AEGEAN AIRLINES S.A.

Societe Anonyme Reg. No.: 32603/06/B/95/3
31 Viltanioti Street, Kifissia, Attica

Annual Financial Statements
for the period
1 January 2008 to 31 December 2008

In accordance to the International Accounting Standards
and Art. 4 of Law 3556/2007

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A. Statements of the Board of Directors Representatives

According to the article 4 paragraph 2 of Law 3556/2007.

The undersigned Board of Directors' representatives:

1. Theodore E. Vassilakis, Chairman,
2. Dimitrios C. Gerogiannis, CEO and
3. Eftichios T. Vassilakis, Vice Chairman

By the authority assigned to us by the Board of Directors for this purpose, to the best of our knowledge we declare that:

a. The Annual Financial statements of Aegean Airlines S.A. (the Company) for the period 1 January 2008 to 31 December 2008 are in accordance with International Financial Reporting Standards, and they truly reflect all Assets, Liabilities and Shareholders Equity along with the Profit & Loss Statement

and

b. The Board of Directors Report truly reflects the development, performance and the financial position of the Company, along with the description of the main uncertainties and risks they are faced with.

Kifissia, 10 March 2009

Theodore Vassilakis	Dimitrios Gerogiannis	Eftichios Vassilakis
Chairman I.D. No. Ξ 458197	Chief Executive Officer I.D. No. AB 642495	Vice Chairman I.D. No. Ξ 679379

B. Independent Auditors Report

To the Shareholders of "AEGEAN AIRLINES S.A."

Report on the Financial Statements

We have audited the accompanying financial statements of "AEGEAN AIRLINES S.A." ("the Company"), which comprise, the balance sheet as at December 31, 2008, the income statement, the statement of changes in equity, the cash flow statement for the year then ended and a summary of the significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Greek Auditing Standards, which are based on 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 financial statements are free from material misstatement.

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

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

Opinion

The abovementioned financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2008, and the financial performance and the cash flows of the Company for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Report on Other Legal and Regulatory Requirements

The Board of Directors Report is consistent with abovementioned financial statements according to articles 43 and 37 of Law 2190/1920.

Athens,10 March 2009

The Auditor	The Auditor
George Deligiannis SOEL reg no 15791	Marios Lasanianos SOEL reg no 25101

Grant Thornton

Vasileos Konstantinou 44
116 35 Athens
SOEL reg no 127

C. Board of Directors' Annual Report

Board of Directors Annual Report Concerning the financial statements the period 01.01.2008 – 31.12.2008 for the Company AEGEAN AIRLINES S.A.

To the shareholders,
In accordance to Law 2190/1920 article 43a paragraphs 3 & 4 and Law 3556/2007 articles 2c, 6, 7 & 8 as well as the ASE's board of directors' decision 7/448/11.10.2007 article 2 and the Company's Articles of Association we submit for the period from 01/01/2008 to 31/12/2008, the Annual Report of the Board of Directors, which consists of, the audited financial statements, the notes to the financial statements and the independent auditors' report.
In this report are presented in summary information of the Company AEGEAN AIRLINES S.A., financial information that aims to provide to the shareholders and investors a general view of the financial position and results, the general course of the Company and the developments during the period (01/01/2008 – 31/12/2008), important events that took place and their effect to the financial statements of the period. Additionally, there is an analysis of potential risks and uncertainties of the most significance the Company might face in the future and a report on related parties' transactions.

1. FINANCIAL DEVELOPMENTS AND PERFORMANCE IN THE REPORTING PERIOD

1.1 GENERAL REVIEW

2008 has been yet another important year of development for the Company, continuing successfully the implementation of our expansion plans. The main target remained the renewal of our aircraft fleet maintaining at the same time a healthy financial position through strong cash flows, despite the adverse conditions not only in the airlines' sector but also in the global economy in general.

The main drive factor of the Company's financial performance during 2008 was the oil prices, which reached a peak of above 145 US dollars per barrel in July 2008. The steep increase in the oil prices forced a number of airline companies around the world to suspend their operations since they became unable to meet their highly increased operational costs while others followed a strategy of conservative capacity reduction. The average oil price throughout 2008 was 99.8 US dollars per barrel 38% higher than in 2007, resulting in a similar increase in the jet fuel prices. During the last quarter of the year the oil prices declined substantially as a result of the global economic crisis.

In 2008 the economic growth rate in the E.U. was only 1%, with the larger economies entering recession periods. The deterioration of the economy became more obvious during the second half of the year in various economic sectors such as tourism and transportations. According to data from the Association of European Airlines (AEA), passenger traffic increased by 2% in the first half of 2008 while reduced by 5% in the second half, resulting in an overall annual reduction of 1,5% in 2008.

The economic growth rate in Greece remained at higher levels compared to the average of the Euro-zone countries both in 2007 (+4%) and in 2008 (+3%). However the growth rate was reduced the last two quarters of 2008, without Greece being able to remain uninfluenced from the global twists. The passenger traffic in the country's biggest airport, Athens International Airport (AIA), remained marginally in the same levels as in 2007, demonstrating a decline in the abroad market segment, particularly in the last quarter of 2008.

Despite the adverse investment environment created by the steeply increased fuel prices and the global recession, Aegean Airlines in 2008 reported a strong rise in passenger traffic as a result of our successful commercial strategy and further network expansion. In particular, the Company transferred 6 million passengers during the period January – December 2008, an annual increase of 14% from last year. The total flights reached 57.635, increased by 5% compared to 2007. As a result, the number of average passengers per flight improved to 104 from 96 in the previous year. Domestic passengers in 2008 were 3,7 million, an increase of 9% from 2007. Annual increase in international passenger traffic was 24%, transferring 2,3 million passengers.

Strengthening further its market position, the Company had in 2008 a market share of 29% of the total passenger traffic amongst the over 65 airline companies that operated in AIA. At the same time it maintained its leading position at Macedonia Airport in Thessaloniki and N.Kazantzakis in Heraklion, Crete.

In 2008 the Company continued the implementation of the network expansion strategy plans, introducing new routes to London, Tirana, Limnos and Kefalonia, while in the last quarter of 2008 another highly popular destination was added, Paris along with a direct flight from Athens to Dusseldorf. At the end of 2008, the Company was servicing 23 domestic routes and 19 international scheduled routes, covering 17 and 13 destinations domestic and internationally respectively, as well as a substantial number of seasonal charter flights for various tour operators.

Throughout 2008 the Company continued its fleet renewal program gradually taking delivery 10 new aircrafts (type Airbus A 320) and returned 4 Boeing 737/300 back to their lessors with the expiration of their leasing contracts. The introduction of the 10 new aircrafts in the Company's fleet contributed to the increased capacity, the reduction of the average age of the fleet and the reliability improvement of the offered services. The fleet renewal implicates also higher costs in comparison with the older Company fleet. Finally the Company sold and leased back an older aircraft type Avro RJ 100 in December 2008. At the end of 2008 the fleet of the Company totaled 13 Airbus A320/321, 6 Avro RJ 100 and 10 Boeing 737/300-400.

1.2 FINANCIAL REVIEW

In 2008 Aegean Airlines S.A. recorded an improvement in the operational profit, increased operational cash flows and constrained the profit decline maintaining a sound financial position, managing to reduce the negative effect of the steep increase in fuel costs and the decline in demand during the last quarter.

In more detail, **total revenue** in 2008 was €611,7 million compared to €482,7 million in 2007 (27% increase), as a result of the passenger traffic increase mainly in the routes abroad where the ticket fares are higher, the increase of the average capacity per aircraft due to the delivery of the new Airbus A320/321 and finally due to the fuel surcharge.

Scheduled flights income increased by 26%, representing 84% of the total revenue (excluding airport passenger charges). The average fare increased by 11%, mainly due to the increased contribution of the abroad destinations passenger traffic. The average load factor remained at 70%, at the same level with the previous year, a fact that demonstrates the successful commercial promotion of the additional capacity.

Charter flights represented 11% of the total revenue (excluding airport passenger charges), totaling €62,6 million, 36% higher compared to 2007, due to the increase in the number of aircrafts assigned to charter flights from 4 to 5 aircrafts during the summer period of 2008.

Total operational expenses were €561,9 million from €438 million in 2007 due to the increased activity and oil prices. The cost of fuels was €148 million, €52 million higher than in 2007, representing 24% of the revenue and 26% of the operational costs of the Company. Despite the highly increased fuel costs**, earnings before interest, taxes depreciation and amortization (EBITDA)** increased by 22% at €57,5 million, due to:

a) Increased revenue,
b) The resulting benefits from the renewal of the aircraft fleet, mainly at the maintenance costs and finally,
c) In the achieved economies of scale due to the introduction of larger aircrafts, increased distance routes and increased average passengers per flight.

The abovementioned profitability enhancement factors contributed into reducing the effects of the substantial increase in fuel costs and aircraft leasing payments resulting from the acquisition of new aircrafts with higher ownership/leasing costs compared to the older fleet of Boeing 737-300/400. Therefore the operational **EBITDA** decreased by 0,3% at 9,4% from 9,7% in 2007.

Depreciation costs increased by 76% at €7,3 million due the depreciation charges for the 2 aircrafts acquired in 2008 through finance leasing.

Interest income increased at €8,5 million from € 3,5 million as a result of the Company's strong cash position and the higher interest rates on fixed term deposits during the last quarter, while interest and other expenses for bank loans and finance leases were €3,9 million.

Other financial results include the net negative effect from the reversal/closure of forward contracts on fuel and foreign currency, totaling €8 million. Additionally the Company suffered a net loss from exchange differences of €8,7 million (losses of €20,5m. and gains of €11,8m.) mainly coming from revaluation of loans (bank loans and finance leasing) and reimbursements of pre delivery payments for acquiring new aircrafts.

Earnings before taxes (EBT) declined by 10% at €39,9 million, mainly due to the increased depreciation costs and net financial costs. **Net profit after taxes** was €29,5 million, reduced by 18% compared to 2007, while **earnings per share** were €0,41 from €0,57 in previous year. The Board of Directors will propose a dividend of €0,25 per share, which represents 61% of the Company's net profits in 2008 (from which a 10% tax will be withheld), pending the approval in the Shareholders General Meeting.

Equity reserves increased to €212,8m. from €167,5m. in 2007, mainly due to the Company's profitability.

Total fixed assets increased at €169,8m. from €124,3m. in 2007, with the acquisition of 2 aircrafts with finance leasing being responsible at large.

Total short and long term liabilities (including liabilities from finance leases) increased at €86m. from €57,5m. in 2007. **Total cash and cash equivalents** increased to €182,8m. from €158,3m. with the Company maintaining its sound capital structure.

- BASIC KEY PERFORMANCE INDICATORS

The Company follows the policy of assessing its results and efficiency on a monthly basis, locating deviation from the budget timely and taking the necessary corrective measures.

The Company evaluates its performance (amongst others) through the following ratios, commonly used in the airline industry:

RASK (Revenue per Available Seat Kilometer): The index divides the total income by the total seats available for sale multiplied by the total kilometers flown.

CASK (Cost per Available Seat Kilometer): The index divides the total operating expenses by the total seats available for sale multiplied by the total kilometers flown.

Passenger yield: The index divides the total income from passengers carried by the total passengers multiplied by the total kilometers flown. The aforementioned indices for the year 2008 compared to 2007 were as follows:

(in € cents)	2008	2007
RASK	9,8	9,4
CASK	8,2	7,8
Passenger yield	14,0	13,4

RASK and passenger yield improved by 4% and 5% respectively as a result of effective revenue management, the successful utilization of additional capacity and the introduction of fuel surcharges. The sharp rise of oil prices was the primary factor that drove CASK 5% higher compared to 2007. Excluding fuel cost, CASK declined by 2%.

2. REVIEW OF OTHER IMPORTANT EVENTS

- Change of Raised Funds Use Timeline

The Company's Board of Directors on the basis of its decision dated 19.05.2008 has suggested the change of the raised funds use timeline in relation to non-appropriated funds as at 31/12/2007 of €104,3m as follows:

• Within the framework of the Company's fleet renewal program, AEGEAN has signed binding contracts for the purchase and operating leasing of 27 aircraft of Airbus A320 family. More specifically, the Company has signed binding contract with Airbus for the purchase of 17 aircraft of Airbus A320 type.

According to the initial planning, the investment horizon for the direct financing of aircraft expanded until the end of the first half of 2009. Nevertheless, based on an updated planning the investment horizon is expected to expand until the end of the first half of 2010. This change reflects the change of the characteristics of the planned direct financing with regards to the commencement date, the pre-delivery payments and the total duration of the investment.

• The Company has initiated procedures for the construction of its own hangar at the Athens International Airport which will become the base for its maintenance activity. According to the initial planning, the investment horizon for the direct financing of the hangar construction expanded until the end of the first half of 2008. Nevertheless, based on an updated planning the investment financing is to be finalized by the end of the first half of 2009.

The change of raised funds use timeline is aimed at adjusting the Company's investment program to the current challenging economic environment. Nevertheless, the change of timeline is not considered to have a material impact to the Company's results and operation.

Taking in consideration the above mentioned the table of allocation of IPO proceeds which was approved by the General Shareholders Meeting as been modified as follows:

AMENDED TABLE OF ALLOCATION OF IPO PROCEEDS

Appropriation of raised funds	Total Appropriation of the funds until 31/12/2007	Non-appropriated funds as at 31/12/2007	Distribution						Total IPO Proceeds
			Jan - Jun 2008	Jul - Dec 2008	Jan - Jun 2009	Jul - Dec 2009	Jan - Jun 2010	Total	
(Amounts in million €)									
Aircraft	9,8	61,2	14,3	15,4	8,2	5,5	17,8	61,2	71
New routes development	5	15	5	5	5			15	20
Construction of a hangar at AIA		8	2,1	3,5	2,4			8	8
General business needs and working capital	7,5	20,1	7,5	7,1	5,5			20,1	27,6
IPO related expenses	8,6	0						0	8,6
Total	30,9	104,3	28,9	31	21,1	5,5	17,8	104,3	135,2

- Share capital reduction by the amount of Euro 60.704.535,00 through the decrease of the nominal value of the Company's shares for offsetting losses of previous fiscal years

The Ordinary General Shareholders Meeting convened on 12.6.2008 decided the reduction of the Company's share capital by the amount of euro 60,704,535 for offsetting losses of previous fiscal years through the decrease of the shares nominal value to euro 0.65 per share from euro 1,50 per share.

Following aforementioned share capital reduction, the Company's share capital amounts to euro 46.421.115 divided into 71.417.100 common registered shares of nominal value of euro 0.65 per share.

The Ministry of Development with its decision on 10.7.2008 (protocol number K2-9014) has approved the amendment of the Company's Articles of Association. The Board of Directors of Athens Exchange convened on 10.7.2008 has been notified for the reduction of the Company's nominal value. Therefore, as of 16.7.2008 the Company's shares commence trading with a new nominal value of euro 0.65 per share.

The aim of the aforementioned reduction was to offset previous fiscal years losses, achieving a healthy balance sheet and providing the possibility to distribute dividend to shareholders from 2008 earnings.

- Amendment on the Company's Articles of Association

The Annual General Shareholders Meeting convened on 12.06.2008 has decided the amendment and supplementation of provisions of the Company's Articles (regarding article 3, par. 2 (e), par. 4 & par. 5, article 4, par. 2 & 3, article 6, par. 1, article 7, par. 3, articles 9, 13, 14, 17 par. 2, 4, 6 (c), (d) & (e), articles 19, 24 and 26 (b), for the purpose of complying with the provisions of L. 3604/2007 by virtue of which C.L. 2190/1920 was reformed - amendment of article 10 par. 2 of the Articles of Association - codification of Company's Articles in a new uniform text.

The amendment in the Company's Articles of Association was approved with the no. K2-9014/10.07.2008 Decision of the Ministry of Development.

3. RISKS AND UNCERTAINTIES

Foreign exchange risk

The Company incurs a substantial portion of its expenses, such as aviation fuel, aircraft lease expenses, distribution costs, spare parts, maintenance expenses and aviation insurance premiums in U.S. dollars, whereas it generates most of its revenues in euro. Appreciation of the euro versus the U.S. dollar positively impacts operating profit because the euro equivalent of the U.S. dollar operating expenses decreases, while depreciation of the euro versus the U.S. dollar negatively impacts the Company's operating profit. As of December 31, 2008, the Company had entered into currency contracts to hedge its estimated requirements of U.S. dollars with respect to 61% on average of the projected needs for the period 2009-2010. Cover levels are monitored and reviewed on an ongoing basis in light of market developments and the overall needs of the business.

The table below presents the sensitivity of the period's result and the equity's compared to a reasonable movement in the euro / US dollars exchange rate by -7%. For 2007 the assumed movement in the exchange rate was -9%.

Amounts in thousand €

	2008	2007
Result for the period (profit)	4.439,76	(3.745,46)
Equity	4.439,76	(3.745,46)

Accordingly if the movement in the euro / US dollar exchange rate was +7% and +9% for 2007, then the sensitivity of the result and the equity would be:

Amounts in thousand €

	2008	2007
Result for the period (loss)	(3.834,40)	3.745,46
Equity	(3.834,40)	3.745,46

Interest rate risk

The Company is exposed to interest rate fluctuations risk through its bank loans and finance leases with floating interest rate. Declining interest rates have a positive impact on the Company's profits, while increasing interest rates have an adverse effect on the earnings. As at 31 December 2008 the Company had signed interest rate swap contracts to hedge 100% of the risk relating to in the changes of the interest rates of the finance leases.

The table below presents the sensitivity of the period's result and the equity's compared to a reasonable movement in the interest rates by +1% or -1%.

Amounts in thousand €

	2008	2007
Result for the period	775,31	294,31
Equity	775,31	294,31

The Company considers that in a global environment of prolonged recession, there is low risk for the interest rates to increase.

Jet fuel risk

The Company is exposed to the fluctuations of the price of oil which directly influences the price of jet fuel. To manage this risk the Company imposes when necessary, fuel surcharges on domestic and international fares whilst also enters derivative contracts on oil products in order to hedge part of its projected jet fuel needs.

On 31 December 2008 the Company had signed jet fuel swap contracts on average for the 29% of its expected fuel needs for the period 2009-2010. Cover levels are monitored and reviewed on an ongoing basis in light of market developments and the overall needs of the business.

Credit risk

In general the Company faces low credit risk. Its receivables come from a large and diversified client basis.

In order to protect its financial results from the credit risk, the Company monitors, on a regular basis, its trading receivables and whenever necessary, assesses the insurance of the receivables collection, mainly through factoring.

Possible credit risk also exists in cash and cash equivalents and in forward contracts. The risk is stemming from the possibility of the counterparty becoming unable to meet its obligations towards the Company. To minimize this risk the Company examines regularly its degree of exposure to every individual financial institution. As far as it concerns its deposits the Company is dealing only with financial institutions which have high credit ratings.

Liquidity risk

The continuous monitoring of liquidity risk presupposes substantial cash balances. The Company manages the aforementioned risk by maintaining adequate cash available, directly liquid securities and sufficient credit lines from the banks as well as from suppliers, always with reference to its operational, investment and financial needs. It is noted that as at 31 December 2008 the Company had cash liquidity of €183m. As well as approved credits, that ensure the payment of short and medium term liabilities.

4. <u>PROSPECTS AND DEVELOMENTS</u>

Management remains committed to the following strategic priorities:

a) Expand international network and constant improvement of the quality of services offered

b) Implementation of fleet renewal plan

c) Effectively cope with current challenging economic conditions.

In more detail:

International Network Expansion

The Company, consistent with its international expansion strategy, has decided to expand its network by adding 4 more European destinations from its base in Athens in its summer 2009 season schedule. New destinations include Brussels, Berlin, Barcelona and Venice. In addition, a second daily flight to Paris is added as of March 2009.

All flights will be operated by the Company's new AIRBUS A320/321 fleet which will number 21 aircrafts by May 2009.

With the addition of these 4 new destinations AEGEAN's network will cover 46 routes in Greece and abroad and will operate more than 200 total daily flights in the summer of 2009.

AEGEAN's planned network expansion is expected to enhance the Company's brand awareness and contribute to the establishment of its name as a quality carrier offering a wide range of choices both domestically and abroad.

Nevertheless, the aforementioned expansion is expected to weigh on the Company's profitability as new routes are historically loss making during the first 2 years from the launch of operations due to low load factors achieved until the establishment of the Company's position in every new destination. Within this period the Company incurs personnel expenses for every new airport station, fuel, maintenance, overflight expenses, airport charges, catering, distribution, lease payments and increased marketing and promotion expenses. These expenses significantly surpass revenue earned for every new route during the initial establishment period.

Fleet renewal program

The Company in line with its investment program will take delivery of 8 new aircraft Airbus A320/321 in 2009, after taking delivery of 13 aircraft in 2007 and 2008. Within 2009 the Company will also return 6 of its 10

Boeing 737-300/400 fleet back to their owners. Consequently, AEGEAN plans to serve its 2009 summer season schedule with a fleet of 31 aircraft, consisting of 21 Airbus A320/321, 6 RJ Avros and 4 Boeing 737-400.

Besides the current international financial crisis, the Company has secured financing for all 2009 deliveries, and thus bears no risk of securing available financing for its investment program.

New aircrafts will facilitate the Company's international network expansion and will significantly contribute to the quality upgrade of offered services in both the domestic and international network. It is highlighted that as of Summer 2009 the Company's scheduled services fleet will be fully renewed, having an average fleet age of 2 years and thus operating one of the youngest fleet in the region. At the same time the fleet renewal is expected to contribute to the increase of average capacity per flight, the reduction of operating expenses per seat and also lead to more efficient fuel consumption. Nevertheless, the Company is expected to incur increased fleet ownership costs.

Effectively cope with current challenging economic conditions

Prospects for 2009 are expected to be impacted by current unfavorable business environment, the slowdown in economic activity and consequently expected reduced demand for transportation. The Company reckons that the impact on its financial result from the deteriorating economic conditions cannot currently be quantified as these will depend upon

a) the degree of demand drop in Europe,

b) the performance of new routes and

c) the competitive environment as far as both domestic and international carriers is concerned. In addition, the high seasonality of the Company's operations, with the greatest portion of revenue and profits being generated during the third quarter of the year, prohibits the provision of safe guidance as visibility of summer bookings is generally low in the beginning of every year.

Under the current uncertain circumstances, the Company will focus its efforts at protecting its financial results and cash flow and maintaining its healthy financial structure. Management is confident that during the last 10 years of the Company's history, AEGEAN has developed strong fundamentals, a flexible structure and a competitive cost base that allow to mitigate – to the extent that this could be possible – the negative consequences of the current challenging economic conditions. In addition, management will proceed with the taking actions towards increased the flexibility of the Company's structure so as to allow the necessary adjustments required by the negative economic environment.

The negative evolution of the aforementioned uncertainties might affect negatively the Company's financial results.

5. RELATED PARTIES TRANSACTIONS

According to IAS 24, the transactions of most importance with related parties, refer to transactions of the Company with related entities according to article 42e of law 2190/20, are disclosed in notes 6.61 and 6.62 of the Annual Report for the period 1 January 2008 to 31 December 2008 and appear to the table below:

Amounts in thousand Euros	Relationship	Transactions		Balances	
		Income	Expenses	Receivables	Liabilities
AUTOHELLAS HERTZ S.A.	Shareholder	93,85	321,57	31,47	78,65
TECHNOCAR S.A.	Other related party	12,61	10,39	3,84	8,78
VACAR S.A.	Other related party	5,32	1,24	16,35	0,41
VELMAR S.A.	Other related party	9,86	43,73	5,46	4,10
PIRAEUS BANK S.A.	Shareholder	-	353,34	574,40	0,00

Deposits held at Piraeus Bank (Shareholder) on 31.12.2008 were:

Amounts in thousand €	
Sight deposits	1.620,12

Time deposits	70.185,46

Additionally jet fuels swap contracts with Piraeus Bank (Shareholder) on 31.12.2008 were:

- $84.000,00 thousand
- 15.000 metric tons of jet fuel

The commercial transactions of the Company with related parties during the 2008 period were on usual commercial terms and they had no substantial movement from last period.

Finally, directors' and Board of Directors' remuneration for the period 1/1-31/12/2008 were €3.795,94 thousand while on 31/12/2008 the Company's obligations towards the directors' and the Board of Directors' were €399,59 thousand and the respective Company's receivables from directors' and the Board of Directors' were €11,15 thousand.

6. EXPLANATORY REPORT OF THE BOARD OF DIRECTORS (article 4, paragraph 7 & 8 of Law 3556/2007)

1. Structure of the Company's share capital

The Company's share capital amounts to forty six million four hundred twenty one thousand and one hundred fifteen euros (46,421,115), divided into seventy one million four hundred seventeen thousand and one hundred common voting registered shares (71,417,100 shares), of par value of sixty five euro cents each (0.65 euro).

All the shares are registered and listed for trading in the Securities Market of the Athens Exchange under the "Large Cap" classification.

2. Limits on transfer of Company shares

The transfer of Company shares takes place based on procedures stipulated by the law and the Athens Exchange's regulation, while there are no restrictions set by the Articles of Association for transfer of shares.

3. Significant direct or indirect holdings in accordance with the provisions of articles 9 – 11 of Law 3556/2007

On 31.12.2008 the following investors held more than 5% of the Company's voting shares:: Theodore Vassilakis 21.7%, Transmarine 6.9%, Autohellas 6.9%, Athanasios Laskaridis 11.4%, Panagiotis Laskaridis 7.6%, Cantel Participations 6.2% and Leonidas Ioannou 6.1%.

4. Shares conferring special control rights

There are no Company shares that carry any special rights of control.

5. Limitations on voting rights

The Articles of Association make no provision for any limitations on voting rights.

6. Shareholder agreements which result to limitations in the transfer of shares or limitations to exercise voting rights

The Company is not aware of any Shareholder agreements which result to limitations in the transfer of shares or limitations to exercise voting rights.

7. Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Association

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 Codified Law 2190/20.

8. Authority delegated to the BoD or certain members of the Board for the issue of new shares or acquisition of own shares

According to the provisions of article 13 par. 1 item b) of C.L. 2190/1920 and the article 5 of the Articles of Association, the Company's Board of Directors has the right, following a relevant decision by the General Shareholder's Meeting that is subject to the publicity announcements of article 7b of C.L. 2190/1920, to increase the Company's share capital with the issuance of new shares, through a decision by the Board of Directors that is made with a majority of at least two thirds (2/3) of its total members. In this case, Company's share capital may be increased by no more than the share capital amount paid up on the date when the Board of Directors was granted such power by the General Meeting. This power of the Board of

Directors may be renewed by the General Meeting for a period that may not exceed five year per instance of renewal.

9. Important agreements which are entered in force, amended or terminated in the event of change in the control of the Company following a public offer

There are no agreements which enter into force, are amended or terminated in the event of change in the control of the Company following a public offer.

10. Agreements that the Company has entered into with Board members or employees

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 due to a public offer.

EXPLANATORY REPORT OF PARAGRAPH 8 OF THE ADDITIONAL INFORMATION (article 4, paragraph 7 of Law 3556/2007)

Regarding the information included in Paragraph 6 (information of paragraph 7 of art. 4 Law 3556/2007), we would like to note the following occurred from 1.1.2008 till 31.12.2008.

- Share capital reduction by the amount of Euro 60.704.535,00 through the decrease of the nominal value of the Company's shares for offsetting losses of previous fiscal years

The Ordinary General Shareholders Meeting convened on 12.6.2008 decided the reduction of the Company's share capital by the amount of euro 60,704,535 for offsetting losses of previous fiscal years through the decrease of the shares nominal value to euro 0.65 per share from euro 1,50 per share.

Following aforementioned share capital reduction, the Company's share capital amounts to euro 46.421.115 divided into 71.417.100 common registered shares of nominal value of euro 0.65 per share.

The Ministry of Development with its decision on 10.7.2008 (protocol number K2-9014) has approved the amendment of the Company's Articles of Association. The Board of Directors of Athens Exchange convened on 10.7.2008 has been notified for the reduction of the Company's nominal value. Therefore, as of 16.7.2008 the Company's shares commence trading with a new nominal value of euro 0.65 per share.

The aim of the aforementioned reduction was to offset previous fiscal years losses, achieving a healthy balance sheet and providing the possibility to distribute dividend to shareholders from 2008 earnings.

- Amendment on the Company's Articles of Association

The Annual General Shareholders Meeting convened on 12.06.2008 has decided the amendment and supplementation of provisions of the Company's Articles (regarding article 3, par. 2 (e), par. 4 & par. 5, article 4, par. 2 & 3, article 6, par. 1, article 7, par. 3, articles 9, 13, 14, 17 par. 2, 4, 6 (c), (d) & (e), articles 19, 24 and 26 (b), for the purpose of complying with the provisions of L. 3604/2007 by virtue of which C.L. 2190/1920 was reformed - amendment of article 10 par. 2 of the Articles of Association - codification of Company's Articles in a new uniform text.

The amendment in the Company's Articles of Association was approved with the no. K2-9014/10.07.2008 Decision of the Ministry of Development.

Significant direct or indirect holdings in accordance with the provisions of articles 9 – 11 of Law 3556/2007

On 31.12.2008 the following investors held more than 5% of the Company's voting shares: Theodore Vassilakis 21.7%, Transmarine 6.9%, Autohellas 6.9%, Athanasios Laskaridis 11.4%, Panagiotis Laskaridis 7.6%, Cantel Participations 6.2% and Leonidas Ioannou 6.1%.

The only investor who has changed his % in the Company's voting shares within 2008 is Theodore Vassilakis who has increased his % from 20.1% to 21.7% (increase 1.6%).

- Authority delegated to the BoD or certain members of the Board for the issue of new shares or acquisition of own shares

The Annual Shareholders Meeting convened on 12.06.2008 provided the possibility to acquire own shares in accordance with article 16 of C.L. 2190/1920. In more detail, the Company could acquire up to 10% of its share capital (ie. 7,141,710 shares), within the period beginning 12.6.2008 and ending 11.6.2010, at a minimum price of €3.5 per share and maximum price of €7.5 per share. The acquisition of own shares should be implemented under the responsibility of the BoD and will concern fully paid shares.

The Company has not proceeded to the acquisition of own shares.

- Change of Raised Funds Use Timeline

The Company's Board of Directors on the basis of its decision dated 19.05.2008 has suggested the change of the raised funds use timeline in relation to non-appropriated funds as at 31/12/2007 of €104,3m as mentioned inn Par. 2 – REVIEW OF OTHER IMPORTANT EVENTS and has been approved from the shareholders General Assembly of 12.06.2008.

7. OTHER INFORMATION

- The Company' headcount numbered 2.142 employees from 1.923 on 31.12.2007.
- Provisions for tax unaudited fiscal years amount to €1.000,00 thousand. The Company has made no provisions for receivables or payables that are contested or under arbitration or any other possible future receivables and payables.
- The Company does not own treasury shares.
- The Company has agreed with Airbus to defer the delivery of 2 out of 17 ordered aircraft as follows:
    - Initial delivery month: June 2010
    - New agreed delivery month: January 2013 – February 2013

8. DIVIDEND POLICY

Taking into consideration the Company's profitability, prospects and investment plans, management will propose the distribution of €0,25 dividend per share, i.e. a total amount of €17.854.280. Dividend distribution will take place through a bank within the time frame set by relevant legislation and subject to approval by the Ordinary General Shareholders' Meeting.

9. POST BALANCE SHEET SIGNIFICANT EVENTS

- The Company took delivery of two new aircraft Airbus A320 in January 2009 that were financed through operating and financial lease agreements, respectively. Remaining lease balance of the aircraft acquired through finance leasing today is $33.406,44 thousand. In addition, the Company took delivery of two aircraft Airbus A320 in February 2009 which were financed through sale and lease back agreements. Finally in March 2009 the Company took delivery of another aircraft, Airbus A321, which was acquired through operating leasing. Aircraft deliveries are in line with the Company's fleet renewal investment program.

- Based on the Call Option contract between the Company and NEWREST GROUP HOLDING SL dated back at 13.10.2006, the Company exercised its option and acquired 25% of the share capital of the companies Newrest Inflight Services Hellas S.A., Macedonia Catering S.A. and Abela Hellas Catering Services S.A. The total consideration given was 30 euros.

- On 16 February 2009, Mr Antonios Symigdalas executive board member of Aegean Airlines S.A., resigned from his position. His replacement procedures will be conducted according to the Company's Article of Association.

Apart from the above, there are no significant post balance sheet events that should be disclosed in accordance with IFRS.

Chief Executive Officer
of AEGEAN AIRLINES S.A.

Dimitrios Gerogiannis

D. ANNUAL FINANCIAL STATEMENTS

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1 Company Balance Sheet

Amounts in thousand €

	Note	31/12/2008	31/12/2007
ASSETS			
Fixed assets			
Intangible assets	6.27	598,10	301,31
Tangible assets	6.28	72.217,44	27.413,82
Advances for assets acquisition	6.29	76.661,04	77.820,93
Deferred tax assets	6.30	3.039,42	12.885,47
Other long term assets	6.31	17.292,04	5.922,27
Total fixed assets		**169.808,03**	**124.343,79**
Current assets			
Inventories	6.32	11.564,07	7.468,92
Customers and other trade receivables	6.33	70.214,59	60.113,50
Advances	6.34	4.658,14	2.945,28
Cash and cash equivalents	6.35	182.805,35	158.309,59
Total current assets		**269.242,15**	**228.837,28**
TOTAL ASSETS		**439.050,18**	**353.181,07**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6.36	46.421,11	107.125,65
Share premium account	6.37	144.774,41	144.774,41
Other reserves	6.38	(7.038,67)	(22.856,72)
Retained Profits / (losses)		28.618,32	(61.551,65)
Total equity		**212.775,16**	**167.491,69**
Liabilities			
Long term liabilities			
Long term loan liabilities	6.39	0,00	30.814,89
Derivative contracts liabilities	6.46	4.890,29	13.592,44
Finance lease contracts liabilities	6.40	42.406,08	0,00
Provisions for retirement benefits obligations	6.41	4.897,85	4.054,52
Total long term liabilities		**52.194,21**	**48.461,84**
Short term liabilities			
Suppliers and other liabilities	6.42	49.996,77	45.800,88
Short term loan liabilities	6.39	0,04	0,00
Long term loan liabilities payable next year	6.39	39.480,09	26.727,25
Long term finance leases liabilities payable next year	6.39	4.087,20	0,00
Other short term liabilities	6.43	10.755,48	5.006,95
Liabilities from tickets sold but not flown	6.44	28.183,87	19.640,55
Accrued expenses	6.45	20.722,33	11.716,34
Derivative financial instruments liabilities	6.46	5.111,51	17.661,80
Current tax liabilities	6.47	15.343,53	10.373,77
Provisions	6.48	400,00	300,00
Total short term liabilities		**174.080,81**	**137.227,54**
Total liabilities		**226.275,02**	**185.689,38**
TOTAL EQUITY AND LIABILITIES		**439.050,18**	**353.181,07**

2 Income Statement

Amounts in thousand €

	Note	Group 31/12/2008	Group 31/12/2007	Company 31/12/2008	Company 31/12/2007
Revenue	6.49	611.693,46	482.736,53	611.693,46	482.736,53
Other operating income	6.50	7.709,64	2.292,45	7.709,64	2.292,45
Personnel expenses	6.52	(74.797,51)	(65.319,27)	(74.797,51)	(65.319,27)
Depreciation		(7.288,57)	(4.129,86)	(7.288,57)	(4.129,86)
Operating profit		**537.317,01**	**415.579,85**	**537.317,01**	**415.579,85**
Aircraft fuel		(147.920,00)	(95.889,57)	(147.920,00)	(95.889,57)
Aircraft maintenance		(66.770,00)	(56.100,75)	(66.770,00)	(56.100,75)
Navigation charges		(22.652,00)	(19.458,89)	(22.652,00)	(19.458,89)
Ground handling costs		(16.544,00)	(14.964,79)	(16.544,00)	(14.964,79)
Airport charges		(82.849,00)	(68.197,55)	(82.849,00)	(68.197,55)
Catering costs		(15.011,00)	(13.141,51)	(15.011,00)	(13.141,51)
Distribution charges		(42.026,00)	(31.603,15)	(42.026,00)	(31.603,15)
Advertising & promotion costs		(7.121,00)	(3.942,60)	(7.121,00)	(3.942,60)
Aircraft leases		(44.686,00)	(36.084,99)	(44.686,00)	(36.084,99)
Cost of materials		(6.727,34)	(3.603,35)	(6.727,34)	(3.603,35)
Other operating expenses	6.51	(34.800,48)	(29.661,82)	(34.800,48)	(29.644,50)
Consumption of materials and services		**(487.106,82)**	**(372.648,97)**	**(487.106,82)**	**(372.632,59)**
Profit before tax, financing and investing results		**50.210,19**	**42.930,88**	**50.210,19**	**42.947,26**
Financial income	6.53	19.962,14	8.585,59	19.962,14	8.585,59
Financial expense	6.53	(32.316,58)	(6.915,32)	(32.316,58)	(6.915,32)
Profit from sale of subsidiaries		-	5,00	-	5,00
Proceeds from sale and lease back	6.54	2.082,19	0,00	2.082,19	0,00
Profit before taxes		**39.937,94**	**44.606,15**	**39.937,94**	**44.622,53**
Income tax	6.55	(10.472,52)	(8.840,26)	(10.472,52)	(8.840,26)
Profit for the period after tax		**29.465,42**	**35.765,89**	**29.465,42**	**35.782,27**
Distributed at:					
Parent Company Shareholders		29.465,42	35.765,89	29.465,42	35.782,27
Minority Interest Shareholders		0,00	0,00	0,00	0,00
		29.465,42	**35.765,89**	**29.465,42**	**35.782,27**
Basic earnings per share in €	14	0,4126	0,5742	0,4126	0,5742

3 Statement of changes in Equity

Attributable to the shareholders of the parent company

Amounts in thousand €

	Notes	Issued capital	Share premium	Reserves (other)	Accumulated profits (losses)	Total equity
Balance as at 1 January 2007		**80.344,23**	**42.272,52**	**(8.872,82)**	**(97.291,11)**	**16.452,82**
Equity adjustments for the period 01/01-31/12/07						
Other reserves				(18.632,46)		(18.632,46)
Share capital increase		26.781,42	108.911,11			135.692,53
Share capital increase expenses			(8.545,62)			(8.545,62)
Income tax on the items recognized directly in equity			2.136,40			2.136,40
Deferred tax on the items recognized directly in equity				4.648,56		4.648,56
Net income recognized directly in equity		**26.781,42**	**102.501,89**	**(13.983,90)**		**115.299,41**
Sale of subsidiary					(26,44)	(26,44)
Net profit for the period 01/01 - 31/12/07					35.765,89	35.765,89
Total profits recognized for the period					**35.739,45**	**35.739,45**
Balance as at 31 December 2007		**107.125,65**	**144.774,41**	**(22.856,72)**	**(61.551,65)**	**167.491,69**
Balance as at 1 January 2008		**107.125,65**	**144.774,41**	**(22.856,72)**	**(61.551,65)**	**167.491,69**
Equity adjustments for the period 01/01-31/12/08						
Share capital decrease	6.36	(60.704,54)				(60.704,54)
Losses net off	6.36				60.704,54	60.704,54
Other reserves	6.38			21.252,45		
Deferred tax on the items recognized directly in equity	6.38			(5.434,40)		
Net income recognized directly in equity		**(60.704,54)**		**15.818,05**	**60.704,54**	**15.818,05**
Net profit for the period 01/01 - 31/12/08					29.465,42	
Total profits recognized for the period					**29.465,42**	**29.465,42**
Balance as at 31 December 2008		**46.421,11**	**144.774,41**	**(7.038,67)**	**28.618,31**	**212.775,16**

4 Statement of changes in Equity for the Parent Company

Amounts in thousand €

	Notes	Issued capital	Share premium	Reserves (other)	Accumulated profits (losses)	Total equity
Balance as at 1 January 2007		**80.344,23**	**42.272,52**	**(8.872,82)**	**(97.333,92)**	**16.410,01**
Equity adjustments for the period 01/01-31/12/07						
Other reserves				(18.632,46)		(18.632,46)
Share capital increase		26.781,42	108.911,11			135.692,53
Share capital increase expenses			(8.545,62)			(8.545,62)
Income tax on the items recognized directly in equity			2.136,40			2.136,40
Deferred tax on the items recognized directly in equity				4.648,56		4.648,56
Net income recognized directly in equity		**26.781,42**	**102.501,89**	**(13.983,90)**		**115.299,41**
Net profit for the period 01/01 - 31/12/07					35.782,27	35.782,27
Total profits recognized for the period					**35.782,27**	**35.782,27**
Balance as at 31 December 2007		**107.125,65**	**144.774,41**	**(22.856,72)**	**(61.551,65)**	**167.491,69**
Balance as at 1 January 2008		**107.125,65**	**144.774,41**	**(22.856,72)**	**(61.551,65)**	**167.491,69**
Equity adjustments for the period 01/01-31/12/08						
Share capital decrease	6.36	(60.704,54)				(60.704,54)
Losses net off	6.36				60.704,54	60.704,54
Other reserves	6.38			21.252,45		
Deferred tax on the items recognized directly in equity	6.38			(5.434,40)		
Net income recognized directly in equity		**(60.704,54)**		**15.818,05**	**60.704,54**	**15.818,05**
Net profit for the period 01/01 - 31/12/08					29.465,42	
Net profit for the period					**29.465,42**	**29.465,42**
Balance as at 31 December 2008		**46.421,11**	**144.774,41**	**(7.038,67)**	**28.618,31**	**212.775,16**

5 Cash Flow Statement – Indirect method

Amounts in thousand €

	Note	Group 31/12/2008	Group 31/12/2007	Company 31/12/2008	Company 31/12/2007
Cash flows from operating activities					
Profit / (loss) before tax		**39.937,94**	**44.606,15**	**39.937,94**	**44.622,53**
Adjustments for:					
Depreciation of tangible assets	6.27 6.28	7.288,57	4.129,86	7.288,57	4.129,86
Results from sale of tangible assets		2.206,49	183,55	2.206,49	183,55
Profits from sale of subsidiaries		0,00	(5,00)	0,00	(5,00)
Interest and other financial income	6.53	(8.534,56)	(3.548,86)	(8.534,56)	(3.548,86)
Interest and other financial expenses		3.915,19	3.637,72	3.915,19	3.637,72
Loss /(profit) from financial derivatives		0,00	(113,45)	0,00	(113,45)
Foreign currency (gains) / losses		11.384,47	2.667,20	11.384,47	2.667,20
Provisions for retirement benefits obligations		1.700,74	1.168,57	1.700,74	1.168,57
Cash flows from operating activities before changes in working capital		**57.898,85**	**52.725,74**	**57.898,85**	**52.742,12**
Changes in working capital					
(Increase)/Decrease in inventories		(4.095,15)	(1.596,24)	(4.095,15)	(1.596,24)
(Increase)/Decrease in trade & other receivables		2.897,23	(30.292,99)	2.897,23	(30.291,96)
Increase/(Decrease) in payables (except for bank loans)		24.312,62	15.811,83	24.312,62	15.794,43
Increase /(Decrease) in financial derivatives liabilities		(5.434,40)	4.805,01	(5.434,40)	4.805,01
Other changes in working capital		(10.242,94)	(2.478,65)	(10.242,94)	(2.478,65)
Total changes in working capital		**7.437,36**	**(13.751,02)**	**7.437,36**	**(13.767,40)**
Interest expenses payable		(3.375,60)	(3.102,39)	(3.375,60)	(3.102,39)
Income tax paid		(7.176,67)	(6.643,72)	(7.176,67)	(6.643,72)
Net cash flows from operating activities		**54.783,94**	**29.228,60**	**54.783,94**	**29.228,60**
Cash flows from investing activities					
Purchases of tangible assets		(9.033,22)	(7.069,10)	(9.033,22)	(7.069,10)
Sale of tangible assets		1.914,87	25.843,26	1.914,87	25.843,26
Advances for the acquisition of assets		1.159,89	(43.620,59)	1.159,89	(43.620,59)
Sale of subsidiaries		0,00	2.682,10	0,00	2.694,55
Interest and other financial income received		7.066,90	2.048,78	7.066,90	2.048,78
Net cash flows from investing activities		**1.108,44**	**(20.115,55)**	**1.108,44**	**(20.103,10)**
Cash flows from financing activities					
Loans increase		5.333,98	14.510,70	5.333,98	14.510,70
Loans decrease		(24.994,66)	0,00	(24.994,66)	0,00
Share capital increase		0,00	135.237,42	0,00	135.237,42
Share capital increase expenses		0,00	(8.545,62)	0,00	(8.545,62)
Changes in finance leases capital		(11.735,95)	(16.361,07)	(11.735,95)	(16.361,07)
Net cash flows from financing activities		**(31.396,62)**	**124.841,42**	**(31.396,62)**	**124.841,42**
Net (decrease)/ increase in cash and cash equivalents		**24.495,76**	**133.954,48**	**24.495,76**	**133.966,94**
Cash and cash equivalents at the beginning of the year		158.309,59	24.355,11	158.309,59	24.342,66
Cash and cash equivalents at the end of the period		**182.805,35**	**158.309,59**	**182.805,35**	**158.309,59**

6 Notes to the Financial Statements

6.1 General information

The Company AEGEAN AIRLINES S.A. is a Societe Anonyme airline Company under the discreet title AEGEAN AIRLINES, which bears the title of AEGEAN AIRLINES S.A. in its international transactions. The Company's duration has been defined until 31/12/2044 and can be elongated following the decision of the general meeting of the shareholders. The Company's registered address is in the Municipality of Kifissia, Attiki (31 Viltanioti St. PC 145 64).

The financial statements for the period ended 31st December 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS) that have been approved by the European Union and have been approved by the Board of Directors of the Company on 10 March 2009 and are subject to approval of the Ordinary General Meeting of the shareholders that is to assemble within the first six month period of 2009. Amendments to the financial statements are not permitted after their approval.

6.2 Nature of operations

The Company operates in the sector of aviation transportation, providing services that concern the transportation of passengers and commodities in the sector of public aviation transportation inside and outside Greece, conducting scheduled and unscheduled flights. At the same time, the Company renders services of aviation applications, technical support and on ground handling aircraft services. Indicatively, the Company's objectives include also the following activities/operations:

a. Participation in any type of local or foreign Company of the similar nature of operations

b. Foundation of subsidiaries and agencies

c. Import, trade, leasing of aircraft and spare parts.

6.3 Basis of preparation of the financial statements

The Company's financial statements have been prepared in accordance with the International Accounting Standards (IAS). The financial statements have been prepared under the historical cost principle as modified by the revaluation of land and buildings, financial instruments classed as available for sale and financial assets and liabilities (including financial derivatives) at their fair value through the profit and loss statement.

The preparation of the financial statements according to the International Financial Reporting Standards (IFRS) requires the usage of accounting estimations. It also requires management's judgment for the implementation of the Company's accounting principles. The cases with a higher degree of judgment and complexity or where the judgments and estimations are crucial for the Company's financial statements, are included in note 6.7.

In 2003 and 2004, it was issued by the International Accounting Standards Board (IASB) a series of new International Financial Reporting Standards (IFRS) and revised International Accounting Standards (ISB), which in combination with the non revised International Accounting Standards (IAS) which were issued by the International Accounting Standards Committee, preceding the International Accounting Standards Board (IASB), are referred to as «IFRS Stable Platform 2005». The Company applies the «IFRS Stable Platform 2005» since 1 January 2005.

6.4 New accounting standards (Amendments and IFRIC interpretations effective in 2008)

In the current period the Company did not amend any previously used accounting principles and also did not adopt any other Accounting Standards or Interpretations.

In note 6.5 are presented the Accounting Standards effective from 2008 onwards but they do not apply to the Company and in note 6.6 are presented the Accounting Standards and Interpretations that the Company will adopt in future periods.

6.5 Accounting Standards, amendments and interpretations in existing accounting standards already in effect but do not apply to the Company

The below mentioned accounting standards, amendments and revisions are effective from 2008 onwards but do not apply to the Company.

Amendments in IAS 39 and IFRS 7 – Reclassification of Financial Assets

They have not been adopted by the Company in the Annual Report, since they were not applicable, the amendments in IAS 39 and in IFRS 7 "Reclassification of Financial Assets" issued in October 2008 and effective from 1 July 2008.
The amendments in IAS39 allow, in some occasions, the reclassification of financial assets in other non-derivatives categories as well as the reclassification of financial assets from the category "held for sale" to loans and receivables categories. The amendments in IFRS 7 require additional notes in the financial statements of companies that apply the abovementioned amendments in IAS 39.

IFRIC 11: IFRS 2 – Group and Treasury Share Transactions.

IFRIC 11 provides guidance whereby an employee is granted options to buy equity shares and whether these should be considered as cash remuneration or shareholding interest in the financial statements of the entity. This is an important distinction since it requires different accounting treatment in each occasion.
For example, cash payments are accounted at their fair value on the date of the balance sheet. On the contrary, equity options' fair value is calculated on the exercise date and accounted in the period that exercise date falls within.
Although IFRIC 11 concentrates employee payments based on equity options, its concept can be also applied in other similar transactions with goods or services suppliers. Companies are obliged to apply this directive for annual periods starting from 1 March 2007 onwards. Earlier application from that date is permitted however in that case the Company must disclose this.

IFRIC 12: Service Concession Arrangement.

IFRC 12 outlines an accounting approach for contractual (service concession) arrangements whereby a government or other body grants contracts for the supply of public services to private operators and those services require the usage of public infrastructure from the private sector entities. IFRC 12 does not provide for all types of service concession arrangements. It is applicable only between public and private entities. Therefore it does not cover for service concession contracts between private entities only.
IFRC 12 clarifies that the above arrangements do not require that the private sector entity has full control either over the price fixing policy or the way it may use the public infrastructure. As a result in certain occasions judgment is required to decide whether IFRC 12 applies or not.
Service concession arrangements where IFRC 12 does not apply should be treated in accordance with other IFRSs. In service concession arrangements where the administrator is controlling the infrastructure it is possible to lead in its recognition according to IAS 16 or be considered as leased (under IFRC 4).
IFRC 12 applies for accounting periods commencing on or after 1 January 2008. Earlier application is allowed. Retrospective application is mandatory on the transition however there certain exclusion from this requirement in cases where retrospective application is not possible.

IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

IFRIC 14 provides guidance on the interaction between the minimum funding requirements (usually forced by laws and regulations) and how to assess the value of a financial asset in a defined benefit scheme. IFRIC 14 examines limited cases of defined benefit retirement schemes that have a "surplus" or are subject to minimum funding requirements. It also scrutinizes the concept of "asset" as that is recognized under IAS 19 Employee Benefits. It explains an "asset" is available only when the entity has an unreserved right to recognize the benefit during or at the settlement of the defined benefits scheme. Its recognition does not depend on whether the financial benefit is available on the date of the balance sheet or the intended purpose of use for the surplus. The Interpretation also examines the accounting treatment of a liability for the minimum funding requirements from services already supplied to the Company. IFRC 14 applies for accounting periods commencing on or after 1 January 2008. Full retrospective application is not mandatory.

6.6 Accounting Standards, amendments and interpretations in existing accounting standards with later effect date (the Group did not proceed to voluntary implementation)

The IASB and IFRIC have already issued a series of new accounting standards and interpretations which are mandatory to be implemented for accounting periods commencing on or after 1 January 2009. The Company has no intention of earlier application of the new accounting standards and interpretations. The Company's estimation regarding the impact of the new accounting standards and interpretations is:

IFRS 8: Operating Segments

IFRS 8 maintains the general purpose of IAS 14. It requires that the entities which have their shares or bonds publicly listed, or are in the process of issuing such shares or bonds, to report their financial information per operating segment. It applies to annual accounting periods commencing on or after 1 January 2009.

IAS 23: Borrowing Costs

Revised IAS 23 eliminates the existing option of immediate expensing of all borrowing costs relating to the acquisition, construction of qualifying assets to the income statement. A qualifying asset is an asset that necessarily takes a substantial period of time to be in the condition for its intended use or sale. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset must be capitalized to the cost of the asset by the Company.
Revised IAS 23 does not require the capitalization of borrowing costs relating to assets accounted at their fair values and inventories that are constructed or produced regularly or in large quantities even if it takes a substantial period of time to get ready for their intended use or sale.
Revised IAS 23 applies for qualifying assets only and is effective for annual periods beginning on or after 1 January 2009. Earlier application is permitted. It is not expected to have a material impact on the Company.

IAS 1: Presentation of Financial Statements

Of the main revisions of this IAS is the requirement of separate presentation of changes in equity, in the statement of changes in equity, from transactions with the shareholders (i.e. dividends, share capital increase) and other kind of changes affecting equity (i.e. reserves movements). Additionally the revised IAS changes the terminology used as well as the presentation of the financial statements.
The new definitions of IAS 1 however do not change the recognition, valuation or notification rules for certain transactions or events required by the other IASs.
Implementation of the revised IAS 1 is mandatory for annual periods beginning on or after 1 January 2009 while these requirements are applicable also in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The changes caused from the amendment of IAS 1 are applies retrospectively (IAS 8.19 (b)). Earlier application is encouraged, as long as it is disclosed in the notes to the financial statements of the entity.

IFRS 2: Share-based Payments
IASB amended IFRS 2 regarding the vesting conditions of the accumulated retirement capital and its cancellation. None of the current share based benefit schemes is affected from these amendments. The management of the Company does not expect that the amended IFRS 2 will have any effect on the accounting policies of the Company's.

IFRS 3: Business Combinations and IAS 27: Consolidated Financial Statements and Accounting for Investment in Subsidiaries

Revised IFRS 3 applies to business combinations beginning on or after 1 July 2009 and applies from that date onwards. The revised IFRS changes the accounting treatment for business combinations, however it continues the mandatory application of the Purchase Method and it will have a significant impact on the business combinations that will take place on or after 1 July 2009.
Revised IAS 27 changes the accounting treatment concerning the loss of control in a subsidiary and the measurement of the investment cost in a subsidiary. Management does not expect this to have a material impact on the Group's financial statements.

IAS 32: Financial Instruments Presentation and IAS 1: Presentation of Financial Statements

Amendments to puttable financial instruments

The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation of an investment entity to be classified as part of equity if certain criteria are met.
The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as part of equity.
The Company does not expect these amendments to impact the financial statements for annual periods beginning on or after 1 January 2009. Earlier application of the Interpretation is encouraged as long as it is disclosed in the notes to the financial statements.

IAS 39: Financial Instruments - Recognition and Measurement

Amendment to IAS 39 for financial instruments that meet the hedge accounting requirements

Amendment to IAS 39 clarifies issues in hedge accounting and more particularly the inflation and the one-sided risk of a hedged financial instrument.
Amendments to IAS 39 are applied by entities for annual accounting periods commencing on or after 1 July 2008.

Annual Improvements in 2008

The IASB issued in 2008 its first omnibus of amendments to its standards, "Improvements to IFRSs 2008" The majority of these amendments are effective for periods beginning on or after 1 January 2009. The Company does not expect that the amendments to IAS 23 Borrowing Costs will affect the Group Financial Statements. The amendment clarifies the definition of borrowing costs in relation to the effective interest method. This amendment comes into effect on 1 January 2009, however management's estimations do not predict any significant impact. Several other IASs had minor amendments but again the management does not expect that there will be any material impact on the Company's financial statements.

IFRIC 13: Customer Loyalty Programmes

Customer loyalty programmes give incentives to the entity's clients to buy products or services from that entity. If a customer buys products or services, then the Company offers to the client award credits which the client can redeem in the future for products or services free of charge or at a reduced price. These customer loyalty programmes may be run by the Company in house or assigned to a third party. IFRIC 13 applies to every award credits loyalty programmes a Company may offer to its customers as part of a transaction. IFRIC 13 is effective for financial years beginning on or after 1 July 2008 and it is mandatory. Retrospective application is mandatory as well while earlier application in encouraged when it is disclosed to the notes to the financial statements.

IFRIC 15: Agreements for the Construction of Real Estate

The purpose of IFRIC 15 is to provide guidance for the issues below:

- Whether an agreement for the construction of real estate is within the scope of IAS 11 or IAS 18.
- The time recognition of the revenue resulting from such construction.

This Interpretation applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The agreements that fall within the scope of IFRIC 15 are the agreements for the construction of real estate. In addition to the construction of real estate, these agreements may also require the delivery of additional products or services. IFRIC 15 is effective for annual periods beginning on or after 1 January 2009. Earlier implementation is encouraged provided that it will be disclosed in the notes to the financial statements. Changes in accounting policies should be recognized according to IAS 8.

IFRIC 16: Hedges of a Net Investment in a foreign operation

Investments in activities abroad may be held directly by the parent Company or indirectly through a subsidiary. IFRIC 16 aims at providing guidance regarding the nature of the risks hedged, the amount of the hedged item (net investment) for which there is a hedging relationship, and which balances should be reclassified from equity to the income statement as reclassification amendments, with the disposal of the foreign investment activity. IFRIC 16 applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. The Interpretation applies only to hedging of net investments in foreign operations and does not apply to other types of hedge accounting such as hedging of fair values or cash flows. IFRIC 16 is effective for annual periods beginning on or after 1 October 2008. Earlier application is encouraged provided that it will be disclosed in the notes to the financial statements.

IFRIC 17: Distributions of Non-cash Assets to Owners

When an entity announces the distribution of dividends and has the obligation to distribute a part of its assets to its owners, it should recognize a liability for those dividends payable.
The purpose of IFRIC 17 is to provide guidance when a Company should recognize dividends payable, how to calculate them and how should recognize the difference between the dividend paid and the carrying amount of the net assets distributed when the dividends payable are paid by the entity.
IFRIC 17 is effective prospectively for annual periods starting on or after 1 July 2009. Earlier application is allowed provided that it will be disclosed in the notes to the financial statements and at the same time applies IFRS 3 (revised 2008), IFRS 27(revised May 2008) and IFRS 5 (revised). Retrospective application is not allowed.

IFRIC 18: Transfers of Assets from Customers

IFRIC 18 mainly applies to entities that provide services of general interest. The purpose of IFRIC 18 clarifies the requirements of the IFRSs regarding the agreements where a tangible asset (land, buildings, equipment) is given by a customer to the entity. The entity must either connect the customer to the network or the customer will acquire continuous access to the supply of products or services (i.e. supply of water or electricity).
In some cases, the entity receives cash from a customer which must be used only to acquire or construct the item of property, plant and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to provide both).
IFRIC clarifies the circumstances in which the definition of an asset is met, the recognition of the asset and the measurement of its cost on initial recognition, the identification of the separately identifiable services (one or more services in exchange for the transferred asset) and the accounting for transfers of cash from customers.
IFRIC 17 is effective for annual periods starting on or after 1 July 2009.

6.7 Important accounting judgments, estimates and assumptions

The preparation of financial statements according to International Financial Reporting Standards (IFRS) requires from management the formulation of judgments, assumptions and estimates that affect published assets and liabilities at the reporting date of the financial statements. They also affect the disclosures of contingent assets and liabilities at the reporting date as well as the published revenues and expenses during the period. Actual results may differ from those estimated. Estimates and judgments are based on experience from the past as well as other factors including expectations for future events which are considered reasonable under specific circumstances while they are reassessed continuously with the use of all available information.

Judgments

During the application of accounting policies, management, using the most complete and available information, applies its judgment based on the knowledge of the Company and the market in which it operates. Possible future changes in the current conditions are taken into account in order to apply the most proper accounting policy. Management's judgment with regard to the formulation of estimates pertaining the accounting policies are summarized in the following categories:

Classification of investments

Management decides on the acquisition of an investment whether this will be classed as long term investments, current investments at fair value through the income statement or held for sale. Classification of investments at fair value through the income statement depends on how the management monitors the return on investment. When they are not classed as current investments but fair values are available and reliably measured and movements at their fair value are included in the income statement, they are classed as valued at their fair value through the income statement. All other investments are classed as held for sale except for those held for hedging the entity's risks which are classed as items for hedge accoutning.

Recoverability of accounts receivable
The judgment of the management concerning the estimation of recoverability of accounts receivable constitutes a significant item for the assessment of the relevant balances as bad debts and the measurement of their probable impairment.

Reduction in inventories value
The judgment and the knowledge of management concerning the obsolescence (or not) in the value of inventories is subject to subjective judgment (concerning the use of inventories) as well as objective criteria (natural suitability of the product).

Determining whether a lease can be classified as an operating or finance lease
The assessment of such agreements is not only subject to the assessment of the type of the lease but mainly to the assessment of the substance of transaction. Factors examined to assess the substance of the transaction are the length of the lease, the fair value of the asset, the present value of the asset compared to the present value of the minimum lease payments, the specialized nature of the assets and various other factors.

Accounting treatment of liabilities/assets concerning aircraft maintenance
The accounting treatment and measurement of the above reserves is based on management judgments and estimates concerning the use of aircraft and planning related to the introduction of aircraft for maintenance.

Estimates and assumptions
Specific amounts which are included or affect the financial statements and the relevant disclosures are assessed demanding from the Company to formulate assumptions regarding values or conditions which is not possible to be certain during the period of preparation of financial statements. An accounting estimate is considered important when it is important for the image of the financial condition and results of the Company and it requires the most difficult, subjective or complex judgments by management and which is often the result of the need for the formulation of assumptions which are uncertain. The Company evaluates such estimates on a continuous basis based on the results of past experience, on experts' consultations, trends and tendencies and on other methods which are considered reasonable in the current circumstances, as well as the Company's provisions with regard to their possibility to change in the future.

Income tax
The measurement of income taxes provisions is heavily based on estimates. There are a lot of transactions for which the accurate calculation of the tax is not possible in the normal course of business. The Company recognizes liabilities for anticipated tax matters, based on estimates for potential amounts due for additional taxes. When the expected final tax payable is different from the initial estimates in the financial statements the differences have an impact in the income tax and in the provisions for deferred taxation in the period when these amounts become final. The effects from the changes in the tax rates according to the law 3697/25.09.2008 have been included in the income statement of 2008. Moreover, possible effects from the tax investigation of previous periods are included in note 10.

Fair value of derivatives and other financial instruments
The Company uses derivatives to mitigate or eliminate a series of risks including interest rates, foreign currency exchange rates and jet fuel risks. Accounting for derivatives, in order to qualify for hedge accounting, requires that at the inception of the arrangement the details of the hedging relationship must be formally documented and the hedged item and the hedging instrument (derivative financial contract) must meet the requirements for hedge accounting. Accounting relating to derivatives is complex. In the case where the accounting principles are not applied correctly the movements in the derivative's fair value affect the income statement while the net movement of the fair values affects the income statement only when a profit or loss is realized, irrespectively if the hedging was successful.

For the evaluation whether a financial contract qualifies for hedge accounting, first of all is evaluated whether or not the financial contract meets the criteria for the exclusion from the continuous monitor of effectiveness. For a financial contract that does not meet the exclusion criteria, we monitor its effectiveness at the beginning and thereafter every following quarter, determining whether is effective in offsetting either changes in fair value or cash flows, as appropriate, for the risk being hedged. This test is performed on a cumulative basis in every period. If a hedge relationship becomes ineffective, it no longer qualifies as a hedge in the future. The fair values of the derivative financial contract and the hedged item are calculated using in house valuation methods that incorporate market data originating from independent sources.

Additional information regarding the use of derivatives is provided in note 6.46

Bad Debts
Doubtful receivables are accounted in their estimated recoverable amount. Analysis for the calculation of the recoverable amounts is taking into consideration the Company's knowledge for the clients' specific credit risk. Once the Company is aware that an account has a higher than normal credit risk (i.e. client's low credit rating, dispute regarding the existence or the amount of the liability etc), the account is analyzed and a write off amount is estimated if it is indicated by the specific circumstances.

Contingencies
The Company is involved in litigation and claims in the normal course of operations. Management estimates that any resulting settlements would not materially affect the financial position of the Group as at 31 December 2008. However, the determination of contingent liabilities relating to the litigation and claims is a complex process that involves judgments as to the outcomes and interpretation of laws and regulations. Possible future changes to the judgments or the interpretations may increase or decrease the Company's contingent liabilities in the future. Contingent assets / liabilities balances are analyzed in note 11.

Useful Life of Depreciable Assets
The Company's management evaluates the useful life of depreciable assets in every period. On 31 December 2008 the Company's management believes that the useful lives of the assets are in line with their expected usefulness. The depreciable amounts are analyzed in notes 6.27 and 6.28 Actual values though may differ due to the straight line depreciation of assets policy, especially for assets such as IT equipment and software.

6.8 Summary of accounting policies used

Basis of preparation of financial statements
The accounting policies used for the preparation of the 2007 financial statements have been consequently used for all the periods presented and are analyzed below.
The financial statements are presented in thousand Euros. It is to be noted that possible small deviations are due to approximations.

6.9 Consolidation

For the financial period of 2008 there is no Group since the Company sold all its investments in subsidiaries by 31 March 2007. Any mention of Group or consolidation in these financial statements refers to 2007 period. Based on the above, the Group financial statements include apart from the parent Company the financial statements of AIR GREECE up to March 2007, which was a subsidiary and was fully consolidated. The consolidation has an effect only in the income statement which includes the impact from the sale of the subsidiary.

In March 2007, the Company disposed of the total of the shares of the Company AEROGRAMMES ELLADOS – AERODROMISSIS S.A (496.962 items) to a third party independent investor at the amount of € 5 thousand. This transaction resulted in an equivalent profit because of the investment's full impairment as from the year of transition to IFRS (01/01/04).

6.10 Foreign currency translation

The financial statements, consolidated or not, are presented in Euros (€) which is the functional currency of the parent Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of remaining balances at year-end exchange rates are recognized in the income statement in the accounts "other income" or "other expense" accordingly. The only exception is for the part of the gain or loss resulting from hedging financial contracts which is classed as effective hedging and it is recognized in the equity through the statement of changes in equity. Translation differences relating to depreciating costs are recognized in the income statement while all other differences in the book value are recognized in the equity.

Translation differences on non-monetary financial assets and liabilities valued at historical cost are translated according to the exchange rate.

Revenues and expenses have been translated to the Company's financial currency using the average closing exchange rates of the reporting period unless there have been significant movements in the exchange rates so they were translated using the exchange rates on the date the transactions occurred.

6.11 Revenues and Expenses Recognition

Revenues are recognized when it is expected that the financial entity will have an inflow of future economic benefits and these benefits can me measured reliably.

Revenue shall be measured at the fair value of the consideration received or receivable (including passenger airport charges and fuel surcharge) and net of V.A.T., other credits or trade discounts.

The amount of revenue arising can be measured reliably only when all contingent liabilities related to the sale have been transferred.

Revenue is recognized when:

Provision of Services: Revenue from provision of services is recognized in the period that the service is rendered according to its completion stage. Services relate to transfer of passengers or goods with scheduled and unscheduled (charter) flights.

Income from services that will be provided in the future is recognized in accounts payable (deferred income), in the period when the services are rendered.

In the case that the initial estimations regarding revenue change, the expenses or the completion stage are restated. These restatements may lead to increases or decreases of the estimated revenues or expenses and appear in the result of the period. When the restatements are necessary these are announced by the management.

Interest income: Interest income is calculated using the method of the real interest rate which is the rate that discounts accurately future cash payments or installments for the expected duration of the financial instrument or when it is necessary for a shorter period of time, at the net book value of the asset or liability.

Expenses: Expenses are recognized in the income statement on accrual basis. On this basis maintenance costs for the aircrafts are calculated based on the flight hours. Interest expense is calculated using the effective interest rate and according to time elapsed.

6.12 Intangible assets

Software licenses are included in intangible assets. Software licenses are valued at cost less amortization and/or any other possible impairment. Amortization is calculated applying the straight line method in the useful life of the assets which between 1 to 3 years.

6.13 Property, plant and equipment

Tangible assets are reported in the financial statements at acquisition cost, less accumulated depreciations and any impairment losses. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets. Subsequent expenditure is added to the carrying value of the tangible fixed assets or is recognized as a separate fixed asset only if it is probable that future economic benefits will flow to the Company and their cost can be accurately and reliably measured. The repair and maintenance expenditure is recognized in the results when such expenditure occurs. Tangible assets that have been acquired through finance leasing are depreciated through the whole duration of the expected useful life (based on similar owned tangible assets) if that is shorter that the lease duration. Depreciation of tangible fixed assets (other than Land which is not depreciated) is calculated using the straight line method over their useful life, as follows:

Buildings	10-20 years
Machinery	6-8 years
Aircrafts	20-25 years
Vehicles	3-5 years
Airport / aircraft equipment	3-8 years
Other equipment	5 years

The residual values and useful economic life of tangible fixed assets are subject to reassessment at each balance sheet date. When the book value of tangible fixed assets exceeds their recoverable amount, the difference (impairment) is immediately expensed in the income statement. Upon sale of the tangible fixed assets, any difference between the proceeds and the book value is recognized as profit or loss to the results.

6.14 Impairment of tangible and intangible assets

Property, plant and equipment, intangible assets and financial assets reported at amortized cost are subject to impairment review when events suggest that the carrying amount may not be recoverable. For the calculation of the impairment, certain assets are grouped with the lowest in value recognizable group of assets that creates cash inflows (Cash Flow Generating Groups). As a result certain assets are reviewed individually for impairment while others are reviewed as Cash Flow Generating Groups.

Impairment loss is recognized when the book value of these assets is greater than its recoverable amount. The recoverable value is the higher between the net sales value and the value in use. All assets are revaluated in the future if there is a case that the initial reason for impairment is no longer applicable.

6.15 Leases

The Company conducts transaction agreements that do not bear the legal type of a lease but through which the right to use the assets (tangible assets) is transferred to the Company in exchange of a series of payments. The estimate on whether an agreement contains the element of leasing is made at the beginning of the agreement, taking into account all available data and specific conditions. A re-examination is conducted after the commencement of the agreement.

The Company as lessee:

- **Finance leases**

Leases of tangible assets that transfer to the Company substantially all the risks and rewards incidental to ownership of an asset, whether the title has or has not eventually been transferred, constitute finance leases. At inception, such leases are carried at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Every lease is allocated between liability and finance cost so that a stable interest rate can be achieved on the residual financial liability. Acquired assets through finance leases are depreciated over the shorter period between the useful life and the duration of the lease.

- **Operating leases**

The leases where the lessor transfers the right to use an asset for a certain period without actually transferring all the risks and rewards incidental to the ownership of an asset, are classified as operating leases. Payments made under operating leases (net of possible incentives offered by the lessor) are recognized to the income statement over the period of the lease.

The Company as lessor:

The leases in which the Company does not actually transfer all risks and rewards of the asset are classed as operating leases. Initial direct costs to the lessor as part of the negotiation and signing of the lease contract are added to the book value of the leased asset and are recognized as revenue during the leasing period. As a lessor the Company receives lease payments from the sublease of offices. The amounts that are received are immaterial compared to the Company's revenues.

6.16 Financial instruments

Financial instrument is any contract that creates a financial asset for one entity and a financial liability or equity instrument for another entity, except from hedging means. The financial instruments of the Company are classified in the following categories based on the substance of the contract and the objective of the acquisition.

- Financial assets at far value through profit or loss
- Loans and receivables
- Available for sale financial assets

Financial assets are categorized by management according to their characteristics the purpose for which they have being acquired. For each category different rules apply with regards to its valuation and the recognition of expected result either in profit and loss or directly in equity. The financial assets are recognized at the date of settlement.

Financial assets at fair value through the income statement

Financial assets or liabilities recognized at fair value through the income statement comprise those financial instruments classed as held for commercial purposes or recorded at fair value through the income statement at initial recognition. In addition, those financial derivatives instruments that do not qualify for hedge accounting are classed as held commercial purposes. Upon initial recognition, they are designated by the Company as an instrument measured at fair value, with any changes recognized in the Income Statement. Financial assets that have been initially being classified as financial assets at fair value through profit and loss cannot be re-classified.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and/or determinable payments that are not quoted in an active market. They are created when the Company provides cash, products or services directly to a debtor without a commercial purpose (commercial receivables). Loans and receivables are valued using the real interest rate method less any impairment. Any movement in the value of the above loans and receivables is recognized in the result when loans or receivables are written off or their value is impaired or amortized.
Certain receivables are tested independently for possible impairment (i.e. for each customer separately) on the occasions where the receipt of the payment is overdue at the balance sheet date or in the case objective evidence indicates their impairment. Other receivables are grouped tested as a total for possible impairment. Groups' common characteristics may be geographical distribution, industry sector or other possible factors that affect their credit risk.
Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are recognized as non current and in the balance sheet are classed as commercial and other receivables.

Fair value

The fair values of financial assets that are quoted in active markets are defined by current closing market prices. Regarding non-tradable assets, their fair values are defined with the use of valuation techniques. The purpose of using valuation techniques is to determine the transaction value at the record date which is conducted at purely commercial terms and driven by common business factors. Valuation techniques include the analysis of recent transactions at purely commercial terms, peer group valuation, discounted cash flows and stock option valuation models.

Financial derivatives and hedge accounting

All financial derivative assets are initially recognized at the value prevailing on the agreement date and subsequently at their fair value. Financial derivative instruments are recognized in assets when their fair value is positive and in liabilities when their fair value is negative. Their fair value is calculated from the value they have on an active market or through other valuation techniques when an active market does not exist for these financial instruments.

The method used for accounting of the profit of loss depends on whether a derivative has been determined as a hedging item and if hedging exists based on the nature of the hedged item. Profit or losses arising from the movements during the period in the fair value of derivatives that are not recognized as hedging items, are recognized in the income statement. The Company is using hedge accounting in the case where at the commencement of the hedging transaction, and the subsequent use of financial derivatives, the Company can determine and justify the hedging relationship between the hedged item and the instrument used for hedging, relating to its risk management policy and strategy for hedging.
Moreover hedge accounting is used only when it is expected that the hedging strategy will be highly effective and reliably and continuously calculated, for the periods it was intended for, as per the reconciliation of the movements in the fair value or the cash flows resulting from the hedged risk. The Company is hedging cash flows using financial derivative instruments.

Cash flow hedging
With cash flow hedging the Company is aiming at mitigating the risks stemming from an asset, liability or future transaction that cause fluctuations in the cash flows and which would have an impact to the period's result. For financial derivatives classed as hedging items for cash flow hedging purposes, special accounting treatments are required. In order to fulfill the hedge accounting requirements, certain conditions relating to justification, hedging effectiveness and reliable calculation must be met.
For the current period the Company has recognized certain foreign currency forward contracts as hedging instruments for cash flow hedging. The Company has entered these contracts with the intention to mitigate the foreign currency risk it faces from transactions in US dollars. Similarly, the Company has signed interest rate swaps for hedging cash flows relating to finance leases liabilities that were agreed at variable interest rates.
Finally the Company has signed jet fuel commodity swaps as hedging items to reduce the cash flow risk resulting from jet fuel purchases.
The net result from the recognition of financial assets and liabilities is included in the balance sheet account "Derivative contracts liabilities".
The movements in the fair value of the effective part of the hedging derivative are recognized in the equity while the ineffective part is recognized in the income statement. The accumulated balances in the equity are transferred in the income statement of the periods where the hedging derivatives are recognized.
When a financial instrument expires or is sold, interrupted or exercised without being replaced or a hedged item does no longer fulfill the criteria of hedging accounting, cumulative gain or loss remain in equity and they are recognized when the transaction occurs. If the hedged transaction is probable non realized cumulative gains and losses are recognized directly in the income statement.

6.17 Inventories

The inventories include aircraft spare parts and purchased goods. The acquisition cost includes all the costs incurred to bring the inventories at their current location and condition. Finance cost is not included in the inventories acquisition cost. The inventories' cost is calculated using the FIFO method (First In First Out).
On the Balance Sheet date, the inventories are measured at the lower of cost and net realizable value.

6.18 Cash and cash equivalents

Cash and cash equivalents include cash at bank, petty cash as well as short term highly liquid deposits with an original maturity of three months or less.

6.19 Equity

Share capital is determined using the nominal value of shares that have been issued. Share premium reserve includes any premiums in excess of the nominal price received at the date of the issue.
A share capital increase through cash includes any share premium during the initial share capital issuance. Any cost related to the capital increase or any tax benefit is deducted from the product of the share capital increase.
Retained earnings include results of the current year and those of previous periods.

6.20 Employee benefits due to retirement and other short term benefits to employees

Short term benefits
Short term employee benefits in cash or in kind are recognized as expense when incurred. Any unpaid amount is recognized as liability.

Retirement benefits

The Company has determined both defined benefit and defined contribution plans.

A defined benefit plan is a retirement benefit outside the scope of a defined contribution schemes. Typically, defined benefit schemes provide for a benefit the employee will receive on retirement, based on factors such age, service years and compensation received.

The balance sheet liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan's assets, together with adjustments for unrecognized actuarial gains/losses and past service cost. The defined benefit obligation is measured annually by independent actuaries using the projected unit credit method. The current value of the defined benefits is estimated by discounting the future expected cash outflows using corporate bonds of high interest yield, issued in the currency the benefits will be paid at and have similar maturity terms to those of the retirement's liability.

The accrual gains or losses that result from adjustments based on experience and changes in accrual assumptions at the end of the previous period exceeded the higher of the 10% of the defined benefit tax assets or the 10% of the defined benefit liabilities, are charged to the results based on the expected average of the remaining working life of the employees that participate to the scheme.

Past service cost is recognized directly in the income statement unless there is a minimum service period before an employee will be granted the right to participate in the benefits plan. In that case, the past service cost is amortized on a straight line basis over the required period until the date participation is granted.

A defined contribution plan is a retirement scheme where the Company pays defined contributions, to an independent institution (the fund) that operates the contributions and provides the benefits, on a compulsory or non compulsory basis. The Company has no other legal or any other type of obligation for further contributions if the fund is unable to meets its contract requirements and provide to the employees the agreed benefits for current or past services. Prepaid contributions are recognized as assets to the extent the cash return or decrease is expected in the future payments.

6.21 Financial liabilities

Financial liabilities include bank loans and overdrafts, trade and other payables and liabilities incurred and financial leases. The Company's financial liabilities (except for bank loans) are recognized in the balance sheet in the accounts "Long term liabilities" and "Short term liabilities".

Financial liabilities are recognized when the Company becomes a party to the contractual agreements of the instrument and derecognized when the obligation under the liability is discharged, cancelled or expires.

Bank loans provide long term financing to the Company. All loans are initially recognized at cost which is the fair value of the consideration received less the issue costs. After the initial recognition, bank loans are valued in their depreciable amount with the real interest rate method. The depreciated amount is calculated taking into consideration every discount or premium in the settlement.

All interest related charges are recognized as an expense in "financial expense" in the income statement.

Liabilities from finance leases are estimated at the initial cost less capital part of the lease payments.

Trade payables are recognized initially at their nominal value and subsequently valued at their amortized cost less any settlement payments.

Dividends payable to the shareholders are in included in "Other short term liabilities" when they are approved by the Shareholders' General Meeting.

Profits or losses are recognized in the income statement through amortization or liabilities' write offs.

When a current financial liability is exchanged with another of different type and terms (or the terms of the current liability are substantially changed) but from the same originator, this is dealt as termination of the initial liability and commencement of a new one. Any difference in the book values is recognized in the income statement.

6.22 Income tax & deferred tax

Income tax

Current income tax comprises of obligations to, or claims from, fiscal authorities based on taxable income of the current or previous reporting periods that have been settled on the balance sheet date.

They are measured at tax rates and tax laws that are enacted on the respective financial year based on the taxable profits for the period. All differences in tax assets / liabilities are charged to the income statement for the period as part of the income tax expense.

Deferred tax

Deferred income taxes are measured with the liability method that focuses on temporarily differences. This includes the comparison of the accounting value of assets and liabilities of consolidated financial statements with the respective tax bases. Deferred tax assets are recognized to the extent that it is possible to be offset by future income taxes. Deferred tax assets are re-examined at every balance sheet date and are reduced to the extent that it is no longer possible that a taxable income will be available to allow the use of benefit (in total or partially) of the deferred tax asset. Deferred tax liabilities are recognized for all temporal tax differences.

Deferred tax assets and liabilities are measured at tax rates that are expected to be enacted when the asset will be recovered or the liability settled taking into consideration the tax rates already enacted by the balance sheet date.

Most changes in deferred tax assets or liabilities are recognized as part of current income tax and are charged in the income statement. Only changes in deferred tax assets or deferred tax liabilities relating to the movement in the value of the asset or liability are recognized directly in the relevant accounts of equity.

The Company recognizes a previously unrecognized deferred tax asset only to the extent that future tax asset will allow the recovery of the deferred tax asset.

Deferred tax assets are evaluated at every balance sheet date and are reduced to the extent that it is no longer probable that possible tax benefit will be available to allow for the recognition of part or full of each particular deferred tax asset.

6.23 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has present legal or constructive obligations as a result of past events, their settlement is probable through an outflow of economic resources from the Company and the liability can be estimated reliably. The time frame or the resources' outflow may be uncertain. A present obligation stems from the existence of a legal or constructive obligation resulting from past events such as warranties, legal disputes or onerous contracts. When the total or part of the estimated provision settlement amount is expected to be paid by a third party, the remuneration will be recognized only if it is more probable than not that the remuneration will be paid by the financial entity. The remuneration amount recognized cannot exceed the provision amount.

The expense relating to a provision is presented in the income statement, net of the provision initially formed. A provision is used only for the purpose it was initially formed. Provisions are evaluated at each balance sheet date and adjusted accordingly in order to depict the best most current estimation. Provisions are valued at the balance sheet date and are adjusted in order to reflect the present value of the obligation's expected cost.

In such cases where the possible economic resources outflow as a result of present obligation is not probable or the amount or the provision cannot be reliably estimated no provision for contingent obligations is recognized in the financial statements however they are disclosed if the probability of economic resources outflows is high. Contingent assets are recognized in the financial statements but are disclosed when the economic resources inflow is probable. Possible economic resources inflows for the Company that do not meet the conditions for an asset are considered contingent assets.

6.24 Seasonality

The Company's operating result fluctuates significantly each quarter during the financial year, a trend that is expected to continue in the future as a result of the demand's seasonality, in combination with the relatively high fixed costs of the Company. Historically the Company's significant part of income from passengers is realized between April and September and in a lesser degree, during the holiday periods of Easter and Christmas/New Year's. Demand and average fares are in general higher during these periods. Consequently the Company has higher revenues in the second and third quarter of the financial year. On the contrary revenues are lower during the first and fourth quarter, since the demand is lower during winter season. The Company suffers most of its costs evenly during the year and therefore it is generally expected that the operating results are lower during the first and fourth quarter.

6.25 Reclassification of balances in the financial statements

The prior period's balances that were reclassified for presentation purposes in the financial statements of 31/12/2007 are:

- In the balance sheet as at 31/12/2007, amount € 31.254,24 thousand relating to liabilities from financial derivatives and was presented in the short term liabilities, was split at
  - Long term liabilities - derivatives contracts liabilities amount € 13.592,44 thousand and
  - Short term liabilities - derivatives contracts liabilities amount € 17.661,80 thousand.

- In the cash flow statement as at 31/12/2007 the reclassifications mentioned below took place:
  - Amount € 2.667,20 thousand relating to the valuation of a long term loan in foreign currency and was presented in "Loans increased / (decreased)", is presented as a separate balance in the cash flow adjustments for operating activities, reducing equally the balance "Loans increased / (decreased)", in the cash flows from financing activities.
  - Amount € (61,43) thousand relating to cash outflow due to retirement benefits obligations presented as a separate balance in the "Changes in working capital", is now included in the balance "Increase / (decrease) in payables".

The above reclassifications do not affect revenue, profit after tax or total equity in the comparative's period published financial statements.

6.26 Segment reporting

The results per segment are as follows:

Amounts in thousand €

01/01/2008 - 31/12/2008	Scheduled flight revenue	Charter flight revenue	Other operating income	Total
Total revenue	**520.077,05**	**66.361,66**	**25.254,74**	**611.693,46**
Operating result	**30.437,50**	**11.062,61**	**6.818,78**	**48.318,89**
Financial results				(10.272,24)
Other operating income/expense				1.891,29
Profit before taxes				**39.937,94**
Income tax				(10.472,52)
Net results for the period				**29.465,42**
01/01/2007-31/12/2007	**Scheduled flight revenue**	**Charter flight revenue**	**Other operating income**	**Total**
Total revenue	**413.478,78**	**49.038,36**	**20.219,40**	**482.736,53**
Operating result	**28.343,93**	**8.021,41**	**6.012,93**	**42.378,27**
Financial results				1.675,27
Other operating income/expense				552,61
Profit before taxes				**44.606,15**
Income tax				(8.840,26)
Net results for the period				**35.765,89**

It is noted here that the above services and sources of income result from commonly used facilities as well common items of the assets and equity and therefore they cannot be broken down into segments.
Moreover, the Company is operating in a set geographical area. The Company's management is judging that it is not possible to monitor and report as per geographical segments.

6.27 Intangible assets

As at 31/12/2008, the Company holds intangible assets amounting to € 598,10 thousand that refer to software licenses. The changes in the aforementioned for the Company are analyzed as follows:

Amounts in thousand €

Software	**31/12/2008**	**31/12/2007**
Acquisition cost		
Balance as at January 1	**2.339,72**	**2.068,59**
Additions	544,85	271,14
Total acquisition cost	**2.884,57**	**2.339,73**
Accumulated amortization		
Balance as at January 1	**2.038,42**	**1.788,05**
Amortizations	248,07	250,37
Total accumulated amortization	**2.286,49**	**2.038,42**
Unamortized cost	**598,10**	**301,31**

6.28 Tangible assets

Changes in property, plant and equipment of the Company during the two year period of 2007-2008 are presented as follows (amounts in thousand €):

	Land plots	Buildings	Machinery	Self owned aircraft	Self owned aircraft maintenance reserves	Aircraft Leasing	Aircraft Leasing maintenance reserves	Aircraft equipment	Aircraft leasing equipment	Airport equipment	Airport equipment Leasing	Other vehicles	Other vehicles Leasing	Furniture and spare parts	Furniture and spare parts Leasing	Total
Balance 1 January 2007	**22,51**	**549,33**	**2.901,61**	**6.475,31**	**-**	**12.391,13**	**910,53**	**2.531,38**	**5.544,23**	**2.241,58**	**652,04**	**2.556,75**	**78,43**	**5.538,87**	**214,43**	**42.608,11**
Reclassifications				12.391,14		(12.391,13)		3.789,07	(3.789,07)	23,13	(23,13)					0,01
Additions	-	1.579,61	85,71	-	888,89	-	-	2.173,60	-	1.375,46	-	398,91	-	385,25	-	6.887,42
Disposals	-	-	-	(2.612,83)	-	-	-	-	-	(33,99)	-	(32,34)	-	-	-	(2.679,16)
Balance 31 December 2007	**22,51**	**2.128,94**	**2.987,32**	**16.253,62**	**888,89**	**-**	**910,53**	**8.494,05**	**1.755,16**	**3.606,19**	**628,91**	**2.923,31**	**78,43**	**5.924,12**	**214,43**	**46.816,39**
Accumulated depreciation																
Balance 1 January 2007	**-**	**145,87**	**1.647,24**	**80,94**	**-**	**2.219,08**	**910,53**	**1.379,33**	**1.978,09**	**1.052,35**	**576,25**	**1.669,10**	**78,43**	**4.141,14**	**214,43**	**16.092,77**
Depreciations	-	122,13	254,32	3.053,54	222,22	(2.219,08)	-	2.313,43	(1.224,83)	389,27	49,51	361,64	-	557,33	-	3.879,49
Disposals	-	-	-	(538,14)	-		-	-	-	(17,00)	-	(14,57)	-	-	-	(569,70)
Balance 31 December 2007	**-**	**268,00**	**1.901,56**	**2.596,33**	**222,22**	**-**	**910,53**	**3.692,76**	**753,26**	**1.424,63**	**625,76**	**2.016,18**	**78,43**	**4.698,47**	**214,43**	**19.402,56**
Unamortized cost at 31 December 2007	**22,51**	**1.860,94**	**1.085,76**	**13.657,29**	**666,67**	**-**	**-**	**4.801,29**	**1.001,90**	**2.181,56**	**3,15**	**907,14**	**-**	**1.225,65**	**-**	**27.413,82**
Balance 1 January 2008	**22,51**	**2.128,94**	**2.987,32**	**16.253,62**	**888,89**	**-**	**910,53**	**8.494,05**	**1.755,16**	**3.606,19**	**628,91**	**2.923,31**	**78,43**	**5.923,86**	**214,43**	**46.816,15**
Reclassifications		(726,28)		-		-		-	-	-	-					(726,28)
Additions	-	1.040,67	33,15	-	-	32.992,94	18.797,38	4.119,69	-	1.430,08	-	1.157,62	-	707,15	-	60.278,67
Disposals	-	-	(185,26)	(9.778,31)	(888,89)	-	-	-	-	(70,88)	-	(273,73)	-	-	-	(11.197,07)
Balance 31 December 2008	**22,51**	**2.443,33**	**2.835,20**	**6.475,32**	**-**	**32.992,94**	**19.707,91**	**12.613,74**	**1.755,16**	**4.965,39**	**628,91**	**3.807,20**	**78,43**	**6.631,01**	**214,43**	**95.171,46**
Accumulated depreciation																
Balance 1 January 2008	**-**	**268,00**	**1.901,56**	**2.596,33**	**222,22**	**-**	**910,53**	**3.692,76**	**753,26**	**1.424,63**	**625,76**	**2.014,70**	**78,43**	**4.699,68**	**214,43**	**19.402,30**
Depreciations	-	300,14	213,88	812,68	222,22	898,79	1.615,88	1.305,15	87,76	541,77	2,51	479,32	-	570,49	-	7.050,59
Disposals	-	(13,45)	(180,25)	(2.680,54)	(444,44)		-	-	-	(68,38)	-	(115,23)	-	-	-	(3.502,29)
Balance 31 December 2008	**-**	**554,69**	**1.935,19**	**728,47**	**-**	**898,79**	**2.526,41**	**4.997,90**	**841,02**	**1.898,02**	**628,28**	**2.378,80**	**78,43**	**5.270,17**	**214,43**	**22.950,59**
Unamortized cost at 31 December 2008	**22,51**	**1.888,64**	**900,02**	**5.746,85**	**-**	**32.094,14**	**17.181,50**	**7.615,84**	**914,14**	**3.067,37**	**0,63**	**1.428,40**	**-**	**1.360,84**	**-**	**72.217,44**

In 2008 the Company signed finance leasing contracts for 2 aircrafts type Airbus A320. Their acquisition cost was calculated at € 51.790,33 thousand and is included in "Tangible Assets". In the 2 aircrafts value are included the pre delivery payments to the manufacturer up to the date of delivery.
In 2008 the Company sold and leased back as operating lease an aircraft type Avro RJ 100. From this transaction there was a loss of € 2,2m. (mainly due to movements in the euro / US dollar exchange rate), which is included the period's result.

Depreciation costs increased by 76% due the depreciation charges for the 2 aircrafts acquired in 2008 through finance leasing.

6.29 Advances for asset acquisition

Advances for asset acquisition mainly concern pre delivery payments to foreign entities for aircraft and aircraft engines acquisition and are analyzed as follows:

Amounts in thousand €

	31/12/2008	31/12/2007
Pre delivery payments to Airbus	66.364,28	74.841,38
Advances to I.A.E.	3.505,96	2.823,47
Other advances (J&P)	6.790,80	156,07
Total	**76.661,04**	**77.820,93**

The balance "Pre delivery payments to Airbus" reduced due to the gradual receipt during the period of the new aircrafts.
The balance "Other advances" refers to the up to 31.12.2008 invoiced from the construction company, cost of the hangar inside Athens International Airport.

6.30 Deferred tax assets/liabilities

The deferred tax assets/liabilities arising from the corresponding temporary tax differences for the Company are as follows:

Amounts in thousand €

	31/12/2008		31/12/2007	
	Asset	Liability	Asset	Liability
Revaluation of assets and depreciation/amortization	2.683,15	(2.419,74)	3.274,72	(2.872,44)
Write off of depreciation of previously capitalized formation expenses	0,00	0,00	0,00	0,00
Finance leases	0,00	(10.490,61)	0,00	0,00
Financial derivatives at fair value	56,28	0,00	56,28	0,00
Receivables	790,70	(1.470,17)	1.739,19	(608,10)
Provisions for employee retirement benefits	1.224,46	0,00	1.013,63	0,00
Liabilities from financial derivatives	2.322,88	0,00	7.757,28	0,00
Liabilities from finance leases	9.852,30	0,00	0,00	0,00
Other short term liabilities	7.331,70		5.351,74	(2.790,13)

		(6.841,52)		
Other	0,00	0,00	258,55	(295,25)
Total for offsetting	**24.261,46**	**(21.222,04)**	**19.451,39**	**(6.565,92)**
Balance	**3.039,42**		**12.885,47**	

All deferred tax assets and liabilities were determined by the liability method and refer to temporary tax differences.

6.31 Other long term assets

The other long term assets for the Company are analyzed as follows:

Amounts in thousand €

	31/12/2008	31/12/2007
Warranties issued for lease assurance	12.442,38	5.910,00
Other warranties	1.190,59	12,26
Receivables from financial assets	3.659,07	0,00
Total	**17.292,04**	**5.922,27**

The Company in order to secure current and future aircraft operating leases and in accordance with the terms of the leasing contracts, provides warranties mainly to aircraft leasing companies. Moreover, a small part of the above balances refers to leases of properties that are used by the Company.
The balance "Warranties issued for lease assurance" increased due the Company's fleet increase with new aircrafts for which, according to the leasing agreements, the lessors require higher warranties.
The balance "Receivables from financial assets" relates to the present value of receivables from banks with which the Company had entered foreign currency forward contracts which were reversed during 2008 but they will paid at maturity after 31.12.2009. See note 6.53.

6.32 Inventories

The Company's inventories refer to goods traded in the aircraft and spare parts. Concerning the aircraft spare parts, the Company maintains a certain number of spare parts in order to cover the needs of the aircraft operation.

Amounts in thousand €

	31/12/2008	31/12/2007
Goods	409,46	377,70
Aircraft spare parts	11.154,60	7.091,22
Total	**11.564,07**	**7.468,92**

The changes in the inventories are analyzed as below:

Amounts in thousand €

	31/12/2008	31/12/2007
Goods		
Opening balance	377,70	302,81
Purchases for the period	940,53	965,31
Consumption for the period	(908,77)	(890,41)

Closing balance	**409,46**	**377,70**
Aircrafts' spare parts		
Opening balance	7.091,22	5.569,87
Purchases for the period	13.498,60	4.234,29
Spare parts consumption for the period	(3.616,86)	(2.712,94)
B.F.E.s consumption	(5.818,34)	0,00
Closing balance	**11.154,60**	**7.091,22**
Total inventories	**11.564,07**	**7.468,92**

The balance "Purchases for the period" for aircrafts' spare parts appears higher in the current period due the purchase of spare parts and other equipment for the new aircrafts, which are selected and bought by the Company from third party suppliers and then are resold to Airbus to be fitted in the aircrafts (B.F.E. – Buyer's Furnished Equipment). The balance "Spare parts consumption for the period" in included in the "Aircraft maintenance" balance in the income statement.

6.33 Customers and other trade receivables

The particular receivables of the Company refer mainly to the following balances:

Amounts in thousand €

	31/12/2008	31/12/2007
Domestic customers	2.440,16	2.708,57
Foreign customers	9.436,88	8.910,63
Greek State	24.193,26	14.282,43
Other miscellaneous debtors	27.469,01	23.300,32
Accrued income receivable	2.698,74	4.677,80
Value Added Tax	0,00	2.978,27
Prepayments to suppliers	3.976,53	3.255,48
Total	**70.214,59**	**60.113,50**

The particular items constitute recognized trade receivables mainly from ticket sales.
The larger balance is included in the element "Other miscellaneous debtors" and refers to receivables from ticket sales through IATA organizations, BSP (tickets sold through cooperating travel agencies) and ICH (tickets sold from/to other airlines).
Receivables from the Greek State mainly refer to V.A.T. receivable, ticket sales to the armed forces staff and printed press transfer.
The above receivables are considered to be short-term. The fair value of these short term financial assets cannot be calculated independently since their book value is assumed to be very similar to their fair value.
The aging of is presented in the table below:

Amounts in thousand €

	31/12/2008	31/12/2007
Expected receivable time:		
Less than 3 months	42.044,79	42.852,80
Within 3 and 6 months	25.537,87	10.119,49
Within 6 months and 1 year	2.488,75	7.025,72
More than a year	143,18	115,50

Total	**70.214,59**	**60.113,50**

6.34 Prepayments

Prepayments relate to amounts paid in advance for certain transactions with third parties or to the Company's staff.
Prepayments balance is analyzed below:

Amounts in thousand €

	31/12/2008	31/12/2007
Advances for fixed assets orders	20,1	0,00
Advances to personnel	1,67	1,67
Custom brokers current account	0,00	2,06
Staff current account	251,05	261,66
Other, third party current accounts	38,21	47,93
Prepaid expenses	4.347,11	2.631,96
Total	**4.658,15**	**2.945,28**

6.35 Cash and cash equivalents

Cash and cash equivalents refer to short term time deposits whose expiry does not exceed three months current accounts and petty cash. For the Company, the following items are included:

Amounts in thousand €

	31/12/2008	31/12/2007
Petty cash	178,13	131,33
Current accounts	32.627,22	6.443,85
Short term time deposits	150.000,00	151.734,41
Total	**182.805,35**	**158.309,59**

As at 31.12.2008, the remaining balance from the share premium funds raised in the 2007 IPO totaled € 45,2m. and has been invested in short term time deposits.

6.36 Share capital

Share capital on 31.12.2007 was 107.125.650 euros. The General Meeting of the Company's shareholders on 12 June 2008 decided the reduction of the Company's share capital by sixty million seven hundred and four thousand five hundred and thirty five euros (€ 60.704.535), in order to eliminate accumulated losses from prior financial periods, by decreasing the nominal value of the shares from one euro and fifty cents (€ 1,50) per share to sixty five eurocents (€ 0,65) per share.
After the above mentioned decrease the Company's share capital is forty six million four hundred twenty one thousand one hundred and fifteen euros (€ 46.421.115), divided into seventy one million four hundred seventeen thousand and one hundred common registered shares of nominal value sixty five eurocents (€ 0,65) per share.
The Ministry of Development with it decision no. K2 – 9014/10.7.2008 approved the amendment of the relevant article in the Company's Memorandum of Association. The Athens Stock Exchange board of directors' meeting on 10 July 2008 was informed for the reduction in the nominal value of the Company's shares. From 16 July 2008 onwards the Company's shares are traded in Athens Stock Exchange with their new nominal value of € 0,65 per share.

6.37 Share premium

The amounts from the share capital increase in excess of the nominal value are included in the share premium account, minus related expenses, other legal fees and tax benefits. All shares issued by the Company have been fully paid.
The share premium amount resulted from the share capital increase in excess of the nominal value amount amounted to € 144.774.410,21 from which the amount of € 42.272.515,46 comes from previous years and the amount of € 102.501.894,75 resulted from the prior year's share capital increase.

6.38 Other reserves

Other reserves comprise statutory, tax exempt and extraordinary reserves as well as reserves arising from cash flow hedges with the use of financial derivatives.

For the Company they are analyzed as follows:

Amounts in thousand €

	Statutory reserves	Extraordinary reserves	Fair value reserves (cash flow hedging)	Tax free reserves	Total
Balance at 31/12/2007	23,26	356,50	(23.271,85)	35,37	**(22.856,72)**
Directly recognized in equity			15.818,05		**15.818,05**
Balance at 31/12/2008	23,26	356,50	(7.453,80)	35,37	**(7.038,67)**

The fair value reserves are presented net of deferred taxes.

The hedge reserve in accordance to IFRS 7 is analyzed as follows:

Amounts in thousand €

	Foreign currency forward contracts- Cash flow hedging	Jet fuel swaps for cash flow hedging	Interest rate swaps - Cash flow hedging	TOTAL
Balance of fair value reserves at 1/1/2007	(12.396,67)	-	-	**(12.396,67)**
Derivatives expired in 2007 recognized in the income statement	(31.027,27)	-	-	**(31.027,27)**
Movements in the fair value of hedging instruments recognized directly in equity	12.394,81	-	-	**12.394,81**
Balance at 1/1/2008	**(31.029,13)**	**-**	-	**(31.029,13)**
Derivatives expired in 2008 recognized in the income statement	11.822,52	-	-	**11.822,52**
Derivatives expired in 2008 recognized in the assets	5.148,55	-	-	**5.148,55**

Derivatives reversed in 2008 recognized in the income statement, due to cancellation of significant part of the expected hedged transactions volume	(17.181,38)	-	-	**(17.181,38)**
Hedging derivatives fair value movements directly recognized in equity	40.529,07	(17.247,55)	(1.816,90)	**21.464,62**
Movement in the fair value reserves in 2008	**40.318,76**	**(17.247,55)**	**(1.816,90)**	**21.254,31**
Fair value reserves balance at 31/12/2008	**9.289,63**	**(17.247,55)**	**(1.816,90)**	**(9.774,82)**

The net amount changes of the fair values of derivatives products which are used as cash flow hedging instruments are recognized in equity as reserves. For the period 1.1.2008 to 31.12.2008 this amount was euro 15.818,05 thousand (Total fair value reserves change for 2008 amounted euro 21.254,31 thousand less the change in the deferred tax recognized directly to equity amounting euro 5.434,40 thousand).
The Company during the second half of 2008 reversed foreign currency forward contracts because due to the significant decrease in the fuel prices (which are nominated in US dollars), the initially estimated volume of transactions in US dollars is not expected to take place.
The amount of € 11.822,52 thousand was used as a hedging item for the income statement balances "Aircraft fuel" and "Aircraft maintenance" while the amount of € 5.148,55 thousand was used for the hedging of the balance "Advances for assets acquisition" in the balance sheet.

6.39 Borrowings

The borrowing liabilities of the Company are analyzed as follows:

Amounts in thousand €

	31/12/2008		**31/12/2007**	
Long term loans	**Weighted average interest rate**	**Amount**	**Weighted average interest rate**	**Amount**
Bank loans in foreign currency		0,00	6,69%	10.814,89
Bond loans in Euro		0,00	5,85%	20.000,00
Total long term loans		**0,00**		**30.814,89**
Short term loans				
Short term bank loans	-	0,04		0,00
Bank loans in foreign currency payable in the following year	4,94%	19.383,23	6,69%	26.727,25
Long term liabilities payable in the following year	6,05%	20.096,86		
Total short term loans		**39.480,13**		**26.727,25**
Total loans		**39.480,13**		**57.542,14**

Outstanding long term loans have the following maturities:

Amounts in thousand €

	31/12/2008	**31/12/2007**

Between 1 and 2 years	0,00	57.542,14
Between 2 and 5 years	0,00	0,00
More than 5 years	0,00	0,00
	0,00	**57.542,14**

6.40 Liabilities from finance leases

The Company during 2008 as part of the fleet renewal program acquired 2 new aircrafts Airbus A320 through finance leasing.

The analysis of finance lease agreements of the Company is as follows:

Amounts in thousand €

Future Payments	**31/12/2008**	**31/12/2007**
Up to 1 year	4.286,72	0,00
Between 1 to 5 years	16.388,12	0,00
More than 5 years	29.026,97	0,00
Total	**49.701,82**	**0,00**
Financial expense	**3.208,55**	**0,00**

Amounts in thousand €

Present value of future payments	**31/12/2008**	**31/12/2007**
Up to 1 year	4.087,20	0,00
Between 1 to 5 years	14.594,57	0,00
More than 5 years	27.811,50	0,00
Total	**46.493,27**	**0,00**

The weighted average interest rate was calculated at 3,17%

6.41 Provisions for employee retirement benefits

The amounts analyzed below are recognized as defined benefit plan for the Company and they are based on independent actuarial calculations.

Amounts in thousand €

	31/12/2008	**31/12/2007**
Opening year balance	5.101,57	3.247,38
Additional provisions for the year	748,39	877,75
Provisions used during the year	(257,42)	(46,75)
Balance at the year end	**5.592,54**	**4.078,38**
Present value of non-financed obligations	5.592,54	4.883,99
Unrecognized actuarial gains/losses	(694,69)	(1.071,18)
Net actuarial obligation	**4.897,85**	**3.812,82**
Amounts recognized in the income statement		
Current service cost	765,40	657,74
Interest cost	227,51	152,95

Recognition service cost	32,36	26,60
Normal expense to the income statement	**1.025,27**	**837,31**
Additional benefits cost	75,47	31,27
Other expense/income	-	0,00
Total expense to the income statement	**1.100,74**	**868,58**
Changes in net obligation recognized in the balance sheet		
Net obligation at the opening year	4.054,53	3.247,38
Employer's contributions		
Benefits paid by the employer	(257,42)	(61,43)
Total expense recognized in the income statement	1.100,74	868,58
Net obligation at the end of the year	**4.897,85**	**4.054,52**

Amounts in thousand €

Changes in the present value of the obligation		
Present value of the obligation - Opening period	5.101,57	4.072,63
Current service cost	765,40	657,75
Interest cost	227,51	152,95
Benefits paid by the employer	(257,42)	(61,43)
Additional payments or expenses/income	69,12	28,38
Actuarial loss/gain		
Present value at the end of fiscal year	**5.592,54**	**5.101,58**

The balance of retirement liabilities is considered a long-term item since no employee is entitled to early retirement settlement.

The amounts included to the Company's income statement are as follows:

Amounts in thousand €

	31/12/2008	**31/12/2007**
Current service cost	765,40	657,74
Finance cost	227,51	152,95
Additional benefits' cost	107,83	57,88
Total employee benefits cost	**1.100,74**	**868,58**

Actuarial assumptions used were:

	31/12/2008	**31/12/2007**
Discount rate	5,67%	4,80%
Expected salary increase percentage	3,75%	4,50%
Average years of working life	19,30	17,62

The expect cost for employee retirement benefits in 2009 has been estimated at € 1.100,00 thousand.

6.42 Suppliers and other liabilities

The analysis for the Company is as follows:

Amounts in thousand €

	31/12/2008	31/12/2007
Aircraft maintenance reserves	2.627,76	6.447,14
State-law entities and state-owned enterprises	44,31	41,53
Foreign suppliers	24.915,00	17.086,48
Domestic suppliers	21.749,26	21.762,55
Liabilities from customers loyalty programs	660,44	463,17
Total	**49.996,77**	**45.800,88**

The balance "Foreign suppliers" relates to liabilities resulting from aircrafts' maintenance, fuel & leases, that appear higher than in the previous period due to increased volume of activities.
The carrying amounts of suppliers and other liabilities approach their fair values. Liabilities from customers' loyalty programs due refer to the amount that, as assessed by the Company, will be covered in the subsequent years.
Aircraft maintenance reserves refer to the Company's estimates of future maintenance expenses which will incur when a defined number of flight hours per aircraft will be completed.

6.43 Other short term liabilities

Other short term liabilities refer to the Company's liabilities to social security organizations and other creditors that relate directly to its trading operation. The analysis is as follows:

Amounts in thousand €

	31/12/2008	31/12/2007
Credits from Airbus – I.A.E.	4.815,81	0,00
Social Security Organization (IKA)	3.593,73	3.160,15
Employees compensation payable	0,00	95,71
Other short term liabilities	341,63	254,43
Checks outstanding postdated	111,30	415,79
Tax liabilities for non audited financial years	1.000,00	645,00
Customers advances	893,01	435,87
Total	**10.755,48**	**5.006,95**

The balance "Credits from Airbus – I.A.E" refers to received credits from Airbus that will be used in the future for purchases of aircrafts' spare parts or other services from Airbus.

6.44 Liabilities from tickets sold but not flown

The amount of deferred revenue refers to income from tickets sold but not flown until the next period and appears higher from the last period mainly due to the tickets sold for flights abroad where it is customary to buy the tickets well in advance.

6.45 Accrued expenses

Accrued expenses concern liabilities of the period that will be paid in subsequent periods. The analysis for the Company is as follows:

Amounts in thousand €

	31/12/2008	31/12/2007
Agents commissions	3.529,05	1.885,26
Use of software	415,79	613,96

Aircraft fuel	9,37	352,47
Aircraft maintenance expenses	866,61	509,49
Airport charges	2.053,94	3.664,84
Landing costs	1.111,59	1.832,75
Navigation charges	1.645,41	0,00
Charges from other foreign airline companies	1.232,96	1.523,23
BoD fees payable	536,00	1.153,58
Other fees payable	0,00	45,90
Payables from reversal of derivatives	9.009,26	0,00
Other expenses	312,36	134,86
Total	**20.722,33**	**11.716,34**

The balance "Payable from reversal of derivatives" concerns to liabilities from reverses of jet fuel swap that will be paid in the next period.

6.46 Liabilities from financial derivative contracts

The financial derivative contracts are further analyzed as follows:

Amounts in thousand €

	31/12/2008	31/12/2007
Financial derivatives (receivables)		
Foreign currency forward contracts- Cash flow hedging	11.661,11	1.038,98
Jet fuel swaps for cash flow hedging	378,91	0,00
Interest rate swaps - Cash flow hedging	0,00	0,00
	12.040,02	**1.038,97**
Financial derivatives (payables)		
Foreign currency forward contracts- Cash flow hedging	2.598,46	32.293,22
Jet fuel swaps for cash flow hedging	17.626,46	0,00
Interest rate swaps - Cash flow hedging	1.816,90	0,00
	22.041,82	**32.293,22**
Liabilities from financial derivative contracts	**10.001,80**	**31.254,24**

The balances referring to financial derivative contracts in the balance sheet are analyzed as follows:

Amounts in thousand €

	31/12/2008	31/12/2007
Financial derivatives – short term receivables		
Foreign currency forward contracts- Cash flow hedging	8.301,89	0,00
Jet fuel swaps for cash flow hedging	378,91	0,00
	8.680,80	**0,00**
Financial derivatives – short term liabilities		
Foreign currency forward contracts- Cash flow hedging	1.115,28	17.661,80

Jet fuel swaps for cash flow hedging	12.525,62	0,00
Interest rate swaps - Cash flow hedging	151,41	0,00
	13.792,31	**17.661,80**
Short term liabilities from financial derivative contracts	**5.111,51**	**17.661,80**
Financial derivatives – long term receivables		
Foreign currency forward contracts- Cash flow hedging	3.359,22	0,00
	3.359,22	**0,00**
Financial derivatives – long term liabilities		
Foreign currency forward contracts- Cash flow hedging	1.483,18	13.592,44
Jet fuel swaps for cash flow hedging	5.100,84	0,00
Interest rate swaps - Cash flow hedging	1.665,49	0,00
	8.249,51	**13.592,44**
Long term liabilities from financial derivative contracts	**4.890,29**	**13.592,44**

The fair value of these contracts has been estimated using the relevant market prevailing interest and foreign exchange rates.

Financial derivatives are classed either as assets or liabilities. The total fair value of a financial derivative that has qualified as a hedging instrument is classed either as non current item if the maturity of the hedged item is more than 12 months or as current item if the maturity of the hedged item is less than 12 months.

(a) Foreign currency forward contracts

The Company enters into derivative contracts relating to foreign currency forwards. These forward contracts are used for cash flow hedging of the risks arising from the movement in US dollar's exchange spot rates and to avoid the increase in the value of liabilities by securing fixed exchange rates. On 31 December 20008, the Company had entered into forward contracts to hedge its expected needs in US dollars for about 61% on average of these expected needs for the periods 2009-2010.

The nominal amount as at 31.12.2008 of the currently open forward contracts is € 262.987,71 thousand (2007: € 481.624,88 thousand) and is analyzed below:

Maturity of contracts	Nominal amount 31/12/2008 in thousand €	Nominal amount 31/12/2008 in thousand $	Liabilities from financial derivatives 31/12/2008 in thousand €
2009	142.272,04	198.000,00	7.186,60
2010	120.715,67	168.000,00	1.876,05
2011		0,00	0,00
	262.987,71	**366.000,00**	**9.062,65**

The comparative analysis for the period ended at 31.12.2007 is:

Maturity of contracts	Nominal amount 31/12/2007 in thousand €	Nominal amount 31/12/2007 in thousand $	Liabilities from financial derivatives 31/12/2007 in thousand €
2008	159.635,89	235.000,00	17.434,82
2009	134.501,73	198.000,00	9.233,81
2010	138.577,54	204.000,00	4926,08
2011	48.909,72	72.000,00	(340,47)
	481.624,88	**709.000,00**	**31.254,24**

For the translation into Euros of the currently open forward contracts, the European Central Bank's published exchange rates of the US dollar against the euro were used as at 31/12/2008 (1,3917) and 31/12/2007 (1,4721).
Hedging of possible estimated transactions in foreign currency are expected to take place in different dates during the next 12 months. Gains and losses from foreign currency forward contracts that have been recognized in the equity (see note 6.38) on 31.12.2008 are transferred to the income statement on the period or periods that the hedged transactions affect the result. This usually takes place a few months after the balance sheet date unless it is recognized in the initial cost of a tangible and therefore is depreciated during the useful life of the asset.

(b) Jet fuel swaps (commodity swaps)
On 31 December 2008, the Company had signed forward contracts to buy jet fuel (commodity swaps) of total value 129,6 thousand metric tons, which cover approximately 29% of the expected jet fuel needs for the periods 2009-2010. These contracts are used for cash flow hedging for the risks arising from the movement in the jet fuel spot prices.

The deemed amount of the currently open contracts is € 68.066,82 thousand as at 31.12.2008 and is analyzed as follows:

Maturity of contracts	Deemed amount 31/12/2007 in thousand €	Deemed amount 31/12/2007 in thousand $	Liabilities from financial derivatives 31/12/2007 in thousand €
2009	43.202,41	60.124,80	(12.146,72)
2010	24.864,41	34.603,80	(5.100,83)
2011	0	0,00	0,00
	68.066,82	**94.728,60**	**(17.247,55)**

On 31.12.2007 the Company was not in the possession of commodity swaps.
For the translation into Euros, the European Central Bank's published exchange rates of the US dollar against the euro were used as at 31/12/2008 (1,3917).

(c) Interest rate swaps
Finally, the Company on 31 December 2008 had entered into interest rate swap contracts (IRSs) as hedging instruments for cash flow hedging resulting from liabilities at a variable interest rate, for 100% of the total finance leases capital.
The nominal amount of the open interest rate swaps on 31 December 2008 was € 45.285,91 thousand.
The main applicable floating rate is LIBOR. Gains and losses from the interest rate swaps recognized in the equity (see note 6.38) on 31.12.2008 are transferred to the income statement until the full repayment of the lease liability they relate to.

Start date	Final date	Nominal amount 31/12/2008 in thousand €	Nominal amount 31/12/2008 in thousand $	Liabilities from financial derivatives 31/12/2008 in thousand $	Liabilities from financial derivatives 31/12/2008 in thousand €
5/12/2008	22/4/2020	31.500,90	22.634,84	1.263,39	907,80
5/12/2008	22/4/2020	31.523,50	22.651,07	1.265,19	909,10
		63.024,40	**45.285,91**	**2.528,58**	**1.816,90**

On 31/12/2007 the Company had not entered into interest rate swap contracts.

The fair values of the derivatives' contracts and jet swaps are based on marked to market valuations which are confirmed by the financial institutions with which are the signing counterparties in the contracts.

Movements in the fair value of the hedging instruments are recognized in equity under "Other reserves".

6.47 Current tax liabilities

Current tax liabilities refer to tax liabilities that will be paid within the next period. The amounts for the Company are analyzed as follows:

Amounts in thousand €

	31/12/2008	31/12/2007
Payroll taxes and duties	1.377,30	842,52
Taxes-Duties withheld from third parties	13,41	17,51
Other airport taxes and duties	8.381,57	4.457,90
Advertisment stamps and special exercise tax	10,37	4,29
Income tax on taxable profits	5.560,88	5.051,54
Total	**15.343,53**	**10.373,77**

The balance "Other airport taxes and duties" appears increased compared to prior year due to the increased sales of tickets sold this period but flown on the next.

6.48 Provisions

The provision item include provisions that concern the spare parts' impairments or write offs.

Amounts in thousand €

Balance at 1/1/2007	**0,00**
Provisions for the period 2007	300,00
Less: Provisions used	0,00
Provisions balance at 31/12/2007	**300,00**
Provisions for the period 2008	100,00
Less: Provisions used	0,00
Provisions balance at 31/12/2008	**400,00**

6.49 Revenue

Revenue refers to the issue of tickets, sale of goods and other services.

The revenues of the Company are analyzed per type as follows:

Amounts in thousand €

	31/12/2008	31/12/2007

Scheduled flights revenue	471.011,85	373.610,93
Charter flights revenue	62.553,13	46.086,71
Revenue from passengers airports charges	52.873,74	42.819,49
Other operating revenue	25.254,74	20.219,40
Total	**611.693,46**	**482.736,53**

6.50 Other operating income

This category includes revenues created by activities outside the main operating scope of activities of the Company. The particular income refers to the following cases:

Amounts in thousand €

	31/12/2008	31/12/2007
Greek Manpower Employment Organization (OAED) subsidies	76,33	129,29
Income from services rendered to third parties	1.814,97	2.163,16
Revenue from the sale of new aircraft equipment to Airbus (B.F.E.s)	5.818,34	0,00
Total	**7.709,64**	**2.292,45**

The balance "Revenue from the sale of new aircraft equipment to Airbus (B.F.E.s)" relates to spare parts and other equipment for the new aircrafts, which are selected and bought by the Company from third party suppliers and then are resold to Airbus to be fitted in the aircrafts (Buyer's Furnished Equipment).

6.51 Other operating expenses

Other operating expenses are analyzed as follows:

Amounts in thousand €

	31/12/2008	31/12/2007
Third party fees	3.218,67	859,72
Board of Directors remuneration	2.000,00	1.870,57
Cargo expenses	1.184,96	982,10
Personnel training	1.850,80	1.824,73
Mail & Telecommunications expenses	1.869,12	2.095,31
Rents	2.910,22	2.075,02
Insurance premiums	2.234,47	2.635,97
Maintenance for building and equipment	1.489,86	2.735,37
Travel expenses	3.008,23	2.395,40
Stationary	1.684,66	1.795,24
Other operating expenses	13.349,48	10.375,08
Total	**34.800,48**	**29.645,44**

6.52 Employee costs

Employee costs include salaries as well as retirement benefits.

Amounts in thousand €

	31/12/2008	31/12/2007
Salaries and wages	58.228,91	50.970,53

Employer contributions	15.467,86	13.480,16
Other benefits	0,00	0,00
Provisions for retirement benefits	1.100,74	868,58
Total	**74.797,51**	**65.319,27**

The number of the personnel of the Company is as follows:

	31/12/2008	31/12/2007
Staff number	2.142	1.923

6.53 Financial income/expense

The financial income/expenses are analyzed as follows:

Amounts in thousand €

	31/12/2008	31/12/2007
Interest and expenses from long term liabilities	2.621,56	2.292,54
Interest and expenses from other short term bank financing	14,26	882,87
Letters of Guarantee commissions	93,34	143,97
Finance leases interest	904,25	163,34
Foreign exchange losses	20.509,55	3.277,59
Expenses from reversing forward contracts	7.891,85	0,00
Other financial expenses	281,78	155,00
Total	**32.316,58**	**6.915,32**
Other interest income	(8.534,56)	(3.548,86)
Income from sale and lease back of aircrafts	(2.082,19)	(5.036,74)
Foreign exchange gains	(11.427,59)	0,00
Total	**(22.044,33)**	**(8.585,59)**

Interest income increased at €8.535,56 thousand from € 3.548,86 thousand as a result of the Company's strong cash position and the higher interest rates on fixed term deposits during the last quarter.
The Company during the second half of 2008 reversed US dollars' forward contracts because due the significant decrease in the fuel prices (which are nominated in US dollars) the initially estimated volume of transactions in US dollars was not expected to take place.
Also, the Company during the second half of 2008 reversed jet fuel swaps which were signed during the same period and were not classed as hedging instruments.
The total effect from the abovementioned transactions is included in the income statement in the balance "Expenses from reversing forward contracts".

6.54 Income from sale and lease back

In 2008 the Company continued its fleet renewal programme, receiving gradually 10 new aircrafts type Airbus A320. 8 of the above aircrafts were acquired through operating leases, 4 of which were sold (their buying options) and leased back as operating leases.

Resulting income from the above transaction was € 2.082,19 thousand. This transaction also affected the 2008 result with a loss from foreign exchange translation differences of € 2.925,38 thousand, therefore the final result from the sale and lease back of the 4 aircrafts was a loss € 843,19 thousand.

6.55 Income tax

Income tax is analyzed as follows:

Amounts in thousand €

	31/12/2008	31/12/2007
Current tax	5.560,87	7.187,95
Provision for additional tax	500,00	500,00
Deferred tax	5.920,22	1.152,32
Effect from the change of tax rates	(1.508,57)	0,00
Total	**10.472,52**	**8.840,26**
Profit before taxes	**39.937,95**	**44.622,53**
	25%	**25%**
Tax estimated on existing tax coefficient basis	9.984,49	11.155,63
Tax on expenses not deductible for tax purposes	195,15	261,30
Provision for additional tax	500,00	500,00
Tax free income	207,13	(2.880,02)
Bad debts written off	0,00	(196,66)
Income tax	**10.472,52**	**8.840,26**

7 Existing encumbrances

There are no encumbrances on the Company's tangible assets (buildings, owned aircrafts etc.).

8 Commitments

Operating leases

The Company's obligations arise mainly from aircrafts it uses in order to conduct the flights and, secondary, from the buildings it uses and the vehicles for the management and its personnel.

The minimum future lease payments for aircraft are analyzed below:

Amounts in thousand

	31/12/2008	31/12/2008	31/12/2007	31/12/2007
	in USD	**in €**	**in USD**	**in €**
Up to 1 year	87.805,02	63.091,91	56.843,57	38.613,93
Between 1 and 5 years	330.242,23	237.294,12	213.580,25	145.085,42
More than 5 years	5.101,10	3.665,37	56.440,17	38.339,90
Total	**423.148,34**	**304.051,41**	**327.992,41**	**223.082,34**

For the translation of the minimum future lease payments in euros the US dollar against the euro exchange rate of the European Central Bank as at 31 December 2008 (1,3917) was used.

The minimum future lease payments for buildings are analyzed as follows:

Amounts in thousand €

	31/12/2008	31/12/2007
Up to 1 year	1.960,49	1.469,15
Between 1 and 5 years	4.535,43	4.582,71

More than 5 years	5.154,26	3.986,41
Total	**11.650,18**	**10.038,28**

In addition the Company rents spaces in the Greek state airports from the Civil Aviation Authority and spaces in the foreign airports in the countries that it operates. Annual rents from the mentioned contracts are as follows:

Amounts in thousand €

	31/12/2008	31/12/2007
Annual rents for spaces in Greek airports	219,21	205,49
Annual rents for spaces in foreign airports	206,18	212,12
Total	**425,39**	**417,62**

Capital commitments

The Company commitments that refer to the order of Airbus type aircraft acquisition are analyzed per delivery year as follows:

- 2009: 5 aircrafts type Airbus A320,
- 2010: 4 aircrafts type Airbus A320,
- 2013: 2 aircrafts type Airbus A320

In order to respond more effectively to the global adverse economic environment and maintain high flexibility, the Company has agreed with Airbus to defer the delivery of 2 of the ordered aircraft as follows:

  - Initial delivery month: June 2010
  - New agreed delivery month: January 2013 – February 2013

9 Legal or in arbitration disputes

There are no legal or in arbitration disputes that would have a material effect in the financial position or the operation of the Company therefore no provision for such liabilities has been created.

10 Contingent tax liabilities

The Company's tax liabilities have been finalized up to the year 2006. The Company has provisioned an amount of € 1.000 thousand for tax unaudited periods.

11 Contingent assets and liabilities

Contingent liabilities

The total third party liabilities of the Company, that are legally claimed, amount to € 1.445,29 thousand.

The management of the management, based on the prior legal cases and on the fact that the cases have not been court examined yet, considers that their result will have no significant impact on the financial position and operation of the Company.

The analysis of the aforementioned liabilities and the corresponding dates is as follows:

Amounts in thousand €

	31/12/2008	31/12/2007
Labor cases	211,23	206,01
Accidents	467,43	272,56

Other	766,63	696,25
Total	**1.445,29**	**1.174,82**

Contingent assets

The Company has exercised two litigious cases of compensation claims against the Greek state. In accordance with the aforementioned claims, the Company demands the amounts of €13.446,14 thousand as compensation for damages for the year 2000 and of €12.384,53 thousand as compensation for damages for the year 2001 caused by state subsidies provided to Olympic Airlines that were rendered illegal in compliance with 11.12.2002 decision of EU. The former of the two claims was examined by Athens Magistrate Court on 14.2.2005 and was overruled in compliance with Legal Protocol No 11098/2005. Following the aforementioned decision, the Company made an appeal on 23.03.2006 to the Athens Supreme Court and a further hearing has been arranged on 30.9.2008. As far as the latter claim is concerned, the date has not been set yet.

The Company has made four (4) legal claims against civil courts, the most significant of which are two claims of the Company CRONUS AIRLINES S.A. ("CRONUS") (that was acquired by the Company due to merger) against Olympic Airlines concerning the return of the amounts that were provided to Olympic Airlines for the ground services (handling) of its airports. The former of the claims demands the readjustment of already made payment and the return of the amount of € 1.802,36 thousand out of the total of € 2.312,39 thousand deposited as the fee to Olympic Airlines by CRONUS. The latter claim demands the return of the amount of € 2.719,99 thousand out of the total of € 3.399,97 thousand paid as fee to Olympic Airlines.

Furthermore, the Company has made three cancellation appeals to State Justice Secretariat, three of which are against IKA and one is against Civil Aviation Authority.

Finally the Company made a legal claim against the Greek State for losses it suffered due to mandatory transfer to AIA. The date has not been set yet.

12 Related parties transactions

Amounts in thousand €

Receivables (End of period balance from sale of goods-services) from:	**31/12/2008**	**31/12/2007**
Shareholders	605,87	1.014,80
Other related parties	25,65	29,02
Total	**631,52**	**1.043,82**
Payables (End of period balance from purchase of goods-services) from:	**31/12/2008**	**31/12/2007**
Shareholders	78,65	85,42
Other related parties	13,30	26,17
Total	**91,95**	**111,58**
Income – Services from Parent Company to:	**31/12/2008**	**31/12/2007**
Related companies	0,00	0,00
Shareholders	93,85	1.180,99
Other related parties	27,79	79,19
Total	**121,64**	**1.260,18**

Expenses – Services the Parent Company received from:	31/12/2008	31/12/2007
Shareholders	674,90	1.125,78
Other related parties	55,37	206,25
Related companies	0,00	0,00
Associates	0,00	0,00
Total	**730,27**	**1.332,03**
Income – Sale of Parent Company's assets to:	**31/12/2008**	**31/12/2007**
Other related parties	0,00	14,29
Expenses – Purchases of assets from:	**31/12/2008**	**31/12/2007**
Shareholders	0,00	17,83
Balance of accounts held at Piraeus Bank (Shareholder)	**31/12/2008**	**31/12/2007**
Sight deposits	1.620,12	583,04
Time deposits	70.185,46	62.734,41

Additionally jet fuels swap contracts with Piraeus Bank (Shareholder) on 31.12.2008 were:

- $84.000,00 thousand
- 15.000 metric tons of jet fuel

The Company did not engage in any unusual activities in nature or in content which has material impact for the Company, the companies or the staff which is closely connected to and does not intend to participate in such transactions in the future. None of the transactions contains special terms or conditions and no collateral or guarantees have been received or issued.

13 Transactions with directors and Board of Directors members

The inter-Company transactions with directors and BoD members are as follows:

Amounts in thousand €

	31/12/2008	31/12/2007
Transactions with directors and Board of Directors members		
- BoD members fees	2.000,00	1.870,57
- salaries	1.525,14	994,58
- social insurance expenses	82,08	65,46
- services / other benefits offered	188,72	109,26
Total	**3.795,94**	**3.039,87**
- Liabilities to directors and BoD members	399,59	0,00
- Receivables from directors and BoD members	11,15	0,00

Except for the above there are no other transactions, receivables or liabilities with the directors or the BoD members.

14 Earnings per share

Earnings per share were based on the weighted average outstanding number of shares, from the total number of shares circulated, during the period and they are analyzed as follows:

Amounts in thousand €

	01/01-31/12/2008	01/01-31/12/2007
Profit before tax	39.937,94	44.622,53
Income tax	(10.472,52)	(8.840,26)
Profit after tax	**29.465,42**	**35.782,27**
Attributable to:		
Parent Company shareholders	0,00	0,00
Minority interest	0,00	0,00
	0,00	**0,00**
Weighted average number of ordinary shares	**71.417.100**	**62.318.755**
Basic earnings per share (in Euros)	**0,4126**	**0,5742**

15 Dividends policy

Taking into consideration the Company's profitability, prospects and investment plans, management will propose the distribution of €0.25 dividend per share, ie. a total amount of €17,854,280.
Dividend distribution will take place through a bank within the time frame set by relevant legislation and subject to approval by the Ordinary General Shareholders' Meeting.

16 Risk management

The Company is exposed to various financial risks such as market risk (variation in foreign exchange rates, interest rates, market prices etc.), credit risk and liquidity risk. The Company's risk management policy aims at limiting the negative impact on the Company's financial results which results from the inability to predict financial markets and the variation in cost and revenue variables. The Company uses derivatives to hedge its exposure to specific risk categories.
The risk management policy is executed by the Finance department. The procedure followed is presented below:

- Evaluation of risks related to the Company's activities
- Methodology planning and selection of suitable derivative products for risk reduction
- Execute risk management in accordance to the procedure approved by management

The Company's financial instruments include mainly bank deposits, short-term high-liquidity tradable financial products, trade debtors and creditors.

Foreign currency risk

The Company due to the nature of the industry is exposed to variations in foreign currency exchange rate which arise mainly from US Dollars. This kind of risk arises mainly from transactions in foreign currency. To manage this kind of risk the Company enters into forward exchange contracts with financial organizations.
The financial assets and liabilities in foreign currency translated into euros using the exchange rate at the balance sheet date are as follows:

Amounts in thousand €

	31.12.2008	31.12.2007

Financial assets	112.498,30	0,00
Financial liabilities	26.057,30	34.545,51
Short term exposure	**86.441,00**	**34.545,51**
Financial assets	12.207,99	0,00
Financial liabilities	42.406,08	10.814,99
Long term exposure	**30.198,08**	**10.814,99**
Total	**56.242,92**	**45.360,50**

The table below presents the sensitivity of the period's result and the equity's compared to a reasonable movement in the euro / US dollars exchange rate by -7%. For 2007 the assumed movement in the exchange rate was -9%.

Amounts in thousand €

	2008	2007
Result for the period (profit)	4.439,76	(3.745,46)
Equity	4.439,76	(3.745,46)

Accordingly if the movement in the euro / US dollar exchange rate was -7% and -9% for 2007, then the sensitivity of the result and the equity would be:

Amounts in thousand €

	2008	2007
Result for the period (loss)	(3.834,40)	3.745,46
Equity	(3.834,40)	3.745,46

The Company's foreign exchange rates exposure varies within the year depending on the volume of the transactions in foreign exchange.

Interest rate risk

The Company's policy is to minimize interest rate cash flow risk exposure on long – term financing.
At 31 December 2008 the Company's bank borrowings were € 85.973 thousand. In particular the long term financing liabilities were € 46.493 thousand and the short term financing liabilities were € 39.480 thousand at floating interest rates.
The following table illustrates the sensitivity of the net result for the year and equity to a reasonable change in interest rates of +1% or -1% (2007 : +/- 1%). These changes are considered to be reasonably possible based on observation of the current market conditions.

Amounts in thousand €

	2008	2007
Result for the period	775,31	294,31
Equity	775,31	294,31

On 31.12.2008 the Company has followed a hedge accounting strategy concerning the cash flows for finance leases.

Jet fuel risk

The Company is exposed to the fluctuations of the price of oil which directly influences the price of jet fuel. To manage this risk the Company imposes when necessary, fuel surcharges on domestic and

international fares whilst also enters derivative contracts on oil products in order to hedge part of its projected jet fuel needs.
On 31 December 2008 the Company had signed jet fuel swap contracts on average for the 29% of its expected fuel needs for the period 2009-2010. Cover levels are monitored and reviewed on an ongoing basis in light of market developments and the overall needs of the business.

Credit risk
The Company's exposure to credit risk is limited to the carrying amount of financial assets recognized at the balance sheet date as summarized below

Amounts in thousand €

Financial items	**2008**	**2007**
Cash and cash equivalents	182.805,35	158.309,59
Customers and other receivables	70.214,59	60.113,50
Total	**253.019,94**	**218.423,09**

The management considers that all the above financial assets that are not impaired in previous reporting dates under review are of good credit quality, including those that are past due.
For its trade and other receivables the Company has low credit risk because they come from a large and diversified client basis. In order to protect its financial results from the credit risk, the Company monitors, on a regular basis, its trading receivables and whenever necessary, assesses the insurance of the receivables collection, mainly through factoring.
Possible credit risk also exists in cash and cash equivalents and in forward contracts. The risk is stemming from the possibility of the counterparty becoming unable to meet its obligations towards the Company. To minimize this risk the Company examines regularly its degree of exposure to every individual financial institution. As far as it concerns its deposits the Company is dealing only with financial institutions which have high credit ratings.

Liquidity risk
The Company manages its liquidity by maintaining adequate cash levels as well as ensuring the provision of credit facilities not only from financial institutions but also from suppliers, always in relation to its operating, investing and financing requirements. It is noted that as at 31.12.2008 the Company had a cash position of € 183m. and had also secured an adequate amount of committed credit facilities ensuring the servicing of its short and medium term liabilities.

The maturities as at 31 December 2008 are analyzed as follows:

Amounts in thousand €

31.12.2008	**Short term**		**Long term**	
	Within 6 months	**6 – 12 months**	**1-5 years**	**More than 5 years**
Long term bank loans	19.383,22	20.096,86	0,00	0,00
Finance lease obligations	2.359,23	1.727,97	14.594,57	27.811,50
Trade payables	93.660,19	2.615,22	2.627,76	0,00
Other short term liabilities	4.046,66	4.258,32	2.450,50	0,00
Derivatives	(349,89)	5.461,40	4.890,29	0,00
Total	**119.099,40**	**34.159,78**	**24.563,12**	**27.811,50**

The relevant maturities as at 31 December 2007 are analyzed as follows:

Amounts in thousand €

31.12.2007	Short term		Long term	
	Within 6 months	6 – 12 months	1-5 years	More than 5 years
Long term bank loans	17.003,37	8.085,56	32.453,21	0,00
Finance lease obligations	0,00	0,00	0,00	0,00
Trade payables	77.157,77	0,00	0,00	0,00
Other short term liabilities	15.380,72	0,00	0,00	0,00
Derivatives	5.377,07	10.689,64	15.187,53	0,00
Total	**114.918,93**	**18.775,20**	**47.640,74**	**0,00**

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the balance sheet date.

Summary of financial items by category

Financial assets and liabilities recorded on the Company's balance sheet to the periods the refer to, can be categorized as follows:

Amounts in thousand €

	31.12.2008	31.12.2007
Current assets		
Trade and other receivables		
Loans and receivables	70.214,59	60.113,50
Cash and cash equivalents	182.805,35	158.309,59
Long term liabilities		
Long term Loan Liabilities		
Financial liabilities accounted on unamortized cost	46.493,27	30.814,89
Short term liabilities		
Short term loan liabilities		
Financial liabilities counted on unamortized costs	43.567,29	0,00
Suppliers and other liabilities		
Financial liabilities accounted on unamortized cost	98.902,97	77.157,77

Financial derivative contracts are analyzed in note 6.46 and are recognized in their fair values.

The balance "Financial liabilities accounted on unamortized cost" consists of:

Amounts in thousand €

	31.12.2008	31.12.2007
Suppliers and other liabilities	49.996,77	45.800,88
Liabilities from tickets sold but not flown	28.183,87	19.640,55
Accrued expenses	20.722,33	11.716,34
Total	**98.902,97**	**77.157,77**

Objectives and policies for managing capital

The Company's primary objectives when managing capital are to maintain high credit ratings as well as healthy capital ratios, so as to support and expand its operations and maximize the shareholders' value. The Company calculates adjusted capital employed on the basis of: total equity plus subordinated debt less cash and cash equivalents as they appear on the balance sheet. For the periods 2008 and 2007 capital was:

Amounts in thousand €

	2008	**2007**
Total equity	212.775,16	167.491,69
Add: Subordinated debt	85.973,41	57.542,14
Less: Cash and cash equivalents	-182.805,35	-158.309,59
Adjusted capital employed	**115.943,22**	**66.724,24**
Total equity	212.775,16	167.491,69
Add: Debt	85.973,41	57.542,14
Total capital	**298.748,57**	**225.033,83**
Adjusted capital employed / Total capital	**1:2,58**	**1:3,37**

Company's target for managing capital is to maintain the ratio Adjusted capital employed (as defined above) to Total capital (total equity plus debt) in the range of 1:2 and 1:4

17 Post balance sheet events

- The Company took delivery of two new aircraft Airbus A320 in January 2009 that were financed through operating and financial lease agreements, respectively. Remaining lease balance of the aircraft acquired through finance leasing today is $33.406,44 thousand. In addition, the Company took delivery of two aircraft Airbus A320 in February 2009 which were financed through sale and lease back agreements. Finally in March 2009 the Company took delivery of another aircraft, Airbus A321, which was acquired through operating leasing. Aircraft deliveries are in line with the Company's fleet renewal investment program.
- Based on the Call Option contract between the Company and NEWREST GROUP HOLDING SL dated back at 13.10.2006, the Company exercised its option and acquired 25% of the share capital of the companies Newrest Inflight Services Hellas S.A., Macedonia Catering S.A. and Abela Hellas Catering Services S.A. The total consideration given was 30 euros.
- On 16 February 2009, Mr Antonios Symigdalas executive board member of Aegean Airlines S.A., resigned from his position. His replacement procedures will be conducted according to the Company's Article of Association.

Apart from the above, there are no significant post balance sheet events that should be disclosed in accordance with IFRS.

Kifissia, 10 March 2009

Chairman	Chief Executive Officer	Chief Financial Officer	Chief Accountant
Theodore Vasilakis	Dimitrios Gerogiannis	Michael Kouveliotis	Maria Zannaki
I.D. no. Ξ458197	I.D. no. AB642495	I.D. no. P490629	I.D. no. Σ723984

E. Financial figures and Information for the period

AEGEAN AIRLINES S. A.

Societe Anonyme Reg. No.: 32603/06/B/95/3 Address of head offices: 31 Viltanioti Street, Kifissia

FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM 01.01.2008 TO 31.12.2008

(According to the Law 2190/20 art. 135 for Companies publishing their Annual Consolidated and Non Consolidated Financial Statements in accordance to the International Accounting Standards)

The following data and information aim at providing a general overview of the financial position and results of AEGEAN AIRLINES S.A. Therefore we advise the reader who intends to proceed to any investment or any kind of transaction with the Company, to visit the Company's website, where the Annual Financial Statements and the Certified Auditors' Report have been published.

Supervising Authority	: Ministry of Development
Website address	: www.aegeanair.com
Date of Approval of Financial Statements	: 10 March 2009
Certified Auditors	: George Deligiannis (SOEL Reg.No. 15791)
	Marios Lasanianos (SOEL Reg. No 25101)
Audit Firm	: Grant Thornton S.A.
Type of Auditors' Audit Report	: Unqualified

Board of Directors

President - Executive Member	: Theodore Vasilakis
Vice President - Executive Member	: Eftichios Vassilakis
CEO - Executive Member	: Dimitrios Gerogiannis
Non Executive Member	: Achilleas Constantakopoulos
Non Executive Member	: Anastasios David
Non Executive Member	: Iakovos Georganas
Non Executive Member	: Christos Ioannou
Non Executive Member	: Panagiotis Laskarides
Non Executive Independent Member	: Alexandros Makrides
Non Executive Member	: Victor Pizante
Non Executive Member	: Markos Tsaktanis

amounts in .000 euro

BALANCE SHEET

	COMPANY	
	31/12/08	31/12/07
ASSETS		
Tangible assets	72.217,44	27.413,82
Intangible assets	598,10	301,31
Other non-current assets	96.992,49	96.628,66
Inventories	11.564,07	7.468,92
Customers and other trade receivables	70.214,59	60.113,50
Other assets	187.463,49	161.254,86
TOTAL ASSETS	**439.050,18**	**353.181,07**
EQUITY AND LIABILITIES		
Share capital	46.421,11	107.125,65
Other shareholders equity	166.354,05	60.366,04
Total shareholders equity (a)	**212.775,16**	**167.491,69**
Long term loans liabilities	0,00	30.814,89
Provisions / Other long term liabilities	52.194,21	17.646,96
Short term loans liabilities	39.480,13	26.727,25
Other Short term liabilities	134.600,68	110.500,28
Total liabilities (b)	**226.275,02**	**185.689,38**
EQUITY AND LIABILITIES (c) = (a) + (b)	**439.050,18**	**353.181,07**

INCOME STATEMENT

	GROUP		COMPANY	
	611.693,46	**482.736,53**	**611.693,46**	**482.736,53**
Revenue	537.317,01	415.579,85	537.317,01	415.579,85
Operating profit / (loss)	**50.210,19**	**42.930,88**	**50.210,19**	**42.947,26**
Profit / (loss) before tax, financing and investing results	**39.937,94**	44.606,15	**39.937,94**	44.622,53
Profit / (loss) before tax	**29.465,42**	**35.765,89**	**29.465,42**	**35.782,27**
Profit / (loss) after tax				
Distributed to:	29.465,42	35.765,89	29.465,42	35.782,27
Parent shareholders	0,00	0,00	0,00	0,00
Minority interest				
Basic earnings per share in €	**0,4126**	**0,5742**	**0,4126**	**0,5742**
Propose dividend per share in €	**0,2500**	**0,0000**	**0,2500**	**0,0000**
Profit / (loss) before tax, financing / investing results and depreciation	**57.498,76**	**47.060,74**	**57.498,76**	**47.077,12**

STATEMENT OF CHANGES IN EQUITY

	GROUP		COMPANY	
	31/12/08	31/12/07	31/12/08	31/12/07
Equity as of beginning of period (1.1.2008 &1.1.2007 respectively)	167.491,69	16.452,82	167.491,69	16.410,01
Net profit/ (loss) after tax	29.465,42	35.765,89	29.465,42	35.782,27
Share capital increase / (decrease)	(60.704,54)	136.692,53	(60.704,54)	136.692,53
Losses set off	60.704,54	0,00	60.704,54	0,00
Net income recognized directly in equity	15.818,05	(20.393,11)	15.818,05	(20.393,11)
Subsidiary sale	0,00	(26,44)	0,00	0,00
Equity as of end of period (31.12.2008 & 31.12.2007 respectively)	**212.775,16**	**167.491,69**	**212.775,16**	**167.491,69**

CASHFLOW STATEMENT

	GROUP		COMPANY	
	31/12/08	31/12/07	31/12/08	31/12/07
Cash flows from operating activities				
Profit / (loss) of the period before tax	39.937,94	44.606,15	39.937,94	44.622,53
Adjustments for:				
Depreciation	7.288,57	4.129,86	7.288,57	4.129,86
Results from sale of tangible assets	2.206,49	183,55	2.206,49	183,55
Profit from sale of subsidiary firm	0,00	(5,00)	0,00	(5,00)
Interest and other financial income / expense	(4.619,37)	88,86	(4.619,37)	88,86
Loss /(profit) from derivatives	0,00	(113,45)	0,00	(113,45)
Foreign exchange differences	11.384,47	2.667,20	11.384,47	2.667,20
Provisions	1.700,74	1.168,57	1.700,74	1.168,57
Cash flows from operating activities before changes in working capital	**57.898,85**	**52.725,74**	**57.898,85**	**52.742,12**
(Increase)/Decrease in inventories	(4.095,15)	(1.596,24)	(4.095,15)	(1.596,24)
(Increase)/Decrease in trade & other receivables	2.897,23	(30.354,42)	2.897,23	(30.353,39)
Increase/ (Decrease) in payables (other than banks)	24.312,62	15.873,26	24.312,62	15.855,86
Increase/(Decrease) in derivatives liabilities	(5.434,40)	4.805,01	(5.434,40)	4.805,01
Other changes in working capital	(10.242,94)	(2.478,65)	(10.242,94)	(2.478,65)
Interest expenses paid	(3.375,60)	(3.102,39)	(3.375,60)	(3.102,39)
Taxes paid	(7.176,67)	(6.643,72)	(7.176,67)	(6.643,72)
Net cash flows from operating activities (a)	**54.783,94**	**29.228,60**	**54.783,94**	**29.228,60**
Cash flows from investing activities				
Purchases of tangible assets	(9.033,22)	(7.069,10)	(9.033,22)	(7.069,10)
Sales of tangible assets	1.914,87	25.843,26	1.914,87	25.843,26
Down payments for purchases of tangible assets	1.159,89	(43.620,59)	1.159,89	(43.620,59)
Sale of subsidiary	0,00	2.682,10	0,00	2.694,55
Interest and other financial income received	7.066,90	2.048,78	7.066,90	2.048,78
Net cash flows from investing activities (b)	**1.108,44**	**(20.115,55)**	**1.108,44**	**(20.103,10)**
Cash flows from financing activities				
Loans drawn	5.333,98	14.510,70	5.333,98	14.510,70
Loans repaid	(24.994,66)	0,00	(24.994,66)	0,00
Share capital increase	0,00	135.237,42	0,00	135.237,42
Share capital increase expenses	0,00	(8.545,62)	0,00	(8.545,62)
Changes in finance lease capital	(11.735,95)	(16.361,07)	(11.735,95)	(16.361,07)
Net cash flows from financing activities (c)	**(31.396,62)**	**124.841,42**	**(31.396,62)**	**124.841,42**
Net (decrease)/ increase in cash and cash equivalents (a)+(b)+(c)	**24.495,76**	**133.954,48**	**24.495,76**	**133.966,94**
Cash and cash equivalents at the beginning of the period	**158.309,59**	**24.355,11**	**158.309,59**	**24.342,66**
Cash and cash equivalents at the end of the period	**182.805,35**	**158.309,59**	**182.805,35**	**158.309,59**

ADDITIONAL DATA & INFORMATION

1. The company did not publish consolidated financial statements for the year ended December 2007 since it sold its only subsidiary owned in 2007. More specifically the consolidated financial statements of the respective period last year comprise the financial statements of the company AEROGRAMMES ELLADOS – AERODROMISSIS S.A. with head offices in Greece (full consolidation of its 99.29% participation until disposal date 21/3/2007). There was no material impact on the company's results from the disposal. The figures of the sold subsidiary were immaterial compared to the ones of the mother company.
2. The fiscal years which are unaudited by tax authorities are presented in Note 10 of the Annual Financial Statements. The cummulative amount of provisions for un-audited fiscal years amount to € 1.000 thousand.
3. The company has made a provision amounting euro 400 thousand for the devaluation of its aircraft spare parts stock. Futher to the provisions mentioned in par.2 & 3 the company has not made any other provisions according to paragraphs 10,11 and 14 of IAS 37 "Provisions,contingent liabilities and contingent assets".
4. There are no substantial disputes in courts or in arbitration procedure that can influence the operation and the financial results of the company thus the company has not made any provisions related to possible disputes in courts or in arbitration procedure
5. The total number of employees as at 31/12/2008 was 2.142 and as at 31/12/2007 was 1.923
6.The basic accounting principles applied in the Balance Sheet of 31/12/07 have not been altered..
7. Earnings per Share have been calculated on the basis of net profits distribution divided by the weighted average number of shares in circulation.
8. The company does not acquire own shares at the end of the current period.
9. There are no encumbrances to the company's assets.(buildings, owned aircraft etc.)
10. As mentioned in Note 6.36 of the Annual Financial Statements the General Shareholders Meeting convened on 12.6.2008 decided the reduction of the company's share capital by the amount of euro 60,7 million for offsetting losses of previous fiscal years through the decrease of the shares nominal value.
11. The net amount changes of the fair values of derivatives products which are used as cash flow hedging instruments are recognized in equity as reserves. For the period 1.1.2008 to 31.12.2008 this amount was euro 15.818,05 thousand and is further analyzed in note 6.38 of the Annual Financial Statements
12. In the current fiscal year there is no discontinued operation.
13. As mentioned in Note 6.25 of the Annual Financial Statements three reclassifications were made for presentation purposes in 2007 financial statements. Aforementioned reclassifications do not affect revenue, net earnings after tax or the shareholders equity amounts that were published in the respectiveannual results.
14. Within January 2009 the Company has acquired 25% of the share capital of the companies Newrest Inflight Services Hellas S.A., Macedonia Catering S.A. and Abela Hellas Catering Services S.A. The total consideration given was 30 euros.
15. In January 2009 the Company has entered to a financial lease agreement. The remaining lease balance of the aircraft acquired through finance leasing today is $33.406,44 thousand.
16. Intercompany transactions for the period 01/01/08-31/12/08 according to I.A.S. 24 are presented in Notes 12 & 13 of the Annual Financial Statements and are analyzed as follows :

Amounts in thousand euros	
a) Revenue	121,64
b) Expenses	730,27
c) Receivables	72.437,09
d) Liabilities	91,95
e) Management compensations	3.795,94
f) Receivables from management	399,59
g) Payables to management	11,15
h) Forward hedging contracts	
in US dollars	$84.000,00
in Jet fuel - metric tons	15.000

Kifissia, 10 March 2009

Chairman of BoD	Chief Executive Officer	Chief Financial Officer	Head of Accounting dept
Theodoros Vassilakis	Dimitrios Gerogiannis	Michael Kouveliotis	Maria Zannaki

F. Report on the Use of IPO Proceeds

AEGEAN AIRLINES S.A.

Societe Anonyme Reg. No.: 32603/06/B/95/3

31 Viltanioti Str. 145 64 Kifissia

It is hereby notified, in accordance with decision No. 33/24-11-2005 of the Directors' Board of Athens Stock Exchange, as this was amended by the decision No. 25/17-07-2008 of the Directors' Board of Athens Stock Exchange that the Company's share capital increase through payment in cash, with the waiver of the old shareholders preemptive rights and the issue of new shares through an IPO, which took place on the basis of the decision of the Company's Extraordinary General Shareholders' Meeting on 08.03.2007 and approved by the Athens Stock Exchange Board of Directors (decision no. 2/430/06.06.2007), raised net capital of €126.691.798,01 (€ 135.237.415,68 minus IPO expenses € 8.545.617,67). The subscription period was 27.06.2007 until 29.06.2007.

From this share capital increase 17.854.280 new common registered shares have been issued which were listed for trading on the Athens Exchange in the big capitalization category on 11.07.2007. The Company's share capital increase was confirmed by the Board of Directors on 06.07.2007.

The proceeds, in relation to what was published in the Information Bulletin and the subsequent amendment of the use of proceeds timeline schedule, were used up to 31.12.2008 as follows:

AMENDED TABLE OF APPROPRIATION OF IPO PROCEEDS													
			Appropriation of raised funds						Outflows				
Appropriation of raised funds	**IPO Proceeds**	**Non appropriated funds as at 31/12/2007**	**Jan - Jun 2008**	**Jul - Dec 2008**	**Jan - Jun 2009**	**Jul - Dec 2009**	**Jan - Jun 2010**	**Total**	**Jul - Dec 2007**	**Jan - Jun 2008**	**Jul - Dec 2008**	**Total Outflows until 31/12/2008**	**Non appropriate d funds as at 31/12/2008**
(Amounts in million euros)													
Aircrafts	71	**61,2**	14,3	15,4	8,2	5,5	17,8	**61,2**	9,8	14,3	15,4	**39,5**	**31,5**
New routes development	20	**15**	5	5	5	0	0	**15**	5	5	5,0	**15,0**	**5,0**
Construction of a hangar at AIA	8	**8**	2,1	3,5	2,4	0	0	**8**	0	2,1	2,7	**4,8**	**3,2**
General business needs and working capital	27,6	**20,1**	7,5	7,1	5,5	0	0	**20,1**	7,5	7,5	7,1	**22,1**	**5,5**
IPO related expenses	8,6	**0**	0	0	0	0	0	**0**	8,6	0	0,0	**8,6**	**0,0**
Total	**135,2**	**104,3**	**28,9**	**31**	**21,1**	**5,5**	**17,8**	**104,3**	**30,9**	**28,9**	**30,2**	**90,0**	**45,2**

Notes:

1. The Company's Board of Directors on the basis of its decision dated 19.05.2008 has suggested the change of the raised funds use timeline in relation to non-appropriated funds of € 104,3 m. as at 31/12/2007. The suggested change was approved by the Shareholders' Ordinary General Meeting on 12.06.2008. This amendment is disclosed in the above table "AMENDED TABLE OF APPROPRIATION OF IPO PROCEEDS".

2. In relation to the published Information Bulletin, there was an amendment in the proceeds from the IPO and their appropriation, which the Company's Board of Director's disclosed to the investors and relevant authorities with its announcement on 10.07.2007.

3. The table of appropriation of funds, before its amendment by the approval of the Shareholders' Ordinary General Meeting on 12.6.2008 was as follows:

TABLE OF APPROPRIATION OF IPO PROCEEDS BEFORE THE AMENDMENT							
Appropriation of raised funds	**Appropriation of raised funds**					**Outflows until 31/12/2007**	**Non appropriated funds as at 31/12/2007**
	Jul 2007 - Dec 2007	**Jan 2008 - Jun 2008**	**Jul 2008 - Dec 2008**	**Jan 2009 - Jun 2009**	**Total**		
(Amounts in million euros)							
Aircrafts	9,8	21,2	17,6	22,4	**71,0**	**9,8**	**61,2**
New routes development	5,0	5,0	5,0	5,0	**20,0**	**5,0**	**15**
Construction of a hangar at AIA	0,0	4,0	4,0	0,0	**8,0**	**0,0**	**8**
General business needs and working capital	7,5	7,5	7,1	5,5	**27,6**	**7,5**	**20,1**
IPO related expenses	8,6	0,0	0,0	0,0	**8,6**	**8,6**	**0**
Total	**30,9**	**37,7**	**33,7**	**32,9**	**135,2**	**30,9**	**104,3**

The amendment took place for the following reasons:

- According to its fleet renewal program the Company has signed contracts to buy and lease in total 27 new aircrafts type Airbus. In particular the Company has signed binding contracts with manufacturing company to buy 17 aircrafts type Airbus A320. Initial planning had estimated that the immediate financing of the aircrafts would have been completed by the end of the first half in 2009 however according to the revised plan the investment for aircrafts from the IPO proceeds will be completed by the end of the first half of 2010. This amendment is due to the change in the characteristics of financing in relation to start payment dates, amount of pre-delivery payments, total duration etc.
- The Company has started the construction of its own technical base (hangar) within Athens International Airport, which will be the base of all its aircraft maintenance activities. The project was initially estimated to be completed from the IPO proceeds within the second half of 2008, however according to a revised plan the investment is expected to be completed in the first half of 2009.

4. According to the amended table of appropriation of funds, in the second half of 2008 although it was intended to spend an amount of € 3,5m. for the construction of the hangar at AIA, it was eventually spent € 2,7m. The € 0,8 m. deviation will be covered in the first half of 2009 when it is expected to finalize the construction and the total cost relating to it.

5. Non appropriated funds from IPO proceeds as at 31.12.2008 were € 45,2m. They are invested in short term time deposits and in the balance sheet are included in the account "Cash and cash equivalents".

Kifissia, 10 March 2009

Chairman	Chief Executive Officer	Chief Financial Officer
Theodore Vasilakis I.D. no. Ξ458197	Dimitrios Gerogiannis I.D. no. AB642495	Michael Kouveliotis I.D. no. P490629

Agreed Upon Procedures Report on the "Report on the Use of IPO Proceeds"

To the Board of Directors of AEGEAN AIRLINES S.A.

In accordance to the mandate from the Board of Directors of AEGEAN AIRLINES S.A. (the Company), we have conducted the below agreed upon procedures within the regulatory and law framework of the Athens Stock Exchange (ASE) and ASE's Committee, on the "Report on the Use of IPO Proceeds" regarding to the Company's share capital increase with cash in 2007. The compilation of the above Table is the responsibility of the Company's management. Our responsibility is the conduct of the agreed upon procedures report in compliance with the International Standard on Related Services "ISRS 4400" which applies to the conduct of agreed upon procedures engagements and report our findings.

Procedures:

1. We compared the amounts disclosed as outflows in the "Report on the Use of IPO Proceeds" with those amounts that have been recognized in the Company's accounts, during the period they relate to.
2. We performed completeness and accuracy tests of the information in the "Report on the Use of IPO Proceeds", with this in the Information Bulletin as well as the relevant announcements and decisions of the Board of Directors of the Company including those relating to the amendment in the use of IPO proceeds timeline.

Findings:

a. The amounts disclosed as outflows in the "Report on the Use of IPO Proceeds" agree with the amounts that have been recognized in the Company's accounts, during the period they relate to.
b. The "Report on the Use of IPO Proceeds" meets the minimum information disclosure requirements set by the regulatory and law framework of the Athens Stock Exchange and ASE's Committee and is in accordance with the relevant announcements and decisions of the Board of Directors of the Company including those relating to the amendment in the use of IPO proceeds timeline.

The aforementioned procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements and therefore we do not provide any other assurance except for what is mentioned above. If the additional procedures had been carried out or if we had conducted the auditing or review procedures on the financial statements in compliance with the International Standards on Auditing or International Standards on Review Engagements, there could have come to our attention subjects other than those mentioned in our report.

Our report is intended solely for the use of the Board of Directors of AEGEAN AIRLINES S.A. within the scope of meeting the requirements set by the regulatory and law framework of the Athens Stock Exchange and ASE's Committee and should not be used for other purposes. The current report relates only to the items specified above and does not extend to the financial statements of the Company for the period from 01.01.2008 to 31.12.2008 for which there is a separate auditors' report dated 10 March 2009.

Athens,10 March 2009

The Auditor	The Auditor
George Deligiannis SOEL reg no 15791	Marios Lasanianos SOEL reg no 25101

Grant Thornton

Vasileos Konstantinou 44
116 35 Athens
SOEL reg no 127

G. Company announcements as per Art.10 Law 3401/2005 being published during year 2008

Aegean Airlines had disclosed the following information over the period beginning 01/01/2008 and ending 31/12/2008, which are posted on the Company's website (www.aegeanair.com) as well as the website of Athens Exchange (www.athex.gr).

Date	Subject	Link
02/12/2008	Aegean Airlines announces new code-share agreement with Brussels Airlines	http://www.aegeanair.com/news.aspx?newsItem=153
02/12/2008	Aegean Airlines to launch services to Brussels, Berlin, Barcelona, Vienna and Venice	http://www.aegeanair.com/news.aspx?newsItem=154
11/11/2008	Nine Month 2008 Results	http://www.aegeanair.com/tabContent.aspx?Code=announcements&St=12
10/11/2008	Conference call invitation	http://www.aegeanair.com/tabContent.aspx?Code=announcements&St=12
06/11/2008	AEGEAN schedules 9-month 2008 financial results date	http://www.aegeanair.com/tabContent.aspx?Code=announcements&St=12
29/09/2008	Aegean Airlines to launch Paris. More flights to London. A new non-stop flight from Athens to Dusseldorf. Local flight Thessaloniki - Düsseldorf	http://www.aegeanair.com/news.aspx?code=news
08/09/2008	AEGEAN names new Commercial Director	http://www.aegeanair.com/tabContent.aspx?Code=announcements
26/08/2008	First Half 2008 Results	http://www.aegeanair.com/tabContent.aspx?Code=announcements
20/08/2008	Conference call invitation	http://www.aegeanair.com/tabContent.aspx?Code=announcements
14/07/2008	Share capital reduction through the decrease of the nominal value of the Company's shares	http://www.aegeanair.com/tabContent.aspx?Code=announcements
11/07/2008	Additional information on financial statements	http://www.aegeanair.com/tabContent.aspx?Code=announcements
12/06/2008	Decisions of the General Shareholders Meeting	http://www.aegeanair.com/tabContent.aspx?Code=announcements
10/06/2008	Change of Raised Funds Use Timeline	http://www.aegeanair.com/tabContent.aspx?Code=announcements
21/05/2008	Invitation to an Ordinary General Assembly	http://www.aegeanair.com/tabContent.aspx?Code=announcements
19/05/2008	Revised Financial Calendar	http://www.aegeanair.com/tabContent.aspx?Code=announcements
19/05/2008	First Quarter 2008 Results	http://www.aegeanair.com/tabContent.aspx?Code=announcements
14/05/2008	Conference call invitation	http://www.aegeanair.com/tabContent.aspx?Code=announcements
16/04/2008	Announcement regarding the financial data and information for the period from January 1 to December 31 2007	http://www.aegeanair.com/tabContent.aspx?Code=announcements
08/04/2008	Passenger Traffic First Quarter 2008	http://www.aegeanair.com/tabContent.aspx?Code=announcements
20/02/2008	Analysts Briefing	http://www.aegeanair.com/tabContent.aspx?Code=announcements
20/02/2008	2007 results	http://www.aegeanair.com/tabContent.aspx?Code=announcements
15/02/2008	Financial calendar 2008	http://www.aegeanair.com/tabContent.aspx?Code=an

		nouncements
15/02/2008	Conference call invitation	http://www.aegeanair.com/tabContent.aspx?Code=announcements
06/02/2008	AEGEAN AIRLINES to launch service to London, Tirana, Limnos and Kefalonia	http://www.aegeanair.com/news.aspx?code=news
14/01/2008	Passenger Traffic for 2007	http://www.aegeanair.com/tabContent.aspx?Code=announcements

In addition, in the following page: http://www.aegeanair.com/Content.aspx?Page=123 as well as on Athens Exchange website www.athex.gr announcements of regulated information in accordance with Law 3556/2007 (Insiders transactions according to article 13 of Law 3340/2005) were posted on the following dates:

Dates
05/12/2008
04/12/2008
03/12/2008 (2)
02/12/2008 (2)
28/11/2008
27/11/2008 (2)
25/11/2008 (3)
21/11/2008
19/11/2008
18/11/2008
17/11/2008
14/11/2008
13/11/2008
12/11/2008
11/11/2008
10/11/2008
7/11/2008
6/11/2008 (2)
5/11/2008
4/11/2008
30/10/2008
29/10/2008
27/10/2008
22/10/2008
21/10/2008
15/10/2008
13/10/2008
9/10/2008
8/10/2008
6/10/2008 (2)
2/10/2008

1/10/2008
30/09/2008
24/9/2008
19/9/2008
18/9/2008
22/8/2008
4/8/2008
31/7/2008
30/7/2008
24/7/2008
8/7/2008
4/7/2008 (2)
3/7/2008
26/6/2008 (2)
24/6/2008
02/6/2008
30/5/2008
29/5/2008
28/5/2008
30/4/2008
29/4/2008
18/4/2008
17/4/2008
16/4/2008
01/04/2008
31/03/2008
28/03/2008
27/03/2008
07/03/2008
28/02/2008
27/02/2008
19/02/2008
15/02/2008
13/02/2008
08/02/2008

05/02/2008
01/02/2008
28/01/2008
24/01/2008
23/01/2008
21/01/2008
18/01/2008
17/01/2008
16/01/2008

H. Website for the publication of the Annual Financial Statements

The Company's financial statements, the independent auditors' report and the BoD report for the annual period ended on 31.12.2008 are posted on the Company's website http://www.aegeanair.com.