

Annual Report of the Board of Directors of “Piraeus Port Authority S.A – P.P.A S.A.” to the regular General Shareholders Assembly regarding the 6th financial use (1/1/2005 – 31/12/2005)

The Board of Directors submits the annual report and the audited Financial Statements of the Company that were compiled according to the International Financial Reporting Standards, for the financial year that ended 31/12/2005.

Main Activities of the Company

The main activities of the Company are the provision of berthing services to ships, goods stevedoring services, goods storage, car stevedoring services and services provided to cruise and coastal passengers. In addition the Company provides auxiliary services to ships (water, electricity, telecommunication services etc) and consents land space against fee.

Objectives and Strategy

The main objectives of the PPA S.A. are:

1. The growth of commercial activity through improvements in productivity based on new infrastructure and investment. The actions undertaken towards this objective include:

a. The expansion of Pier I, an investment of €70 mil. The completion of the project in 2008 will increase capacity of the container terminal by 60% (1.000.000 TEU).

b. The full utilisation of the new car terminal which has increased annual car throughput capacity by 250.000 cars.

c. The modernisation of the container terminal’s equipment through the acquisition of 18 straddle carriers and one mobile crane.

2. The reinforcement of port’s competitiveness through upgrade and improvement of the services provided to customers.

3. The satisfaction of passenger’s demand for speed of service, prompt information, comfortable stay in port and safety.

4. The improvement of the financial position of the company through cost control, productivity improvement and tariff rationalisation.

5. Human resource development through training and constant adaptation to the changing technological requirements.

Main Funding Sources

In order to achieve the aforementioned objectives, the Company has prepared a 5 year investment plan with a budget of €170 mil.

The funds for the implementation of the investment plan derive from:

1. Long term banking loans
2. Financial leasing
3. Own funds

4. European Union funds

In addition the Company is examining the possibility of joint investments with the private sector.

The requirements of the company in technical and administrative staff will be covered through a recruitment plan that has already been prepared according to the new legislative frame.

Year end Report - 2005

The year 2005 has been a year of internal restructuring and institutional changes for the company but also a year of conflicts.

Aiming at modernizing the organisation and structure in accordance to the standards of a private company, improve competitiveness, upgrade the level of service offered and secure profitability, the PPA S.A. realised projects, made changes and took decisions pending for years, setting the foundations for its future growth as is required by the drastic changes in the international environment.

In this effort there have been obstacles, and the year was marked by long lasting strikes which resulted in reduced revenues and profits but more importantly hampered the Company's ability to fulfil its customers' expectations.

The financial result of 2005 is lower by 18% compared to last year's result, and this is mainly attributed to lost sales during the period of the strikes amounting to €8.0 mil. However, the improvement in productivity by 13%, the drastic reduction of expenditure by 9% as well as the settlement of pending financial issues from previous years limits the reduction of profit before taxes to €3.8 mil compared to previous year's results.

Beyond the purely financial aspect of last year's achievements, during 2005 a significant number of actions were undertaken that will allow the Company to restore profitability in the near future and secure its position in the long term as a leading Mediterranean port in terms of goods' movement. Below are listed some of these actions:

- A revision and increase of the port tariffs, effective as from 15/12/2006
- A reduction in the manning of gang from 9 to 6, implemented at 15/12/2005
- The contract for a €35 mil loan from the European Investment Bank for the financing of Pier I project.
- Use of financial leasing amounting to €13.3 mil for the acquisition of equipment. (A mobile crane and straddle carriers)
- The capacity increase of the car terminal by 50% upon the completion of the expansion works.
- Full utilisation of the Company's existing human resources.
- A revision of the Internal Organisation and Operations Code (to be approved within the 1st semester of 2006)
- Financial reform of the Company through the abolition of invoicing not ever payable charges to sea wrecks and abandoned ships and the write-off of doubtful debts.

Furthermore, it should be noted that the Management's actions, as well as those of the Ministry of Mercantile Marine through its supervisory position, were appraised by the financial markets and led the stock price of PPA's S.A to nearly double compared to the beginning of 2005 and thus Company's capitalization to reach today approximately €500 mil.

Prospects for 2006

Taking under consideration the points previously made such as the increase in tariffs, the manning reduction of gangs, the reduction of overtime, the development of the new car terminal etc, the prospects for the next year's result is rather positive. Key assumption for this is the maintenance of labour peace and the reinforcement of collaboration with the customers, existing and new ones.

Based on the above, mm Shareholders you are kindly requested to:

1. Approve the Financial Statements of 2005
2. Exempt the Board of Directors and the Auditors from any responsibility regarding the proceedings of the financial year 2005, in accordance with Law and Statute.
3. Appoint the Auditors of the next financial year 2006.

Piraeus 27 March 2006

The President		The Executive Director
Demetrius Samolis		Nikolaos Anastassopoulos
ID No. Ε414691		ID No. Ε625099

Certification

The above report which consists of three pages, is the one mentioned at the auditors review report that we issued on 29-3-2006.

Athens 29 March 2006

CERTIFIED AUDITOR ACCOUNTANT

EFTYCHIOS E. HELLINAKIS
SOEL MEMBER NO: 10591