

**University of Kentucky**  
**Master in Business Administration**

**Module: ECO 610 - MANAGERIAL ECONOMICS**

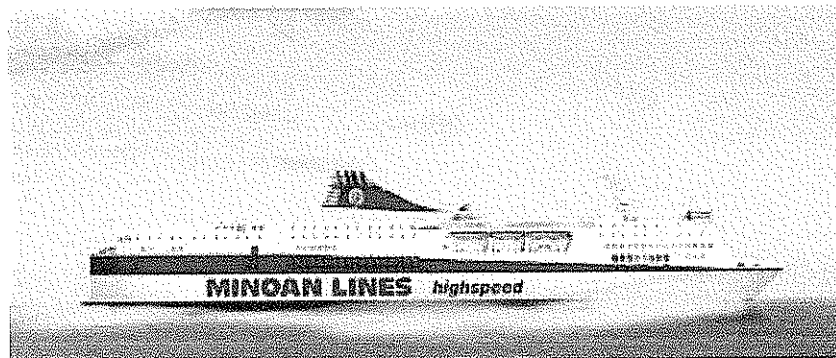
**Name:**



**Post Date: 5<sup>th</sup> of January 2009**

**Project title: The Greek passenger shipping industry – MINOAN LINES**

**Memo: An industry analysis based on Porter's five forces model  
Case study**



## TABLE OF CONTENTS

<b>1</b>	<b>INTRODUCTION .....</b>	<b>1</b>
1.1	THE GREEK SHIPPING INDUSTRY AND ITS DEVELOPMENT .....	1
1.2	MARKET DEFINITION .....	1
1.3	MINOAN LINES SHIPPING ORGANIZATION .....	3
<b>2</b>	<b>PORTER'S FIVE FORCES INDUSTRY ANALYSIS.....</b>	<b>4</b>
2.1	ENTRY: THE THREAT OF NEW ENTRANTS IN THE SHIPPING INDUSTRY .....	4
2.2	SELLER POWER: SUPPLIERS' POWER TO NEGOTIATE (UPSTREAM).....	6
2.3	BUYER POWER: BUYERS' POWER TO NEGOTIATE (DOWNSTREAM) .....	7
2.4	SUBSTITUTES & COMPLEMENTS: THREAT FROM SUBSTITUTE SERVICES .....	7
2.5	INTERNAL RIVALRY: RIVALRY AMONG FIRMS IN THE SHIPPING INDUSTRY .....	8
<b>3</b>	<b>FOUR COMPETITIVE STRATEGIES AGAINST FIVE FORCES MODEL .....</b>	<b>9</b>
<b>4</b>	<b>SUMMARY .....</b>	<b>10</b>
	<b>BIBLIOGRAPHY .....</b>	<b>11</b>
	<b>INTERNET SITES.....</b>	<b>11</b>

## INDEX OF TABLES

TABLE 1: MINOAN LINES' MARKET SHARES FOR 2006-2007 (WWW.MINOAN.GR).....	3
TABLE 2: MINOAN LINES' MARKET SHARES FOR 2006-2007 (WWW.MINOAN.GR).....	3

# 1 Introduction

## 1.1 The Greek shipping industry and its development

The Greek passenger shipping industry is an important sector of the country's economy and holds a significant share of the transport market. The development of modern shipping companies in Greece starts with the end of the Second World War. More specifically, Greek ship owners bought from the US navy the so called "Liberties" - ships at the late 50s'. These ships were used as convoy ships during the war. From that time, the Greek passenger shipping has been developing rapidly, leading to a tremendous growth. Today, the Greek owned fleet numbers 3,338 ships and it is one of the most prestigious shipping industries in the world.

Residents, business and tourist travelers prefer transportation by sea because it is the main alternative for traveling from and to most of the Greek islands. Over the last years, the Greek passenger shipping has experienced many changes, such as the increase in passenger capacity and the introduction of new high-technology ships. These conditions have contributed in creating a more competitive and demanding environment for the passenger shipping market. The biggest shipping companies that compete in the Greek domestic market are: *ANEK LINES, MINOAN LINES, SUPERFAST FERRIES, BLUESTAR FERRIES and NEL LINES.*

## 1.2 Market definition

With a small number of big firms, a differentiated product, significant barriers to entry and recognized mutual independence among firms (identifiable rivals among firms) the Greek shipping industry is an oligopoly market. The industry's geographic market is Greece and mainly the coastal areas and cities as well as the countless islands. The above mentioned five shipping firms are the main competitors in the Greek domestic market offering services that

differentiate in price, quality, routes, frequency, timetables, level of luxury and after-sales services. As far as the foreign market is concerned, only *MINOAN and ANEK LINES* compete in the North Adriatic routes (Ancona and Venice).

Passengers are sensitive to price, which means that they can easily switch to a firm that offers greater discounts for relatively the same services. Thus, firms in the shipping industry compete heavily in order to increase their market shares.

The following characteristics specify the rival intensity in the shipping industry:

- **Fierce competitive characteristics:** There are firms that possess ships of equal capacity and size, which leads firms to compete fiercely. ✓
- **High fixed costs and economies of scale:** Firms in the shipping industry come up with high fixed costs. Therefore, they struggle to increase the number of passengers in order to take advantage of scale economies. Along with the increasing rival intensity, strategic choices become more aggressive and we end up with price war among shipping firms. ✓
- **Aiming at increasing market shares:** The main target is to increase market shares. This is usually achieved by investing heavily on advertisement and promotional campaigns, introducing new services, indulging in price war or by attempting to buy out other competitors. ✓
- **High barriers to exit:** In order to enter and occupy in the shipping industry, a firm has to invest heavily on assets (e.g. ships). Therefore, the cost of exit is very high and forces firms to remain in the sector, even though they might come up with losses. ✓

### 1.3 MINOAN LINES shipping organization

The firm was established in 1972 and is based in Heraklion, Crete. Today, *MINOAN LINES* occupy mainly in the sector of passenger shipping, serving the routes: Piraeus – Heraklion – Piraeus, Patras – Corfu – Igoumenitsa, Greece – Ancona (Italy) – Greece, Greece – Venice (Italy) – Greece. The fleet of the company at the end of 2007 consisted of 6 car – passenger ferries with average age of 7.2 years and of a total transport capacity of 11,844 passengers and 4,680 vehicles. The company's share capital amounts to 159,583,500€ divided in 70,926,000 ordinary shares with a nominal value of 2.25€ each. *MINOAN LINES'* market shares for 2006-2007 are shown in the tables below:

Table 1: MINOAN LINES' market shares for 2006-2007 (www.minoan.gr)

Market Shares in Heraklion (Crete) – Piraeus shipping line			
Year	Passengers	Cars	Trucks
2006	71.0%	62.1%	49.6%
2007	72.0%	62.2%	49.6%

Table 2: MINOAN LINES' market shares for 2006-2007 (www.minoan.gr)

Market Shares in Ancona & Venice shipping lines				
Year	Passengers	Cars	Trucks	Trips
2006	35.7%	37.5%	35.2%	33.4%
2007	36.1%	37.3%	31.3%	30.6%

*ANEK LINES* is the main competitor of *MINOAN LINES* because both serve similar routes.

Its market shares for 2007 are:

- The route from Piraeus to Crete (i.e. Heraklion & Chania) and from Crete (i.e. Heraklion & Chania) to Piraeus served 50% of passengers, 53.1% of private vehicles and 66.1% of trucks.
- The routes to Northern Italy (i.e. Venice and Ancona) served 34% of passengers, 36.7% of private vehicles and 35% of trucks.

*BLUESTAR FERRIES*, *SUPERFAST FERRIES* and *NEL LINES* serve mainly the Aegean and Ionian Sea, but not Crete. They also serve some routes to Italy.

The profits of the three biggest shipping firms for year 2007 are given hereunder:

- Serving the routes Piraeus – Cycladic islands – Dodecanese as well as some Greece to Italy routes, *BLUE STAR FERRIES* brought net income of €18.257 millions for the company and €21.451 millions for the group.
- *ANEK*'s financial figures show profits of €13.6 millions.
- *MINOAN LINES*' net profit is €10.57 millions for the company and €16.356 millions for the group.

## 2 Porter's five forces industry analysis

Each firm's competitive environment (e.g. *MINOAN LINES*) is defined by the following five forces:

*a) The threat of entry of new firms*

*b) The firm's suppliers' power*

*c) The firm's buyers' power*

*d) The threat from substitutes*

*e) The Internal Rivalry (Competition among incumbents in the same industry)*

These forces determine the intensity and nature of the competition within the limits of the market as well as the strategies that a firm could adopt in order to maximize profits and expand its market shares. In this study, the five forces model explains how the structure of the Greek shipping industry affects rivalry and, as a result, *MINOAN LINES*' profitability.

### 2.1 ENTRY: The threat of new entrants in the shipping industry

In the Greek shipping industry we meet firms that prevail in the sector for more than twenty years, while there are few firms that entered the shipping industry the last years. Entrants erode incumbents' profits in two ways: "Firstly, they divide market demand among more

*sellers and secondly, entrants decrease market concentration heating up internal rivalry”.*

Therefore, it is plausible an incumbent such as *MINOAN* to aim at setting high entry barriers to new potential competitors in already served shipping lines. Thus, the aforementioned firm should exploit the following methods in order to eliminate the above threat:

***Economies of scale:*** Incumbents such as *MINOAN* and *ANEK* can take advantage of their growth and execute many itineraries within a day. In this way, they decrease the possibility of “losing” passengers. On the other hand, entrants’ small size does not allow them to perform under economies of scale. This situation leads to higher costs and less competitive services in comparison with *MINOAN*. ✓

***Capital expenditure:*** A firm’s entrance in a new sector requires investments. In the shipping industry, these investments consist of high capital expenditure for ship construction, acquisition of mechanical equipment and conduction of various business activities, such as marketing etc. These high capital demands seem unaffordable for a new shipping firm and therefore, it cannot rival effectively against incumbents. ✓

***Product differentiation:*** A firm’s perceived differentiation of its services and passengers’ trust towards them is an important barrier that a potential entrant has to deal with. For example, the more differentiated (i.e. unique) is the offering of *MINOAN LINES*, the harder it is for entrants to attract clients. ✓

***The threat of reaction from incumbents:*** The more possible the already established firms are to fight against the upcoming entrant; the toughest will it be for the latter to commit entry. Consequently, incumbents employ price-cutting strategies and invest heavily on advertisement. ✓

Obviously, potential entrants meet significantly high barriers to enter the under examination market. “Top dogs” (Big in size, already established firms) are willing to fight if they feel

threatened; competition will be tough. Only if entrants behave as “puppy dogs” (Incumbent will not feel threatened) do they have chances to survive. A new shipping firm is able to earn positive economic profits, as long as it does not claim for great market shares.

## **2.2 SELLER POWER: Suppliers' power to negotiate (upstream)**

In the shipping industry, expenses for inputs and supplies (e.g. fuel, lubricants, rigging and foodstuffs) constitute an essential percentage of the total cost of services. In such cases, suppliers can influence significantly the cost of offered services. The suppliers' power to negotiate depends on the following factors:

***The number of suppliers in the market:*** In the Greek passenger shipping industry there are few and big suppliers with whom the firm is completely dependent.

***Buyer's size and importance:*** In our case the buyer (i.e. *MINOAN LINES*) is big in size and important for the suppliers, because of the vast amounts of orders made by the firm. Therefore, suppliers have less power to negotiate the supplies' price.

***Level of suppliers' product differentiation:*** Suppliers' product (e.g. fuel) is characterized by high level of differentiation / uniqueness. Consequently, if the firm switches to another supplier, it suffers high costs for making this change. This is the case where suppliers' power to negotiate is significant.

***Possibility to substitute suppliers' products:*** In the shipping industry there no close substitutes for suppliers' products. As a result, a shipping firm like *MINOAN LINES* does not have alternative resources and therefore, the suppliers' power to negotiate is essentially increased.



### **2.3 BUYER POWER: Buyers' power to negotiate (downstream)**

The factors that determine the buyers' power to negotiate are similar to those that affect the negotiation power of suppliers. A firm's customers can force its prices to low levels or they can demand higher quality for the same price. Factors that determine buyers' power to negotiate a shipping firm's prices are:

**Buyers' sensitivity to price:** In general customers claim lower prices when the product offering represents a high percentage of their budget. In Greece most transportations to and from the islands are committed through ships and cargo-carriers. Thus, passengers' pressure for lower prices in the shipping industry is constantly increased.

**The product's characteristics:** The service provided by a shipping firm is highly differentiated and important for passengers. This means that they are dependent on the firm and the services offered, which leads to a decrease of their power to negotiate prices.

### **2.4 SUBSTITUTES & COMPLEMENTS: Threat from substitute services**

There are not complements in the Greek passenger shipping industry. On the other hand, occurrence of substitutes, such as airplanes, brings a direct impact on the demand of shipping services. The intensity of the threat derived from substitute services depends on the following factors:

**Impact of price:** Close substitutes set limits to prices of shipping firms' services. If those prices are higher than the close substitutes' prices then passengers are very likely to switch to the latter. For instance, if *ANEK LINES'* prices are lower than *MINOAN's* (assuming that all the rest - like the quality of services - remain the same) then clients would most likely choose *ANEK*.

*Consumers' tendency towards substitutes:* Due to seasonality in the shipping sector, clients are often willing to try alternative means of transport. Thus, threat from substitute products is more intense at certain times. However, consumers' tendency towards substitutes occurs after taking in consideration the cost of change to substitute products. More specifically, clients are less willing to switch to airplanes due to high ticket prices in the air transport industry. ✓

## **2.5 INTERNAL RIVALRY: Rivalry among firms in the shipping industry**

In general, the Greek passenger shipping industry gains positive economic earnings that persist over time. The country's geography with the numerous islands allows shipping firms to grow and be profitable. Therefore, the competition among shipping firms is remarkably intense as each firm tries to increase its market share. Each firm's strategic movement results in a certain response from competitors due to their fear of losing shares. The volume of response as well as the way with which *MINOAN*'s rivals react, depend on the conditions that prevail in the Greek shipping sector. Such conditions are the following:

*Routes in the Adriatic Sea:* The market in the Adriatic Sea is characterized by high seasonality of tourist activity. Passenger and vehicle transportation is more intense during the summer season, whereas the transportation of commodities with trucks remains unchanged throughout the year. The Greece – Italy shipping line functions under a regime of complete liberty with fierce competition among the firms that travel in this line. Those firms are classified in two basic categories: (a) Those that provide services during the whole year and, (b) those that provide services only for the period of high tourist activity. The latter tend to offer services of lower quality than the former and occupy old ships that are withdrawn during winter.

**Domestic shipping sector:** Domestic sea lines are served by conventional ferries as well as ships of new technology. Over the last years, continuous development and upgrading of old ships led the Greek shipping industry to make a remarkable progress. In addition, frequent and faster itineraries have improved the quality of the offered services. Finally, the enforced law has changed since January 2004. It now initiates free and unhindered provision of services of sea transport within domestic Seas.

### 3 Four competitive strategies against five forces model

In order to face the competitive forces, *MINOAN LINES* engage in the following strategies:

- **Product differentiation:** Aiming at attracting clients' devotion to its brand, the firm has introduced a number of unique services and facilities: (a) MINOAN on board refers to extra-services, discounts and free tickets for regular and "important" clients. (b) Internet kiosk is an Internet service provided on board for all passengers. (c) E-booking VeriSign facilitates tickets' booking through a secure online system.
- **Focused differentiation:** The Company offers specialized products and services to satisfy special target groups better than its rivals. Such groups are children, elderly, families and students.
- **Developing tight bonds with buyers and suppliers:** This strategy allows the firm to "lock" its clients to the services it offers and to bind its suppliers in a delivering timetable and a structural invoicing. In this way, *MINOAN* creates a "changing cost" and decreases buyers' and suppliers' power to negotiate.
- **Low - cost producer:** In order to deter entry, the firm offers its services in lower prices than entrants and competitors. Strategic database systems allow *MINOAN* to lower its internal costs, so as to provide services in lower prices and in better quality than its rivals.

## 4 Summary

The above analysis described thoroughly the evolution, volume, profitability and the competition in the Greek shipping industry. It became obvious that the market's structure is a differentiated oligopoly and the competition in the industry can be characterized as significantly fierce. Furthermore, new entrants meet high barriers in their attempt to enter the shipping industry. As far as the suppliers' power is concerned, there are cases where the latter are able to negotiate inputs' price with shipping firms. As shown above, passengers' pressure for lower prices is constantly increasing and existence of close substitutes sets limits to the price that firms charge. *MINOAN LINES* is a representative Greek passenger shipping firm that employs strategies such as product differentiation, focused differentiation, development of tight bonds with suppliers and buyers, and low cost production in order to manage effectively the threats determined by the Porter's model. Other firms in the shipping industry focus on strategic choices that will allow them to increase their market shares and profits. The Greek shipping industry has proven a profitable market with tremendous growth and a very promising future.

very well written.  
good economic analysis  
interesting paper.

A

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## INTERNET SITES

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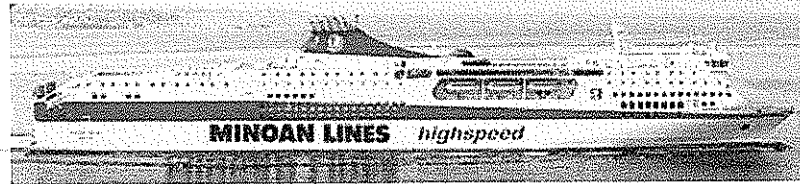
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GREEK SHIPPING AWARDS 2005

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## Company Profile

The leading ferries.

A dominant company in the passenger ferry sector that has been growing fast for the last 36 years.

A leading Greek company featuring an ultra-modern fleet of 6 ships, linking ports and people with safety and comfort.

Guided by its customer-oriented philosophy, continuous upgrading of quality and range of services, MINOAN LINES managed to capture the highest rankings in customer satisfaction since the very first steps of its foundation.

During the period 1998 - 2002, the company executed its most ambitious investment program with the building of new and technologically advanced highspeed ferries, enabling the upgrading of its services. This sets the company on a consistent pursue of its future prospects and strategic goals.


SAILING AT FULL SPEED, MINOAN LINES AIMS TO BECOME A PIONEER WITH DYNAMISM, WITH EMPHASIS ON QUALITY AND SAFETY AND WITH RESPECT TO THE ENVIRONMENT.



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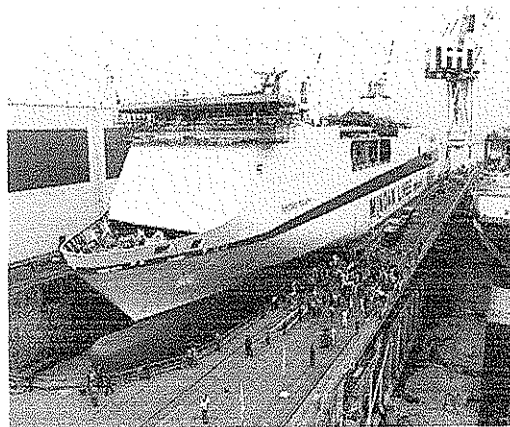
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## Become a pioneer

Through the gradual replacement of older-technology vessels with ultra-modern and faster vessels.

Through the establishment of new, profitable services within Greece and abroad.

Through securing and strengthening its dominant position in the ferry in Greece and Italy and further sharpening its competitive advantage.

Through the expansion of its commercial network in Greece and abroad. This will bring the company even closer to its customers.

## DYNAMISM

Exploit new investment opportunities and market challenges (cooperation, buy-outs or mergers) within the shipping sector or other business sectors (co-operations, participations in other business activities), due to the reshuffling in the Hellenic ferry sector the lifting of maritime cabotage and the globalization of the Hellenic ferry sector to new international business entries.



## QUALITY AND SAFETY

Raise the standards of quality, safety and reliability of services provided to customers.

Improve the transportation variables for trucks and passenger vehicles.



## RESPECT FOR THE ENVIRONMENT

The encouragement and practices for the protection of the marine environment with regular controls and observance of International Regulations (MARPOL).

The collection and separation of refuse in special containers and proper disposal via designated waste disposal vehicles in each port of call.

The placement of signs at key points on board that discourage passengers from littering the sea, and instructions for safe disposal of litter.


The collection of wastewaters in special tanks and proper disposal via designated vehicles.

The active membership in "HELMEPA" (Hellenic Marine Environment Protection Association).



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**CEO's Message**

Over the past couple of years, we have witnessed major changes in the passenger ferry industry. Within a continuous changing business environment, Minoan Lines managed to improve further its market position.

The Company's primary objective is to provide high quality and best value services. Today, Minoan Lines has achieved the highest customer satisfaction levels so in the Greek market as in the Adriatic sea.

In financial terms, Minoan Lines improved significantly its performance reducing the bank debt and reinforcing basic financial ratios despite the high fuel prices and interest rates in Euro-zone which squeezed the industry's profitability margins.

Given the improvement in Minoan Lines' financial performance, which was a prerequisite before it proceeds with the implementation of a new business plan, the company is preparing now for its growth.

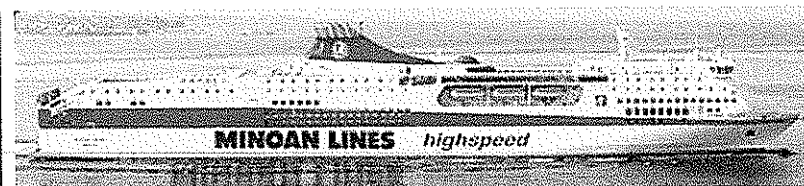
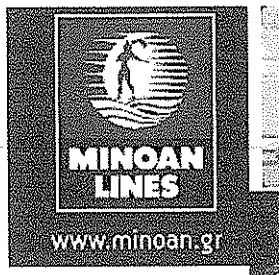
The main strategic goal for the company's growth is the increase of market shares in the existing routes and the operation in new routes, setting as top priority the maximization of returns of invested capital as well as the value of its shareholders.

Antonios Maniadakis  
CEO Minoan Lines S.A



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## Awards

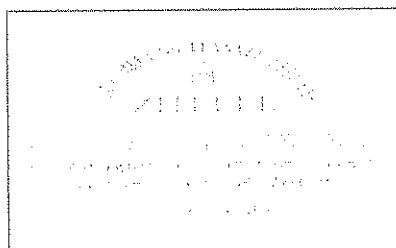



At a glittering ceremony held on 25 November 2005 at the Athenaeum Intercontinental hotel in Athens for the Greek Shipping Awards 2005, the highly respected and internationally renowned shipping newspaper Lloyd's List awarded **MINOAN LINES** the Passenger Line of the Year award.

This award is a particularly special honour, given the high competition in this category and the significance of the institution.

The award was received on behalf of the Board of Directors of **MINOAN LINES** by the company's managing director Mr A. Maniadakis. In his award speech to those present, Mr Maniadakis said: "It is with much joy and emotion that I receive the award for Passenger Liner of the Year on behalf of the Board of Directors of **MINOAN LINES**. It is truly a great honour. We thank you all warmly. We are particularly grateful to our company's thousands of shareholders - the fundamental basis of every successful company - for the support and trust they have shown to **MINOAN LINES**. I would like to thank our banks and associates for the excellent cooperation and, most of all, all the passengers and customers who prefer to travel with our high speed cruise ferries on our domestic and foreign lines, demonstrating in this way their satisfaction with the high standards and reliability of our services. Moreover, I would like to express - from the depth of my heart - my gratefulness to our dedicated and excellent staff, on land and sea, for their professionalism, which has made **MINOAN LINES** the leading company in the passenger sector. We thank them warmly for this wonderful journey that has now lasted for 33 years."

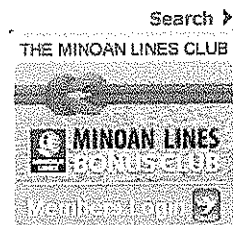
Members of the company's Board of Directors and other executives were also at the ceremony.



 Minoan Lines' future prospects and business activities highlight a new philosophy and orientation. The year 2001 marks the beginning of harvesting the fruits of years of dedicated efforts for growth and development.

The international awards won by our newly built ships underline the company's competence and status in the national and international coastal shipping sector.

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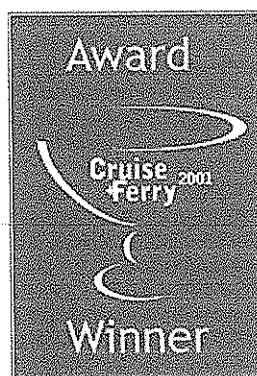
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☑ **Cruise & Ferry Info**, a recognised European publisher and passenger shipping industry expert proclaimed the H/S/F Knossos Palace, as the **Best and most luxurious cruise ferry in the world for the year 2000**.

☑ In the Cruise & Ferry Conference / Lloyd's List competition, H/S/F Knossos Palace won the Best Overall Interior Design Award.


☑ In addition, Minoan Lines was awarded the international Zitelte-Meeting Planner Dell' Anno Award in recognition of its excellence in services and professionalism.



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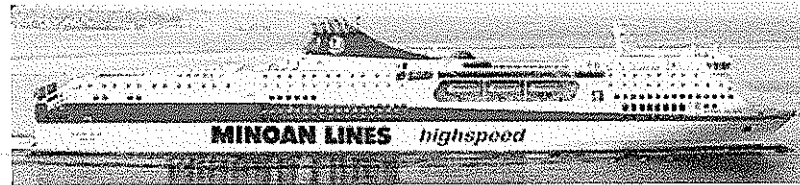
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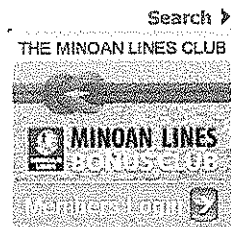
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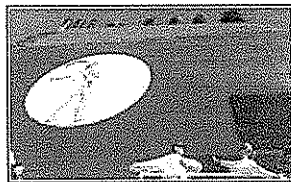
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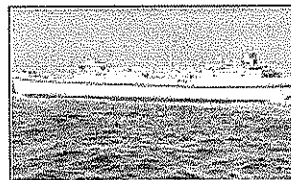
## History

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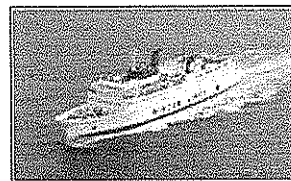
### 1972

The course to success is set on May 25, 1972 with the signing of the company's Articles of Association featuring a registered capital of 40 million Greek Drachmas



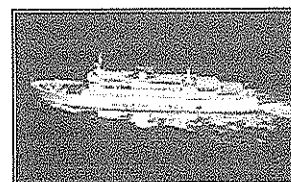
### 1974

**Minoan Lines** creates quite a stir by entering the competition in the marine sector. F/B Minos is purchased the same year and deployed on Heraklion - Piraeus route, on July 5. The reign of the seas by **Minoan Lines** has already begun.



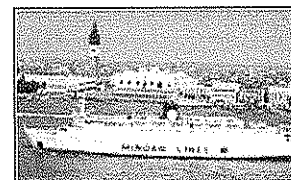
### 1976

The second ship of **Minoan Lines**, the ultra- fast & modern F/B Ariadne becomes the flagship of **Minoan Lines'** dynamism. Daily services to and from Crete are now a reality.



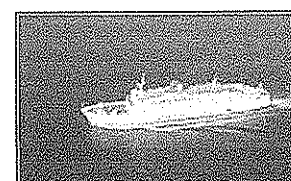
### 1978

F/B Knossos is deployed on Heraklion - Piraeus route, F/B Minos is deployed on Piraeus - Chania route. The two major ports of Crete are linked daily to the mainland of Greece



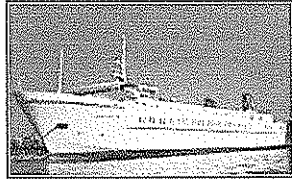
### 1981

**Minoan Lines** takes a big step. The company decides to enter the international competition. F/B El Greco inaugurates the company's services to Ancona (Italy) from the Greek port of Patras. New enterprising horizons are opening up.

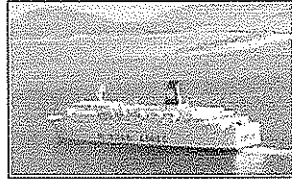


### 1985

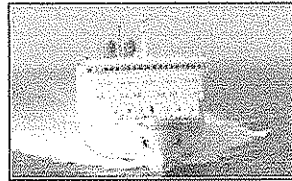
Having established its position in the shipping market, **Minoan Lines** decides to renew its fleet. This starts with the replacement of F/B Minos by F/B Festos.

**1986**

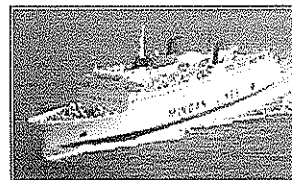
Expansion of activities: the company deploys Ro-Ro Agia Galini on the Heraklion - Piraeus route for the safe and secure transport of long vehicles, trucks, and tank-tracks carrying all kinds of load.

**1987**

One more ship is added to the Patras-Ancona route. In response to the increasing demands for this particular service, **Minoan Lines** deploys the modern, within the European standards, F/B Fedra on the Patras-Ancona route.

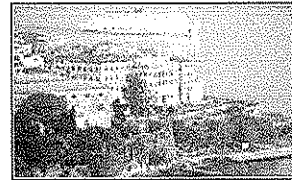
**1988**

**Minoan Lines** deploys a third ship, F/B King Minos, on the Patras-Ancona route. With this ship the company sharpens competition and claims the top position in the market.

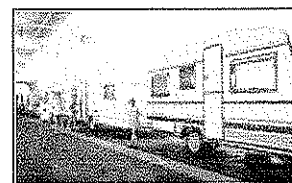
**1990**

**Minoan Lines** takes one more step further: the F/B Ariadne is deployed on the route Greece-Italy-Turkey, thus joining the coast of Ionia with Greece and Europe.

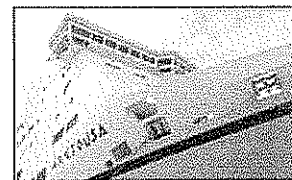
By deploying F/B Kazantzakis on the Heraklion-Piraeus route, **Minoan Lines** establishes the quality standards for this service.

**1991**

The deployment of the state-of-the-art F/B Daedalus on the Patras-Ancona route creates quite an impact in the passenger shipping sector. During that year, Minoan Lines links Crete with Ancona and Western Europe with the refurbishment of F/B El Greco.

**1992**

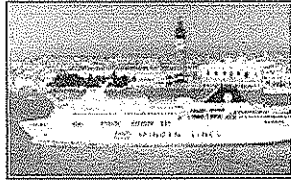
**Minoan Lines** is characterized as a pioneer in the shipping sector by covering its service performance to Italy in just 24 hours. The new and modern F/B Erotocritos combines speed and comfort while she also offers a new service -- Camping On Board -- addressing the needs of passengers traveling in their camper, caravan or trailer.

**1993**

This year marks the beginning of the most ambitious investment plan for the company - the building of a state-of-the-art fleet with highly sophisticated features combining safety with speed and comfort. The chain of High Speed Ferries starts with the H/S/F Aretousa securing for the company the top position in the list of the major players in the Greek passenger shipping sector.

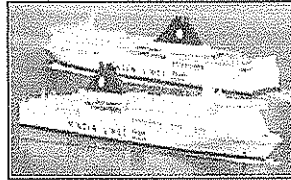
**1994**

A national heritage building in the city of Heraklion, property of the National Bank of Greece, is purchased by **Minoan Lines** and refurbished in a most elegant manner to function as the company's Headquarters and house its administrative operations. The building had suffered considerable damage during World War II.



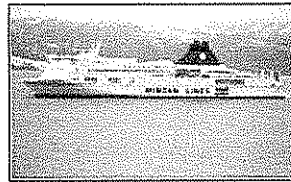
### 1995

With this delivery of H/S/F Aretousa the first newbuilding vessel, the company now owns eleven ships. Comfort, luxury, safety and speed, of H/S/F Aretousa portray **Minoan Lines'** dominant and competitive role in the shipping sector worldwide. The service from Patras to Ancona is now cut down to 22 hours only! The response of the public is amazing.



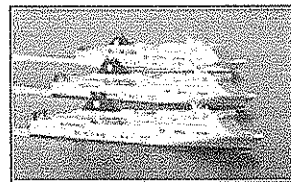
### 1996

The ambitious investment plan of **Minoan Lines** "shocks" the status quo in the Mediterranean coastal shipping sector. By ordering H/S/Fs Ikarus and Pasiphae the company's investment capital rises to 56 billion Greek Drachmas.



### 1997

The H/S/F Ikarus is launched in Sweden on May 5th and arrives with great pride and enthusiasm in Greece, from the FOSEN shipyard in Norway. In cooperation with other Greek ship-owners **Minoan Lines** establishes the company, **Minoan Lines** Highspeed Ferries S.A. during the same year. The Catamaran Ferry Highspeed 1 and F/B Ariadne are deployed on the Piraeus-Cyclades route.



### 1998

**Minoan Lines** sets a new record with its listing in the Athens Stock Exchange. The response from the public is unprecedented and inspires the company for even more ambitious investment plans.

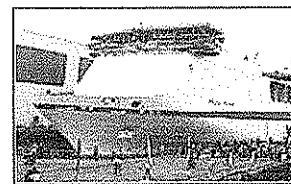
The third Highspeed Ferry, H/S/F Pasiphae, is delivered. Along with H/S/Fs Ikarus and Aretousa, the total investment value of the company is now in the range of 80 billion Greek Drachma, the greatest in the Greek maritime

sector ever.

One more ambitious goal is set in motion: the building of two more H/S/Fs, Knossos Palace and Festos Palace in Italy. These two identical vessels consist an unrivalled pair and can be characterized as the fastest, largest, and most luxurious ferries of their kind worldwide. Their competitive speed advantage enables them to cover the distance from Heraklion to Piraeus in just 6 hours.

However, the ambitions of the company are virtually unlimited. Two more highspeed ferries are ordered to Italian shipyards for scheduled service in the Adriatic Sea. These ferries were commissioned to the reputed designers "De Jorio".

The investment project of **Minoan Lines** includes two more high speed ferries (Ro-Pax). These were commissioned to SAMSUNG shipyards of South Korea and are designed with an operational capability of 28.5 NM/hour. By the end of 1998 the company resources 3 billion Greek Drachma from existing shareholders to increasing its share capital. There is no denying that the company commands the trust of the investment public.



### 1999

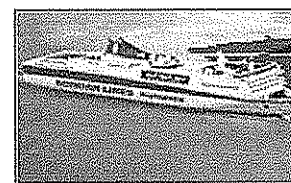
The image of **Minoan Lines** is that of a new, vibrant and great company. It is the year of unprecedented growth. Hellas Flying Dolphins emerges from the joint venture of Ceres Hydrophilis, **Minoan Lines** Highspeed Ferries and **Minoan Lines**.

Air Greece and Aegean Airlines pull their forces together to create the biggest air carrier in Greece.

After the strategic alliance and eventually merge of the two airlines,

**Minoan Lines** becomes one of the major shareholders in Aegean Airlines. The company wields greater leverage in the market by offering combined services to the public.

One more Highspeed Ferry is on order with SAMSUNG shipyards and two more on Ficantieri (Italian shipyards), thus raising the cost of company's investments to 1 billion USD since 1995.

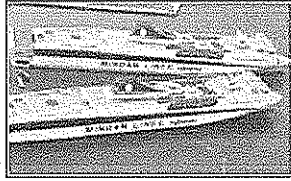


### 2000

Public consensus regarding the safety and quality standards is now officially ratified. The company is certified per ISO 9002 by the Greek State representing the Germanischer Lloyd organization. This certification is an acknowledgement of the company's Safe and Quality of Passenger/Vehicle Transport at Sea.

H/S/F Prometheus is launched at SAMSUNG shipyards and one more highspeed vessel is placed on order with the same Korean shipbuilders.

H/S/F Knossos Palace, a modern and fast ferry worldwide, is delivered by the Italian shipbuilder Ficantieri.



## 2001

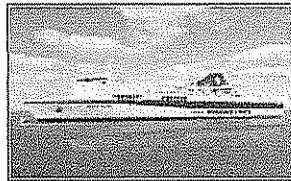
The ambitious investment program of **Minoan Lines** is advancing in full speed with the delivery of H/S/F Prometheus deployed on the Patras-Corfu-Igouenitsa-Venice route.

F/B Kazantzakis, which was deployed on the Heraklion - Piraeus route was sold. By selling older vessels, the company's vision in renewing its fleet is progressing fast.

H/S/F Festos Palace, a sister ferry to H/S/F Knossos Palace, is delivered from Ficantieri shipyards. The "unrivalled" pair was deployed on the Heraklion - Piraeus route altering drastically the quality of services provided, combining luxury, speed and safety.

**Minoan Lines** announces its cooperation with the leading Italian Maritime Shipping Group Grimaldi as soon as the H/S/F Festos Palace is received. This cooperation provides new opportunities in **Minoan Lines'** strategy to expand beyond the Adriatic Sea in new European routes, linking Italy (port of Genoa) with Tunisia and Malta, followed by a further expansion into the French port of Marseille.

The course to success continues with the delivery of H/S/F Oceanus from SAMSUNG shipyards. This ferry is deployed on the Patras-Igoumenitsa-Venice route.



## 2002

**Minoan Lines'** investment program is proceeding as planned with the delivery of H/S/F EUROPA PALACE on Friday, May 10, 2002 from the Italian shipyards of FINCANTIERI. H/S/F EUROPA PALACE is another addition of an ultra modern highspeed ferry to the company's fleet, strengthening the company's position in the Adriatic market and contributing to the further upgrading of the Greek shipping sector.

The H/S/F EUROPA PALACE, the sister vessel of the H/S/F OLYMPIA PALACE, is the fourth and last ultra modern passenger ferry for **Minoan Lines** from the Italian shipyards of FINCANTIERI. The vessel has been deployed on the Patras - Igoumenitsa - Ancona sea route on May 14th, 2002.

Following the delivery of the H/S/F ARIADNE PALACE in the near term from the shipyards of SAMSUNG HEAVY INDUSTRIES, the ambitious and very important investment program with the construction of 7 new vessels of total cost 670 million will be completed, and the Company will enter this new era with a fully fleet of vessels combining speed, comfort and luxury on board.

The deployment of H/S/F ARIADNE PALACE 1. (ex. H/S/F OCEANUS) on the new sea route Genoa - Malta - Tunis, on May 31, 2002, opens up new business horizons for **Minoan Lines** on the West Mediterranean with the strategic cooperation with the Italian GRIMALDI group.



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## REPORT OF THE BOARD OF DIRECTORS OF "MINOAN LINES S.A." TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2007

### To the Shareholders

Ladies and Gentlemen,

We present to you the separate and consolidated financial statements of the financial year 2007, as well as the most significant events that underlined the performance of the Company's business activity

### General

The main characteristics of 2007 were a) the continuous increase of fuel prices, and, b) the intense competition in the markets (lines) where the Company operates.

The upward course of fuel prices, which within the last three-year period (2005 - 2007) has been excessively increased (+115%), has seriously burdened the Company's vessels' operational expenses.

Moreover, the new deployment (operation) of vessels, mainly in the South Adriatic, and in combination with the reduction in passengers and vehicles traffic volumes, led to the increase of competition within this particular market.

However, regardless of the aforementioned facts, during 2007 there was an intense, significant interest from various investors for the shipping industry, leading to major changes in the share capital structure of most coastal companies.

Within this environment, Minoan Lines managed to increase its volumes in all traffic categories reaching higher levels in comparison with the corresponding number of trips.

### The Company

In 2007, the Company operated its business with two vessels in "Heraklion - Piraeus" and four vessels in Adriatic routes (Ancona and Venice) maintaining its strong position for another year in both markets.

### Traffic Volumes

In "Heraklion-Piraeus" route, the Company increased its market shares in each transportation category.

Heraklion - Piraeus	Traffic (in thous)			Market Shares	
	2007	2006	change %	2007	2006
Passengers	982	968	+1.5%	72.0%	71.0%
Cars	130	126	+3.4%	62.2%	62.1%
Trucks	69	66	+4.0%	49.6%	49.6%

In north Adriatic routes (Ancona and Venice), the Company maintained the highest market shares among the Companies operated in the specific market as concerns passengers and cars categories performing significantly fewer trips since it served the Venice line with one vessel less after the sale of H/S/F ARIADNE PALACE in December 2006. The reduction of its share in trucks is primarily attributed to the full garage capacity utilization.

Ancona & Venice	Traffic (in thous)			Traffic per trip			Market Shares	
	2007	2006	Change %	2007	2006	Change %	2007	2006
Passengers	542	581	-6.7%	538	500	+7.5%	36.1%	35.7%
Cars	145	154	-6.0%	143	132	+8.3%	37.3%	37.5%
Trucks	81	91	-11.0%	80	78	+2.5%	31.3%	35.2%
Trips	1,008	1,161	-13.2%				30.6%	33.4%

The steady course in terms of profitability growth over the last years along with the strict implementation of its business plan, is estimated to lead Hellenic Seaways to the route of further improvement of its financial position.

### Subsidiaries' Financial Data summary

The table hereunder provides summary financial data of the subsidiaries that were consolidated by the method of full consolidation in the year 2007, according to their respective financial statements

(in € million)	EUROPEAN THALASSIC AGENCIES SHIPPING MANAGEMENT & CONSULTANTS S.A.	GREKIAN ELOXENIA S.A.	ATHINA ALIVE S.A.	MINOAN ESCAPES S.A.	MINOAN CRUISES S.A.
Non Current Assets	0.00	3.28	5.20	0.00	0.00
Current Assets	0.01	0.00	0.16	0.07	0.32
Equity	- 0.03	3.21	5.34	0.01	0.33
Total Liabilities	0.05	0.08	0.02	0.05	0.00
Revenues	0.00	0.00	0.08	0.23	0.00
Net Profit After Tax	0.00	- 0.01	0.03	- 0.03	- 0.01

\* under liquidation

### Events held on 2008

#### Company's Shareholding developments

2007 has been a year of rapid developments in the share capital structure of almost all Greek coastal companies. This fact affected our Company as well.

Thus, after the withdrawal from the company's share capital of ATTICA holdings, Laskaridis Group and the Cyprian company "Sea Star", in January 2008 the company "Atlantica di Navigazione Spa" owned by Grimaldi Group, acquired an interest in Minoan Lines amounting to 30% of its share capital.

Founded back in 1947, the Grimaldi Group has a modern fleet of over 100 vessels of various categories and constitute the largest European Group in the short sea (short distances) passenger and car ferry shipping.

### Explanatory report of the board of directors pursuant to article 11a of Law 3371/2005

#### 1. Structure of the Company's share capital

The Company's share capital amounts to € 159,583,500 divided in 70,926,000 ordinary shares with a nominal value of € 2.25 each. All the shares are registered and listed for trading in the Securities Market of the Athens Stock Exchange (under "Large Cap" classification). Each share carries all the rights and obligations set out in law.

#### 2. Limitations on transfer of Company shares

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

#### 3. Significant direct or indirect holdings in the sense of articles 9 & 11 of Law 3556/2007

On January 31st 2008, the company "INTESA SANPAOLO Spa" informed our Board of Directors that participates in Minoan Lines share capital with 31.57% and holds 22,395,623 shares with voting rights.

The transaction took place on January 25th, 2008. In the above mentioned stake the participation 30% of "ATLANTICA Spa Di NAVIGAZIONE" is included through the company "INTESA SANPAOLO Spa" that acts as custodian.

#### 4. Shares conferring special control rights

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

#### 5. Limitations on voting rights

There are no limitations on voting rights.

#### 6. Agreements among Company shareholders



## 1. Information about the Company

### 1.1 GENERAL INFORMATION

The Company was established on 25/05/1972 (FEK 939/25.05.1972) with the discrete name "MINOAN LINES". Its headquarters are based on the Heraklion Crete Municipality (17, 25th Avgoustou Str.) while the duration of its life has been set up to the year 2052, with the right of further extension. MINOAN LINES operate in the passenger ferry shipping sector (E.S.Y.E code: 611) both in Domestic and International sea routes.

### 1.2 THE FLEET

The fleet of the Company is consisted of 6 (H/S/F) car-passenger ferries with average age of 7,2 years, and of a total transport capacity of 11,844 passengers and 4,680 vehicles, with the option of alternate loading in private cars and trucks. The vessels are routed in the Adriatic Sea (Ancona and Venice route) covering itineraries between Greece and Italy and in the Aegean Sea (Piraeus - Heraklion route)

The technical specifications of the vessels are shown below:

Vessel	IKARUS PALACE	PASIPHAE PALACE	KNOSSOS PALACE	FESTOS PALACE	OLYMPIA PALACE	EUROPA PALACE
Length (m.)	200.65	200.65	214.00	214.00	214.00	214.00
Breadth (m.)	25.80	25.80	26.40	26.40	26.40	26.40
Draught (m.)	6.60	6.60	7.10	7.10	7.10	7.10
Speed (knots)	27.00	27.00	31.60	31.60	31.60	31.60
Number of Passengers	1,500	1,500	2,500	2,500	1,922	1,922
Beds	700	678	758	758	732	732
Private Cars (only)	819	819	700	700	821	821
Combination Trucks / Private Cars	122 / 110	122 / 110	113 / 100	113 / 100	104 / 110	104 / 110
Year of vessel building	1997	1998	2000	2001	2001	2002

### 1.3 Fair value/Fleet Policy

The market value of the fleet of MINOAN LINES reached € 619,750 thous. based on recent appraisals (March 2008) by the firms Brax Shipping and N. Cotzias Shipping (R.L.) Co. Ltd.:

(In € thous.)			
Vessel	Brax Shipping	N. Cotzias Shipping (R.L.) Co. Ltd.	average
IKARUS PALACE	85,000	84,500	84,750
PASIPHAE PALACE	85,000	85,000	85,000
KNOSSOS PALACE	115,000	114,750	114,875
FESTOS PALACE	115,000	115,250	115,125
OLYMPIA PALACE	110,000	109,750	109,875
EUROPA PALACE	110,000	110,250	110,125
TOTAL	620,000	619,500	619,750

## 4. Traffic Volumes

The main Company's operational routes are those connecting Greece and Italy (International routes) as well as the Domestic routes (Heraklion - Piraeus line and Patras - Corfu line).

### North Adriatic Routes

The year 2007 and in relation to 2006, the Company operated in the particular market with one vessel less after the sale of H/S/F ARIADNE PALACE,. More specifically, the Company deployed the vessels OLYMPIA PALACE, EUROPA PALACE, IKARUS PALACE, PASIPHAE PALACE as regards the "Patras - Igoumenitsa - Ancona" and the "Patras - Corfu - Igoumenitsa - Venice" lines, which carried in total 542 thous. passengers against 581 thous. (-6.7%), 145 thous. cars against 154 thous. (-6.0%) and 81 thous. trucks against 91 thous. (-11,0%) in 2006. It is worth noting that the above-mentioned traffic volumes corresponded to a much lower number of trips (-13.2%).

On a per trip basis, the Company presented significant improvement in all traffic categories: In particular, passengers per trip were improved by 7.5% (538 against 500), cars per trip by 8.3% (143 against 132), and trucks per trip were improved by 2.5% (80 against 78)

### Domestic Routes

On the domestic routes, the Company deployed the vessels KNOSSOS PALACE and FESTOS PALACE and the vessels that served the Venice line, in the itinerary "Patras - Corfu" as well.

On the "Heraklion - Piraeus" route, which comprises the core of the Company business activities in the domestic market, MINOAN LINES manage to improve its traffic performance in all traffic categories.

The total traffic volumes for the period 2006 - 2007 in passengers, private cars, and trucks categories are presented below:

PIRAEUS - HERAKLION ROUTE - TRAFFIC			
Traffic (in thous.)	2007	2006	change (%)
Passengers	982	968	+1.5
Cars	130	126	+3.4
Trucks	69	66	+4.0

## Description of the Business

The fleet of the company at 31.12.2002 consisted of 10, car-passenger ferries, of a total transport capacity of 12,703 passengers and 5,324 vehicles, with possibility of alternate loading in private cars and trucks. The ships are routed in the Aegean and Ionian sea as well as in the Adriatic sea, covering itineraries between Greece and Italy. From June through December 2002 the company chartered the vessel ARIADNE PALACE I (ex- OCEANUS) to the company MEDITERRANEAN FERRIES S.R.L. connecting the ports of Tunisia and Malta with Genoa, Italy.

The analysis of the Company's turnover, by market activity, for the period 2000-2002 is as follows:

<b>TURNOVER OF THE COMPANY (in million Euro)</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
Income from Int'l freight rates	85.97	83.28	98.49
Income from Int'l shop sales	3.28	2.88	4.90
Int'l chartering income	0.00	0.09	2.54
Other Int'l income	12.79	11.81	15.77
<b>Total International income</b>	<b>102.04</b>	<b>98.06</b>	<b>121.70</b>
Income from domestic freight rates	29.87	42.41	47.40
Income from domestic shop sales	0.76	1.67	2.58
Domestic chartering income	0.06	0.05	0.00
Other domestic income	3.93	5.79	7.88
<b>Total domestic income</b>	<b>34.62</b>	<b>49.92</b>	<b>57.86</b>
<b>Total Turnover</b>	<b>136.66</b>	<b>147.98</b>	<b>179.56</b>

The analysis of the Group's turnover, by market activity, for the period 2000-2002 is as follows:

<b>TURNOVER OF THE GROUP (in million Euro)</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
Income from Int'l freight rates	85.97	83.28	98.49
Income from Int'l shop sales	3.28	2.88	4.90
Int'l chartering income	0.00	0.09	2.54
Other Int'l income	12.90	11.88	16.06
<b>Total International income</b>	<b>102.15</b>	<b>98.13</b>	<b>121.99</b>
Income from domestic freight rates	34.46	45.85	47.40
Income from domestic shop sales	0.76	1.67	2.58
Domestic chartering income	0.06	0.05	0.00
Other domestic income	5.13	6.61	8.01
<b>Total domestic income</b>	<b>40.41</b>	<b>54.18</b>	<b>57.99</b>
<b>Total Turnover</b>	<b>142.56</b>	<b>152.31</b>	<b>179.98</b>

## BUSINESS - THE SHIPPING SECTOR

### General

The company since its establishment provides services in the sector of passenger shipping. The main sector of the company's activity is the International routes Greece – Italy and the line Heraklion – Piraeus in the Hellenic coastal sector.

### Routes Greece - Italy

The market of Adriatic sea is known for the strong competition between the companies operating in the sector as well as for the net preference of the four Greek companies to focus their activity in Northern ports.

In general, there are two categories of companies operating in the field of passenger shipping in Adriatic sea, those which provide services all year round and those which provide services over the period of high tourist demand for passengers and automobiles. The latter are inclined to offer services of lower quality using old ships which are withdrawn during winter season.

### Position of MINOAN LINES in the market of Adriatic sea

The MINOAN LINES operates successfully since 1981 in Adriatic sea and particularly in the routes connecting the ports of Patras and Igoumenitsa with the northern ports of Italy (Ancona and Venice). The company was the pioneer of the tendency to introduce newly-built ships, that prevailed in the previous years. The introduction of these new ships which were designed especially for this market as well as the progressive retirement of the small companies from 1995 till today enforced the MINOAN LINES to put on route, in total, 8 newly-built ships in the international lines Greece – Italy renovating completely their fleet and improving significantly the level of business services. The total movement of passengers, private cars and trucks as well as the share of the market for the last three-year period is set out in the table herebelow:

Total traffic Ancona & Venice (in thousand)

	Passengers			Private cars			Trucks		
	Total	MINOAN	%	Total	MINOAN	%	Total	MINOAN	%
2002	1.545	546	35%	354	142	40%	262	100	38%
2001	1.415	451	32%	322	118	37%	243	76	31%
2000	1.335	588	44%	331	171	52%	235	77	33%

### Greek Coastal Shipping

In the domestic lines were deployed in 2002 three ships of the MINOAN LINES, the newly-built KNOSSOS PALACE / FESTOS PALACE in the route Heraklion - Piraeus and the only old ship of the fleet, DAEDALUS in the route Heraklion - Thessaloniki. The ships of MINOAN LINES in 2002 carried 1,298 thousand passengers, 75 thousand private cars and 63 thousand trucks.

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## Domestic Lines

Owing to the two new ships put on route on the line Heraklion – Piraeus and the pioneer for Greek standards, investment of € 220 million through the ship-building of KNOSSOS PALACE and FESTOS PALACE, the traffic of the route to Crete presented a further increase in 2002, and in effect, the turnover is shown increased by 15.9% as compared to preceding year.

## International Lines – Overseas Routes

The evolution of the figures in the Adriatic routes followed an obviously more dynamic course and in effect the turnover is shown increased by 24.1% in 2002 as compared to 2001. The fleet of the company on the Int'l routes consists exclusively of newly-built fast – sailing ships, three of which were put on route in the last two years. The management of new and more fast ships besides the improvement of the services provided by the company, contributed to the rationalisation and uniformity of the fleet. Therefore, the increase in the movement and the consequent increase in turnover, in conjunction with the smaller number of voyages required, owing to high speed, improved materially the capacity per each trip.

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## **Subsidiaries**

### **MINOAN CHANGE S.A.**

The Company was founded in February 1996 and its registered office is in Heraklion Crete. The objects of the company were to provide more gainful exploitation of the already operating currency exchange services aboard of the parent company as well as the extension of this activity on land. Sole shareholder of the company is the MINOAN LINES S.A. and soon after the introduction of the Euro the company was put under liquidation.

### **EUROPEAN THALASSIC AGENCIES SHIPPING MANAGEMENT & CONSULTANTS S.A.**

The Company, availing an organized and integrated network of agencies throughout Europe and a modern and complete automated reservations system, was bought out in July 2001 where full ownership and control passed on to MINOAN LINES. In addition to the organizational changes were also successfully renegotiated the commissions and the shipping agents' commission – fees obtaining satisfactory reductions which led to cutting down the distribution cost of tickets as disclosed in the Balance Sheet for the year 2002. By the end of 2002 was revoked the license for the company to operate in Greece and consequently the personnel and the operations were fully incorporated to the MINOAN LINES.

### **CRETAN PHILOXENIA S.A.**

The Company was founded in November 1999 and its registered office is in Heraklion Crete. The objects of the company are to operate in activities relating to tourism aiming to expand the business lines of the parent company and to offer integrated tourist packages to its extensive clientele. In 2000 the CRETAN PHILOXENIA acquired the total shares of the company ATHENA S.A., which also owns a plot of 8,801 sq.m. in the city of Heraklion with the laid on it buildings.

### **MINOAN LINES HIGHSPEED FERRIES S.A.**

The Company was founded in 1997 and its registered office is in the Municipality of Marousi, Attiki. The objects of the company are the purchase and the exploitation of Greek merchant ships. After the incorporation of the HELLAS FLYING DOLPHINS in 1999, the company was reduced inactive and put into liquidation. In January 2003 was concluded the liquidation process and the company was finally dissolved.

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## **MINOAN CRUISES S.A.**

The Company was founded in April 1995 and its registered office is in Heraklion Crete. The objects of the company are the exploitation of cruise ships. The company after the sale of the ship M/V MINOAN PRINCE, ceased its operation and is about to be put into liquidation.

## **MINOAN AGENCIES S.R.L.**

The Company was founded in May 2002 and its registered office is in Ancona, Italy. The objects of the company are to provide factorage services of the ships in this port.

## **Associated Companies**

### **HELLAS FLYING DOLPHINS S.A.**

The company was founded in March 1999 and its registered office is in Athens. The object of the company are the exploitation of ships for the transport of individuals and vehicles. Disposes of 68 ships which connect ports of continental country with Cyclades, Argosaronicos and Sporades by daily departures where the company keeps a leading position. The company in the last two years proceeded with an extensive rationalization of its fleet and a reorganization of the itinerary schedules with the intent to keep low its operating expenses and return profitable.

### **FORTHnet S.A.**

The company was founded in October 1995 and its registered office is in Heraklion Crete. The objects of the company are:

- To provide voice telephony
- To provide Internet services
- To provide telecommunication services of data and added value
- To provide computer interconnection network through fixed wireless and wired access services
- To provide electronic information systems.

## MEDITERRANEAN FERRIES S.R.L.

The company was founded in cooperation between MINOAN LINES and GRANDI TRAGHETTI, in May 2002 and its registered office is in Genova, Italy. The objects of the company are the exploitation of the route Genoa – Tunisia – Malta. The company chartered the ship ARIADNE PALACE I from MINOAN LINES which sailed in this route up until January 2003. After the withdrawal and sale of the above ship from West Mediterranean the company was put under liquidation.

### Summary Financial Data of Subsidiaries and Associated Companies

Basic Financial Data of subsidiaries and associated companies for the fiscal year 2002 is set out in the table herebelow:

#### BASIC FINANCIAL DATA OF SUBSIDIARIES - ASSOCIATED COMPANIES (in million Euro)

	MINDAN CHANGE A.E. (under liquidation)	EUROPEAN THALASSIC AGENCIES SHIPPING MANAGEMENT & CONSULTANTS S.A.	CRETAN PHILOXENIA S.A.	MINDAN AGENCIES S.R.L.	MINDAN LINES HIGHSPEED FERRIES N.E. (under liquidation)	MINDAN CRUISES S.A.	MEDITERRANEAN FERRIES S.R.L.	HELLAS FLYING DOLPHINS S.A.	FORTHnet S.A. GROUP OF COMPANIES
FIXED ASSETS	0.00	0.00	3.28	0.02	0.00	0.00	0.00	233.77	56.22
CURRENT ASSETS	0.52	1.86	0.03	0.41	12.83	0.91	5.73	50.86	2749
SHAREHOLDERS' EQUITY	0.52	0.13	3.21	0.05	12.83	-1.99	-0.56	203.86	64.65
TOTAL LIABILITIES	0.00	1.73	0.15	0.36	0.00	2.89	6.27	86.86	33.08
TURNOVER	0.00	2.15	0.00	0.82	0.00	0.00	12.43	139.82	32.07
RESULTS BEFORE TAXES	-0.01	0.17	0.02	0.19	-0.04	-4.68	-1.55	-49.38	-4.10
RESULTS AFTER TAXES & BOARD OF DIRECTORS EMOLUMENTS	-0.01	0.17	0.02	0.19	-0.04	-4.68	-1.56	-49.38	-3.91



## MINOAN LINES SHIPPING S.A.

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

Condensed Financial Information for the period ended from January 1st to December 31st 2007 (published in accordance with the article 135 of the corporate law 2190/1920, for companies preparing the annual financial statements according to the I.A.S.)

The financial information set out below provides a general presentation of the financial position and results of MINOAN LINES SHIPPING S.A. and its Group. We recommend to the reader, who seeks a complete view of the financial position and performance of the Company and its Group, to visit the web site (at [www.minoan.gr](http://www.minoan.gr)), where the annual financial statements are presented in accordance with the International Accounting Standards and the auditor's report.

### COMPANY'S INFORMATION

Web site address:	<a href="http://www.minoan.gr">www.minoan.gr</a>
Date of approval by the Board of Directors:	21st March 2008
Board of Directors:	S.Sarris-Chairman, E.Koulendakis-Vice Chairman, A.Maniadakis-Chief Executive Officer, M.Vavourakis-Member, G.Drys-Member, J.Dryllarakis-Member, K.Mamalakis-Member, J.Xenikakis-Member, G.Papageorgiou-Member, M.Papadakis-Member, J.Sbokos-Member, E.Froudakis-Member.
Certified Audit Accountant:	Marios T.Kyriakou-A.M. S.O.E.L. 11121
Audit Firm:	KPMG Certified Auditors A.E.
Audit Firm:	Unqualified opinion

### BALANCE SHEET

	The Group		The Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
<b>ASSETS</b>				
Non - current assets	623,622,505.37	637,492,735.15	617,206,484.21	637,544,996.15
Inventories	4,552,578.00	4,030,255.95	4,552,578.00	4,030,255.95
Customers	14,607,802.32	17,310,459.39	14,652,494.02	17,337,285.09
Other current assets	36,483,304.25	59,208,849.72	36,014,006.45	58,723,987.08
Non - current assets held for sale	5,200,000.05	5,200,000.05	0.00	0.00
<b>TOTAL ASSETS</b>	<b>684,466,189.99</b>	<b>723,242,300.26</b>	<b>672,425,562.68</b>	<b>717,636,524.27</b>
<b>EQUITY AND LIABILITIES</b>				
Interest bearing loans and borrowings	203,041,971.97	339,835,685.36	203,041,971.97	339,835,685.36
Other long - term liabilities	7,459,210.36	7,511,211.58	7,459,210.36	7,511,211.58
Bank overdrafts and current portion of interest bearing loans and borrowings	158,070,875.71	60,802,473.45	158,070,875.71	60,802,473.45
Other short - term liabilities	35,725,303.00	38,892,151.34	35,672,555.47	38,855,255.90
<b>TOTAL LIABILITIES (a)</b>	<b>404,297,361.04</b>	<b>447,041,521.73</b>	<b>404,244,613.51</b>	<b>447,004,626.29</b>
Share Capital	159,583,500.00	159,583,500.00	159,583,500.00	159,583,500.00
Reserves	86,717,907.22	88,207,147.95	85,204,872.11	88,121,684.01
Retained Earnings	33,802,257.31	28,341,347.36	23,392,577.06	22,926,713.97
<b>Total Shareholders Equity (b)</b>	<b>280,103,664.53</b>	<b>276,131,995.31</b>	<b>268,180,949.17</b>	<b>270,631,897.98</b>
Minority interest (c)	65,164.42	68,783.22	0.00	0.00
<b>TOTAL EQUITY (d) = (b) + (c)</b>	<b>280,168,828.95</b>	<b>276,200,778.53</b>	<b>268,180,949.17</b>	<b>270,631,897.98</b>
<b>TOTAL EQUITY AND LIABILITIES (a) + (d)</b>	<b>684,466,189.99</b>	<b>723,242,300.26</b>	<b>672,425,562.68</b>	<b>717,636,524.27</b>

### INCOME STATEMENT

	The Group		The Company	
	1/1 - 31/12/2007	1/1 - 31/12/2006	1/1 - 31/12/2007	1/1 - 31/12/2006
Revenue	195,937,633.48	206,891,038.30	195,701,520.97	206,703,062.77
<b>Gross profit</b>	<b>57,695,822.49</b>	<b>59,237,673.16</b>	<b>57,574,441.34</b>	<b>59,122,672.95</b>
<b>Operating profit before tax, depreciation, financing and investing costs (E.B.I.T.D.A.)</b>	<b>46,294,048.44</b>	<b>61,393,829.66</b>	<b>46,298,367.98</b>	<b>61,418,454.07</b>
<b>Operating profit before tax, financing and investing costs (E.B.I.T.)</b>	<b>29,130,711.98</b>	<b>41,995,647.58</b>	<b>29,135,094.66</b>	<b>42,020,444.42</b>
<b>Profit (Loss) before taxes</b>	<b>16,430,501.56</b>	<b>20,237,366.81</b>	<b>10,625,647.33</b>	<b>16,865,841.21</b>
Less: Income tax expense	74,048.23	-1,387,055.16	54,774.24	-1,407,595.56
<b>Net Profit (Loss) after taxes</b>	<b>16,356,453.33</b>	<b>21,624,421.97</b>	<b>10,570,873.09</b>	<b>18,273,436.77</b>
<b>Attributable to:</b>				
Equity holders of the parent	16,360,072.13	21,603,340.15	10,570,873.09	18,273,436.77
Minority interest	-3,618.80	21,081.82	0.00	0.00
Basic and diluted earnings per share (in €)	0.23	0.30	0.15	0.26
Dividend per share (in €)	0.05	0.135	0.05	0.135

### STATEMENT OF CHANGES IN EQUITY

	The Group		The Company	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Total equity (1/1/2007 and 1/1/2006 respectively)	276,200,778.53	251,071,140.74	270,631,897.98	248,911,649.31
Net profit/ (loss) after tax for the year ended	16,356,453.33	21,624,421.97	10,570,873.09	18,273,436.77
Distributed Dividends	-9,575,010.00	0.00	-9,575,010.00	0.00
Net income recognised directly in equity	-2,813,392.91	3,505,215.82	-3,446,811.90	3,446,811.90
<b>Total equity at the end of the year (31/12/2007 and 31/12/2006 respectively)</b>	<b>280,168,828.95</b>	<b>276,200,778.53</b>	<b>268,180,949.17</b>	<b>270,631,897.98</b>

**CASH FLOW STATEMENT**

	The Group		The Company	
	1/1 - 31/12/2007	1/1 - 31/12/2006	1/1 - 31/12/2007	1/1 - 31/12/2006
<b>Cash flows from operating activities</b>				
Profit before Tax	16,430,501.56	20,237,366.81	10,625,647.33	16,865,841.21
Adjustments for:				
Depreciation and amortization	17,163,336.46	19,398,182.08	17,163,273.32	19,398,009.65
Provisions	346,594.99	459,987.27	346,594.99	459,987.27
Unrealised foreign exchange differences	-39,550.91	-79,257.86	-39,550.91	-79,257.86
Gain on sale of investments and property, plant and equipment	-5,874,636.85	-16,138,913.06	-39,710.54	-12,863,903.55
Financial expenses	25,048,639.99	27,778,903.14	25,036,595.86	27,766,572.13
Other non-monetary income	-182,425.67	-440,271.67	-181,858.20	-440,301.69
<b>Operating results before changes in working capital</b>	<b>52,892,459.57</b>	<b>51,215,996.71</b>	<b>52,910,991.85</b>	<b>51,106,947.16</b>
Decrease/(Increase) in inventories	-522,322.05	17,782.02	-522,322.05	17,782.02
Decrease/(Increase) in trade and other receivables	14,134,754.99	-10,126,414.26	13,932,020.92	-10,078,323.57
Decrease in liabilities other than borrowings	-3,877,210.60	-13,282,139.80	-3,912,190.49	-13,284,549.57
Interest and related expenses paid	-23,242,064.27	-24,619,243.82	-23,230,020.14	-24,606,912.81
Taxes paid	-68,110.51	1,428,054.38	-48,982.71	1,450,878.20
<b>Cash flow from operating activities (a)</b>	<b>39,317,507.13</b>	<b>4,634,035.23</b>	<b>39,129,497.38</b>	<b>4,605,821.43</b>
<b>Cash flows from investing activities</b>				
Acquisition of subsidiaries and associates net of cash	-133,250.00	0.00	-133,250.00	-59,970.00
Purchase of property, plant and equipment	-1,014,004.26	-834,211.30	-1,014,004.26	-833,533.26
Proceeds from property, plant and equipment disposal	32,296.84	90,106,622.70	32,296.84	90,106,622.70
Increase in other long-term assets	-14,017.14	-490.51	-14,017.14	-508.12
Dividends received	5,373.02	148,252.98	24,079.54	162,532.19
<b>Cash flow from investing activities (b)</b>	<b>-1,123,601.54</b>	<b>89,420,173.87</b>	<b>-1,104,895.02</b>	<b>89,375,143.51</b>
<b>Cash flows from financing activities</b>				
Proceeds from the issue of short term borrowings	0.00	2,000,000.00	0.00	2,000,000.00
Repayment of long / short term borrowings	-39,525,311.13	-83,290,602.17	-39,525,311.13	-83,290,602.17
Repayment of finance lease liabilities	-51,778.73	-95,983.95	-51,778.73	-95,983.95
Dividends paid	-9,456,054.91	-209,904.67	-9,456,054.91	-209,904.62
<b>Cash flow from financing activities (c)</b>	<b>-49,033,144.77</b>	<b>-81,596,490.79</b>	<b>-49,033,144.77</b>	<b>-81,596,490.74</b>
<b>Net (decrease)/increase in cash and cash equivalents (a)+(b)+(c)</b>	<b>-10,839,239.18</b>	<b>12,457,718.31</b>	<b>-11,008,542.41</b>	<b>12,384,474.20</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>16,800,487.88</b>	<b>4,342,769.57</b>	<b>16,596,091.98</b>	<b>4,211,617.78</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>5,961,248.70</b>	<b>16,800,487.88</b>	<b>5,587,549.57</b>	<b>16,596,091.98</b>

**Notes and information:**

1. The companies included in the consolidated financial statements are stated below:

Company	Group interest	Domicile	Consolidation Method	Anaudited Fiscal Years
MINOAN LINES S.A.	parent	Heraklion-Crete	Fully	2006-2007
MINOAN CRUISES S.A.	80.28%	Heraklion-Crete	Fully	2000-2007
MINOAN ESCAPE S.A.	99.95%	Heraklion-Crete	Fully	2006-2007
KRITIKI FILOXENIA S.A.	99.99%	Heraklion-Crete	Fully	2000-2007
ATHINA A.V.E.E.	99.99%	Heraklion-Crete	Fully	2000-2007
EUROPEAN THALASSIC AGENCIES SHIPPING MANAGEMENT AND CONSULTANTS S.A. (under liquidation)	100.00%	Panamas-America	Fully	none
HELLENIC SEAWAYS S.A.	33.35%	Piraeus-Greece	Equity	2007
MEDITERRANEAN FERRIES S.r.l. (under liquidation)	50.00%	Genova-Italy	Equity	2002-2007

2. The main accounting policies of 31/12/2006 have been adopted. 3. For the fiscal year 2006, the item Gross profit of the income statement has been re-adjusted as compared to the fiscal year 2007, so as to include the relevant depreciations.

4. For securing the outstanding debt at 31/12/2007 amounting € 339,835,685.36, have been registered on the property, plant, equipment and the vessels of the above stated financial statements the following mortgages: a) first and second preferred mortgages on the vessels amounting € 408,675,783.00 and € 158,000,000.00 respectively b) pre-notations on the land and the buildings amounting € 17,154,748.66 c) 25,850,775 shares pledged owned by the parent company. 5. There are no outstanding disputes at the court or any arbitration against the Company and consolidated companies, which may have substantial effects on their financial position. 6. The personnel employed by the Group at the periods ended 31/12/2007 and 31/12/2006 was 827 and 803 persons respectively. 7. Earnings per share are calculated on the weighted average number of shares outstanding. 8. The consolidated revenue for the period ended 01/01-31/12/2007 according to STAKOD 03 is analyzed as follows: 611.0 Revenue from vessel operations € 161,713,780.79, 553.1 Revenue from restaurants on board € 11,539,145.63, 521.4 Revenue from shops on board € 12,693,615.81, 554.1 Revenue from bars on board € 7,259,831.87, 927.1 Revenue from slot machines € 2,419,696.19, 702.0 Revenue from rent € 79,340.44, and 633.0 Revenue from travel agencies € 232,222.75. 9. The total revenues and purchases, as well as the receivables and payables, resulting from transactions between the related parties in accordance with the I.A.S. 24 are as follows:

	The Group	The Company
a) Sale of services	33,314.56	174,023.65
b) Purchase of services	-	-
c) Receivables	208,815.31	257,568.19
d) Payables	-	-
e) Transactions and compensations of directors and members of board of directors	1,772,741.38	1,772,741.38
f) Receivables from directors and members of board of directors	-	-
g) Payables to directors and members of board of directors	-	-

Heraklion, March 21st 2008

THE CHAIRMAN OF THE BOARD  
STYLIANOS SARRIS  
ID C Nr AZ962813

THE CHIEF EXECUTIVE OFFICER  
ANTONIOS MANIADAKIS  
ID C Nr X 850531

THE CHIEF FINANCIAL OFFICER  
GEORGE VASSILOKONSTANTAKIS  
ID C Nr AZ 957560

THE CHIEF ACCOUNTANT  
DIMITRA BAISI  
ID C Nr AZ 467355  
ID 23944 First Class

## Balance Sheet - Financial Results

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

In million €			Change	
	2007	2006	€	%
<b>Balance Sheet</b>				
Non Current Assets	617.21	637.54	-20.34	-3.2%
Current Assets	55.22	80.09	-24.87	-31.1%
Equity	268.18	270.63	-2.45	-0.9%
Total Liabilities	404.24	447.00	-42.76	-9.6%
<b>Income Statement</b>				
Revenue	195.70	206.70	-11.00	-5.3%
Cost of Sales*	-121.64	-128.95	-7.31	-5.7%
Distribution Costs and Administrative Expenses*	-28.14	-28.02	+0.12	+0.4%
Other operating results	+0.37	+11.69	-11.31	-96.8%
Operating Profit before tax, depreciation, financing and investing costs (E.B.I.T.D.A.)	46.30	61.42	-15.12	-24.6%
Depreciation	-17.16	-19.40	-2.23	-11.5%
Financial Expenses	-25.04	-27.77	-2.73	-9.8%
Financial Income	+6.53	+2.61	+3.91	+149.7%
Taxes	-0.05	+1.41	-1.46	-103.9%
<b>Net Profit after Taxes</b>	<b>10.57</b>	<b>18.27</b>	<b>-7.70</b>	<b>-42.2%</b>

\*before depreciation

- The "Non-Current Assets" amounted to €617.21 million against €637.54 million of the previous year reduced by €20.34 million (-3.2%), primarily due to the depreciation costs of the current year as well as the liquidation of hedging contracts.
- The "Current Assets" are decreased by €24.87 million (-31.1%) and amounted to €55.22 million against €80.09 million of the previous year, mainly attributed to the decline of trade receivables reflecting the reduced revenues after the sale of H/S/F ARIADNE PALACE and the decrease of Company's cash and cash equivalents as well.
- The "Equity" was reduced by €2.45 million (-0.9%) and reached €268.18 million against €270.63 million of the previous year, primarily attributed to the dividends' payment for 2006 which were distributed within 2007.
- The "Total Liabilities" dropped at €404.24 million against €447.00 million of the previous year. This decrease is due to the decline both of the Company's debt and the "Trade and Other payables" item.

On profit/loss basis, the significant changes occurred in operating results in relation to those of the previous year is exclusively due to the fact that the Company operated its business with one vessel less, after the sale of H/S/F ARIADNE PALACE which recorded a profit on sale of €11.24 million for the fiscal year of 2006.

Moreover, it should be noted that for 2006, a profit amounting to €1.37 million from the sale of MINOAN AGENCIES S.r.l. has been recorded in the item "financial income". In addition, 2006 net results included a significant amount derived from tax-refund after the completion of the tax audit for the years 2000-2005.

## Business Risks

Two of the major risks the Company is exposed to are: a) the increase in fuel prices because of the Company's nature of provided services, and, b) the risk from a potential increase in interest rates due to its loan structure.

The Company, given the prevailing market condition each period of time, intends to hold derivative financial instruments to hedge its exposure to interest risks and risks arising from the increase in fuel prices in order to improve its performance.

## Prospects - Strategy for 2008

The first indications show that 2008 is going to be a very difficult year for the world economy. The rapid increase of fuel prices because of the inflationary pressures that creates, forces the European Central Bank to maintain high interest rates which lead to the appreciation of Euro against dollar. As a result both the growth and the competitiveness of Europe are negatively affected. This situation is expected to influence almost all sectors of the Greek economy.

Thus, the coastal sector is expected to be affected further since, apart from the high fuel prices, a potential recession may indirectly affect tourism as well.

In this negative climate, the Company is called to manage effectively this given situation. The first priority for 2008, under these circumstances, is the strengthening of its market shares in the lines that it operates with a continuous monitoring of all requirements that are created, and planning of the commercial policy for their immediate coverage as well as further drastic reduction of operational expenses.

## The Group

In the tables below, the companies are presented, in which MINOAN LINES, as parent company has a majority holding interest and therefore consolidated by the full consolidation method (subsidiaries) as well as the companies in which the parent has neither majority holding interest nor control over them (associates) and therefore consolidated by the Equity method.

Companies consolidated by the method of "full consolidation" at 31/12/2007

Name	% of share
EUROPEAN THALASSIC AGENCIES SHIPPING MANAGEMENT & CONSULTANTS S.A.*	100.00%
CRETAN FILOXENIA S.A.	99.99%
ATHINA A.V.E.E.	99.99%
MINOAN ESCAPE S.A.	99.95%
MINOAN CRUISES S.A.	80.28%

\* under liquidation

Companies consolidated by the equity method

Name	% of share
MEDITERRANEAN FERRIES S.r.l.*	50.00%
HELLENIC SEAWAYS A.N.E. - GROUP OF COMPANIES	33.35%

\* under liquidation

*Minoran lines  
Table of Capital grow*

**ΜΙΝΩΙΚΕΣ ΓΡΑΜΜΕΣ Α.Ν.Ε.  
Πίνακας εξέλιξης μετοχικού κεφαλαίου**

Ημερομηνία Γ.Σ.	Αριθμός Φ.Ε.Κ.	Αριθμός μετοχών αύξησης (Κοινές)	Όνομαστική αξία μετοχής (σε Δρχ.)	Τρόπος αύξησης		Σύνολο Μετοχικού Κεφαλαίου	
				Μετρητά	Κεφαλαιοποίηση Αποθεματικών		
<b>Αρχικό κεφάλαιο</b>	<b>939/25.05.72</b>	<b>40.000</b>	<b>1.000</b>	<b>40.000.000</b>		<b>40.000.000</b>	
31.08.1972 απόφ. Δ.Σ.	1626/09.09.72	40.000	1.000	40.000.000		80.000.000	
03.03.1974	462/08.04.74	80.000	1.000	80.000.000		160.000.000	
15.06.1975	1830/25.07.75	160.000	1.000	160.000.000		320.000.000	
15.05.1977	2982/29.09.77	80.000	1.000	80.000.000		400.000.000	
04.06.1978	2513/22.07.78	100.000	1.000	100.000.000		500.000.000	
03.06.1979	2946/18.08.79	100.000	1.000		100.000.000	600.000.000	
22.05.1983	1734/01.06.84	6.000	1.000		6.000.000	606.000.000	
24.06.1984	3244/28.11.84	151.500	1.000		151.500.000	757.500.000	
05.06.1988	2028/23.06.88	378.750	1.000	378.750.000		1.136.250.000	
04.06.1989	2928/19.07.89	37.875	1.000		37.875.000	1.174.125.000	
»	»	587.063	1.000	587.063.000		1.761.188.000	
25.11.1990	277/04.02.91	587.063	1.000	587.063.000		2.348.251.000	
»	»	293.531	1.000	293.531.000		2.641.782.000	
16.02.1992	957/07.04.92	1.320.891	1.000		1.320.891.000	3.962.673.000	
17.01.1993	5361/17.09.93	1.981.337	1.000		1.981.337.000	5.944.010.000	
»	»	660.446	1.000	660.446.000		6.604.456.000	
26.06.1994	5146/06.09.94	66.045	1.000		66.045.000	6.670.501.000	
16.06.1996	5476/29.07.96	1.334.100	1.000	1.334.100.000		8.004.601.000	
»	»	1.334.100	1.000		1.334.100.000	9.338.701.000	
23.11.1997	662/05.02.98	4.669.349	1.000		4.669.349.000	14.008.050.000	
» / Μείωση Ονομαστικής αξίας		4,669,350	750			14.008.050.000	
»	»	4.964.600	750	3.723.450.000		17.731.500.000	
16.05.1999	5809/20.07.99	11.821.000	750		8.865.750.000	26.597.250.000	
»	7293/10.09.99	17.731.500	750	13.298.625.000	39.895.875.000		
28.05.2000	8834/27.09.00	17.731.500	750		13.298.625.000	53.194.500.000	
<b>ΣΥΝΟΛΟ</b>		<b>70.926.000</b>	<b>750</b>	<b>21.363.028.000</b>	<b>31.831.472.000</b>	<b>53.194.500.000</b>	
				<b>€ 2,2010</b>	<b>€ 62.694.139,40</b>	<b>€ 93.415.911,96</b>	<b>€ 156.110.051,36</b>
Μετατροπή σε € (Αύξηση Ονομαστικής αξίας)							
30.06.2002	337/17.01.03		€ 2,25		€ 3.473.448,64	€ 159.583.500,00	
<b>ΣΥΝΟΛΟ</b>		<b>70.926.000</b>	<b>€ 2,25</b>	<b>€ 62.694.139,40</b>	<b>€ 96.889.360,60</b>	<b>€ 159.583.500,00</b>	



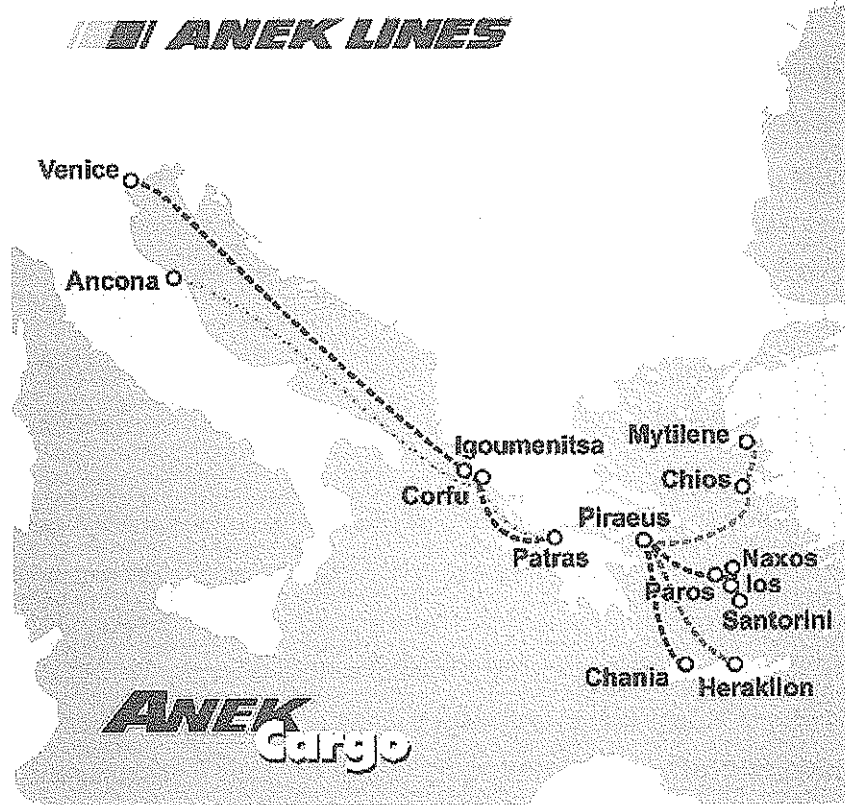
International Lines 10% Discount for Passengers



**Itinerary Map**

Every day, all year round, the vessels of ANEK Lines cross the Aegean, Ionian and Adriatic seas, providing a comfortable and safe voyage!

- Company
- Our Fleet
- Agents
- Itineraries
- Prices
- Cargo
- Booking
- News
- Offers
- Information
- Communication



ANEK Lines Itineraries

Chania|Heraklion|Patra|Igoumenitsa|Corfu|Ancona|Venice|Cyclades|NE Aegean

**ANEK LINES**  
 Karamanlis Ave. Chania Crete  
 E-mail: info@anek.gr



International  
Lines 10%  
Discount for  
Families



## Shares

Company  
Our Fleet  
Agents  
Itineraries  
Prices  
Cargo  
Booking  
News  
Offers  
Information  
Communication

The company's total share capital is divided into 161.299.191 shares of nominal value 1 Euro per share. The shares trade on the Athens Stock Exchange and are categorized as common nominal shares, Preference nominal shares issued 1990 and Preference nominal shares issued 1996. The total share capital is split as follows.



- 157.360.940 common nominal shares.
- 374.596 Preference nominal shares issued 1990.
- 3.563.655 Preference nominal shares issued 1996.

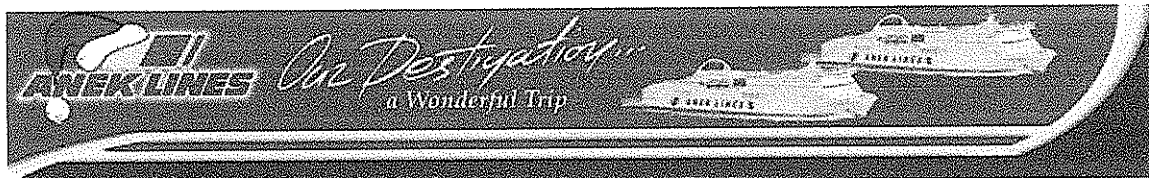
### Notes

- All shareholders have the right to vote and all shares are traded freely.
- Each share entitles the shareholder to one vote.
- Each shareholder is entitled to participate in General Shareholders Meetings either in person or through an appointed proxy.
- Existing shareholders have preferential purchasing options in future increases in the companies Share Capital, depending on their existing share capital. This is in accordance with Hellenic law (code number 2190/1920) article 13, paragraph 5.
- Shareholders, regardless of where they reside, are considered residents of Chania, Crete when regarding legal matters with the company and are subject to Hellenic Law.

### Investor Relations

Address Karamanlis Avenue, Chania Crete (ground floor)  
Telephone +30 2821-024189  
e-mail metoxes@anek.gr

**ANEK LINES**  
Karamanlis Ave. Chania Crete  
E-mail: info@anek.gr



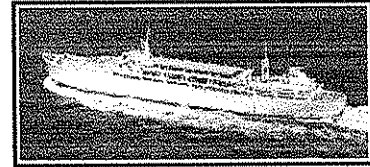
International  
Lines 20%  
Discount for  
Passengers  
under 25 y.o.



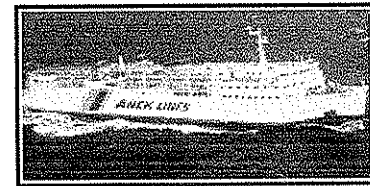
## History

[Company](#)  
[Our Fleet](#)  
[Agents](#)  
[Itineraries](#)  
[Prices](#)  
[Cargo](#)  
[Booking](#)  
[News](#)  
[Offers](#)  
[Information](#)  
[Communication](#)

The 40 year old tradition of ANEK sailing the seas of our country, has established us as the leader in our field. From the time of our first vessel setting sail up till now, ANEK has been crossing both the Aegean and Adriatic sea with unsurpassed comfort and consistency.

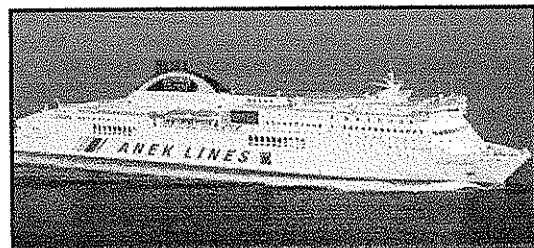


ANEK was originally created with the help of shareholders who were inhabitants of Crete. They endeavoured for a means of transportation which was their own and connected them with the rest of Greece. This is what differentiates ANEK from the rest of the shipping companies: its multi shareholder peculiarity. Cretan people looked for their own vessels to sail into their own sea. In the beginning it looked as just another great vision but everybody contributed to the cause.



Other companies soon followed our example. We restored the shipping tradition that goes back to the Minoan times. The company won the confidence of its people and its passengers, and rewarded its employees for all their sacrifices.

The development of ANEK has continued at an impressive rate. Our large contemporary fleet and the company's unique character have established us as a model for Europe. ANEK also complies with all the rules and legislation of the European Community.



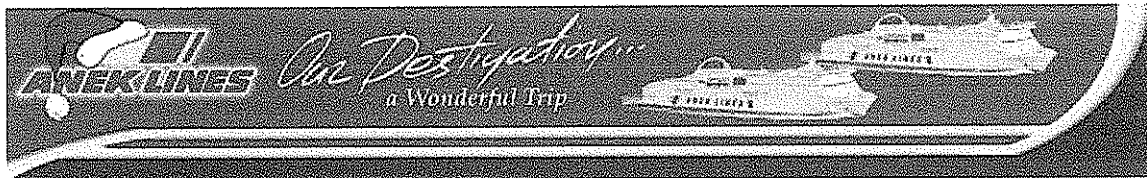
### MILESTONES IN ANEK LINES HISTORY THROUGH OUT THE YEARS

- 1967** April 10th, ANEK LINES was founded with its head offices located at Chania
- 1970** The company's first F/B vessels "KYDON" started servicing the route Piraeus - Chania
- 1973** The F/B's "CANDIA" and "RETHYMNO" started servicing the route Piraeus -Iraklion
- 1978** The F/B "KRITI" started servicing the route Piraeus-Chania
- 1987** The F/B "APTERA" started servicing the route Piraeus-Chania
- 1989** The F/B's "LATO" & "LISSOS" started servicing the route Patras-Ancona. The F/B "KYDON" was sold
- 1992** The F/B "EL.VENIZELOS" started servicing the route Greece-Italy. F/B "TALOS" started servicing the route Patras-Trieste
- 1996** The F/B "KRITI I" and "KRITI II" were purchased. The F/B "KRITI" was sold
- 1997** The F/B's "KRITI I" and "KRITI II" started servicing the route



- Patras-Ancona
- 1998** Share-capital increase and Initial public offering for the company's stocks into the Athens Stock Exchange
- 1999** The company's stocks started trading on the Athens Stock Exchange on 21/01/1999
- The F/B "SOFOKLES V." was bought and started servicing the route Patras-Trieste
- ANEK LINES purchases 50% of the share-capital of LANE, with the assignment of the F/B "TALOS"
- ANEK LINES and RETHYMNIAKI merger. ANEK LINES includes the F/B "PREVELIS" and F/B "ARKADI" in its fleet
- ANEK LINES buys 16,5% of the share-capital of NEL
- ANEK LINES ITALIA s.r.l. was founded. ANEK LINES holds 51% of its shares
- ANEN was founded. ANEK LINES holds 20% of its shares
- 2000** The F/B "LEFKA ORI" was purchased, fully renovated and started servicing the route Patras-Ancona
- ANEK LINES buys 41,9% of the share-capital of "DANE"
- ANEK LINES buys 50% of the share-capital of "ETANAP"
- ANEK LINES buys 62 % of the share-capital of "LEFKA ORI A.B.E.E."
- Contract signed with the Norwegian shipyard "FOSEN MEK SHIPYARD" for the shipbuilding of two new build F/B's with delivery dates October 2000 & May 2001 with an option for two more
- Delivery of the newly constructed "OLYMPIC CHAMPION" servicing the route Patra - Ancona which completes the route Igoumenitsa - Ancona in 15 hours
- ANEK LINES increases its share-capital (25% = 9,5 Billion Drachmas / 27,88 million EURO's
- The F/B's "CANDIA" and "RETHYMNO" sold
- ANEK LINES increases it's share-capital in NEL to 19,05%
- 2001** Established online connections to the international booking systems START, MERLIN, AMADEUS and SIGMA
- Delivery of the second newly constructed F/B "HELLENIC SPIRIT" servicing along with the F/B "OLYMPIC CHAMPION" the route Patra - Igoumenitsa - Ancona reducing the travelling time from Igoumenitsa - Ancona to 15 hours

**ANEK LINES**  
 Karamanlis Ave. Chania Crete  
 E-mail: info@anek.gr



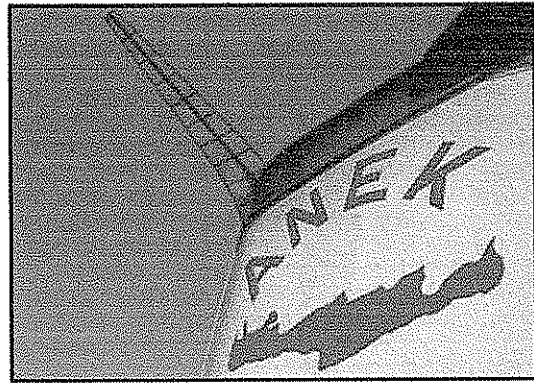
International  
Lines 20%  
Discount for  
Domestic Lines



## Activities

- Company
- Our Fleet
- Agents
- Itineraries
- Prices
- Cargo
- Booking
- News
- Offers
- Information
- Communication

ANEK LINES was, and still remains a pioneer company in the field of coastal navigation. We have the most contemporary passenger vessels that offer you high quality services in the domestic lines as well as in the lines between Greece and Italy. Moreover, ANEK LINES' fleet is famous for its high standard of safety. All ANEK LINES vessels comply with the most recent safety rules set by the European Union. Moreover they are perfectly maintained to offer you the safety that is necessary in every journey. Our company also complies with the "International code for the safe operation of vessels and the protection of the sea environment" (ISM CODE).



Our domestic lines (Piraeus-Chania, Piraeus-Heraklio, Cyclades and NE Aegean) and Ionian (Patras-Igoumenitsa-Corfu) are serviced by vessels with large capacity, speed, comfort, luxury and of course safety. These are ANEK Lines characteristics for all international and domestic lines.

You will also find routes from Patras to Ancona, either direct or with intermediate stops in Igoumenitsa with the comfort, luxury vessels F/B "OLYMPIC CHAMPION" and F/B "HELLENIC SPIRIT", two of our brand new vessels.

**ANEK LINES**  
Karamanlis Ave. Chania Crete  
E-mail: [info@anek.gr](mailto:info@anek.gr)

# BOARD OF DIRECTORS REPORT

## of ANEK LINES S.A.

to the Annual Ordinary General Meeting of Shareholders for the year 2007

Dear Shareholders,

Our Company continued in 2007 to present a dynamic progress and development of its activities, in consequence of its strategic planning. The events and conjunctures in the sector of passenger shipping, particularly in 2007, have lent credit to many of our choices, the accuracy of which is mainly proven by the market shares that form solid bases for the implementation of the development plans of the Parent Company ANEK as well as of the Group.

### I. Market shares

The market shares for the year 2007 are as follows:

- at the routes from Piraeus to Crete and from Crete to Piraeus, ANEK served 50.0% of passengers, 53.1% of private vehicles and 66.1% of trucks;
- at the routes of Northern Italy (Venice and Ancona) the market shares amounted to 34.0% for passengers, 36.7% for private vehicles and 35.0% for trucks.

### II. Financial figures

During 2007, high levels of traffic volume were noted, which resulted in the increase of the Company's turnover by 3.3% in relation to 2006. The gross profit margin was decreased from 30.4% in 2006 to 26.2% in 2007. This decrease is mainly due to the increase of the cost of sales by 9.6%. More specifically, the cost of fuels for 2007 increased by 13.4%.

The Group's turnover was maintained at the same level as in the previous period, while the cost of sales increased by 2.7% and the gross profit margin from 25.8% in 2006 was shaped at 23.7% in 2007.

The earnings before taxes, financing and investing results and depreciation – amortization (EBITDA) of the Company for the year 2007 amounted to € 43.5 million instead of € 50.4 million in 2006, presenting a decrease of 13.6%. The respective figures for the Group stood at € 43.3 million for 2007, compared to €52.4 million in 2006.

Earnings after taxes for 2007 amounted to € 13.6 million compared to earnings of € 20.3 million in 2006, which is mostly due to the increase in fuels by € 7.8 million, and to the intense

## EXPLANATORY REPORT OF THE BOARD OF DIRECTORS

of ANEK LINES S.A.

according to article 11a of Law 3371/2005

This explanatory report addressed by the Board of Directors of ANEK S.A. to the Ordinary General Meeting of its Shareholders includes detailed information with regard to the issues under Article 11 (a) (1) of Law 3371/2005.

### 1. Structure of the Company's share capital

The Company's share capital amounts to € 161,299,191.00 divided into 157,360,940 ordinary and 3,938,251 preferred voting shares with a nominal value of € 1.00 each.

Company shares have been listed on the Athens Stock Exchange, and are traded under the Big Capitalization category.

The rights of the Bank's shareholders that derive from the Bank's shares are pro rata the capital percentage corresponding to the fully paid value of each share. Each share provides all the rights provided for by Law and the Company's Articles of Incorporation, and more specifically:

- a) The right to dividend from the Company's annual profits or profits at liquidation.
- b) 35% of the net profit after deducting the statutory reserve is distributed to the shareholders from the earnings of each period as a first dividend, while an additional dividend may be distributed if it so decided by the General Meeting.

All shareholders holding ordinary or preference shares on the date on which dividend beneficiaries are designated, are entitled to dividends. The dividend of each share is paid within two (2) months from the date of the Ordinary General Meeting that approved the annual financial statements. The place and terms of payment are communicated in the Press.

- c) The right to withdraw the contribution at the time of liquidation or respectively of the capital amortization corresponding to each share, if so decided by the General Meeting;
- d) The right of preemption at each increase of the share capital in cash and the obtainment of new shares;
- e) The right to receive a copy of the financial statements, of the reports of chartered auditors and of those of the Company's BoD;
- f) The right to participate in the General Meeting, which includes the following individual rights: right to authorize, attend, participate in debates, submit suggestions with regard to the items on the agenda, record opinions in the minutes and vote;

The General Meeting of the Company's Shareholders retains all its rights during liquidation. Shareholder liability is limited to the face value of the shares they hold.

Preferred shares issued in 1990 and 1996 enjoy only those benefits stipulated by law, namely the preferential collection of first dividend and preferential participation in the proceeds of liquidation.



# Blue Star

## MARITIME S.A.

Concise Consolidated and Company Information for the period from January 1 to December 31, 2007  
(published according to Article 135 of Law 2190, for companies which prepare annual financial statements, consolidated or not, according to I.F.R.S.)

The following information provide a general overview of the financial position and financial results of BLUE STAR MARITIME S.A.  
We advise readers, who wish to find a complete set of the annual financial statements issued according to the International Financial Reporting Standards (IFRS) as well as the relevant certified auditor's report, to navigate at the domain of the company.  
(Amounts in thousand €)

	COMPANY INFORMATION		CASH FLOW STATEMENT FOR THE FISCAL YEAR			
			GROUP		COMPANY	
	1/1-31/12/2007	1/1-31/12/2006	1/1-31/12/2007	1/1-31/12/2006	1/1-31/12/2007	1/1-31/12/2006
Domicile:	157, C. Karamanli Avenue - 16673 Voula, Greece		<b>Cash flow from Operating Activities</b>			
Registration Number:	2737406/B/92/34		Profit/(Loss) Before Taxes			
Pertinent Supervising Authority:	Ministry of Development		21,585			
Board of Directors:	Charalambos S. Paschalis - Chairman, Non-Executive Member, Michael G. Galouris - Vice-Chairman, Executive Member, Michael G. Sakellis - Managing Director, Executive Member, Spiros Ch. Paschalis - Authorized Director, Executive Member, Petros M. Vottas - Executive Member, Yannis B. Criticos - Executive Member, Antony D. Strintzis - Executive Member, George N. Karfalinis - Independent, Non-Executive Member, Alexander Th. Edipidis - Independent, Non-Executive Member		21,967			
Date of Board of Directors approval of annual financial statements:	20/03/2008		18,345			
Certified Public Accountant:	Athos Stylianou - SOEL No 12311		9,432			
Audit Firm:	DRM STYLIANOY S.A. - member firm of RSM International		Adjustments for:			
Type of auditor's opinion:	Unqualified		Depreciation			
Internet Domain:	www.bluestarferries.com		14,352			
			Provisions			
			840			
			303			
			Foreign exchange differences			
			(1,747)			
			Net (profit/loss) from investing activities			
			9,819			
			Interest and other financial expenses			
			8,526			
			Plus or minus for Working Capital changes:			
			Decrease/(increase) in Inventories			
			(349)			
			Decrease/(increase) in Receivables			
			(6,913)			
			(Decrease)/Increase in Payables (excluding banks)			
			3,476			
			Less:			
			Interest and other financial expenses paid			
			(9,175)			
			Taxes paid			
			(124)			
			Total cash inflow/(outflow) from operating activities (a)			
			32,057			
			23,775			
			18,942			
			3,040			
			<b>Cash flow from Investing Activities</b>			
			Acquisition of subsidiaries, associated companies, joint ventures and other investments			
			(3,985)			
			Purchase of tangible and intangible assets			
			2,400			
			Proceeds from sale of tangible and intangible assets			
			1,083			
			Interest received			
			-			
			Dividends received			
			256			
			Total cash inflow/(outflow) from investing activities (b)			
			(17,604)			
			17,497			
			(10,502)			
			<b>Cash flow from Financing Activities</b>			
			Proceeds from issue of Share Capital			
			-			
			Proceeds from Borrowings			
			8,895			
			Payments of Borrowings			
			(13,500)			
			Payments of finance lease liabilities			
			(466)			
			Dividends paid			
			(9,450)			
			Total cash inflow/(outflow) from financing activities (c)			
			(23,416)			
			(13,155)			
			(10,916)			
			(546)			
			Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)			
			6,939			
			(6,884)			
			(361)			
			(6,008)			
			Cash and cash equivalents at beginning of period			
			42,241			
			49,225			
			907			
			8,915			
			Cash and cash equivalents at end of period			
			51,160			
			42,241			
			545			
			907			
			<b>STATEMENT OF CHANGES IN EQUITY</b>			
			GROUP		COMPANY	
			31/12/2007		31/12/2006	
			31/12/2007		31/12/2006	
			219,032		200,819	
			253,263		192,528	
			21,451		21,763	
			236,483		222,382	
			211,629		191,882	
			Increase/(decrease) of share capital		-	
			Dividends paid		(9,450)	
			Net income charged directly to equity		1,514	
			Purchase/(Sale) of treasury stock		-	
			Equity Closing Balance (31/12/2007 and 31/12/2006)		228,547	
			215,032		263,607	
			253,263		253,263	

### NOTES:

1. The companies which have been consolidated in the Financial Statements of 31.12.2007, can be found in the following table with the respective participation percentages:

Company Name	Registered in	Participation Percentage	Method of Consolidation	Nature of Relationship	Unaudited Fiscal Years
BLUE STAR MARITIME S.A.	Greece	100%	Full	Direct	2005-2007
BLUE STAR FERRIES MARITIME S.A.	Greece	100%	Full	Direct	2006-2007
BLUE STAR FERRIES JOINT VENTURE	Greece	-	Full	Under common management	2005-2007
BLUE STAR FERRIES S.A.	Liberia	100%	Full	Direct	2006-2007
WATERFRONT NAVIGATION COMPANY	Liberia	100%	Full	Direct	-
THELMO MARINE S.A.	Liberia	100%	Full	Direct	-
BLUE ISLAND SHIPPING INC.	Panama	100%	Full	Direct	-
STRINTZIS LINES SHIPPING LTD.	Cyprus	100%	Full	Direct	2005-2007

For the subsidiaries registered outside the European Union, which do not have an establishment in Greece, there is no obligation for taxation audit.

2. The accounting principles are the same as those used on 31/12/2006, except from the note 3 below.

3. According to a Board of Directors decision the Group changed its accounting policy regarding the investments in subsidiaries and decided to recognize them at fair value instead of cost. Consequently, the investments in subsidiaries and the total shareholders equity of the company only, have increased by € 63,601 thousand for the fiscal year 2007 and € 68,734 thousand for the fiscal year 2006. From the above change in accounting policy, there is no change in the consolidated accounts of the Group. The analysis of the effect from this change in the accounting policy is presented in paragraphs 2, 5.32 and 5.32.1 of the notes to the annual financial statements.

4. The number of employees, at period end, was 257 for the parent company and 675 for the Group, while at 31/12/2006 was 253 and 601 respectively.

5. The total revenue of the financial statements of the Group belongs to the following business activity categories:

	(Amounts in thousand €)
"Sea and coastal transportation"	154,198
"Restaurants on board"	2,739
"Bars on board"	9,449
"Casino on board"	618
"Shops on board"	1,140

6. The vessels owned by the Company and the Group have been mortgaged its security of long term borrowings for an amount of Euro 12 mln. and Euro 212 mln. approximately respectively.

7. The company has made a provision amounting € 550 thousand which concerns a claim for compensation from the Buyer of the vessel Blue Aegean. The case is in arbitration.

8. Amounts concerning sales and purchases, cumulatively, from the beginning of the current period and the outstanding balances of receivables and payables of the parent Company and the Group at the end of the current period, arising from transactions with related parties in accordance with IAS 24, are as follows:

	(Amounts in thousand €)	
	Group	Company
a) Sales of goods and services	3595	0
b) Purchases of goods and services	1,479	0
c) Receivables	7,262	174,088
d) Payables	73	289,089
e) Transactions and Board of Directors and Executive Directors' Fees	1,075	960
f) Receivables from Board of Directors and Executive Directors	0	0
g) Payables to Board of Directors and Executive Directors	0	0
h) Dividend received	0	16,000
i) Dividend paid	4,511	4,511

9. Earnings per share were calculated using the weighted average method.

10. There are no any overdue liabilities, or liabilities that are about to become due, that cannot be paid.

11. From January 29, 2007 the vessel BLUE STAR 1 has been redeployed from Petras - Igoumenitsa - Bari route to Rosyth - Zeebrugge route in the North Sea.

12. The Company is consolidated, directly, with the full consolidation method in the consolidated financial statements of ATTICA HOLDINGS S.A., which is registered in Greece and holds the 48,785% of Company's share capital.

In addition is consolidated indirectly in the consolidated financial statements of MARFIN INVESTMENT GROUP HOLDINGS S.A., which is registered in Greece.

13. According to an announcement, MARFIN INVESTMENT GROUP HOLDINGS S.A., on January 7, 2008, held (directly and indirectly) 84,455% of the share capital and voting rights of the company.

14. On 26th February 2008, the Board of Directors of the company has decided to merge by absorption the company itself by Attica Group. The Transformation Balance Sheet date will be no later than 30th June, 2008.

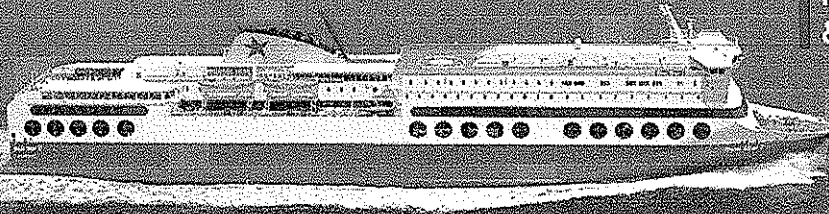
15. Voula, March 16, 2008

Managing Director  
Michael Sakellis

Authorized Director  
Spiros Paschalis

Financial Director  
Nikolaos Tzafiris

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BLUE STAR FERRIES



The shipping company Blue Star Ferries was founded in 1992 and has become one of the leading companies in the Modern Greek Shipping Industry. Although at first, it was working with cargo transportation, soon it expanded in the field of passenger and vehicle transport. Today its eight vessels serve the itineraries between the port of Piraeus and the Greek islands of Cyclades and Dodecanese as well as between Greece and Italy.

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HELLENIC SEAWAYS



Hellenic Seaways with its 34 comfortable and quick vessels has schedules in many islands all over the Aegean Sea. Being present in the Greek Shipping Industry since 1999, the company has managed to gain a good reputation and a loyal number of passengers. Apart from the good service of the passengers, Hellenic Seaways has also developed an environmentally-friendly program for its ships.

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MINOAN LINES



Minoan Lines is one of the biggest Greek shipping companies. Being established in 1972 in Crete, Minoan ferries at first connected Piraeus to Heraklion, Crete, but it soon expanded in other itineraries, too. Today, the company has itineraries to connect the Greek islands to Piraeus and to connect Greece to Italy. Its vessels are luxurious and have all the modern facilities you may need on board.

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NEL LINES



Nel Lines has its base in Mytilene town, Lesvos, and was initially established to connect Lesvos to Athens and Thessaloniki. However, today the company has expanded its itineraries to include many Cyclades and Eastern Aegean islands as well as Crete. In summer, where tourist season is high, the company reschedules its itineraries to include more destinations.

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KALLISTI FERRIES



Kallisti Ferries was founded with the unification of two shipping companies and owns two vessels today, which run the itineraries from Piraeus to a couple of Cyclades and some Eastern Aegean islands. With its frequent schedules, Kallisti offers reliable and comfortable trips to its passengers.

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DODEKANISOS SEAWAYS



Dodekanisos Seaways was established in 1999 in Rhodes and its principal aim was to connect the islands of the Dodecanese complex to Piraeus, the central port of Greece. Although this aim has not been achieved yet, the company connects the Dodecanese islands to each other and gives the chance to permanent residents and visitors to move from one island to the other in a single day, with comfort and high speed.

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SEA JET FERRIES



Sea Jets is a joint venture of vessels that connect Piraeus, Crete and some Cyclades islands. The four well-equipped and modern speedboats of the company serve many itineraries to satisfy permanent residents and visitors. Itineraries become more frequent in summer.

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Leaving from\*

Going to\*

Departing\*  +/- 1 day

Passengers\*  Vehicles\*

Company

Round Trip?  Yes  No

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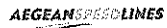
#### GA FERRIES



GA Ferries was established in 1988 by Gerasimos Agoudimos. Today its 7 vessels and 1 speed boat serve itineraries in the Cyclades, the Dodecanese, the Sporades and the Eastern Aegean islands. Its ships have many facilities to provide passengers with a comfortable and relaxing trip while on board.

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#### AEGEAN SPEED LINES



Established in 2005 in Athens, Aegean Speed Lines serves the connection between Piraeus to the West Cyclades. This is an important itinerary as it serves not only tourists in summer but also the permanent residents of these sparsely populated islands. Moreover, the quality of life on the islands is improved through a frequent and reliable network of ferries.

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#### ALPHA FERRIES



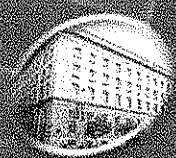
Alpha Ferries is a new company with only one line. Its itineraries start from the port of Rafina, to the north of Athens, and go to the close by islands of Andros, Tinos and Mykonos. Although it is not much expanded, the company tries to offer excellent quality services to its passengers and to add new destinations in its schedule, especially in summer.

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**Greece opens ferry market to foreign competition**

**Government ends cabotage to break domestic monopoly on Greece's immense coastal shipping network**

Greek waters were opened to foreign ferries this November as deregulation of coastal shipping continues to break domestic monopolies in accordance with European Union directives.

EU-flagged vessels may now bid to operate on Greek ferry routes after the lifting of the cabotage regime, which had protected domestic companies from foreign competition.

The new legislation is the first real step towards full deregulation required by the EU. Greece is the last of the EU nations to liberalise its coastal shipping regime, having received an extension until 1 January 2004 to cope with the enormity of the task.

"The Greek shipping market is different to that of other EU nations," says David Glass, editor of the Piraeus-based shipping publication *Newsfront Naftiliaki*.

"The Italian, French and Spanish networks serve a limited number of big islands and were mostly controlled by state organisations. The Greek network, however, is massive - there are about 240 ports in the network and it is controlled mostly by private companies."

Greece therefore needed a run-down period to deregulation and the new legislation is designed to ease the transition.

Under the new system the country's ferry network has been divided into a number of set routes and companies were invited to choose from amongst these. The most profitable routes attracted interest, but around 50 less lucrative routes were left untouched.

**Soft landing for unprofitable routes**

Marine Minister George Anomeritis pledged a number of subsidies to ensure that no islands would be left without ferry services.

As a result, the 50 unprofitable routes have been tendered out to ferry operators with 25.9 million euros in government subsidies to sweeten the deal over the next year.

The government also retains some control over ticket prices. Whilst operators are free to set their own prices for first-class tickets and cabins, the government has set a ceiling on economy class and vehicle tickets.

Certain social groups such as pensioners, students and the disabled also receive compulsory discounts.

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- Athiki Odos
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Such price regulation has met with opposition from ferry operators and it is not yet clear whether it will continue after full liberalisation in 2004.

#### Samina disaster legacy

Controversy has also arisen over the introduction of a new age-limit for vessels. Previously, Greek ships were decommissioned at 35.

However, the new Greek legislation provides for a more stringent age-limit of 30 to come into effect in 2009 after a five-year phasing-in period commencing 2004.

Prompted by the Express Samina disaster off the island of Paros two years ago in which 80 people died, the new age-limit has nevertheless been criticised by many ferry operators.

Greece is at present the only EU nation to impose an age-limit on its vessels and operators argue that to reduce this limit even further is unduly restrictive. Many ferry owners maintain that old ships still have a place in Greek waters, particularly on very short inter-island routes.

Despite the formal opening of the market, foreign ferry companies have yet to enter Greek waters and it is generally accepted that they are not likely to arrive any time soon.

"Companies from other EU countries would find it difficult to compete," says Glass.

#### Tough market for foreign competition

The Greek companies all have new fast ships. Since 1995, 52 new ships have been delivered to Greek owners and there are still more to be delivered.

Attica Enterprises has invested \$1.2 billion in building up one of the worlds most technologically advanced fleets, while Cretan-based Minoan Lines has spent \$1 billion on ten new vessels.

The Aeolos Kenteris, one of three new fast ferries built for Lesvos based Ne1 Lines, has a top speed of 40 knots and is one of the five largest high-speed ships ever built.

Foreign competitors are also unlikely to find the Greek market profitable, given that economy ticket prices in Greece are much lower than those in other EU countries.

And Greece has been touched by the worldwide drop in tourism, which has a knock-on effect for coastal shipping. Passenger movement in the Greek ferry network dropped 25% between 2001 and 2002, according to the Union of Coastal Passenger Ship Owners.

A number of Greek ferry operators are now struggling financially, despite being well-established on the more profitable island routes.

Many Greek operators are turning to international routes for greater profits. Greeks completely dominate the Adriatic routes now, having run out their Italian competitors.

Superfast, part of the Attica Enterprises group, is operating in the Baltic and the North Sea, while Minoan Lines has joined forces with Italy's Grimaldi to start a service between Italy and Tunisia.

However, in Greek waters, the biggest changes we are likely to see in the near future are a serious of

mergers between ferry companies in order to rationalise their activities and curb costs.

"We will see stabilisation and consolidation in the market," says Glass, "but we are unlikely to see many foreign ferries appearing over the horizon in the next few years."

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### Greek shipping industry a global leader, FinMin say 29 May, 2008

The Greek shipping industry is currently enjoying one of its most productive periods of its history, Economy and Finance Minister George Alogoskoufis said on Wednesday, addressing a seminar on "Shipping: Capital new forms of funding", organised by Economia Business Tank.

The Greek shipping industry accounts for 20 pct of cargo shipments worldwide, Alogoskoufis said, adding that foreign exchange inflows from shipping surpassed 4.8 billion euros in the first quarter of 2008, up from 3.7 billion euros last year, for an increase of 32 percent.

The government has set a top priority to attracting shipping companies into the country and noted that the government would do everything in its power to avoid any consequences from Community directives on capital tax.

He underlined that in the framework of an economic reform programme, Greece enjoys better and cheaper telecom-munication services because of increased competition in the sector and that a deal between Deutsche Telekom and Hellenic Telecommunications Organisation (OTE) that will bring better and cheaper telecoms services.

Source: ANA-MPE

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## Chapter 9 Demand Models for Greek Passenger Shipping

**Amalia  
Polydoropoulou and  
Nikolaos Litinas**

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Available online 17 July  
2007.

### Abstract

Passenger shipping in Greece is an important sector of the economy and holds a significant share of the transport market for the movements of residents, business, and tourist travellers. This is more so in the Aegean archipelagos where shipping constitutes the main alternative for passenger travel from/to most of the islands, complemented in the case of the bigger islands by air travel. Over the last few years, the Greek passenger shipping industry has undergone several changes including the introduction of fast high-technology ships and a growth in the volume of passenger transport. These conditions have created an environment that is more competitive, demanding, and dynamic, making the application of advanced analysis techniques for forecasting the demand for travel of critical strategic importance. This chapter developed a methodological demand modelling framework based on understanding the choice behaviour of individuals addressing the competition and/or complementarity of ships and aeroplanes. The methodology was applied to a case study on the competition between passenger shipping and aviation in the Northern Aegean region, based on the analysis of individual choice data collected on an annual base for 2001–2005. The models developed included a Multinomial Logit Model with dependent variable, the choice among different types of shipping lines and airlines. The estimation results showed that travel times and travel costs of the alternative modes play significant role in the

choice of the alternatives. Furthermore, socio-economic characteristics such as age, education level, purpose of trip, and experience represented by the prior frequency of travel with the specific mode were also found significant. In addition, response bias indicators were applied to capture the propensity of respondents to justify their prior choices and their travel-related constraint to be accompanied by their car in their trip. The models developed were used to calculate value of times for the alternative modes. These models can be also used for prediction of the market shares for the different alternative modes. The methodology and modelling results presented in this chapter offer a unique paradigm for applying innovative techniques of Decision-Making Theory that can be used by policy-makers and service providers to offer services better tailored to the passengers needs.

## Greek Shipping

### Piraeus ferries and Greek shipping companies

A small reference to the Greek shipping and development of Greek Maritime companies.

Coming myself from a Greek seaman family and work at Greek ships for some time I had the opportunity to learn about the Greek shipping from Captains Engineers and many of my seaman relatives. Greece has always been a seafarer's nation from the depths of its History. The development and growth of the modern shipping companies in Greece starts with the end of the second world. During the 50's Greek ship owners bought many ships from the US navy the so called Liberties, those were the ships that have been used as convoy ships during the war. At this time comes the time of the Great Greek ship owners like Onassis, Niarchos, Livanos, Goulandris, Lyras, Lemos with hundreds of Tankers and Cargo ships. In the mean while others like Potamianos start with cruise ships. At the end of the 50's the Greek Passengers ships where a few mostly from the companies of Kavounidis Nomikos and Typaldos. At the 60's Typaldos creates the first attempt for big Ferries to connect Piraeus and Crete. At the same time another name comes in to the ferry business the KE lines. Efthimiades brings tankers from Sweden and transform them to Ferries. After the tragic sunk of Typaldos ferry "Heraklion" in Falkonera, Efthimiades takes over the Ferries in Greece with main lines to Crete and Patras Italy. During the 70's after the collapsing of Typaldos and Efthimiades, the Cretan Minoan lines buys few of the Ferries of Efthimiades while another company from Crete the ANEK make is debute. That was the beginning of the Great Passenger ships and Greek Ferries. Today ANEK, MINOAN, SUPERFAST FERRIES, BLUESTAR FERRIES, NEL and many others are the biggest shipping companies on the Greek domestic lines of passenger ships and ferries. The Greek passenger ships and Ferries have nothing to do with those of the 50's 60' or 90's. Huge super luxury and super fast Ferries with amazing services. Maybe the romantic time of the Greek Tycoons like Onassis are over but the modern Greek ship owners like Alafouzos, Pateras, Tsakos, Vardinogiannis and others have hundreds of more ships then the old Tycoons. Today the Greek owned fleet is the number one in the World with 3,338 ships.