

GENERAL ASSEMBLY OF THE SHAREHOLDERS JUNE 2008

SPEECH OF THE CEO

REPORT FOR THE YEAR 2007

OVERVIEW

After 2 consecutive years of strikes and personnel mobilizations, 2007 was a year of labour peace and was characterized by the high improvement rate of all activities and the significant improvement of the financial elements. At the same time works for the upgrade of service quality and the increase of operational capacity both in the passenger and the commercial sectors were materialized.

Further more, 2007 was a year of studies, research and preparation for the application of organizational change, operational improvements and most of all changes that will successfully lead the port in the 21st century.

The new Operations and Organization Code, the tariffs' modernization, the configuration of cost accounting, the concession of the construction and operation of a new exhibition center, the tender for the concession of piers II & III of the container terminal, were some of these elements that aim in the short run to reform PPA into an international transshipment hub and a modern, quality port for ships, passengers and cargo.

YEAR END RESULTS

Total revenue for the financial year (including other operational revenue) present a significant growth reaching €179mil with an increase of 18% against 2006 and a 10% ahead of the annual estimate.

Operational expenses in 2007 seem increased compared to 2006 where expenses in general but mainly personnel remuneration were significantly lower due to the strikes and mobilization during the last two months of 2006. As a result the annual operational expenses seem to have increased by 8.7% while up until September only a marginal increase of 1% was recorded.

An important improvement in the financial results of 2007 was recorded due to increased capital interest earnings as a result of a better management of cash and cash equivalent of the Company, while payable interest and relevant expenses remained at the same levels of the previous year.

Pre tax profit of 2007 records a significant improvement amounting to €33,5mil., almost double of that of 2006 and 80% ahead of the year's budget. A similar increase in profit after tax (current and deferred) is recorded amounting to €24,8mil.

REVENUE PER ACTIVITY

The commercial activity of the port is the main source of revenue, contributing a 75% to the total and the container terminal holds the main share with 63%. A gradual increase in the contributing share of the Car terminal is recorded reaching 10%, whereas contribution of general cargo is diminishing reaching 2%.

SALES

A significant increase of 18.9% is recorded in sales of 2007 compared to the previous year of 2006 that was a modest year due to personnel mobilizations in the last two months. Although no tariff increase was made, sales revenue is improved due to increase cargo and passenger throughput.

In the Car terminal, revenue increased by 20% as a result of the significant growth of volume for the second consecutive year.

In the Container terminal the increase of domestic cargo by 35% resulting partly from carry over cargo from the year 2006 that was delayed due to the mobilizations of November and December and partly from real volume growth estimated at 10%, more than offsets the reduced revenue from the limited transshipment cargo that was redirected from Piraeus for the same reason of mobilizations.

Cruise passenger traffic for a third year in a row presents a spectacular increase of almost 29% on top of a 30% increase in 2006, boosting revenue from passengers port that record a 6% increase.

The increased number of vessel calls as a result of the above support the increase in revenue from ship services (berthing, water supply, slops management etc) that also present an improvement. In line with measures taken for the improvement of the Ship Repair Zone docking revenues increased by 9%.

COST ANALYSIS

The main cost factor with a 69% contribution in total, is the personnel cost. Depreciation holds 7%, other operational expenses 21% and consumables 3% of the total cost.

PPA SA is a labor intensive company and has a disadvantage compared to ports in Europe or the Mediterranean that have applied automated systems and operated under a modern operational and legal framework.

The costs of 2006 were reduced due to the strikes of the last two months and this leads to the total cost of the Company to present an increase of 9% whereas real increase does not surpasses inflation. It is pointed out however, that the increase in consumables includes the rise in the cost of fuels. Other operational expenses include an additional €1.3mil. due to the re-evaluation of provisions for pending legal cases from third parties. A modest increase is also recorded in the costs of repairs and maintenance due to the increased number of relevant works and the cost for the maintenance of the large floating dock.

Personnel cost in 2007, including the rise in salaries agreed, is reduced by 1% compared to 2006 provided the last two months where the personnel mobilizations took place, are not taken into account. This was achieved by the rationalisation of production and operation.

Profits - Margins

The significant increase in turnover in conjunction with the reduced costs during 2007, affect profit margins positively and an improvement of 6-7 percentage points is recorded (Gross Margin 26.2% against 19.7% and EAT 14.5 against 8.5%)

CONTAINER TERMINAL THROUGHPUT

Throughput at the container terminal records a marginal decrease by 2% compared to 2006.

The malfunction caused by the strikes of the last two months of 2006 led to a reroute of transshipment cargo by shipping lines and created an instable environment that hampered its return and thus a reduction of 34% was recorded.

On the other hand, domestic cargo (including empty containers) records an increase of 36%, emanating mainly from carry over cargo of 2006 and from a real increase in imports. It must be noted that according to data analysis, Piraeus reached its capacity potential given the utilize technology and existing machinery and without significant investment, no remarkable change can be achieved.

CAR TERMINAL THROUGHPUT

Throughput at the car terminal reached 620.000 units, recording an increase of 25.5% upon 2006. Most of the increase is owed to transshipment cargo to the Black Sea. This development brings Piraeus for the first time among the top ten car terminals in Europe based on throughput. It is also worth noticing that the increasing trend of 2007 follows a

30% increase recorded in 2006 that was assisted by the expansion of the terminal by 30 acres that provided an additional 70000 units capacity.

Nevertheless, capacity is almost filled and demand is constantly increasing necessitating a further expansion of the terminal. Unfortunately part of the G2 car terminal is temporarily devoted to RoRo cargo handling. This operation must be –with the assistance of the General Secretariat of the Ministry – relocated as soon as possible to an alternative space – port. This activity was temporarily located at this particular area due to the Olympic Games of 2004 and with the tolerance and generosity of PPA’s Administration is still serviced there. This fact creates a loss of revenue for PPA amounting to approximately €1.3mil

GENERAL CARGO THROUGHPUT

Conventional cargo recorded an increase without significance since it only contributes 2% to the total turnover and in the long run due to containerization presents a decreasing trend.

PASSENGER THROUGHPUT – LOCAL TRAFFIC

Passenger throughput in 2007 reached nearly 20mil passenger, recording an increase of 3.4% upon 2006. The increasing trend imposes the need for better exploitation of the limited space of the Central port in order to facilitate the future volume growth of passengers and vehicles.

The upgrade of service to passengers with the measures taken in 2007 should be further enhanced with infrastructure works such as new passenger terminals and parking areas.

It is worth noticing that during the last 10 years it is recorded an average growth trend of 5% per year and this is expected to continue. The Central port shows signs of congestion and this makes imperative the adoption of measures such as the expansion of the port to Drapetsona, the reorganization of the coastal lines in cooperation with the other ports in Attica area within the frame of a coherent port system under the leadership of PPA.

The lack of space in the Central Port has deteriorated rapidly due to the existence of buildings like the A&B Customs that should be relocated, the relocation of the Ministry at a wrongly chosen area, the inability to exploit the Silo installations and the old warehouses, as well as the inability of the State to evict illegal occupants as in the case of the Stone Warehouse.

PASSENGER THROUGHPUT – FOREIGN TRAFFIC

Cruise passenger throughput in 2007 recorded a spectacular increase of 29% for the third year in a row. This was achieved on top of a 30% increase in 2006. In 2007, a historical record was achieved with passenger throughput reaching 1,554,747 passengers bringing Piraeus within the top league of Mediterranean Cruise ports. The revival and rapid development of cruise traffic is owed to the strategic marketing adopted, the increase of available facilities and spaces that allow the accommodation of a larger volume of passengers and the upgrade of the passenger terminals.

The strengthening of this particular activity is a priority for PPA that has set the goal of placing Piraeus among the most attractive destinations for cruise ships. This target is in line with the national goal for the development of the tourist industry.

Container Terminal Turnaround Time and Productivity

The improvement in turnaround time, which is an important quality feature of client service, continues in 2007, albeit in a diminished pace as Managerial actions reached their output limit and only large investment can further improve quality.

The enactment of personnel mobilizations almost from the start of 2008 totally reverses the picture as delays accrue and leads shipping companies to deviate Piraeus to the benefit of other ports in the area, private or not.

Productivity per gang remains more or less at the same levels of 2006, recording a marginal increase to an average of 107 moves per shift per crane, confirming the view that within the existing organizational structure no further significant improvement can be achieved in order to reach the productivity levels of other competing ports in the Mediterranean that operate with a 30% better productivity. Of course, from the beginning of 2008 a rapid deterioration is recorded with a decrease of 40% due to the previously mentioned situation.

MANAGEMENT ACTIONS IN 2007

Further to the actions and improvements already noted the following Management actions within 2007 should also be recorded:

- ◆ The normalization of operations within the first trimester of 2007 following the mobilizations of the last two months of 2006 and the restoration of the Company's credibility, as well as the granting of discounts in the huge storage fees that piled up due to the prolonged stay of container in the yard in order to relief the market.
- ◆ The reform and simplification of tariffs with the rationalization of charges and the application of incentives in order to achieve a better management of storage space. Effective as from 7/1/2008.
- ◆ The completion of the computerization of the operations in the Car Terminals. Beginning of pilot application of the bar coding system.
- ◆ The finalization of the frame of the new Organization and Operations Code through a simplification and modernization of operational structure. The application is expected within 2008.

THE STOCK

The stock value of the Company for the most part of 2007 followed the trend of the general index and average capitalization is close to €490mil.

INTERNATIONAL DEVELOPMENTS

- ◆ China and India continue to be the power horses of international trade. Containerized traffic increased by 19% in 2007.
- ◆ In the first trimester of 2008 Mediterranean container traffic increased by 10% which is almost double the increase of Northern Europe (6%)
- ◆ Global Port Operatos (GPO) continue to acquire rights in competing ports (Smyrni, Mersin, Alexandria, Sokha). The oligopolistic nature of the port market is enhanced.
- ◆ The port of Constanza, the largest terminal of the Black Sea, after its acquisition by DPW in 2005 out performed Piraeus in terms of throughput for the first time recording an increase of 25%.
- ◆ The international trend of rising fuel prices leads to reduced operational speed in liner vessels and the increase in the number of ships per route. The need for quality port services is enhanced.
- ◆ An unprecedented order spree for new generation vessels of more than 10000TEU is recorded. More than 165 vessels have been ordered. The need for the creation of suitable port infrastructure is enhanced.
- ◆ The abolition of the EU block exception for liner conference in October further enhances the need for efficient port services.

PPA'S GOALS AND STRATEGY

Prompted by the international developments, PPA adapts its strategy and sets goals in order to tackle the challenges ahead by:

- ◆ Upgrading commercial operations and expanding capacity through infrastructure investments.
- ◆ Adopting extrovert development policy
- ◆ Adopting anthropocentric policy in the services provided to passengers
- ◆ Improving financial position through revenue increase and cost control
- ◆ Exploiting human resources through constant training and adoption of new technologies
- ◆ Exploiting real estate with the greater social benefit in mind and environmental respect.
- ◆ Operating with private economic criteria.

During 2007, the developments and prospects of the port industry in the new decade were revised through research performed by experienced researchers. Based on these results PPA finalized its medium-long term development plan based on the following elements.

- ◆ Improve the Container terminal's competitiveness with the goal to create an international transshipment hub and secure a leading position in the Mediterranean.
- ◆ Upgrade of infrastructure, installations and services of the Passenger Port in order to facilitate the growing needs of vessels and passengers.
- ◆ Maximize PPA's Value through the exploitation of the real estate.
- ◆ Create synergies with other ports in Attica through the development of complementing activities within the framework of a coherent port system under the leadership of PPA.

For the fulfillment of the above, PPA approved an updated investment plan. The new 5year 2008-2012 gigantic investment plan amounts to €500mil and an additional €93mil is foreseen until 2014.

CONTAINER TERMINAL DEVELOPMENT

The development framework for the container terminal includes the expansion of the existing Pier I, the upgrade of Pier II and the construction of Pier III. With these works the capacity of the terminal will triple reaching minimum 4,700,000TEU per annum.

The plan also includes the application of a computerized system as well as the connection of the terminal with the rail network with the construction of port rail station financed by the National Railway Company.

The required investment is more than €400mil within a time span of 7 years and represents more than 70% of the 5year investment plan of the Company. The whole of the plan for the development of the container terminal with the exception of Pier I undertaken by PPA, is realized through self finance and the concession of use and operation. The new container terminal operation model includes two operators, PPA and the Concessionaire and was chosen based on economic, financial and social criteria, whereas at the same time eliminates monopolistic practices and enhances competition to the benefit of users and ultimately consumers.

In detail:

Pie I Expansion

- ◆ PPA operates Pier I.
- ◆ Civil works progress rapidly.
- ◆ A further expansion was decided for operational reasons and for improving competitiveness
- ◆ The acquisition of machinery and equipment is at the final stages of selecting supplier
- ◆ The acquisition of machinery for the application of dense stacking system provides a new know-how for PPA.

Estimated time of operational capability	2010
Annual Capacity	1.100.000 Teus
Total investment cost	€140εκ.

With the completion of the works, PPA will assume full operational responsibility. From the year 2010, PPA will operate a brand new and technologically advanced terminal that holds the competitive advantage of providing a draught of 18m for the accommodation of the new generation vessels of more than 10000TEU. The Machinery and equipment includes Super Post Panamax quay cranes and Rail Mounted yard cranes for 5 layer stacking that maximize the capacity of the Pier.

Upgrade of Pier II and Construction of Pier III

Realization through concession of operation.

- ◆ The concession is for 30 years automatically extended to 35 provided Pier III is completed within the time schedule.

- ◆ Through an international call for tenders Cosco Pacific Ltd the 5th largest global operator was announced as a provisional concessionaire.
- ◆ The cost of the investment is totally borne by the concessionaire.
- ◆ The concession process is at the stage of beginning negotiations for contract signing estimated to be completed by the end of September.
- ◆ The next stage includes the relevant administrative control by the respective state Authority and the ratification by the Greek Parliament.
- ◆ The concession is estimated to take effect within the first trimester of 2009.

As is already known, PPA accepted bids by two of the biggest global operators: Cosco Pacific Ltd and HPH under a union with the Hellenic companies Alapis and LYD.

The bids outperformed all similar previous tenders and the relatively small difference between the two bids of about 7% proves the high value of Piraeus in the port industry.

The main elements of the highest bidder's proposal are:

Concession Fee for 35 years	€4,3bil.
Minimum guaranteed fee for 35 years	€3,4bil
NPV of minimum guaranteed fee	€665mil
Time for completion of works	2015
Number of quay cranes	21
Dense stacking system	RTG
Minimum capacity	3.700.000TEU
Total investment cost	€620mil.
Tariff policy	Inflation
New Job positions	> 1000

To what regards the concession fee this includes:

1. An upfront payment of €50mil. upon contract signing
2. Annual rents for quay and yard increasing annually by infation plus 2% and amounting to €591mil. for the 35 year.
3. A percentage of 24,2% on average upon gross revenue of the concessionaire of which 75% is guaranteed and amounting to €2.7bil for the 35 years.
4. The amount that PPA will collect annually is multiple of the current output from the container terminal, without financial or operational risks. Even in the extreme case where Pier III is not constructed, the financial repercussions for PPA are limited to the loss of part of the rents that do not exceed €150mil for the whole 35 years.

The State has relevant benefits (taxes, dividends, fees) and the National economy in general will be benefited since the container terminal development creates chain improvement and assists in the development of the port relevant economic activities (agencies, ship repairs, transport, ship etc) and also acts as a vehicle for imports and exports growth.

The inflow to PPA from the concession fee will assist the financial soundness of the Company and will allow realizing social associated projects with the aim to:

- ◆ improve infrastructure in the neighbouring Municipalities
- ◆ realize measures for the creation of job positions and the improvement of work conditions in the Ship Repair Zone
- ◆ make passenger transport more economic and pleasant especially during winter months
- ◆ undertake initiatives for environment conservation
- ◆ improve training of the Company's personnel

Furthermore, within the reform framework undertaken through the development plan of the container terminal, special care has been taken to secure the personnel within the following:

For a period of 12+6 months at the most, PPA will provide services to the concessionaire for the operation of Pier II. The Concessionaire will bear the cost of personnel plus a 15% margin for administrative cost.

The personnel of the Container terminal is given multiple choices:

1. Remain with PPA for the operation of Pier I.
2. Be hired to work for the concessionaire.
3. Make use of the favourable provisions of L.3654/2008 that caters for:
 - a. A five year plan of voluntary early retirement
 - b. Transfer to other public companies or positions

OPERATIONAL IMPROVEMENT OF THE PASSENGER PORT

The dredging of the port and the adoption of an anthropocentric service provision are included within the aim for the operational improvement of the passenger port.

To what regards the port dredging, it will be concluded gradually with estimated year of completion 2012. PPA will invest €7mil in order to restore the sea bottom to safe navigational levels, restoring, with PPA's funds the damage done by the sewage thrown into the port. At the same time the environment is protected with the disposal of the dredges within the caisson boxes used for the expansion of Pier I.

Within the framework of adopting an anthropocentric service provision is included the restoration of the passenger terminals in process. The works for the passenger terminal of Ag. Dionysis are completed and gradually all passenger terminals with the exception of the one in Akti Vassiliadi which is new, will follow. Furthermore the transformation of the existing old warehouse into a passenger terminal and parking area is being examined.

In addition, to the benefit of passenger information the installation of electronic boards that provide the time schedule of ships is concluded and all relevant information is provided in real time. The free of charge transportation of passengers within the port zone is enhanced with the acquisition of more busses with a cost of €1.7mil. For the comfortable stay of passengers the waiting areas were restored and upgraded and now air-conditioned areas are available as well as modern WC installations. In addition an aesthetic improvement of the area was undertaken.

REAL ESTATE EXPLOITATION

The exploitation of the real estate aims to reveal the hidden value of PPA. Within this frame and to what regards the new exhibition center, the Management aims to accommodate the Posidonia Exhibition of 2010 in Piraeus in a new, fully functional area that covers all requirements. With the agreement in the final signing stages, PPA will receive a fee as a percentage of the concessionaire's revenue and secures a minimum guaranteed fee of €2.5mil annually which surpasses the current annual revenue from the existing exhibition center without undertaking a business risk.

Further to the above the exploitation of the old warehouses and buildings within the port is the next step. However it is noted that the operational requirements of the port and the safety of passenger and vehicles remains the first priority.

ATTICA PORT SYSTEM

PPA must finally adopt an outward development policy and this must be done within the frame of the National Land Planning for the reorganization and rationalization of passenger and cargo flows within the greater Attica area, supporting the development of synergies among Attica ports through the export of know how.

The rate at which demand increases at the Central port of Piraeus, confirms the need for the ports of Lavrion and Rafina to operate in a supporting manner towards Piraeus as they cannot substitute it. The optimal solution in the matter is the coherent organization of the Attica ports as was already suggested by the speaker and is supported by legal proposals in order to achieve an optimal use of port infrastructure in the greater area.

RESULTS AND AIMS OF THE STRATEGY

The completion of the development plan of PPA will change the Company drastically, allow it to hold a sound financial position, achieve a position among the largest European ports and the leading position as a main European gateway with a high service level. PPA will become a modern outward port of international importance. This will benefit stockholders, personnel, port users and local and national economy.

RESULTS OF 1ST QUARTER OF 2008

After the successful increase of revenues in the previous year, the 1st quarter of 2008 records a vertical fall. The continuing and unjustified personnel mobilizations since 5th of January reduced substantially the cargo handled and sales of the first 3 months are reduced to €19mil recording a 47% decrease compared to the relevant period of 2007.

The consequences for the container terminal were very heavy as container traffic in the first 3 months, does not exceed 40.000 moves against 193.000 moves in 2007. A reduction of almost 80%. Reduced productivity to almost 50% of the usual created long waiting hours and led shipping lines to redirect their services. Transshipment cargo was literally zero, part of the domestic cargo was serviced mainly in Astakos and Lavrion and another part was unloaded to other Mediterranean ports by the main liners.

In the car terminal the negative consequences are limited to a 6% reduction so far, however comparing to the rate of traffic flow of the 2nd semester of 2007 the reduction is larger and reaches 20%.

In terms of total revenue the reduction is limited to 44.4% because of the increase in other revenues by 12.1%. The cost was reduced by 23.7%, attributed solely to personnel remunerations decrease that because of the abstention from overtime and weekend work are 30% lower than those of the 1st quarter of 2007. An improvement was recorded in the financial results of the period due to increased capital revenue that resulted from the increased cash and cash equivalents of the Company at the end of 2007. It is noted however, that the drastic decrease in revenue during the 1st quarter of 2008 in conjunction with the increased investment for planned payments for Pier I, reduced significantly the available cash that on 31-3-2008 were €37.5mil from €49mil in 31-12-2007.

The result of the 1st quarter after the abstraction of taxes (deferred) leads to €5mil loses, recording a decrease of €8.7mil compared to the relevant period of 2007.

PROSPECTS AND AIMS FOR 2008

The negative result of the 1st quarter signals the prospects for the current year since the continuing personnel mobilizations limit the possibility to reverse current trend and restore profitability. The route for 2nd quarter is already predetermined with the personnel following the same tactic despite the slight improvement in productivity.

The Management took and continuous to take all necessary measures for the restoration of the situation to normal working conditions and at the same time takes action to reduce consequences for the market.

More specifically regarding personnel the Management:

- ◆ Called repeatedly for a dialogue regarding personnel matters and safeguards.
- ◆ Provided motives such as:
 - a 3 year collective agreement,
 - improvement in the code of operations in order to improve competitiveness,
 - interest free loans for the economic support of personnel and
 - stock options in order to participate to increased value
- ◆ Took disciplinary action that was ultimately not enforced
- ◆ Asked judicial resort and was successful at the court of Appeal without however to be able to apply the resolution in practice.
- ◆ Started procedures for personnel hiring in order to fill the gaps that were created by the abstention from overtime of the existing personnel. However the procedures through ASEP once more create delays.

It is obvious, that so far the Management did not push matters to the edge and that because it feels that the dialogue is the best mean for conflict resolution, as opposed to disciplinary action that cannot be enforced easily and does not ultimately leads to labour

peace. Unfortunately though, outdated and secluded mentality does not allow setting free healthy elements within the Company that do have a modern vision of development.

Regarding the market, as was done in the past, PPA recognizing the consequences of the prolonged stay of containers and cars in the port proceeded to grant a discount in storage invoices until full restoration of operations to normal conditions.

The negative route of the Company can be reversed even now, provided the personnel abandons the rigid position adopted and restores normal working conditions, to the benefit of the Company, the personnel themselves and the national economy in general, thus cutting back the growing path of a private port that was built by state funds and operates illegitimately applying unfair competition. It is reminded that during the period of reduced operations in Piraeus, the port of Astakos achieved 100.000 moves with a 50% more productivity than Piraeus.

Despite the set backs, the Management is committed to realizing its development plan within the agreed time schedule and every effort is made in order for the investment plan, particularly the Pier I project, not to be withheld due to the financial circumstances.

Besides the investments though, it is a main objective of the Management to secure the necessary client basis for the profitable operation of Pier I through agreements and incentives allowed for by the code of operations. The Management is already taking actions in order to attract important clients that will be unfolded from September on.

Furthermore the Management is determined to realize the new Code of Organization and Operations that is necessary for the modernization of the Company.

The Management is also called for to manage other important matters such as:

The allegations in front of the Competition Committee.

The decision is expected within summer. In any case it is a fact that the new operational model adopted at the container terminal satisfies most of the criteria set forth from the beginning by the Competition Committee and this creates optimism for the outcome of the case.

The redefinition of the identity of PPA – Required Changes.

The challenges that the Company is facing in the following years are big. Successful tackle of these challenges cannot be accomplished with outdated Codes and the existing institutional framework. Flexibility, speed of action and decision, cooperative spirit and freedom in the strategic planning, similar to those applied in other competing ports operating solely under private economic criteria are among the requirements. The policy of the Management is to draw the route to reform PPA as current conditions in the port industry impose.

CONCLUSION

In my conclusion allow me to thank:

- The personnel for their important contribution in the results of 2007
- The effective and fast Board of Directors
- The supporting political leadership – General Secretary and Ministry – and finally
- Our clients that stand by us supporting us in good but most of all in bad times.

I want to believe that the Main Shareholder will recognize the significant effort done for the achievement of the spectacular and unprecedented results of 2007 and I wish for reason to prevail in order to achieve such results again in the future.