

PIRAEUS PORT AUTHORITY S.A.
PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005
(Amounts in Euro)

	<u>Note</u>	<u>01/01-31/12/2005</u>	<u>01/01-31/12/2004</u>
Income from sales and other services	22	139.978.021,68	147.994.873,21
Cost of sales	23	<u>(115.368.671,70)</u>	<u>(120.451.125,41)</u>
Gross profit		<u>24.609.349,98</u>	<u>27.543.747,80</u>
Administration expenses	23	(15.375.189,53)	(15.131.799,73)
Other operational income	24	9.167.365,21	8.660.915,94
Other operational expenses	24	<u>(1.091.754,35)</u>	<u>(365.024,00)</u>
Operational profit		<u>17.309.771,31</u>	<u>20.707.840,01</u>
Financial results	25	<u>(227.047,05)</u>	<u>196.815,76</u>
Net profit for the period before taxes		<u>17.082.724,26</u>	<u>20.904.655,77</u>
Income tax	8	<u>(5.762.625,93)</u>	<u>(10.888.712,94)</u>
Net profit for the period after taxes		<u>11.320.098,33</u>	<u>10.015.942,83</u>
Basic earnings per share	28	0,45	0,40
Proposed dividend per share	20	0,15	0,20

Piraeus 27 March 2006

PRESIDENT OF THE BOARD OF THE DIRECTORS MANAGING DIRECTOR FINANCIAL DIRECTOR

DIMITRIOS SAMOLIS
I.D 414691

NIKOLAOS ANASTASOPOULOS
I.D. 625099

KONSTANTINOS BALIS
Re No ECG 0005249

PIRAEUS PORT AUTHORITY S.A.
BALANCE SHEET AS AT 31 December 2005
(Amounts in Euro)

	Note	31 December 2005	31 December 2004
ASSETS			
Fixed assets and long-term accounts receivable			
Tangible assets	5	185.882.580,38	180.224.803,65
Intangible assets	6	338.344,16	178.768,39
Long term accounts receivable	7	189.972,71	198.275,71
Deferred tax assets	8	8.620.781,80	9.752.990,31
Total fixed assets		<u>195.031.679,05</u>	<u>190.354.838,06</u>
Current assets			
Inventory	9	4.898.296,92	4.723.691,68
Trade receivable	10	12.892.247,27	11.729.974,64
Other receivable	11	7.630.032,75	11.024.830,18
Cash on hand and in banks	12	12.374.956,25	13.786.627,43
Total current assets		<u>37.795.533,19</u>	<u>41.265.123,93</u>
TOTAL ASSETS		<u>232.827.212,24</u>	<u>231.619.961,99</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	50.000.000,00	50.000.000,00
Reserves	14	73.637.330,85	72.887.150,79
Retained earnings		28.388.463,67	22.818.545,40
Total Equity		<u>152.025.794,52</u>	<u>145.705.696,19</u>
Provisions and long-term liabilities			
Fixed assets subsidies	15	10.554.826,48	11.119.331,33
Provision for staff leaving indemnity	17	6.657.734,00	6.250.321,00
Provisions for pending lawsuits	16	19.320.960,58	19.320.960,58
Long-term finance lease obligations	18	9.340.417,00	-
Long-term bank loans	19	11.696.551,73	14.620.689,66
Total long-term liabilities		<u>57.570.489,79</u>	<u>51.311.302,57</u>
Short-term liabilities			
Trade payable		3.974.814,18	16.204.845,33
Short-term bank loans	19	2.924.137,93	2.924.137,93
Short-term finance lease obligations	18	2.207.681,00	-
Other liabilities and accrued expenses	21	14.124.294,82	15.473.979,97
Total short-term liabilities		<u>23.230.927,93</u>	<u>34.602.963,23</u>
TOTAL EQUITY AND LIABILITIES		<u>232.827.212,24</u>	<u>231.619.961,99</u>

Piraeus 27 March 2006

PRESIDENT OF THE BOARD OF THE DIRECTORS MANAGING DIRECTOR FINANCIAL DIRECTOR

DIMITRIOS SAMOLIS
LD 414691

NIKOLAOS ANASTASOPOULOS
LD. 625099

KONSTANTINOS BALIS
Re No ECG 0005249

PIRAEUS PORT AUTHORITY S.A.
CASH FLOW STATEMENT FOR THE YEAR ENDED
31 DECEMBER 2005
(Amounts in Euro)

	<u>01/01-31/12/2005</u>	<u>01/01-31/12/2004</u>
Cash flows from operating activities		
Profit before taxes	17.082.724,26	20.904.655,77
Provisions	407.413,00	148.996,00
Tangible and intangible assets depreciation	8.532.591,06	7.624.526,68
Investing activity results	1.442.120,29	
Interest payable and similar charges	810.935,61	515.634,75
(Increase) Decrease	<u>28.275.784,22</u>	<u>29.193.813,20</u>
Trade receivable	(1.162.272,63)	(5.381.551,92)
Other receivable	3.394.797,43	7.558.146,02
Inventory	(174.605,24)	193.473,27
Long-term receivable	8.303,00	(74.434,32)
Increase (Decrease)		
Suppliers	(12.230.031,15)	12.100.886,14
Other liabilities and accrued expenses	(13.904.240,50)	(26.854.524,51)
Cash flows from operating activities	<u>4.207.735,13</u>	<u>16.735.807,88</u>
Cash flows from investing activities		
Acquisition of tangible assets	(16.356.568,70)	(42.074.459,49)
Net cash (used in) investing activities	<u>(16.356.568,70)</u>	<u>(42.074.459,49)</u>
Cash flows from financing activities		
Issue of short-term finance lease obligations	3.909.583,00	-
Short-term finance lease obligations payment	(1.701.902,00)	
Issue of long-term finance lease obligations	9.340.417,00	-
Interest paid	(810.935,61)	(515.634,75)
Net cash from/(used in) financing activities	<u>10.737.162,39</u>	<u>(515.634,75)</u>
Net increase/(decrease) in cash and cash equivalents for the period	<u>(1.411.671,18)</u>	<u>(25.854.286,36)</u>
Plus: cash and cash equivalents at beginning of period	<u>13.786.627,43</u>	<u>39.640.913,69</u>
Cash and cash equivalents at end of period	<u>12.374.956,25</u>	<u>13.786.627,33</u>

Piraeus 27 March 2006

PRESIDENT OF THE BOARD OF THE DIRECTORS MANAGING DIRECTOR FINANCIAL DIRECTOR

DIMITRIOS SAMOLIS
I.D 414691

NIKOLAOS ANASTASOPOULOS
I.D. 625099

KONSTANTINOS BALIS
Re No ECG 0005249

The attached notes are integral part of the above interim Cash Flow statement

PIRAEUS PORT AUTHORITY S.A.

**EQUITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005
(amounts in Euro)**

	<u>Issued share capital</u>	<u>Statutory reserve</u>	<u>Reserves Other reserves</u>	<u>Total reserves</u>	<u>Retained earnings</u>	<u>Total Equity</u>
1 January 2004	50.000.000,00	3.172.091,68	69.715.059,11	72.887.150,79	19.202.602,57	142.089.753,36
Profit for the period	-	-	-	-	10.015.942,83	10.015.942,83
Statutory reserve						
Dividends payable					(6.400.000,00)	(6.400.000,00)
31 December 2004	50.000.000,00	3.172.091,68	69.715.059,11	72.887.150,79	22.818.545,40	145.705.696,19

	<u>Issued share capital</u>	<u>Statutory reserve</u>	<u>Reserves Other reserves</u>	<u>Total reserves</u>	<u>Retained earnings</u>	<u>Total Equity</u>
1 January 2005	50.000.000,00	3.172.091,68	69.715.059,11	72.887.150,79	22.818.545,40	145.705.696,19
Profit for the period	-	-	-	-	11.320.098,33	11.320.098,33
Statutory reserve		750.180,06			(750.180,06)	
Dividends payable					(5.000.000,00)	(5.000.000,00)
31 December 2005	50.000.000,00	3.922.271,74	69.715.059,11	73.637.330,85	28.388.463,67	152.025.794,52

Piraeus 27 March 2006

PRESIDENT OF THE BOARD OF DIRECTORS

MANAGING DIRECTOR

FINANCIAL DIRECTOR

DIMITRIOS SAMOLIS

NIKOLAOS ANASTASOPOULOS

KONSTANTINOS BALIS

I.D 414691

I.D. 625099

Re No ECG 0005249

PIRAEUS PORT AUTHORITY S.A.

***FINANCIAL STATEMENTS
(ACCORDING TO INTERNATIONAL
FINANCIAL REPORTING STANDARDS-
IFRS)***

***FOR THE YEAR ENDED ON THE 31ST
OF DECEMBER 2005***

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

1. ESTABLISHMENT AND ACTIVITY OF THE COMPANY

“Piraeus Port Authority S.A” (from now on “PPA” or “Company”) was established in 1930 as Civil Law Legal Corporation (C.L.L.C.) by Law 4748/1930, which was reformed by Law 1559/1950 and validated by Law 1630/1951 and converted into a Societé Anonyme (S.A.) by Law 2688/1999.

The Company main activities are ships’ anchoring services, handling cargo, loading and unloading services as well as goods storage and car transportation. The Company is also responsible for the maintenance of port facilities, the supply of port services (water, electric current, telephone connection etc supply), for services provided to travelers and for renting space to third parties.

The Company is listed in the Athens stock exchange.

The Company average personnel number in the year ended on the 31st of December 2005 was 1.686 (1.623 on the 31st of December 2004).

2. LEGAL STATUS

The Company is under the supervision of the Ministry of Mercantile Marine and it is ruled by the principles of Societé Anonyme (S.A.) Law 2190/1920 and the establishment Law 2688/1999 as it was reformed by Law 2881/2001.

The Company duration period is one hundred (100) years from the effective date of Law 2688/1999. This period may be extended by special resolution of the shareholders general meeting.

3. FINANCIAL STATEMENTS PRESENTATION BASIS

- a. **Financial Statements Preparation Basis:** The attached financial statements (hereinafter financial statements) have been prepared according to the historical cost convention, except for the fixed assets which have been evaluated at their deemed cost, as it is analytically mentioned in note 3(b)(i). It is the first time that the attached financial statements have been prepared according to the International Financial Reporting Standards, applying the IFRS1 “First time adoption of International Financial Reporting Standards”, effective the 1st of January 2004.
- b. **First implementation period of financial statements according to IFRS:** According to the European Legislation 1606/2002 and Law 3229/04 (as it was reformed by Law 3301/04) Greek companies which are listed in any Stock Exchange (Greek or foreign) are obliged to prepare their statutory financial statements for financial years beginning on the 1st of January 2005 and thereafter, in accordance with IFRS. According to IFRS1 and the already mentioned Greek Legislation, the above companies are obliged to present comparative financial statements in conformity with IFRS for at least one financial year.

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

Therefore, the majority of companies adopting the IFRS for the first time as mentioned above, will have financial statements date the 31st of December 2005 and IFRS implementation date the 1st of January 2004.

On preparation of the attached financial statements the Company applied IFRS1 "First time adoption of IFRS". Upon implementation of IFRS regulations, the following exceptions have been made:

- (i) PPA evaluated the privately owned land, the machinery and other equipment, acquired before PPA converted into an S.A. on 1.6.1999, at their deemed cost, arising from the Evaluation Committee, article 9 Codified Law (C.L.) 2190/1920. The above committee mainly relied on the asset evaluation made by the Company American Appraisal.
- (ii) The Company recognised the 1st of January 2004 (implementation date) total accumulated actuarial losses, resulting from the actuarial evaluation of staff leaving indemnity provision.

The remaining optional exceptions of 13th paragraph and obligatory exceptions of 26th paragraph of IFRS1 did not apply to the attached financial statements.

- c. **Effects of newly issued accounting standards (IFRS or IAS) and Standard Interpretations Committee (SIC):** On the 17th of December 2003, the revised IAS32 "Financial Instruments: Disclosure and Presentation" and IAS39 "Financial Instruments: Recognition and Appraisal" were issued. These standards can be applied on periods beginning after the 1st of January 2005, while previous application of IAS39 is only permitted when IAS32 is also applied.

On the 18th of December 2003 the following revisions of IAS have been issued:

- IAS1 "Presentation of Financial Statements"
- IAS2 "Inventories"
- IAS8 "Net Profit or Loss for the Period, Fundamental Errors and changes in Accounting Policies"
- IAS10 "Events After the Balance Sheet Date"
- IAS16 "Property, Plant and Equipment"
- IAS17 "Leases"
- IAS21 "The Effects of Changes in Foreign Exchanges Rates"
- IAS24 "Related Party Disclosures"
- IAS27 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries"
- IAS28 "Accounting for Investments in Associates"
- IAS31 "Financial Reporting of Interests in Joint Ventures"
- IAS33 "Earnings per Share"
- IAS40 "Investments Property"

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

The 1st of January 2005 is the implementation date for all the revised standards, while any previous implementation is encouraged. Revised standards also replace the following Standing Interpretations Committee (SIC):

- SIC1 "Consistency- Different cost formulas for Inventories"
- SIC2 "Consistency- Capitalization of Borrowing Costs"
- SIC3 "Elimination of unreleased profits and losses on transaction with associates"
- SIC5 "Classification on financial instruments- contingent settlements provisions"
- SIC6 "Costs of modifying existing software"
- SIC11 "Foreign exchange- capitalization of losses resulting from severe currency devaluation"
- SIC14 "Property, plant and equipment- Compensation for the impairment of loss of items"
- SIC16 "Share Capital- Reacquired own equity instruments (Treasury Shares)"
- SIC17 "Equity, Costs of an Equity Transaction"
- SIC18 "Consistency- Alternative Methods"
- SIC19 "Reporting Currency- Measurement and Presentation"
- SIC20 "Equity Accounting Method- Recognition of Losses"
- SIC23 "Inspection/ Overhaul Cost"
- SIC24 "EPS- Contracts that may be settled in shares"
- SIC30 "Presentation Currency"
- SIC33 "Consolidation and Equity Method- Potential Voting Rights and Allocation of Ownership Interests"

IFRS2 "Share- based payment" (which replaced IAS19 "Employee Benefits" specific disclosure requirements) was issued on the 19th of February 2004. IFRS2 is effective for financial periods beginning on the 1st of January 2005. Previous implementation is encouraged. On the 31st of March 2004 IFRS3 "Business Combinations" (which replaced IAS22 "Business Combinations"), IFRS4 "Insurance Contracts" and IFRS5 "Non-current Assets held for Sale and Discontinued Operations" (which replaced IAS35 "Discontinuing Operations") were issued. On the 31st March 2004 revisions of IAS36 "Impairment of Assets" and IAS38 "Intangible Assets", both of them related to IFRS3, were also issued. IFRS3 is applied to all business combinations that took place on the 31st of March 2004 and afterwards. Specific transitional provisions are applied to previous recognised Goodwill, negative Goodwill, intangible assets and investments accounted for by the Equity method. IFRS5 must be applied to financial periods beginning on the 1st of January 2005 and afterwards. Previous implementation is allowed only if the necessary information for the standard implementations is obtained when the relevant business combinations were initially accounted for. Revised IAS36 and IAS38 must be applied for financial periods beginning on the 31st of March 2004 or afterwards (or on the IFRS3 adoption date for Goodwill and Intangible Fixed Assets, acquired in a business combination).

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

According to the respective provisions of IFRS1, on preparation of the first financial statements in accordance with IFRS, a company must apply IFRSs effective on the financial statements preparation date for all presented financial periods, as well as for the balance sheet at transition date. Therefore, since the Company first full financial statements date, in accordance with IFRS, is the 31st of December 2005, all revised or newly issued standards, mentioned above, were applied for the preparation of the attached financial statements.

- d. **Approval of Financial Statements:** The financial statements for the financial year ended the 31st of December 2005 were approved by the PPA S.A Board of Directors on 27/3/2006
- e. **Management Estimations:** The preparation of financial statements according to the IFRS requires estimations and assumptions to be made by the management, influencing the assets and liabilities amounts, the disclosure of potential receivable and liabilities as at the financial statement's date, as well as the revenue and expenditure amounts, during the financial period. Actual results may differ from these estimations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The Company applies the following accounting principles for the preparation of the attached financial statements:

- a. **Tangible Assets:** Buildings, technical projects and other building installations are valued at acquisition cost less accumulated depreciation and possible impairment provision. The privately owned land, machinery and other equipment, acquired before PPA's conversion into an S.A., 1.6.1999, were valued at deemed cost, arising by the Evaluation Committee of article 9 C.L. 2190/1920, while these acquired afterwards are valued at acquisition cost less accumulated depreciation and possible value impairment provision.

Acquisition cost of a building installation or equipment consists of purchase price including import duties, plus non refundable purchase taxes as well as any cost required for the asset to become operational. Repairs and maintenance are posted to the financial period in which they were realised. Significant additions and improvements made at a later stage are capitalized in the relevant asset cost.

Fixed assets constructed by the Company are posted to the self-construction cost which includes subcontractors fees, materials and technicians' payroll costs involved in the construction (including relevant employer contributions) as well as part of general administration expenses.

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

Assets under construction include fixed assets under construction and are stated at their cost. Assets under construction are not depreciated until the fixed assets are complete and operational.

- b. **Depreciation:** Fixed assets are depreciated on a straight line basis according to the following useful lives per fixed asset category:

Fixed Asset Categories	Useful Life (years)
Buildings, technical & port projects	25- 40
Machinery & other equipment	10 - 30
Motor Vehicles	5 - 12
Floating transportation means	20 - 35
Furniture, fixture & fittings	3 - 5

For the taxable income assessment, the Company calculates depreciation as per Presidential Decree 299/2003, while for the depreciation of electromechanical equipment, used directly or indirectly for port services to any kind of passenger or cargo, for user and floating dockyards security, for port infrastructure maintenance, for loading and unloading, for any kind of goods transportation and storage inside the Port of Piraeus, the depreciation rates of Law 2937/2001 article 34 are applied.

- c. **Impairment of assets:** According to IAS36, buildings, facilities, equipment and intangible fixed assets must be evaluated for possible value impairment, when there are indications that the asset's accounting value is over its recoverable amount. Whenever an asset's accounting value is over its recoverable amount, its respective impairment loss is posted to the period financial results. An asset's recoverable value is the greater amount between the estimated net realisable value and the value in use. Net realisable value is considered to be the attainable revenue from the disposal of an asset within the bounds of a mutual transaction, where the parties of this transaction are in full knowledge and willingly accede, reduced by any additional direct distribution cost of the asset. Value in use is the present value of the estimated future cash flow, expected to be accomplished by the constant asset use and its disposal at the end of its estimated useful life. When there is no possibility for a company to estimate the asset's recoverable amount, for which there are indications of value impairment, then it assesses the recoverable amount of the unit (to which the asset belongs) which creates cash flows.

Assets loss impairment reversal entry, accounted for in previous years, is possible only if there are valid indications that this impairment does no longer exist or is decreased. Under these circumstances this reversal entry is recognised as revenue.

The Company management estimates that there is no issue of fixed asset equipment impairment and therefore the recoverable property amount is not assessed.

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

- d. **Fixed Asset Subsidies:** Subsidies are considered as accrued income and are recognised as income at the same depreciation rate as the relevant subsidised fixed assets, are depreciated. This income is deducted from the depreciation in the period financial results.
- e. **Intangible Assets:** Intangible assets concern software purchase cost and any expenditure for software development, in order to become operational. Software depreciation is calculated on a straight line basis and its useful life of 3-4 years.
- f. **Borrowing Cost:** The Company has adopted the basic accounting policy suggested by IAS23, where the borrowing cost (regardless whether it concerns fixed assets and facilities acquisition or construction loans) is posted to the related period financial results.
- g. **Financial Instruments:** Financial assets and liabilities, stated in the balance-sheet, include current cash on hand and in banks, receivable, bank loans and other short-term liabilities. The Company does not use financial instrument derivatives neither for balancing the risk nor for profit purposes. Financial instruments appear as receivable, liabilities or equity based on the contents of the relevant contracts. Interest, dividends, profit and loss resulting from financial instruments, considered as receivable or liabilities are respectively posted as expenditure or income. Dividend distribution to shareholders is posted directly to equity. Financial instruments are set off against each other when the Company, according to the Law, has the legal right and intends to set them off or to recover the asset and at the same time set it off against the liability.
 - i. **Fair Value:** The amounts appearing in the attached balance-sheets as cash on hand and in banks, short- term receivable and other short- term liabilities, approach their respective actual values because of their short- term nature. Long- term bank loan actual value is not different from their accounting value due to floating interest rates.
 - ii. **Credit Risk:** There is no significant credit risk for the Company towards the contracting parties.
 - iii. **Interest Rate and Exchange Risk:** The Company bank loans are expressed in Euro and are subject to floating interest rates. The Company does not use derivatives in financial instruments in order to reduce its exposure to interest rate risk fluctuation as at the balance-sheet date. The Company management believes that there is no significant risk resulting from a possible interest rate fluctuation.
- g. **Cash on hand and in banks:** The Company considers as cash (apart from cash on hand) time deposits and liquid investments maturing in three months from the acquisition date.

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

- h. **Receivable:** Short- term receivable are stated at their nominal value decreased by the provision for doubtful debts. Long- term receivable, receivable at a specific date, were valued at present value applying the discount rate method according to IAS39 and IAS18.
- i. **Expenditure and Risk Provisions:** When the Company has a present legal or presumed commitment as a result of past events, a fund outflow, which incorporates financial benefits, is possible and the relevant commitment amount can be reliably assessed, then provisions are recognised. Provisions are re-examined at the end of each financial period and are adjusted in order to represent the best possible assessments, and when necessary are prepaid at a pre- tax discount rate. Potential liabilities are not posted to the financial statements, but are disclosed, unless the possibility for funds outflow, incorporating financial benefits, is minimum. Potential receivable is not posted to the financial statements, but are disclosed as long as benefit inflow is possible.
- j. **Income Tax (Current and Deferred):** Current and deferred income tax assessment is based on the relevant amounts of the financial statements, according to tax Laws effective in Greece. Current income tax concerns tax on the Company taxable profits, adjusted according to Greek tax Law and calculated using the current tax rate. Deferred tax is assessed using the liability method in all temporary tax differences on the balance- sheet date between the tax base and the accounting value of assets and liabilities. The expected tax consequences from the temporary tax differences are assessed and stated either as deferred tax liabilities or as deferred tax assets. Deferred tax assets are posted to the financial statements for all allowable temporary differences and tax losses carried forward as far as it is likely to set off these allowable temporary differences against available taxable profits
- The accounting value of deferred tax assets is revised at each balance- sheet date and it is reduced up to the point that it is not likely to have enough taxable profits, where part or all of the deferred tax assets may be set off against. Current income tax receivable and liabilities for current and previous financial years are valued at the amount expected to be paid to Tax Authorities (or be refunded by them), using the tax rates (and tax Laws) in force up to the balance- sheet date.
- k. **Revenue Recognition:** All sales income categories are posted to the financial period they concern, while accrued and not invoiced services income is also accounted for at the balance- sheet date. Income is accounted for only if it is possible that financial benefits related to the transaction will inflow to the Company. Rental income is accounted for on a regular basis during the rental period, according to the rental agreement. Interest is accounted for on the accrual basis (taking into account the actual investment return).
- l. **Inventories:** Material and spare parts related to the Company mechanical equipment maintenance, are valued at the lower of acquisition cost and net

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

realisable value and their cost is determined on the weighted average cost basis. Material is posted to inventories on purchase and recognised as expenditure on consumption.

- m. **Leases:** Leases that actually convey to the Company all dangers and benefits relevant to the leased asset are classified as financial leases. Leased fixed assets are capitalized at the beginning of the lease at their fair value or at present value of total minimum finance lease payments, if the latter is lower. Financial lease payments are allocated between financial expenditure and financial liabilities reduction in order to achieve a fixed interest rate for the remaining liability balance. Financial expenditure are debited directly in the period financial results. Capitalized leased fixed assets are depreciated according to their expected useful life.

When the lessor retains all dangers and benefits of fixed asset ownership, then these leases are classified as operational leases. Operational lease payments are recognised as expenditure in the Profit and Loss Statement on a regular basis during the lease.

- n. **Employee Benefits:** According to the collective PPA employee agreement (article 9 CA/2000 and article 5 CA/2004) the Company must pay retirement allowances to permanent C.L.L.C. employees equal to the total of seven month regular salary. To employees working under employment contract the Company pays either retirement allowance according to previous regulations or indemnity according to Law 2112/20 as these are revised and effective today according to each employee's previous employment period. The Company pays indemnity to workers in accordance with article 49 Law 993/79 provisions. The top limit for all the above cases is 15.000 Euro.

The above retirement allowance obligations are estimated at their future benefits discount value, which are accumulated at the end of the year, in accordance with the recognition of employee benefit rights during their expected employment life. The above obligations are estimated in conformity with the financial actuarial acknowledgements analysed in Note 17 and are assessed by the actuarial Projected Unit Method. Financial period net indemnity costs are included in the attached Profit and Loss statement payroll costs and consist of benefit present value accrued during the year, interest on benefit obligations, previous employment cost, actuarial profits of losses and any other additional retirement costs. Previous employment costs are regularly recognised on the average employment period until program benefits are realised. Not recognised actuarial profits and losses, are recognised on the active employee remaining average employment period and are included as part of the annual net retirement cost, if they exceed 10% of future expected benefit obligations in the beginning of the year. Retirement obligations are not funded.

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

- o. **National Insurance Programs:** The obligation for main or supplementary pension provision is covered by the main National Insurance Department (IKA-Social Insurance Institute) which concerns private sector and provides retirement, medical and pharmaceutical services. Each employee is obliged to contribute part of his salary to the National Insurance Department, while part of the total contribution is paid by the Company. On employee retirement the National Insurance Department is responsible for their pension payments. Therefore, the Company has no legal or presumed obligation for future payments according to this program.

The Company employees are also eligible, on retirement, for a lump sum payment by the Provident Fund according to the Fund's statutory regulations and Law 2084/92. For employee providence, the maximum amount payable is 38.010 Euro in conformity with Presidential Decree 389/1998 (Government Press 268A) which specifies as top limit the 11th salary range for higher education employees in public sector. For longshoremen providence, the payable amount is specified each time based on last decade's contributions and the employee years of service. Each employee is obliged to contribute part of his salary to the Fund, while part of the total contributions are paid by the Company. Provident Fund is a C.L.L.C., responsible for the above payments. Therefore, the Company has no legal or presumed obligation for future payments according to this program.

- p. **Earnings per Share:** Earnings per share are calculated by dividing the financial period net profit, corresponding to ordinary shareholders, by the weighted average number of ordinary shares issued. The attached financial statements did not include any profit decreasing bonds or other stock, convertible to shares. Consequently, diluted earnings per share were not calculated.
- q. **Segment Reporting:** The Company operates as a unified provider of port services at the Port of Piraeus. In this context there was no obligation to prepare and publish financial results by segment, according to the requirements of IAS14 "Segment Reporting". As far as geographical districts are concerned, the Company operates in the area of Piraeus and therefore is regarded as one geographical district.
- r. **Interest- Bearing Loans:** All loans are initially accounted for at the cost that is the actual loan value less the expenditure related to the loan issue. After the above, interest- bearing loans are valued at net book cost on the actual interest rate basis. Net book cost is calculated considering the expenditure related to the loan issue and the difference between the initial and final loan amount. Profits and losses are accounted for at net profit or loss when liabilities are written off or impaired and by depreciation procedure.
- s. **Dividends:** Dividends are accounted for when receipt rights are finalized by the resolution of the shareholders general meeting.

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

t. **Concession Agreement:** In persuasion of the 35th article of 2932/2001 Law, Greek Government and the Company signed on 13.2.2002 the Concession Agreement, by which the government transfers its exclusive right of use and exploitation of port zone lands, buildings and facilities of Piraeus Port to the Company.

This concession was agreed for fixed period, specifically of 40 years initial duration, beginning on the day the agreement was signed and ending on 13.2.2042. It is possible for the initial duration to be extended once or for several times, within Law top limits by a new written agreement and modification of the 4.1 article of the Concession Agreement.

In exchange for the above concession Greek Government receives 1% of the Company's consolidated annual income for each of the first 3 years of the agreement. The above percentage will increase to 2% of the Company's consolidated annual income after the 3rd year, on the same calculation basis.

The Company most significant obligations arising from this agreement are:

- Constant port rendering services
- Responsibility for the installation, improvement and maintenance of the security level in the Piraeus Port area.
- Ensure fair deal to all port users
- Payment of maintenance expenditure for all the property included in the Concession Agreement

u. **Foreign Currency Conversion:** The Company operations are all performed in Euro. Transactions made in foreign currencies are converted into Euro using currency rates effective at the transaction date. Receivable and liabilities in foreign currency are adjusted at the financial statements preparation date in order to state the currency rates effective at that date. Gains or losses arising from these adjustments are included in the attached Profit and Loss Statement foreign exchange gains or losses.

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

5. TANGIBLE FIXED ASSETS

	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	MOTOR VEHICLES	FURNITURE, FIXTURES AND FITTINGS	ADVANCES AND ASSETS UNDER CONSTRUCTION	TOTAL
NET BOOK VALUE AS AT 1 JANUARY 2005	73.731.922,36	66.249.420,10	12.734.112,82	1.841.590,24	25.667.758,13	180.224.803,65
ADDITIONS	11.615.145,89	13.530.741,05	13.973,73	269.681,09	17.069.845,36	42.499.387,12
DISPOSALS	66.997,00	2.034.513,09	136.522,38	3.300,00	26.345.078,45	28.586.410,92
DEPRECIATION FOR THE YEAR (NOTE 26)	2.514.622,33	5.047.388,10	598.442,35	826.961,87	0,00	8.987.414,65
DEPRECIATION SET OFF	0,00	707.304,56	22.655,72	2.254,90	0,00	732.215,18
NET BOOK VALUE AS AT 31 DECEMBER 2005	<u>82.765.448,92</u>	<u>73.405.564,52</u>	<u>12.035.777,54</u>	<u>1.283.264,36</u>	<u>16.392.525,04</u>	<u>185.882.580,38</u>
1 JANUARY 2005						
COST	75.930.336,54	81.939.755,37	14.385.577,68	5.175.001,26	25.667.758,13	203.098.428,98
ACCUMULATED DEPRECIATION	2.198.414,18	15.690.335,27	1.651.464,86	3.333.411,02	0,00	22.873.625,33
NET BOOK VALUE	<u>73.731.922,36</u>	<u>66.249.420,10</u>	<u>12.734.112,82</u>	<u>1.841.590,24</u>	<u>25.667.758,13</u>	<u>180.224.803,65</u>
31 DECEMBER 2005						
COST	87.478.485,43	93.435.983,33	14.263.029,03	5.441.382,35	16.392.525,04	217.011.405,18
ACCUMULATED DEPRECIATION	4.713.036,51	20.030.418,81	2.227.251,49	4.158.117,99	0,00	31.128.824,80
NET BOOK VALUE	<u>82.765.448,92</u>	<u>73.405.564,52</u>	<u>12.035.777,54</u>	<u>1.283.264,36</u>	<u>16.392.525,04</u>	<u>185.882.580,38</u>

Insurance cover of the Piraeus Port Authority (PPA) tangible fixed assets: The PPA tangible fixed assets are insured with the FINIX METROLIFE EMPORIKI affiliate COMPANY of the EMPORIKI BANK group of companies. The contact duration is a year ending on the 1/1/2006. Insurance cover concerns civil liability of plant and machinery and employer, insurance cover for fire and plant and machinery technical damage. Insurance costs for the year 2005 amounted to € 490.448,49 while for the year 2004 was € 423.658,59.

The finance leased equipment net book value as at 31 December 2005 amounts to:

- 1) € 9.736.402,80 concerning straddle carriers.
- 2) € 2.749.840,00 concerning port mobile crane, acquired this period.

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

6. INTANGIBLE FIXED ASSETS

	<u>SOFTWARE</u>
Net book value as at 1 st of January 2005	178.768,39
Additions	269.257,03
Depreciation for the year (Note 26)	<u>109.681,26</u>
Net Book Value as at 31 st December 2005	<u>338.344,16</u>

1 JANUARY 2005

Cost	3.488.772,73
Accumulated depreciation	<u>3.310.004,34</u>
Net book value	<u>178.768,39</u>

31 DECEMBER 2005

Cost	3.758.029,76
Accumulated depreciation	<u>3.419.685,60</u>
Net book value	<u>338.344,16</u>

7. LONG TERM ACCOUNTS RECEIVABLE

This account consists of the following:

	<u>31/12/2005</u>	<u>31/12/2004</u>
Guarantees to third parties	188.751,58	188.751,58
Car leases guarantees	0,00	8.303,00
Fixed Asset Bonds	1.221,13	1.221,13
TOTAL	<u>189.972,71</u>	<u>198.275,71</u>

8. INCOME TAX (CURRENT AND DEFERRED)

(a) Income tax provision

	<u>31/12/2005</u>	<u>31/12/2004</u>
Current income tax	4.630.417,42	8.313.680,22
Deferred income tax	<u>1.132.208,51</u>	<u>2.575.032,72</u>
Total	<u>5.762.625,93</u>	<u>10.888.712,94</u>

The COMPANY was liable to income tax for the financial years 2003-2004 at the current tax rate for the public listed companies of 35%.

In November 2004 the new tax decree was approved, according to which the Company income tax (corporation tax) rate will be gradually reduced from 35% to 25%. Specifically for the financial years 2005 and 2006 the tax rate will be reduced to

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

32% and 29% respectively, while from the financial year 2007 onwards will reach 25%.

The nominal rate (32% for the financial year ending the 31st of December 2005) does not differ substantially from the actual tax rate because there are not any significant non tax allowable expenditure.

The Greek Tax Legislation and relevant provisions are subject to interpretations from the Tax Authorities. The income tax declaration reports are submitted on an annual basis, but profits or losses declared for tax purposes are considered temporary until the Tax Authorities examine/review the tax declaration reports and the books and records of the tax payer, time when the relevant tax liabilities are settled. Tax losses, up to the point that they are recognized by the Tax Authorities, can be used for setting off against profits of the next five financial years following the financial year incurred.

Financial years 2003, 2004 and 2005 have not been audited by the Tax Authorities. In a possible future tax audit, the Tax Authorities may disallow certain expenditure, thus increasing the Company taxable and imposing additional taxes, penalties and surcharges. It is not possible, at the present time to assess accurately the amount of additional taxes and penalties that may be imposed as this depends on the tax audit findings and the following negotiations. This is the reason why no relevant provision has been made in the attached financial statements.

(b) Deferred income tax:

Deferred income taxes arise from temporary differences between accounting values and tax bases of assets and liabilities and are calculated on the basis of the current income tax rate.

The deferred income tax account movement is analysed as follows:

	<u>31/12/2005</u>	<u>31/12/2004</u>
Opening balance	9.752.990,31	12.328.023,03
Amount in Year Profit and Loss statement	<u>(1.132.208,51)</u>	<u>(2.575.032,72)</u>
Closing balance (Net amount)	<u>8.620.781,80</u>	<u>9.752.990,31</u>

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

	Balance Sheet		Year Results	
	31/12/2005	31/12/2004	31/12/2005	31/12/2004
Deferred tax assets				
Capitalised expenditure accounted for	1.494.625,50	2.541.395,00	(1.046.769,50)	(616.986,82)
Fixed assets depreciation on a useful life basis	1.005.985,90	864.120,00	141.865,90	(176.706,27)
Writing-off receivables not fulfilling the allowance criteria	4.454.145,00	4.454.145,00	0,00	(1.506.938,80)
Staff Leaving Indemnity	1.664.433,50	1.562.580,00	101.853,50	(572.883,75)
Other	1.591,90	330.750,31	(329.158,41)	298.482,92
Deferred tax asset	8.620.781,80	9.752.990,31		
Deferred tax in Year Profit and Loss Statement			(1.132.208,51)	(2.575.032,72)

9. INVENTORY

This account is analysed in the attached financial statements as follows:

	31/12/2005	31/12/2004
Consumables	2.394.740,99	2.325.440,32
Fixed assets spare parts	2.503.555,93	2.398.251,36
TOTAL	4.898.296,92	4.723.691,68

The total consumption cost of the year 1/1-31/12/2005 amounted to € 4.028.106,02 while that of the respective year 1/1-31/12/2004 amounted to € 4.290.756,54.

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

10. TRADE RECEIVABLE

This account is analysed in the attached financial statements as follows:

	<u>31/12/2005</u>	<u>31/12/2004</u>
Customers	3.630.960,45	2.391.347,17
Doubtful Debts-Court Pending Cases	38.466.039,30	37.212.817,53
Less: Provision for doubtful debts	<u>(29.204.752,48)</u>	<u>(27.874.190,06)</u>
TOTAL	<u>12.892.247,27</u>	<u>11.729.974,64</u>

The account "Doubtful Debts- Court Pending Cases " includes credit customers outstanding for an over ten day period.

The Company receives payments in advance for services rendered on an ordinary basis, which are then settled on a regular basis. Each sales ledger account is credited by those payments in advance and debited by invoices of the specific services rendered. These invoices correspond to a credit balance of the payments in advance as at 31/12/2005. Customer payments in advance are stated at liabilities in the account "Other liabilities and accrued expenses".

The Provision for doubtful debts account is stated as follows:

	<u>31/12/2005</u>	<u>31/12/2004</u>
Opening balance	27.874.190,06	26.561.027,78
Provision for the year	1.330.562,42	1.313.162,28
Closing balance	<u>29.204.752,48</u>	<u>27.874.190,06</u>

11. OTHER RECEIVABLE

This account is analysed in the attached financial statements as follows:

	<u>31/12/2005</u>	<u>31/12/2004</u>
Personnel loans	388.632,28	964.194,66
Current Value Added Tax (V.A.T.)	7.192.720,44	10.012.977,49
Other receivable	48.680,03	47.658,03
TOTAL	<u>7.630.032,75</u>	<u>11.024.830,18</u>

Personnel loans: The Company provides interest-free loans to its personnel. The loan amount per employee does not exceed approximately € 3.000 and loan repayments are made by withholding monthly installments from the employee salaries. These loans are stated at their net present value.

V.A.T.: This amount is a V.A.T. refund claim arising from the input and output tax settlement.

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

Other receivable: Other receivable includes various payments in advance (to the Postal Service (ELTA), to the union of boat- owners offering loading and unloading services e.t.c.)

12. CASH ON HAND AND IN BANKS

This account is analysed in the attached financial statements as follows:

	<u>31/12/2005</u>	<u>31/12/2004</u>
Cash on hand	802.375,00	989.514,08
Cash in banks	11.572.581,25	12.797.113,35
TOTAL	<u>12.374.956,25</u>	<u>13.786.627,43</u>

Bank current accounts are in Euro and are subject to floating interest rate depending on the deposit amount, which on the 31st of December 2005 was 0,75%. Net present value of the current and deposit bank accounts approximates their accounting value because of the floating interest rates and their short term maturity.

Interest income from bank deposit accounts, is recognised on the accrual basis, and amounts to € 200.814,28 and € 469.867,42 for the financial years ended 31st of December 2005 and 2004, respectively, and is included in the financial results of the attached Profit and Loss Statement (Note 25).

13. SHARE CAPITAL

The Company share capital amounts to € 50.000.000, fully paid up and consists of 25.000.000 ordinary shares, of nominal value € 2 each. In the Company share capital there are neither shares which do not represent Company capital nor bond acquisition rights.

14. RESERVES

This account is analysed in the attached financial statements as follows:

	<u>31/12/2005</u>	<u>31/12/2004</u>
Statutory reserve	3.922.271,74	3.172.091,68
Special tax free reserve N 2881/2001	61.282.225,52	61.282.225,52
Untaxed income reserve	7.704.705,23	7.704.705,23
Specially taxed income reserve	728.128,36	728.128,36
	<u>73.637.330,85</u>	<u>72.887.150,79</u>

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

Statutory reserve: Under the provisions of Greek corporate Law companies are obliged to transfer at least 5% of their annual net profit, as defined, to a statutory reserve, until the reserve equals the 1/3 of the issued share capital. The reserve is not available for distribution throughout the Company activity.

Special tax free reserve Law 2881/2001: This reserve was created during the PPA conversion to a Société Anonyme. The total Company net shareholder equity was valued, by the article 9 Committee of the Codified Law 2190.1920, at € 111.282.225,52, € 50.000.000 out of which was decided by Law 2881/2001 to form the Company share capital and the remaining € 61.282.225,52 to form this special reserve.

Untaxed or specially taxed income reserve: This is interest income which was either not taxed or taxed by withholding 15% tax at source. In case these reserves are distributed, they are subject to tax on the general income tax provision basis. At present time the Company does not intend to distribute the above mentioned reserves and consequently and in accordance with IAS 12 deferred tax has not been assessed.

15. INVESTMENT SUBSIDIES

This account is analysed in the attached financial statements as follows:

	<u>31/12/2005</u>	<u>31/12/2004</u>
Initial value	11.400.000,00	11.400.000,00
Accumulated depreciation	<u>(845.173,52)</u>	<u>(280.668,67)</u>
Net Book Value	<u>10.554.826,48</u>	<u>11.119.331,33</u>

16. PROVISIONS FOR PENDING LAWSUITS

The Company has made provisions for various pending court cases amounting to € 19.320.960,58 for lawsuits from personnel and other third party. The Company Management and legal department estimated the probability of negative outcome, as well as the probable settlement payments in order to account for this provision. Apart from the above, the Company is involved in (as plaintiff and defendant) various court cases that fall within the scope of its normal activity. The Company Management and legal department estimate that these pending court cases are expected to be settled without significant negative effect to the Company financial position or to its operation results.

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

17. PROVISION FOR STAFF LEAVING INDEMNITY

Provision for staff leaving indemnity was determined by actuary study.

The following tables present the net expenditure components for the relevant provision which was posted to the period financial results ended the 31st of December 2005 and 2004 and the movement of the relevant provision accounts for staff leaving indemnity stated in the attached financial statements for the financial year ended the 31st of December 2005 and the financial year ended the 31st December 2004.

Provision for staff leaving indemnity recognised in the year financial results:

	<u>31/12/2005</u>	<u>31/12/2004</u>
Current employment and financial cost	<u>407.413,00</u>	<u>148.996,00</u>

The relevant provision movement for the financial year ended the 31st of December 2005 and the financial year ended the 31st of December 2004 is as follows:

	<u>31/12/2005</u>	<u>31/12/2004</u>
Opening balance	6.250.321,00	6.101.325,00
Provision for the year (Note 27)	1.693.722,00	961.092,00
Staff leaving indemnity paid	(1.286.309,00)	(812.096,00)
Closing balance	<u>6.657.734,00</u>	<u>6.250.321,00</u>

The main actuary assumptions used for the relevant provision calculation (staff leaving indemnity and medical and pharmaceutical care) are summarised as follows:

	<u>31/12/2005</u>	<u>31/12/2004</u>
Discount interest rate	5%	5%
Expected salary rise	4%	4%
Estimated average future employment period	14,38	15,56

18. FINANCE LEASE OBLIGATIONS

Within the current period, the Company acquired by finance lease the following assets: 1) eighteen (18) straddle carriers worth € 10.463.000. The finance lease duration is five years and at the end the Company has the right to buy these assets at the price of € 11,93.

The average finance lease interest rate for the period was 4,54%.

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

The minimum future finance lease payments as well as the present value of minimum net finance lease payments on the 31st of December 2005 are analysed as follows:

	<u>Minimum Payments</u>	<u>Payments Present Value</u>
Within next year	2.333.976,00	1.973.415,00
Within 2-5 years	7.390.926,00	6.872.566,00
Total	<u>9.724.902,00</u>	<u>8.845.981,00</u>
Less: financial charges	<u>(878.921,00)</u>	<u>0,00</u>
Current value of minimum Finance lease payments.....	<u>8.845.981,00</u>	<u>8.845.981,00</u>

2) One (1) new port mobile crane type HMK 300K 100T worth € 2.787.000. The finance lease duration is ten years and at the end PPA has the right to buy this asset at the price of € 100.

The average finance lease interest rate for the period was 3,97%.

The minimum future finance lease payments as well as the present value of minimum net finance lease payments on the 31st of December 2005 are analysed as follows:

	<u>Minimum Payments</u>	<u>Payments Present Value</u>
Within next year	337.035,00	234.266,00
Within 2-5 years	1.348.138,00	1.034.503,00
After 5 years	1.572.828,00	1.433.348,00
Total	<u>3.258.001,00</u>	<u>2.702.117,00</u>
Less: financial charges	<u>(555.884,00)</u>	<u>0,00</u>
Current value of minimum finance lease payments	<u>2.702.117,00</u>	<u>2.702.117,00</u>

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

19. BANK LOANS

The account balance of “Long term bank loans” concerns a loan between the Company and the European Investment Bank issued in 1991 of € 29.200.000 for the West part of Peer II of the Container Terminal construction in N. Ikonio.

The loan repayment is to be made in ten (10) annual consecutive installments, beginning the 15th of September 2001 and ending the 15th of September 2010. Up to date five instalments have been paid up, while the sixth has been transferred to the Company short term liabilities. The loan balance outstanding as at 31st of December 2005 is € 14.620.689,66, divided in a) € 11.696.551,73 “Long term bank loans” and b) € 2.924.137,93 “Short term bank loans”.

This loan bears interest based on the European interest rate (EURIBOR), plus a margin of 1,50%, payable every three months. The loan interest for the year ended the 31st of December 2005, amounted to € 372,184,82 (€ 418.183,08 on the 31st of December 2004) and is included in the financial results (Note 25) in the attached Profit and Loss statement.

20. DIVIDENDS

According to Greek Trade Law, the Companies are required to distribute every year dividends calculated at least as the greater amount arising between the 35% of their net annual profit after taxes and the 6% of their issued share capital. In addition, Greek Law requires certain conditions to be fulfilled in order to distribute dividend:

- (a) No dividends can be distributed to the shareholders, if the Company equity, represented in its financial statements, is or will be after the distribution, lower than issued share capital and non-distributable reserves.

- (b) No dividends can be distributed to the shareholders, if the net book value of “Establishment Expenses”, represented in its financial statements, is greater than the total of optionally distributed reserves and retained earnings.

Dividends distribution for the financial year 2005: The Board of Directors suggested for the financial year 2005 the distribution of dividends to the shareholders of € 3.750.000 or € 0,15 per share. The distribution of dividends will be authorised by the annual Ordinary Shareholders General Meeting.

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

21. OTHER LIABILITIES AND ACCRUED EXPENSES

This account is analysed in the attached financial statements as follows:

	<u>31/12/2005</u>	<u>31/12/2004</u>
Taxes payable	2.443.253,39	5.193.282,09
National insurance and other contribution	2.998.715,63	3.104.249,08
Other short term liabilities	6.294.915,26	5.098.420,15
Customer advance payments	2.370.242,54	2.057.815,43
Accrued expenses	17.168,00	20.213,22
	<u>14.124.294,82</u>	<u>15.473.979,97</u>

Taxes Payable: Current period amount consists of: a) financial year 2005 income tax(corporation tax) € 298.007,17 (less tax paid in advance) b) Employee withheld income tax € 2.103.716,86 c) other third party taxes € 41.529,36.

Insurance and Other Contributions: This amount mainly consists of employer contribution to insurance funds and is analysed as follows:

	<u>31/12/2005</u>	<u>31/12/2004</u>
National Insurance Contributions (IKA)	2.199.126,78	2.189.980,45
Insurance Contributions to Supplementary Funds	673.944,25	794.692,68
Other Insurance Contributions	125.644,60	119.575,95
	<u>2.998.715,63</u>	<u>3.104.249,08</u>

Other short- term liabilities: The amounts below are analysed as follows:

	<u>31/12/2005</u>	<u>31/12/2004</u>
Salaries Payable	1.618.367,82	1.122.894,54
Concession Agreement Payment for 2004	2.943.096,82	1.567.982,33
Other contribution payable to (TAPAEL , NAT e.t.c.)	582.772,53	1.040.841,45
Various Advance Payments (leases e.t.c.)	21.967,62	15.262,41
Other Third Party Short-term obligations (water company, electricity company e.t.c.)	1.128.710,47	1.351.439,42
	<u>6.294.915,26</u>	<u>5.098.420,15</u>

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

Accrued Expenses: The amounts below are analysed as follows:

	31/122005
European Investment Bank Loan Interest	17.168,00

22. SALES

Sales are analysed as follows:

	<u>31/12/2005</u>	<u>31/12/2004</u>
Income from:		
Loading and unloading	81.169.676,48	85.421.892,72
Storage	28.014.767,55	31.652.389,19
Various other port services	30.793.577,65	31.818.178,23
	<u>139.978.021,68</u>	<u>148.892.460,14</u>

23. EXPENSES ALLOCATION AT OPERATIONS

Expense accounts are allocated in cost of sales, administration and distribution operations in the attached financial statements as follows:.

	<u>Year ended on 31/12/2005</u>		
	<u>Cost of Sales</u>	<u>Administration Expenses</u>	<u>Total</u>
Payroll Costs (Note 27)	84.376.048,95	12.212.521,55	96.588.570,50
Third Party Services	10.949.433,57	1.580.104,29	12.529.537,86
Third Party Fees	965.279,96	139.714,05	1.104.994,01
Depreciation (Note 26)	8.096.217,40	436.373,66	8.532.591,06
Taxes and Duties	137.533,17	19.906,47	157.439,64
General Expenses	5.653.740,63	818.319,09	6.472.059,72
Provisions of Doubtful Debt	1.162.312,00	168.250,42	1.330.562,42
Consumables	4.028.106,02	0,00	4.028.106,02
	<u>115.368.671,70</u>	<u>15.375.189,53</u>	<u>130.743.861,23</u>

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

	Year ended on 31/12/2004		
	Cost of Sales	Administration Expenses	Total
Payroll Costs (Note 27)	88.181.114,61	12.051.190,10	100.232.304,71
Third Party Services	10.861.083,98	1.412.191,03	12.273.275,01
Third Party Fees	711.477,68	92.508,48	803.986,16
Depreciation	7.240.440,40	384.086,28	7.624.526,68
Taxes and Duties	137.325,38	17.855,46	155.180,84
General Expenses	9.028.926,81	1.173.968,39	10.202.895,20
Consumables	4.290.756,54	0,00	4.290.756,54
	120.451.125,40	15.131.799,74	135.582.925,14

24. OTHER OPERATIONAL INCOME AND EXPENDITURE:**1) Other Operational Income:**

Amounts are analysed as followed:

	Year ended on	
	31/12/2005	31/12/2004
Rental income	6.189.199,68	6.944.233,34
Other Income	2.978.165,53	1.716.682,60
	9.167.365,21	8.660.915,94

Rental income concerns land and building rents .

Minimum Future Rents: The minimum future rental income receivable, arising from the existing rental agreements are as follows:

<u>Payable</u>	<u>31/12/2005</u>
Within 1 year	3.988.047,09
Between 1-5 years	5.560.006,63
Over 5 years	6.907.856,60
	16.455.910,32

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

2) Other Operational Expenses:

The amounts are analysed as follows:

<u>Investment Activity Results</u>	<u>31/12/2005</u>
Net Book Value of machinery sold	1.393.695,38
(Less) Income from sale of machinery	<u>(727.007,23)</u>
	666.688,15
Studies and research expenses	425.066,20
Total	1.091.754,35

<u>Investment Activity Results</u>	<u>31/12/2004</u>
(Fire station transfer)	365.024,00

25. FINANCIAL INCOME/ EXPENDITURE

Amounts are analysed as follows:

	<u>Year ended on</u>	
	<u>31/12/2005</u>	<u>31/12/2004</u>
Bank Interest Income	200.814,28	469.867,42
Bank Interest Expenses	(810.935,61)	(515.634,75)
	<u>(610.121,33)</u>	<u>(45.767,33)</u>
Credit Interest	383.074,28	242.583,09
Total	<u>(227.047,05)</u>	<u>196.815,76</u>

26. DEPRECIATION

Amounts are analysed as follows:

	<u>Year ended on</u>	
	<u>31/12/2005</u>	<u>31/12/2004</u>
Intangible Asset Depreciation (Note 5)	8.987.414,65	7.451.765,96
Software Depreciation (Note 6)	109.681,26	450.583,25
Fixed Asset Subsidies Depreciation (note 15)	<u>(564.504,85)</u>	<u>(277.822,53)</u>
	<u>8.532.591,06</u>	<u>7.624.526,68</u>

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

27. PAYROLL COST

Amounts are analysed as follows:

	Year ended on	
	31/12/2005	31/12/2004
Wages and Salaries	81.081.724,87	84.782.191,84
Employer Contribution to National Insurance Departments	12.427.216,02	12.986.709,38
Other payments	1.385.907,80	1.502.311,60
Staff leaving indemnity	1.286.308,81	812.095,89
Provision for staff leaving indemnity (Note 17)	407.413,00	148.996,00
	<u>96.588.570,50</u>	<u>100.232.304,71</u>

28. EARNINGS AND DILUTED EARNINGS PER SHARE

Basic Earnings per Share on the 31st of December is calculated as follows:

	31/12/2005	31/12/2004
Net Profit attributed to Company Shareholders	11.320.098,33	10.015.942,83
Weighted Average Number of Shares	25.000.000,00	25.000.000,00
Basic Earnings per Share	<u>0,45</u>	<u>0,40</u>

29. COMMITMENTS AND CONTINGENT LIABILITIES

a) Pending Lawsuits: The Company has made provisions for various pending court cases amounting to € 19.320.960,58 for lawsuits from personnel and other third party. The Company Management and legal department estimated the probability of negative outcome, as well as the probable settlement payments in order to account for this provision. Apart from the above, the Company is involved in (as plaintiff and defendant) various court cases that fall within the scope of its normal activity. The Company Management and legal department estimate that these pending court cases are expected to be settled without significant negative effect to the Company financial position or to its operation results.

b) Financial Years not audited by the Tax Authorities: Financial years 2003, 2004 and 2005 have not been audited by the Tax Authorities. In a possible future tax audit, the Tax Authorities may disallow certain expenditure, thus increasing the Company taxable income and imposing additional taxes,

PIRAEUS PORT AUTHORITY S.A.

FINANCIAL STATEMENTS (ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS- IFRS)

FOR THE YEAR ENDED ON THE 31ST OF DECEMBER 2005

(amounts in Euro)

penalties and surcharges. It is not possible, at the present time to assess accurately the amount of additional taxes and penalties that may be imposed as this depends on the tax audit findings and the following negotiations. This is the reason why no relevant provision has been made in the attached financial statements, however the Company management estimates that there will be no significant effect on the Company equity.

- c) **Finance Lease Obligations:** The Company future obligations for finance lease payments, as they arise from existing finance lease contracts, are analysed as follows:

	31st of December 2005
<u>Payable</u>	
Within 1 year	1.766.951,11

30. RELATED PARTY TRANSACTIONS

Board of Directors Members Remuneration: During the year ended on the 31st of December 2005, remuneration and attendance costs, amounting € 356.927,02 (€ 223.405,89 on 31.12.2004), were paid to the Board of Directors members. During the same period 7.844,19 Euro (€ 69.845,71 on 31.12.2004) were also paid to the Board of Directors members for services rendered according to their employment terms.

31. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN C.L.2190 AND IFRS

The following two tables ("Equity Reconciliation") briefly present the effect of the most important adjustments 1) on the 1st of January 2004 balance- sheet, IFRS effective date and 2) on the 31st of December 2004 balance- sheet and on the annual financial results of 2004, which was the last period based on the previous standards as per IFRS1 paragraph 39(a) and (b), 40, 41 and 45.

Piraeus, 27/03/2006

PRESIDENT OF THE
BOARD OF
DIRECTORS

MANAGING DIRECTOR

FINANCIAL DIRECTOR

DIMITRIOS
SAMOLIS
ID. ≡ 414691

NIKOLAOS
ANASTASOPOULOS
ID. ≡ 625099

KONSTANTINOS
BALIS
Re ECG 0005249

TABLE 1

PIRAEUS PORT AUTHORITY S.A.
EQUITY RECONCILIATION AS AT 1 JANUARY 2004 (IFRS EFFECTIVE DATE)
(Amounts in Euro)

Balance-sheet	Closing balance as per 2190/1920	Effect of transition to IFRS	Closing balance as per IFRS	Note
ASSETS				
Fixed assets and long term accounts receivable				
Tangible assets	146.322.598,35	(553.316,28)	145.769.282,07	1
Intangible assets	9.350.422,70	(8.888.243,01)	462.179,69	2
Long-term accounts receivable	123.841,39	0,00	123.841,39	
Deferred tax assets	0,00	12.328.023,03	12.328.023,03	3
Total fixed assets	155.796.862,44	2.886.463,74	158.683.326,18	
Current assets				
Inventory	4.917.164,95	0,00	4.917.164,95	
Trade receivable	23.694.655,33	(17.346.232,51)	6.348.422,82	4
Other receivable	24.235.237,29	(5.652.261,09)	18.582.976,20	5
Cash on hand and in banks	39.640.913,69	0,00	39.640.913,69	
Total current assets	92.487.971,26	(22.998.493,60)	69.489.477,66	
TOTAL ASSETS	248.284.833,70	(20.112.029,86)	228.172.803,84	
EQUITY AND LIABILITIES				
EQUITY				
Share capital	50.000.000,00	0,00	50.000.000,00	
Reserves	84.283.735,42	(11.396.584,63)	72.887.150,79	6
Retained earnings	29.585.048,96	(10.382.446,39)	19.202.602,57	7
Total Equity	163.868.784,38	(21.779.031,02)	142.089.753,36	
Provisions and long term liabilities				
Fixed assets subsidies	0,00	11.397.153,86	11.397.153,86	8
Provision for staff leaving indemnity	6.221.672,78	(120.347,78)	6.101.325,00	9
Other provisions	19.907.901,15	(586.940,57)	19.320.960,58	10
Deferred liabilities	0,00	0,00	0,00	
Long-term finance lease obligations	0,00	0,00	0,00	
Long-term bank loans	17.544.827,59	0,00	17.544.827,59	
Total long- term liabilities	43.674.401,52	10.689.865,51	54.364.267,03	
Short term liabilities				
Trade payable	4.103.959,19	0,00	4.103.959,19	
Short-term bank loans	2.924.137,93	0,00	2.924.137,93	
Short- term finance lease obligations		0,00	0,00	
Taxes payable	13.231.228,59	0,00	13.231.228,59	
Dividends payable	6.400.000,00	(6.400.000,00)	0,00	11
Other liabilities and accrued expenses	14.082.322,09	(2.622.864,35)	11.459.457,74	12
Total short- term liabilities	40.741.647,80	(9.022.864,35)	31.718.783,45	
Total liabilities	84.416.049,32	1.667.001,16	86.083.050,48	
TOTAL EQUITY AND LIABILITIES	248.284.833,70	(20.112.029,86)	228.172.803,84	

NOTES TO THE EQUITY RECONCILIATION AS AT 1 JANUARY 2004

1	Tangible asset decrease is analysed as follows:	
	a.Fixed assets depreciation as per usefull life	(3.109.495,28)
	b.Items reclassification for presentation purposes as per IFRS	2.556.179,00
	Total Tangible Asset Decrease	<u>(553.316,28)</u>
2	Writing off capitalised expenses not fullfiling the recognition criteria	
3	Deffered Tax Recognition	
4	Trade receivable decrease is analysed as follows:	
	a.Writing off trade receivable not fullfiling the recognition criteria	(17.031.668,00)
	b.Items reclassification for presentation purposes as per IFRS	(314.564,51)
	Total Trade Receivable Decrease	<u>(17.346.232,51)</u>
5	Other receivable decrease is analysed as follows:	
	a. Personnel loans evaluation at net present value	(91.622,43)
	b. Writing off specially taxed income	(109.219,25)
	c.Items reclassification for presentation purposes as per IFRS	(5.451.419,41)
	Other Receivable Decrease	<u>(5.652.261,09)</u>
6	Fixed asset subsidies transferred to accrued income	
7	Retained earnings decrease is analysed as follows:	
	a.Fixed asset depreciation as per usefull life (note 1a)	(3.109.495,28)
	b.Writing off capitalised expenses (note 2)	(8.888.243,01)
	c. Deffered Tax recognition (note 3)	12.328.023,03
	d.Writing off receivable (note 4a)	(17.031.668,00)
	e.Writing off receivable (note 5a,b)	(200.841,68)
	f.Subsidies depreciation (note 8b)	(569,23)
	h Adgustment for provision for staff leaving indemnity (note 9)	120.347,78
	I.Reversal entry of dividend distribution (note 11)	6.400.000,00
	Total retained earnings decrease	<u>(10.382.446,39)</u>
8	Increase in fixed asset subsidies is analysed as follows:	
	a. Fixed asset subsidies transferred tonext year income	(11.396.584,63)
	b. Subsidies depreciation adjustment as per fixed asset usefull life	(569,23)
	Total fixed asset subsidies increase	<u>(11.397.153,86)</u>
9	Adjustment of staff leaving indemnity provision	
10	Items reclassification for presentation purposes as per IFRS	
11	Reversal entry of dividends distribution until shareholders general meeting approval	
12	Items reclassification for presentation purposes as per IFRS	

TABLE 2

PIRAEUS PORT AUTHORITY S.A.
EQUITY RECONCILIATION AS AT 1 OF JANUARY 2005
(Amounts in Euro)

Balance-Sheet	Closing Balance as per 2190/1920	IFRS Transition Effect	Closing Balance as per IFRS	Note
ASSETS				
Fixed Assets and Long- term Receivable				
Tangible assets	183.171.433,88	(2.946.630,23)	180.224.803,65	1
Intangible assets	8.332.639,14	(8.153.870,75)	178.768,39	2
Long- term receivable	198.275,71	0,00	198.275,71	
Deferred tax receivable	0,00	9.752.990,31	9.752.990,31	3
Total Fixed Assets	191.702.348,73	(1.347.510,67)	190.354.838,06	
Current Assets				
Inventories	4.723.691,68	0,00	4.723.691,68	
Trade receivable	29.082.744,24	(17.352.769,60)	11.729.974,64	4
Other receivable	23.470.393,85	(12.445.563,67)	11.024.830,18	5
Cash on hand and in banks	13.786.627,43	0,00	13.786.627,43	
Total Current Assets	71.063.457,20	(29.798.333,27)	41.265.123,93	
TOTAL ASSETS	262.765.805,93	(31.145.843,94)	231.619.961,99	
EQUITY AND LIABILITIES				
EQUITY				
Share capital	50.000.000,00	0,00	50.000.000,00	
Reserves	83.991.931,42	(11.104.780,63)	72.887.150,79	6
Retained earnings	39.353.832,22	(16.535.286,82)	22.818.545,40	7
Total Equity	173.345.763,64	(27.640.067,45)	145.705.696,19	
Provisions and Long- term Liabilities				
Fixed asset subsidies	0,00	11.119.331,33	11.119.331,33	8
Provision for staff leaving indemnity	6.221.672,78	28.648,22	6.250.321,00	9
Other provisions	19.907.901,15	(586.940,57)	19.320.960,58	10
Long- term bank loans	14.620.689,66	-	14.620.689,66	
Total Long- term Liabilities	40.750.263,59	10.561.038,98	51.311.302,57	
Short- term Liabilities				
Trade payable	16.204.845,33	-	16.204.845,33	
Short- term bank loans	2.924.137,93	-	2.924.137,93	
Income tax payable	9.724.715,77	(4.531.433,68)	5.193.282,09	
Dividends payable	5.000.000,00	(5.000.000,00)	-	
Other liabilities and accrued expenses	14.816.079,67	(4.535.381,79)	10.280.697,88	11
Total Short- term Liabilities	48.669.778,70	(14.066.815,47)	34.602.963,23	12
Total Liabilities	89.420.042,29	(3.505.776,49)	85.914.265,80	
TOTAL EQUITY AND LIABILITIES	262.765.805,93	(31.145.843,94)	231.619.961,99	
PROFIT AND LOSS STATEMENT				
Income from sales and other services	148.892.460,14	(897.586,93)	147.994.873,21	1
Cost of Sales	(119.523.778,91)	(927.346,50)	(120.451.125,41)	2
Gross Profit/ (Loss)	29.368.681,23	(1.824.933,43)	27.543.747,80	
Administration expenses	(14.488.369,40)	(643.430,33)	(15.131.799,73)	3
Other operational income	8.952.719,94	(291.804,00)	8.660.915,94	4
Other operational expenses	(913.374,88)	548.350,88	(365.024,00)	5
Operational Profit	22.919.656,89	(2.211.816,88)	20.707.840,01	
Financial results	162.806,59	34.009,17	196.815,76	6
Profit for period before taxes	23.082.463,48	(2.177.807,71)	20.904.655,77	
Income tax	(8.313.680,22)	(2.575.032,72)	(10.888.712,94)	7
Profit for the period after taxes	14.768.783,26	(4.752.840,43)	10.015.942,83	

NOTES ON EQUITY RECONCILIATION AS AT 1 OF JANUARY 2005

1	Tangible asset decrease is analysed as follows:	
	a.Fixed assets depreciation as per usefull life	(4.502.809,23)
	b.Items reclassification for presentation purposes as per IFRS	1.556.179,00
	Total Tangible Asset Decrease	<u>(2.946.630,23)</u>
2	Writing off capitalised expenses not fulfilling the recognition criteria	
3	Deferred Tax Recognition	
4	Trade receivable decrease is analysed as follows:	
	a.Writing off trade receivable not fulfilling the recognition criteria	17.816.578,10
	b. Items reclassification for presentation purposes as per IFRS	(463.808,50)
	Total Trade Receivable Decrease	<u>17.352.769,60</u>
5	Other receivable decrease is analysed as follows:	
	a. Personnel loans evaluation at net present value	(57.613,26)
	b. Writing off receivable not fulfilling the recognition criteria	(604.987,62)
	c. Writing off specially taxed income	(109.219,25)
	d.Items reclassification for presentation purposes as per IFRS	(11.673.743,54)
	Total Other Receivable Decrease	<u>(12.445.563,67)</u>
6	Fixed asset subsidies transferred to income	
7	Retained earnings decrease is analysed as follows:	
	a.Fixed asset depreciation as per usefull life(Note 1a)	(4.502.809,23)
	b.Writing off capitalised expenses(Note 2)	(8.153.870,75)
	c. Deferred Tax recognition (note 3)	9.752.990,31
	d.Writing off receivable (note 4a)	(17.816.578,10)
	e.Writing off receivable(Note 5a,b,c)	(771.820,13)
	f.Subsidies depreciation (note 8b)	(14.550,70)
	g. Adjustment of provision for staff leaving indemnity (Note 9)	(28.648,22)
	h. Reversal entry of dividends distribution (Note11)	5.000.000,00
	Total retained earnings decrease	<u>(16.535.286,82)</u>
8	Increase in fixed asset subsidies is analysed as follows:	
	a. Fixed asset subsidies transferred to next year income	(11.104.780,63)
	b. Subsidies depreciation adjustment as per fixed asset usefull life	(14.550,70)
	Total fixed asset subsidies increase	<u>(11.119.331,33)</u>
9	Adjustment of staff leaving indemnity provision	
10	Item reclassification for presentation purposes	
	Reversal entry of dividends distribution until shareholders general meeting	
11	approval	
12	Item reclassification for presentation purposes as per IFRS	

NOTES ON FINANCIAL RESULTS RECONCILIATION AS AT 1 OF JANUARY 2005

1	Sales income decrease is analysed as follows:	
	a. Writing off shipwreck income not fulfilling IFRS18	(784.910,10)
	b. Items reclassification for presentation purposes as per IFRS	<u>(112.676,83)</u>
		<u>(897.586,93)</u>
2	Cost of sales increase is analysed as follows:	
	a. Writing off capitalised expenses not fulfilling recognition criteria	167.050,92
	b. Fixed asset depreciation as per usefull life	(236.833,51)
	c. Provision adjustment as per IFRS	(148.996,00)
	d. Items reclassification for presentation purposes as per IFRS	<u>(708.567,91)</u>
	Total sales cost increase	<u>(927.346,50)</u>
3	Administration expenses increase is analysed as follows:	
	a. Writing off capitalised expenses not fulfilling recognition criteria	21.720,54
	b. Fixed asset depreciation as per usefull life	31.966,89
	c. Provision adjustment as per IFRS	(604.987,62)
	d. Items reclassification for presentation purposes as per IFRS	<u>(92.130,14)</u>
	Total administration cost increase	<u>(643.430,33)</u>
4	Items reclassification for presentation purposes as per IFRS	
5	Other expenses decrease is analysed as follows:	
	a. Provision adjustment as per IFRS	(365.024,00)
	b. Items reclassification for presentation purposes as per IFRS	<u>913.374,88</u>
	Total Expenses Decrease	<u>548.350,88</u>
6	Personnel loans evaluation at net present value	
7	Deferred tax recognition	