

ANNUAL REPORT 2012



A STAR ALLIANCE MEMBER 

AEGEAN AIRLINES S.A.

**ANNUAL REPORT
FOR THE YEAR 2012**

Part A

1. Board of Directors	5
2. Aegean at a glance	7
3. Principal Milestones	8
4. Goals & Strategy	13
5. 2012 in figures	14
1. Passenger traffic	14
2. Financial Performance	17
6. Financial performance 2004-2012	18
1. Income Statement	18
2. Profitability ratios	18
3. Revenue breakdown	20
4. Evolution of main expenses as % on revenue	20
5. Revenue - costs per ASK (Available Seat Kilometer)	22
6. Balance Sheet	22
7. Cashflow Statement	26
7. Distinctions	29
8. The Fleet	31
9. Routes and Destinations	33
10. Star Alliance	37
11. Corporate Social Responsibility	40

Part B

12. Annual Financial Report for the period 01.01.2012-31.12.2012 in accordance with art. 4 of Law N.3556/2007	43
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Date of Publication: June 2013



Theodore Vassilakis, Chairman
(Executive)

Eftichios Vassilakis, Vice Chairman
(Executive)

Dimitrios Gerogiannis, Managing Director
(Executive)

Achilleas Constantakopoulos, Director
(Non-Executive)

Anastasios David, Director
(Non-Executive)

Iakovos Georganas, Director
(Non-Executive)

Christos Ioannou, Director
(Non-Executive)

Panagiotis Laskaridis, Director
(Non-Executive)

Alexandros Makridis, Director
(Independent, non-executive)

Victor Pizante, Director
(Independent, non-executive)

Markos Tsaktanis, Director
(Non-Executive)

George Vassilakis, Director
(Non-Executive)



- Full service carrier focusing on quality services
- Providing scheduled & charter, short & medium haul services since 1999
- Largest Greek airline since 2008
- Listed in Athens Exchange since 2007
- 6.1 million passengers carried in 2012
- Operating a single type fleet of 29 A/C of the Airbus A320 family in 2012 (A319, A320, A321)
- Star Alliance member since June 2010

A summary of the company's financial figures in accordance with International Financial Reporting Standards (IFRS) is presented below:

Amounts in ,000 €	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenue	283.504	340.619	401.063	482.737	611.693	622.713	591.004	668.218	653.388
EBITDAR*	34.002	53.159	69.892	83.146	102.185	95.892	75.819	61.779	73.394
Profit / (losses) before taxes	4.881	19.779	34.433	44.606	39.938	32.526	(18.679)	(31.153)	(12.618)
Profit / (losses) after taxes	(3.571)	13.539	25.703	35.766	29.465	23.037	(23.292)	(27.176)	(10.497)
Net profit margin %	-1%	4%	6%	7%	5%	4%	-4%	-4%	-2%

31.12.	2004	2005	2006	2007	2008	2009	2010	2011	2012
Cash & cash equivalents	3.819	7.587	24.355	158.310	182.805	208.225	184.272	166.801	149.300
Total Assets	130.092	131.127	166.782	352.881	438.650	461.793	447.369	418.489	397.158
Total equity	(13.502)	433	16.453	167.492	212.775	224.564	200.943	169.319	153.215
Total loan & finance lease obligations	88.230	67.834	56.725	57.542	85.973	83.343	103.231	98.477	82.126
Net debt / (net cash)	84.411	60.247	32.370	(100.767)	(96.832)	(124.881)	(81.042)	(68.324)	(67.174)

* Earnings before net interest expense, income taxes, depreciation and amortization and rental costs

3. PRINCIPAL MILESTONES

1988-1999

- _ Establishment of the Company in 1988 as a limited liability Company and transformation into a société anonyme in 1995
- _ Acquisition by the Vassilakis Group of companies in 1994
- _ The Company operates non-scheduled executive aviation services (air-taxi flights) from 1994 until the launch of scheduled flights in 1999

1999

- _ Liberalization of the Greek domestic aviation market
- _ AEGEAN starts operating scheduled flights in May 1999 with brand new aircraft (AVRO RJ-100) and an expanded shareholders base
- _ Acquisition of AIR GREECE in December 1999 and number of A/C operated rises to 9 (4 brand new AVRO RJ 100, 3 ATR 72 and 2 FOKKER-100). The Company undertakes the activity of the newly acquired company which ceased its operations and remained inactive until the completion of its sale in 2007
- _ 10 domestic destinations served during the first year of operating scheduled flights

2000

- _ Achieve fleet homogeneity through the return of 2 aircraft FOKKER-100 that were replaced by 2 AVRO RJ-100
- _ 11 domestic destinations served with more than 80 daily flights
- _ Significant rise in passenger traffic to 1.5 million in 2000 from 310 thousand in 1999

2001

- _ Merger with Cronus Airlines, Greek carrier owned by Laskaridis Group which operated Boeing 737/300-400 aircraft on domestic and international routes
- _ Transfer to the new modern facilities of Athens International Airport

2002

- _ A restructuring plan is put into place following the merger with Cronus, involving cost cutting and network rationalization in order to cope with adverse market conditions created by the prolonged economic downturn in global aviation brought forth by the events of September 11, 2001
- _ Aegean carries 2.4 million passengers

2003

- _ AEGEAN turns marginally profitable for the first time since the launch of operations
- _ The first Greek airline to launch electronic ticketing as a means of booking and issuing tickets over the Internet
- _ Initiate flights to Milan from Athens
- _ Gradual increase of Low Cost Carriers' activity on competitive international routes to Greece
- _ Decision not to extend 3 ATR-72 leases
- _ Rise in passenger traffic from 2.5 million passengers in 2002 to 2.8 million passengers in 2003

2004

- _ The Company's fleet comprises of 19 jet aircraft: 13 Boeing 737-300/400 and 6 AVRO RJ-100
- _ Initiate flights to Larnaca (Cyprus)
- _ Rise in passenger traffic from 2.8 million passengers in 2003 to 3.6 million passengers in 2004

2005

- _ AEGEAN becomes Lufthansa's regional partner in Greece and thus becomes the first Greek carrier which implements a close commercial agreement with an international carrier
- _ In December 2005 the Company finalized a non recallable order to purchase 8 new Airbus A-320 and lease additional 3, with an option to purchase up to 12 additional aircraft
- _ Passenger traffic rises from 3.6 million passengers in 2004 to 4 million passengers in 2005

2006

- _ Passenger traffic rises from 4 million passengers in 2005 to 4.45 million passengers in 2006

2007

- _ New direct flights Athens-Munich and Athens-Frankfurt
- _ Agreement to purchase and lease 25 Airbus finalized
- _ AEGEAN takes delivery of the first 3 Airbus A320
- _ Listing in Athens Exchange
- _ Passenger traffic rises from 4.5 million passengers in 2006 to 5.2 million passengers in 2007

2008

- _ Exercise option to lease two additional Airbus A321 in 2009
- _ New direct flights Athens-London, Athens-Paris and Athens-Dusseldorf
- _ Code-share agreement with Brussels Airlines
- _ Passenger traffic rises to 6 million passengers and AEGEAN becomes the largest air carrier in Greece

2009

- _ Acceptance by STAR ALLIANCE for future membership
- _ New direct flights from Athens to Brussels, Berlin, Barcelona, Venice, Istanbul, Vienna and Madrid
- _ Passenger traffic rises to 6.6 million passengers

2010

- _ Aegean redelivers the remaining Boeing 737-300/400 A/C as well as 2 RJ AVRO
- _ New flights: Athens-Tel Aviv and Thessaloniki-Moscow
- _ Aegean joins STAR ALLIANCE on June 30, 2010
- _ Aegean carries 6.2 million passengers

2011

- _ Homogeneous fleet as of May 2011 following the return of 4 remaining AVRO RJ 100
- _ Aegean initiates Athens-Moscow, Athens-Bologna and Thessaloniki-Paris routes
- _ Significant increase in international passenger traffic from Greek regional airports (+23% from/to Heraklion, +37% from/to Rhodes, +10% from/to Thessaloniki)
- _ Acquisition of 3 slots in London Heathrow airport and 1 slot in Paris Charles de Gaulle airport
- _ Aegean initiates flights from Larnaca-London Heathrow. Direct connections to 8 destinations in Greece from Larnaca
- _ Aegean carries 6.5 million passengers

2012

- _ International expansion aiming to strengthen its overall presence in the main markets of Germany, France, Russia, Israel and Belgium
- _ International flights from 8 bases in Greece and Cyprus
- _ New flights to Czech Republic, Hungary, Ukraine and Georgia
- _ Aegean agrees with MIG to acquire OLYMPIC AIR. The deal is subject to approval by the European Competition Commission
- _ Aegean receives the SKYTRAX 2012 World Airline Award as the best Regional Airline in Europe
- _ Passenger traffic at 6.1 million passengers



Aegean's strategy has always concentrated on offering quality services at competitive prices. To this end, the Company has invested in renewing its fleet while ongoing personnel training is considered a top priority. In addition, securing global alliances and constantly striving to upgrade services and simplify procedures for its customers have always been part of the company's strategy.

Aegean offers its customers premium-quality services, including a dual-class cabin configuration and high-quality in-flight catering and in-flight entertainment.

The Company is also the domestic market leader in innovation and process simplification. It was the first airline in Greece to introduce business class on domestic routes and in October 2003 it became the first Greek airline to offer ticket issuance via the Internet (web-ticketing). Among the services offered are electronic check-in, self-check-in at the airports, redeem miles and change reservation through the web as well as a mobile portal and mobile applications. The company's website is constantly upgraded and offers auxiliary travel services such as car rental, hotel reservations, travel guides as well as travel insurance.

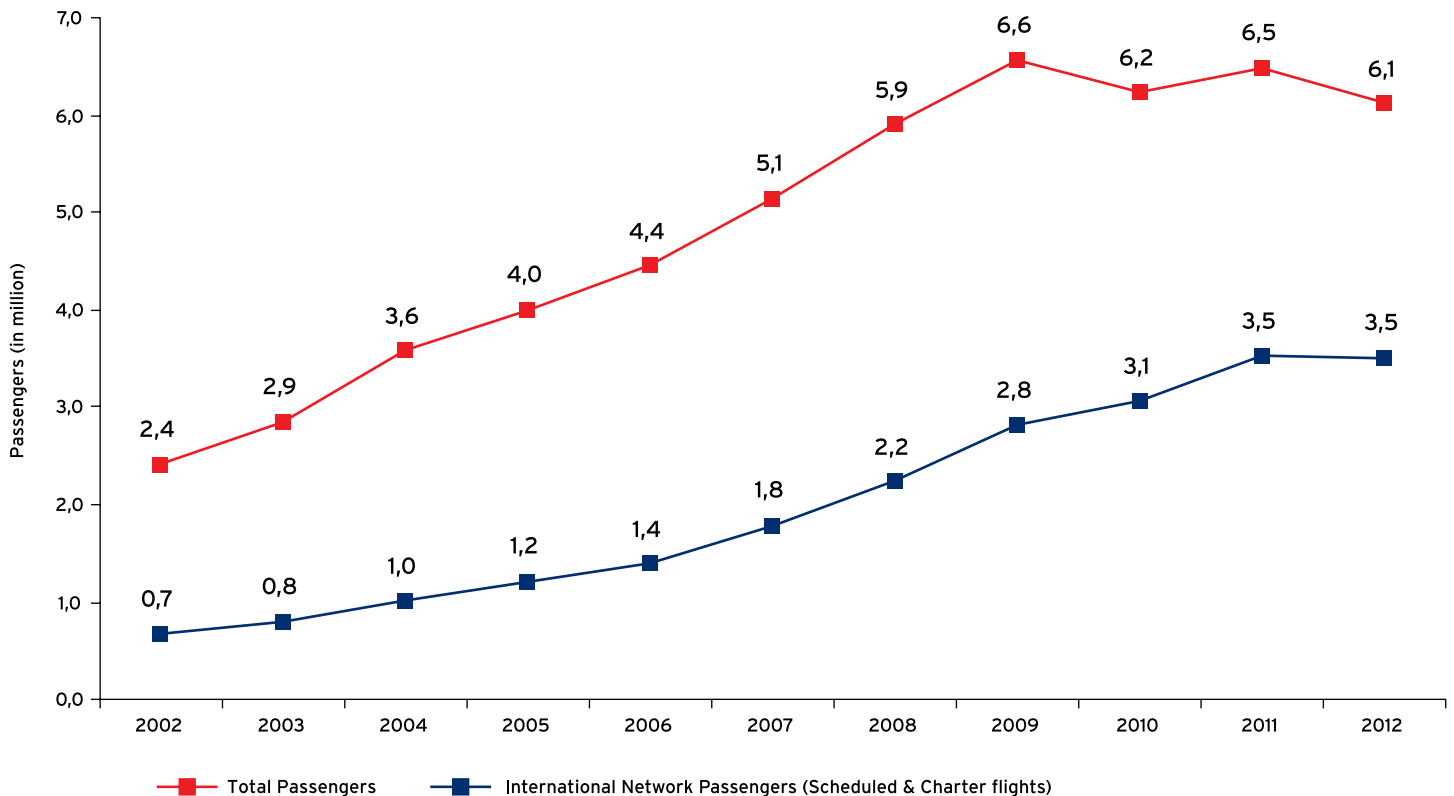
Operating in a recessionary environment of declining domestic demand, the Company continues to invest in strengthening Greek tourism through an extensive network of international routes from Athens and 7 regional airports in Greece. Within this deteriorating environment, efforts concentrate on efficient cost structure, improving competitiveness through the offering of attractive fares and also on the necessary network adjustments depending on market conditions, company's strategy and any opportunities that arise. The unit cost reduction as well as the synergies resulting from the acquisition of Olympic Air would enable Aegean to upgrade domestic-international connections but also to fully cover the domestic transport needs in the country with competitive fares. Aegean's product has received several international customer awards. Efforts now concentrate on laying the foundation to profitability and growth, while also securing benefits to the country's tourism sector, employment and state proceeds.

1. Passenger traffic

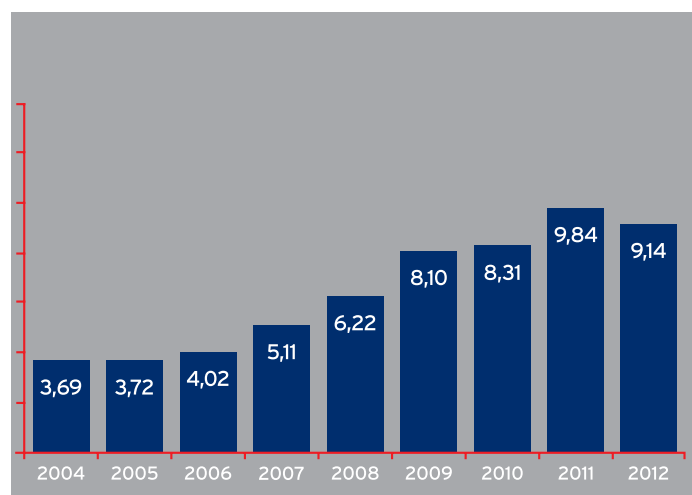
Passengers carried totaled 6.1m in 2012 compared to 6.5m in 2011, with load factor improving from 69% to 74%. The number of passengers carried on domestic routes declined significantly by 12% with average fare falling by more than 10%, declining for the fourth consecutive year. International traffic reached 3.5m passengers with traffic from/to Athens declining by 6% whilst from/to other regional airports increased by 10%.

In 2012, Aegean focused on expanding its international network, reducing domestic flights and launching new routes from Athens (to Budapest, Prague, Tbilisi, Kuwait) without further increasing the overall capacity. The expansion was facilitated by redistributing capacity from domestic flights. Furthermore, the Company has invested in additional international flights from Greek regional airports (from Thessaloniki to Saint Petersburg and Tel Aviv, from Corfu to Brussels, Milan and Rome, from Heraklion to Munich, Brussels and Moscow and from Santorini and Mykonos to Milan and Rome) strengthening its expansion and supporting Greek tourism both from/to Athens and from/to regional airports.

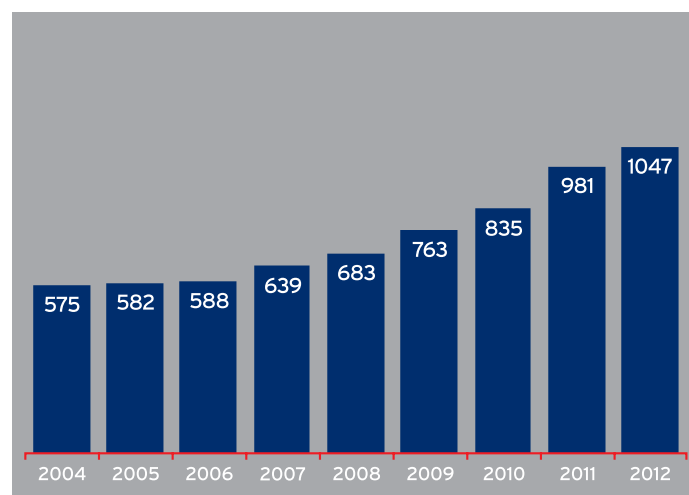
Passengers (in million)



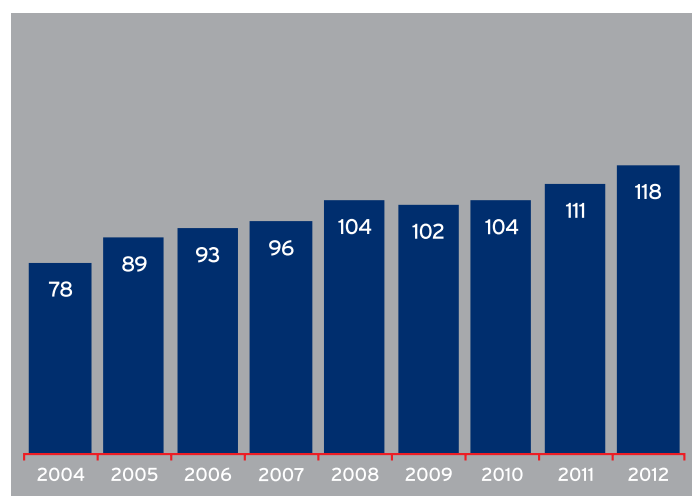
ASKs (Available Seat Kilometers - in million)



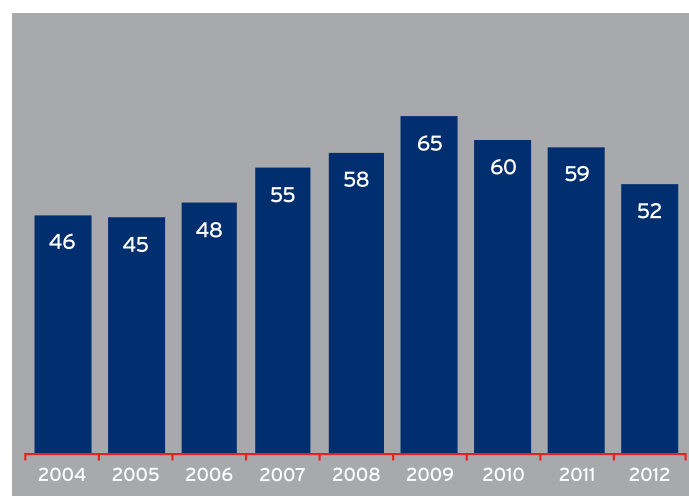
Average stage length (km)



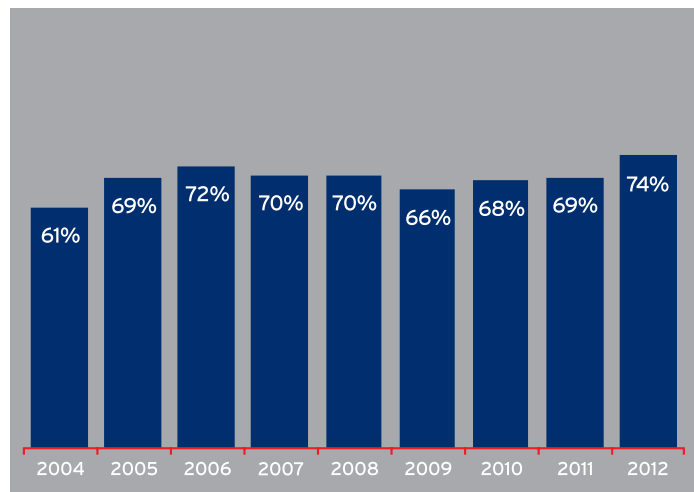
Average number of passengers per flight



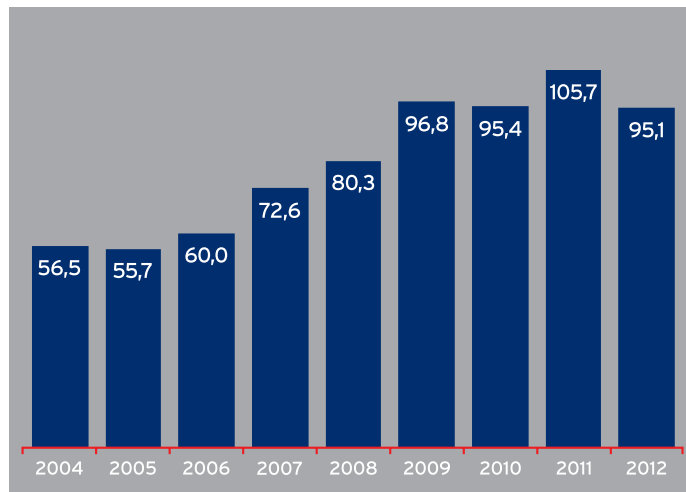
Flights (in ,000) ⁽¹⁾



Load factor (Scheduled flights) ⁽²⁾



Block Hours (in ,000)



Notes:

⁽¹⁾ Total scheduled and charter flights - excluding non-revenue flights

⁽²⁾ Load factor = Revenue Passenger Kilometers / Available Seat Kilometers

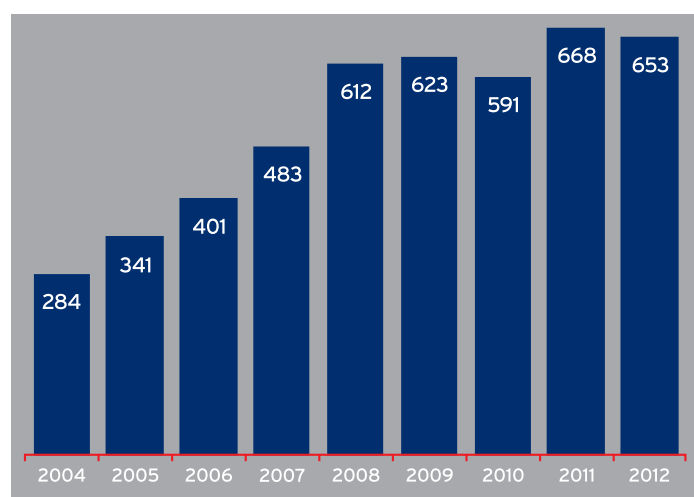
2. Financial Performance

AEGEAN reported 2012 revenue of €653.4m, 2% lower compared to 2011. Net result after tax improved to a loss of €10.5m compared to a loss of €27.2m in 2011.

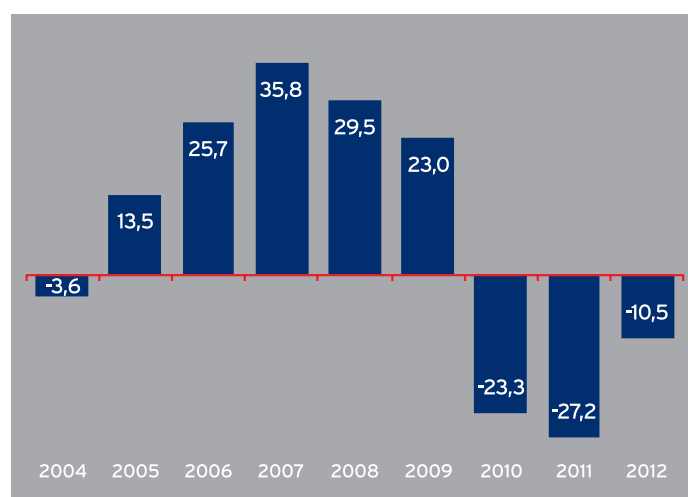
Despite weak local demand, the company managed to improve its operating result reporting 19% increase in EBITDAR at €73.4m, given improved performance in international routes with incoming leisure focus, cost management efforts and also more stable conditions in the country during the second half of the year.

The Company's cash position stood at €149m at the end of December 2012.

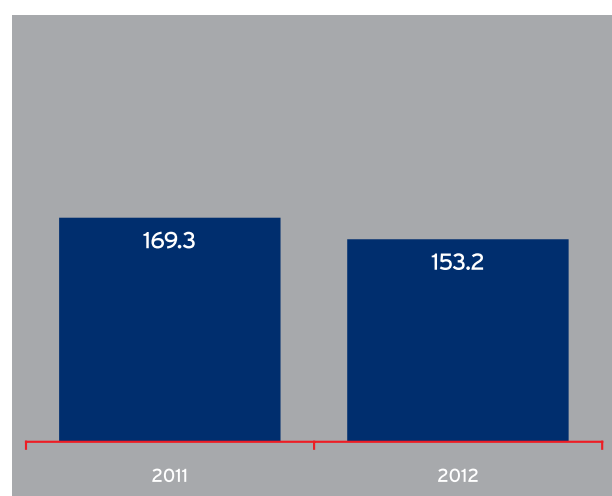
Revenue (in € m)



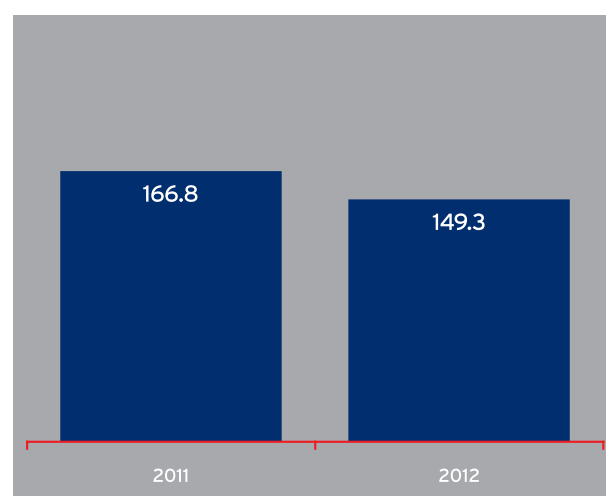
Earnings after taxes (€ m)



Total equity (€ m)



Cash & cash equivalent (€ m)



6. FINANCIAL PERFORMANCE 2004-2010

amounts in thousand €

1. Income Statement

Amounts in ,000 €	2004	2005	2006
Revenue	283.503,8	340.618,7	401.063,5
Other operating income	3.092,9	1.819,6	1.113,1
Personnel expenses	(43.549,4)	(48.315,4)	(54.745,6)
Depreciation	(6.209,4)	(6.560,3)	(6.202,9)
Consumption of materials and services	(229.330,7)	(262.197,0)	(301.224,7)
Earnings before net interest expense, income taxes, depreciation and amortization	7.507,2	25.365,7	40.003,3
Restructuring provisions			
Bad debts write off			
(Loss) / gain from fair value revaluation			
Financial income	4.027,0	5.696,6	4.065,9
Financial expense	(6.653,0)	(11.283,2)	(7.100,0)
Profit from sale of shares			418,4
Proceeds from sale and lease back			(2.954,4)
Profit / (loss) before tax	4.881,2	19.779,1	34.433,3
Income tax	(8.452,3)	(7.893,1)	(9.802,6)
Profit / (loss) after tax	(3.571,1)	11.886,0	24.630,7
Result from discontinued operations	0,0	3.147,7	2.042,5
Net earnings after tax	(3.571,1)	15.033,7	26.673,2
Distributed to:			
Parent shareholders	(3.571,1)	13.539,2	25.703,4
Minority interest	0,0	1.494,5	969,8

2. Profitability ratios

Amounts in ,000 €	2004	2005	2006
EBITDAR:			
Earnings before net interest expense, income taxes, depreciation and amortization and rental costs	34.001,6	53.159,3	69.892,0
EBITDAR % margin	12%	16%	17%
EBITDA:			
Earnings before net interest expense, income taxes, depreciation and amortization	13.716,6	31.925,9	46.206,2
EBITDA % margin	5%	9%	12%
EBIT:			
Earnings before net interest expense and income taxes	7.507,2	25.365,7	40.003,3
EBIT % margin	3%	7%	10%
EAT:			
Profit / (loss) after tax	(3.571,1)	13.539,2	25.703,4
Profit / (loss) after tax % margin	-1%	4%	6%

2007	2008	2009	2010	2011	2012
482.736,5	611.693,5	622.713,1	591.004,3	668.217,8	653.388,4
2.292,5	7.709,6	9.443,6	16.976,7	10.297,3	5.048,5
(65.319,3)	(74.797,5)	(89.960,9)	(92.248,9)	(86.026,3)	(69.875,2)
(4.129,9)	(7.288,6)	(12.003,2)	(13.508,6)	(12.994,6)	(11.822,2)
(372.649,0)	(487.106,8)	(510.653,7)	(514.713,6)	(610.176,3)	(585.618,1)
42.930,9	50.210,2	19.538,9	(12.490,0)	(30.682,1)	(8.878,6)
					(2.924,8)
			(2.610,1)	(798,1)	(1.298,7)
			(1.645,0)	442,5	1.324,4
8.585,6	19.962,1	21.287,5	17.098,7	15.824,7	8.086,5
(6.915,3)	(32.316,6)	(16.564,9)	(19.032,8)	(15.939,7)	(8.927,2)
5,0		4.409,4			
0,0	2.082,2	3.855,4			
44.606,2	39.938,0	32.526,3	(18.679,3)	(31.152,6)	(12.618,4)
(8.840,3)	(10.472,5)	(9.489,3)	(4.613,1)	3.976,9	2.121,9
35.765,9	29.465,4	23.037,0	(23.292,4)	(27.175,7)	(10.496,4)
0,0					
35.765,9	29.465,4	23.037,0	(23.292,4)	(27.175,7)	(10.496,4)
35.765,9	29.465,4	23.037,0	(23.292,4)	(27.175,7)	(10.496,4)
0,0	0,00	0,0	0,0	0,0	0,0

2007	2008	2009	2010	2011	2012
83.145,7	102.184,8	95.891,7	75.819,1	61.779,3	73.394,1
17%	17%	15%	13%	9%	11%
47.060,7	57.498,8	31.542,1	1.018,6	(17.687,5)	2.943,6
10%	9%	5%	0%	-3%	0%
42.930,9	50.210,2	19.538,9	(12.490,0)	(30.682,1)	(8.878,6)
9%	8%	3%	-2%	-5%	-1%
35.765,9	29.465,4	23.037,0	(23.292,4)	(27.175,7)	(10.496,4)
7%	5%	4%	-4%	-4%	-2%

3. Revenue breakdown

% of total revenue	2004	2005	2006
Revenue from scheduled flights	77%	77%	75%
Revenue from charter flights	11%	11%	12%
Revenue from airport passenger charges	8%	8%	8%
Other operating income	4%	4%	5%
Total	100%	100%	100%

4. Evolution of main expenses as % on revenue

% on total revenue	2004	2005	2006
Personnel expenses	15%	14%	14%
Aircraft fuel	17%	19%	20%
Maintenance	13%	11%	10%
Eurocontrol charges	5%	4%	4%
Handling charges	3%	3%	3%
Airport charges	15%	15%	13%
Catering costs	2%	2%	3%
Distribution costs	10%	10%	9%
Marketing costs	1%	1%	1%
Aircraft leasing	7%	6%	6%
Inventories' consumption	1%	1%	1%
Other operating expense	7%	6%	6%
Depreciation	2%	2%	2%

2007	2008	2009	2010	2011	2012
77%	77%	75%	72%	71%	71%
10%	10%	9%	10%	11%	10%
9%	9%	11%	13%	13%	14%
4%	4%	5%	5%	5%	5%
100%	100%	100%	100%	100%	100%

2007	2008	2009	2010	2011	2012
14%	12%	14%	16%	13%	11%
20%	24%	17%	21%	28%	28%
12%	11%	11%	9%	7%	7%
4%	4%	5%	6%	6%	6%
3%	3%	3%	4%	4%	5%
14%	14%	17%	18%	19%	18%
3%	2%	3%	3%	4%	3%
7%	7%	6%	6%	6%	6%
1%	1%	2%	1%	1%	1%
7%	7%	10%	13%	12%	11%
1%	1%	2%	0%	0%	0%
6%	6%	7%	6%	6%	5%
1%	1%	2%	2%	2%	2%

amounts in thousand €

5. Revenue - Costs per ASK

in € cents	2004	2005	2006
Revenue per Available Seat Kilometer (RASK)	7,76	9,21	10,00
Costs per Available Seat Kilometer (CASK)			
Personnel expenses	1,18	1,30	1,36
Aircraft fuel	1,29	1,71	1,97
Maintenance	0,97	1,03	1,02
Eurocontrol charges	0,40	0,36	0,39
Handling charges	0,25	0,26	0,28
Airport charges	1,13	1,34	1,33
Catering costs	0,18	0,21	0,25
Distribution costs	0,77	0,89	0,86
Marketing costs	0,08	0,07	0,09
Inventories' consumption	0,06	0,08	0,09
Other operating expense	0,55	0,53	0,63
Total	6,84	7,78	8,26
Total operating expenses (excl. fuel)	5,56	6,07	6,29
Aircraft leasing	0,55	0,57	0,59
Depreciation	0,17	0,18	0,15
Financial result - expense/(income)	0,07	0,15	0,14
Profit before taxes per ASK	0,13	0,53	0,86
Average Stage Length (in km)	575	582	588

6. Balance Sheet

	31/12/04	31/12/05	31/12/06
ASSETS			
Non current assets			
Goodwill	302,9	302,9	
Intangible assets	598,0	476,6	280,5
Tangible assets	65.592,9	61.861,0	26.515,3
Advances for assets acquisition	0,0	4.754,0	32.126,2
Advances for investing activities			
Deferred tax assets	16.818,7	9.033,9	9.472,4
Other long term assets	1.164,5	2.288,9	3.443,6
Hedging derivatives			
Total non current assets	84.476,9	78.717,2	71.838,1

2007	2008	2009	2010	2011	2012
9,49	9,87	7,73	7,20	6,84	7,20

1,28	1,20	1,11	1,11	0,87	0,76
1,88	2,38	1,32	1,47	1,87	2,04
1,10	1,07	0,82	0,61	0,46	0,52
0,38	0,36	0,38	0,42	0,42	0,42
0,29	0,27	0,26	0,28	0,27	0,36
1,33	1,33	1,28	1,29	1,26	1,29
0,26	0,24	0,24	0,24	0,24	0,20
0,62	0,68	0,45	0,43	0,41	0,40
0,08	0,11	0,13	0,08	0,07	0,06
0,07	0,11	0,12	0,01	0,01	0,01
0,58	0,47	0,44	0,46	0,38	0,34
7,87	8,23	6,54	6,41	6,27	6,40
5,99	5,85	5,22	4,94	4,40	4,37
0,71	0,72	0,79	0,90	0,81	0,77
0,08	0,12	0,15	0,16	0,13	0,13
-0,03	0,17	-0,16	-0,05	-0,05	0,01
0,87	0,64	0,40	-0,22	-0,32	-0,11
639	683	763	835	981	1047

1/1/08	31/12/08	31/12/09	31/12/10	31/12/11	31/12/12
301,3	598,1	1.185,1	4.697,1	27.176,6	26.791,3
27.413,8	72.217,4	111.088,0	118.158,7	98.944,9	89.240,6
77.820,9	76.661,0	27.876,7	20.093,9	20.109,3	20.094,9
				0,0	20.000,0
12.885,5	3.039,4	6.674,3	8.060,6	13.149,5	16.673,5
5.922,3	17.292,0	13.065,6	8.764,5	9.245,7	9.256,8
0,0	0,0	1.853,0	1.522,5	2.514,1	0,0
124.343,8	169.808,0	161.742,6	161.297,3	171.140,1	182.057,1

amounts in thousand €

	31/12/04	31/12/05	31/12/06
Current assets			
Inventories	5.346,9	5.284,2	5.872,7
Customers and other receivables	30.594,0	34.253,9	60.380,0
Advances	5.855,9	5.284,7	4.336,5
Financial Assets at fair value			
Hedging derivatives			
Cash and cash equivalents	3.818,6	7.586,9	24.355,1
Total current assets	45.615,4	52.409,6	94.944,2
TOTAL ASSETS	130.092,2	131.126,8	166.782,3
EQUITY			
Share capital	80.344,2	80.344,2	80.344,2
Share premium account	42.272,5	42.272,5	42.272,5
Other reserves	415,1	811,2	(8.872,8)
Retained profit / (loss)	(136.533,7)	(122.994,6)	(97.291,1)
Total equity	(13.501,8)	433,4	16.452,8
Minorities	47,8	1.542,4	
Total equity	(13.454,0)	1.975,8	16.452,8
LIABILITIES			
Long term liabilities			
Long term loan liabilities	27.302,3	20.717,4	20.000,0
Finance lease contracts liabilities	23.305,1	20.543,7	14.244,4
Long term liabilities			
Derivative contracts liabilities			
Provisions for retirement benefits obligations	2.441,4	3.101,9	3.247,4
Provisions			
Total long term liabilities	53.048,8	44.363,0	37.491,8
Short term liabilities			
Suppliers	31.638,8	27.524,4	32.562,7
Long term loan liabilities payable next year	7.397,6	9.636,9	
Short term loan liabilities	24.971,3	11.915,9	20.364,2
Long term finance leases liabilities payable next year	5.253,3	5.020,4	2.116,7
Other short term liabilities	4.088,1	5.791,6	5.988,4
Liabilities from tickets sold but not flown	5.785,4	11.540,9	16.415,4
Accrued expenses	5.672,3	7.683,6	10.223,8
Hedging derivatives	1.269,4	500,3	12.578,8
Derivatives instruments liabilities			
Income tax liabilities	4.421,2	5.174,1	12.587,8
Provisions			0,0
Total short term liabilities	90.497,4	84.788,0	112.837,8
Total liabilities	143.546,2	129.151,0	150.329,5
TOTAL EQUITY AND LIABILITIES	130.092,2	131.126,8	166.782,3

1/1/08	31/12/08	31/12/09	31/12/10	31/12/11	31/12/12
7.168,9	11.164,1	9.232,0	5.986,1	5.975,1	5.331,2
60.113,5	70.214,6	66.228,5	67.482,8	52.425,1	47.089,6
2.945,3	4.658,1	4.951,0	10.302,1	11.730,9	4.450,0
0,0	0,0	6.662,5	6.305,0	5.460,0	6.784,4
0,0	0,0	4.751,9	11.723,2	4.957,2	2.145,9
158.309,6	182.805,4	208.224,6	184.272,3	166.800,9	149.299,8
228.537,3	268.842,2	300.050,5	286.071,6	247.349,3	215.100,9
352.881,1	438.650,2	461.793,1	447.368,8	418.489,4	397.158,0
107.125,7	46.421,1	46.421,1	46.421,1	46.421,1	46.421,1
144.774,4	144.774,4	144.774,4	144.774,4	144.774,4	144.774,4
(22.856,7)	(7.038,7)	989,8	11.096,6	6.648,4	1.040,4
(61.551,7)	28.618,3	32.379,2	(1.349,3)	(28.525,0)	(39.021,5)
167.491,7	212.775,2	224.564,5	200.942,8	169.318,9	153.214,5
167.491,7	212.775,2	224.564,5	200.942,8	169.318,9	153.214,5
30.814,9	0,0	20.000,0	0,0	0,0	0,0
0,0	42.406,1	57.975,0	75.920,8	70.751,9	61.661,4
				0,0	8.340,0
13.592,4	4.890,3	645,3	2.056,0	2.771,7	2.823,2
4.054,5	4.897,9	5.926,3	7.119,8	7.513,9	7.798,5
6.447,1	2.627,8	19.212,9	24.137,0	30.383,4	29.129,3
54.909,0	54.822,0	103.759,6	109.233,6	111.420,9	109.752,3
39.353,7	47.369,0	41.179,1	40.825,7	41.190,5	48.469,7
		59,5	20.067,1	0,0	4.370,4
26.727,3	39.480,1			20.024,9	0,0
0,0	4.087,2	5.308,9	7.242,8	7.699,8	7.753,9
9.684,2	19.538,2	20.396,1	19.650,8	19.130,4	16.582,8
19.640,6	28.183,9	29.483,0	28.413,0	33.043,9	38.747,2
11.716,3	20.722,3	19.645,2	12.265,1	15.133,8	12.183,1
17.661,8	5.111,5	7.334,6	1.056,3	126,3	1.759,4
		0,0	1.287,5	0,0	0,0
5.051,5	5.560,9	8.962,6	4.984,2	0,0	0,0
645,0	1.000,0	1.100,0	1.400,0	1.400,0	4.324,8
130.480,4	171.053,0	133.469,1	137.192,4	137.749,6	134.191,2
185.389,4	225.875,0	237.228,6	246.426,0	249.170,5	243.943,5
352.881,1	438.650,2	461.793,1	447.368,8	418.489,4	397.158,0

amounts in thousand €

7. Cash Flow Statements

	31/12/04	31/12/05	31/12/06
Cash flows from operating activities			
Profit / (loss) before tax	4.881,2	22.926,8	36.475,8
Adjustments for:			
Depreciation of tangible assets	6.209,4	6.560,3	6.202,9
Provisions	512,6	681,1	855,7
Foreign currency exchange (gains) / losses			
(Profit) / loss from investing activities	(167,9)	(2.035,7)	1.856,9
Interest & other financial expenses	4.081,4	3.393,0	3.370,7
Losses /(gains) from derivative products	1.132,1	(211,2)	(876,1)
Operating cashflow from discontinued operations	(914,6)	2.927,0	1.290,8
Cash flows from operating activities before changes in working capital	15.734,2	34.241,1	49.176,8
Changes in working capital			
(Increase)/Decrease in inventories	(1.060,6)	62,7	(588,5)
(Increase)/Decrease in trade & other receivables	(1.779,1)	(4.744,2)	(5.543,4)
(Increase)/Decrease in hedging derivatives receivables			
Increase/(Decrease) in trade payables	7.435,0	5.640,7	15.285,6
Increase /(Decrease) in derivatives liabilities	0,0	161,8	2.946,9
Total changes in working capital	4.595,4	1.120,9	12.100,7
Interest expenses payable	(4.354,7)	(3.600,5)	(3.559,3)
Income tax paid			0,0
Net cash flows from operating activities	15.974,9	31.761,5	57.718,2
Cash flows from investing activities			
Purchases of tangible assets	(6.764,5)	(2.481,1)	(8.091,7)
Sale of tangible assets	4.101,9	261,3	903,0
Advances for investing activities			
Advances' reimbursement for the acquisition of tangible assets	0,0	(4.754,0)	(27.372,2)
Proceeds from sale of shares	0,0	0,0	45,6
Purchase of assets measured at fair value			
Interest and other financial income earned	18,8	1.989,0	253,7
Cash flow from investing activities of discontinued operations	(1.028,1)	(2.820,2)	(1.629,7)
Net cash flows from investing activities	(3.671,8)	(7.805,0)	(35.891,3)
Cash flows from financing activities			
Loans drawn	0,0	0,0	2.143,8
Loans repayment	(7.937,9)	(13.940,9)	
Dividends paid			
Increase of share capital			0,0
Share capital increase expenses			0,0
Finance leases capital repayment	(5.505,6)	(3.302,9)	(3.099,7)
Cash flows from financing activities of discontinued operations	2.688,1	(2.944,5)	(1.703,7)
Net cash flows from financing activities	(10.755,5)	(20.188,3)	(2.659,6)
Net (decrease)/ increase in cash and cash equivalents	1.547,6	3.768,3	19.167,3
Cash and cash equivalents at the beginning of the year	2.271,0	3.818,6	5.187,8
Cash and cash equivalents at the end of the period	3.818,6	7.586,9	24.355,1

Note: The Company has not published consolidated financial statements from 2008 fiscal year onwards due to the sale of its sole subsidiary AIR GREECE in March 2007.

31/12/07	31/12/08	31/12/09	31/12/10	31/12/11	31/12/12
44.606,2	39.938,0	32.526,3	(18.679,3)	(31.152,6)	(12.618,4)
4.129,9	7.288,6	12.003,9	13.508,9	12.994,6	11.822,2
1.168,6	1.700,7	20.341,2	12.527,7	7.473,9	1.955,1
2.667,2	11.384,5	(3.510,7)	6.876,9	1.103,3	(2.409,2)
(3.370,3)	(6.328,1)	(11.153,5)	(16.128,7)	(9.123,8)	(2.455,0)
3.637,7	3.915,2	2.976,5	3.081,6	3.819,2	4.381,3
(113,5)					
52.725,7	57.898,8	53.183,6	1.187,0	(14.885,4)	676,0
(1.596,2)	(4.095,2)	(568,0)	(254,1)	11,0	643,9
(32.833,1)	(7.345,7)	1.931,2	(6.704,7)	10.386,4	11.520,1
		(6.604,9)	(6.640,9)	5.774,5	5.325,3
15.873,3	24.312,6	(6.700,5)	(2.065,1)	9.027,6	6.516,1
4.805,0	(5.434,4)	7.429,4	9.642,1	(5.950,0)	(3.923,3)
(13.751,0)	7.437,4	(4.512,7)	(6.022,7)	19.249,5	20.082,1
(3.102,4)	(3.375,6)	(2.701,7)	(2.715,2)	(3.536,7)	(3.334,1)
(6.643,7)	(7.176,7)	(4.597,3)	(22.184,3)	(4.984,2)	0,0
29.228,6	54.783,9	41.371,9	(29.735,2)	(4.156,8)	17.424,1
(7.069,1)	(9.033,2)	(14.543,1)	(11.463,2)	(24.564,2)	(1.920,2)
25.843,3	1.914,9	3.747,7	25.398,5	12.177,6	186,8
					(20.000,0)
(43.620,6)	1.159,9	41.160,0	7.394,8	(15,4)	0,0
2.682,1	-	1.469,8	1.469,8	1.469,8	0,0
	-	(6.477,3)	0,0		
2.048,8	7.066,9	5.724,1	4.548,3	4.596,1	2.153,4
(20.115,6)	1.108,4	31.081,2	27.348,2	(6.336,1)	(19.580,0)
14.510,7	5.334,0				
0,0	(24.994,7)	(19.480,1)	(59,5)	(42,2)	(7.524,9)
	0,0	(17.828,3)	(9.274,7)	0,0	
135.237,4					
(8.545,6)					
(16.361,1)	(11.736,0)	(9.725,4)	(12.231,2)	(6.936,4)	(7.820,4)
124.841,4	(31.396,6)	(47.033,9)	(21.565,3)	(6.978,5)	(15.345,3)
133.954,5	24.495,8	25.419,2	(23.952,3)	(17.471,3)	(17.501,2)
24.355,1	158.309,6	182.805,4	208.224,6	184.272,3	166.800,9
158.309,6	182.805,4	208.224,6	184.272,3	166.800,9	149.299,8



Over the past years, Aegean has been awarded by various international and domestic organizations and institutions in recognition of its contribution to Greek tourism, the development of the market, the quality of its offered services as well as the creativity of its communication and promotional activities.

More specifically, Aegean received the Award for Best Regional Airline in Europe for 2009, 2011 and 2012 by Skytrax.

AEGEAN is 6 times awarded from the European Regions Airline Association (ERA) in recognition of its operating performance, commercial success and commitment to customer comfort and satisfaction.

Additionally, AEGEAN has been repeatedly awarded in the past by Athens International Airport as the fastest growing airline for the domestic region, as the Company registering the highest passenger volumes at Athens International Airport and as the Airline of the Decade based on total passengers carried over the 2001-2010 period.



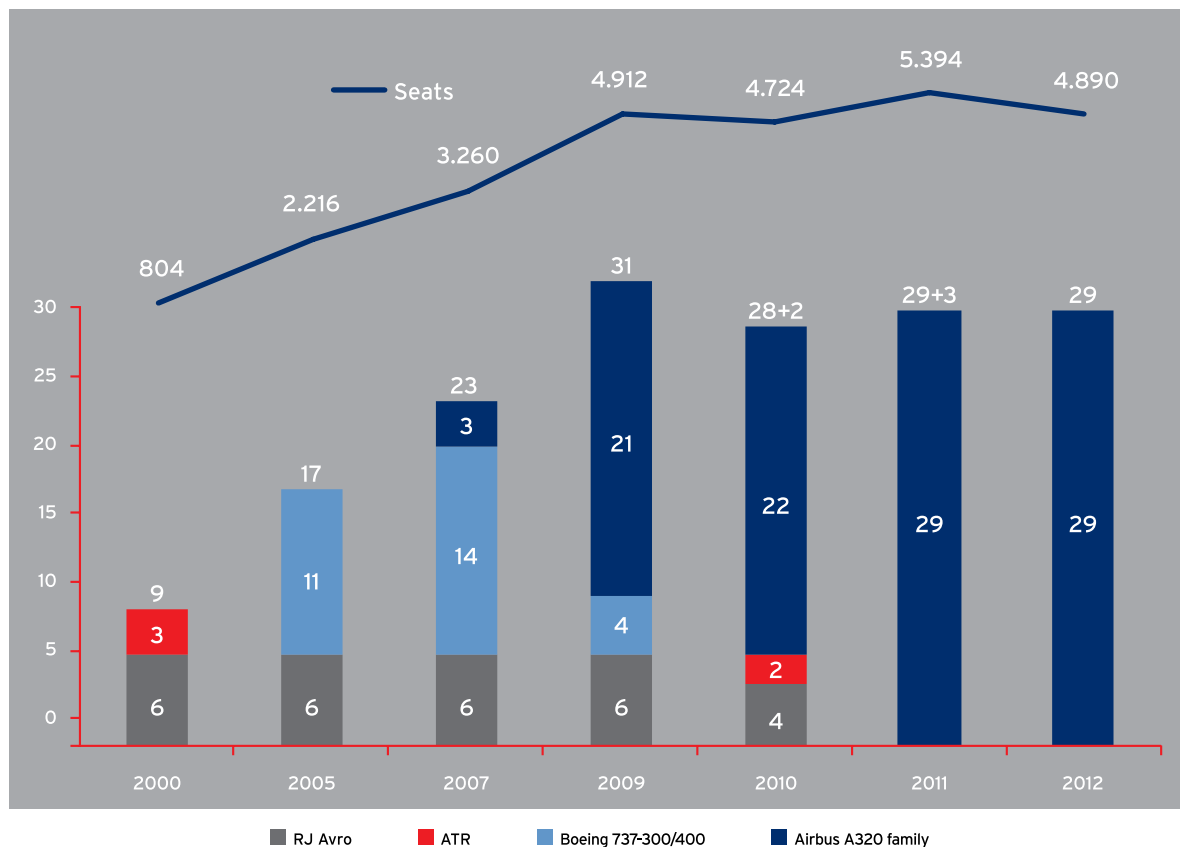
AEGEAN has successfully implemented an ambitious fleet renewal plan. More specifically, the Company took delivery of 22 new Airbus A320/321 over the 2007-2010 period. New aircraft of the Airbus A320 family replaced 15 Boeing 737 300/400. As a result, the new fleet facilitated the Company's network expansion and at the same time contributed to a significant quality upgrade of its services in both domestic and international network.

During 2011, AEGEAN returned the remaining fleet of 4 Avro RJ-100 aircraft and started operating as of May 2011 until today with only one A/C type of the Airbus A320 family with the total number of aircraft in its fleet reaching 29.

The renewal of the fleet leads to an increase in average capacity per flight, contributes to fuel efficiency and adds to the company's credibility.

In 2012 the average age of AEGEAN's fleet was 4 years.

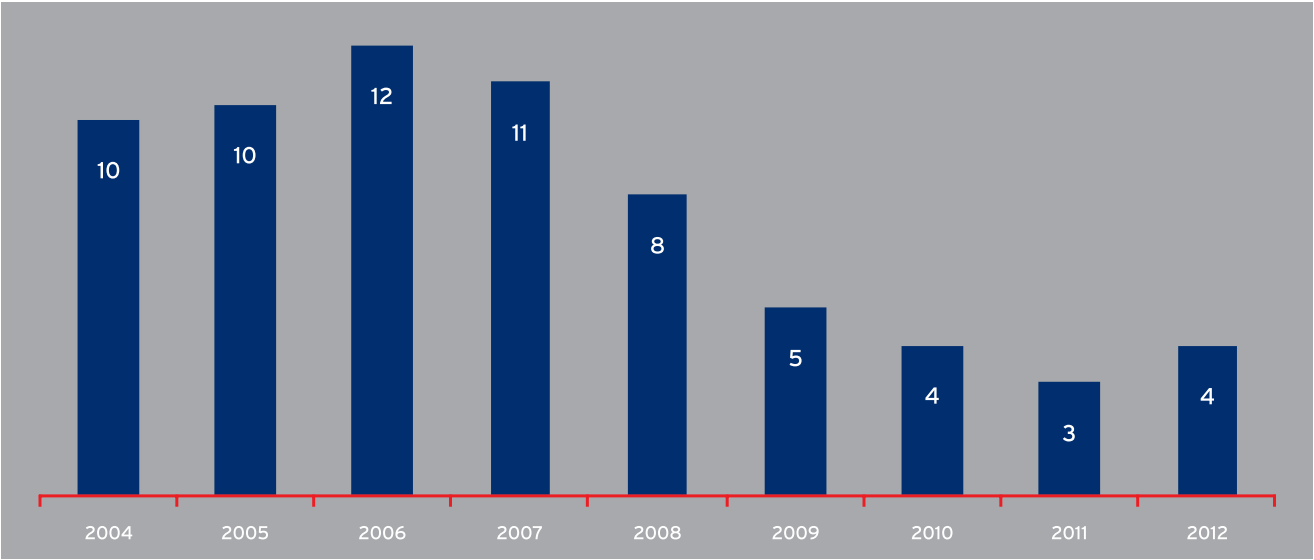
Aegean Fleet



* In 2010 and 2011 the Company also used 2 and 3 aircraft respectively under short-term wet lease agreement (ACMI) to cover the needs of charter operation.



Average fleet age (years)



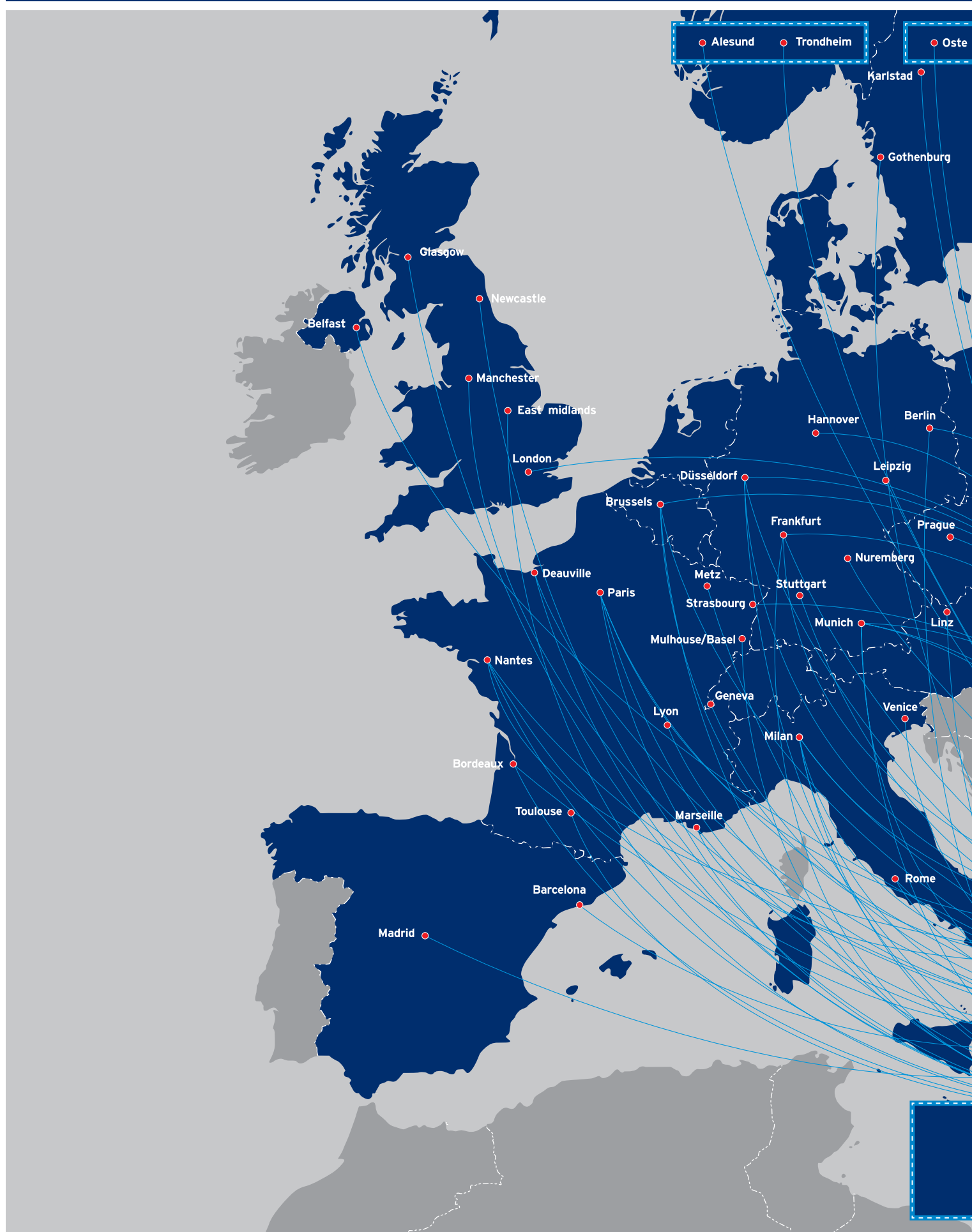
Despite the difficult business environment and the intensifying crisis in the Greek economy, AEGEAN added new international destinations and improved connections with Greek regional airports.

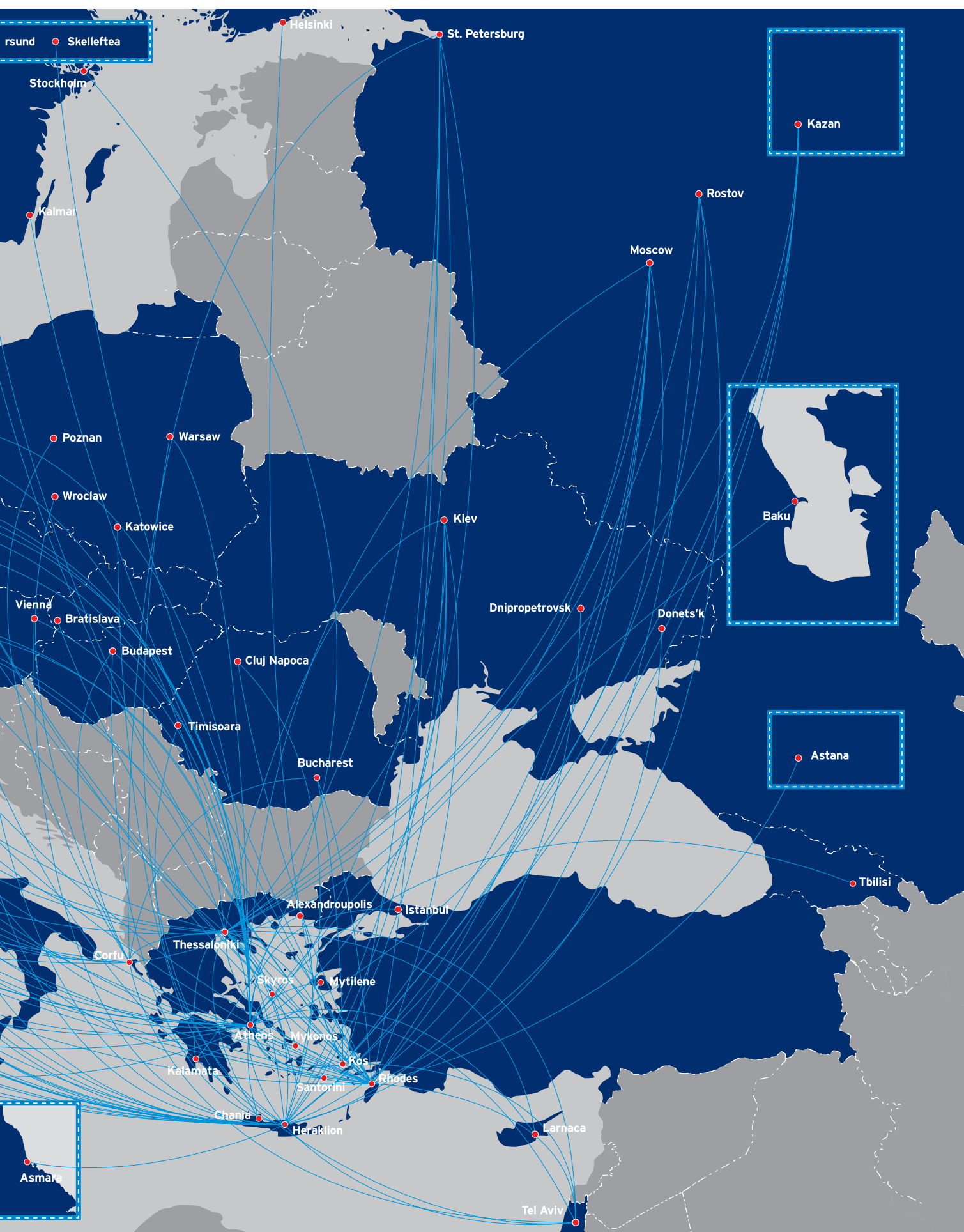
More specifically, in the summer period of 2012 AEGEAN:

- Launched new direct flights from Heraklion to Brussels, Munich and Moscow
- Launched new flights from its base in Corfu to Brussels, Milan and Rome
- Strengthened its presence in the Russian market with 3 new routes, Thessaloniki - St. Petersburg, Rhodes - Moscow and Heraklion - Moscow, in addition to Athens - Moscow and Thessaloniki - Moscow operating since 2011.
- Launched four new destinations from Athens: Budapest, Prague, Tbilisi and Mariupol.

In the Summer of 2013, Aegean is planning to further expand its international flight network by utilizing the capacity which is released domestically in new international routes from Athens and also increasing capacity from the country's regional airports. More specifically, Aegean's flight network for 2013 includes 5 new countries (Ukraine, Switzerland, Poland, Sweden, Azerbaijan) and 10 new international destinations (Geneva, Manchester, Lyon, Stockholm, Kiev, Baku, Berlin, Nuremberg, Hanover, Warsaw) while direct international flights are operated from its 8 bases (Athens, Thessaloniki, Heraklion, Rhodes, Corfu, Kos, Kalamata, Larnaca).

AEGEAN FLIGHTS
(SCHEDULED & CHARTER SUMMER 2012 PERIOD)





Star Alliance is a global airline network which was established by five airlines, Air Canada, Lufthansa, Scandinavian Airlines, THAI and United on May 14, 1997.

It has grown to become the first truly global airline alliance to offer worldwide reach, recognition and seamless service to the international traveller. Its acceptance by the market has been recognised by numerous awards, including the Air Transport World Market Leadership Award, Best Airline Alliance by both Business Traveller Magazine and Skytrax.

The member airlines are:

Adria Airways, Aegean Airlines, Air Canada, Air China, Air New Zealand, ANA, Asiana Airlines, Austrian, Avianca, Brussels Airlines, Copa Airlines, Croatia Airlines, EGYPTAIR, Ethiopian Airlines, LOT Polish Airlines, Lufthansa, Scandinavian Airlines, Shenzhen Airlines, Singapore Airlines, South African Airways, SWISS, TAM Airlines, TAP Portugal, THAI, Turkish Airlines, United and US Airways.

Overall, the Star Alliance network comprises of a combined fleet of 4,256 aircraft and more than 411,000 employees, while it offers more than 21,900 daily flights to more than 1,329 airports in 194 countries.

Benefits to the Customer

- Access to a global network and the benefits of coordinated schedules that ensure optimized connections within the Star Alliance network and reduced waiting time.
- Through check-in, joint ticketing, check-in and baggage facilities, collocation and connection teams at key airports - all play a role in creating a smoother travel experience.
- More Rewarding Frequent Flyer Programme through earning and redeeming miles across the entire Star Alliance network.
- Access to more than 1,000 Star Alliance member lounges worldwide.
- Star Alliance offers specialized products and travel options for corporate clients as well as products designed especially for organizers of international conferences and sports or culture events (Conventions Plus and Meetings Plus).

Benefits to the Company

Star Alliance membership offers multiples benefits to the member carriers such as:

- Worldwide recognition and status
- Network connectivity and consequently increased feeding potential
- Potential to expand their client base with new corporate agreements
- Operational benefits through the common use of terminals and facilities
- Opportunity to develop new services and know-how exchange

Member carriers:	27
Number of passengers:	670.58 m
Daily departures:	21,900
Airports:	1,329 in 194 countries
Lounges:	More than 1,000



Corporate social responsibility for Aegean was never considered to be “just another division” of our activities, but rather an integrated part of our business rationale and the way we understand the ingredients of healthy and responsible entrepreneurship. It is also considered for us a way to convey our main values.

That has been our perspective from the very beginning. To this end, our efforts over the last 13 years were concentrated on aligning the development of our company with our contribution to our country's growth and the progress and protection of our society. We have planned our business strategy according to the framework established by the principles of the United Nations Global Compact, as members of the Greek chapter.

We also organize our social presence with the aim of providing the best possible results while at the same time reacting as swiftly as possible to the needs and goals which prevail at any given time and circumstance.

This dedication to the bright side of Greece gives meaning, substance and quality to everything we do. It likewise leads us, each and every time, to become involved in activities and initiatives which accentuate that side. We want to convey a positive message that Greeks can overcome the obstacles. This is the reason we place so much emphasis on the promotion of our culture and the strengthening of Greece's tourism development. That is why Aegean gives priority to activities which support education, environmental awareness and the creation of a new culture for the renewal of growth and development.

In the coming years, we do not plan to change in this respect – except by strengthening our efforts even more.

We will do this by joining our forces with our 6.1 million passengers that we carry every year. We will make good use of the advantages we enjoy by virtue of our membership in the Star Alliance international travel network, and, through it, our presence in 194 countries.

The country needs all of its healthy and productive forces, and we will continue to support this national effort with all of our might. In any case, we will continue to follow our natural instinct – which is to give wings to the bright side of Greece.

Culture

Our cultural heritage is Greece's greatest asset, its most constant reference over time and its unsurpassed contribution to mankind. Aegean participates in numerous initiatives, both domestically and abroad, which aim to spread the values which were born in our land, using its full capabilities to promote Greek Culture. Aegean is a permanent sponsor of the Museum of Cycladic Art, The Athens Concert Hall, the Thessaloniki Concert Hall, the Hellenic Film Academy, the Thessaloniki International Film Festival and the Thessaloniki Documentary Festival, the Onassis Cultural Centre, the Nikos Kazantzakis Museum, the Festival “Milano incontra La Grecia”, which takes place every year in Milan and which promotes Greek Culture, and the Centre Culturel Hellénique in Paris, etc. At the same time, promotes greek gastronomy through sponsorships and articles in the magazine that is distributed on flights

Education

Education comprises our country's investment in tomorrow. Greece's strength is the strength of knowledge, the breadth of the possibilities with which we arm today's children to fashion the world of tomorrow. With this in mind, Aegean stands side by side with Greece's youth, developing programs which broaden their knowledge base and increase their opportunities for learning. The company, along with its passengers, are sponsors of SOS Children's Villages Greece contributing to the refurbishment of the SOS Eliza guesthouse, the construction of a house in the new SOS Children's Village Thrace, as well as supporting and maintaining them. More specifically, from 2008 until December 2012, 249,853 passengers responded to a call from Aegean, and, through its web-site, by depositing 2 euro for each reservation, have contributed the total of 499,706 Euro. Aegean Airlines has doubled their contribution and thus the total amount raised has reached 953,895 Euro.

The company has taken up the transfers of 2nd grade students who have excelled in their studies in High Schools from Mytilini, Kos, Samos and Chios and as godfathers of the first aircrafts they have the opportunity to travel free until their studies are finished.

The company is a permanent sponsor of the annual 'Economia - Student Contest'. It is also a sponsor of the office of the Greek 'Ombudsman for Children', of the 'Smile of the Child' foundation, of the 'Make-A-Wish' foundation, of 'Floga', of 'Horizon' society in Chania, of 'Merimna', of 'Junior Achievement'/JA Greece, etc. At the same time, it supports the organization of TEDxAthens and TEDxThessaloniki.

In 2012, it was the sponsor of the International Special Olympic participants at the World Winter Games which were held in South Korea.

Environment

Aegean takes all of the necessary steps to ensure that its operations, certified according to ISO 14001/2004 for recycling and environmental management, are as safe and friendly to the environment as possible. All national and European legislation and regulations regarding environmental protection and waste management are taken into consideration and are implemented into the company's procedures. The Environmental Department cooperates closely with the local authorities of airports in Greece and abroad regarding environmental matters. In any case, the company's environmental policies are not confined to simply adopting the appropriate "green" practices in its operations and processes. They also extend to activities aimed at raising environmental awareness and supporting organizations which work to protect the environment.

Local communities

Regional development needs initiatives to be undertaken by local communities as well as the support of these efforts. Aegean through its services promotes the communication between local communities while at the same time contributes to bring out the special characteristics and elements that make every corner of Greece a unique place to be. Aegean responds to practically every request of a philanthropic nature as well as for significant cultural events at all of its destinations in Greece. It also responds to requests from organizations, municipalities, prefectures and NGOs. Aegean is a permanent sponsor of the "Hellenic Rescue Team", the organization "Nifalioi" ("Sober") - a citizens' movement to help alcoholics and those close to them, the Sani Festival, Sani Gourmet and the athletic teams Rethymno Aegean and VAP Kolossos B.C.. The company also responds to requests from Greece's Cyber Crime Unit.

Tourism

Aegean supports the Greek tourism sector not only by providing high quality air transport services, from its position as the largest Greek carrier. Our efforts also involve initiatives that promote our country internationally. To this end, Aegean supports cultural events. In addition it provides airline tickets to foreign journalists and travel agents in cooperation with the Greek National Tourism Organization and Greek hotels. The company is a permanent sponsor of the Association of Greek Tourism Enterprises and the Hellenic Association of Travel and Tourist Agencies, while it always responds to requests from the Hellenic Chamber of Hotels and local hotel associations. In cooperation with the Greek National Tourism Organization, the company drafted a comprehensive action plan for the promotion of the country in important markets abroad. Aegean also participates in the initiative "Alliance for Greece" by showing a promotional film on Greece in all of its 29 aircraft, while 5 of its planes are specially painted to promote the web-sites: www.visitgreece.gr and www.visitacropolismuseum.gr



AEGEAN AIRLINES S.A.

**SOCIETE ANONYME REG. NO.: 32603/06/B/95/3
31 VILTANIOTI STREET, KIFISSIA, ATTICA**

ANNUAL FINANCIAL REPORT

**for the period
(1st January to 31st December 2012)**

**In accordance to art. 4 of Law 3556/2007
and the Board of Directors'
Resolutions of the Hellenic Capital Market Commission**



TABLE OF CONTENTS

A. Statements of the Board of Directors' Members	45
B. Annual Report of the Board of Directors'	47
C. Auditor's Report on Review of Interim Financial Statements	63
D. Annual Financial Statements for the period 1 January 2012 to 31 December 2012	64
E. Figures and Information for the period 01.01.2012 - 31.12.2012	110
F. Company announcements as per Art.10 Law 3401/2005 published during the year 2012	112
G. Website for the publication of the Annual Financial Statements	114

It is hereby stated that, to the best of our knowledge the Annual Financial statements of "Aegean Airlines S.A." for the period 1 January 2012 to 31 December 2012 which were prepared in accordance to the International Financial Reporting Standards, they truly reflect all Assets, Liabilities and Shareholders Equity along with the Income Statement of the Company.

It is also declared that, to the best of our knowledge the Board of Directors' Annual Report truly reflects the business developments, the performance and the position of the Company including the key risks and prospects it's facing.

Kifissia, 26 March 2013

The undersigned

Theodore Vassilakis

Dimitrios Gerogiannis

Eftichios Vassilakis

Chairman of the BoD

Chief Executive Officer

Vice Chairman of the BoD



**Of the company "AEGEAN AIRLINES S.A."
for the period 1 January 2012 to 31 December 2012**

This report was compiled in accordance to Law 2190/1920 article 43a, Law 3556/2007 article 4 and the Hellenic's Capital Market Board of Directors' resolutions and contains financial and other information of the company "AEGEAN AIRLINES S.A.". It aims to provide an overview to the shareholders and investors of the Company's general course, financial position and results for the period (01/01/2012 - 31/12/2012) as well as highlight major events that incurred during the period and their impact on the annual financial statements. There is also a description of the main risks and uncertainties which the Company is currently facing or may face in the foreseeable future and finally disclosure of material transactions between the Company and related parties.

– Financial review, business developments and major events for the year 2012

2012 was the fifth consecutive year of recession for the Greek economy, with cumulative losses of 20% of GDP, while the unemployment rate reached 26.4% for December 2012.

Besides the expected negative impact of the above for passenger traffic, the first half of 2012 was characterized by increased uncertainty on the Greek euro zone exit and fears of political instability, confidence in the country's European perspective being restored gradually in the second half of the year. This can be perceived in SETE's figures for International Tourist Arrivals, where the period of January-June is 4.8% lower than the same period in 2011, while during July-December the decline is less than 2,5%.

The main trends for the airline industry in the previous year for Greece were:

a) Athens International Airport, which is the main base of the Company, continued its downward trend for the sixth consecutive year, mainly due to the collapse in domestic demand and the perceived instability of Greece. The decrease in traffic reached 8% compared with last year for domestic routes while it decreased by 11% for international routes. The domestic fares have continued to tumble while international fares showed a stabilization trend.

b) The international traffic at regional airports remained unchanged compared to 2011 despite the significant decline that took place in the first half of the year.

In this negative environment the key financial and operational data of the year 2012 were:

- The company operated 12.6% fewer flights than in 2011, reducing also Available Seat Kilometers (ASKs) by 6.8% compared to 2011. Total number of passengers in 2012 was 6.1 million, lower by 6.5% compared to 2011. Total Passengers for domestic scheduled routes declined by 12% while the reduction for international scheduled was 2%. Passengers load factor was increased especially in the international flights where it reached 75.7%, compared to 69.5% last year.
- Total sales for 2012 amounted to € 653 million from € 668 million in 2011, showing a decrease of 2%.
- Total savings achieved in operating costs were over € 40 million, a reduction of 5.8%, from € 696.2 million in 2011 to € 655.5 million in 2012.
- Fuel prices remained at the same high level as in 2011 and combined with the depreciation of the euro against the U.S. dollar (-7.6%), the Company's cost for fuel increased by 1% despite the significantly reduced activity increasing the per unit costs.
- Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) were positive, at € 2.9 million from a 17.7 million loss in 2011.

- Earnings Before Taxes (EBT) amounted to losses of € 12,6 million compared to a loss before tax of € 31,2 million in the previous year.
- Net cash flow from operating activities improved within 2012, showing a € 17.4 million net inflow compared to a net outflow of € 4.2 million in the previous year.
- The Company maintained its healthy capital structure as total borrowings, including liabilities from bank loans and finance leases, amount to € 82,1 million and cash and cash equivalents stood at € 149,3 million after the advance payment of € 20 million for the acquisition of Olympic Air and the repayment of loans amounting to € 7,5 million.
- The Company's fleet numbered 28 aircraft on 31/12/2012.

In 2012, the Company focused on expanding its international network, reducing domestic flights and launching new routes from Athens (to Budapest, Prague, Tbilisi, Kuwait) without further increasing the overall activity. The expansion occurred by redistributing capacity from domestic flights. In parallel the Company has invested in additional international activity from Greek regional airports (from Thessaloniki to Saint Petersburg and Tel Aviv, from Corfu to Brussels, Milan and Rome, from Heraklion to Munich, Brussels and Moscow and from Santorini and Mykonos to Milan and Rome) taking into consideration that it depends mainly on incoming tourism.

As far as operating costs are concerned, the Company continues to operate with a homogeneous fleet of aircraft from the Airbus A320 family. During the year, the Company also completed the renegotiation of contracts with key suppliers achieving favorable terms. The result is a series of significant savings in several areas (aircraft leases - ground handling - distribution etc.).

Finally in October 2012 the company agreed with Marfin Investment Group for the acquisition of 100% of Olympic Air. Upon completion of the transaction, which is subject to the approval of the European Competition Authorities, Olympic Air will become a subsidiary of the company. Both airlines will retain distinct names, marks as well as flight operations, fleet and staff. The administrative services will be consolidated to get the significant and necessary economies of scale and optimize the utilization of fleets and networks. The price has been set at 72 million euros with partial cash installments within the following four years.

– Prospects

Despite the efficient fleet management and the significant reductions that have been achieved in major cost categories, the outlook for the company remains heavily intertwined with the course of the Greek economy. The continuing decline of domestic demand and the significant increase of abroad demand seasonality create new challenges.

The Company also believes that if the acquisition of Olympic Air is approved by the Competition Authorities, the benefits from the synergies, arising from the increase in purchasing power, from the expected cost reductions in categories such as Premises /Rents - Systems - Administrative procedures- Advertising etc., from the enhanced connectivity of the network and from the more effective fleet management, will be important and necessary to ensure the viability, improve the competitiveness and lead to further growth.

According to the up to now forecasts, the 2013 season is expected to be slightly better than that of 2012 if the country stability continues to be normalized. Unfortunately the recent Cyprus events show that these forecasts contain high levels of uncertainty. The Company plans to significantly expand its international destinations allocating capacity from the domestic network in Athens and increasing activity in the Greek regional airports. More specifically, in 2013 5 new countries are added (Ukraine, Switzerland, Poland, Sweden, Azerbaijan) coupled with 10 international destinations (Geneva, Manchester, Lyon, Stockholm, Kiev, Baku, Berlin, Nuremberg, Hanover, Warsaw), while direct international services of the company will be held from 8 bases (Athens, Thessaloniki, Heraklion, Rhodes, Corfu, Kos, Kalamata, Larnaca).

Based on the above, the Company's priorities are:

- 1) To generate extra revenue per passenger by selling additional / ancillary services
- 2) To further reduce operating costs (aircraft leases, distribution, productivity, etc.)
- 3) To maintain the strong customer relationship by enhancing the price / value relation
- 4) To remain and even become more flexible in terms of network and fleet depending on the evolution of the economy
- 5) To exploit as soon as possible the synergies and economies of scale from the Olympic Air acquisition which is subject to the approval from the European Competition Authorities

– Key Performance Indicators Measurement

The Company measures its efficiency by making particular use of the following performance indicators used internationally in the field of aviation economics:

RASK (Revenue per Available Seat Kilometer): The ratio divides the total revenue to total seats available for sale multiplied by the total mileage.

CASK (Cost per Available Seat Kilometer): The index divides the total operating expenses excluding lease costs to total seats available for sale multiplied by the total mileage.

Passenger yield: O ratio divides the total revenue from passenger transport to all the passengers multiplied by the total number of kilometers traveled.

The above indicators for 2012 compared with the previous year are as follows:

(in € cents)	2012	2011
RASK	7.1	6.8
CASK	6.4	6.2
CASK (excluding fuel cost)	4.3	4.3
Passenger yield	9.4	9.6

The RASK index increased by 4% as a decrease of 2% to sales was coupled with a decrease of nearly 7% in ASKs. The CASK excluding fuel remained stable, while the one not excluding fuel was slightly higher reflecting the higher prices the company purchased fuel. The passenger yield was reduced by 2% from 2011 as lower sales were allocated to almost equal RPKs.

– Related Parties' Transactions

The Company's transactions with related parties during 2012 were on usual commercial terms and they had no substantial fluctuation from the relevant previous period.

The most significant transactions of the Company with related parties according to IAS 24, are transactions with companies owned by the majority shareholder, immaterial for the size of the Company and they appear on the following table:

	Amounts in thousand euros			
	Income	Expenses	Receivables	Liabilities
AUTOHELLAS HERTZ S.A. (cars and property leasing)	282,32	1.672,73	21,96	201,60
TECHNOCAR S.A.	11,98	4,30	10,59	0,00
VACAR S.A.	0,22	4,97	3,76	1,24
VELMAR S.A.	17,17	4,73	22,45	0,00

Finally, the compensation of the Company's directors' and Board of Directors' members for the period 1/1-31/12/2012 was € 2.892,09 thousand and as at 31/12/2012 there were no obligations or receivables towards/from the directors' and the Board of Directors'.

– Corporate Governance

I. Principals of Corporate Governance

The company has adopted the Principles of Corporate Governance in compliance with existing Greek legislation and international practices. Corporate Governance establishes a framework of rules, principles and control mechanisms based on which the company conducts its business with transparency, aiming at the protection of the interests of its shareholders as well as general corporate interests.

II. Corporate Governance Code

The Company has voluntarily decided to espouse the Code of Corporate Governance of the Hellenic Federation of Enterprises (SEV) about the Listed Companies (called hereinafter "Code"). This Code is found at SEV website, at the following address: http://www.sev.org.gr/Uploads/pdf/SEV_CGC_ENG_2011_FINAL%20_MARCH_2011.pdf

The Company may amend from time to time the Code and the Principals of Corporate Governance that is applying.

III. Deviations from the Corporate Governance Code and justification of them.

Role and Responsibilities of the Board of Directors

- The Board of Directors has not established a separate committee, which manages the procedure for candidates seeking election in the Board of Directors and prepares proposals in the Board of Directors concerning the compensation of the members of the Board of Directors given that the policy concerning these compensations is stable and formed.

Size and Composition of the Board

- The 1/3 of the Board of Directors does not consist of independent non-executive members free of conflicts of interest with the company, and of close ties with the Management, the major shareholders or the Company. It consists of 3 executive members, 7 non-executive members and 2 independent non-executive members. With this balance the efficient and productive operation has been ensured during all previous years.

- The Board of Directors does not appoint an independent Vice President, appointed by the independent members, but instead an executive Vice President, as his contribution to the exercise of the executive duties of the President is considered of utmost importance.

Duties and behavior of the members of the Board

- There is no obligation of any disclosure of professional commitments of Board members (including important non-executive commitments to companies and non-profit institutions) before their appointment to the Board, or restriction on the number of Boards of listed companies in which they can participate, as long as all Board members can meet their duties, devote sufficient time to them and keep abreast of developments in the matters relating to their duties.
- The appointment of an executive member to a company that is not affiliated or associated does not require an approval by the Board.

Nomination of candidates for the Board of Directors

- There is no committee for selecting candidates for the Board of Directors, as due to the structure and operation of the Company this committee is not evaluated as necessary at this time.

Operation of the Board

- In the beginning of each calendar year the Board of Directors does not adopt a calendar of meetings and a 12-month programme of action, as the convergence and the meeting of the Board is easy, when the needs of the Company or the law render it necessary, without a predetermined plan of action.
- The President does not meet with the non-executive directors on a regular basis, without the presence of the executive members, to discuss the performance and remuneration of the latter and other related issues, as any matter is discussed in the presence of all members.
- There are no introductory programs in place by the Board for new Board members, or continuing vocational training for other members, as only individuals with proven expertise and management skills are proposed for election as members.
- There is no specific provision for supply of adequate resources to the committees of the Board to fulfill their duties and recruiting external consultants, as the resources are allocated from the Company's management per case, based on individual business needs.

Evaluation of the Board

- There is no institutional procedure to evaluate the effectiveness of the Board and its committees or evaluation of the performance of the Chairman of the Board during which process is headed by the Vice President or other independent non-executive board member in case of absence of an independent Vice-President. This procedure is not considered necessary in view of the organizational structure of the Company.
- Members and non-executive directors do not convene without the presence of executive directors in order to evaluate the performance of the executive members and to establish their wages.
- The Board does not outline in the annual corporate governance statement the evaluation procedure of it and of its committees, as there are no relative evaluation procedures.

Internal Audit

- The Internal Audit office does not report to the Chief Executive Officer. The staff of the Internal Audit and the members of the Audit Committee perform their duties independently and hierarchically do not fall under any other department of the Company. The Head of Internal Audit is supervised by the Audit Committee. The Head of Internal Audit is appointed by the Board of Directors and has all necessary qualifications and experience.
- The Internal Audit provides annual reports, rather than on a quarterly basis, which are reviewed and evaluated by the Audit Committee.
- The Board of Directors does not perform an annual evaluation of the internal audit procedures as the Audit Committee reviews and reports to the Board of Directors on the Internal's Audit Annual Report.

Audit Committee

- The Audit Committee does not convene more than three (3) times per year.
- There is no special or specific rule for the operation of the Audit Committee, as its main duties and authorities are adequately set from the law.
- No specific funds are given to the Audit Committee for the use of external consultants, as the composition of the committee and the specialized knowledge and experience of its members ensure its effective operation.

Remuneration

- In the contracts of the executive members of the Board of Directors there is no provision that the Board of Directors may seek for a partial or full refund of the bonuses paid due to revised financial statements of previous years or generally wrong financial data used to calculate such bonuses.
- There is no compensation committee, comprising exclusively of non executive members, independent in their majority, which aims at defining the compensation of the executive and non-executive members of the Board of Directors and thus there are no rules for the frequency of its convocations and other issues concerning its operation. The creation of such a committee has not been deemed necessary until now.
- Each executive member's remuneration is not approved by the Board of Directors after compensation committee's recommendations without the executive members being present, given that such compensation committee does not exist. Board's executive members' compensation are determined by the Board of Directors and in accordance to law 2190/1920. The members of the Board of Directors may receive compensation, the amount of which is determined by the Ordinary General Meeting of Shareholders. Remuneration to the members of the Board of Directors is paid by the Company if it is approved by the Ordinary General Meeting of Shareholders.

General Shareholders' Meeting

- Summary of the minutes of the General Meeting of Shareholders is not available on the Company's website. The voting results of any decision of the General Meeting of Shareholders are announced within 15 days as of the end of the General Meeting of Shareholders in both Greek and English.

IV. Description of the main characteristics of the Company's Internal Control and Risk Management systems with respect to financial reporting.

Internal Control

Internal control has been defined as a process effected by an entity's Board, management and other personnel, designed to provide reasonable assurance regarding the effectiveness and efficiency of corporate operations, reliability of financial reporting and compliance with applicable laws and regulations.

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

Risks and Risk Management

• Foreign exchange risk

The Company incurs a substantial portion of its expenses, such as aviation fuel, aircraft lease expenses, distribution costs, spare parts, maintenance expenses and aviation insurance premiums in U.S. dollars, whereas it generates most of its revenues in euro. Appreciation of the euro versus the U.S. dollar positively impacts operating profit because the euro equivalent of the U.S. dollar operating expenses decreases, while depreciation of the euro versus the U.S. dollar negatively impacts the Company's operating profit. Cover levels are monitored and reviewed on an ongoing basis in light of market developments and the overall needs of the business. Despite the foreign exchange risk hedging policies, substantially adverse movements of the U.S. dollar could potentially have a material negative impact in the business activity, financial status and operating result of the Company.

• Interest rate risk

The Company is exposed to interest rate fluctuations risk through its bank deposits and financing obligations as well as through the aircraft finance leases agreed on a floating interest rate.

The Company's policy is to control its exposure to cash flow risk from interest rate fluctuations relating to its aircraft finance leases.

• Jet fuel risk

The Company is exposed to the fluctuations of the price of oil which directly influences the price of jet fuel. To manage this risk the Company imposes when necessary, fuel surcharges on domestic and international fares whilst also enters derivative contracts on oil products in order to hedge certain percentages of its projected jet fuel needs.

• Credit risk

In order to be protected against credit risk, the Company monitors on a regular basis its trading receivables and whenever necessary, assesses the insurance of the receivables collection, mainly through factoring.

• Liquidity /Cash flow risk

The prudent management of liquidity risk presupposes substantial cash balances. The Company manages the aforementioned risk by maintaining adequate cash available, directly liquid securities and sufficient credit lines from the banks as well as from suppliers, always with reference to its operational, investment and financial needs.

V. Information regarding the powers and operation of the General Shareholders' Meeting as well as shareholders' rights and ways to exercise them.

Operation of the General Meeting

The Board of Directors ensures that the preparation and the conduct of the General Shareholders' Meeting facilitate the effective exercise of the rights of the shareholders. The shareholders are informed in advance of all the issues that relate to their attendance of the General Shareholder Meeting including the agenda and the rights they have during the course of the General Shareholder Meeting. The Board of Directors uses the General Shareholders' Meeting to facilitate and open discussion between them and the Company.

Specifically, with regards to the preparation of the General Shareholder Meeting and pursuant to the provisions of Law 3884/2010, the Company publicizes on its website at least 20 days prior to the General Shareholder Meeting both in Greek and in English, information relating to:

- The date, time and place of the convocation of the General Shareholder Meeting.
- The basic rules and practices regarding the participation of the shareholders, including the right to introduce topics in the agenda, to make enquiries and the deadline for the exercise of these rights.
- The voting procedure, the terms and conditions for proxy voting and the necessary forms and documents for proxy voting.
- The proposed agenda of the General Shareholder Meeting, including draft resolutions and any other accompanying documents.
- In case of election of Board of Directors members, the list of the proposed persons along with their resumes.
- The total number of shares and voting rights at the time of the convocation of the General Shareholder Meeting.

At least the Chairman of the Board of Directors, and/or the Vice Chairman and the Chief Executive Officer attend the General Shareholders' Meeting and provide shareholders with all necessary information with regard to the items of the agenda and to the questions raised by the shareholders. The Chairman of the General Shareholders' Meeting ensures that adequate time is given to the shareholders to raise any questions they may have.

Powers of the General Meeting

The General Meeting of the shareholders is the supreme body of the Company.

It has the most extensive powers to resolve on the affairs of the Company and its resolutions taken according to law are obligatory for all the shareholders, including those who are absent or disagree.

The General Meeting is vested the exclusive power to resolve on the following matters:

- Any matter submitted to it by the Board or by the persons who are entitled to convene the General Meeting according to law.
- Modification of the Articles of Association, including the cases of increase or decrease of the share capital, dissolution of the Company, prolongation of its duration and amalgamation with another company.
- Election of the Directors of the Company, election of the Auditors of the Company and fixing of their remuneration.
- Approval or modification of the annual financial statements of the Company prepared by the Board and allocation of the net profits.
- Approval of the management of the Board of Directors effected by a nominal call and discharge of the members of the Board and of the auditors from any liability after the approval of the annual financial statements and the report of the Board. The members of the Board and the employees of the Company may participate in the voting only on the basis of the shares held by them.
- The hearing of the auditors with regard the audit of the books and records of the Company performed by them.
- The issuance of bond loans with the right to gain profits in accordance with art.3b of Law 2190/1920 and convertible bond loans.
- The appointment of liquidators in case of dissolution of the Company.
- The filling of actions against the members of the Board of Directors and the auditors for breach of duty in accordance with the applicable laws and the Articles of the Company.

Shareholders' Rights and ways to exercise

Every shareholder that is recorded as such in the records of the custodian of the Company shares is entitled to attend and vote as the General Shareholders' Meeting. For the shareholder to exercise the above rights there is no need to have its shares reserved or to follow a similar procedure. The shareholder may freely authorise for representation another person.

Company's shareholders' rights are analogous to their participation share in the Company's paid share capital. Every share has all rights provided by law 2190/1920 as it has been amended and applies, as well as by the Company's Articles of Association.

The Chairman, the Vice Chairman and the Managing Director are available to meet shareholders with significant share in the Company to discuss eventual governance concerns. In addition, the chairman should ensure that the views of the shareholders are communicated to the whole board.

VI. Information regarding the composition and operation of the Board of Directors

Composition of the Board of Directors

The Board of Directors, acting collectively, is responsible for the management of the Company's affairs to the benefit of the Company and its shareholders, ensuring the implementation of the corporate strategy and the fair and equal interests of the shareholders. The Board is empowered to decide on all the matters relating to the business affairs of the Company, other than those excluded either by the law or the Articles of Association for the General Shareholders' Meeting to decide.

The members of the Board of Directors are elected by the General Shareholders' Meeting. The General Shareholders' Meeting also decides which members shall be executive, non executive or independent non-executive.

The Board of Directors of Aegean Airlines S.A. is the custodian of the Principles of Corporate Governance of the Company. The Board of Directors is composed of no less than seven (7) and no more than fifteen (15) members. The members of the Board shall be elected by the General Meeting by a secret vote to serve for a three year period which may be extended until the first annual General Meeting after the expiry of their term of service. Such an extension of time, however, may not exceed four years. The members of the Board of Directors, either shareholders or not, may be always re-elected.

The Board of Directors currently consists of three executive and nine non-executive members, which include two independent non-executive members in accordance to law 3016/2002 for Corporate Governance. Executive members perform the day-to-day management of the Company, whereas non-executive members are not involved in the Company's management.

The table below includes the members of the Board of Directors:

NAME	CAPACITY	DATE OF APPOINTMENT (most recent)	END OF TERM
1. Theodore Vassilakis	Chairman, Executive Member	14/06/2012	30/06/2015
2. Eftichios Vassilakis	Vice Chairman, Executive Member	14/06/2012	30/06/2015
3. Dimitrios Gerogiannis	Managing Director, Executive Member	14/06/2012	30/06/2015
4. Achilleas Constantakopoulos	Non-Executive Member	14/06/2012	30/06/2015
5. Anastasios David	Non-Executive Member	14/06/2012	30/06/2015
6. Iakovos Georganas	Non-Executive Member	14/06/2012	30/06/2015
7. Christos Ioannou	Non-Executive Member	14/06/2012	30/06/2015
8. Panagiotis Laskaridis	Non-Executive Member	14/06/2012	30/06/2015
9. Alexandros Makridis	Independent, non-executive Member	14/06/2012	30/06/2015
10. Victor Pizante	Independent, non-executive Member	14/06/2012	30/06/2015
11. Markos Tsaktanis	Non-Executive Member	14/06/2012	30/06/2015
12. George Vassilakis	Non-Executive Member	14/06/2012	30/06/2015

The Company's Audit Committee consists of the number 4, 9 and 11 members.

A description of the Chairman's and Chief Executive Officer's duties and responsibilities follows:

Chairman of the Board of Directors

- Sets the daily Agenda, ensures the prompt operation of the Board of Directors, and calls the members of the Board of Directors in meetings which heads.

In his own capacity or after authorization by the Board of Directors, any member by the Board of Directors, staff or lawyer of the Company may:

- Represent the Company in courts or out of courts
- Represent the Company against any authority
- In the case of obvious danger, without a decision by the Board of Directors, raise or defend against legal claims and proceedings, assign plenipotentiaries and proceed to court or out of court actions to defend the interests of the Company. These actions are submitted to the Board of Directors for approval.
- Assume all responsibilities assigned by the Board of Directors and sign contracts on behalf of the Company according to the relevant authorisations given by the Board of Directors.

Chief Executive Officer

Chief Executive Officer is responsible for the implementation of the Company's strategic targets and its day to day management. He is responsible for the smooth, proper and effective operation of the Company according to its strategic targets, business plans and action guidelines as they are determined by the decisions of the Board of Directors and the General Shareholders' Meeting.

The Chief Executive Officer is reported to the Company's Board of Directors. He provides guidance on strategic actions and validates the important decisions of the Company. He is the Head of all Company's divisions and amongst others he is responsible for:

a) Strategy:

- Strategic decision making with respect to business strategy development, as well as significant investments.
- Defining the Company's organisational plans.
- Ensuring the implementation of the Company's decisions and informing the Board of Directors regarding Company's matters.

b) Executive Guidance:

- The coordination and supervision of the top management and ensure their effectiveness for the Company's smooth operation.
- Deciding or participating in the decision process of major business decisions
- Defining the risk management policies, risk assessment and application of actions and procedures for their effective management.

c) Performance Management:

- Defining budget's targets as well as determining annual performance targets. Effectuating the annual budget targets.
- Supervision of the financial management of the Company.
- Ensuring the procedures to meet targets and reach results.

d) Human Resources Development:

- Recruiting and providing guidance to the leading officers of the Company.
- Defining performance evaluation guidelines, as well as being responsible for the promotion, development and remuneration policy of the Company's officers.

Chief Executive Officer is responsible for the coordination of the Company's business units and making proposals to the Board of Directors regarding matters within its power.

Meetings of the Board of Directors

The Board of Directors convenes in the Company's registered office or elsewhere in Greece or abroad, anytime the law, the Articles of Association or the business developments require so, on the date and time appointed by the President or the Vice-President, or if requested so in writing by at least two of its Board members. The meeting of the Board may be in the form of a teleconference in accordance with the provisions of art.20 para.3 of Codified Law 2190/1920 observing the minimum technical security specifications provided by law for the validity of the meeting.

The Chairman of the Board of Directors sets the daily agenda and calls the members of the Board of Directors in meetings which heads. The Board of Directors may decide, by an absolute majority vote of the members who are personally present or represented, to assign fully or in part the exercise of its rights and powers which are related to the management, administration and representation of the Company to one or more persons irrespectively whether they are members of the Board or not. The title and authorization of those persons shall be determined each time by the Board's decision on their assignment.

A quorum shall be established if the half of the number of the Directors plus one are present or represented in the meetings of the Board, in no case however the number of the Directors who are personally present may be less than three (3). For the purposes of determining the quorum any fraction shall be omitted.

The Board of Directors shall validly resolve by an absolute majority vote of the members who are personally present or represented except for the cases where a special majority is required. In case of equality of votes if the voting is effected by a show of hands it shall be repeated; if it is secret, the making of a resolution shall be adjourned. In case of personal matters, the Board shall decide by secret vote with ballots. Each member shall have one vote; if he represents an absent colleague, he shall have two votes. Director who is absent for any reason may be represented by another Director duly appointed by a letter, telex, telegram or fax addressed to the Board of Directors. In no case a member of the Board can represent more than one Director.

VII. Information regarding the composition and operation of the Audit Committee

According to article 37 of Law 3693/2008 every listed company in the Athens Stock Exchange ("of public interest" according to the law) is obliged to have an "Audit Committee" consisting of 3 Board of Directors' members. Two of them must be non executive members and the other one a non executive independent member.

The Company's Audit Committee consists of the following Board of Directors' members:

- Mr. Alexandros Makrides - independent non executive member (Chairman of Audit Committee)
- Mr. Achilleas Constantakopoulos - non executive member (Member of Audit Committee)
- Mr. Markos Tsaktanis - non executive member (Member of Audit Committee)

The term of the Audit Committee is three years. Renewal of the term or modification of the Committee's members' composition is always subject to decision by the Board of Directors.

The Audit Committee monitors and supervises the performance of internal audit by the Internal Audit department. It convenes on a regular basis where the gathered audits' findings of the Internal Audit department are evaluated and utilized.

The Audit Committee convenes upon request by its Chairman or in case of his absence or inconvenience by his representative who is authorized to perform the Chairman's duties. The Audit Committee shall validly resolve by an absolute majority vote of its members and in the case of equal voting the Chairman's vote supersedes.

1. Structure of the Company's share capital

The Company's share capital amounts to forty six million four hundred twenty one thousand and one hundred fifteen euros (€ 46,421,115), divided into seventy one million four hundred seventeen thousand and one hundred common voting registered shares (71,417,100 shares), of par value of sixty five euro cents each (€ 0.65). All the shares are registered and listed for trading in the Securities Market of the Athens Exchange under the "Large Cap" classification.

2. Limits on transfer of Company shares

There are no restrictions set by the Company's Articles of Association regarding the transfer of shares.

3. Significant direct or indirect holdings in accordance with the provisions of articles 9 - 11 of Law 3556/2007

As at 31.12.2012 the following investors held more than 5% of the Company's voting rights: Theodore Vassilakis 37% (29.2% directly and 7.8% through Autohellas SA), Alnesco Enterprises Company Limited 9.5%, Siana Enterprises Company Limited 9.5% and Achilleas Constantakopoulos 5.8%.

4. Shares conferring special control rights

There are no Company shares that carry any special rights of control.

5. Limitations on voting rights

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

6. Shareholder agreements which result to limitations in the transfer of shares or limitations to exercise voting rights

The Company is not aware of any Shareholder agreements which result to limitations in the transfer of shares or limitations to exercise voting rights.

7. Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Association

The members of the Board of Directors are elected from the General Shareholders' Meeting, through a secret voting procedure, for a three year term extended up to the Annual General Shareholders' Meeting due in the term's final year. The members may be shareholders or non shareholders and can be re-elected.

Replacement of a member can be authorised by at least 3 other members and is subject to the approval of the next General Shareholders' Meeting.

The Board may consist of seven (7) up to fifteen (15) members.

8. Authority delegated to the BoD or certain members of the Board for the issue of new shares or acquisition of own shares

According to the provisions of article 13 par. 1 item b) of C.L. 2190/1920 and the article 5 of the Articles of Association, the Company's Board of Directors has the right, following a relevant decision by the General Shareholder's Meeting that is subject to the publicity announcements of article 7b of C.L. 2190/1920, to increase the Company's share capital with the issuance of new shares, through a decision by the Board of Directors that is made with a majority of at least two thirds (2/3) of its total members. In this case, Company's share capital may be increased by no more than the share capital amount paid up on the date when the Board of Directors was granted such power by the General Meeting. This power of the Board of Directors may be renewed by the General Meeting for a period that may not exceed five year per instance of renewal.

9. Important agreements which are entered in force, amended or terminated in the event of change in the control of the Company following a public offer

There are no agreements which enter into force, are amended or terminated in the event of change in the control of the Company following a public offer.

10. Agreements that the Company has entered into with Board members or employees regarding compensation payments in the case of resignation, dismissal without valid reason and termination of their office period or employment as a result of a public offering.

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

11. Location

The Company has established presence in 39 locations both in Greece and abroad for the provision of its services.

The Ordinary General Shareholders Meeting on 14.06.2012 approved the following:

1. The Annual Report of the Board of Directors' and the Independent's Auditor report on the Financial Statements and developments for the period 2011 (01.01.2011 - 31.12.2011) and the Financial Statements for the period 2011 (01.01.2011 - 31.12.2011)
2. The members of the Board of Directors and the Auditors of the Company were discharged from any responsibility regarding their actions for the period ended at 31.12.2011.
3. Elected as the Company's external chief Auditor Mr. Panagiotis Vroustouris (A.M. S.O.E.L. 12921) and vice Auditor Mr. Leonidas Mavromitros (A.M. S.O.E.L. 21071), of the audit firm "ENEL AUDITING S.A.", for the period 2012 and approved their fees.
4. The remuneration of the executive members of the Board of Directors, for their services to the Company for the period 2011 (01.01.2011 - 31.12.2011), was approved. Also their remuneration for the period 2012 (1.01.2012-31.12.2012) was preapproved.
5. Approved the issue of a bond of total face value of fifteen million euros (€ 15,000,000), through "ALPHA BANK". Furthermore provided authorization to the Board of Director's to negotiate and decide on the special terms of the issue, to proceed to any action needed to realize it and set representatives of the Company to sign the contracts between the company and the financial institutions that will become bond holders, as well as the bonds and any other relevant document.
6. Approved the agreement between the Company and "TEMES SA", CEO and shareholder of which happens to be Company's member of Board of Directors' and shareholder mr. Achilleas Constantakopoulos, according to which the Company should operate scheduled flights between Athens and Kalamata at agreed frequencies.
7. Elections were conducted for the new 12-member Board, as the term of the previous one was ending on the 30/06/2012. The election was conducted in accordance with the law and the statutes and following persons were elected as new members of the Board of the company, (including three executive and two independent members, according to L.3016/2002 "Corporate governance"):

Mr. George Vassilakis - Non-Executive
Mr. Eftichios Vassilakis - Executive
Mr. Theodore Vassilakis - Executive
Mr. Dimitrios Gerogiannis - Executive
Mr. Iakovos Georganas - Non-Executive
Mr. Anastasios David - Non-Executive
Mr. Christos Ioannou - Non-Executive
Mr. Achilleas Constantakopoulos - Non-Executive
Mr. Panagiotis Laskaridis - Non-Executive
Mr. Alexandros Makridis - Non-Executive
Mr. Victor Pizante - Non-Executive
Mr. Markos Tsaktanis - Non-Executive

The term of the above the Board shall be in accordance with the statutes of the company for three years, until the date of the Annual General Meeting of the year 2015, which will be convened in the first half of 2015.

8. In accordance with Article 37 of Law 3693/2008, three Board members were elected for the "Audit Committee", two non-executive directors and one independent non-executive member.

Therefore, the Audit Committee comprises the following directors:

Mr. Achilleas Constantakopoulos - Non-Executive

Mr. Markos Tsaktanis - Non-Executive

Mr. Alexandros Makridis - Independent Non-Executive (it has to be noted that Mr. Makridis meets the requirements of the law, having demonstrated proficiency in accounting and auditing).

Kifissia, 26 March 2013

Aegean Airlines
Chief Executive Officer
Dimitrios Gerogiannis



To the Shareholders of "AEGEAN AIRLINES S.A."

Report on the Financial Statements

We have audited the accompanying financial statements of Aegean Airlines S.A., which comprise the statement of financial position as at December 31, 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Aegean Airlines S.A. as at December 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

a) The Report of the Board of Directors includes a statement of corporate governance, which provides the information specified in paragraph 3d of article 43a of C.L. 2190/1920.

b) We verified that the content of the Board of Directors' Report is consistent and correspond with the accompanying Financial Statements within the scope set by articles 43a, 107 and 37, of C.L. 2190/1920.

Athens, 27 March 2013

ENEL AUDITING S.A.
Reg.Number 155

388 MESOGEION AVENUE
AG. PARASKEVI ATHENS GREECE

Certified Accountant

Panagiotis K.Vroustouris
Reg.Number 12921

D. ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD
1 JANUARY 2012 TO 31 DECEMBER 2012

TABLE OF CONTENTS

1.	Financial Position as at 31.12.2012	66
2.	Statement of Comprehensive Income	67
3.	Statement of changes in Equity for the period ended at 31.12.2012	68
4.	Cash Flow Statement for the period ended at 31.12.2012	69
5.	Notes to the Interim Financial Statements	70
5.1	General information	70
5.2	Nature of operations	70
5.3	Basis of preparation of the interim financial statements	70
5.4	Revised Accounting Standards and Interpretations	70
5.5	Important accounting judgments, estimates and assumptions.	72
5.6	Summary of accounting policies used	74
5.7	Foreign currency translation	74
5.8	Revenues and expenses recognition	74
5.9	Intangible assets	75
5.10	Tangible assets	75
5.11	Impairment of tangible and intangible assets	75
5.12	Leases	76
5.13	Financial assets	76
5.14	Inventories	78
5.15	Cash and cash equivalents	78
5.16	Share capital	78
5.17	Employee benefits due to retirement and other short term benefits to employees	78
5.18	Financial liabilities	79
5.19	Income tax & deferred tax	79
5.20	Provisions, contingent liabilities and contingent assets	80
5.21	Operating Segments	81
5.22	Intangible assets	82
5.23	Tangible assets	83
5.24	Advances for assets' acquisition	86
5.25	Deferred tax assets/liabilities	86
5.26	Other long term assets	87
5.27	Inventories	87
5.28	Customers and other trade receivables	88
5.29	Prepayments	88
5.30	Financial assets	89
5.31	Cash and cash equivalents	89
5.32	Share capital	89
5.33	Share premium	89
5.34	Other reserves	90
5.35	Borrowings	91
5.36	Liabilities from finance leases	91

5.37	Provisions for employee retirement benefits	92
5.38	Suppliers and other liabilities	93
5.39	Provisions	93
5.40	Other short term liabilities	94
5.41	Liabilities from tickets sold but not flown	94
5.42	Accrued expenses	94
5.43	Financial Derivatives	95
5.44	Revenue	96
5.45	Other income	96
5.46	Consumption of materials and services	96
5.47	Employee costs	97
5.48	Bad debts write offs	98
5.49	Fair value revaluation of financial assets	98
5.50	Financial income / expense	98
5.51	Income tax	99
5.52	Existing encumbrances	99
5.53	Commitments	99
5.54	Contingent assets and liabilities	100
5.55	Loans	101
5.56	Related parties transactions	101
5.57	Transactions with directors and Board of Directors members	101
5.58	Earnings per share	102
5.59	Risk management	102
5.60	Other events	108
5.61	Auditor's remuneration	108

amounts in thousand €

1. FINANCIAL POSITION AS AT 31.12.2012

	Note	31/12/2012	31/12/2011
ASSETS			
Non current assets			
Intangible assets	5.22	26.791,31	27.176,57
Tangible assets	5.23	89.240,61	98.944,87
Advances for assets acquisition	5.24 a	20.094,94	20.109,34
Advances for investing activities	5.24 b	20.000,00	0,00
Deferred tax assets	5.25	16.673,48	13.149,54
Other long term assets	5.26	9.256,75	9.245,74
Hedging derivatives	5.43	0,00	2.514,07
Total non current assets		182.057,10	171.140,13
Current assets			
Inventories	5.27	5.331,19	5.975,14
Customers and other receivables	5.28	47.089,63	52.425,11
Advances	5.29	4.450,02	11.730,93
Financial Assets at fair value	5.30	6.784,37	5.460,00
Hedging derivatives	5.43	2.145,93	4.957,17
Cash and cash equivalents	5.31	149.299,77	166.800,94
Total current assets		215.100,91	247.349,28
TOTAL ASSETS		397.158,01	418.489,41
EQUITY			
Share capital	5.32	46.421,11	46.421,11
Share premium account	5.33	144.774,41	144.774,41
Other reserves	5.34	1.040,40	6.648,40
Retained profit / (loss)		(39.021,45)	(28.524,99)
Total equity		153.214,47	169.318,93
LIABILITIES			
Long term liabilities			
Finance lease contracts liabilities	5.36	61.661,38	70.751,86
Long term liabilities	5.35	8.340,00	0,00
Derivative contracts liabilities	5.43	2.823,21	2.771,67
Provisions for retirement benefits obligations	5.37	7.798,47	7.513,94
Provisions	5.39	29.129,25	30.383,42
Total long term liabilities		109.752,33	111.420,90
Short term liabilities			
Suppliers	5.38	48.469,67	41.190,52
Long term loan liabilities payable next year	5.35	4.370,39	0,00
Short term loan liabilities	5.35	0,00	20.024,92
Long term finance leases liabilities payable next year	5.36	7.753,91	7.699,80
Other short term liabilities	5.40	16.582,75	19.130,35

amounts in thousand €

Liabilities from tickets sold but not flown	5.41	38.747,20	33.043,88
Accrued expenses	5.42	12.183,08	15.133,81
Hedging derivatives	5.43	1.759,43	126,29
Provisions	5.39	4.324,77	1.400,00
Total short term liabilities		134.191,22	137.749,59
Total liabilities		243.943,54	249.170,48
TOTAL EQUITY AND LIABILITIES		397.158,01	418.489,41

2. STATEMENT OF COMPREHENSIVE INCOME

Income statement

	Note	01/01 -31/12/2012	01/01 -31/12/2011
Revenue	5.44	653.388,41	668.217,77
Other operating income	5.45	5.048,48	10.297,32
Personnel expenses	5.47	(69.875,23)	(86.026,29)
Depreciation	5.23	(11.822,17)	(12.994,57)
Consumption of materials and services	5.46	(585.618,09)	(610.176,31)
Restructuring provisions	5.39	(2.924,77)	0,00
Bad debts write off	5.48	(1.298,67)	(798,07)
(Loss) / gain from fair value revaluation	5.49	1.324,37	442,54
Financial income	5.50	8.086,43	15.824,71
Financial expense	5.50	(8.927,15)	(15.939,69)
Earnings / (Losses) before tax		(12.618,40)	(31.152,60)
Income tax	5.51	2.121,94	3.976,90
Earnings / (Losses) after tax		(10.496,06)	(27.175,70)
Basic losses per share in €	5.58	(0,1470)	(0,3805)

Statement of total income

	Note	01/01-31/12/2012	01/01-31/12/2011
Profit / (loss) after tax		(10.496,06)	(27.175,70)
Cash flow hedging:			
Reclassification of (Profit) / loss in the result for the period	5.34	(5.254,37)	(4.265,04)
Gains / (losses) for the period	5.34	(1.755,62)	(1.295,19)
Cash flow hedging income tax	5.34	1.401,99	1.112,05
Other comprehensive income for the period after taxes	5.34	(5.608,01)	(4.448,18)
Total comprehensive income		(16.104,47)	(31.623,89)

amounts in thousand €

3. STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED AT 31.12.2012

	Issued capital	Share premium	Cash flow hedging reserves	Reserves (other)	Accumulated profit / (loss)	Total equity
Balance as at 1 January 2011	46,421.11	144,774.41	8.106,81	2.989,76	(1.349,28)	200.942,82
Total comprehensive income after taxes			(4.448,19)		(27.175,70)	(31.623,89)
Balance as at 31 December 2011	46,421.11	144,774.41	3.658,63	2.989,76	(28.524,97)	169.318,93
Balance as at 1 January 2012	46,421.11	144,774.41	3.658,63	2.989,76	(28.524,97)	169.318,93
Total comprehensive income after taxes			(5.608,01)		(10.496,46)	(16.104,47)
Balance as at 31 December 2012	46,421.11	144,774.41	(1.949,36)	2,989.76	(39.021,45)	153.214,47

amounts in thousand €

4. Cash Flow Statement for the period ended at 31.12.2012

	31/12/2012	31/12/2011
Cash flows from operating activities		
Profit / (loss) before tax	(12.618,40)	(31.152,60)
Adjustments for:		
Depreciation of tangible assets	11.822,17	12.994,56
Provisions	1.955,14	7.473,89
Foreign currency exchange (gains) / losses	(2.409,18)	1.103,26
(Profit) / loss from investing activities	(2.454,98)	(9.123,76)
Finance Cost	4.381,26	3.819,24
Cash flows from operating activities before changes in working capital	676,01	(14.885,40)
Changes in working capital		
(Increase)/Decrease in inventories	643,94	11,01
(Increase)/Decrease in trade & other receivables	11.520,06	10.386,36
(Increase)/Decrease in hedging derivatives	5.325,31	5.774,50
Increase/(Decrease) in trade payables	6.516,14	9.027,60
Increase / (Decrease) in derivatives liabilities	(3.923,31)	(5.950,00)
Total changes in working capital	20.082,14	19.249,47
Interest expenses payable	(3.334,05)	(3.536,67)
Income tax paid	0,00	(4.984,16)
Net cash flows from operating activities	17.424,10	(4.156,77)
Cash flows from investing activities		
Purchases of tangible assets	(1.920,24)	(24.564,20)
Sale of tangible assets	186,84	12.177,62
Advances' reimbursement for the acquisition of tangible assets	0,00	(15,40)
Advances for investing activities	(20.000,00)	0,00
Proceeds from sale of shares	0,00	1.469,79
Interest and other financial income received	2.153,44	4.596,13
Net cash flows from investing activities	(19.579,96)	(6.336,06)
Cash flows from financing activities		
Loans repayment	(7.524,92)	(42,15)
Finance leases capital repayment	(7.820,38)	(6.936,36)
Net cash flows from financing activities	(15.345,30)	(6.978,51)
Net (decrease)/ increase in cash and cash equivalents	(17.501,17)	(17.471,34)
Cash and cash equivalents at the beginning of the year	166.800,94	184.272,27
Cash and cash equivalents at the end of the period	149.299,77	166.800,94

5. NOTES TO THE INTERIM FINANCIAL STATEMENTS

amounts in thousand €

5.1 General information

The Company AEGEAN AIRLINES S.A. is a Societe Anonyme airline Company under the discreet title AEGEAN AIRLINES, which bears the title of AEGEAN AIRLINES S.A. in its international transactions. The Company's duration has been defined until 31/12/2044 and can be elongated following the decision of the general meeting of the shareholders. The Company's registered address is in the Municipality of Kifissia, Attiki (31 Viltanioti St. PC 145 64).

The financial statements for the period ended 31 December 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) as they have been adopted by the European Union and have been approved by the Board of Directors of the Company on 26 March 2013 and are subject to approval of the Ordinary General Meeting of the shareholders that is to assemble within the first half of 2013.

5.2 Nature of operations

The Company operates in the sector of aviation transportation, providing services that concern the transportation of passengers and commodities in the sector of public aviation transportation inside and outside Greece, conducting scheduled and unscheduled flights. At the same time, the Company renders services of aviation applications, technical support and on ground handling aircraft services. Indicatively, the Company's objectives include also the following activities/operations:

- a. Participation in any type of local or foreign company of the similar nature of operations
- b. Foundation of subsidiaries and agencies
- c. Import, trade, leasing of aircraft and spare parts.

5.3 Basis of preparation of the interim financial statements

The Company's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost principle except for certain categories of assets and liabilities that have been revalued of in fair values as stated in the relevant notes.

The preparation of the financial statements according to the International Financial Reporting Standards (IFRS) requires the usage of accounting estimations. It also requires management's judgment for the implementation of the Company's accounting principles. The cases with a higher degree of judgment and complexity or where the judgments and estimations are crucial for the Company's financial statements, are included in note 5.5.

5.4 Revised Accounting Standards and Interpretations

ACCOUNTING STANDARDS AND INTERPRETATIONS APPLICABLE ON 01.01.2012

Amendment to IFRS 7 "Financial Instruments-Disclosures". The amendment requires a disclosure in a note to the financial statements concerning the transferred financial assets that are not derecognised and any continuing involvement of the transferor in those assets. It did not apply to the financial statements of the company. (Effective for annual periods beginning on or after 01.07.2011).

amounts in thousand €

5.4.1 New Standards and Interpretations Effective for Annual Periods Beginning after 01.01.2012

IFRS 9 "Financial Instruments". IFRS 9 is the first part of Phase 1 of the Board's project to replace IAS 39. Under this standard financial assets are measured at amortized cost or fair value and depend on the basis of the entity's business model for managing the financial assets. It is not expected to have material effect on financial statements. (Effective for annual periods beginning on or after 1 January 2015).

IFRS 10 "Consolidated Financial Statements". This standard supersedes, as regards as the consolidated financial statements IAS 27, "Consolidated and Separate Financial Statements" which was renamed "Separate Financial Statements" and IFRIC 12 "Special Purpose Entities." The new standard clarifies the concept of control of an entity over another and sets conditions for how to apply this concept. It is not expected to have a material effect on the financial statements of the company. (Effective for annual periods beginning on or after 01.01.2013)

IFRS 11 "Joint Arrangements". The standard replaces IAS 31 "Interests in Joint Ventures" and IFRIC 13 'Jointly controlled entities - non-monetary contributions by venturers. The new standard distinguishes common arrangements in joint operations and joint ventures. The joint operations are accounted for in accordance with standards that address the related assets, liabilities, revenues and expenses of the joint operation. Interests in joint ventures accounted for using the equity method. IAS 28 was renamed to "Investments in associates and joint ventures." It is not expected to have a material effect on the financial statements of the company. (Effective for annual periods beginning on or after 01.01.2013)

IFRS 12 "Disclosure of Interests to Other Entities". The Standard specifies the minimum disclosures in relation to interests in subsidiaries, associates, joint ventures and structured uncontrolled - non consolidated entities. The interpretation is not relevant to the company. (Effective for annual periods beginning on or after 01.01.2013).

IFRS 13 "Fair Value Measurement". Under this standard the issues of determining and measuring fair value as well as required disclosures about fair value, are concentrated in a Standard - Framework. It is not expected to have a material effect on the financial statements of the company. (Effective for annual periods beginning on or after 01.01.2013).

Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income". The amendment requires for entities to group items presented in OCI on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). It is not expected to have a material effect on the financial statements of the company. (Effective for annual periods beginning on or after 01.07.2012).

New (Modified) IAS 19 "Employee Benefits". The new standard eliminates the corridor approach and calculates finance costs on a net funding basis. It is not expected to have a material effect on the financial statements of the company. (Effective for annual periods beginning on or after 01.01.2013).

IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine". The Interpretation defines the accounting treatment of stripping costs at a surface of a mine that take place in order access to be gained to mineral ore deposits. The interpretation is not relevant to the company. (Effective for annual periods beginning on or after 01.01.2013).

5.5 Important accounting judgments, estimates and assumptions.

The preparation of financial statements according to International Financial Reporting Standards (IFRS) requires from management the formulation of judgments, assumptions and estimates that affect published assets and liabilities at the reporting date of the financial statements. They also affect the disclosures of contingent assets and liabilities at the reporting date as well as the published revenues and expenses during the period. Actual results may differ from those estimated. Estimates and judgments are based on experience from the past as well as other factors including expectations for future events which are considered reasonable under specific circumstances while they are reassessed continuously with the use of all available information.

Judgments

During the application of accounting policies, management, using the most complete and available information, applies its judgment based on the knowledge of the Company and the market in which it operates. Possible future changes in the current conditions are taken into account in order to apply the most proper accounting policy. Management's judgment with regard to the formulation of estimates pertaining the accounting policies are summarized in the following categories:

Classification of investments

Management decides on the acquisition of an investment whether this will be classed as held to maturity, current investment measured at fair value through the income statement or held for sale. Classification of investments at fair value through the income statement depends on how the management monitors the return on investment.

Recoverability of accounts receivable

The judgment of the management concerning the estimation of recoverability of accounts receivable constitutes a significant item for the assessment of the relevant balances as bad debts and the measurement of their probable impairment.

Reduction in inventories value

The judgment and the knowledge of management concerning the obsolescence or not in the value of inventories is subject to subjective judgment (concerning the use of inventories) as well as objective criteria (natural suitability of the product).

Determining whether a lease can be classified as an operating or finance lease

The assessment of such agreements is not only subject to the assessment of the type of the lease but mainly to the assessment of the substance of transaction. Factors examined to assess the substance of the transaction are the length of the lease, the fair value of the asset, the present value of the asset compared to the present value of the minimum lease payments, the specialized nature of the assets and various other factors.

Accounting treatment of liabilities/assets concerning aircraft maintenance

The accounting treatment and measurement of the above reserves is based on management judgments and estimates concerning the use of aircraft and maintenance planning as well as the relevant terms in the leasing contracts.

amounts in thousand €

Estimates and assumptions

Specific amounts which are included in or affect the financial statements and the relevant disclosures are assessed requiring from the Company's management to formulate assumptions regarding values or conditions for which is not possible to be certain during the period of preparation of the financial statements. An accounting estimate is considered material when it is material for the financial condition and results of the Company and it requires difficult, subjective or complex judgments by management and which is often the result of the need for the formulation of assumptions which are uncertain. The Company evaluates such estimates on a continuous basis based on the results of past experience, on experts' consultations, trends and tendencies and on other methods which are considered reasonable in the current circumstances, as well as the Company's provisions with regard to their probability to change in the future.

Income tax

The measurement of income taxes provisions is heavily based on estimates. There are a lot of transactions for which the accurate calculation of the tax is not possible in the normal course of business. The Company recognizes liabilities for anticipated tax matters, based on estimates for potential amounts due for additional taxes. When the expected final tax payable is different from the initial estimates in the financial statements the differences have an impact in the income tax and in the provisions for deferred taxation in the period when these amounts become final. Moreover, possible effects from the tax investigation of previous periods are included in note 5.51.

Fair value of derivatives and other financial instruments

The Company uses derivatives to mitigate or eliminate a series of risks including interest rates, foreign currency exchange rates and jet fuel risks. Accounting for derivatives, in order to qualify for hedge accounting, requires that at the inception of the arrangement the details of the hedging relationship must be formally documented and the hedged item and the hedging instrument must meet certain requirements. From the beginning of a hedging and thereafter, every quarter the hedging effectiveness is evaluated both retrospectively and prospectively. In the cases where the hedging becomes ineffective, it no longer qualifies as a hedge instrument in the future. The fair values of the derivative financial contracts are calculated using in house valuation methods that incorporate market data originating from independent sources. Additional information regarding the use of derivatives is provided in note 5.43.

Bad debts

Doubtful receivables are accounted in their estimated recoverable amount. Analysis for the calculation of the recoverable amounts is taking into consideration the Company's general experience on bad debts' probability of recoverability.

Contingencies

The Company is involved in litigation and claims in the normal course of operations. Management, based on past experience and the fact that no case has been on trial yet, estimates that any resulting settlements would not materially affect its financial position and operations. However, the determination of contingent liabilities relating to the litigation and claims is a complex process that involves judgments as to the possible outcomes and interpretation of laws and regulations. Future changes to the judgments or the interpretations may increase or decrease the Company's contingent liabilities in the future. Contingent assets / liabilities balances are analyzed in note 5.54.

Useful life of depreciable assets

The Company's management evaluates the useful life of depreciable assets in every period. On 31 December 2012 the Company's management believes that the useful lives of the assets are in line with their expected usefulness. The depreciable amounts are analyzed in notes 5.22 and 5.23. Actual values though may differ due to the straight line depreciation of assets policy, especially for assets such as IT equipment and software.

5.6 Summary of accounting policies used

Basis of preparation of financial statements

The accounting policies used for the preparation of the 2010 financial statements have been consequently used for all the periods presented below. The financial statements are presented in thousand Euros. It is to be noted that possible small deviations are due to approximations.

5.7 Foreign currency translation

The financial statements of the Company are presented in Euros (€) which is its functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of remaining balances at year-end exchange rates are recognized in the income statement in the accounts "financial income" & "financial expense" respectively.

5.8 Revenues and expenses recognition

Revenues are recognized when it is expected that the financial entity will have an inflow of future economic benefits and these benefits can be measured reliably.

Revenue shall be measured at the fair value of the consideration received or receivable (including passenger airport charges and fuel surcharge) and net of V.A.T., other credits or trade discounts.

The amount of revenue arising can be measured reliably only when all contingent liabilities related to the sale have been transferred.

Revenue is recognized when:

Provision of Services: Revenue from provision of services is recognized in the period that the service is rendered according to its completion stage. Services relate to transfer of passengers or goods with scheduled and unscheduled (charter) flights. Income from services that will be provided in the future is recognized in accounts payable (deferred income) and accounted in the period when the services are rendered.

In the case that the initial estimations regarding revenue change, the expenses or the completion stage are restated. These restatements may lead to increases or decreases of the estimated revenues or expenses and appear in the result of the period. When the restatements are necessary these are announced by the management.

Interest income: Interest income is calculated using the method of the effective interest rate which is the rate that discounts accurately future cash payments or installments for the expected duration of the financial instrument or when it is necessary for a shorter period of time, at the net book value of the asset or liability.

amounts in thousand €

Expenses: Expenses are recognized in the income statement on accrual basis. On this basis maintenance costs for the aircraft are calculated based on the flight hours. Interest expense is calculated using the effective interest rate and according to time elapsed.

5.9 Intangible assets

Airports slots and software licenses are included in intangible assets. Airports slots have an indefinite useful life, therefore they are not depreciated, but they are subject to reassessment at each balance sheet date.

Software licenses are valued at cost less amortization and/or any other possible impairment. Amortization is calculated applying the straight line method in the useful life of the assets which is between 1 to 10 years.

5.10 Tangible assets

Tangible assets are reported in the financial statements at acquisition cost, less accumulated depreciations and any impairment losses. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets. Subsequent expenditure is added to the carrying value of the tangible fixed assets or is recognized as a separate fixed asset only if it is probable that future economic benefits will flow to the Company and their cost can be accurately and reliably measured. The repair and maintenance expenditure is recognized in the results when such expenditure occurs. Tangible assets that have been acquired through finance leasing are depreciated through the whole duration of the expected useful life (based on similar owned tangible assets) if that is shorter than the lease duration.

Depreciation of tangible fixed assets (other than Land which is not depreciated) is calculated using the straight line method over their useful life, as follows:

Buildings	10-20 years
Machinery	6-8 years
Aircraft	20-25 years
Vehicles	3-5 years
Aircraft / airport equipment	3-8 years
Other equipment	5 years

The residual values and useful economic life of tangible fixed assets are subject to reassessment at each balance sheet date. When the book value of tangible fixed assets exceeds their recoverable amount, the difference (impairment) is immediately expensed in the income statement. Upon sale of the tangible fixed assets, any difference between the proceeds and the book value is recognized as profit or loss to the results.

5.11 Impairment of tangible and intangible assets

Tangible and intangible assets reported at amortized cost are subject to impairment review when certain events suggest that the book value may not be recoverable. Aircraft, other tangible and intangible assets are evaluated for impairments annually. Any impairment losses are attributed to the individual components and encumber the financial results.

The impairment loss is the amount by which the book value of the cash-generating unit exceeds its recoverable amount. The recoverable amount is determined by discounting the future cash flows expected from the cash-generating unit.

5.12 Leases

The Company as lessee: Finance leases

Leases of tangible assets that transfer to the Company substantially all the risks and rewards incidental to ownership of an asset, whether the title has or has not eventually been transferred, constitute finance leases. At inception, such leases are carried at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Every lease is allocated between liability and finance cost so that a stable interest rate can be achieved on the residual financial liability.

Operating leases

The leases where the lessor transfers the right to use an asset for a certain period without actually transferring all the risks and rewards incidental to the ownership of an asset, are classified as operating leases. Payments made under operating leases (net of possible incentives offered by the lessor) are recognized to the income statement over the period of the lease.

The Company as lessor:

The leases in which the Company does not actually transfer all risks and rewards of the asset are classed as operating leases. Initial direct costs to the lessor as part of the negotiation and signing of the lease contract are added to the book value of the leased asset and are recognized as revenue during the leasing period. As a lessor the Company receives lease payments from the sublease of offices. The amounts that are received are immaterial compared to the Company's size.

5.13 Financial assets

The financial assets of the Company are classified in the following categories based on the substance of the contract and the objective of the acquisition.

- Financial assets measured at fair value through the income statement
- Loans and receivables
- Available for sale financial assets

Financial assets measured at fair value through the income statement

Financial assets or liabilities recognized at fair value through the income statement comprise those financial instruments classed as held for commercial purposes or recorded at fair value through the income statement at initial recognition. In addition, those financial derivatives instruments that do not qualify for hedge accounting are classed as held commercial purposes. Upon initial recognition, they are designated by the Company as an instrument measured at fair value, with any changes recognized in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and/or determinable payments that are not quoted in an active market. They are created when the Company provides cash, products or services directly to a debtor without a commercial purpose (commercial receivables). Loans and receivables are valued using the effective interest rate method less any impairment. Any movement in the value of the above loans and receivables is recognized in the result when loans or receivables are written off or their value is impaired or amortized.

amounts in thousand €

Certain receivables are tested independently for possible impairment (i.e. for each customer separately) on the occasions where the receipt of the payment is overdue at the balance sheet date or in the case objective evidence indicates their impairment. Other receivables are grouped tested as a total for possible impairment. Groups' common characteristics may be geographical distribution, industry sector or other possible factors that affect their credit risk.

Loans and receivables are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are recognized as non current and in the balance sheet are classed as commercial and other receivables.

Fair value

The fair values of financial assets that are quoted in active markets are defined by closing market prices on the balance sheet date. Regarding non-tradable assets, their fair values are defined with the use of valuation techniques. The purpose of using valuation techniques is to determine the transaction value at the record date which is conducted at purely commercial terms and driven by common business factors. Valuation techniques include the analysis of recent transactions at purely commercial terms, peer group valuation, discounted cash flows and stock option valuation models.

Financial derivatives and hedge accounting

All financial derivative assets are initially recognized at the value prevailing on the agreement date and subsequently at their fair value. Financial derivative instruments are recognized in assets when their fair value is positive and in liabilities when their fair value is negative. Their fair value is calculated from the value they have on an active market or through other valuation techniques when an active market does not exist for these financial instruments.

The method used for accounting of the profit of loss depends on whether a derivative has been determined as a hedging item and if hedging exists based on the nature of the hedged item. Profits or losses arising from the movements during the period in the fair value of derivatives that are not recognized as hedging items, are recognized in the income statement. The Company is using hedge accounting in the case where at the commencement of the hedging transaction, and the subsequent use of financial derivatives, the Company can determine and justify the hedging relationship between the hedged item and the instrument used for hedging, relating to its risk management policy and strategy for hedging. Moreover hedge accounting is used only when it is expected that the hedging strategy will be highly effective and reliably and continuously calculated, for the periods it was intended for, as per the reconciliation of the movements in the fair value or the cash flows resulting from the hedged risk. The Company is hedging cash flows using financial derivative instruments.

Cash flow hedging

With cash flow hedging the Company is aiming at mitigating the risks stemming from an asset, liability or future transaction that cause fluctuations in the cash flows and which would have an impact to the period's result. For financial derivatives classed as hedging items for cash flow hedging purposes, special accounting treatments are required. In order to fulfill the hedge accounting requirements, certain conditions relating to justification, hedging effectiveness and reliable calculation must be met.

The movements in the fair value of the effective part of the hedging derivative are recognized in the equity while the ineffective part is recognized in the income statement. The accumulated balances in the equity are transferred in the income statement of the periods where the hedging derivatives are recognized. In particular amounts relating to hedging of fuel prices increase or decrease fuel expenses, amounts relating to hedging of lease rentals increase or decrease lease expenses and amounts relating to hedging of interest rates increase or decrease finance costs.

When a financial instrument expires, is either sold or exercised without being replaced, or a hedged item does no longer fulfill the criteria of hedging accounting, cumulative gain or loss remains in equity and it is recognized when the transaction occurs. If the hedged transaction is not expected to occur gains or losses are recognized directly in the income statement.

5.14 Inventories

The inventories include aircraft spare parts and purchased goods. The acquisition cost includes all the costs incurred to bring the inventories at their current location and condition. Finance cost is not included in the inventories acquisition cost. The inventories' cost is calculated using the FIFO method (First In First Out).

On the balance sheet date, the inventories are measured at the lower of acquisition cost and net realizable value.

5.15 Cash and cash equivalents

Cash and cash equivalents include cash at bank, petty cash as well as short term highly liquid deposits with an original maturity of three months or less.

5.16 Share capital

Share capital is determined using the nominal value of shares that have been issued. Share premium reserve includes any premiums in excess of the nominal price received at the date of the issue.

A share capital increase through cash includes any share premium during the initial share capital issuance. Any cost related to the capital increase or any tax benefit is deducted from the product of the share capital increase.

Retained earnings include the result of the current and the previous periods.

5.17 Employee benefits due to retirement and other short term benefits to employees

Short term benefits

Short term employee benefits in cash or in kind are recognized as expense when incurred. Any unpaid amount is recognized as liability.

Retirement benefits

The Company has established both defined benefit and defined contribution plans.

A defined benefit plan is a retirement benefit outside the scope of a defined contribution schemes. Typically, defined benefit schemes provide for a benefit the employee will receive on retirement, based on factors such age, service years and compensation received.

The balance sheet liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan's assets, together with adjustments for unrecognized actuarial gains/losses and past service cost. The defined benefit obligation is measured annually by independent actuaries using the projected unit credit method. The current value of the defined benefits is estimated by discounting the future expected cash outflows using corporate bonds of high interest yield, issued in the currency the benefits will be paid at and have similar maturity terms to those of the retirement's liability.

The actuarial gains or losses that result from adjustments based on experience and changes in accrual assumptions at the end of the previous period exceeded the higher of the 10% of the defined benefit tax assets or the 10% of the defined benefit liabilities, are charged to the results based on the expected average of the remaining working life of the employees that participate to the scheme.

amounts in thousand €

A defined contribution plan is a retirement scheme where the Company pays defined contributions, to an independent institution (the fund) that operates the contributions and provides the benefits, on a compulsory or non compulsory basis. The Company has no other legal or any other type of obligation for further contributions if the fund is unable to meet its contract requirements and provide to the employees the agreed benefits for current or past services. Prepaid contributions are recognized as assets to the extent the cash return or decrease is expected in the future payments.

5.18 Financial liabilities

Financial liabilities include bank loans and overdrafts, trade and other payables and liabilities incurred and financial leases.

The Company's financial liabilities (except for bank loans) are recognized in the balance sheet in the accounts "Long term liabilities" and "Short term liabilities".

Financial liabilities are recognized when the Company becomes a party to the contractual agreements of the instrument and derecognized when the obligation under the liability is discharged, cancelled or expires.

Bank loans provide long term financing to the Company. All loans are initially recognized at cost which is the fair value of the consideration received less the issue costs. After the initial recognition, bank loans are valued in their depreciable amount with the real interest rate method. The depreciated amount is calculated taking into consideration every discount or premium in the settlement.

All interest related charges are recognized as an expense in "financial expense" in the income statement.

Trade payables are recognized initially at their nominal value and subsequently valued at their amortized cost less any settlement payments.

Dividends payable to the shareholders are included in "Other short term liabilities" when they are approved by the Shareholders' General Meeting.

When a current financial liability is exchanged with another of different type and terms (or the terms of the current liability are substantially changed) but from the same originator, this is dealt as termination of the initial liability and commencement of a new one. Any difference in the book values is recognized in the income statement.

5.19 Income tax & deferred tax

Income tax

Current income tax receivables / liabilities comprise of obligations to, or claims from, fiscal authorities based on taxable income of the current or previous reporting periods that have not been settled until the balance sheet date.

They are measured at tax rates and tax laws that are enacted on the respective financial year based on the taxable profits for the period. All differences in tax assets / liabilities are charged to the income statement for the period as part of the income tax expense.

Deferred tax

Deferred income taxes are measured with the liability method that focuses on temporarily differences. This includes the comparison of the accounting value of assets and liabilities of consolidated financial statements with the respective tax bases. Deferred tax assets are recognized to the extent that it is possible to be offset by future income taxes. Deferred tax assets are re-examined at every balance sheet date and are reduced to the extent that it is no longer possible that enough taxable income will be available to allow the use of benefit (in total or partially) of the deferred tax asset. Deferred tax liabilities are recognized for all temporal tax differences.

Deferred tax assets and liabilities are measured at tax rates that are expected to be enacted when the asset will be recovered or the liability settled taking into consideration the tax rates already enacted by the time of the balance sheet date.

Most changes in deferred tax assets or liabilities are recognized as tax revenue - expense. Changes in deferred tax assets or liabilities related to a change in the value of asset or liability recognized in equity through the statement of other comprehensive income or directly, are recognized in equity through the statement of comprehensive income or directly respectively. The Company recognizes a previously unrecognized deferred tax asset to the extent that it is probable that future taxable profit will allow the recovery of the deferred tax asset.

5.20 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has present legal or constructive obligations as a result of past events, their settlement is probable through an outflow of economic resources from the Company and the liability can be estimated reliably. The time frame or the resources' outflow may be uncertain. A present obligation stems from the existence of a legal or constructive obligation resulting from past events such as warranties, legal disputes or onerous contracts. When the total or part of the estimated provision settlement amount is expected to be paid by a third party, the remuneration will be recognized only if it is more probable than not that the remuneration will be paid by the financial entity. The remuneration amount recognized cannot exceed the provision amount.

The expense relating to a provision is presented in the income statement, net of the provision initially formed. A provision is used only for the purpose it was initially formed. Provisions are evaluated at each balance sheet date and adjusted accordingly in order to depict the best most current estimation. Provisions are valued at the balance sheet date and are adjusted in order to reflect the present value of the obligation's expected settlement cost.

In such cases where the possible economic resources outflow as a result of present obligation is not probable or the amount or the provision cannot be reliably estimated no provision for contingent obligations is recognized in the financial statements however they are disclosed if the probability of economic resources outflows is high. Contingent assets are recognized in the financial statements but are disclosed when the economic resources inflow is probable. Possible economic resources inflows for the Company that do not meet the conditions for an asset are considered contingent assets.

amounts in thousand €

5.21 Operating Segments

The Company reports on 2 segments:

- Scheduled flights
- Charter flights

The accounting standards applied for every reported segment are the same as those followed in the annual financial statements of the Company.

The performance of each segment is evaluated on the basis of the result produced, profit or loss from operating activities before taxes, excluding results from financial transactions and extraordinary items.

Operational segments are managed and monitored individually from the Board of Directors (Chief Operating Decision Maker), since the services they offer are of different nature and also subject to different customer demand and profit margin.

Results per segment are analyzed as follows:

01/01/2012-31/12/2012	Scheduled flights	Charter flights	Other income	Total
Total revenue	549.730,68	70.062,26	33.595,48	653.388,41
Operating result	(24.664,30)	7.216,41	3.520,81	(13.927,09)
Financial results				483,65
Other income/(expense)				825,03
Profit before taxes				(12.618,40)
Income tax				2.121,94
Net result for the period				(10.496,46)
01/01/2011-31/12/2011	Scheduled flights	Charter flights	Other income	Total
Total revenue	558.388,32	78.897,58	30.931,87	668.217,77
Operating result	(52.236,08)	8.915,43	2.341,25	(40.979,40)
Financial results				327,56
Other income/(expense)				9.499,24
Profit before taxes				(31.152,60)
Income tax				3.976,90
Net result for the period				(27.175,70)

Other income consists of cargo revenue, products sold during flights as well as revenue relating to income generated from ticket sales services.

amounts in thousand €

Total passengers' revenue per geographical segment is distributed as follows:

Total passengers' revenue	31/12/2012	31/12/2011
Domestic	132.019,99	170.407,82
EU countries - except domestic	445.429,37	440.282,40
Other countries	75.939,05	57.527,55
Total revenue	653.388,41	668.217,77

The geographical distribution is based on the destination point of the departing passengers

Assets and liabilities breakdown per segment is analyzed as follows:

01/01/2012-31/12/2012	Scheduled flights	Charter flights	Total
Segment's assets	199.207,30	2.952,22	202.159,52
Non assigned to segments assets			194.998,49
Total Assets			397.158,01
Segment's liabilities	211.399,04	6.052,99	217.452,03
Non assigned to segments liabilities			26.491,51
Total Liabilities			243.943,54

01/01/2011-31/12/2011	Scheduled flights	Charter flights	Total
Segment's assets	203.675,87	1.822,49	205.498,35
Non assigned to segments assets			212.991,06
Total Assets			418.489,41
Segment's liabilities	211.780,11	5.553,54	217.333,65
Non assigned to segments liabilities			31.836,83
Total Liabilities			249.170,48

5.22 Intangible assets

"Intangible assets" balance has increased due to the purchase of four slots from Olympic Air, in the airports London Heathrow and Paris Charles de Gaulle. The transaction completed was in accordance with EEC 95/93 as it currently applies.

The slots may be: (a) utilized by the Company, (b) leased to another company and (c) sold in exchange of cash consideration. Slots in the main busy European Airports have significant economic value as they can be used for flights from any destination to these airports.

As at 31.12.2012 the Company holds intangible assets amounting to € 26.791,31 thousand. The changes in the aforementioned for the Company are analyzed as follows:

amounts in thousand €

Intangible assets	31/12/2012	31/12/2011
Acquisition cost		
Balance as at January 1	31.466,33	8.077,57
Additions	641,57	23.395,17
Disposals	0,00	(6,41)
Total acquisition cost	32.107,90	31.466,33
Accumulated amortization		
Balance as at January 1	4.289,76	3.380,49
Amortizations	1.026,83	915,68
Disposals	0,00	(6,41)
Total accumulated amortization	5.316,59	4.289,76
Unamortized cost	26.791,31	27.176,57

Airports slots (intangible assets with indefinite useful life) are subject to reassessment at each balance sheet date. The reassessment assumptions used for 2012 are the following:

EBIT 2013	Zero
EBIT 2014-2016	2,4% on revenue
EBIT 2017 και μετά	Fixed 2,4% on revenue
Revenue	Increase 3%-5% after 2013 and stabilization after 2016
Discount rate	9,36% and sensitivity analysis increased by 2 units

5.23 Tangible assets

(a) Aircraft

The Company's fleet as at 31.12.2012 consisted of 28 aircraft, as analyzed below:

- 22 Airbus A320
- 4 Airbus A321
- 2 Airbus A319

amounts in thousand €

(b) Table of tangible assets

	Land plots	Buildings	Machinery	Self owned aircraft	Aircraft Leasing	Aircraft Leasing maint. reserves	Aircraft equipment
Period to 31 December 2011							
Balance at 1 January 2011	22,51	11.537,58	2.866,50	6.475,32	69.795,08	40.160,02	13.082,52
Reclassifications		-		-	-		-
Additions	-	419,26	15,09	-	-	-	-
Disposals	-	(21,27)	(729,66)	-	-	-	(7.574,64)
Balance at 31 December 2011	22,51	11.935,58	2.151,93	6.475,32	69.795,08	40.160,02	5.507,89
Accumulated depreciation							
Balance at 1 January 2011	-	2.407,83	2.064,80	1.376,00	6.318,65	12.113,70	6.438,89
Depreciation	-	1.022,26	101,54	323,77	3.140,78	5.691,84	368,02
Disposals	-	(21,27)	(631,83)	-	-	-	(2.716,77)
Balance at 31 December 2011	-	3.408,83	1.534,50	1.699,77	9.459,43	17.805,54	4.090,15
Depreciable value at 31 December 2011	22,51	8.526,75	617,43	4.775,55	60.335,66	22.354,48	1.417,74
Period to 31 December 2012							
Balance at 1 January 2012	22,51	12.148,71	1.263,73	6.475,32	69.795,08	40.160,02	6.396,08
Reclassifications		-		-	-		-
Additions	-	40,35	44,46	-	-	-	706,06
Disposals	-	(2,10)	(36,22)	-	-	-	(9,03)
Balance at 31 December 2012	22,51	12.186,96	1.271,97	6.475,32	69.795,08	40.160,02	7.093,11
Accumulated depreciation							
Balance at 1 January 2012	-	3.620,97	1.123,82	1.699,76	9.459,43	17.805,34	5.531,59
Depreciation	-	832,86	45,99	323,77	3.140,78	5.430,58	278,17
Disposals	-	(0,39)	(36,21)	-	-	-	(9,03)
Balance at 31 December 2012	-	4.453,43	1.133,60	2.023,53	12.600,21	23.235,92	5.800,73
Depreciable value at 31 December 2012	22,51	7.733,53	138,37	4.451,79	57.194,87	16.924,10	1.292,38

Aircraft Leasing equipment	Airport equipment	Airport equipment Leasing	Other vehicles	Other vehicles Leasing	Furniture and spare parts	Furniture and spare parts Leasing	Total
1.755,16	6.228,47	628,91	3.961,05	201,96	7.759,03	214,43	164.688,55
-	-	-					-
-	79,61	-	122,33	-	532,74	-	1.169,02
(1.755,17)	(5.112,60)	-	(3.524,10)	-	(162,03)	-	(18.879,45)
(0,01)	1.195,48	628,91	559,28	201,96	8.129,74	214,43	146.978,12
1.016,53	3.281,53	628,91	3.153,60	85,29	7.429,72	214,43	46.529,89
36,57	513,09	-	327,54	-	553,49		12.078,89
(1.053,10)	(2.988,91)		(3.004,06)	-	(159,59)		(10.575,53)
0,00	805,71	628,91	477,07	85,29	7.823,62	214,43	48.033,25
(0,01)	389,76	0,00	82,21	116,67	306,12	-	98.944,87
	1.195,48	628,91	560,74	201,95	8.135,85	214,43	147.198,81
-	-	-					-
-	251,64	-	130,86	-	102,64	-	1.276,01
-	(89,66)	-	(227,21)		(278,83)	-	(643,05)
-	1.357,46	628,91	464,39	201,95	7.959,66	214,43	147.831,77
	805,71	628,91	399,39	167,63	6.792,99	214,43	48.249,98
-	110,06	-	53,44	34,32	545,44	-	10.795,40
-	(38,82)		(99,09)		(270,67)	-	(454,22)
-	876,95	628,91	353,74	201,95	7.067,76	214,43	58.591,16
-	480,51	0,00	110,64	0,00	891,90	0,00	89.240,61

amounts in thousand €

5.24 Advances for assets' acquisition

- (a) The advances for acquisition of assets relate to advances given to Airbus for the purchase by the Company of aircrafts
- (b) The advances for investing activities relate to advance given to Marfin Investment Group for the acquisition of 100% of the share capital of Olympic Air .

5.25 Deferred tax assets/liabilities

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

	31/12/2012		31/12/2011	
	Asset	Liability	Asset	Liability
Revaluation of assets and depreciation/amortization	6.913,89	(1.369,73)	5.845,68	(1.398,15)
Finance leases		(21.991,02)		(21.991,02)
Receivables	6.441,17	(204,07)	7.164,90	
Provisions for employee retirement benefits	1.559,69		1.502,79	
Liabilities from financial derivatives	564,64	(77,30)	554,33	(1.468,99)
Liabilities from finance leases	13.883,06		15.690,33	
Other short term liabilities	8.013,25	(1.926,48)	6.867,54	(2.818,42)
Tax Loss	4.866,38		3.200,55	
Total for offsetting	42.242,08	(25.568,60)	40.826,13	(27.676,58)
Balance	16.673,48		13.149,54	

All deferred tax assets and liabilities were determined by the liability method and refer to temporary tax differences.

Total deferred asset is analyzed below:

	31/12/2012	31/12/2011
Short term	6.158,54	4.178,67
Long term	10.514,94	8.970,88
Total deferred assets	16.673,48	13.149,54

amounts in thousand €

5.26 Other long term assets

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

	31/12/2012	31/12/2011
Warranties issued for lease assurance	9.233,12	9.209,34
Other warranties	23,64	36,40
Total	9.256,75	9.245,74

The Company in order to secure the current aircraft operating leases and in accordance with the terms of the leasing contracts, provides warranties mainly to aircraft leasing companies. Moreover, a minor part of the above balances refers to leased properties that are used by the Company.

5.27 Inventories

The Company's inventories refer to goods sold during flights and spare parts. Concerning the aircraft spare parts, the Company maintains a certain number of spare parts in order to cover the needs of the aircraft operation.

	31/12/2012	31/12/2011
Goods	560,42	499,53
Aircraft spare parts	4.770,77	5.475,61
Total	5.331,19	5.975,14

The changes in the inventories are analyzed as below:

	31/12/2012	31/12/2011
Goods		
Opening balance	499,53	512,82
Purchases for the period	951,66	1.005,26
Consumption for the period	(890,77)	(1.018,55)
Closing balance	560,42	499,53
Aircraft spare parts		
Opening balance	5.475,61	5.473,32
Purchases for the period	1.429,45	2.637,34
Spare parts consumption for the period	(2.134,29)	(2.635,05)
Closing balance	4.770,79	5.475,61
Total inventories	5.331,19	5.975,14

amounts in thousand €

5.28 Customers and other trade receivables

The receivables of the Company refer mainly to the following balances:

	31/12/2012	31/12/2011
Domestic customers	7.458,07	6.690,77
Foreign customers	3.430,60	5.185,79
Greek State	1.844,44	8.723,88
Other miscellaneous debtors	31.986,43	29.232,03
Accrued income receivable	613,86	598,35
Prepayments to suppliers	1.756,22	1.994,29
Total	47.089,63	52.425,11

“Other miscellaneous debtors” balance refers to receivables from ticket sales through IATA travel agents in Greece or abroad and tickets sold from/to other airlines.

Receivables from the Greek State mainly refer to ticket sales to the armed forces staff and press transfer.

The majority of the above receivables is considered to be short-term and therefore their fair value is not considered to be materially different from their book value.

The ageing of customer receivables is presented in the table below:

	31/12/2012	31/12/2011
Expected receivable time:		
Less than 3 months	41.187,21	44.048,40
Within 3 and 6 months	1.933,99	3.837,35
Within 6 months and 1 year	1.392,84	4.235,64
More than a year	2.575,58	303,72
Total	47.089,63	52.425,11

The balances with expected receivable time greater than one year, refer to the sale of fixed assets agreed with the buyer for payment greater than a year.

5.29 Prepayments

Prepayments relate to amounts paid in advance for certain transactions with third parties or to the Company's staff.

Prepayments balance is analysed below:

	31/12/2012	31/12/2011
Advances to personnel	1,67	0,00
Staff current accounts	155,60	186,07
Other prepayments	1,87	4,78
Prepaid expenses	3.643,97	11.456,01
Fixed asset orders prepayments	646,92	84,06
Total	4.450,02	11.730,93

Prepaid expenses mainly relate to aircraft lease rentals and insurance premiums.

amounts in thousand €

5.30 Financial assets

	31/12/2012	31/12/2011
Financial assets measured at fair value through the income statement	6.784,37	5.460,00

This balance relates to a portion of the Company's cash invested to corporate bonds of total face value € 6.500,00 thousand, measured at fair value through the income statement.

5.31 Cash and cash equivalents

The reduction in cash and cash equivalents as at 31.12.2012 compared to 31.12.2011 is due to the advance for investing activities and to the loan's repayment.

	31/12/2012	31/12/2011
Petty cash	164,33	437,81
Current accounts	28.535,45	9.963,13
Short term time deposits	120.600,00	156.400,00
Total	149.299,77	166.800,94

5.32 Share capital

The Company's share capital is €46,421,115, divided into 71,417,100 common registered shares of nominal value sixty five eurocents (€ 0.65) per share. All shares have been fully paid and participate in the profits.

5.33 Share premium

The share premium amount which resulted from the share capital increase in excess of the nominal value amount totaled to € 144,774,410.21.

amounts in thousand €

5.34 Other reserves

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

They are analyzed as follows:

	Statutory reserves	Extraordinary reserves	Fair value reserves (cash flow hedging)	Tax free reserves	Total
Balance at 31/12/2011	2.597,90	356,50	3.658,63	35,37	6.648,40
Change for the period	0,00		(5.608,01)	0,00	(5.608,01)
Balance at 31/12/2012	2.597,90	356,50	(1.949,37)	35,37	1.040,40

Respectively for the period 2011 are analyzed as follows:

	Statutory reserves	Extraordinary reserves	Fair value reserves (cash flow hedging)	Tax free reserves	Total
Balance at 31/12/2010	2.597,90	356,50	8.106,81	35,37	11.096,58
Change for the period	0,00		(4.448,18)	0,00	(4.448,18)
Balance at 31/12/2011	2.597,90	356,50	3.658,63	35,37	6.648,40

The fair value reserves are presented net of deferred taxes.

The cash flow hedge reserve is analyzed as follows:

	2012		2011	
	Gross amount	Tax	Gross amount	Tax
Balance at period's beginning	4.573,28	(914,65)	10.133,50	(2.026,70)
Result to the income statement	(5.254,37)	1.050,87	(4.265,04)	853,01
Valuation at period end	(1.755,62)	351,12	(1.295,19)	259,04
Balance at period's end	(2.436,72)	487,35	4.573,28	(914,65)

amounts in thousand €

5.35 Borrowings

The borrowing liabilities of the Company are analyzed as follows:

31/12/2012			31/12/2011	
Long term loans	Weighted average interest rate	Amount	Weighted average interest rate	Amount
Bond loans in Euro	6,427%	8.340,00		0,00
Total long term loans		8.340,00		0,00
Short term loans				
Short term bank loans			8,624%	20.024,92
Long term liabilities payable in the following year				0,00
Total short term loans		4.370,39		20.024,92
Total loans		12.710,39		20.024,92

5.36 Liabilities from finance leases

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

Future Payments	31/12/2012	31/12/2011
Up to 1 year	8.445,54	8.540,92
Between 1 to 5 years	35.176,58	35.440,65
More than 5 years	30.081,43	40.091,53
Total	73.703,55	84.073,10
Financial expense	4.288,26	5.621,68
Present value of future payments	31/12/2012	31/12/2011
Up to 1 year	7.735,13	7.730,37
Between 1 to 5 years	33.015,73	32.703,26
More than 5 years	28.664,44	38.018,04
Total	69.415,29	78.451,67

The weighted average interest rate was calculated at 0,767%

amounts in thousand €

5.37 Provisions for employee retirement benefits

The amounts analyzed below are recognized as defined benefit plan for the Company and they are based on independent actuarial calculations:

	31/12/2011	31/12/2010
Opening year balance	6.353,57	5.602,20
Additional provisions for the year	1.444,90	1.911,74
Balance at the year end	7.798,47	7.513,94
Amounts recognized in the income statement		
Current service cost	612,89	600,36
Interest cost	289,17	297,17
Service cost recognition	(61,54)	(35,80)
Nominal expense to the income statement	840,53	861,73
Additional benefits cost	1.024,59	536,98
Total expense to the income statement	1.865,11	1.398,71
Changes in net obligation recognized in the balance sheet		
Net obligation at the opening year	7.513,94	7.119,81
Benefits paid by the employer	(1.580,58)	(1.004,58)
Total expense recognized in the income statement	1.865,11	1.398,71
Net obligation at the end of the year	7.798,47	7.513,94

	31/12/2012	31/12/2011
Changes in the present value of the obligation		
Present value of the obligation - Opening period	5.602,20	5.855,89
Current service cost	612,89	600,36
Interest cost	289,17	297,17
Benefits paid by the employer	(1.580,58)	(1.004,58)
Additional payments or expenses/income	1.143,36	588,54
Actuarial loss/gain	286,53	(751,92)
Present value at the end of fiscal year	6.353,57	5.585,46

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

The amounts included to the Company's income statement are as follows:

	31/12/2012	31/12/2011
Current service cost	612,89	600,36
Finance cost	289,17	297,17
Additional benefits' cost	963,05	501,18
Total employee benefits cost	1.865,11	1.398,71

amounts in thousand €

Actuarial assumptions were:

	31/12/2012	31/12/2011
Discount rate	3,84%	5,35%
Expected salary increase percentage	3,00%	3,50%
Average years of working life	22,01	21,99

5.38 Suppliers and other liabilities

The analysis for the Company is as follows:

	31/12/2012	31/12/2011
State-law entities and state-owned enterprises	29,23	34,08
Foreign suppliers	20.866,75	21.634,22
Domestic suppliers	25.822,85	18.134,58
Liabilities from customers loyalty programs	1.750,84	1.387,64
Total	48.469,67	41.190,52

The balance "Foreign suppliers" relates to liabilities resulting from aircraft maintenance, fuel and leases.

The carrying amounts of suppliers and other liabilities approach their fair values. Liabilities from customers' loyalty programs due refer to the amount that, as assessed by the Company, will be covered in the subsequent years.

5.39 Provisions

(a) Tax unaudited periods

The Company hasn't been tax audited for the fiscal years from 2007 to 2010. The accumulated amount provisioned for tax unaudited periods is € 1.400 thousand. The fiscal year 2011 was tax audited by the auditors. The current fiscal year (2012) is tax audited with the same procedure.

(b) Maintenance reserves

The accumulated amount the Company provisioned for future aircraft maintenance (maintenance reserves) at 31.12.2011 was € 30.383,42 thousand. The net change (decrease) in the maintenance reserves during 2012 was € 1.254,16 thousand bringing the aircraft maintenance reserves on 31.12.2012 at € 29.129,25 thousand.

	31/12/2012	31/12/2011
Balance as at 1 January	30.383,42	24.137,00
Current period's provisions	0,00	6.246,42
Less: Provisions used	(1.254,16)	0,00
Balance as at 31 December	29.129,25	30.383,42

amounts in thousand €

(c) Restructuring provisions

Includes provision for costs that will derive from the agreement with Marfin Investment Group for the purchase of 100% of Olympic Air and mainly refer to legal & consultants services involved in the process of the transaction approval by the European Competition Authorities and also provisions for costs regarding to the homogenization of systems, software applications, etc.

5.40 Other short term liabilities

Other short term liabilities refer to the Company's liabilities to social security organizations and other creditors that relate directly to its trading operation. The analysis is as follows:

	31/12/2012	31/12/2011
Social Security Organization	2.741,56	3.886,29
Other short term liabilities	530,21	4.130,67
Checks outstanding postdated	327,71	303,25
Customers advances	790,69	247,26
Tax - Stamp duty on employees' benefits	1.640,39	1.157,58
Airport taxes and charges	9.872,55	7.816,53
VAT payable	679,65	1.588,77
Total	16.582,75	19.130,35

5.41 Liabilities from tickets sold but not flown

Refers to the amount of deferred revenue from tickets sold but not flown until the next period.

5.42 Accrued expenses

Accrued expenses are analyzed as follows:

	31/12/2012	31/12/2011
Agents commissions	4.672,19	5.273,34
Use of software	92,93	106,01
Aircraft fuel	465,10	638,56
Aircraft maintenance expenses	1.810,45	1.866,93
Landing costs	3.069,90	3.816,16
Eurocontrol charges	676,00	1.873,04
Other fees payable	642,28	119,13
Aircraft leases	0,00	10,72
Other expenses	754,23	1.429,90
Total	12.183,08	15.133,81

amounts in thousand €

5.43 Financial Derivatives

Financial derivatives are analyzed as follows:

	31/12/2012	31/12/2011
Financial derivatives (assets)		
Forward contracts in US \$ - Cash flow hedging	2.095,92	7.471,24
Commodities' swaps (jet fuel) - Cash flow hedging	50,01	0,00
Receivables from financial derivatives	2.145,93	7.471,24
Financial derivatives (liabilities)		
Forward contracts in US \$ - Cash flow hedging	1.743,42	70,02
Commodities' swaps (jet fuel) - Cash flow hedging	16,00	56,27
Interest rate swaps - Cash flow hedging	2.823,21	2.771,67
Liabilities from financial derivatives	4.582,64	2.897,96

Financial derivatives are classed either as assets or liabilities. The total fair value of a financial derivative that has qualified as a hedging instrument is classed either as non current item if the maturity of the hedged item is more than 12 months or as current item if the maturity of the hedged item is less than 12 months.

(a) Forward contracts in US dollars (currency forwards)

These forward contracts are used for cash flow hedging of the risks arising from the movement in US dollar's exchange spot rates. On 31 December 2012, the Company had entered into forward contracts to hedge 37% of its expected needs in US dollars for the period 2013 (future transactions).

The nominal amount as at 31.12.2012 of the open forward contracts was € 72.760,35 thousand.

Maturity	Face Value \$,000
2013	96.000,00

(b) Commodity swaps (Jet fuel swaps)

Commodity swaps amounted to contracts for a total quantity of 21 thousand metric tons which account for approximately 11,5% of the projected jet fuel needs in 2013 (future transactions). The specific derivative contracts are used for cash flow hedging of the risks arising from the increase in the fuel prices.

The nominal value of the open contracts as at 31.12.2012 was € 15.569,58 thousand

For the valuation of the above swaps the forward sensitivity curve of Jet Fuel FOB MED High was used.

(c) Interest rate swaps

Interest rate swaps (IRS) are used as hedging instruments for the cash flow hedging of floating rate financial liabilities for the 49% of the finance leases obligations.

The nominal value of the open IRS contracts as at 31.12.2012 was € 33.525,96 thousand.

For the valuation of the above swaps it was used the forward interest rate sensitivity curve.

amounts in thousand €

5.44 Revenue

Revenue refers to proceeds from the issue of tickets, sale of goods and other services.
Revenue per service category is analyzed as follows:

	31/12/2012	31/12/2011
Proceeds from scheduled flights	461.450,27	474.326,06
Proceeds from charter flights	67.811,86	74.724,97
Proceeds from airport passenger charges	90.530,80	88.234,87
Other operating income	33.595,48	30.931,87
Total	653.388,41	668.217,77

5.45 Other income

This category includes revenues created by auxiliary activities outside the main operating scope of the Company.
The particular income refers to the following cases:

	31/12/2012	31/12/2011
Greek Manpower Employment Organization (OAED) subsidies	196,03	199,17
Income from services rendered to third parties	4.700,57	4.635,62
Proceeds from sale of fixed assets and aircraft spare engines	0,00	3.894,47
Proceeds from sale of aircraft spare parts	151,88	1.568,06
Total	5.048,48	10.297,32

5.46 Consumption of materials and services

These amounts refer to the operating expenses of the Company and they are analyzed as follows:

	31/12/2012	31/12/2011
Aircraft fuel	185.981,94	183.904,86
Aircraft maintenance	47.921,54	45.700,11
Eurocontrol charges	38.594,83	41.117,24
Handling charges	32.574,46	26.259,64
Airport charges	117.774,44	124.392,00
Catering costs	18.147,44	23.660,56
Distribution costs	36.213,79	40.004,69
Marketing costs	5.894,79	7.244,39
Aircraft & spare engines leasing	70.450,58	79.466,85
Inventories' consumption	890,77	1.018,55
Other operating expenses	31.173,50	37.407,41
Total	585.618,09	610.176,31

amounts in thousand €

The analysis of "Other operating expenses" is the following:

	31/12/2012	31/12/2011
Third party fees	4.722,17	3.966,20
Board of Directors remuneration	1.200,00	1.106,68
Cargo expenses	1.010,95	1.123,99
Personnel training	1.260,37	2.416,43
Mail & Telecommunications expenses	1.480,16	1.736,15
Rents	2.999,12	3.358,51
Insurance premiums	2.424,47	2.531,61
Maintenance for building and equipment	1.690,12	2.105,08
Travel expenses	1.376,81	1.689,85
Stationary	771,61	1.146,72
Subscriptions	2.045,09	1.798,25
Other overhead costs	10.192,64	14.427,93
Total	31.173,50	37.407,41

5.47 Employee costs

Employee costs include salaries as well as provisions for retirement benefits.

	31/12/2012	31/12/2011
Salaries and wages	54.228,59	67.086,15
Employer contributions	13.754,91	17.514,44
Provisions for retirement benefits	1.891,73	1.425,70
Total	69.875,23	86.026,29

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

	31/12/2012	31/12/2011
Staff number	1.347	1.615

amounts in thousand €

5.48 Bad debts write offs

The balance "Bad debts write offs" includes mainly receivables from travel agencies which due to the financial crisis could not meet their financial obligations through IATA and the Company considered them as not recoverable.

5.49 Fair value revaluation of financial assets

It includes gain from corporate bonds of € 1.324,37 thousand.

5.50 Financial income / expense

Financial income / expense analysis follows:

	31/12/2012	31/12/2011
Interest and expenses from long term liabilities	1.119,98	1.629,79
Interest and expenses from short term liabilities	891,81	167,90
Letters of Guarantee commissions	1.207,10	951,19
Finance leases interest	812,62	667,72
Foreign exchange losses	4.545,89	12.120,45
Other financial expenses	349,75	402,64
Total	8.927,15	15.939,69
Other interest income	(2.455,73)	(5.250,06)
Foreign exchange gains	(5.630,70)	(10.574,65)
Total	(8.086,43)	(15.824,71)

amounts in thousand €

5.51 Income tax

Income tax is analyzed below:

	31/12/2012	31/12/2011
Deferred tax	(2.121,94)	(3.976,90)
Total	(2.121,94)	(3.976,90)
Profit /(loss) before taxes	(12.618,40)	(31.152,60)
	20%	20%
Tax estimated on existing tax coefficient basis	2.523,68	6.230,52
Tax on expenses not deductible for tax purposes	(401,74)	(245,23)
Income tax	2.121,94	3.976,90

5.52 Existing encumbrances

There are no encumbrances on the Company's tangible assets (buildings, owned aircraft etc.).

5.53 Commitments

(a) Operating leases

The Company's operating leases' obligations arise mainly from leased aircraft and spare engines it uses in order to conduct the flights.

The minimum future lease payments for aircraft have increased compared to 2011 due to the renegotiation of contracts with aircraft owners which resulted in reduced monthly payments while extending the duration of the respective contracts and are as follows:

	31/12/2012	31/12/2011
Up to 1 year	61.379,27	76.880,83
Between 1 and 5 years	159.605,25	123.653,21
More than 5 years	88.723,69	6.175,47
Total	309.708,21	206.709,51

amounts in thousand €

(b) Capital commitments

The Company commitments that refer to the order of Airbus type aircraft acquisition are analysed per delivery year as follows:

- 2015 2 A320 aircraft
- 2016 3 A320 aircraft

5.54 Contingent assets and liabilities

Legal or in arbitration disputes

There are legal or in arbitration disputes and other contingent future events however it is not expected that would have a material effect in the financial position or the operation of the Company.

Contingent liabilities

Total third party legal claims from the Company amount to € 588,86 thousand.

The Company's management based on previous court decisions as well as on the fact that no trial procedures have commenced yet, estimates that their outcome would not have a material impact on the financial position and operation of the Company.

An analysis of the open legal cases follows:

	31/12/2012	31/12/2011
Labour disputes	160,17	99,35
Labour accidents	104,50	228,72
Other	324,19	936,09
Total	588,86	1.264,16

Contingent assets

The Company has exercised two litigious cases of compensation claims against the Greek state. In accordance with the aforementioned claims, the Company demanded the amounts of €13.446,14 thousand as compensation for damages for the year 2000 and of €12.384,53 thousand as compensation for damages for the year 2001 caused by state subsidies provided to Olympic Airlines that were rendered illegal in compliance with 11.12.2002 decision of the EU. The hearing date to the Council of state is set on 22/04/2014.

Regarding the second litigious case the Company exercised an appeal to the Athens Court of Appeal and the hearing date is to be set.

Finally the Company made a legal claim against the Greek State for losses it suffered due to mandatory transfer to AIA. After the hearing on 08/10/2011, the compensation claim was rejected. The company has exercised a claim against the above decision to the Council of State and the decision is pending.

amounts in thousand €

5.55 Loans

In the current period a total amount of € 7.527,92 thousand of bank loan and € 7.820,37 of financial leases capital were repaid. In September a three year bond loan was agreed with ALPHA BANK amounting 12,5 million euros. The bond loan was used to refinance existing bank loans.

5.56 Related parties transactions

The most significant transactions of the Company with related parties according to IAS 24, which are immaterial for the size of the Company, are transactions with companies owned by the majority shareholder and they appear on the following table:

	31/12/2012	31/12/2011
Receivables (End of period balance from sale of goods- services)	58,77	118,31
Payables (End of period balance from purchase of goods- services)	202,84	190,70
Income - Services provided from the Company	311,69	235,61
Expenses - Services the Company received	1.686,73	1.599,88

The above transactions with other companies owned by the major shareholder of the Company relate mainly to rents and services provided or received. All transactions are on arm's length basis.

5.57 Transactions with directors and Board of Directors members

Compensation to directors and BoD members from the Company is analyzed below:

	31/12/2012	31/12/2011
BoD members fees	1.200,00	1.106,68
Directors' salaries	1.363,16	1.554,06
Directors' social insurance expenses	94,23	92,02
Benefits in kind and other payments to directors	234,69	198,38
Total	2.892,09	2.951,14

Except for the above there are no other transactions, receivables or liabilities with the directors or the BoD members.

amounts in thousand €

5.58 Earnings per share

Earnings per share were based on the weighted average outstanding number of shares, from the total number of shares circulated and they are analyzed as follows:

	31/12/2012	31/12/2011
Profit / (loss) before tax	(12.618,40)	(31.152,60)
Income tax	2.121,94	3.976,90
Profit / (loss) after tax	(10.496,46)	(27.175,70)
Attributable to:	71.417.100	71.417.100
Basic earnings / (loss) per share (euros / share)	(0,1470)	(0,3805)

5.59 Risk management

The Company is exposed to multiple risks. The risk management policy of the Company aims to reduce the negative impact on outcome resulting from the unpredictability of financial markets and the variations in costs and sales.

The Company uses financial derivative instruments to hedge its exposure to certain types of risk.

The risk management policy is executed by the Financial Department of the Company. The procedure is the following:

- Evaluation of risks associated with the activities and operations of the Company
- Design of a methodology and selection of appropriate financial products to reduce risks
- Execution / implementation, in accordance with the procedure approved by the management

Foreign currency risk

The Company due to the nature of the industry is exposed to variations in foreign currency exchange rate which arise mainly from US Dollars. This kind of risk arises mainly from transactions in foreign currency. The Company's exposure to foreign exchange risk varies during the period according to the seasonal volume of transactions in foreign currency.

To manage this kind of risk the Company enters into forward currency exchange contracts with financial organizations.

amounts in thousand €

Interest rate risk

The Company's policy is to minimize interest rate cash flow risk exposure on long - term financing. With relation to the above risk the Company has hedged a portion of its financial leases obligations.

Jet fuel risk

The Company is exposed to the fluctuations of the price of oil which directly influences the price of jet fuel. To manage this risk the Company imposes when necessary, fuel surcharges on domestic and international fares whilst also enters derivative contracts on oil products in order to hedge part of its projected jet fuel needs.

The following tables present:

- ± The sensitivity of the period's result as well as of the equity's if a reasonable movement of +/- 50 basis points in the Euro / USD exchange rate takes place.
- ± The sensitivity of the period's result as well as of the equity's in a reasonable movement of +/- 10 basis points in the interest rates.

amounts in thousand €

31/12/2012					
Assets	Balance Sheet value	Foreign exchange risk		Interest rate risk	
		+50 bps	-50 bps	+10 bps	-10 bps
	€000	€000		€000	
Hedging derivatives					
Assets measured at fair value through the Income Statement	6.784,37			(17,90)	18,00
Receivables	28.733,12	(839,29)	905,41		
Cash and cash equivalents	5.165,19	(150,87)	162,76		
Hedging derivatives	(2.436,72)	(27,65)	75,39	97,61	(97,61)
Liabilities	(71.619,36)	2.091,99	(2.256,79)		
Effect in the income statement after tax / equity		1.101,83	(1.188,63)		
Effect in the statement of total income after tax / equity		(27,65)	75,39	79,71	(79,61)

31/12/2011					
Assets	Balance Sheet value	Foreign exchange risk		Interest rate risk	
		+50 bps	-50 bps	+10 bps	-10 bps
	€000	€000		€000	
Hedging derivatives	4.573,27	188,52	395,83	120,64	(120,64)
Assets measured at fair value through the Income Statement	5.460,00			(51,77)	52,86
Receivables	26.348,79	(784,25)	847,00		
Cash and cash equivalents	341,92	(10,18)	10,99		
Liabilities	(85.309,01)	2.412,19	(2.606,11)		
Effect in the income statement after tax / equity		1.617,76	(1.747,82)	(51,77)	52,86
Effect in the statement of total income after tax / equity		188,52	395,83	120,64	(120,64)

amounts in thousand €

Fair value hierarchy levels			
31/12/2012	Level 1	Level 2	Level 3
	€000	€000	€000
Assets			
Forward contracts in USD	(FWD)	2.095,92	
Jet fuel commodity swaps	(FWD)	50,01	
Interest rate swaps	(IRS)		
Bonds (commercial portfolio)	6.784,37	2.145,93	
Total assets			
Liabilities			
Forward contracts in USD	(FWD)	(1.743,42)	
Jet fuel commodity swaps	(FWD)	(16,00)	
Interest rate swaps	(IRS)	(2.823,21)	
Total liabilities		(4.582,64)	
Total assets and liabilities	6.784,37	(2.436,71)	

Fair value hierarchy levels			
31/12/2011	Level 1	Level 2	Level 3
	€000	€000	€000
Assets			
Forward contracts in USD	(FWD)	7.471,24	
Jet fuel commodity swaps	(FWD)	0,00	
Interest rate swaps	(IRS)	0,00	
Bonds (commercial portfolio)	5.460,00		
Total assets	5.460,00	7.471,24	
Liabilities			
Forward contracts in USD	(FWD)	(70,02)	
Jet fuel commodity swaps	(FWD)	(56,27)	
Interest rate swaps	(IRS)	(2.771,67)	
Total liabilities		(2.897,96)	
Total assets and liabilities	5.460,00	4.573,28	

Credit risk

The Company's exposure to credit risk without taking into consideration security deposits and letters of guarantee are:

	31/12/2012	31/12/2011
Classes of assets		
Cash and cash equivalents	136.799,77	166.800,94
Assets measured at fair value	6.784,37	5.460,00
Receivables from derivative contracts	2.145,93	7.471,24
Trade and other receivables	56.335,36	61.670,84
Total	202.065,43	241.403,02

amounts in thousand €

The management considers that all the above financial assets that have not been impaired in previous reporting dates under review are of good credit quality.

In order to be protected against the credit risk, the Company monitors, on a regular basis, its trading receivables and whenever necessary, assesses the insurance of the receivables collection, mainly through factoring.

Possible credit risk also exists in cash and cash equivalents and in forward contracts. The risk is stemming from the possibility of the counterparty becoming unable to meet its obligations towards the Company. To minimize this risk the Company examines regularly its degree of exposure to every individual financial institution. As far as it concerns its deposits the Company is dealing only with reputable financial institutions which have high credit ratings.

Liquidity risk

Liquidity risk is managed effectively by maintaining sufficient cash levels. The Company manages its liquidity by maintaining adequate cash levels as well as ensuring the provision of credit facilities not only from financial institutions but also from suppliers, always in relation to its operating, investing and financing requirements. It is noted that as at 31.12.2012 the Company had a cash position of € 149,3 m. and had also secured an adequate amount of committed credit facilities ensuring the servicing of its short and medium term liabilities.

The financial obligations' maturities as at 31 December 2012 are analyzed as follows:

31.12.2012	Short term		Long term	
	Within 6 months	6 - 12 months	1 - 5 years	More than 5 years
Long term bank loans	2.653,93	2.392,34	8.879,93	0,00
Finance lease obligations	4.148,55	4.217,39	35.176,58	30.081,43
Trade payables	46.718,83	0,00	1.750,84	0,00
Other short term liabilities	29.049,15	1.466,69	0,00	0,00
Financial derivatives	874,71	884,73	0,00	2.823,21
Total	83.445,18	8.961,14	45.807,36	32.904,64

The relevant maturities as at 31 December 2011 are analyzed as follows:

31.12.2011	Short term		Long term	
	Within 6 months	6 - 12 months	1 - 5 years	More than 5 years
Long term bank loans	5.024,92	15.000,00	0,00	0,00
Finance lease obligations	4.231,05	4.351,96	35.623,72	40.171,90
Trade payables	39.802,88	0,00	1.387,64	0,00
Other short term liabilities	32.143,86	2.120,30	0,00	0,00
Financial derivatives	2.433,66	2.523,51	2.514,06	0,00
Total	83.636,38	23.995,78	39.525,41	40.171,90

The above periods' maturities reflect the gross cash flows.

amounts in thousand €

Policies and procedures on capital management

Primary target of the Company's capital management is to ensure preservation of the high ranking credit rating as well as solid equity ratios so as to support and expand the Company's operations and maximize shareholders' value.

The Company monitors managed capital based on shareholders' total equity plus subordinated loans less cash and cash equivalents as they appear on the balance sheet.

Managed capital for 2012 and 2011 financial periods is analyzed as follows:

	2012	2011
Shareholders' total equity	153.214,47	169.318,93
Plus: Loans	82.125,68	98.476,59
Less: Cash and cash equivalents	(156.084,15)	(172.260,94)
Managed capital	79.256,01	95.534,58
Shareholders' total equity	153.214,47	169.318,93
Plus: Loans	82.125,68	98.476,59
Total capital	235.340,16	267.795,52
Managed capital / Total capital ratio:	0,34	0,36

The Company's target is to maintain the above ratio of "managed capital" (as defined above) over "total capital" (equity plus loans) between 0.25 and 0.50.

5.60 Other events

On 22/10/2012 Aegean Airlines has signed an agreement with Marfin Investment Group regarding the acquisition of 100% of the share capital of Olympic Air. After the completion of the transaction, Olympic Air will be subsidiary of Aegean Airlines S.A. The transaction and its relevant completion timeframe are conditional upon the approval of the European Competition Commission. The price of 100% of Olympic Air is set at 72 million euros and will be partially paid in cash

5.61 Auditor's remuneration

Auditors' remuneration for the period 2012 was € 82.00 thousand. This remuneration includes the financial audit and the provision of tax certificate for the fiscal year 2012 according to the article 82 par. 5 of Law 2238/2004 and the Circular 1159/26.07.2001. Except the above mentioned services there were no other services provided.

The annual Financial Statements for the period of 2012 have been approved by the Board of Directors of "Aegean Airlines S.A." on 26.03.2013 and are posted on the Company's website (www.aegeanair.com) for investors' reference, where they will remain for at least 5 years after their compilation and public announcement date.

Kifissia, 26 March 2013

Chairman	Chief Executive Officer	Chief Financial Officer	Chief Accountant
Theodore Vasilakis I.D. no. Ή458197	Dimitrios Gerogiannis I.D. no. AB642495	Michael Kouveliotis I.D. no. P490629	Maria Zannaki I.D. no. Σ723984

**AEGEAN AIRLINES S. A.**

COMPANY INFORMATION:
Address of head offices:
Societe Anonyme Reg. No.:

Viltanioti 31, 145 64 Kifisia
32603/06/B/95/3

Supervising Authority:
Website address:
Date of Approval of
Financial Statements:
Certified Auditors:
Audit Firm:
Type of Auditors' Audit Report:

Ministry of Development
www.aegeanair.com
27 March 2012
ENEL S.A. (Reg.No. 155)
Panagiotis Vroustouris (Reg.No. 12921)
Unqualified

Board of Directors

President - Executive Member: Theodore Vassiliakis
Vice President - Executive Member: Eftichios Vassiliakis
CEO - Executive Member: Dimitrios Gerogiannis
Non Executive Member: George Vassiliakis
Non Executive Member: Achilleas Constantakopoulos
Non Executive Member: Anastasios David
Non Executive Member: Iakovos Georganas
Non Executive Member: Christos Ioannou
Non Executive Member: Panagiotis Laskarides
Non Executive Independent Member: Alexandros Makrides
Non Executive Independent Member: Victor Pizante
Non Executive Member: Markos Tsaktiani

SUMMARY FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM 1 JANUARY 2012 TO 31 DECEMBER 2012

(According to the Law 2190/20 art. 135 for Companies publishing their Annual Consolidated and Non Consolidated Financial Statements in accordance to the International Accounting Standards) The following data and information aim at providing a general overview of the financial status and results of AEGEAN AIRLINES S.A. Consequently, it is recommended to the reader, before any investment decision and transaction with the Company, to refer to the Company's Website (www.aegeanair.com) where the financial statements are posted.

(Amounts in thousand €)

FINANCIAL POSITION

	31.12.2012	31.12.2011
ASSETS		
Tangible assets	89.240,61	98.944,87
Intangible assets	26.791,31	27.176,57
Other non current assets	66.025,18	45.018,68
Inventories	5.331,19	5.975,14
Customers and other trade receivables	470.89,63	52.425,11
Other current assets	162.680,08	188.949,03
TOTAL ASSETS	397.158,01	418.489,41
EQUITY AND LIABILITIES		
Share capital	46.421,11	46.421,11
Additional paid-in capital and reserves	106.793,36	122.897,82
Total shareholders' equity (a)	153.214,47	169.318,93
Loan long term liabilities	8.340,00	0,00
Provisions and other long term liabilities	109.752,33	111.420,89
Short term bank loans	4.370,39	27.724,73
Other short term liabilities	121.480,83	110.024,87
Total liabilities (b)	243.943,54	249.170,48
EQUITY AND LIABILITIES (c) = (a) + (b)	397.158,01	418.489,41

STATEMENT OF COMPREHENSIVE INCOME

	01.01-31.12.2012	01.01-31.12.2011
Revenue	653.388,41	668.217,77
Operating profit / (loss)	25.835,10	2.433,36
Profit / (loss) before tax, financing and investing results	(8.878,61)	(30.682,09)
Profit / (loss) before tax	(12.668,40)	(31.152,60)
Income tax	2.121,94	3.976,90
Profit / (loss) after tax (a)	(10.496,46)	(27.175,70)
Other Total Comprehensive Income / (expense) (b)	(5.608,01)	(4.448,19)
Total Comprehensive Income (c) = (a)+(b)	(16.104,47)	(31.623,89)
Basic (after taxes) earnings per share in €	(0,1470)	(0,3805)
Profit / (loss) before tax, financing, investing results and depreciation	2.943,57	(17.687,51)

STATEMENT OF CHANGES IN EQUITY

	31.12.2012	31.12.2011
Equity balance at the year's beginning (11.2012 & 11.2011 respectively)	169.318,93	200.942,81
Profit / (loss) after tax	(10.496,46)	(27.175,70)
Total comprehensive income after tax	(5.608,01)	(4.448,19)
Balance as of end of period (31.12.2012 & 31.12.2011 respectively)	153.214,47	169.318,93

CASHFLOW STATEMENT
ADDITIONAL DATA & INFORMATION

	31.12.2012	31.12.2011
Operating activities		
Profit / (loss) before taxes	(12,618,40)	(31,152,60)
<i>Plus / (less) adjustments for:</i>		
Depreciation	11,822,17	12,994,56
Provisions	1,955,14	7,473,89
Foreign exchange differences	(2,409,18)	1,103,26
(Profit) / loss from investing activities	(2,454,98)	(9,123,76)
Finance Cost	4,381,26	3,819,24
Cash flows from operating activities before changes in working capital		
(Increase) / Decrease in Inventories	643,94	11,01
(Increase) / Decrease in trade & other receivables	11,520,06	10,386,36
(Increase) / Decrease in derivative receivables	5,325,31	5,774,50
Increase / (Decrease) in payables (other than banks)	6,516,14	9,027,60
Increase / (Decrease) in derivatives liabilities	(3,923,31)	(5,950,00)
Interest expenses paid	(3,334,05)	(3,536,67)
Tax paid	0,00	(4,984,16)
Net cash flows from operating activities (a)	17,424,10	(4,156,77)
Investing Activities		
Purchases of assets	(1,920,24)	(24,564,20)
Sales of tangible & intangible assets	186,85	12,177,63
Downpayments for purchases of tangible assets	0,00	(15,40)
Downpayments for investing activities	(20,000,00)	0,00
Proceeds from sale of investments (shares)	0,00	1,469,79
Interest and other financial income received	2,153,44	4,596,13
Net cash flows from investing activities (b)	(19,579,96)	(6,336,06)
Financing Activities		
Loans' repayments	(7,524,92)	(42,15)
Changes in finance lease capital	(7,820,38)	(6,936,36)
Net cash flows from financing activities (c)	(15,345,30)	(6,978,51)
Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c)	(17,501,17)	(17,471,34)
Cash and cash equivalents at the beginning of the period	166,800,94	184,272,27
Cash and cash equivalents at the end of the period	149,299,77	166,800,94

- The Company hasn't been audited by the tax authorities up for the fiscal years 2007 to 2010. For the non tax audited periods there is a cumulative provision of € 1,400 thousand.
- Apart from the above provision, the Company has made an additional provision of € 291,29,25 thousand related to future obligations for the maintenance of its aircraft. (See Note 5.39b of the Financial Statements), also has made a provision of € 2,924,77 thousand related to expenses that will derive from the agreement with Marfin Investment Group for the purchase of 100% of Olympic Air (See Note 5.39c of the Financial Statements).
- There are no pending judicial cases or court decisions, which may have a material impact on the financial operations of the Company. The Company has not formed any provisions as such.
- The total number of employees as at 31/12/2012 was 1,347 and as at 31/12/2011 was 1,615
- On 22/10/2012 Aegean Airlines has signed an agreement with Marfin Investment Group regarding the acquisition of 100% of the share capital of Olympic Air. After the completion of the transaction, Olympic Air will be subsidiary of Aegean Airlines S.A. The transaction and its relevant completion timeframe are conditional upon the approval of the European Competition Commission. The price of 100% of Olympic Air is set at 72 million euros and will be partially paid in cash.
- According to I.A.S. 24, related party transactions for 2012 and receivables/ payables balances as at 31.12.2012 are analyzed below:

Amounts in thousand €	
a) Revenue	311,69
b) Expenses	1,686,74
c) Receivables - Deposits	58,77
d) Payables	202,84
e) Management's and Board of Directors' remuneration	2,892,09
f) Payables to Management and Board of Directors	0,00
g) Receivables from Management and Board of Directors	0,00

- The statement of total income are analyzed as follows:

Amounts in thousand €	31.12.2012	31.12.2011
<i>Cash flow hedging:</i>		
Reclassification of (profit) / loss in the result for the period	(5,254,37)	(4,265,04)
Profit / (loss) for the period	(1,755,62)	(1,295,19)
Cash flow hedging income tax	1,401,99	1,112,05
Other comprehensive income for the period after taxes	(5,608,01)	(4,448,19)

Athens, 26 March 2013

CHAIRMAN OF BOD	CHIEF EXECUTIVE OFFICER
THEODOROS VASSILAKIS A.T. AK 031549	DIMITRIOS GEROGIANNIS A.T. AB 642495
CHIEF FINANCIAL OFFICER	HEAD OF ACCOUNTING DEPT
MICHAEL KOUVELIOTIS A.T. P 490629	MARIA ZANNAKI A.T. Σ 723984

**F. COMPANY ANNOUNCEMENTS AS PER ART.10 LAW 3401/2005
PUBLISHED DURING FISCAL YEAR 2012.**

Aegean Airlines had disclosed the following information over the period beginning 01/01/2012 and ending 31/12/2012, which are posted on the Company's website (www.aegeanair.com) as well as the website of Athens Exchange (www.athex.gr).

Date	Subject	Link
19/01/2012	Passenger Traffic for 2011 - Press release	http://en.aegeanair.com/all-about-us/press-office/press-releases/?f=2012&pg=4
27/03/2012	Financial Calendar 2012	http://en.aegeanair.com/investor-relations/announcements/
28/03/2012	Financial Results 2011	http://en.aegeanair.com/investor-relations/announcements/
11/04/2012	Press release: PSO tender results	http://en.aegeanair.com/all-about-us/press-office/press-releases/?f=2012&pg=3
18/05/2012	Invitation to the Ordinary General Meeting of the Shareholders	http://en.aegeanair.com/investor-relations/general-assemblies/
24/05/2012	Publication date of First Quarter 2012 financial results	http://en.aegeanair.com/investor-relations/announcements/
29/05/2012	First Quarter 2012 Results	http://en.aegeanair.com/investor-relations/announcements/
14/06/2012	Decisions of the Ordinary General Shareholders Meeting	http://en.aegeanair.com/investor-relations/announcements/
22/06/2012	Termination of interim period of share buyback	http://en.aegeanair.com/investor-relations/announcements/
27/08/2012	Publication date of First Half 2012 financial results	http://en.aegeanair.com/investor-relations/announcements/
29/08/2012	First Half 2012 Results	http://en.aegeanair.com/investor-relations/announcements/
22/10/2012	AEGEAN agrees with MIG to acquire OLYMPIC AIR	http://en.aegeanair.com/investor-relations/announcements/
22/10/2012	Response to Hellenic Capital Market Commission letter	http://en.aegeanair.com/investor-relations/announcements/
20/11/2012	Publication date of 9-Month 2012 financial results	http://en.aegeanair.com/investor-relations/announcements/
21/11/2012	Nine-Month 2012 Results	http://en.aegeanair.com/investor-relations/announcements/

In addition, in the following page: <http://en.aegeanair.com/investor-relations/announcements/trade-acknowledgements/> as well as on Athens Exchange website www.athex.gr announcements of regulated information in accordance with Law 3556/2007 (Insiders transactions according to article 13 of Law 3340/2005 & Significant changes in voting rights according to Law 3556/2007) were posted on the following dates:

Date				
03/01/2012	12/06/2012	20/07/2012	06/09/2012	13/11/2012
02/03/2012	13/06/2012	24/07/2012	10/09/2012	15/11/2012
10/05/2012	15/06/2012	26/07/2012	13/09/2012	19/11/2012
11/05/2012	18/06/2012	30/07/2012	19/09/2012	22/11/2012
16/05/2012	19/06/2012	01/08/2012	24/09/2012	26/11/2012
17/05/2012	20/06/2012	03/08/2012	27/09/2012	29/11/2012
21/05/2012	22/06/2012	07/08/2012	02/10/2012	03/12/2012
22/05/2012	26/06/2012	10/08/2012	05/10/2012	05/12/2012
23/05/2012	02/07/2012	14/08/2012	15/10/2012	07/12/2012
24/05/2012	06/07/2012	20/08/2012	29/10/2012	11/12/2012
25/05/2012	09/07/2012	22/08/2012	31/10/2012	20/12/2012
25/05/2012	11/07/2012	24/08/2012	02/11/2012	24/12/2012
01/06/2012	13/07/2012	28/08/2012	06/11/2012	11/06/2012
19/07/2012	30/08/2012	08/11/2012		

G. WEBSITE FOR THE PUBLICATION OF THE ANNUAL FINANCIAL STATEMENTS

The Company's financial statements, the independent auditors' report and the Board of Directors' report for the annual period ended on 31.12.2012 are posted on the Company's website **www.aegeanair.com**.

