AEGEAN AIRLINES S.A.

Consolidated and Separate
Annual Financial Statements

31 December 2007

In accordance with
International Financial Reporting Standards

ANNUAL FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS FOR THE FISCAL YEAR 2007

It is certified that the attached Financial Statements for the period 01/01-31/12/2007 are those that have been approved by the Board of Directors of the company "AEGEAN AIRLINES S.A." on March 26, 2008 and have been posted on the company's website www.aegeanair.com

The data and information published on press aim at providing a general overview of the financial status and results of AEGEAN AIRLINES S.A. but not a complete picture of the Company's financial status and results, according to the International Financial Reporting Standards.

Dimitrios Gerogiannis
Chief Executive Officer
of the company 'Aegean Airlines S.A.'

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Board of Directors Report Concerning the financial statements for the year ended 31.12.2007

GENERAL REVIEW

2007 has been an important year for Aegean Airlines (the Company) given the completion of the combined offering and the listing of the company's shares in Athens Exchange. IPO proceeds of €135m (prior the deduction of related expenses) coupled with the consistent improvement of financial results create a solid base for the implementation of our future expansion plans.

Financial results for 2007 mirror the success of the company's strategy. Total revenue reached € 482.7m from € 401.1m in 2006 (20% increase), as a result of the rise in passenger traffic. Pre-tax earnings increased by 30% to € 44.6m from € 34.4m in 2006, despite increased competitive conditions prevailing in Western European markets as well as the sharp rise in oil prices. Similarly, net earnings after tax and minority interest increased by 39% to € 35.8m in 2007 against € 25.7m in 2006. Noteworthy, key factors that have contributed to the improvement in profitability were scale economies, increased capacity of RJ Avro aircraft as well as distribution costs efficiencies.

Total equity increased by € 151m reaching € 167.5m, as a result of increased profitability and proceeds from the combined offering. Total fixed assets increased to € 124.3m from €71.8m in 2006, mainly due to advances for aircraft acquisition.

Revenue from **scheduled flights** increased by 24%, accounting for 77% of total revenue (excluding airport passenger charges). The average fare increased by 4% as a result of the increasing contribution of international network traffic as well as the increase in average stage length. Average load factor decreased to 70% from 72%, due to the addition of new routes (mainly seasonal).

Revenue from **charter** flights accounted for 10% of total revenue (excluding airport passenger charges), easing by 4% compared to 2006 due to the reduction of charter flights in favor of increased activity of scheduled services.

Aegean Airlines reported a strong rise in **passenger traffic** for the full year 2007. More specifically, the company transferred 5.2 million passengers from 4.5 million in 2006, ie. an increase of 18%. Total flights increased by 14% vs the previous year, reaching 54,685. At the same time, the number of average passengers per flight improved to 96 from 93 in the previous year. Aegean Airlines' market share in Athens International Airport for both domestic and international traffic increased to 25% from 23% in 2006.

Domestic traffic increased 10% compared to 2006 reaching 3.4m passengers in 2007. A significant rise of 35% was reported in international traffic, amounting to 1.9m passengers. Passenger traffic growth was driven by new route additions and the successful implementation of the company's commercial policy.

As far as **network expansion** is concerned, Aegean Airlines introduced in 2007 new direct flights from Athens to Munich and Frankfurt – code shared with Lufthansa -, doubled frequencies in Athens-Milan and also added frequencies in both Athens-Sofia and Athens-Bucharest, reaching 12 weekly frequencies each. In the domestic market, the company added new routes from Thessaloniki to Chania and Kos. Last, a number of seasonal routes were introduced in 2007 from Heraklion, Mykonos and Santorini to German and Italian destinations.

In 2007 the company initiated its **fleet renewal program** as it took delivery of the first 3 new aircraft (type Airbus A 320). In addition, Aegean Airlines proceeded with the order of 6 additional aircraft Airbus A 320 through the exercise of a relevant option, with delivery in the first six months of 2010.

BASIC EFFICIENCY MEASUREMENT INDICES

The company evaluates its performance through the review of three basic segments:

1. Domestic and international scheduled flights

AEGEAN AIRLINES S.A. amounts in thousand €

Revenue from domestic and international scheduled flights accounted for 86% of total revenue in 2007

2. Charter flights

The charter activity contributed by 10% to total revenue.

3. Other revenue

Other revenue category accounts for 4% of total revenue and relates to cargo revenue, additional passenger charges (overweight, service charge etc) as well as travel value sales.

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 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 2007 compared to 2006 were as follows:

(σε € cents)	2006	2007
RASK	10.0	9.4
CASK	8.2	7.8
Passenger yield	14.0	13.4

RISK MANAGEMENT

Foreign Exchange Rate Risk

The company incurs a substantial portion of its expenses, such as aviation fuel and 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, 2007, the company had entered into currency contracts to hedge its estimated requirements of U.S. dollars with respect to 80% of the projected needs for 2008, 65% for 2009, 62% for 2010 and 20% for 2011. Cover levels are monitored and reviewed on an ongoing basis in light of market developments and the overall needs of the business. Despite currency hedging practices, the company cannot assure that it will successfully hedge its foreign exchange requirements against adverse movements in the exchange rate of the U.S. dollar, which could have a material adverse effect on the business, financial condition and results of operations.

Interest Rate Risk

The company is exposed to interest rate risk through its cash deposits, borrowings and interest expense relating to aircraft financing arrangements. The company has also exposure to interest rate fluctuations in respect of certain finance and operating leases which are at floating rates. The company does not have a policy of reducing the risk caused by changes in interest rates through the use of interest rate derivatives. Since it has historically operated in a macroeconomic environment of relatively sustained low interest rates and had a relatively low exposure to debt financing in general, there has not being a specific need to enter into derivative instruments such as interest rate swaps to hedge against adverse interest rate developments. The company does not, however, rule out making use of such instruments, depending on the nature and extent of its debt financing operations in the future.

CORPORATE GOVERNANCE

The company has adopted the Principles of Corporate Governance as they are defined in compliance with the existing Greek legislation as well as the international practices. The Corporate Governance as a total of rules and regulations, principals and control mechanisms on which basis a company is organized and administered, is aimed at providing clarity to the investing public as well as protecting its shareholder interests and all the aspects relevant to its operation.

The Board of Directors of Aegean Airlines S.A. is the custodian of the Principles of Corporate Governance of the company.

Presently, it consists of 4 executive and 8 non-executive members.

2 of the non-executive members comply with the stipulations that, in accordance with the requirements of the Law 3016/2002 for the Corporate Governance, are regarded as independent.

The Audit Committee consists of non-executive members of the Board of Directors and is aimed at objective conduct of internal audits as well as effective communication between the audit services and the Board of Directors. Its authorities include the safeguarding of the compliance with the regulations of Corporate Governance, as well as safeguarding of the sound implementation and operation of Internal Audit System and supervision of the company's Internal Audit department.

The internal audit constitutes a basic and necessary stipulation of Corporate Governance. The Internal Audit department of Aegean Airlines S.A. constitutes an independent organisational unit that is accountable to the Board of Directors of the company.

Its authorities comprise the evaluation and improvement of risk management and internal control systems as well as the confirmation of compliance with the institutional policies and procedures as described in the Internal Operation Regulations of the company, the existing legislation and regulatory requirements.

SIGNIFICANT POST BALANCE SHEET EVENTS

In January 2008 the company exercised its option to lease 2 additional Aircraft Airbus A 321 from ILFC with estimated delivery in March and April 2009.

In February 2008 the company announced its Summer Schedule for 2008, adding new frequencies and routes as described in the 'Prospects for the new year' segment.

PROSPECTS FOR THE NEW YEAR

The company has announced its Summer Schedule for 2008 which is summarized as follows:

1. New international destinations from Athens

On May 15 Aegean will begin twice daily non-stop service to London's Stansted Airport using new Airbus A321 of 195 seats configuration. With this move Aegean will serve the most popular international destination from Athens, and 6 of the 7 busiest international destinations overall. Beginning May 2, Aegean will also begin daily service to Tirana. This is Aegean's third destination in the region, after Sofia and Bucharest and significantly improves its Balkans coverage.

2. Further domestic network expansion

Aegean is adding two new domestic destinations in 2008: Limnos and Kefalonia, thus expanding its network to 23 routes (16 from Athens and 7 from Thessaloniki) which account for 98% of potential domestic demand. At the same time, the company is adding frequencies from Thessaloniki to Mykonos, Santorini and Kos.

3. More connections between Greece and Cyprus

Seasonal service between Greece and Cyprus will be improved with the launch of Rhodes-Larnaca service, and an increase in Heraklion-Larnaca flights.

2008 is expected to be an important year for the company as a major part of its fleet renewal investment programme will take place. As a result, important international destinations such as London, Milan, Rome, Larnaca, Düsseldorf and Stuttgart will be operated by new Airbus A320/321s, extending the use of these aircraft beyond Frankfurt and Munich.

The company has initiated its fleet renewal programme in 2007 with the delivery of the first 3 Airbus A320 while in 2008 it will take delivery of 10 aircraft Airbus A320/321. In addition, the company exercised its option to lease 2 A321 in 2009, bringing the total number of new aircraft A 320/321 that would enter its fleet by 2010 to 27. Over the 2008 - 2009 period a total of 15 Boeing 737 300/400 will exit its fleet. As a result, Aegean will have a young, homogeneous fleet, leading to operational efficiencies.

Nevertheless, 2008 will be a challenging year due to the sharp rise in oil prices and the consequent negative impact on the company's cost base. At the same time, the decision for early re-delivery of the Boeing fleet is also expected to lead to higher maintenance costs.

Taking into account the above, the targets for the following year are:

- Exploit the revenue and cost potential offered through the deployment of new aircraft and through the significant competitive advantage.
- Successfully execute on the international network expansion plans
- Accelerate the fleet renewal programme
- Improved customer services (new aircraft, self check-in kiosks etc.)

The Chief Executive Officer

of the company 'Aegean Airlines S.A.'

Dimitrios Gerogiannis

Explanatory report of the Board of Directors addressed to the Annual General Meeting of shareholders, in accordance with article 11a of Law 3371/2005

This explanatory report of the Board of Directors addressed to the Annual General Meeting of Shareholders, contains information regarding article 11a paragraph 1 of Law 3371/2005.

I. Structure of the Company's share capital

The company's share capital amount to 107,125,650 Euro, dividend among 71,417,100 shares, with a nominal value of 1.50 Euro each.

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

The rights of the Company's shareholders with respect to their shares are proportional to the share capital stake to which the paid-in share value corresponds. Each share incorporates all the rights and obligations that are stipulated by the Law and Company's Articles of Association, and more specifically:

- The right to dividends from the annual profits or liquidation profits of the Company.

A percentage of 35% of the net profits following deduction only of the statutory reserves is distributed from the profits of each year to the shareholders as an initial dividend while the distribution of an additional dividend is resolved upon by the General Meeting. The General Meeting determines the added dividend. Dividends are entitled to each shareholder who is registered in the Shareholders' Register at the dividend record date. The dividend for each share is paid to its holder within two (2) months from the date on which the Ordinary General Meeting approved the annual financial statements. The payment date and the payment method are released through the Press. The right to receive payment of the dividend is subject to a time limitation and the respective unclaimed amount goes to the State upon the lapse of five years from the end of the year during which the General Meeting approved the distribution of the said dividend.

- The right to reclaim the amount of one's contribution during the liquidation or, similarly, the writing off of the capital representing the share, provided that this is resolved upon by the General Meeting,

- The right of pre-emption at every share capital increase of the Company via cash payment or the issuance of new shares.

- Each shareholder is entitled to request the annual financial statements along with the relevant reports of the Board of Directors and the Auditors of the Company.

- Shareholders participate in the Company's General Meeting which constitute the following rights: legitimacy, presence, participation in discussions, submission of proposals on the items of the agenda, entry of one's opinion on the minutes of the Meeting and finally the right to vote.

- The General Meeting of Company's Shareholders retain all its rights and obligations during the winding up.

The liability of the shareholders is limited to the nominal value of the shares they hold.

II. 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.

III. Significant direct or indirect holdings in the sense of Presidential Decree 51/1992

On 31.12.2007 the following shareholders held more than 5% of the total voting rights of the Company: Theodore Vassilakis 20.1%, Transmarine 6.9%, Autohellas 6.9%, Athanasios Laskarides 11.4%, Panagiotis Laskarides 7.6%, Cantel Participations 6.2% and Leonidas Ioannou 6.1%.

IV. Shares conferring special control rights

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

V. Limitations on voting rights

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

VI. Agreements among Company shareholders

The Company is not aware of any agreements among shareholders entailing limitations on the transfer of shares or limitations on voting rights.

VII. 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.

VIII. Responsibility of the BoD for the issuance 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.

IX. Important agreement which is amended / terminated in case a change arises in the company's control 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.

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

The Company has no significant agreements with members of the Board of Directors or its employees providing for the payment of compensation, especially in the case of resignation or dismissal without good reason or termination of their period of office or employment due to a public offer.

The Chief Executive Officer

Dimitrios Gerogiannis

INDEPENDENT AUDITOR'S 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") as well as the consolidated financial statements of the Company ("the Group"), which comprise (for both the Company and the Group), the balance sheet as at December 31, 2007, 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.

Auditor's 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 December 31, 2007, 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.

Athens, 27 March 2008
The Auditor

George Deligiannis

SOEL reg no 15791

Grant Thornton

Vasileos Konstantinou 44
116 35 Athens
SOEL reg no 127

AEGEAN AIRLINES S.A. amounts in thousand €

Group Balance sheet

	Notes	31/12/2007	31/12/2006
ASSETS			
Fixed assets			
Intangible assets	(6.1)	301.31	280.54
Tangible assets	(6.2)	27,413.82	26,515.34
Advances for assets acquisition	(6.3)	77,820.93	32,126.21
Deferred tax assets	(6.6)	12,885.48	9,472.39
Other long term assets	(6.7)	5,922.27	3,443.62
Total fixed assets		**124,343.79**	**71,838.10**
Current assets			
Inventories	(6.8)	7,468.92	5,872.68
Customers and other trade receivables	(6.9)	60,113.50	60,380.00
Advances	(6.10)	2,945.28	4,336.45
Cash and cash equivalents	(6.11)	158,309.59	24,355.11
Total current assets		**228,837.28**	**94,944.24**
TOTAL ASSETS		**353,181.07**	**166,782.34**
EQUITY AND LIABILITIES			
Share capital	(6.12.2)	107,125.65	80,344.23
Share premium account	(6.12.2)	144,774.41	42,272.52
Other reserves	(6.12.4)	(22,856.72)	(8,872.82)
Retained losses		(61,551.65)	(97,291.11)
Parent company shareholders equity		**167,491.69**	**16,452.82**
Total equity		**167,491.69**	**16,452.82**
Liabilities			
Long term liabilities			
Long term loan liabilities	(6.13)	30,814.89	20,000.00
Finance lease contracts liabilities	(6.14)	-	14,244.37
Provisions for retirement benefits obligations	(6.15)	4,054.52	3,247.38
Total long term liabilities		**34,869.40**	**37,491.75**
Short term liabilities			
Suppliers and other liabilities	(6.16)	45,800.88	32,562.69
Short term loan liabilities	(6.13)	-	20,364.24
Long term loan liabilities payable next year	(6.14)	26,727.25	2,116.70
Other short term liabilities	(6.17)	5,006.95	5,988.36
Liabilities from tickets sold but not flown	(6.18)	19,640.55	16,415.37
Accrued expenses	(6.19)	11,716.34	10,223.83
Derivative financial instruments liabilities	(6.20)	31,254.24	12,578.78
Current tax liabilities	(6.21)	10,373.77	12,587.80
Provisions	(6.22)	300.00	-
Total short term liabilities		**150,819.98**	**112,837.77**
Total liabilities		**185,689.38**	**150,329.52**
TOTAL EQUITY AND LIABILITIES		**353,181.07**	**166,782.34**

AEGEAN AIRLINES S.A. amounts in thousand €

Balance Sheet of the Company

	Notes	31/12/2007	31/12/2006
ASSETS			
Fixed assets			
Intangible assets	(6.1)	301.31	280.54
Tangible assets	(6.2)	27,413.82	26,515.34
Down payments for tangible assets acquisition	(6.3)	77,820.93	32,126.21
Deferred tax liabilities	(6.6)	12,885.48	9,472.39
Other long term liabilities	(6.7)	5,922.27	3,443.62
Total fixed assets		**124,343.79**	**71,838.10**
Current assets			
Inventories	(6.8)	7,468.92	5,872.68
Customers and other trade receivables	(6.9)	60,113.50	60,354.52
Down payments	(6.10)	2,945.28	4,336.45
Cash and cash equivalents	(6.11)	158,309.59	24,342.66
Total current assets		**228,837.28**	**94,906.31**
TOTAL ASSETS		**353,181.07**	**166,744.41**
EQUITY AND LIABILITIES			
Share capital	(6.12.2)	107,125.65	80,344.23
Share premium account	(6.12.23)	144,774.41	42,272.52
Other reserves	(6.12.4)	(22,856.72)	(8,872.82)
Retained earnings		(61,551.65)	(97,333.92)
Total equity		**167,491.69**	**16,410.01**
Liabilities			
Long term liabilities			
Long term loan liabilities	(6.13)	30,814.89	20,000.00
Finance lease contracts liabilities	(6.14)	-	14,244.37
Provisions for retirement benefits obligations	(6.15)	4,054.52	3,247.38
Total long term liabilities		**34,869.40**	**37,491.75**
Short term liabilities			
Suppliers and other liabilities	(6.16)	45,800.88	32,597.52
Short term loan liabilities	(6.13)	-	20,364.24
Long term loan liabilities payable next year	(6.14)	26,727.25	2,116.70
Other short term liabilities	(6.17)	5,006.95	5,984.93
Liabilities from tickets sold but not flown	(6.18)	19,640.55	16,415.37
Accrued expenses	(6.19)	11,716.34	10,223.83
Derivative financial instruments liabilities	(6.20)	31,254.24	12,578.78
Current tax liabilities	(6.21)	10,373.77	12,561.28
Provisions	(6.22)	300.00	-
Total short term liabilities		**150,819.98**	**112,842.65**
Total liabilities		**185,689.38**	**150,334.40**
TOTAL EQUITY AND LIABILITIES		**353,181.07**	**166,744.41**

AEGEAN AIRLINES S.A. amounts in thousand €

Income statement of the Group

	Notes	31/12/2007	31/12/2006
Revenue	(6.23)	482,736.53	401,063.49
Other operating income	(6.24)	2,292.45	1,113.05
Employee costs	(6.26)	(65,319.27)	(54,745.57)
Depreciation/amortization	(6.2)	(4,129.86)	(6,202.90)
Operating profits		**415,579.85**	**341,228.07**
Aircraft fuel		(95,889.57)	(79,185.19)
Aircraft maintenance		(56,100.75)	(40,864.81)
Navigation charges		(19,458.89)	(15,771.02)
Ground handling costs		(14,964.79)	(11,278.46)
Airport charges		(68,197.55)	(53,348.11)
Catering costs		(13,141.51)	(10,250.66)
Distribution charges		(31,603.15)	(34,652.44)
Advertising & promotion costs		(3,942.60)	(3,456.00)
Aircraft leases		(36,084.99)	(23,685.80)
Cost of materials	(6.8)	(3,603.35)	(3,518.36)
Other operating expenses	(6.25)	(29,661.82)	(25,213.88)
Consumption of materials and services		**(372,648.97)**	**(301,224.73)**
Profit before tax, financing and investing results		**42,930.88**	**40,003.34**
Financial income	(6.27)	8,585.59	4,065.86
Financial expense	(6.27)	(6,915.32)	(7,099.95)
Profit on sales of subsidiaries	(6.28)	5.00	418.44
Loss on sales of associates	(6.29)	-	(2,954.42)
Profit before tax		**44,606.15**	**34,433.27**
Income tax	(6.30)	(8,840.26)	(9,802.58)
Profit after tax from continuing operations		**35,765.89**	**24,630.69**
Profit from discontinued operations		**-**	2,042.54
Profit after tax		**35,765.89**	**26,673.23**
Distributed to:			
Parent shareholders		35,765.89	25,703.43
Minority interest		-	969.80
		35,765.89	**26,673.23**
Profit/(loss) per share			
Basic profit per share in €	(6.31)	0.57	0.48

AEGEAN AIRLINES S.A. amounts in thousand €

Company Income Statement

	Notes	31/12/2007	31/12/2006
Revenue	(6.23)	482,736.53	401,063.49
Other operating income	(6.24)	2,292.45	1,113.05
Personnel expenses	(6.26)	(65,319.27)	(54,745.57)
Depreciation	(6.2)	(4,129.86)	(6,202.90)
Operating profit		**415,579.85**	**341,228.07**
Aircraft fuel		(95,889.57)	(79,185.19)
Aircraft maintenance		(56,100.75)	(40,864.81)
Navigation charges		(19,458.89)	(15,771.02)
Ground handling costs		(14,964.79)	(11,278.46)
Airport charges		(68,197.55)	(53,348.11)
Catering costs		(13,141.51)	(10,250.66)
Distribution charges		(31,603.15)	(34,652.44)
Advertising & promotion costs		(3,942.60)	(3,456.00)
Aircraft leases		(36,084.99)	(23,685.80)
Cost of materials	(6.8)	(3,603.35)	(3,518.36)
Other operating expenses	(6.25)	(29,644.50)	(24,987.57)
Consumption of materials and services		**(372,632.59)**	**(300,998.42)**
Profit before tax, financing and investing results		**42,947.26**	**40,229.65**
Financial income	(6.27)	8,585.59	4,065.57
Financial expense	(6.27)	(6,915.32)	(7,098.03)
Profit on sales of subsidiaries	(6.28)	5.00	968.82
Loss on sales of associates	(6.29)	-	(2,954.42)
Profit before taxes		**44,622.53**	**35,211.59**
Income tax	(6.30)	(8,840.26)	(9,802.58)
Profit of the period after taxes		**35,782.27**	**25,409.01**
Profit per share			
Basic profit per share in €	(6.31)	0.57	0.47

AEGEAN AIRLINES S.A. amounts in thousand €

Group Statement of changes in Equity

	Issued capital	Share premium	Reserves (other)	Accumulated profits (losses)	Total equity for the Group	Minority interest	Total equity
Balance as at 1 January 2006	**80,344.23**	**42,272.52**	**811.23**	**(122,994.55)**	**433.43**	**1,542.37**	**1,975.80**
Equity adjustments for the period 01/01-31/12/2006							
Other reserves			(12,954.55)				
Deferred tax on the items recognized directly in equity			3,270.51				
Net income recognized directly in equity			**(9,684.04)**		**(9,684.04)**		**(9,684.04)**
Net profit of the period 01/01 - 31/12/06				25.703,43		969,80	**26.673.23**
Reduction in minority interest due to sale of subsidiary						(2.512,17)	(2.512,17)
Total profits recognized for the period				**25,703.43**	**25,703.43**	**(1,542.37)**	
Balance as at 31 December 2006	**80,344.23**	**42,272.52**	**(8,872.82)**	**(97,291.11)**	**16,452.82**	**0.00**	**16,452.82**
Balance as at 1 January 2007	**80,344.23**	**42,272.52**	**(8,872.82)**	**(97,291.11)**	**16,452.82**	**0.00**	**16,452.82**
Equity adjustments for the period of 01/01-31/12/07							
Other reserves			(18,632.46)		**(18.632,46)**		**(18.632,46)**
Share capital increase	26,781.42	108,911.11			**135.692,53**		135.692,53
Share capital increase expenses		(8,545.62)			**(8,545.62)**		**(8.545,62)**
Tax on the items recognized directly in equity		2,136.40			**2,136.40**		**2.136,40**
Deferred tax on the items recognized directly in equity			4,648.56		**4,648.56**		**4,648.56**
Net income recognized directly in equity	**26,781.42**	**102,501.89**	**(13,983.90)**		**115,299.41**		**115,299.41**
Subsidiary Sale				(26.44)	**(26.44)**		**(26.44)**
Net profit of the period 01/01 - 31/12/07				35,765.89	**35,765.89**		**35,765.89**
Net profit/Loss recognized for the period				**35,739.45**	**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**	**0.00**	**167,491.69**

AEGEAN AIRLINES S.A. amounts in thousand €

Statement of changes in Equity of the Company

	Issued capital	Share premium	Reserves (other)	Accumulated profits (losses)	Total equity
Balance as at 1 January 2006	**80,344.23**	**42,272.52**	**811.23**	**(122,742.93)**	**685.05**
Equity adjustments for the period 01/01-31/12/2006					
Other reserves			(12,954.55)		**(12,954.55)**
Deferred tax on the items recognized directly in equity			3,270.51		**3,270.51**
Net income recognized directly in equity			**(9,684.04)**		**(9,684.04)**
Net profit 01/01 - 31/12/06				25,409.01	**25.409,01**
Total profits recognized for the period				**25,409.01**	**25,409.01**
Balance as at 31 December 2006	**80,344.23**	**42,272.52**	**(8,872.82)**	**(97,333.92)**	**16,410.01**
Balance as at 1 January 2007	**80,344.23**	**42,272.52**	**(8,872.82)**	**(97,333.92)**	**16,410.01**
Equity adjustment 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)**
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 the equity	**26,781.42**	**102,501.89**	**(13,983.90)**		**115,299.41**
Net profit of the period 01/01 - 31/12/07				35,782.27	**35.782,27**
Total profit/Loss 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**

AEGEAN AIRLINES S.A. amounts in thousand €

Cash Flow Statement of the Group

	31/12/2007	31/12/2006
Cash flows from operating activities		
Net profit of the period	**35,765.89**	**26,673.23**
Adjustments for:		
Taxes	8,840.26	9,802.58
Depreciation	4,129.86	6,202.90
Results from sale of assets	183.55	(425.40)
Profits from sale of subsidiaries	(5.00)	(418.44)
Losses from sale of affiliated firms	-	2,954.42
Interest and other financial income	(3,548.86)	(253.73)
Interest and other financial expenses	3,637.72	3,370.74
Loss /(profit) from financial derivatives	(113.45)	(876.05)
Provisions for retirement benefits obligations	1,168.57	855.71
Operating flows from discontinued activity	-	1,290.82
Cash flows from operating activities before changes in working capital	**50,058.54**	**49,176.78**
Changes in working capital		
(Increase)/Decrease in inventories	(1,596.24)	(588.47)
(Increase)/Decrease in trade & other receivable	(30,292.99)	(3,987.95)
Increase/ (Decrease) in payables	15,873.26	15,285.62
Cash outflows for retirement benefits obligations	(61.43)	(145.38)
Increase/(Decrease) in financial derivatives liabilities	4,805.01	2,946.93
Other changes in working capital	(2,478.65)	(1,410.07)
Total changes in working capital	**(13,751.03)**	**12,100.68**
Interest expenses	(3,102.39)	(3,559.26)
Income taxes paid	(6,643.72)	-
Net cash flows from operating activities	**26,561.40**	**57,718.20**
Cash flows from investing activities		
Purchases of tangible assets	(7,069.10)	(8,091.69)
Sales of tangible assets	25,843.26	902.95
Down payments for purchases of tangible assets	(43,620.59)	(27,372.20)
Sale of affiliates/subsidiaries	2,682.10	45.58
Interest and other financial income received	2,048.78	253.73
Investment flows from discontinued activity	-	(1,629.68)
Net cash flows from investing activities	**(20,115.55)**	**(35,891.31)**
Cash flows from financing activities		
Loans	17,177.89	2,143.83
Share capital increase	135,237.42	-
Share capital increase expenses	(8,545.62)	-
Changes in finance lease capital	(16,361.07)	(3,099.72)
Financing flows from discontinued operations	-	(1,703.69)
Net cash flows from financing activities	**127,508.62**	**(2,659.58)**
Net (decrease)/ increase in cash and cash equivalents	**133,954.48**	**19,167.31**
Cash and cash equivalents at the beginning of the year	24,355.11	5,187.80
Cash and cash equivalents at the end of the period	**158,309.59**	**24,355.11**

AEGEAN AIRLINES S.A. amounts in thousand €

Cash Flow Statement of the Company

	31/12/07	31/12/06
Cash flows from operating activities		
Net profit (loss) of the period	**35,782.27**	**25,409.01**
Adjustments for:		
Taxes	8,840.26	9,802.58
Depreciation of tangible assets	4,129.86	6,202.90
Results from sale of assets	183.55	(425.40)
Profits from sale of subsidiaries	(5.00)	(968.82)
Losses from sale of affiliates	-	2,954.42
Interest and other financial income	(3,548.86)	(253.73)
Interest and other financial expenses	3,637.72	3,370.74
Loss /(profit) from financial derivatives	(113.45)	(876.05)
Provisions for retirement benefits obligations	1,168.57	855.71
Cash flows from operating activities before changes in working capital	**50,074.92**	**46,071.36**
Changes in working capital		
(Increase)/Decrease in inventories	(1,596.24)	(588.47)
(Increase)/Decrease in trade & other receivable	(30,291.96)	(4,025.36)
Increase/(Decrease) in payables	15,855.86	15,146.60
Cash outflows for retirement benefits obligations	(61.43)	(145.38)
Increase /(Decrease) in financial derivatives liabilities	4,805.01	2,946.93
Other changes in working capital	(2,478.65)	(1,410.07)
Total changes in working capital	**(13,767.40)**	**11,924.25**
Interest expenses	(3,102.39)	(3,559.26)
Income tax paid	(6,643.72)	-
Net cash flows from operating activities	**26,561.41**	**54,436.35**
Cash flows from investing activities		
Purchases of tangible assets	(7,069.10)	(8,091.69)
Sales of tangible assets	25,843.26	902.95
Advances for the acquisition of assets	(43,620.59)	(27,372.20)
Sale of subsidiaries	2,694.55	-
Sale of affiliates	-	45.58
Interest and other financial income received	2,048.78	253.73
Net cash flows from investing activities	**(20,103.10)**	**(34,261.63)**
Cash flows from financing activities		
Loans	17,177.89	2,143.83
Share capital increase	135,237.42	-
Share capital increase expenses	(8,545.62)	-
Changes in finance leases capital	(16,361.07)	(3,099.72)
Net cash flows from financing activities	**127,508.62**	**(955.89)**
Net (decrease)/ increase in cash and cash equivalents	**133,966.94**	**19,218.83**
Cash and cash equivalents at the beginning of the year	24,342.66	5,123.83
Cash and cash equivalents at the end of the period	**158,309.59**	**24,342.66**

AEGEAN AIRLINES S.A. amounts in thousand €

1 General information

The company AEGEAN AIRLINES S.A. is a Societe Anonyme airline company under the discreet title AEGEAN AIRLINES, that 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 (Viltanioti St. PC 145 64).

The financial statements for the period ended 31st December 2007 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 February 19th 2008 and are subject to approval of the Ordinary General Meeting of the shareholders that is to assemble within the first six month period of 2008.

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.

3 Basis of preparation of the financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost principle as modified by the revaluation of particular items of assets and liabilities at their fair value, the going concern principle and are in conformity with the framework for the preparation of financial statements of IASB.

IASB has issued a series of standards that are referred to as «IFRS Stable Platform 2005». The company applies «IFRS Stable Platform 2005», that comprises the following standards:

I.A.S. 1	Presentation of financial statements
I.A.S 2	Inventories
I.A.S 7	Cash flow statements
I.A.S 8	Accounting Policies, Changes in Accounting Estimates and Errors
I.A.S 10	Events after the balance sheet date
I.A.S 12	Income taxes
I.A.S 14	Segment reporting
I.A.S 16	Property, plant and equipment
I.A.S 17	Leases
I.A.S 18	Revenue
I.A.S 19	Employee benefits
I.A.S 21	The Effects of Changes in Foreign Exchange Rates
I.A.S 23	Borrowing costs
I.A.S 24	Related party disclosures
I.A.S 26	Accounting and Reporting of Retirement Benefit Plans

AEGEAN AIRLINES S.A. amounts in thousand €

I.A.S 27	Consolidated and separate financial statements
I.A.S 28	Investments in associates
I.A.S 32	Financial Instruments: Disclosure and Presentation
I.A.S 33	Earnings per share
I.A.S 34	Interim financial reporting
I.A.S 36	Impairment of assets
I.A.S 37	Provisions, Contingent Liabilities and Contingent Assets
I.A.S 38	Intangible assets
I.A.S 39	Financial Instruments: Recognition and Measurement
I.F.R.S. 2	Share based payment
I.F.R.S. 3	Business combinations
I.F.R.S. 5	Non-current Assets Held for Sale and Discontinued Operations

3.1 New accounting standards, amendments and IFRIC interpretations effective in 2007 and relevant to the Group's operations

There have been issued new IFRSs, amendments and interpretations that are mandatory for accounting periods beginning on or after 1st January 2007. Management estimates for the Company and the Group concerning the impact of the adoption of theses new standards and interpretation is as follows:

- **IAS 1 (amendment) Capital disclosures**

According to the amendment of the accounting standard the company is required to disclose the capital management objectives, policies and procedures regarding in its annual financial reports.

- **IAS 19 (amendment) – Employee benefits (mandatory application beginning on 1/1/2006)**

This particular amendment is mandatory for the periods starting on or after 1st January 2006. The aforementioned amendment provides the option of an alternative approach to the recognition of actuarial gains and losses and, additionally, sets new disclosure requirements. Since the Group has no intention to change the accounting principle applied for the recognition of actuarial gains and losses and does not participate in a multi employers plan, the application of the aforementioned amendment is not expected to have impact on the financial statements of the Group.

- **IAS 39 (amendment) - the fair value option**

This particular amendment limits the classification of financial instruments as financial instruments measured at fair value through profit and loss. There were not such a case for the company until 31/12/2007.

- **IFRIC 4. Determining whether an arrangement contains a lease**

This particular interpretation sets criteria in order to asses whether an arrangement contains a lease and is not of a lease legal type. The particular interpretation adoption is not expected to have impact on the accounting treatment of any of the Group arrangements.

- **IAS 39 (amendment) - Cash Flow Hedge Accounting of Forecast Intragroup Transactions**

This particular amendment allows a forecast intragroup transaction to be classified as a cash flow hedge transaction in the consolidated financial statements provided that a) a transaction is more than probable to be realized and is consistent with the accounting hedge criteria of IAS 39, b) the transaction is denominated in different currency from that of its functional currency c) the foreign currency risk will have an impact on the consolidated profit and loss (eg. sales of inventories out off the Group). The amendment will have no impact on the financial statements of the Group since there are no intragroup transactions that are classified as hedged items.

- **IFRS 7, Financial Instruments: Disclosures and amendment of IAS 1 Presentation of financial statements – Capital disclosures (applied to annual accounting periods that start on or after 1st January 2007)**

IFRS 7 requires further disclosures for all financial instruments aimed at improvement of information provided and, in particular, requires the disclosure of qualitative and quantitative information regarding the risks emanating from the use of the financial instruments. The corresponding adaptation of IAS 1 concerns the disclosures of the size of the company's capital as well as the manner they are managed. The Group applies IFRS 7 from 1/1/2007.

3.1.2 Changes in accounting principles (amendments to published standards with effective date in 2007)

The changes in accounting principles which have been adopted and they are in accordance with the ones of the previous years are analyzed as follows:

- ***Amendment of IAS 1 Presentation of financial statements***

Because of the issue of IFRS 7 some amendments to IAS 1 Presentation of Financial statement were appropriate an some additional requirements were added to IAS 1 with regard to the disclosures of a financial entity. The Group now reports on its capital management objectives, policies and procedures in each annual

financial report.

- ***Adoption of IFRS 7 Financial instruments: disclosures***

IFRS 7 is mandatory for reporting periods beginning on 1 January 2007 or later. The new Standard replaces and amends disclosure requirements previously set out in IAS 32 Financial Instruments: Presentation and Disclosures and has been adopted early by the Group in its 2007 consolidated financial statements. All disclosures relating to financial instruments including all comparative information have been updated to reflect the new requirements. In particular, the Group's financial statements now feature

1. a sensitivity analysis, to explain the Group's market risk exposure in regards to its financial instruments, and
2. a maturity analysis that shows the remaining contractual maturities of financial liabilities,

each as at the balance sheet date. The first-time application of IFRS 7, however, has not resulted in any prior-period adjustments of cash-flows, net income or balance sheet line items.

3.2 Standards, amendments and interpretations effective in 2007 but not relevant to the Group's operations

- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
- IFRIC 7, Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
- IFRIC 9, Reassessment of Embedded Derivatives

3.3 Standards, amendments and interpretations to existing standards that are not yet effective (and have not been early adopted by the Group)

The international accounting standards board as well as the Interpretations committee have already issued a series of new accounting standards and interpretations which are not imperative to apply them in the accounting periods starting !st of January 2007. The Group's estimate regarding the effect of these new standards and interpretations are as follows:

- IFRS 8, Operating sectors (applied to annual accounting periods starting on or after 1st January 2009)

IFRS 8 maintains the general objective of IAS 14. It requires that the entities whose shares and bonds are publicly traded, as well as the entities that are in the course of issuance of shares and bonds, should present financial information as segment reporting

- IFRIC 11, IFRS 2 – Transactions in participating titles of the same company of companies of the same group (applied to annual accounting periods starting on or after 1ST March, 2007)

IFRIC 11 provides guidance regarding whether a payment agreement based on the value of the entity's shares, which receives goods or services as an exchange for its own participating titles, will be accounted for as a transaction settled with participating titles or as a transaction settled in cash.

- IFRIC 12, Service Concession Agreements (applied to annual accounting periods starting on or after 1st January, 2008)

The particular interpretation provides guidance on accounting for some arrangements in which a public sector body engages a private sector entity to provide services to the public.

- IFRIC 13, Customer loyalty programs (effective for accounting periods beginning on or after 1st July 2008

Customer loyalty programs provide to customers incentives to buy the company's goods or services. If the customer buys goods or services then the company provides him with award credits "points" that he can redeem in the future in order to obtain for free or for a reduced price other goods or services.

- IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (it is effective for accounting beginning on or after 1st January 2008)

IFRIC 14 covers the interaction between minimum funding requirements and (which are usually imposed by laws and regulations) the measurement of a defined benefit asset. The subject of IFRIC 14 is related only to limited occasions of Defined benefit plans which are in surplus or are under minimum funding requirements.

- IAS 23-Borrowing costs (amended 2007 – effective for yearly accounting periods ending on or after 1st January 2009)

The amended IAS 23 eliminates the option of the immediate recognition as an expense of the borrowing costs referring to acquisition, construction or production of an asset. The characteristic of this asset is that it takes a substantial period of time for it to be ready for use or sale.

The Group and the company does not indent to apply earlier the standards and interpretations.

3.4 Important accounting judgments, estimates and assumptions

The preparation of financial statements according to International Financial Reporting Standards (IFRS) demands from management the formulation of judgements, assumptions and conditions that affect 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.

3.4.2 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 – the company's judgment concerning the future course of its investments has a significant impact on its assessments concerning the valuation of the particular investments.
- 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
- 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.

3.4.3 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 group 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 taxes.** The reliable measurement of income taxes is based on the estimates of the current as well as on the deferred tax. The Group and the Company recognize liabilities for anticipated tax matters, based on estimates for potential amounts due for additional taxes.
- **Fair value of derivatives and other financial instruments**. The Group uses derivatives for risk management that relate to foreign currency. Hedge accounting through the use of derivatives requires that in the beginning and according to the specific conditions of the contract, the hedged item and the hedging instrument (derivative financial contract) meet the requirements for hedge accounting.
- **Bad debts**. Provisions for bad debts are based on historical statistical evidence maintained by the company and the Group regarding the risk of non-recoverability of accounts receivable, mainly from agents,.
- **Contingencies.** The Group 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 December 31, 2007. 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.

4 Summary of accounting policies used

4.1 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 presented have been prepared under the historical cost principle.

The preparation of financial statements in accordance with IFRS requires the use of accounting assessments. Furthermore, it requires the management to make judgments upon the application of accounting policies concerning the cases which comprise a higher degree of judgment or the cases when the estimates and assumptions are material to the financial statements. It is stressed that accounting estimates and assumptions are used for the preparation of the financial statements. Besides the fact that these estimates are based on the best knowledge of the management regarding current events and actions, the final results is possible to differed from those assumed. The financial statements are presented in thousand Euro. It is to be noticed that possible small deviations are due to approximations.

AEGEAN AIRLINES S.A. amounts in thousand €

4.2 Consolidation

The consolidated financial statements, except the mother company, comprise the financial statements of the companies AEROGRAMMES ELLADOS – AERODROMISSIS S.A (discreet title AIR GREECE) for the year 2006 and 2007 (until March 2007)

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).

GOLDAIR HANDLING GROUND SERVICES S.A. (discreet title GOLDAIR HANDLING A.E.) is reported for the year 2006 as discontinued operation. The development of investments associates and affiliates is analyzed as follows:

GOLDAIR HANDLING GROUND SERVICES S.A.	Subsidiary with an interest of 52.2% for 01/01/06 – 29/12/06 Sold in December 2006
AIR GREECE S.A.	Subsidiary by 99.29% Sold in March 2007
ABELA HELLAS CATERING SERVICES S.A.	Associate with an interest of 45% for 01/01/06-11/11/06 Sold in December 2006

4.3 Basis of consolidation

Subsidiaries

Subsidiaries are companies which they are controlled by another company (a parent) directly or indirectly through the possession of the majority company's shares or the majority of its voting rights. This means that subsidiaries are companies where the parent company controls financial and business policies. Subsidiaries are fully consolidated (full consolidation) using the purchase method from the date on which effective control is transferred to the Company and cease to be consolidated from the date on which such control ceases to exist. In particular, concerning the business combinations entered into prior to the date of the company adoption of IFRS (1st December 2004), the company used the exception of IFRS 1 and the purchase method was not retrospectively applied. In the frame of the aforementioned exception, the Company did not reassess the acquisition cost of the subsidiaries acquired prior to the date of IFRS adoption, nor the fair value of the acquired assets, liabilities and contingent liabilities as at the acquisition date. The accounting principles of the subsidiaries have been readjusted in compliance with those adopted by the parent company. In the separate financial statements subsidiaries are measured at acquisition cost less impairment loss. At 31/12/2007 the company did not hold this kind of investments.

Inter-company transactions

Balances and unrealised profits from inter-company transactions have been eliminated. The unrealised losses are also eliminated apart from the cases when the transaction has the transferred asset impairment indications.

Associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture and the holding interest is between 20% and 50% of the voting rights. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. According to the equity method the cost of investment increases proportionately to the change of the associate's equity and decreases with the dividends received from the associate. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any bad debts, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. In the separate financial statements, the associates are accounted for and presented at cost less any impairment losses.

4.4 Foreign currency translation

The items included in the financial statements are presented in the currency of the primary economic environment that the company operates (functional currency). The financial statements are presented in Euro, which is also the functional and presentation currency of the 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 recognised in the income statement.

On the balance sheet date, non monetary items are measured with the rates that existed on the dates that these transactions occurred. Translation differences on non-monetary financial assets and liabilities measured at fair value are considered as part of the fair and therefore are reported in the same manner as the differences in fair value. Translation differences recognized in the income statement are included in finance costs. Out of Greece activities of the company are translated into functional currency using the average closing rates of the period the transactions occurred.

4.5 Property, plant and equipment

Tangible assets are reported in the financial statements at acquisition cost or deemed cost, as determined based on fair values as at the transition date, 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 Group and their cost can be accurately and reliably measured. The repair and maintenance cost is recognized in the results when such cost is realized. Expenditure on repairs and maintenance is recognized as an expense in the period they occur. 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
Aircraft	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 booked as an expense in the income statement. Upon sale of the tangible fixed assets, any difference between the proceeds and the book value is booked as profit or loss to the results.

4.6 Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of the share of the subsidiary's/associate's equity at the date of the acquisition. On the acquisition date, the company recognises the goodwill arising from the business combination as an asset and presents it at cost. This cost is the excess of the cost of the business combination over the company's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized but annually tested for impairment whenever events or circumstances make it more likely than not that an impairment may have occurred in accordance with IAS 36. In case the acquisition cost is lower than the company's share in the equity of the acquired company, the former reassesses the acquisition cost and measures the assets, liabilities and contingent liabilities of the acquired company and any excess that remains is recognized directly in profit or loss of the period.

4.7 Intangible Assets

Intangible assets include acquired software licenses. Software licenses are valued at cost of acquisition less accumulated depreciation. Depreciation is calculated using the straight line method during the assets' useful life that range from 1 to 3 years.

4.8 Impairment of 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. 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.

4.9 Leases

The group 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.

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 recognised to the income statement over the period of the lease.

The Group operates as lessee in finance and operating leases and as a lessor in operating leases. As a lessor the Group receives lease payments from the sublease of the office in Heraklion Crete. The amounts that are received are immaterial compared to the group or the company's revenues.

4.10 Financial assets

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
- Held-to-maturity investments

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 in equity. The financial assets are recognized accounting wise at the date of settlement.

4.10.2 Financial assets at fair value through profit or loss

These comprise financial assets (including derivatives, except for those that are designated and effective hedging instruments) those that are acquired or incurred for the purpose of sale or repurchase and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-making. Upon initial recognition, they are designated by the company as an instrument measured at fair value, with any changes recognized in the Income Statement. Realized and unrealized gains or losses arising from changes in fair value of the financial assets are represented at the fair value of the changes in profit or loss during the period they arise. In addition, financial assets that do not fulfill the criteria for hedging accounting are classified as 'held for commercial purposes'. Financial assets that have been initially being classified as financial assets at fair value through profit and loss cannot be re-classified. The Group as at 31.12.2007 has not classified assets at this category as all derivatives are used for hedging.

4.10.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category (Loans and Receivables) does not include:

α) receivables from advances for purchase of goods or services,

b) receivables related to tax dealings ,

c) anything not covered by the contract thus giving the right to the company to receive cash or other financial assets.

Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. Loans and receivables are recognized at amortized cost using the effective interest method minus possible write downs. Any change in the value of loans and receivables(resulting from write downs, write offs or amortization) is recognized directly at profit and loss in the case of

4.10.4 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed date of maturity for which there is the intention to hold them until maturity. Sale and purchase of the investments are recognised at the transaction date which is the date when the Group is committed to sell or purchase the investments. These investments are initially recognised at their fair value plus directly attributable transaction costs. The investments are written off when the right to cash flows from the investment expires or transferred and the Group has transferred substantially all the risks and rewards incidental to ownership. The group did not hold as at 31.12.2007 (and 31.12.2006) any held to maturity investments.

4.10.5 Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the above mentioned categories. Available for sale financial assets are subsequently measured at fair value and relevant gains or losses are recognized in equity until their disposal or impairment. On disposal or impairment, gains or losses previously recognized in equity are charged in the income statement. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss.

4.10.6 Fair value

The fair values of financial assets that are quoted in active markets are defined by current closing 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.

4.10.7 Fair value – Write downs

The fair values of financial assets that are quoted in active markets are defined by current closing prices. Regarding non-tradable assets, their fair values are defined with the use of valuation techniques such as analysis of recent transactions, comparative items that are traded and discounted cash flows. Securities that are not quoted in an active market and that have been classified available for sale financial assets, and whose fair value cannot be determined reliably, are valued at their acquisition cost.

On every Balance Sheet date, the Group assesses whether there is objective evidence that might lead to the conclusion that the financial assets have been impaired. Regarding equity shares that have been classified as available for sale financial assets, such evidence is constituted by significant or prolonged decrease of fair value compared to acquisition cost. In case an impairment is formulated, the cumulative loss recognized in equity that is the difference between the acquisition cost and the fair value is charged to the income statement.

4.11 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. On the Balance Sheet date, the inventories are measured at the lower of cost and net realizable value.

4.12 Trade receivables

Receivables from clients are initially accounted for at their fair value and are subsequently measured at amortized cost using the effective rate method less provisions for impairment, unless the result of the discounting process is not material.

Impairment loss for trade receivables is formed when there is objective evidence that the company is not in the position to collect all the amounts due on the basis of contractual terms and is carried as expense in the results.

4.13 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments with an original maturity of three months or less.

4.14 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.

4.15 Bank loans

Bank loans provide the long term financing of the company. All the loans are initially recognized at cost, which is the fair value of the capital received, less direct expenses which relate to the issue of the loan. Subsequent to initial recognition, loans are carried at amortized cost using the real interest rate method. Amortized cost is calculated taking into account any issuance cost and any discount or paid surplus at settlement.

4.16 Financial liabilities

The financial liabilities, apart from bank loans, include trade and other payables and liabilities incurred for the maintenance of aircraft from operating leases and the financial leases. Financial liabilities are recognised when the company becomes a party to the contractual agreements of the instrument and derecognised when the obligation under the liability is discharged, cancelled or expires. All interest related charges are recognised as an expense in "finance cost" in the income statement. Trade payables are recognised initially at their nominal value (unless time value of money is important). Operating lease aircraft maintenance liabilities are measured at the discounted value of the relevant commitment.

4.17 Income tax & deferred tax

The tax for the period comprises current income tax and deferred tax, i.e. tax expected to be paid or recovered on the difference between the carrying amount and the tax base of assets and liabilities and it is accounted for using the liability method. Deferred tax assets are recognized to the extent that it is probable that they will be offset against future taxable income. Deferred tax liabilities are recognized for all taxable temporary differences.

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 its 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. Most changes in deferred tax assets or liabilities are recognized as part of current income tax and are charged in the income statement. Changes in assets or liabilities recognized directly in equity have the effect that respective changes in deferred tax assets or deferred tax liabilities are recognized in relevant accounts of equity as well.

Current income tax comprises of obligations to, or claims from, fiscal authorities based on taxable income of the current reporting period, and of any additional taxes that relate to previous reporting periods. Income tax is charged to the income statement for the period, except from taxes that relate to transactions that have been recorded directly to equity. In this case, taxes are charged directly to equity.

4.18 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.

Defined contribution plan

Based on the defined contribution plan, the company's obligation (legal or constructive) is limited to the amount that has been agreed that the company contributes to the institution (the fund) that operates the contributions and provides the benefits. The company has no other payment obligation from the moment that contributions are made. The contributions are recognised as expense for employee benefits in the year accrued. Prepaid contributions are recognised as assets to the extent the cash return or decrease is expected in the future payments.

Defined benefit plan

The 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 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. Discounting uses the interest rate of Greek government bonds which have terms to maturity approximating the terms of the related 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 plan.

4.19 Provisions, contingent liabilities and contingent assets

Provisions are recognised 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 they can be estimated reliably. Provisions are measured at each balance sheet date and they are adjusted in order to reflect the present value of the outflows expected to be required to settle the obligation.

Contingent liabilities are not recognized in the financial statements but are disclosed in case the probability of cash flows is substantial but cannot be reliably estimated. Contingent assets are not recognized in the financial statements but are disclosed provided that the inflow of economic benefits is probable

4.20 Revenue and expense recognition

- Revenue: Revenue is measured at the fair value of the consideration received from sales of goods or services rendered and is shown net of value-added tax, returns, rebates and discounts. The revenue recognition is as follows:

- **Rendering of services**: Revenue from rendering of services is accounted by reference to the period when the services are rendered based on the stage completion of the rendered services. The services rendered refer to the transfer of passengers and goods via scheduled and unscheduled (chartered or leased) flights.

Revenues of services that will be rendered in subsequent periods are recognized as liabilities (subsequent period revenue) and are transfered in revenues in the period that the services are actually rendered.

- **Interest income**: interest income is recognized time proportionally using the effective interest rate

- **Expenses**: Expenses are recognized on an accrual basis. Based on this principal, the aircraft maintenance expenses are adjusted on the basis of accrued flight hours. Interest expenses are recognized using the effective interest method rate.

4.21 Risk management

The Group is exposed to a variety of risks such as credit risk, market risk and liquidity risk.

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising mainly from US Dollar. This risk mainly arises from transactions in foreign currency. In order to manage this risk, the Group uses financial derivatives. Those financial derivatives are classified as foreign exchange risk hedging instruments concerning particular items of assets, liabilities or future transactions.

(ii) Aircraft fuel price risk

The Group is exposed to the risk of oil price fluctuation that has a direct impact on the aircraft fuel price. The Group applies fuel surcharges on domestic and international flight ticket prices.

(iii) Interest rate risk

The company's assets that are exposed to interest rate fluctuations refer only to cash and cash equivalents. The Group uses fluctuating interest rate products for the total of its bank loans. According to the size of the fluctuating interest rate liabilities, the Group proceeds to the assessment of interest rate risk and, where required, considers the necessity of financial derivatives interest rate use.

(iv) Credit risk

In order to protect itself from the credit risk, the Group monitors, on a stable basis, its trading receivables and whenever necessary, assesses the insurance of the receivables collection, mainly through factoring.

(v) Liquidity risk

The continuous monitoring of liquidity risk presupposes substantial cash balances. The Group 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.

4.22 Derivatives and hedge accounting

All derivatives are recognized in the balance sheet at fair value on the date on which the contract is entered into and subsequently they are remeasured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. The fair value is determined by the closing prices in the case of tradable assets or through the use of valuation techniques in the case of non tradable assets.

The method of recognizing gains or losses depends on whether derivatives are considered as hedging items. Gains or losses from the change in fair value during the fiscal year of derivatives not classified as hedging items are charged directly to the results.

The Group uses derivative financial instruments as cash flow hedges. In particular, the Group has entered into forward rate agreements (Forwards) with the objective of covering the foreign exchange risk of a part of company's liabilities in USD for the years from 2008 to 2011. The derivatives refer to Forwards denominated in Dollars at predetermined prices at the particular dates. The Group's closing position is formed on the basis of average price at the expiry date.

At inception of hedging transaction and the following use of derivative financial instruments, the Group establishes the corresponding relation between the hedged item and the hedging instrument concerning risk management and transaction strategy. Furthermore, the Group establishes the assessment of hedge effectiveness regarding offsetting changes in hedged items' cash flows not only at the inception of the hedging relation but also on a continuous basis.

4.23 Cash flow hedging

Through cash flow hedging, the Group tries to cover the risks caused by changes in cash flows arising from assets or liabilities or a future transaction, and such a change will affect the income statement. Changes in the fair value of the effective portion of hedging instrument are recognized in equity as "reserves" whilst the ineffective portion is recognized in the income statement. Amounts that are accumulated in equity are charged in the income statement when the hedged items are also recognized in the income statement.

If the hedge of a prospected transaction ends up at a later stage to the recognition of a financial asset or a financial liability, related gains or losses that have being recognized directly to equity will be reclassified to the results during the period that the acquired asset or liability impacts the results. If the financial entity expects that part or all of the loss charged to equity will not be recovered in one or more future periods, will reclassify to the results the amount that will not be recovered.

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 profit or loss.

AEGEAN AIRLINES S.A. amounts in thousand €

During the current year the group has recognized specific foreign exchange future contracts as hedging items. The agreements are conducted aiming at offsetting the foreign exchange risk. The results from the recognition of financial assets and liabilities are presented on 'Derivative financial instruments liabilities'.

5 Segment reporting

The results of the Group per segment are as follows:

01/01/2006-31/12/2006	Scheduled flight revenue	Charter flight revenue	Other operating income	Total
Total revenue from rendering of services	**330,074.66**	**52,147.94**	**18,840.89**	**401,063.49**
Operating result	**28,817.83**	**4,848.77**	**6,537.89**	**40,204.49**
Unallocated operating expenses				(822.03)
Financial results				(5,570.06)
Other operating income/expense				620.87
Profit before taxes				**34,433.27**
Income tax				(9,802.58)
Net results for the period				**24,630.69**
Profit from discontinued operations				2,042.54
Net results for the period				**26,673.23**

01/01/2007-31/12/2007	Scheduled flight revenue	Charter flight revenue	Other operating income	Total
Total revenue from rendering of services	**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 that aforementioned services and sources of revenue derive from assets and liabilities which cannot be further separated into segments while joint infrastructure is used.

6 Notes on the financial statements

6.1 Intangible assets

As at 31/12/2007, the Group holds intangible assets amounting to € 301.31 thousand that refer to software licenses. The changes in the aforementioned for the group are analyzed as follows:

Software	31/12/2007	31/12/2006

Acquisition cost		
Balance as at January 1	**2,068.59**	**1,988.70**
Additions	271.14	148.19
Disposals	-	(68.30)
Total acquisition cost	**2,339.73**	**2,068.59**
Accumulated amortization		
Balance as at January 1	**1,788.05**	**1,512.13**
Amortizations	250.37	336.00
Amortization reduction due to sale of subsidiary	-	(60.08)
Total accumulated amortization	**2,038.42**	**1,788.05**
Unamortized cost	**301.31**	**280.54**

The changes for the company are analyzed as follows:

Software	**31/12/2007**	**31/12/2006**
Acquisition cost		
Balance as at January 1	**2,068.59**	**1,920.40**
Additions	271.14	148.19
Total acquisition cost	**2,339.73**	**2,068.59**
Accumulated amortization		
Balance as at January 1	**1,788.05**	**1,452.05**
Amortizations	250.37	336.00
Total accumulated amortization	**2,038.42**	**1,788.05**
Unamortized cost	**301.31**	**280.54**

6.2 Property, plant and equipment

The company carried out the following transactions within 2007:

a) a purchase of an aircraft, type AVRO RJ100 through early repayment of the corresponding finance lease contract for the amount of € 15,851.47 thousand.

b) a purchase of an aircraft, type LEARJET 55 in February 2007 following the maturity of the corresponding finance lease agreement. The aforementioned aircraft was sold to a third party independent buyer in February 2007 for the amount of € 1,885.93 thousand. From this transaction, occurred a loss amounting to € 188.77 thousand.

The company has completed the construction/addition of a building on related party land plot. The construction cost amounted to € 679.64 thousand.

The company has initiated the construction of a hangar in Athens International Airport. The construction cost is estimated at € 8,000.00 thousand. Within 2007 an amount of € 726.28 thousand was paid for its construction.

As at 31/12/2007, the assets are unencumbered against borrowing or other kind of business operation of the Group and the Company.

Changes in property, plant and equipment of the Group and the Company during the two year period of 2006-2007 are presented as follows:

AEGEAN AIRLINES S.A. amounts in thousand €

The Group

	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 other equipment	Furniture and othe equipment Leasing	Total
Balance at January 1 2006	**410.86**	**2,716.52**	**4,460.01**	**29,255.74**	**2,494.06**	**12,391.13**	**910.53**	**2,210.23**	**5,544.23**	**2,028.62**	**20,997.89**	**2,403.55**	**78.43**	**6,467.02**	**214.43**	**92,583.24**
Additions	22.51	112.96	192.87	6,475.31	-	-	-	321.15	-	212.96	-	309.04	-	294.03	-	7,940.82
Disposals	(410.86)	(2,280.15)	(1,751.27)	(29,255.74)	(2,494.06)	-	-	-	-	-	(20,345.85)	(155.84)	-	(1,222.18)	-	(57,915.95)
Balance at 31 December 2006	**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**
Accumulated depreciation																
Balance at January 1 2006	**-**	**544.56**	**2,332.01**	**3,519.95**	**1,930.89**	**1,479.39**	**704.93**	**727.06**	**1,700.88**	**784.11**	**10,765.22**	**1,413.31**	**78.43**	**4,539.00**	**202.56**	**30,722.27**
Depreciations	-	55.22	267.66	1,840.92	563.18	739.69	205.60	652.28	277.21	268.24	81.51	350.71	-	552.82	11.87	5,866.90
Disposals	-	(453.91)	(952.44)	(5,279.92)	(2,494.06)	-	-	-	-	-	(10,270.48)	(94.92)	-	(950.67)	-	(20,496.40)
Balance at 31 December 2006	**-**	**145.87**	**1,647.24**	**80.94**	**0.01**	**2,219.08**	**910.53**	**1,379.33**	**1,978.09**	**1,052.35**	**576.25**	**1,669.10**	**78.43**	**4,141.15**	**214.43**	**16,092.77**
Unamortized cost at 31 December 2006	**22.51**	**403.45**	**1,254.37**	**6,394.37**	**-**	**10,172.05**	**-**	**1,152.05**	**3,566.14**	**1,189.23**	**75.79**	**887.64**	**-**	**1,397.73**	**-**	**26,515.34**
Period ended 31 December 2007																
Balance at January 1 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**
Transfers				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 at 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 at 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 at 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 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**

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The company

	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 other equipment	Furniture and othe equipment Leasing	Total
Period ended 31 December 2006																
Balance at January 1 2006	**410.86**	**436.37**	**2,708.74**	**29,255.74**	**2,494.06**	**12,391.13**	**910.53**	**2,210.23**	**5,544.23**	**2,028.62**	**652.04**	**2,292.01**	**78.43**	**5,244.57**	**214.43**	**66,872.00**
Additions	22.51	112.96	192.87	6,475.31	-	-	-	321.15	-	212.96	-	309.04	-	294.03	-	7,940.82
Disposals	(410.86)	-	-	(29,255.74)	(2,494.06)	-	-	-	-	-	-	(44.31)	-	-	-	(32,204.96)
Balance at 31 December 2006	**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**	**5,538.61**	**214.43**	**42,607.85**
Accumulated depreciation																
Balance at January 1 2006	**-**	**90.65**	**1,379.57**	**3,519.95**	**1,930.89**	**1,479.39**	**704.93**	**727.06**	**1,700.88**	**784.11**	**494.74**	**1,360.85**	**78.43**	**3,589.53**	**202.56**	**18,043.53**
Depreciations	-	55.22	267.66	1,840.92	563.18	739.69	205.60	652.28	277.21	268.24	81.51	350.71	-	552.82	11.87	5,866.90
Disposals	-	-	-	(5,279.92)	(2.494.,06)	-	-	-	-	-	-	(43.94)	-	-	-	(7,817.92)
Balance at 31 December 2006	**-**	**145.87**	**1,647.24**	**80.94**	**-**	**2,219.08**	**910.53**	**1,379.33**	**1,978.09**	**1,052.35**	**576.25**	**1,667.63**	**78.43**	**4,142.35**	**214.43**	**16,092.51**
Unamortized cost at 31 December 2006	**22.51**	**403.45**	**1,254.37**	**6,394.37**	**-**	**10,172.05**	**-**	**1,152.05**	**3,566.14**	**1,189.23**	**75.79**	**889.12**	**-**	**1,396.26**	**-**	**26,515.34**
Period ended 31 December 2007																
Balance at January 1 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**	**5,538.61**	**214.43**	**42,607.85**
Transfers				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 at 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**	**5,923.86**	**214.43**	**46,816.13**
Accumulated depreciation																
Balance at 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**	**1,667.63**	**78.43**	**4,142.35**	**214.43**	**16,092.52**
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 at 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**	**2,014.71**	**78.43**	**4,699.68**	**214.43**	**19,402.30**
Unamortized cost 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**	**908.61**	**-**	**1,224.18**	**-**	**27,413.82**

AEGEAN AIRLINES S.A. amounts in thousand €

6.3 Advances for asset acquisition

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

	31/12/2007	31/12/2006
Advances to Airbus	74,841.38	31,269.96
Advances to I.A.E.	2,823.47	254.97
Other advances	156.07	601.28
Total	**77,820.93**	**32,126.21**

6.4 Investments in subsidiaries

The company as at 31/12/2007 and 2006 did not hold any investments in subsidiaries. Investments have been written down fully during the previous fiscal year.

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).

In December 2006, the Company proceeded to the disposal of the subsidiary GOLDAIR HANDLING S.A. The price was agreed to 3.500,03 thousand Euro and the company recognized a profit of € 968,82 thousand in the separate financial statements and a profit of € 418,44 thousand in the consolidated financial statements. The payment was collected within 2007.

6.5 Investments in associates

As at 31.12.2007 and 2006 there are no investments in associates included on the company's financial statements.

During the last period, and in particular, in September 2006, the Company participated in the share capital increase of ABELA HELLAS S.A.with the amount of 3.000,00 thousand Euro following the capitalisation of its receivables (amounts owed by the associate to Aegean Airlines S.A.), preserving the interest of 45% over its share capital. In October 2006, the Company's management decided the transfer of the total of its investment to a third party investor for 45,59 thousand Euro, incurring losses in the previous financial year amounting to 2.954,42 thousand Euro.

AEGEAN AIRLINES S.A. amounts in thousand €

6.6 Deferred tax assets/liabilities

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

	31/12/2007		**31/12/2006**	
	Asset	**Liability**	**Asset**	**Liability**
Revaluation of assets and depreciation/amortization	3,274.72	(2,872.44)	1,393.02	(141.70)
Write off of depreciation of previously capitalized formation expenses	-	-	537.39	(518.79)
Finance leases	-	-	-	(4,928.09)
Financial derivatives at fair value	56.28	-	35.97	-
Receivables	1,739.19	(608.10)	-	(0.20)
Provisions for employee retirement benefits	1,013.63	-	811.84	(381.26)
Liabilities from financial derivatives	7,757.28	-	3,108.72	-
Liabilities from finance leases	-	-	4,090.27	-
Other short term liabilities	5,351.74	(2,790.13)	5,465.22	-
Other	258.55	(295.25)	-	-
Total for offsetting	**19,451.39**	**(6,565.92)**	**15,442.43**	**(5,970.04)**
Balance	**12,885.47**		**9,472.39**	

Deferred tax assets and liabilities have been determined through the liability method and concern temporal differences.

AEGEAN AIRLINES S.A. amounts in thousand €

6.7 Other long term assets

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

	31/12/2007	31/12/2006
Warranties issued for leases assurance	5,910.00	3,423.94
Other warranties	12.26	19.68
Total	**5,922.27**	**3,443.62**

The company in order to secure current or future operating leases of aircraft and in accordance with the terms of the relevant contracts, offers warranties mainly to aircraft leasing companies. In addition, a small part of aforementioned warranties relates to leasing of space which is used for the company's installations.

6.8 Inventories

The Group's inventories arise from the Company and 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.

	31/12/2007	31/12/2006
Goods	377.70	302.81
Aircraft spare parts	7,091.22	5,569.87
Total	**7,468.92**	**5,872.68**

The changes in the inventories are analyzed as follows:

Changes in inventories of goods and tangible assets spare parts			
		31/12/2007	**31/12/2006**
Goods			
Opening balance		302.81	224.15
Purchases of the period		965.31	751.58
Consumption of the period		(890.41)	(672.92)
Closing balance		**377.70**	**302.81**
Aircraft spare parts			
Opening balance		5,569.87	5,060.06
Purchases of the period		4,234.29	3,355.24
Consumption of the period		(2,712.94)	(2,845.43)
Closing balance		**7,091.22**	**5,569.87**
Total inventories		**7,468.92**	**5,872.68**

6.9 Customers and other trade receivables

The particular items constitute recognized trade receivables mainly from ticket sales.

The largest part of 'Other trade receivables' relates to receivables from airline tickets settlements through the IATA and BSP organizations (tickets sold through tourist offices in cooperation) and ICH (tickets sold to/from other airlines).

AEGEAN AIRLINES S.A. amounts in thousand €

Receivables from the Greek state relate mainly to V.A.T. receivable and from the sale of tickets to the Greek Army and the transfer of Press.

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

	31/12/2007	31/12/2006
Domestic customers	2,708.57	2,264.04
Foreign customers	8,910.63	3,573.24
Receivable from the sale of assets	-	23,912.48
Greek State	14,282.43	5,789.28
Other miscellaneous debtors	23,300.32	23,660.79
Accrued income receivable	4,677.80	68.26
Value Added Tax	2,978.27	1,111.91
Advances to suppliers	3,255.48	-
	60,113.50	**60,380.00**

The corresponding receivables of the Company are analyzed as follows:

	31/12/2007	31/12/2006
Domestic customers	2,708.57	2,368.35
Foreign customers	8,910.63	3,573.24
Receivable from the sale of assets	-	23,912.48
Greek State	14,282.43	5,768.28
Other miscellaneous debtors	23,300.32	23,552.00
Accrued income receivable	4,677.80	68.26
Advances to suppliers	3,255.48	-
Value Added Tax	2,978.27	1,111.91
	60,113.50	**60,354.52**

Abovementioned receivables are considered short term. The accounting value of the short term financial assets is considered to approach their fair value. An analysis for the possibility of write downs has been carried our for all the receivables. Receivables that have been written down concern mainly customers of the Group that face financial difficulties. In addition, the collection of certain receivables that have not being written down is delayed.

The maturity of the customers that have not being written down is presented the following table:

	31/12/2007	31/12/2006
Expected collection period:		
Less than 3 months	42,852.80	53,474.33
Between 3 and 6 months	10,119.49	3,996.05
Between 6 months and 1 year	7,025.72	2,832.04
More than 1 year	115.50	52.10
Total	**60,113.50**	**60,354.52**

AEGEAN AIRLINES S.A. amounts in thousand €

6.10 Advances

The advances refer to the amounts paid as against particular transactions with third parties or with the company's personnel. The particular amounts are analyzed for the Group as follows:

	31/12/2007	31/12/2006
Advances from customers	-	389.43
Advances to personnel	1.67	1.67
Custom brokers current account	2.06	11.61
Staff current account	261.66	217.48
Other, third party current accounts	47.93	10.93
Prepaid expenses	2,631.96	3,705.34
	2,945.28	**4,336.45**

6.11 Cash and cash equivalents

Cash and cash equivalents refer to short term deposits whose expiry does not exceed three months and cash in hands. For the Group, the following items are included:

	31/12/2007	31/12/2006
Cash in hand	131.33	325.50
Sight deposits	6,443.85	24,029.61
Short term time deposits	151,734.41	-
Total	**158,309.59**	**24,355.11**

For the Company, the corresponding placements are as follows:

	31/12/2007	31/12/2006
Cash in hand	131.33	325.49
Sight deposits	6,443.85	24,017.17
Short term time deposits	151,734.41	-
Total	**158,309.59**	**24,342.66**

6.12 Equity

6.12.2 Share capital and share premium

Paid share capital of the Company as at 31.12.2006 amounted to €80,344,230 and was divided into 2,678,141 common registered shares of nominal value of €30 each.

Following the 08.03.2007 decision of the Extraordinary General Meeting of the Company's shareholders, it was decided the decrease in the share nominal value and, consequently, the share capital amounted to €80.344.230 divided into 53.562.820 common registered shares of nominal value of €1,50 each.

Following the same decision of the Extraordinary General Assembly of the Company shareholders, it was decided a further increase of the Company's share capital by € 26,781,420 with the issue of 17,854,280 new registered shares of nominal value of €1,50 each.

AEGEAN AIRLINES S.A. amounts in thousand €

Any difference between offer price and the nominal value of the shares issued, was credited to a Company's Special Reserve, from the offer of shares at a premium account.

Thus, the Company's share capital amounts to €107,125,650, divided into 71,417,100 registered shares of nominal value of €1,50 each.

On June 29, 2007 the Combined Offering for the listing of the Company's shares in the Athens Exchanges was completed. A total of 17,854,280 shares were offered. Total gross proceeds from the Combined Offering amount to €135.2 million (prior IPO related expenses), were credited to the company within July 2007 and are included on current financial statements.

6.12.3 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. The total expenses of the share capital increase amounted to €8,545,617.67. All shares issued by the company have been fully paid. Due to the issue of new shares and the related costs, a current tax benefit has been recognized in the share premium account (2006: €0).

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 current year's share capital increase.

6.12.4 Other reserves

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

For the Group and the Company they are analyzed as follows:

	Statutory reserves	**Extraordinary reserves**	**Tax free reserves**	**Fair value reserves (cash flow hedging)**	**Total**
Balance at 31/12/2006	**23.26**	**356.50**	**(9,287.95)**	**35.37**	**(8,872.82)**
Recognized directly in the equity			(13,983.90)		(13,983.90)
Balance at 31/12/2007	**23.26**	**356.50**	**(23,271.85)**	**35.37**	**(22,856.72)**

The fair value reserves are presented net of deferred taxes.

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

Balance as at 1/1/2006	**(557.88)**
Losses transferred to equity	12,983.97
Transferred to profit and loss	(29.41)
Transferred to the value of hedged assets	
Reserve Balance as at 31/12/2006	**12,396.67**
Losses transferred to equity	31,027.27
Transferred to profit and loss	
Transferred to the value of hedged assets	(12,394.81)
Reserve Balance as at 31/12/2007	**31,029.13**

AEGEAN AIRLINES S.A. amounts in thousand €

6.13 Borrowings

The borrowing liabilities of the Group and the company are analyzed as follows:

	31/12/2007		31/12/2006	
Long term loans	**Interest rate**	**Amount**	**Interest rate**	**Amount**
Bank loans in foreign currency	6.69%	10,814.89		-
Bond loans in Euro	5.85%	20,000.00	4.89%	20,000.00
Total long term loans		**30,814.89**		**20,000.00**
Short term loans				
Short term bank loans		-	4.74%	20,364.24
Long term liabilities payable in the following year	6.69%	26,727.25		-
Total short term loans		**26,727.25**		**20,364.24**
Total loans		**57,542.14**		**40,364.24**

Outstanding loans have the following maturities:

	31/12/2007	31/12/2006
Between 1 and 2 years	57,542.14	-
Between 2 and 5 years	-	20,000.00
More than 5 years	-	-
	57,542.14	**20,000.00**

6.14 Liabilities from finance leases

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

	31/12/2007	31/12/2006
Long term lease liabilities		
Liabilities from finance lease agreements	-	14,244.37
Short term lease liabilities		
Long term liabilities from finance leases paid in the following year	-	2,116.70
Total	**-**	**16,361.07**

The company carried out the following transactions in relation to finance lease contracts in 2007:

a) a purchase of an aircraft, type AVRO RJ100 in February 2007 through early repayment of the corresponding finance lease contract for the amount of € 15,851.47 thousand.

b) a purchase of an aircraft, type LEARJET 55 in February 2007 following the maturity of the corresponding finance lease agreement. The aforementioned aircraft was sold to a third party independent buyer in February 2007 for the amount of € 1,885.93 thousand. From this transaction, occurred a loss amounting to € 188.77 thousand.

c) The final finance lease contract in relation to an engine of an aircraft type AVRO RJ 100 was expired within 2007.

6.15 Provisions for employee benefits

The amounts analyzed below are recognized as defined benefit plan for the Group:

AEGEAN AIRLINES S.A. amounts in thousand €

	31/12/2007	31/12/2006
Opening year balance	3,247.38	2,537.04
Additional provisions for the year	877.75	855.71
Provisions used during the year	(46.75)	(145.38)
Balance	**4,078.38**	**3,247.37**
Present value of non-financed obligations	4,883.99	4,072.62
Unrecognized actuarial gains/loss	(1,071.18)	(825.24)
Net obligation	**3,812.82**	**3,247.37**
Amounts recognized in the income statement		
Current service cost	657.74	635.27
Interest cost	152.95	120.27
Recognition service cost	26.60	20.15
Normal charge to the income statement	**837.31**	**775.69**
Additional benefits cost	31.27	80.27
Other expense/income	-	(0.25)
Total charge to the income statement	**868.58**	**855.71**
Changes in net obligation recognized in the balance sheet		
Net obligation at the opening year	3,247.38	2,537.05
Employer's contributions		
Benefits paid by the employer	(61.43)	(145.38)
Total expense recognized in the income statement	868.58	855.71
Net obligation at the end of the year	**4,054.52**	**3,247.37**

Changes in the present value of the obligation		
Present value of the obligation - Opening period	4,072.63	3,183.98
Current service cost	657.75	635.27
Interest cost	152.95	120.27
Benefits paid by the employer	(61.43)	(145.38)
Additional payments or expenses/income	28.38	72.21
Service cost for the current period	-	-
Actuarial loss/gain	251.30	206.28
Present value at the end of fiscal year	**5,101.58**	**4,072.63**

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

The amounts charged to the income statement of the Group are as follows:

	31/12/2007	31/12/2006
Current service cost	657.74	635.27
Finance cost	152.95	120.27
Additional benefits	57.88	100.17
Total employee benefits	**868.58**	**855.71**

The main actuarial assumptions used are as follows:

AEGEAN AIRLINES S.A. amounts in thousand €

	31/12/2007	31/12/2006
Discount rate	4.80%	4.00%
Expected salary increase percentage	4.50%	4.00%
Average years of working life	17.62	17.45

6.16 Suppliers and other liabilities

The analysis for the Group is as follows:

	31/12/2007	31/12/2006
Aircraft maintenance reserves	6,447.14	4,796.22
State-law entities and state-owned enterprises	41.53	38.57
Foreign suppliers	17,086.48	11,257.56
Domestic suppliers	21,762.55	16,186.50
Liabilities from customers loyalty programs	463.17	283.84
Total	**45,800.88**	**32,562.69**

The corresponding liabilities of the company are analyzed as follows:

	31/12/2007	31/12/2006
Aircraft maintenance reserves	6,447.14	4,796.22
State-law entities and state-owned enterprises	41.53	38.57
Foreign suppliers	17,086.48	11,257.56
Domestic suppliers	21,762.55	16,221.33
Liabilities from customers loyalty programs	463.17	283.84
Total	**45,800.88**	**32,597.52**

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.

6.17 Other short term liabilities

Other short term liabilities refer to the Group liabilities to social security organizations and other creditors that relate directly to its trading operation.

The analysis for the Group is as follows:

	31/12/2007	31/12/2006
Social Security Organization (IKA)	3,160.15	2,449.65
Employees compensation payable	95.71	2,161.91
Other short term liabilities	254.43	797.53
Checks outstanding postdated	415.79	434.27

AEGEAN AIRLINES S.A. amounts in thousand €

Tax liabilities for non audited financial years	645.00	145.00
Customers advances	435.87	-
Total	**5,006.95**	**5,988.36**

The analysis for the Company is as follows:

	31/12/2007	**31/12/2006**
Social Security Organization (IKA)	3,160.15	2,449.65
Employees compensation payable	95.71	2,159.82
Other short term liabilities	254.43	795.70
Checks outstanding postdated	415.79	434.76
Other extraordinary provisions	645.00	145.00
Customers advances	435.87	-
Total	**5,006.95**	**5,984.93**

6.18 Liabilities from tickets sold but not flown

The amount of deferred revenue refers to revenue from the transport of passengers and goods that will be accrued and recognized in subsequent periods when the services will be rendered.

	31/12/2007	**31/12/2006**
Deferred revenue	19,640.55	16,415.37

6.19 Accrued expenses

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

	31/12/2007	**31/12/2006**
Agents commissions	1,885.26	2,176.30
Use of software	613.96	636.19
Aircraft fuel	352.47	368.81
Aircraft maintenance expenses	509.49	2,175.73
Airport charges	3,664.84	-
Landing costs	1,832.75	2,550.64
Navigation charges	-	1,024.46
Charges from other foreign airline companies	1,523.23	637.46
BoD fees payable	1,153.58	365.46
Other fees payable	45.90	-
Other expenses	134.86	288.79
Total	**11,716.34**	**10,223.83**

6.20 Liabilities from financial derivatives contracts

These liabilities refer only to the parent company. The analysis is as follows:

31-Dec-06	**500.28**
Currency forwards maturity	(876.05)
Fair value	12,954.55
31-Dec-06	12,578.78
Currency forwards maturity	(12,351.81)
Fair value	31,027.27
31-Dec-07	**31,254.24**

The company enters into financial derivatives contracts that refer to currency forwards. The aforementioned contracts are used as hedging instruments in order to cover the risk arising from the changes in US Dollar spot rates and thus avoid increases in the value of liabilities by securing a stable foreign currency rate. The fair value of financial derivatives are based on marked to market measurement that is confirmed by the credit institutions with which the relative contracts have been signed.

The hedging of future transactions in foreign currency is expected to carried out in different dates as analyzed below. Gains or losses from currency forwards that have been recognized to equity's fair value reserve (see note 6.12) at 31.12. 2007 are transferred to the profit and loss account of the period or periods during which the transactions of the related hedging affects the results.

The maturity dates as well as the nominal amounts are analyzed as follows:

Maturity year	Currency	Nominal amount in thousand USD	Nominal amount in thousand EUR
2008	USD	235,000.00	159,635.89
2009	USD	198,000.00	134,501.73
2010	USD	204,000.00	138,577.54
2011	USD	72,000.00	48,909.72
		709,000.00	**481,624.89**

6.21 Current tax liabilities

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

	31/12/2007	31/12/2006
Payroll taxes and duties	842.52	962.28
Taxes-Duties withheld from third parties	17.51	49.68
Other airport taxes and duties	4,457.90	5,610.90
Advertisment stamps and special exercise tax	4.29	2.25
Income tax on taxable profits	5,051.54	5,962.69
Total	**10,373.77**	**12,587.80**

The corresponding amounts for the company are analyzed as follows:

	31/12/2007	31/12/2006
Payroll taxes and duties	842.52	962.27

AEGEAN AIRLINES S.A. amounts in thousand €

Taxes-Duties withheld from third parties	17.51	21.18
Income tax on taxable profits	5,051.54	5,962.69
Other airport taxes and duties	4,457.90	5,610.90
Advertisment stamps and special exercise tax	4.29	4.22
Total	**10,373.77**	**12,561.28**

6.22 Provisions

The provision item include provisions that concern the spare parts write down

6.23 Revenue

The revenue of the Group and the Company refer to the issue of tickets, sale of goods and other services. The revenue of the Group and the Company are analyzed per type as follows:

	31/12/2007	**31/12/2006**
Scheduled flights revenue	373,610.93	302,355.86
Charter flights revenue	46,086.71	47,939.77
Revenue from passengers airports charges	42,819.49	31,926.97
Other operating revenue	20,219.40	18,840.89
Total	**482,736.53**	**401,063.49**

6.24 Other operating income

This category includes revenues created by activities outside the main operating scope of activities of the Group. The particular revenue for the Group and the company refer to the following cases:

	31/12/2007	**31/12/2006**
Greek Manpower Employment Organization (OAED) subsidies	129.29	100.65
Income from services rendered to third parties	2,163.16	475.06
Extraordinary profits	-	489.27
Prior period revenue	-	48.06
Total	**2,292.45**	**1,113.05**

6.25 Other operating expenses

Other operating expenses for the group are analyzed as follows:

	31/12/2007	**31/12/2006**
Third party fees	859.72	1,468.90
Board of Directors remuneration	1,870.57	904.12
Cargo expenses	982.10	933.02
Personnel training	1,824.73	1,546.49
Mail & Telecomunications expenses	2,095.31	2,065.05

AEGEAN AIRLINES S.A. amounts in thousand €

Rents	2,075.02	2,508.79
Insurance premiums	2,635.97	3,269.70
Maintenance for building and equipment	2,735.37	1,059.39
Travel expenses	2,395.40	1,662.82
Stationary	1,795.24	972.42
Other expenses	10,392.38	8,823.18
Total	**29,661.80**	**25,213.88**

Other operating expenses for the company are analyzed as follows:

	31/12/2007	31/12/2006
Third party fees	859.72	1,468.90
Board of Directors remuneration	1,870.57	904.12
Cargo expenses	982.10	933.02
Personnel training	1,824.73	1,546.49
Mail & Telecomunications expenses	2,095.31	2,065.05
Rents	2,075.02	2,508.79
Insurance premiums	2,635.97	3,269.70
Maintenance for building and equipment	2,735.37	1,059.39
Travel expenses	2,395.40	1,662.82
Stationary	1,795.24	972.42
Other expenses	10,375.08	8,596.87
Total	**29,645.44**	**24,987.57**

6.26 Employee costs

Employee costs include salaries as well as retirement benefits. The analysis is the same for both the Group and the Company because the consolidated comapany AIR GREECE S.A. does not employ personnel.

	31/12/2007	31/12/2006
Salaries and wages	50,970.53	41,161.58
Employer contributions	13,480.16	11,271.34
Other benefits	-	1,456.94
Provisions for retirement benefits	868.58	855.71
Total	**65,319.27**	**54,745.57**

The above table includes the cost of compensations of ground handling personnel that is analyzed as follows:

	31/12/2007	31/12/2006
Ground handling personnel cost	17,741.92	14,183.76

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

AEGEAN AIRLINES S.A. amounts in thousand €

	31/12/2007	31/12/2006
Staff number	1,923	1,729

As at 31/12/07, there is no difference in the number of staff between the Group and the Company.

6.27 Financial income/expense

The financial income/expenses for the Group are analyzed as follows:

	31/12/2007	31/12/2006
Interest and expenses from long term liabilities	2,292.54	1,529.82
Interest and expenses from other short term bank financing	882.87	563.47
Letters of Guarantee commissions	143.97	167.96
Finance leases interest	163.34	940.76
Foreign exchange losses	3,277.59	3,728.97
Other financial expenses	155.00	168.97
TOTAL	**6,915.32**	**7,099.95**
Other interest income	(3,548.86)	(254.03)
Foreign exchange gains	(5,036.74)	(3,811.83)
TOTAL	**(8,585.59)**	**(4,065.86)**

The financial income/expenses for the Company are analyzed as follows:

	31/12/2007	31/12/2006
Interest and expenses from long term liabilities	2,292.54	1,529.82
Interest and expenses from other short term bank financing	882.87	563.47
Letters of Guarantee commissions	143.97	167.79
Finance leases interest	163.34	940.76
Foreign exchange losses	3,277.59	3,727.29
Other financial expenses	155.00	168.90
TOTAL	**6,915.32**	**7,098.03**
Other interest income	(3,548.86)	(253.73)
Foreign exchange gains	(5,036.74)	(3,811.84)
TOTAL	**(8,585.59)**	**(4,065.57)**

6.28 Gains on sales of subsidiaries

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).

In December 2006, the Company proceeded with the disposal of the subsidiary GOLDAIR HANDLING S.A. The holding interest prior the disposal was 52,52% and the carrying amount was 2.531,21 thousand Euro. The price was agreed to 3.500,03 thousand Euro and the gain was estimated to € 968,82 thousand for the parent company. The payment was collected within 2007. The gain recognized in the separate financial statements is the difference between the carrying amount of the investment and the price of disposal. For the Group, the gain arose from the difference between the percentage of the subsidiary equity belonging to the company and the price of disposal. The aforementioned gain, amounting to € 418,44 thousand, is presented in the consolidated financial statements of 2006.

AEGEAN AIRLINES S.A. amounts in thousand €

Furthermore, based on this particular disposal, the investment sold was classified as discontinued operation and consequently was presented retrospectively as a discontinued operation in the income statement. The result of the period from discontinued operations amounts to € 2.042,54 thousand and by € 1.492,12 thousand refers to operating result after taxes and by € 550,38 thousand refers to results from disposal of subsidiary.

The table below analyzes the results of the discontinued operation for 2006.

	31/12/2006
Revenue	28,847.77
Other operating income	236.70
Personnel expenses	(16,681.81)
Depreciation & impairment cost	(2,594.56)
Other operating expenses	(7,277.50)
Finance cost	(874.37)
Profit before tax	**1,656.23**
Income tax	(164.07)
Profit after tax	**1,492.16**
Gain on disposal	550.38
Net profit after tax	**2,042.54**

6.29 Loss on sale of associates

As mentioned above, in October, the Company proceeded to the sale of the associate ABELA HELLAS S.A. The price amounted to 45,59 thousand Euro, incurring losses amounting to 2.954,42 thousand Euro. This loss is presented in the results of the parent and of the Group.

	The Company	
	31/12/2007	**31/12/2006**
Loss on sale of associates	-	2,954.42
Total	**-**	**2,954.42**

6.30 Income Tax

For the Group and the company, income tax is analyzed as follows:

	31/12/2007	**31/12/2006**
Current tax	7,187.95	5,962.69
Provision for additional tax	500.00	145.00

AEGEAN AIRLINES S.A. amounts in thousand €

Deferred tax	1,152.32	3,694.89
Total	**8,840.26**	**9,802.58**
Profit before taxes	**44,622.53**	**34,433.27**
Tax estimated on existing tax coefficient basis	**25%**	**29%**
	11,155.63	9,985.65
Tax on expenses not deductible for tax purposes	261.30	342.54
Provision for additional tax	500.00	145.00
Tax free income	-	(632.93)
Bad debts written off	(196.66)	(37.68)
Athens Exchange expenses	(2,250.18)	-
Foreign exchange differences of derivatives	(629.84)	-
Income tax	**8,840.26**	**9,802.58**

6.31 Earnings per share

Earnings per share are calculated by dividing the profit or loss attributed to the parent company shareholders with the weighted average outstanding number of shares during the period.

Earnings per share for the Group are analyzed as follows:

	31/12/2007	31/12/2006
Earnings attributable to the parent shareholders	35,765.89	25,703.43
Weighted average number of ordinary shares	62,318,755	53,562,820
Basic earnings/ (losses) per share (in Euro)	0.57	0.48

The following analysis is due for the company:

	31/12/2007	31/12/2006
Earnings attributable to the parent shareholders	35,782.27	25,409.01
Weighted average number of ordinary shares	62,318,755	53,562,820
Basic earnings/ (losses) per share (in Euro)	0.57	0.47

6.32 Related parties transactions

	31/12/2007	31/12/2006
Sale of assets to :		
Other related parties	14.29	-
Total	**14.29**	**-**
Purchase of assets from :		
Shareholders	17.83	-
Other related parties	-	110.01
Total	**17.83**	**110.01**
Services granted to :		
Associates	-	1.25

AEGEAN AIRLINES S.A. amounts in thousand €

Shareholders	1,180.99	396.52
Other related parties	79.19	59.83
Total	**1,260.18**	**457.60**
Services received by :		
Associates	-	5,786.66
Shareholders	1,125.78	1,859.02
Other related parties	206.25	4,427.56
Total	**1,332.03**	**12,073.24**
Receivables		
Associates	-	399.59
Related companies	-	100.00
Shareholders	1,014.80	701.76
Other related parties	29.02	30.47
Total	**1,043.81**	**1,231.82**
Payables		
Shareholders	85.42	234.98
Other related parties	26.17	495.69
Total	**111.58**	**730.67**

Balance of accounts to Piraeus Bank	**31/12/2007**	**31/12/2006**
Sight deposits	583.04	3,249.55
Time deposits	62,734.41	103.19
Loans	-	3,002.41
Letters of guarantee	-	6,000.00

The transactions with the above mentioned companies are in strict commercial terms. The group is not engaged in any unusual activities in nature or in content which has material impact for the group, 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.

The inter-company transactions with directors, BoD members and company shareholders are as follows:

	31/12/2007	**31/12/2006**
Directors benefits		
- salaries	994.58	1,531.91
- social insurance expenses	65.46	55.99
- services / other benefits offered	81.19	59.52
Total	**1,141.23**	**1,647.42**

Transactions with BoD members:

AEGEAN AIRLINES S.A. amounts in thousand €

	31/12/2007	31/12/2006
- BoD members fees	1,870.57	904.12
- Benefits though services offered	28.07	0.00
Total	**1,898.64**	**904.12**

6.33 Commitments, contingent assets & liabilities

(1) Commitments

Operating leases

The company's obligations arise mainly from aircraft 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:

	31/12/2007 (σε USD)	31/12/2007 (σε Ευρω)
Up to 1 year	56,843.57	38,613.93
Between 1 and 5 years	213,580.25	145,085.42
More than 5 years	56,440.17	38,339.90
Total	**327,992.41**	**223,082.34**

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

	31/12/2007
Up to 1 year	1,469.15
Between 1 and 5 years	4,582.71
More than 5 years	3,986.41
Total	**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:

	31/12/2007
Annual rents for spaces in Greek airports	205.49
Annual rents for spaces in foreign airports	212.13
Σύνολο	**417.62**

Capital commitments

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

AEGEAN AIRLINES S.A. amounts in thousand €

2008 : 6 aircraft A 320

2009 : 5 aircraft A 320

2010 : 6 aircraft A 320

The total estimated cost for the above mentioned order in list prices is US $ 1,003.70 thousand or 681.82 thousand euro.

(2) Contingent tax liabilities

The Company's tax liabilities have been finalized up to the year 2006. Within January 2008 the tax audit for the fiscal year 2006 was finalized. The tax liabilities that resulted from the tax audit amount to 111.25 thousand euros, which paid once and will be included in the financial statements of the first quarter of 2008.

The company has provisioned an amount of 145 thousand euros in 2006 in relation to possible tax liabilities.

The management estimates that no material liabilities will arise from the tax audit of the period ended as at 31/12/2007 and that adequate provisions have been made in the present financial statements.

(3) 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.

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.

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 .

(4) Contingent liabilities

The total third party liabilities of the Company, that are legally claimed, amount to € 1,174.82. The management of the Group, 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 Group. The analysis of the aforementioned liabilities and the corresponding dates is as follows:

	31/12/2007	**31/12/2006**
Labor cases	206.01	259.12
Accidents	272.56	237.65

Other	696.25	1,231.47
Total	**1,174.82**	**1,728.24**

6.34 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 the following:

- 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:

	31/12/2007	**31/12/2006**
	In thousand euro	
	USD	**USD**
Nominal amounts	34,545.51	3,713.02
Financial liabilities	**34,545.51**	**3,713.02**
Short term exposure		
	10,814.99	-
Financial liabilities	**10,814.99**	**-**
Long term exposure	34,545.51	-

The following table illustrates the sensitivity of the result for the year and the equity in regards to the financial liabilities and the US- Dollar / Euro exchange rate.

It assumes a 9% increase of the Euro / US-Dollar exchange rate for the year ended 31 December 2007. This percentage has been determined on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the company's foreign currency financial instruments held at each balance sheet date. If the Euro had strengthened against the US-Dollar by 9% then the result for the year would have the following impact:

	31/12/2007	31/12/2006
	In thousand euro	
	USD	USD
Net result for the year	3,745.46	306.58

The company's foreign exchange rates exposure varies within the year depending on the volume of the transactions in foreign exchange. Although the analysis above is considered to be representative of the company's currency risk exposure. The impact in the equity is the same as above.

Interest rate sensitivity

The company's policy is to minimize interest rate cash flow risk exposure on long – term financing. At 31 December 2007 the company is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates. As in the previous year all other financial assets and liabilities have fixed 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% (2006 : +/- 1%). These changes are considered to be reasonably possible based on observation of the current market conditions.

	31/12/2007	31/12/2006
	In thousand euro	
Net result for the year	294.31	440.12

Based on the Group' s policies no action is being taken to minimize the interest rate risk.

Credit Risk Analysis

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

Financial items	31/12/2007	31/12/2006
Cash and cash equivalents	158,309.59	24,355.11
Customers and other receivables	60,113.50	60,380.00
Total	**218,423.09**	**84,735.11**

The company continuously monitors its receivables identified either individually or by group and incorporates this information into its credit risk controls.

The management considers that all the above financial assets that are not impaired in reporting dates under review are of good credit quality, including those that are past due.

None of the financial assets are secured with any credit enhancement.

In respect of trade and other receivables the company is not exposed to any significant credit risk exposure The credit risk for liquid funds and other short term financial assets is considered negligible, since the counterparties are reputable banks with high credit ratings.

Liquidity risk analysis

The company manages its liquidity by carefully monitoring scheduled debt servicing payments for long – term financial liabilities as well as cash – outflows due in day - to - day business. Liquidity needs are monitored in various time bands, on a day – to - day and week – to – week basis, as well as on the basis of rolling 30 – day projection. Long – term liquidity need for the following 6 months and the following year are identified monthly.

The company maintains cash to meet its liquidity requirements for up to 30 – day periods. Funding in regards to long – term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long – term financial assets.

The maturities of the Group's liabilities as at 31 December 2007 are analyzed as follows:

2007	**Short term**		**Long term**	
Amounts in € thousand	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 relevant maturities of the Group's liabilities as at 31 December 2006 are analyzed as follows:

2006	**Short term**		**Long term**	
Amounts in € thousand	Within 6 months	6 – 12 months	1-5 years	More than 5 years
Long term bank loans	0,00	0,00	20.000,00	0,00
Finance lease obligations	1.058,35	1.058,35	14.244,37	0,00
Trade payables	59.201,89	0,00	0,00	0,00
Other short term liabilities	18.576,16	0,00	0,00	0,00
Derivatives	3.674,76	5.311,70	3.592,32	0,00
Total	**82.511,16**	**6.370,05**	**37.836,69**	**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 items recorded on the company's and group's balance sheet can be categorized as follows:

AEGEAN AIRLINES S.A. amounts in thousand €

	2007	2006
Current assets		
Trade and other receivables		
Loans and receivables	60.113,50	60.380,00
Cash and cash equivalents	158.309,59	24.355,11
Long term liabilities		
Long term Loan Liabilities		
Financial liabilities counted on unamortized cost	30.814,89	20.000,00
Short term liabilities		
Short term loan liabilities		
Financial liabilities counted on unamortized costs	0,00	20.364,24
Suppliers and other liabilities		
Financial liabilities counted on unamortized cost	77.157,77	59.201,89

	2007	2006
Suppliers and other liabilities	45.800,88	32.562,69
Liabilities from tickets sold but not flown	19.640,55	16.415,37
Accrued expenses	11.716,34	10.223,83
Total	**77.157,77**	**59.201,89**

Objectives & policies for managing capital

The company's objectives when managing capital are:

•To safeguard the ability to continue as a going concern

•To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

The company monitors capital on the basis of the debt-to-adjusted capital ratio.

The ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet: total equity plus loans) less cash and cash equivalents. Adjusted capital comprises all components of equity other than amounts recognized in equity relating to cash flows hedges and includes some forms of subordinated debt.

The capital for the financial years 2007 and 2006 were as follows:

	2007	2006
Total Equity	167.491,69	16.452,82
Add subordinated debt instruments	57.542,14	42.480,94
Less cash & cash equivalents	(158.309,59)	(24.355,11)
Adjusted capital	**66.724,24**	**34.578,65**

AEGEAN AIRLINES S.A. amounts in thousand €

Total equity	167.491,69	16.452,82
Add Loans	57.542,14	42.480,94
Total capital	**225.033,83**	**58.933,76**
Debt-to-adjusted capital ratio	1 : 3,4	1 : 1,70

The company's strategy is to maintain the ratio debt – to - adjusted capital in a range of 1:6 to 1:3.

6.35 Post balance sheet events

In January 2008 the company exercised its option to lease 2 additional aircraft Airbus A 321 from ILFC with delivery in March and April 2009.

Last, in January 2008 the tax audit for the fiscal year 2006 it was finalized. The tax liabilities that resulted amount to € 111.25 thousand, which was paid once and will be included on the financial statements of the first quarter 2008. The company for the year 2006 has made a provision for possible tax liabilities of € 145.00 thousand.

There are no other post balance sheet subsequent events that impact materially the Company and are to be reported according to the International Financial Reporting Standards (IFRS).