest on bank overdraft and loans	7,717,874.25	9,418,396.12	7,717,874.25	9,418,396.12
Bank charges and other interest expenses	642,740.10	259,031.61	635,649.49	259,014.07
Loss on disposal of investments and available for sale securities	2,361.59	-	415,759.79	214,854.63
Commissions on Letters of Guarantee and Credit card commissions	127,664.29	187,003.59	127,328.31	175,782.31
Foreign exchange losses	36,495.92	19,851.41	36,495.92	19,851.41
Amortization of deferred financing fees	130,161.65	343,271.38	130,161.65	343,271.38
Totals	8,657,297.80	10,227,554.11	9,063,269.41	10,431,169.92

11. Personnel expenses

The number of personnel employed at the end of the years ended 31/12/2010 and 31/12/2009 was 574 and 614, respectively.

	The Group		The Company	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Salaries and wages	29,694,672.16	34,179,837.46	29,694,672.16	34,179,837.46
Social security contributions	3,634,021.90	4,059,127.32	3,634,021.90	4,059,127.32
Other personnel benefits	266,189.28	362,285.43	266,189.28	362,285.43
Employee Defined Benefit obligations (note 25)	1,170,508.71	1,368,723.53	1,170,508.71	1,368,723.53
Totals	34,765,392.05	39,969,973.74	34,765,392.05	39,969,973.74

12. Income Tax

	The Group		The Company	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Income tax expense	830,029.36	19,243.77	805,657.28	-
Provision for special tax contribution according to law 3845/2010	1,134,943.61	-	1,134,943.61	-
Deferred tax on difference between tax and carrying value of property	603,823.44	-	-	-
Income tax according to law 3888/2010	2,329.97	-	-	-
Income tax according to law 3697/2008	-	7,980.00	-	-
Totals	2,571,126.38	27,223.77	1,940,600.89	-

13. Property, plant, equipment

The Group							
	<u>Land</u>	<u>Buildings Technical works</u>	<u>Transportation equipment</u>	<u>Vessels</u>	<u>Furniture and Other Equipment</u>	<u>Computer Software</u>	<u>Totals</u>
Cost at 1/1/2009	1,958,900.00	6,271,651.76	177,459.93	604,638,477.70	3,926,997.84	2,460,857.21	619,434,344.44
Acquisitions and additions 1/1-31/12/2009	-	-	-	2,285,193.43	216,429.66	35,614.71	2,537,237.80
Less : transfer to non current assets held for sale	160,987.00	493,513.00	-	-	-	-	654,500.00
Less: Disposals-Write offs 1/1-31/12/2009	-	-	26,439.50	83,976,690.38	438,441.93	-	84,441,571.81
Costs at 31/12/2009	1,797,913.00	5,778,138.76	151,020.43	522,946,980.75	3,704,985.57	2,496,471.92	536,875,510.43
Cost at 1/1/2010	1,797,913.00	5,778,138.76	151,020.43	522,946,980.75	3,704,985.57	2,496,471.92	536,875,510.43
Acquisitions and additions 1/1-31/12/2010	-	-	-	507,397.64	212,422.15	141,158.27	860,978.06
Less: Disposals-Write offs 1/1-31/12/2010	-	-	6,412.25	39,406.92	72,961.83	9,978.67	128,759.67
Costs at 31/12/2010	1,797,913.00	5,778,138.76	144,608.18	523,414,971.47	3,844,445.89	2,627,651.52	537,607,728.82
Accumulated Depreciation at 1/1/2009	-	1,357,452.26	121,763.58	82,684,842.06	3,154,721.30	2,320,205.20	89,638,984.40
Depreciation for the period 1/1-31/12/2009	-	238,105.03	12,198.39	14,578,869.37	259,815.62	65,261.73	15,154,250.14
Less: depreciation on assets classified as non current held for sale	-	224,324.10	-	-	-	-	224,324.10
Less: Disposed assets accumulated depreciation 1/1-31/12/2009	-	-	26,439.48	12,627,092.89	381,934.37	-	13,035,466.74
Accumulated Depreciation at 31/12/2009	-	1,371,233.19	107,522.49	84,636,618.54	3,032,602.55	2,385,466.93	91,533,443.70
Accumulated Depreciation at 1/1/2010	-	1,371,233.19	107,522.49	84,635,846.56	3,028,462.84	2,390,378.62	91,533,443.70
Depreciation for the period 1/1-31/12/2010	-	238,105.03	11,549.21	14,077,176.21	231,162.85	50,994.09	14,608,987.39
Less: Disposed assets accumulated depreciation 1/1-31/12/2010	-	-	5,661.34	26,820.74	31,286.96	5,755.96	69,525.00
Accumulated Depreciation at 31/12/2010	-	1,609,338.22	113,410.36	98,686,202.03	3,228,338.73	2,435,616.75	106,072,906.09
Net book value at :							
1/1/2009	1,958,900.00	4,914,199.50	55,696.35	521,953,635.64	772,276.54	140,652.01	529,795,360.04
31/12/2009	1,797,913.00	4,406,905.57	43,497.94	438,310,362.21	672,383.02	111,004.99	445,342,066.73
31/12/2010	1,797,913.00	4,168,800.54	31,197.82	424,728,769.44	616,107.16	192,034.77	431,534,822.73

The Company							
	<u>Land</u>	<u>Buildings Technical works</u>	<u>Transportation equipment</u>	<u>Vessels</u>	<u>Furniture and Other Equipment</u>	<u>Computer Software</u>	<u>Totals</u>
Cost at 1/1/2009	1,958,900.00	6,271,651.76	177,459.93	604,638,477.70	3,918,819.09	2,460,857.21	619,426,165.69
Acquisitions and additions 1/1-31/12/2009	-	-	-	2,285,193.43	216,429.66	35,614.68	2,537,237.77
Less : transfer to non current assets held for sale	160,987.00	493,513.00	-	-	-	-	654,500.00
Less: Disposals-Write offs 1/1-31/12/2009	-	-	26,439.50	83,976,690.38	430,760.86	-	84,433,890.74
Costs at 31/12/2009	1,797,913.00	5,778,138.76	151,020.43	522,946,980.75	3,704,487.89	2,496,471.89	536,875,012.72
Cost at 1/1/2010	1,797,913.00	5,778,138.76	151,020.43	522,946,980.75	3,704,487.89	2,496,471.89	536,875,012.72
Acquisitions and additions 1/1-31/12/2010	-	-	-	507,397.64	212,422.15	141,158.27	860,978.06
Less: Disposals-Write offs 1/1-31/12/2010	-	-	6,412.25	39,406.92	72,464.15	9,978.67	128,261.99
Costs at 31/12/2010	1,797,913.00	5,778,138.76	144,608.18	523,414,971.47	3,844,445.89	2,627,651.49	537,607,728.79
Accumulated Depreciation at 1/1/2009	-	1,357,452.26	121,763.58	82,684,842.06	3,146,885.96	2,320,205.20	89,631,149.06
Depreciation for the period 1/1-31/12/2009	-	238,105.03	12,198.39	14,578,869.37	259,712.30	65,261.73	15,154,146.82
Less: depreciation on assets classified as non current held for sale	-	224,324.10	-	-	-	-	224,324.10
Less: Disposed assets accumulated depreciation 1/1-31/12/2009	-	-	26,439.48	12,627,092.89	374,253.33	-	13,027,785.70
Accumulated Depreciation at 31/12/2009	-	1,371,233.19	107,522.49	84,636,618.54	3,032,344.93	2,385,466.93	91,533,186.08
Accumulated Depreciation at 1/1/2010	-	1,371,233.19	107,522.49	84,635,846.56	3,028,205.22	2,390,378.62	91,533,186.08
Depreciation for the period 1/1-31/12/2010	-	238,105.03	11,549.21	14,077,176.21	231,068.65	50,994.09	14,608,893.19
Less: Disposed assets accumulated depreciation 1/1-31/12/2010	-	-	5,661.34	26,820.74	30,935.14	5,755.96	69,173.18
Accumulated Depreciation at 31/12/2010	-	1,609,338.22	113,410.36	98,686,202.03	3,228,338.73	2,435,616.75	106,072,906.09
Net book value at :							
1/1/2009	1,958,900.00	4,914,199.50	55,696.35	521,953,635.64	771,933.13	140,652.01	529,795,016.63
31/12/2009	1,797,913.00	4,406,905.57	43,497.94	438,310,362.21	672,142.96	111,004.96	445,341,826.64
31/12/2010	1,797,913.00	4,168,800.54	31,197.82	424,728,769.44	616,107.16	192,034.74	431,534,822.70

In 2009, the parent company sold the vessel Pasiphae Palace with net book value € 71,307,943.28 against net sales proceeds of € 73,500,000.00. The gain from the above transaction amounted to € 2,192,056.72, and is included in the item “Other Operating Income” (note 7).

The fair value of the Company’s vessels on December 31st 2010, as determined by independent appraiser, amounted to approximately € 431.50 million thus, no impairment loss was recorded.

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

	The Group		The Company	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Cost of sales	14,093,022.82	14,587,235.94	14,093,022.82	14,587,235.94
Distribution expenses	90,109.65	93,639.97	90,109.65	93,639.97
Selling expenses	467,054.97	473,374.23	466,960.77	473,270.91
Totals	14,650,187.44	15,154,250.14	14,650,093.24	15,154,146.82

14. Investment Property

The movement of the above caption is presented on the table below:

	Land	Buildings	Totals
Cost at 1/1/2009	556,842.00	1,194,801.36	1,751,643.36
Acquisition & Additions 1/1-31/12/2009	-	-	-
Costs at 31/12/2009	556,842.00	1,194,801.36	1,751,643.36
Cost at 1/1/2010	556,842.00	1,194,801.36	1,751,643.36
Acquisition & Additions 1/1-31/12/2010	-	-	-
Costs at 31/12/2010	556,842.00	1,194,801.36	1,751,643.36
Accumulated Depreciation at 1/1/2009	-	206,000.24	206,000.24
Depreciation 1/1-31/12/2009	-	41,200.05	41,200.05
Accumulated Depreciation at 31/12/2009	-	247,200.29	247,200.29
Accumulated Depreciation at 1/1/2010	-	247,200.29	247,200.29
Depreciation 1/1-31/12/2010	-	41,200.05	41,200.05
Accumulated Depreciation at 31/12/2010	-	288,400.34	288,400.34
Net Book Value at 1/1/2009	556,842.00	988,801.12	1,545,643.12
Net Book Value at 31/12/2009	556,842.00	947,601.07	1,504,443.07
Net Book Value at 31/12/2010	556,842.00	906,401.02	1,463,243.02

15. Investments in subsidiaries

Investments in subsidiaries are as follows :

Name	Participation amount	
	31/12/2010	31/12/2009
Kritiki Philoxenia S.A.	3,203,208.19	3,203,208.19
Minoan Escape S.A.	85,197.80	359,820.00
Minoan Cruises S.A.	-	-
Minoan Italia S.p.a.	120,000.00	120,000.00
Totals	3,408,405.99	3,683,028.19

In the current year, an impairment loss of € 274,622.20 on the participation in Minoan Escape S.A. was recognized by the parent company while indications of impairment were noted for the other subsidiaries.

16. Other Investments

The item "Other Investments" refers to the Company's participation in the company Hellenic Seaways S.A. measured at fair value after the signing of an agreement with "ANEK LINES S.A." on May 18, 2009 regarding the sale of the Company's total participation in Hellenic Seaways (representing 33.35% of its share capital) in consideration of the amount of € 125 million to be paid in installments till the end of the 4th quarter of the year 2012, when the sale would be concluded. The Company retained title over the shares of Hellenic Seaways S.A. until the full payment of the consideration.

Following the signing of the above agreement, the significant influence in the associate company Hellenic Seaways S.A. was lost and the Company adopted the revised standard I.A.S. 28 "Investments in associates", according to which, at the date significant influence in an associate is lost, the participation is measured at fair value according to I.A.S. 39. The loss of significant influence resulted in the Company's partial disengagement of the essential risks and rewards of the participation, while retaining title over the shares. Therefore, in accordance with I.A.S. 39, the agreed sale price of € 125 million was allocated by the Company to the part relating to the shares to which title was retained and to the part relating to the right of exercising the significant influence (control premium) that was abolished. The fair value of the control premium was considered the amount of the non-refunded advance (€ 47.5 million), since this amount would not be paid back even in the case of the prior termination of the sale agreement. The fair value of the participation was considered the remaining portion of the consideration amounting to € 77.5 million.

In the Financial Statements of the first half of 2009, the share of Loss after taxation from the associate company Hellenic Seaways S.A. amounted to € -2,497,366.05.

Following the non-payment by ANEK A.E. of the first installment of the consideration due on November 30, 2010 proceeded with a statement of retraction contractually foreseen in the sales agreement. As a result of the this event and due to the fact that no reliable measure of fair value of the investment is no longer available, the Company measures the investment at cost which equals the carrying amount of € 77.5 million on the above mentioned date, according to IAS 39 clause 54.

No evidence of impairment of the carrying value of the investment was identified from the impairment test performed based on independent reputable valuator's study.

17. Inventories

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Merchandizes	2,465,823.92	2,546,404.98	2,465,823.92	2,546,404.98
Consumables	6,783,223.10	3,567,367.20	6,783,223.10	3,567,367.20
Totals	9,249,047.02	6,113,772.18	9,249,047.02	6,113,772.18

18. Trade and Other receivables-Other current assets

	<u>Trade and Other Receivables</u>			
	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Customers – Cheques Receivable	54,415,849.74	45,646,919.34	54,462,497.24	45,679,056.14
Trade receivables due from affiliates and associates	46,454.03	46,454.03	105,902.29	113,888.23
Other Receivables	2,344,171.66	15,023,072.83	2,230,766.20	14,916,318.64
Totals	56,806,475.43	60,716,446.20	56,799,165.73	60,709,263.01
	<u>Other Current Assets</u>			
	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Prepaid Expenses	3,890,394.28	5,014,533.03	3,890,394.28	5,013,724.04
Accrued Income	6,500,009.24	374,471.86	6,500,009.24	358,376.96
Totals	10,390,403.52	5,389,004.89	10,390,403.52	5,372,101.00

The Company and the Group's exposure to credit risks, as well as the impairment losses related to trade and other receivables are analyzed in note 28.

19. Cash and Cash equivalents

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Cash on hand	275,092.76	159,465.73	274,578.24	158,527.22
Cash in banks and time deposits	22,373,696.84	47,316,386.58	22,097,919.96	46,784,859.76
Totals	22,648,789.60	47,475,852.31	22,372,498.20	46,943,386.98

20. Non – Current assets held for sale

Non-current assets held for sale include land and buildings of a subsidiary with net book value of € 5,200,000.05, for which a decision for disposal has been taken by the Company's management. This property has been pledged to secure borrowings of the Company.

In the Financial Statements of 31/12/2009, non-current assets held for sale, also included property that was sold on 24/6/2010 at the consideration of € 950 thousand. The profit resulting from this sale amounted to € 541,698.92 and is included in the item "Other Operating Income".

No impairment loss on the above items of the subsidiary was recorded, after the fair value assessment performed by an independent valuator.

21. Share capital

The share capital of the Company is divided into 70,926,000 ordinary shares with a nominal value of € 2.25 each.

The equity holders of ordinary shares receive dividend when it is approved for distribution by the General Shareholders' Meeting. Every ordinary share carries one voting right at the General Shareholders' Meetings.

22. Reserves

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Statutory reserve	12,780,874.97	11,261,873.93	12,779,224.97	11,223,924.97
Other reserves	47,137,570.76	47,140,029.77	47,137,570.76	47,137,570.76
Totals	59,918,445.73	58,401,903.70	59,916,795.73	58,361,495.73

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

Other reserves: These reserves are established in accordance with the companies Article of Associations from the remaining annual earnings after transfer to the statutory reserve and dividends.

23. Dividends

According to the Greek Corporate law, companies must distribute as dividend to their shareholders an amount equal to 35% of the annual net realized profits (after the deduction of the statutory reserve). Nil dividend distribution can be approved by the General Assembly by shareholders representing the 70% of the paid-in share capital.

24. Loans - Short term bank borrowings

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

	<u>Average</u> <u>Interest Rate</u>	<u>31/12/2010</u>	<u>Average</u> <u>Interest Rate</u>	<u>31/12/2009</u>
Bond Loan - Agent National Bank of Greece	2.63%	268,656,315.00	2.79%	292,656,315.00
Less : Net book value of transaction costs		-1,214,837.04		-1,344,998.69
Total bond loan		267,441,477.96		291,311,316.31
Less : current portion of long-term loan		-8,517,370.00		-291,311,316.31
Total Long term debt		258,924,107.96		-

The bond loan agreement is denominated in Euro with a variable interest rate (euribor), plus a spread as defined in the particular agreement. The loan is repayable until 2019. Nevertheless, a partial or full early repayment of the loan is permitted.

The above bond loan agreement sets certain terms and limitations (the prior consent of the participated banks is required) regarding the following: change of business, mergers, negative pledge, disposals and acquisitions, additional or repayment of borrowings, dividends distribution (other than minimum required by law), reducing or repurchasing the share capital. Failure to comply with the terms of the agreement or breach of any of its obligations may result in a mandatory full repayment of the loan and accrued interest. Furthermore, the bond loan agreement sets certain financial covenants that the Company must meet at the end of each financial year. These financial covenants are: a) the ratio of total consolidated liabilities (government grants excluded) to total consolidated assets (adjusted to market value of the vessels) shall not exceed 65%, b) the ratio of total consolidated earnings before interest, taxes, depreciation and amortization to net interest expenses shall not be less than 2.0 : 1.0 and c) the liquid funds shall not be less than € 15 million. On December 31st 2009, the Company did not comply with the financial covenant referred to the ratio of total consolidated earnings before interest, taxes, depreciation and amortization to net interest expenses, thus the long term debt was classified as a short-term liability according to I.A.S. 1. During the current year the company signed with the bondholders a supplemental agreement related to the waiver of the above non-compliance covenant from 1/1/2010 – 31/3/2012, and, thus, the bond loan was reclassified to long-term liabilities.

The interest expenses of the above long term debt for the period ended 1/1-31/12/2010 and 1/1-31/12/2009, amounted to € 7,381,390.68 and € 8,996,763.46 respectively.

In order to secure the aforementioned debt, first preferred mortgages amounting to € 375,000,000.00 have been registered on the Company's vessels.

The short term borrowings amounted to € 23,248,082.21 and € 4,956,992.61 at 31/12/2010 and 31/12/2009 respectively, are secured by post dated checks. The average interest rates for the years 1/1-31/12/2010 and 1/1-31/12/2009 reached 3.62% and 4.52% respectively.

Information regarding the Company's liquidity and interest rate risk exposure is included in note 28.

25. Employee defined benefit obligations

According to the Greek Labour Law, employees upon retirement are entitled to compensation which amounts to 40% of the amount that would become payable upon dismissal.

The table below shows the present value of the employee defined benefit obligations as well as the unrecognized actuarial gains/losses:

	<u>31/12/2010</u>	<u>31/12/2009</u>
Present value of defined benefit obligations	2,973,271.59	2,407,261.93
Unrecognized actuarial losses /(gains)	325,299.77	(8,267.37)
Total liability	<u>2,647,971.82</u>	<u>2,415,529.30</u>

	<u>The Group</u>	<u>The Company</u>
Balance as at 1/1/2009	2,402,123.32	2,402,123.32
Current Service Cost	287,670.75	287,670.75
Interest Cost	130,807.75	130,807.75
Benefits paid	-1,355,317.55	-1,355,317.55
Cost of settlement	950,245.03	950,245.03
Balance as at 31/12/2009	<u>2,415,529.30</u>	<u>2,415,529.30</u>
Balance as at 1/1/2010	2,415,529.30	2,415,529.30
Current Service Cost	227,810.92	227,810.92
Interest Cost	140,485.27	140,485.27
Benefits paid	-938,066.19	-938,066.19
Cost of settlement	802,212.52	802,212.52
Balance as at 31/12/2010	<u>2,647,971.82</u>	<u>2,647,971.82</u>

The amount, recorded as an expense at 31/12/2010 and 31/12/2009 respectively, is analyzed as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Current Service cost	227,810.92	287,670.75	227,810.92	287,670.75
Interest Cost	140,485.27	130,807.75	140,485.27	130,807.75
Cost of settlement	802,212.52	950,245.03	802,212.52	950,245.03
Totals	<u>1,170,508.71</u>	<u>1,368,723.53</u>	<u>1,170,508.71</u>	<u>1,368,723.53</u>

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

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Selling expenses	343,761.88	710,895.30	343,761.88	710,895.30
Administrative expenses	761,955.44	505,129.65	761,955.44	505,129.65
Cost of sales	64,791.39	152,698.58	64,791.39	152,698.58
Totals	<u>1,170,508.71</u>	<u>1,368,723.53</u>	<u>1,170,508.71</u>	<u>1,368,723.53</u>

The movement of the defined benefit obligations for the years 2006-2010 is presented below:

	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2008</u>	<u>31/12/2007</u>	<u>31/12/2006</u>
Defined Benefit Obligations	2,647,971.82	2,415,529.30	2,402,123.32	2,462,945.19	2,321,825.80

The total amount of Employee Defined Benefit Obligations is unfunded.

The main assumptions used are as follows:

- Discount Rate at 31/12/2010 and 31/12/2009, 4.40% and 6.10% respectively
- Long – term average annual salaries increase 5.00%
- Average future employee services 12.71 years

26. Deferred Government grants

The deferred government grants relate to the subsidy received by the Company from the Norwegian Government for the vessel IKARUS PALACE during the period of its shipbuilding. It is recognized as revenue in the income statement on a systematic basis over the useful life of the vessel. The amount recorded in the income statement against cost of sales was € 193 thousand for each of the years 2010 and 2009.

27. Trade and Other payables

	The Group		The Company	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Suppliers – Cheque payables	31,946,306.32	23,018,978.05	31,946,306.32	23,014,057.19
Income tax payable	1,964,972.97	19,243.77	1,940,600.89	-
Withholding taxes-social security contributions payable	2,994,981.14	2,628,821.01	2,989,182.92	2,625,428.93
Dividends payable	552,202.33	552,743.27	552,202.33	552,743.27
Sundry creditors	4,647,705.15	4,664,981.94	4,643,967.86	4,654,831.82
Accrued expenses	3,632,068.47	1,748,184.68	3,631,778.75	1,456,992.75
Customer advances	538,992.61	300,444.94	538,992.61	300,444.94
Deferred income	2,869,343.87	2,634,311.02	2,869,343.87	2,634,311.02
Totals	49,146,572.86	35,567,708.68	49,112,375.55	35,238,809.92

28. Financial Risk Management

28.1 General

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

- Credit risk
- Liquidity risk
- Market risk

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

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

28.2 Credit risk

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

Under the Company's set credit policy, every new customer is analysed individually for creditworthiness before the Company's standard payment and credit terms and conditions are offered. The customers that fulfil the credit conditions sign the relevant agreements.

Some customer categories transact with the Group only an advance payment basis. Credit limits, representing the maximum open amount, are set for each customer, and are reviewed regularly by the finance division.

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

28.2.1 Credit risk exposure

The carrying value of "Trade and Other Receivables" and "Other investments" indicate the maximum exposure to credit risk. In order to secure the aforementioned trade risk exposure, the Company receives letters of guarantee, pre-notations and shares pledged from its customers. The carrying value of 'Trade and Other Receivables' along with the received guarantees, are presented below:

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Trade and other receivables	56,806,475.43	60,716,446.20	56,799,165.73	60,709,263.01
Guarantees received	-4,459,578.33	-4,845,244.47	-4,459,578.33	-4,845,244.47

For securing receivables amounting to approximately € 1.7 million, the Company has received pledges on shares of non-listed companies. Moreover, against receivables amounting to approximately € 18.5 million the Company has confiscated property with an assumed value of approximately € 4.9 million, and received property pre-notations of € 600 thousand.

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

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Port Agents	18,002,160.69	20,354,280.62	18,002,160.69	20,354,280.62
Travel agencies	7,843,030.90	5,974,817.54	7,843,030.90	5,974,817.54
Truck customers	29,149,495.86	18,231,625.45	29,149,495.86	18,231,625.45
Other receivables	1,811,787.98	16,155,722.59	1,804,478.28	16,148,539.40
Totals	56,806,475.43	60,716,446.20	56,799,165.73	60,709,263.01

At 31/12/2010 and 31/12/2009, the balances due from two customers of the Company, represent approximately the 30% and the 40% of the total receivables respectively.

28.2.2 Impairment loss

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

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Not past due	26,328,643.19	55,077,943.63	26,321,333.49	55,046,806.68
Past due 1-30 days	10,560,287.18	1,088,174.22	10,560,287.18	1,088,174.22
Past due 31-120 days	16,467,662.07	2,009,637.97	16,467,662.07	2,009,637.97
Past due 121-365 days	2,612,439.60	684,337.11	2,612,439.60	684,337.11
Past due over a year *	837,443.39	1,856,353.27	837,443.39	1,880,307.03
Totals	56,806,475.43	60,716,446.20	56,799,165.73	60,709,263.01

* including debtors in litigation and settlement agreements

The Company does not recorded any allowance for impairment loss on receivables that either are not past due or are not past due for over one year, estimating that these receivables relate to customers with a good payment history.

The allowance for impairment losses relates to those customers who either did not settle their debts towards the Company or the Group and the cooperation with whom has been terminated, or legal measures have been taken so that the Company can liquidate its claims.

The Company has proceeded to the republication of the Annual Financial Statements for the year ended 2010, so that a provision of € 7 million to be included against a total legal claim of € 18.5 million.

The allowance for impairment losses which has reduced the "Trade and Other Receivables" caption, relates to receivables that are past due for over one year. The movement of the allowance is analyzed in the table below:

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Opening Balance	1,858,797.83	1,353,634.74	1,807,860.98	1,302,697.89
Plus : Impairment loss	8,347,374.05	505,163.09	8,347,374.05	505,163.09
Less : Reversal of impairment loss	1,452,387.66	-	1,401,450.81	-
Closing Balance	8,753,784.22	1,858,797.83	8,753,784.22	1,807,860.98

The allowance for impairment is used to record impairment losses, unless the Company estimates that no recovery of the pending amount is expected, where in such cases the non-recoverable amounts are directly written off against the receivables. In the current year receivables amounting to € 1,096,002.48 were written off from the consolidated and company receivables, while in the previous year € 104,481.62 and € 103,519.82 were written off from the consolidated and company receivables respectively, (note 8).

28.3 Liquidity risk

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

The Company ensures that it has sufficient cash on demand with a combination of cash and bank overdraft facilities to meet the expected obligations for a period of 12 months.

In addition, the Company maintains lines of credit amounting to € 33.0 million as at 31/12/2010 and € 35.0 million as at 31/12/2009, of which the unused amounts were € 9.75 million and € 30.04 million respectively. The interest on all lines of credit is charged based on EURIBOR plus the banks' margin and are secured by post-dated cheques.

The contractual expiry dates of the Company's financial liabilities based on the agreements effective on the balance sheet date are as follows (note 24) :

<u>31 /12/2010</u>	<u>Totals</u>	<u>within 1 year</u>	<u>2-3 years</u>	<u>4-5 years</u>	<u>over 5-years</u>
Bank overdrafts	23,248,082.21	23,248,082.21	-	-	-
Trade and other payables	49,112,375.55	49,112,375.55	-	-	-
Long term debt *	268,656,315.00	8,517,370.00	32,517,370.00	32,517,370.00	195,104,205.00
<u>31 /12/2009</u>	<u>Totals</u>	<u>within 1 year</u>	<u>2-3 years</u>	<u>4-5 years</u>	<u>over 5-years</u>
Bank overdrafts	4,956,992.61	4,956,992.61	-	-	-
Trade and other payables	35,238,809.92	35,238,809.92	-	-	-
Long term debt *	292,656,315.00	16,258,685.00	32,517,370.00	32,517,370.00	211,362,890.00

*excluded future interest payments

The table below presents the contractual expiry dates of the long term debt, and the relevant interests (3-month euribor at 31/12/2010) until the maturity of the facility commencing from 2011 and thereafter based on management estimations:

	<u>Totals</u>	<u>within 1 year</u>	<u>2-3 years</u>	<u>4-5 years</u>	<u>over 5-years</u>
Long term debt	330,503,999.45	17,386,311.98	48,995,702.13	46,825,232.69	217,296,752.65

28.4 Market risk

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

28.4.1 Currency risk

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

28.4.2 Interest rate risk

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

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Fixed rate instruments				
Cash and cash equivalents	22,648,789.60	47,475,852.31	22,372,498.20	46,943,386.98
Floating rate instruments				
Long term borrowings and bank overdrafts	290,689,560.17	296,268,308.92	290,689,560.17	296,268,308.92

28.4.2.a Sensitivity analysis on interest rate cash flows

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

	Financial Results Sensitivity	
	0.5% increase	0.5% decrease
<u>31/12/2010</u>		
Long term borrowings and bank overdrafts	-1,433,149.96	1,433,149.96
Cash flow sensitivity	-1,433,149.96	1,433,149.96
<u>31/12/2009</u>		
Long term borrowings and bank overdrafts	-1,588,811.10	1,588,811.10
Cash flow sensitivity	-1,588,811.10	1,588,811.10

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

28.5 Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on invested capital, aiming to its maximization so as to ensure the distribution of dividends according to the relevant legislation and meeting its borrowing commitments.

The Company, in order to meet its borrowing commitments and the relation with the operating results under the loan agreement, monitors the following ratios:

- Total Assets / Total Liabilities
- Consolidated Earnings Before Interest Taxes Depreciation and Amortization / Net Consolidated Interest Expense

	<u>The Group</u>	
	<u>31/12/2010</u>	<u>31/12/2009</u>
Total adjusted Liabilities	347,504,555.50	334,401,546.90
Total adjusted Assets	622,078,035.50	658,409,869.75
Total Liabilities / Total Assets	0.55	0.51

Total assets are adjusted with the market value of the vessels and total liabilities do not include government grants.

On August 13th 2010, the bondholders approved the waiver of the covenant related to the ratio of the consolidated earnings before interest taxes depreciation and amortization / net consolidated interest expenses from 1/1/2010 to 31/3/2012.

29. Fair values

The valuation methods used to assess the fair value of financial instruments to fair value can be rated as follows:

- Level 1 : quoted prices in active markets for identical financial instruments.
- Level 2 : values, not classified as level 1, but can be directly or indirectly quoted through active stock-markets.
- Level 3 : values for assets and liabilities that are not quoted in active stock-markets.

The following methods and assumptions were applied in order to appraise the fair value of each financial instrument:

- Cash and cash equivalents, trade and other receivables, trade and other payables: the carrying amounts of these financial instruments are similar to their fair values due to the short-term maturity.
- Long term borrowings: the fair values of the long – term borrowings do not differ in respect to their book values due to the fact that they bear variable interest rates.
- Derivative financial instruments: the valuation method is determined considering the future interest rate (euribor) and classified as level 2.
- Financial instruments assessment to fair value through profit and loss: the fair value resulted from a sale agreement to a third party and classified as level 3 (note 16).

30. Operating segments

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

The Company, due to the nature of its business activities, encounters the effect of seasonality relating to the revenue from passengers' and private cars' fares and the revenue from on-board services (bars – restaurants, shops) and other revenue, that represent 40.5% and 17.7% of the total annual revenue respectively.

The revenue that results from truck fares represents 41.8% of the total annual revenue and it is evenly earned throughout the year.

The Group

<u>at 31/12/2010</u>	<u>Greece routes</u>	<u>Adriatic routes</u>	<u>Unallocated items</u>	<u>Totals</u>
Revenue	46,695,791.56	119,969,115.55	2,709,927.04	169,374,834.15
Gross Profit / (Loss)	-1,289,661.57	800,428.51	167,348.10	-321,884.96
Profits / Losses before depreciation, taxation, financing and investment costs (E.B.I.T.D.A.)	3,585,692.31	-1,548,220.19	-23,565,575.76	-21,528,103.64
Net depreciation	-6,398,980.96	-6,410,484.29	-1,647,360.52	-14,456,825.77
Losses before taxation, financing and investment costs (E.B.I.T.)	-2,813,288.65	-7,958,704.49	-25,212,936.27	-35,984,929.41
Financial income	-	-	3,825,987.48	3,825,987.48
Financial expense	-2,556,206.69	-2,750,995.03	-3,350,096.08	-8,657,297.80
Share of loss from affiliates	-	-	-	-
Losses before tax	-5,369,495.34	-10,709,699.52	-24,737,044.87	-40,816,239.73
Income tax expense	-	-	-2,571,126.38	-2,571,126.38
Losses after tax	-5,369,495.34	-10,709,699.52	-27,308,171.25	-43,387,366.11
Total Assets	187,866,550.11	172,703,489.12	254,330,768.92	614,900,808.15
Total Liabilities	92,806,371.40	93,990,896.79	160,707,287.31	347,504,555.50
Capital expenditure	26,474.65	98,707.42	735,795.99	860,978.06

<u>at 31/12/2009</u>	<u>Greece routes</u>	<u>Adriatic routes</u>	<u>Unallocated items</u>	<u>Totals</u>
Revenue	58,192,215.77	112,925,309.50	160,516.95	171,278,042.22
Gross Profit	12,411,328.25	8,931,820.82	101,322.79	21,444,471.86
Profits / Losses before depreciation, taxation, financing and investment costs (E.B.I.T.D.A.)	16,399,233.13	9,929,961.22	-19,195,134.95	7,134,059.40
Net depreciation	-6,384,266.26	-8,009,822.53	-653,079.07	-15,047,167.86
Profits / Losses before taxation, financing and investment costs (E.B.I.T.)	10,014,966.88	1,920,138.68	-19,848,214.02	-7,913,108.46
Financial income	-	-	53,022,641.64	53,022,641.64
Financial expense	-3,080,904.29	-4,273,974.18	-2,872,675.64	-10,227,554.11
Share of Loss from affiliates	-	-	-2,497,366.05	-2,497,366.05
Profits / (Losses) before tax	6,934,062.59	-2,353,835.50	27,804,385.93	32,384,613.02
Income tax expense	-	-	-27,223.77	-27,223.77
Profits / (Losses) after tax	6,934,062.59	-2,353,835.50	27,777,162.16	32,357,389.25
Total Assets	194,045,009.95	244,265,352.26	211,484,792.33	649,795,154.54
Total Liabilities	97,118,179.14	132,608,400.70	109,284,955.94	339,011,535.78
Capital expenditure	250,611.13	2,034,582.30	252,044.37	2,537,237.80

The non-allocated items are closely monitored by management and are analyzed as follows:

- Total profit/loss before depreciation, tax, financing and investing costs, are mainly referred to administrative and selling expenses which cannot be reasonably allocated
- Total financial expenses refer to interest not related to vessels acquisition
- Total assets refer to assets not related to vessels
- Total liabilities relate to liabilities other than loans related to vessels acquisition

31. Earnings per share

	The Group		The Company	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Earnings attributable to shareholders of the Parent	-43,368,350.86	32,418,175.82	-43,079,674.95	42,420,315.23
Weighted average number of shares outstanding	70,926,000	70,926,000	70,926,000	70,926,000
Basic and Diluted Earnings per Share	-0.6115	0.4571	-0.6074	0.5981

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

32. Related Party transactions

During 2008, the company «GRIMALDI COMPAGNIA DI NAVIGAZIONE S.p.a.» having its registered address in Palermo Italy, acquired the majority of the Company's shares, and thus became the ultimate controlling party exercising control on the Company and the Group.

Related parties are considered the Group of the ultimate parent company, the members of the Board of Directors and management of subsidiaries of the Group, as well as the financially dependent members and first-degree relatives of the members of the Board of Directors and Management, and the associate companies.

Presented in the tables below are the receivable and payable balances between the related parties on December 31st 2010 and December 31st 2009, as well as purchases (services received) and sales (services provided) for the years 2010 and 2009:

32.1 Group of Ultimate Parent Company

31/12/2010

Company	Grimaldi Compagnia di Navigazione S.p.a.	Atlantica di Navigazione S.p.a.	Industria Armamento Meridionale S.p.a.	Finnlines P.I.c.	Grimaldi Tours	Totals
Minoan Lines S.A. (due from)	10,194.92	1,055,395.14	-	854.60	62,879.80	1,129,324.46
Minoan Lines S.A. (payable to)	-	-	2,703.53	-	-	2,703.53

31/12/2009

Company	Grimaldi Compagnia di Navigazione S.p.a.	Industria Armamento Meridionale S.p.a.	Atlantica di Navigazione S.p.a.	Totals
Minoan Lines S.A. (due from)	114,456.84	-	-	114,456.84
Minoan Lines S.A. (payable to)	-	5,910.36	55,906.10	61,816.46

1/1-31/12/2010

Company	Grimaldi Compagnia di Navigazione S.p.a.	Atlantica di Navigazione S.p.a.	Grimaldi Tours	Industria Armamento Meridionale S.p.a.	Totals
Minoan Lines S.A.					
Chartering cost	14,641,450.50	-	-	-	14,641,450.50
Crew wages cost	491,381.42	-	-	-	491,381.42
Bunkers cost	236,691.51	-	-	-	236,691.51
Cost of prepaid meals	153,170.58	-	-	-	153,170.58
50% on-board operating result	222,102.71	-	-	-	222,102.71
Other operating cost	57,383.35	-	-	-	57,383.35
Advertising and other expenses	-	26,801.20	676.50	6,548.95	34,026.65
Totals	15,802,180.07	26,801.20	676.50	6,548.95	15,836,206.72
50% on-board income	1,078,257.89	-	-	-	1,078,257.89
Revenue from bunker disposal	438,303.91	727,572.93	-	-	1,165,876.84
Chartering revenue	-	988,145.30	-	-	988,145.30
Other revenue	80,968.82	37,892.39	-	-	118,861.21
Totals	1,597,530.62	1,753,610.62	-	-	3,351,141.24

1/1-31/12/2009

Company	Grimaldi Compagnia di Navigazione S.p.a.	Industria Armamento Meridionale S.p.a (In.ar.me)	Atlantica di Navigazione S.p.a	Finnlines	Grimaldi Germany G.m.b.h.	Totals
Minoan Lines S.A.						
Chartering cost	1,327,629.82	4,047,725.00	-	-	-	5,375,354.82
Crew wages cost	27,588.14	900,600.19	-	-	-	928,188.33
Bunkers cost	144,285.06	89,427.75	-	-	-	233,712.81
Other costs	41,073.09	-	5,180.00	23,136.58	790.00	70,179.67
Totals	1,540,576.11	5,037,752.94	5,180.00	23,136.58	790.00	6,607,435.63
Bunkers and other revenues	-	481,384.87	1,800.00	-	-	483,184.87
50% on-board revenue	105,530.76	-	-	-	-	105,530.76
Totals	105,530.76	481,384.87	1,800.00	-	-	588,715.63

32.2 Subsidiaries
31/12/2010

Company	Minoan Escape S.A.	Kritiki Filoxenia S.A.	Totals
Minoan Lines S.A. (due from)	3,895.07	55,553.19	59,448.26
Athina A.V.E.E. (due from)	-	35,108.74	35,108.74

31/12/2009

Company	Minoan Escape S.A.	Kritiki Filoxenia S.A.	Totals
Minoan Lines S.A. (due from)	15,743.11	51,690.79	67,433.90
Athina A.V.E.E. (due from)	-	33,875.08	33,875.08

1/1-31/12/2010

Company	Athina A.V.E.E.	Minoan Escape S.A.	Minoan Cruises S.A.	Kritiki Filoxenia S.A.	Totals
Minoan Lines S.A.					
Revenues from fares	-	15,362.00	-	-	15,362.00
Revenue from rentals and other	-	41,444.84	600.00	1,760.84	43,805.68
Totals	-	56,806.84	600.00	1,760.84	59,167.68
Kritiki Filoxenia S.A.					
Revenues from dividends	379.73	-	-	-	379.73
Totals	379.73	-	-	-	379.73

1/1-31/12/2009

Company	Athina A.V.E.E.	Minoan Escape S.A.	Minoan Cruises S.A.	Kritiki Filoxenia S.A.	Totals
Minoan Lines S.A.					
Revenues from fares	-	28,258.00	-	-	28,258.00
Revenue from rentals and other	-	66,901.31	600.00	1,760.84	69,262.15
Totals	-	95,159.31	600.00	1,760.84	97,520.15
Kritiki Filoxenia S.A.					
Revenues from dividends	7,502.30	-	-	-	7,502.30
Totals	7,502.30	-	-	-	7,502.30

32.3 Associates

31/12/2010

Company

Minoan Lines S.A. (due from)

**Mediterranean
Ferries S.r.l.**

46,454.03

31/12/2009

Company

Minoan Lines S.A. (due from)

**Mediterranean
Ferries S.r.l.**

46,454.03

All the above transactions, as referred in notes 32.1 and 32.2, were entered into at arm's length.

32.4 Members of the Board of Directors and Management

The remuneration to the Members of the Board of Directors and the Company's management are analysed as follows:

	<u>31/12/2010</u>	<u>31/12/2009</u>
Executive directors	503,725.40	470,799.80
Non – executive directors	190,402.00	204,305.76
Management	816,569.49	1,122,304.54
Totals	<u>1,510,696.89</u>	<u>1,797,410.10</u>

Of the total 2010 remunerations above, an amount of € 60.692,53 remains unpaid as at 31/12/2010. In addition, as at 31/12/2010, an amount of € 135.856,91 is receivable from one of the members of the Board of Directors, resulting from commercial activities.

33. Contingent liabilities

The contingent liabilities are the following:

a. By virtue of Decision No. 210/III/2002 of the Competition Committee, a penalty was imposed on the Company in the total amount of € 4.5 million. The Company has been justified by the Court of Appeal of Athens. An appeal by the Greek Government and the Competition Committee has been filed against the final instance courts and the decision is pending. Estimating that the appropriate Administrative Courts will issue a decision favorable to the Company, the Company has not recorded any respective provision.

b. A court order was issued whereby the Company was imposed to pay an amount of € 800 thousand. The Company has not established any provision against this liability as the Company has filed for appeal, the outcome of which is still outstanding.

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

<u>Company</u>	<u>Unaudited tax years</u>
Minoan Lines S.A.	2006 - 2010
Minoan Escape S.A.	2010
Minoan Cruises S.A.	2000 - 2010
Kritiki Filoxenia S.A.	2007 - 2010
Athina A.V.E.E.	2007 - 2010
Minoan Italia S.p.a	2009 - 2010
Mediterranean Ferries S.r.l.	2002 - 2010

No provision has been established due to the special tax regime (shipping company) and does not expect any significant tax obligations to be imposed from future tax audits.

The tax obligations of the Company and the companies of the Group will be finalized after the completion of the relevant regular tax audits by the competent tax authorities.

Moreover, there are still pending legal disputes for Value Added Tax differences for the years 1998-2005, resulted from the Company's regularly tax audit completion in 2006. It should be noted that, the Company has been justified for similar tax litigations for the years preceding 1998 by the Hellenic Council of State, thus no relevant provision has established.

34. Audit fees

The fees for the statutory audit of the financial statements for the year ended December 31, 2010 amounted to € 130 thousand and for other non-audit services provided amounted to € 15 thousand.

35. Subsequent events

The subsidiary company Minoan Escape was set into liquidation after approval by the shareholders at the Shareholders Meeting held on January 3rd 2011.

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

The Vice Chairman of the Board

Konstantinos Mamalakis
ID C No AA 367050

Heraklion, April 5th 2011
The Managing Director

Antonios Maniadakis
ID C No X 850531

The Head of Accounting

Dimitra Batsi
ID C No AI 438159
ID OEE 23944 First Class

MINOAN LINES SHIPPING S.A.
REGISTRATION NUMBER 11314/06/B/86/13
Domicile : 17 , 25th August Str. 71202 - Heraklion Crete

Notes and information for the year ended December 31st, 2010 (1/1-31/12/2010)

(published in accordance with the article 135 of the law 2190/1920, for companies preparing the annual financial statements according to the I.A.S.)
The financial information set out below provides a general presentation of the financial position and results of MINOAN LINES SHIPPING S.A. and its Group. We recommend to the reader, before any investment decision or transaction is performed with the Company to visit the web site (at www.minoan.gr), where the financial statements are presented in accordance with the International Accounting Standards and the type of the auditor's report.

COMPANY'S INFORMATION				STATEMENT OF CHANGES IN EQUITY									
Supervising Authority	Ministry of Development-Societes Anonymes Dept.			The Group		The Company							
web site address	www.minoan.gr			31/12/2010	31/12/2009	31/12/2010	31/12/2009						
Board of Directors	E.Grimaldi-Chairman,K.Mamalakis-Vice Chairman,A.Maniadakis- Managing Director,G.Grimaldi-Member,D.Pacella-Member,P.Kyprianou- Member,G.Papageorgiou-Member,M.Hatzakis-Member			Total equity at the beginning of the year (1/1/2010 and 1/1/2009 respectively)									
Date of approval by the Board of Directors	April 5 th , 2011			Total comprehensive income/(loss) for the year after tax									
Certified Auditor Accountant	Michalis E Karavas, Reg No. ICPA (GR) 13371			Dividend distribution									
Audit Firm	Deloitte, Hadjipavlou,Sofianos & Cambanis S.A. Reg.No.ICPA/GR) E120			Purchase of non controlling interest proportion									
Type of auditor's report	Unqualified opinion			Total equity at the end of the year									
STATEMENT OF FINANCIAL POSITION				STATEMENT OF CASH FLOWS									
		The Group		The Company		The Group		The Company					
		31/12/2010	31/12/2009	31/12/2010	31/12/2009	1/1-31/12/2010	1/1-31/12/2009	1/1-31/12/2010	1/1-31/12/2009				
ASSETS				Cash flows from operating activities									
Property, plant and equipment	431,342,787.96	445,231,061.74	431,342,787.96	445,230,821.68	Profit (Loss) before Taxes								
Investment property	1,463,243.02	1,504,443.07	1,463,243.02	1,504,443.07	-40,816,239.73								
Intangible assets	192,034.77	111,004.99	192,034.74	111,004.96	Adjustments for:								
Other non-current assets	77,535,481.48	77,535,712.00	80,943,887.47	81,218,740.19	Depreciation and Amortization								
Inventories	9,249,047.02	6,113,772.18	9,249,047.02	6,113,772.18	14,456,825.77								
Customers	56,806,475.43	60,716,446.20	56,799,165.73	60,709,263.01	Impairment loss on investments								
Other current assets	33,111,738.42	52,997,403.23	32,835,447.02	52,448,034.01	0.00								
Non-current assets held for sale	5,200,000.05	5,585,311.13	0.00	385,311.08	Provisions and impairment loss on trade receivables								
TOTAL ASSETS	614,900,808.15	649,795,154.54	612,825,612.96	647,721,390.18	10,060,312.99								
EQUITY AND LIABILITIES				Net foreign exchange (gains) / losses									
Share Capital	159,583,500.00	159,583,500.00	159,583,500.00	159,583,500.00	9,326.12								
Retained Earnings and other Reserves	107,811,365.02	151,206,398.93	106,375,578.21	149,455,253.18	Income/(expenses), gains/(losses) from investing activities								
Total Shareholders Equity (a)	267,394,865.02	310,789,898.93	265,959,078.21	309,038,753.16	-3,343,824.93								
Non Controlling interest (b)	1,387.63	-8,280.17	0.00	0.00	-51,065,084.83								
TOTAL EQUITY (c) = (a) + (b)	267,396,252.65	310,783,618.76	265,959,078.21	309,038,753.16	10,227,554.11								
Long-term Loans and borrowings	258,924,107.96	0.00	258,924,107.96	0.00	8,647,509.62								
Provisions/other long-term liabilities	7,668,422.47	7,025,518.18	7,064,599.03	7,025,518.18	10,216,315.29								
Bank overdrafts and current portion of long term loans and borrowings	31,765,452.21	296,268,308.92	31,765,452.21	296,268,308.92	Adjustments for changes in working capital or operating activities								
Other short-term liabilities	49,146,572.86	35,567,708.68	49,112,375.55	35,238,809.92	(Increase) in Inventories								
Liabilities related to non-current assets held for sale	0.00	150,000.00	0.00	150,000.00	-3,135,274.84								
TOTAL LIABILITIES (d)	347,504,555.50	339,011,535.78	346,866,534.75	338,682,637.02	-606,714.40								
TOTAL EQUITY AND LIABILITIES (c) + (d)	614,900,808.15	649,795,154.54	612,825,612.96	647,721,390.18	-23,526,653.44								
STATEMENT OF COMPREHENSIVE INCOME				Cash generated from / (used in) operating activities (a)									
		The Group		The Company		The Group		The Company					
		1/1-31/12/2010	1/1-31/12/2009	1/1-31/12/2010	1/1-31/12/2009	1/1-31/12/2010	1/1-31/12/2009	1/1-31/12/2010	1/1-31/12/2009				
Revenue				Cash flows from investing activities									
Gross profit (loss)				Acquisition of subsidiaries, associates, and other investments									
169,374,834.15				171,278,042.22				-809,281.12					
Operating loss before tax, financing and investing costs				Purchase of property, plant and equipment									
-35,984,929.41				-7,913,108.46				-808,107.81					
Profit/(Loss) before taxes				Proceeds from disposal of property, plant and equipment									
-40,816,239.73				32,384,613.02				13,000,000.00					
Profit/(Loss) after taxes (a)				Net cash flow generated from investing activities (b)									
-43,387,366.11				32,357,389.25				2,077,345.00					
- Equity holders of the parent				Net cash flow used in financing activities (c)									
-33,368,350.86				32,418,175.82				-5,748,049.12					
- Non Controlling interest				Net increase (decrease) in cash and cash equivalents (a)+(b)+(c)									
-19,015.25				-60,786.57				-24,827,062.71					
Other Comprehensive income after taxes (b)				Cash and cash equivalents at the beginning of the year									
0.00				2,675.43				47,475,852.31					
Total comprehensive income after taxes (a)+(b)				Cash and cash equivalents at the end of the year									
-43,387,366.11				32,360,064.68				46,943,386.98					
- Equity holders of the parent				Operating profit (loss) before tax, depreciation, financing and investing costs									
-43,368,350.86				32,420,851.25				20,497,126.64					
- Non Controlling interest				-19,015.25				-60,786.57					
- Basic and diluted earnings per share after taxation				-0.6115				0.4571					
Operating profit (loss) before tax, depreciation, financing and investing costs				-21,528,103.64				7,134,059.40					
				-2,144,223.84				7,473,504.37					

Notes and information:

- The Companies that are included in the above stated financial statements with their locations, the Group interest and the consolidation method are presented in note 1 of the annual financial statements.
- These consolidated financial statements are included in the consolidated financial statements of the company "GRIMALDI COMPAGNIA DI NAVIGAZIONE S.p.a." (domicile : Palermo Italy) which at the period ended participated in the share capital of the parent company with 90.84% (call option 4.11% included).
- The open tax years of the Company and of the companies of the Group are analyzed in note 33 of the annual financial statements.
- The main accounting principals of 31/12/2009 have been consistently applied.
- For securing the long-term debt, first preferred mortgages have been registered on the vessels of the above stated financial statements amounting to € 375,000,000.00.
- The Company on 31/12/2009 reclassified the bond loan from long term to short term liabilities, in accordance with I.A.S. 1, due to a financial covenant non compliance. During the current year the Company has signed a supplemental agreement with a waiver of the aforementioned covenant for two years, following which the bond loan was reclassified from short to long term liabilities (note 24 of the financial statements).
- There are no outstanding disputes in the courts or any arbitration against the Company and consolidated Companies, which could have substantial effects on the financial position. The relevant provisions included in the above stated financial statements are the following:

	The Group	The Company
Provisions for debtors balances legally pursued	8,753,784.22	8,753,784.22
Provisions for open tax years	0.00	0.00
Other Provisions	0.00	0.00
- In order to provide a better presentation of the above Statement of Financial Position, as presented on this "Notes and Information", the comparative balances 31/12/2009 were reclassified where the amounts € 42,602,075.73 and € 42,654,912.42, related of the Company and the Group respectively, were transferred from the item "other current assets" to the item "receivables". The above reclassification had no impact in the total income after taxes and non-controlling interest as well as in the total comprehensive income after taxes or in the total shareholders' equity of the previous year.
- Personnel employed by the Group at year end 31/12/2010 and 31/12/2009 was 574 and 614 respectively.
- Earnings per share is calculated on the weighted average number of shares outstanding.
- The total inflows and outflows, as well as the receivables and payables, resulting from transactions among the related parties in accordance with the I.A.S. 24 are as follows:

	The Group	The Company
a) Inflows	3,351,141.24	3,410,308.92
b) Outflows	15,836,206.72	15,836,206.72
c) Receivables	1,175,778.49	1,235,226.75
d) Payables	2,703.53	2,703.53
e) Transactions and compensations of directors and members of board of directors	1,510,696.89	1,510,696.89
f) Receivables from directors and members of board of directors	135,856.91	135,856.91
g) Payables to directors and members of board of directors	60,692.53	60,692.53
- The Company based on the decision of the Board of Directors, proceeded to the republication of the Annual Financial Statements for the year ended 2010, due to the fact that an impairment test has been performed and a provision of € 7 million has been recorded, as mentioned in note 28.2.2 "Impairment loss" in order to comply fully with I.F.R.S and in accordance with the instructions of Hellenic Capital Market Commission.

Heraklion, April 5th 2011

THE VICE CHAIRMAN OF THE BOARD
KONSTANTINOS MAMALAKIS
ID C Nr AA 367050

THE MANAGING DIRECTOR
ANTONIOS MANIADAKIS
ID C Nr X 850531

THE HEAD OF ACCOUNTING
DIMITRA BATSI
ID C Nr AI 438159
ID 23944 First Class

Resolutions of the Annual General Meeting	www.minoan.gr, www.ase.gr	28/6/2010
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Announcement in the Athens Stock Exchange	www.minoan.gr, www.ase.gr	4/1/2010
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