



2003 ANNUAL REPORT

ATHENS INTERNATIONAL AIRPORT S.A. 190 19 SPATA, GREECE  
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## Olympic Games

Aiming at ensuring the Airport's efficient operation and outstanding passenger services during the 2004 Olympic Games, AIA has identified the special requirements arising from such a huge operation in terms of facilities, procedures and systems.

In this context and in cooperation with the ATHENS 2004 Organising Committee and other involved parties, a series of projects necessary for the operational readiness of the Airport were initiated. These involved the enhancement of the infrastructure, an upgraded security level, and the implementation of special procedures for the Olympic and Paralympic Family.

The Olympic preparation has been a unique operational challenge for the entire airport community. The planning and materialisation of a detailed business plan has been an endeavour requiring close cooperation and coordination of all the parties involved. Aiming to facilitate the Olympic Family's activities in the best and most secure way, and maintaining the internationally acknowledged top-level services to the travelling public, Athens International Airport pledges to contribute to the success of the Olympic Games and will continue to invest towards the Airport's long-term operational excellence.

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Seven years after its establishment, Athens International Airport introduced a new logo that conveys the Airport's dynamic development. The new logo uses as its main symbol the Greek "α", which directly refers to "Athens", "Airport" and "Aviation", while reflecting the role of Greece's largest airport as the Gateway to Southeastern Europe and the connecting point of peoples and cultures.

The operational flexibility and dynamism of the Airport are depicted on the aircraft's course outlining the "α" in the Greek blue sky, emphasised by the yellow colour of the aircraft.

The new logo marks the pleasant travel experience enjoyed by passengers at Athens International Airport, while signalling the business development of the Airport.

## ATHENS INTERNATIONAL AIRPORT A.E. 'ELEFThERIOS VENIZELOS' OPERATING ORGANISATIONAL STRUCTURE



BUSINESS UNIT      BUSINESS UNIT      SERVICE CENTRE      SERVICE CENTRE

# HIGHLIGHTS OF 2003

Financial Highlights			
	2003	2002	%
	(million)	(million)	Variation
Net Turnover & Other Operating Income	€290.8	€271.5	+ 7.1 %
Turnover from Airport Charges & Income from Airport Development Fund	€175.9	€163.0	+7.9%
Operating Profit	€95.2	€82.9	+14.9%
Profit before Extraordinary Items	€20.1	€0.4	
Profit before Tax	€ 29.0	€14.3	
Cash & Cash Equivalents at the end of the Year	€104.0	€105.9	
Total Assets	€2,075.5	€2,103.8	
Traffic Highlights			
	2003	2002	%
			Variation
<b>Total Number of Passengers (million)</b>	<b>12.3</b>	<b>11.8</b>	<b>+3.6%</b>
Domestic	4.4	4.1	+5.4%
International	7.9	7.7	+2.6%
<i>Business Passengers</i>	35%	32%	
<i>Connecting Passengers</i>	27%	20%	
<b>Total Aircraft Movements (thousand)</b>	<b>170</b>	<b>160</b>	<b>+ 6.7%</b>
Passenger and Combi Aircraft	144	136	+ 6.4%
All-cargo Aircraft	9	8	+ 6.3%
Other Aircraft Movements	17	16	+ 9.1%
<b>Total Cargo Uplift (thousand tons)</b>	<b>110</b>	<b>107</b>	<b>+ 2.7%</b>
Freight	101	99	+ 2.3%
Mail	9	8	+ 8.9%



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# I.

## Joint Address by the Chairman and the CEO

In 2003 AIA had a strong year, both in terms of economic results and of the adequacy and quality of services provided to its customers, the air transport sector and the community at large. This performance merited international recognition leading to a number of awards of distinction. In one international such award, Athens International Airport was praised as “a benchmark to others aspiring success in the airport sector.”

The Company’s performance was particularly impressive, considering the context of a turbulent and highly unpredictable period in the global aviation market. The latter was marked by unfavourable events in the first half of 2003, including a continued slowdown in the world economy, the war in Iraq and the unexpected SARS epidemic, which had negative effects on international travelling.

Despite these external adversities on business opportunities, AIA’s annual passenger traffic grew by 3.6% to 12.3 million, while aircraft movements increased by 6.7% to 170,000 movements and cargo traffic by 2.7% to 110,000 tons. The last quarter of the year in particular proved exceptionally strong, providing momentum for 2004. The current year looks even more promising with the prospects of the Olympic Games.

The sustainability of such positive trends in the aeronautical activities coupled with a continuing strong growth in non-aeronautical commercial revenues have led to an annual increase of 7% in the Company’s total turnover compared to the corresponding one for 2002, reaching €291 million. Earnings before interest, taxes and depreciation went up by 14.9% to reach €95 million, and profits before tax grew even stronger to €29 million for 2003.

In last year’s Annual Report a number of references were made recognising that the worldwide air transport industry has been undergoing truly momentous changes over the last years. The identified trends continued during

2003 and, in some cases, the pace of change intensified. The ones mostly affecting AIA would certainly include:

1. A growing liberalisation of the airline industry: Of special importance to AIA in this respect is the recent enlargement of the European Union, that brings airlines and passengers of ten additional nations into the unified European air transport market.
2. The “Low-cost Carrier Revolution”: Low-cost carriers are growing rapidly throughout the world. This market segment is expected to present a 30% growth in Europe by 2010.
3. Pressure to reduce charges: The combined net result of the previous trends is a commercial necessity for the airlines to drastically cut down costs. This has direct implications for airport operators and air-traffic-control service providers, whose charges are under constant scrutiny by the airline industry.
4. An intensifying focus on security and the increased relevant costs are direct consequences of the completely different operating environment and terrorist threats, which basically commenced after the 11/9 tragedy.
5. Heavy reliance on technology, especially IT and communications, to increase processing rates and efficiency at airports reduce operational costs and enhance security.
6. Finally, an increased understanding and appreciation of social and economic benefits provided by airports at both the local and national levels: For example, a recent study indicated that for every million passengers, European airports generate on average about 1000 additional direct jobs and about 1500 additional indirect jobs.

### AIA’s Response to the Challenges of Change

AIA is keenly aware of these trends and has taken them into account in configuring its operations, and in its short- and long-term planning. Here are some key examples:

- The Company’s updated Business Plan was completed in 2003. It consists of three main thrusts:

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i Sustaining our strength and long-term growth rate by implementing innovative marketing practices, and providing attractive new incentives to enhance “traditional” domestic and international traffic;

ii Concentrating marketing efforts on the Airport’s potential as a regional gateway, and making Athens Airport more attractive to low-cost carriers;

iii Intensifying our quest for non-aeronautical revenues. Underlying all of the above and as part of the new Business Plan, the Company refined its strategy vis-à-vis its most valuable resource, our employees, and advanced a revised programme on Human Resources Development.

- In 2003 we issued a tender for a full-scale Master Plan review, which was initiated in April 2004 and will be finalised by 2005. The endeavour will expressly address the effects of our updated business plan and the industry trends on our infrastructure facilities and airport layout. The new Master Plan will place emphasis on land-use planning to maximise our non-aeronautical revenue potential without interfering in any way with the Airport’s aeronautical functions and services. The development phases of the Master Plan will be translated into long-term investment schedules, which will allow us to redefine our financial resources and debt restructuring requirements. Our aim is to enhance AIA’s effective responsiveness to asset management needs and generate corporate capabilities to meet new business opportunities in attractive airport expansion prospects.
- In close cooperation with the appropriate state authorities, we continue to enhance what is already acknowledged to be one of the best airport security systems in Europe. Continuous vigilance and investments in this area are critical in view of the upcoming Olympic and Paralympic Games in August and September 2004.
- Advancing our joint efforts with our airline partners, we

have further enriched our incentives and marketing assistance programme to our customers who initiate new routes, increase frequencies or serve low passenger volume routes.

- In line with AIA’s objective to maximise its non-aeronautical revenues and offer passengers as well as the wider public a greater variety of services, the Airport further invested in the necessary infrastructure. In 2003 this led to additional retail units inside the Terminal Building and the development of a highly promising commercial area. This new area has a new household IKEA store and a new consumer electronics store. The quality of the shopping facilities at Athens Airport has been internationally recognised with an award placing it in the 1st position worldwide in “Value for Money Shopping Facilities”. AIA also commenced the construction of a Railway Station, which provides Suburban Train and Metro connections to Athens and other parts of the country as of July 2004.
- We are constantly expanding the scope and upgrading the sophistication of our information technology and telecommunication services (IT&T) by taking advantage of AIA’s expertise in the field, implementing successfully innovative programmes, both within, as well as outside the Airport.

During 2003, AIA has strengthened its standing policies as a responsible employer and a good neighbour. Our staff sets a standard of excellence in the Greek world of corporate business. We strive to reward their efforts via a competitive compensation system, as well as maintain our edge through our intensive personnel development and training programmes. The sustainable economic development of the Messogeia region of Attica and the protection of the local environment continue to be foremost among our priorities.

Conscious of our responsibilities as a corporate citizen, AIA

has dedicated considerable management time and financial resources to ensure state-of-the-art practices. These commitments address critical challenges in environmental protection, safety and security conditions, health guarantees, cultural heritage protection and responsiveness to community interests and to cases of special needs.

Two areas of special endeavours need to be noted with respect to the main business initiatives in 2003. First, an integrated corporate commitment was implemented to ensure an efficient operation and outstanding passenger services during the challenging event of the 2004 Olympic Games. Following a cluster of test events, we initiated a number of projects involving infrastructure enhancement, further improvement of the terminal facilities and an increase of the airside capacity.

Furthermore, and consistent to its objective of reducing the financial expenses and improving its liquidity, the Company undertook a series of initiatives seeking options to refinance all of its loans with the exception of the European Investment Bank loan. The refinancing endeavours will be completed in 2005.

Finally, let us emphasise that AIA perceives itself as a public-private partnership in the full sense of the term. We are consistently balancing our responsibility to maximise returns to our shareholders with our social responsibility to act as an engine of economic growth and quality service provider for the greater Athens region and indeed for all of Greece. We have been successful in this respect having increased air traffic to and from Athens, provided adequate levels of service at fair and competitive prices, and rewarded our shareholders financially in the form of dividends. At the same time we fulfil our role as a public service provider. This role is highly supportive to the welfare of Greece and to the further development of its links with the Balkans and the Middle East region.



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From left to right: Mr A. van der Meer, Mr C. S. Maniatopoulos, Dr-Ing. R. Kalenda, Dr jur. H. Peipers, Mrs A. Boumi, Professor K. V. Vaitzos, Mr F. Braun, Mrs T. Stea (Director of Legal Affairs and Company Secretary), Dr rep. pol. H. G. Vater, Mr I. Sidiropoulos, Dr R. Schwarz

## 2. The Airport Company

### Board of Directors

**Professor Kostis V. Vaitzos (1942)**  
*Chairman of the Board of Directors*

Appointed to the Chairman's position in 2001  
Former Alternate Minister of National Economy of the Greek Government  
Former Chairman of the Board of Directors of the Emporiki Bank

**Dr jur. Harald Peipers (1928)**  
*Vice Chairman of the Board of Directors*

Appointed Vice Chairman in 1996  
Partner of the "Horlitz, von Menges, Keith & Partner" law firm  
Former Member of the Board of Executive Directors of Hochtief AG

**Mrs Andronice Boumi**  
*Member of the Board of Directors*

Appointed Member of AIA's Board of Directors in 2001  
Chairlady of the Greek Postal Savings Bank  
Member of the Board of Directors of the Emporiki Bank

**Mr Fernand Braun (1925)**  
*Member of the Board of Directors*

Appointed Member of AIA's Board of Directors in 1996 by mutual consent of the Greek State and Private Shareholders  
Special advisor to the European Commission since 1990  
Former Director General for Internal Market & Industrial Affairs of the European Commission

**Dr -Ing. Reinhard Kalenda (1952)**  
*Member of the Board of Directors*

Appointed Member of AIA's Board of Directors in 1996  
CEO of Hochtief Airport GmbH  
Member of the Board of Directors of Flughafen Düsseldorf GmbH

**Mr Constantinos S. Maniatopoulos (1941)**  
*Member of the Board of Directors*

Appointed Member of AIA's Board of Directors in 1996  
Former Director General for Energy in the European Commission  
Former Chairman of the Board of Directors of the Piraeus Port Authority

**Dr rep. pol. Hans-Georg Vater (1942)**  
*Member of the Board of Directors*

Member of AIA's Board of Directors from 1996 until 1999 and re-appointed in 2000  
Member of the Executive Board of Hochtief AG  
Former Chairman of the Executive Board of MAN Gutehoffnungshütte AG

**Dr Rainer Schwarz (1956)**  
*Member of the Board of Directors*

Appointed Member of AIA's Board of Directors in 2002  
CEO of Flughafen Düsseldorf GmbH  
Former Managing Director of Flughafen Nürnberg GmbH

**Mr Ioannis Sidiropoulos (1943)**  
*Member of the Board of Directors*

Appointed Member of AIA's Board of Directors in 2002  
General Director of Economic Policy at the Ministry of Economy and Finance  
Former Director Extraordinaire of the Administrative Sector for Economic Policy at the Ministry of National Economy

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## Board of Executives

**Mr Alfred A. van der Meer (1948)**  
Chief Executive Officer

**Dr Yiannis N. Paraschis (1960)**  
Deputy Chief Executive Officer  
Chief Business Development Officer

**Mr Volker H. Wendefeuer (1948)**  
Chief Aviation Services Officer

**Mr Basil I. Fondrier (1946)**  
Chief Finance & Procurement Officer

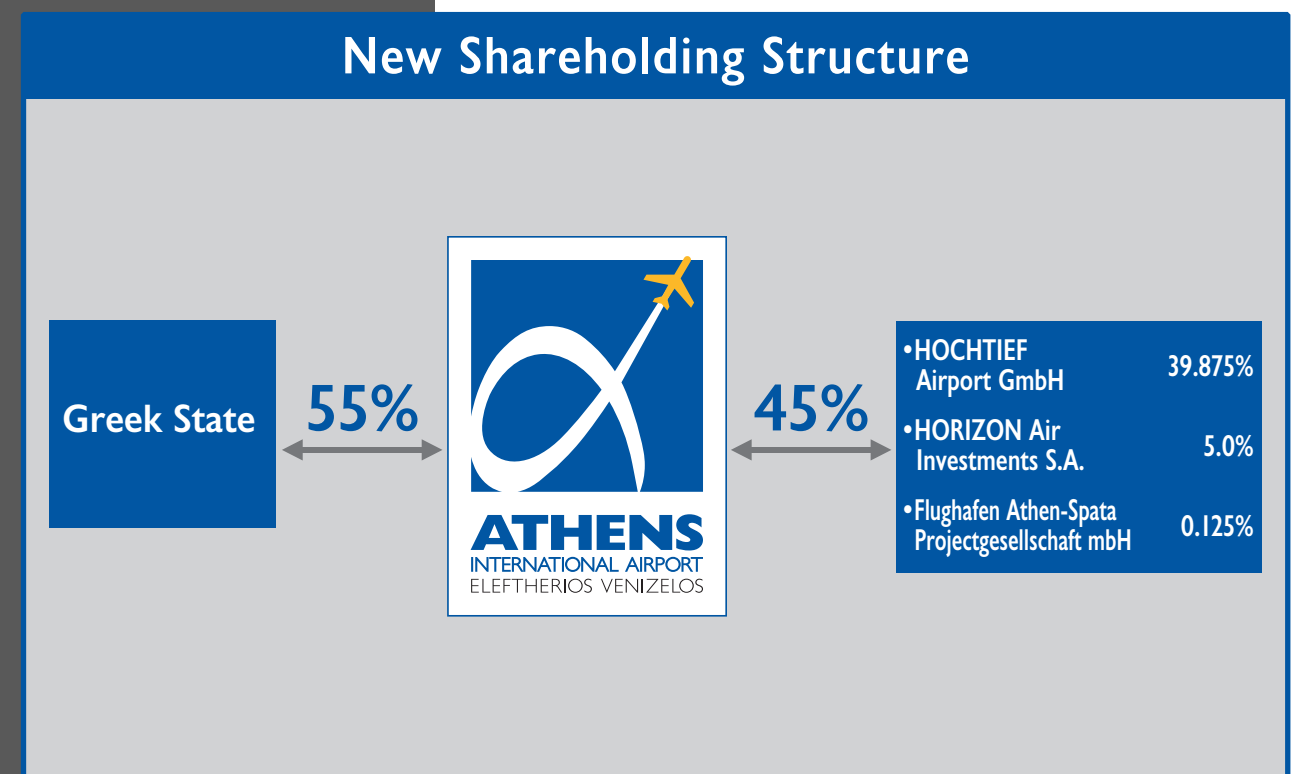
**Mr Yiannis C. Tsapalas (1947)**  
Chief Human Resources & Administration Officer

*From left to right: Mr B. I. Fondrier, Dr Y. N. Paraschis, Mr A. van der Meer, Mr V. H. Wendefeuer, Mr Y. C. Tsapalas*



## New Shareholding Structure

In March 2004, Horizon Air Investments S.A., a wholly owned company by the Copelouzos Group, completed the acquisition from ABB Calor Emag Schaltanlagen AG of 1,500,000 common nominal shares, corresponding to 5% of the share capital of Athens International Airport S.A. The new shareholding structure of Athens International Airport S.A. is shown in the following chart:





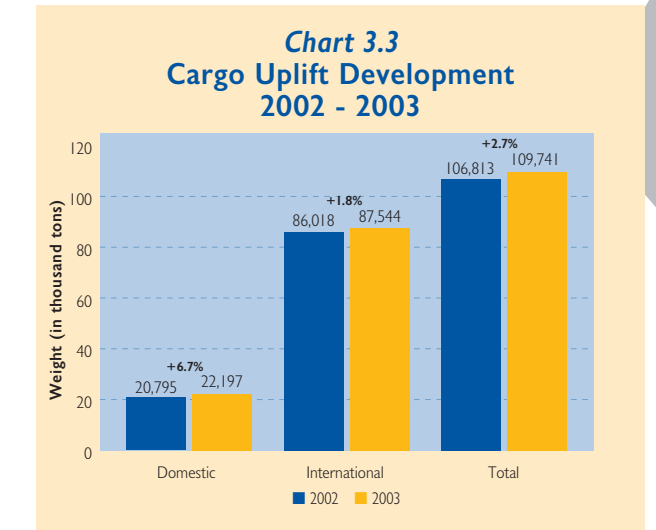
# 3.

## Market Overview

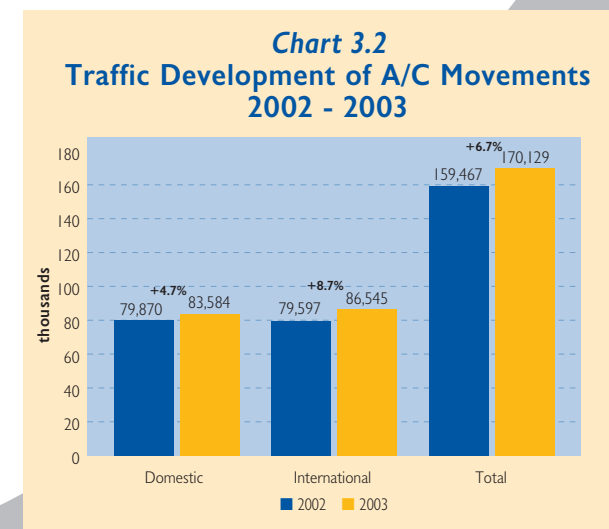
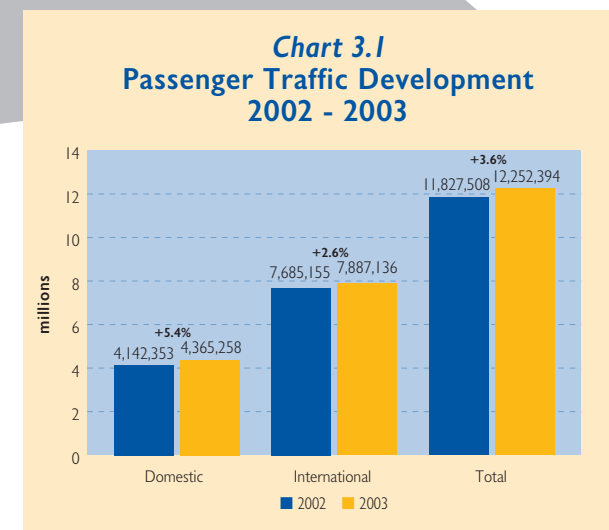
### Key Developments

2003 was a year of steady traffic growth for Athens International Airport. The Airport's overall passenger throughput reached 12.3 million and surpassed the 2002 levels by 3.6%, while the Airport serviced 170,000 aircraft movements, representing a sharp increase of 6.7%, and uplifted 110,000 tons of cargo, 2.7% over the previous year (see charts 3.1, 3.2, 3.3).

The Airport's considerable traffic growth signifies the expansion of the Airport's route network, reflecting the fruition of AIA's strategy for attracting new airlines and introducing new destinations, consistently followed since the Airport's opening. In 2003, seven new airlines launched



services out of Athens (three of which are low-cost carriers), while six new international destinations were added to AIA's network. In 2003 Athens was connected to 32 domestic and 77 international scheduled destinations via the operations of 60 scheduled airlines, while a total of 122 destinations were served by charter operations of 87 additional carriers.



New Airlines	New International Destinations
Albanian Airlines	Bahrain
Germania (LCC)	Bergamo
German Wings (LCC)	Cologne
Gulf Air	Constanta
Hellas Jet	Luxembourg
Luxair	Stockholm
Snowflake (LCC)	

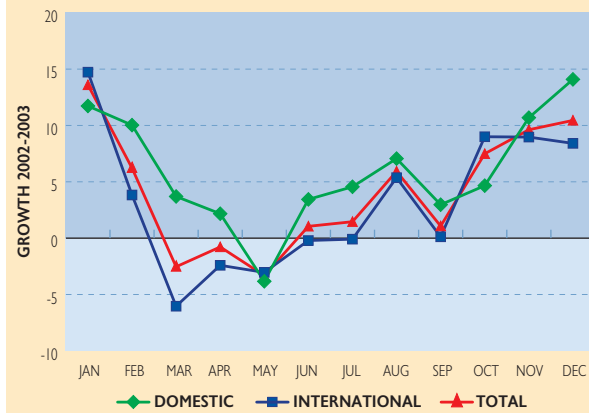
### Passenger Traffic

The observed annual growth of 3.6% in terms of passenger traffic was in accordance with the European average of 4.2%, reaffirming the Airport's successful performance during 2003.

The domestic market, with 4.4 million passengers, enjoyed a growth of 5.4% compared to 2002, while the international market, with 7.9 million passengers, registered a rise of 2.6%. The negative impact of the industry's recession was



**Chart 3.4**  
Monthly Passenger Traffic Development 2003



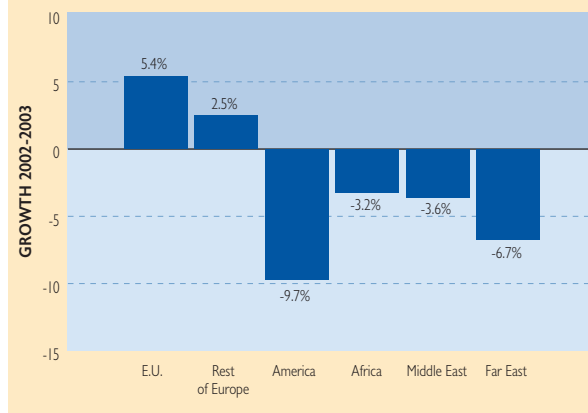
short-lived for Athens Airport, since both domestic and international markets returned to growth starting June and showed an accelerated increase towards the end of the year (see chart 3.4). It is worth noting that during the 4th quarter of the year, international traffic scored the highest level ever in Athens, signifying a rapid and successful recovery.

The overall positive international traffic development was mainly due to the increased traffic towards EU countries (5.4% compared to 2002), boosted by the increased presence of low-cost carriers at the Airport. Traffic to non-EU European countries also showed a rapid recovery with substantial growth rates (2.5%). The European market accounts for the 87.6% of AIA's international traffic (EU: 66.4%, non-EU Europe: 21.2%) and thus its development is the main driver of the Airport's international traffic evolution (see chart 3.5, 3.6).

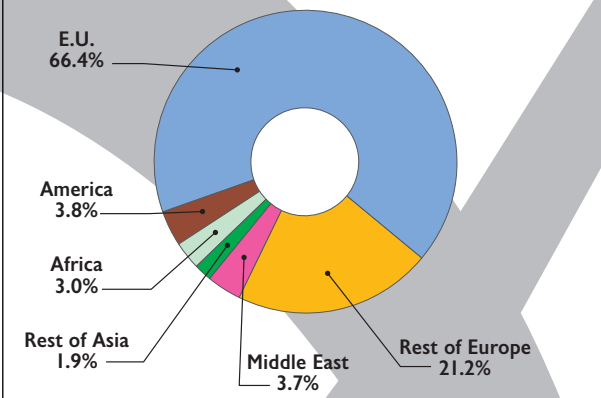
AIA's passenger traffic structure did not present major changes in 2003. The domestic market slightly increased its market share as a result of the higher level of growth compared to the international market. The declining trend in the package tour market triggered the decline in the share of international charter traffic, which dropped from 5.6% to 4.7%. (see chart 3.7).

Germany remains at the top of the international scheduled markets for passengers, with a growth of 9.3% over 2002.

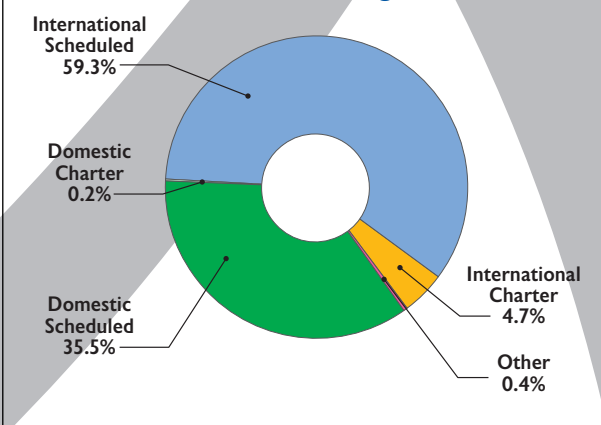
**Chart 3.5**  
Regional International Passenger Traffic Development 2003



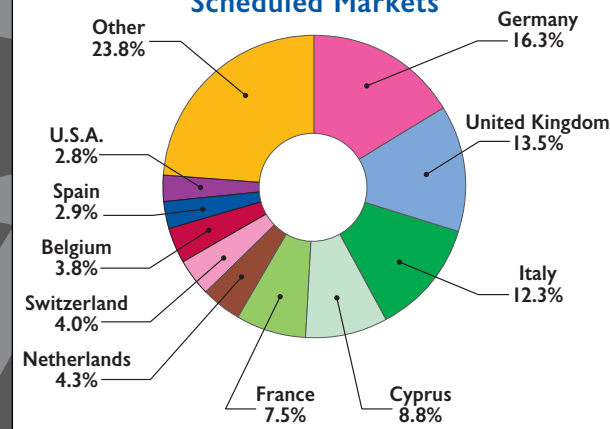
**Chart 3.6**  
Segmentation of International Passenger Traffic by Geographical Region



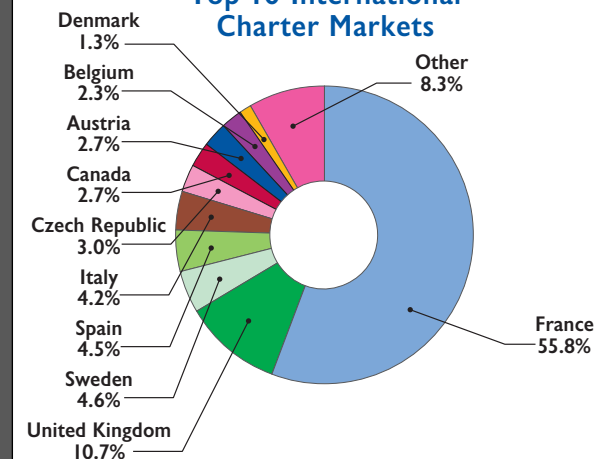
**Chart 3.7**  
Structure of Passenger Traffic



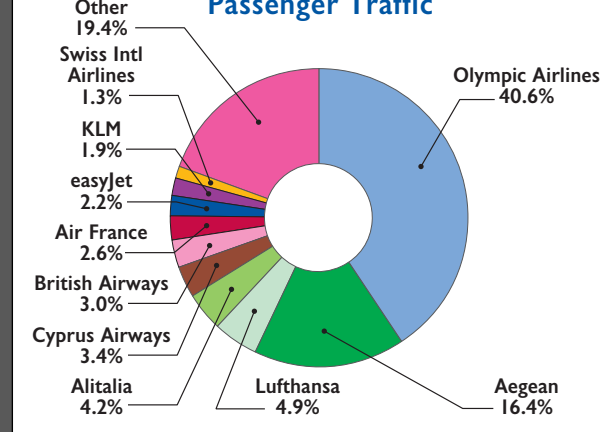
**Chart 3.8**  
Top 10 International Scheduled Markets



**Chart 3.9**  
Top 10 International Charter Markets



**Chart 3.10**  
Top 10 Airlines According to Passenger Traffic



UK, which posted a significant rise of 12.5% due to the increased capacity offer to London by British Airways and the newcomer, Hellas Jet, climbed to the second position. Belgium enjoyed a substantial increase of 46.5%, boosted by the rapid growth of Virgin Express and the entry of Hellas Jet in the specific market and climbed up to the 8th place, surpassing USA and Spain (see chart 3.8).

France represents more than half of AIA's international charter traffic (55.8%), and was one of the few charter markets that continued to grow during 2003. Czech Republic and Austria, in contrast to the general negative development of charter traffic, posted significant increases of 14.6% and 186.9% respectively, and gained higher positions in the international charter traffic ranking, having already become popular destinations for the Greek public (see chart 3.9).

Olympic Airlines and Aegean continue to be our top 2 customers in terms of passenger traffic, with Olympic Airlines holding 40.6% (44.1% in 2002) and Aegean 16.4% (13.8% in 2002). Our new home carrier, Hellas Jet, entered the market in April 2003 and in its first year of operation achieved the 12th position in passenger traffic ranking. Amongst the major foreign carriers, easyJet has gained considerable ground, acquiring the 8th place (see chart 3.10).

Low-cost traffic presents a clear upsurge in the Athens air travel market. In 2003, low-cost carriers (easyJet, Germania, German Wings, Snowflake and Virgin Express) represented 6.7% of AIA's international scheduled traffic, while the corresponding share in 2002 (easyJet and Virgin Express) was at the level of 4.3% (see chart 3.11).

Saturday, 9th August was the Airport's peak day according to total passenger traffic, with 56,575 passengers.

**Aircraft Movements**

The number of aircraft movements enjoyed strong growth, with both the domestic and the international flights

presenting an increase of 4.7% and 8.7% respectively. The overall increase of 6.7% is well above the average European growth of 1.5% reflecting the new passenger air services introduced in the course of 2003 (see chart 3.12). These added international services resulted in the increased market share of international scheduled flights from 40.8% to 42.4% (see chart 3.13).

In terms of aircraft types used, a clear shift to aircraft with Maximum Takeoff Weight (MTOW) between 55 and 120 tons is observed, with 47.7% of flights using such aircraft (43.8% in 2002) (see chart 3.14). The increased use of Airbus 320, as well as Boeing 737-400 is the main contributing factor behind this development.

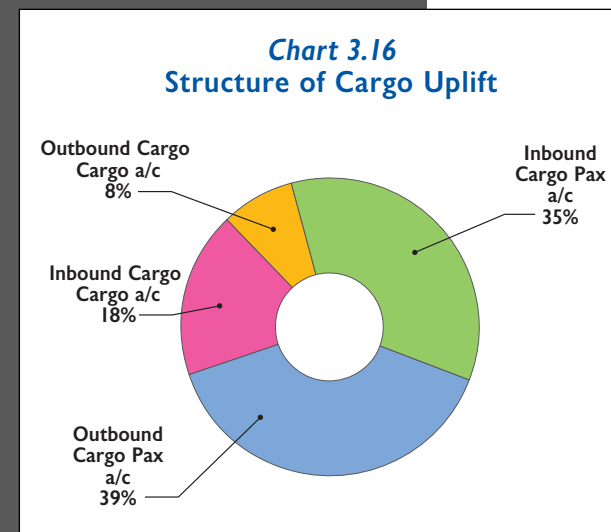
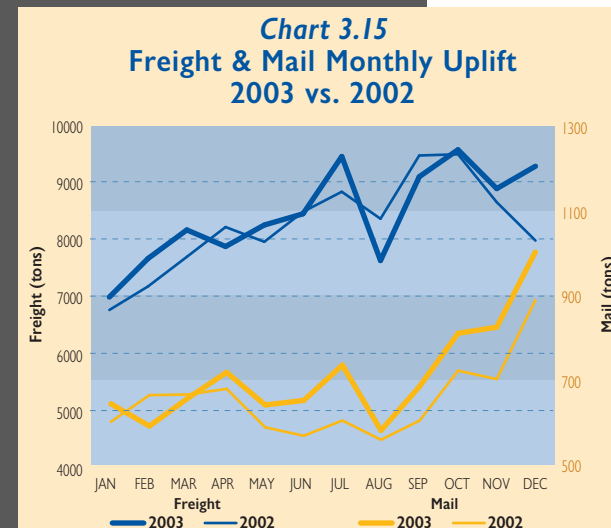
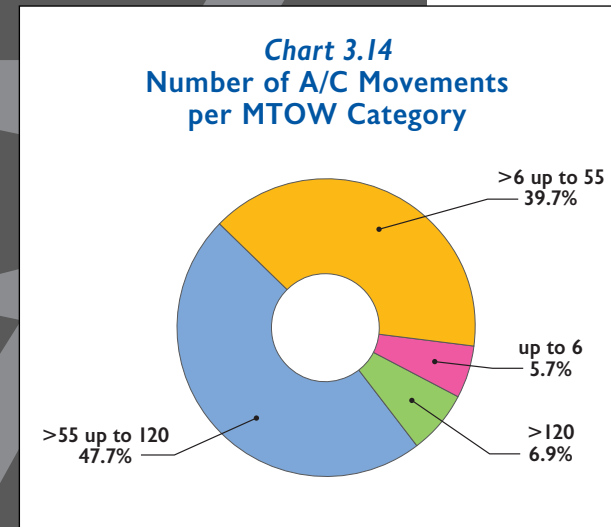
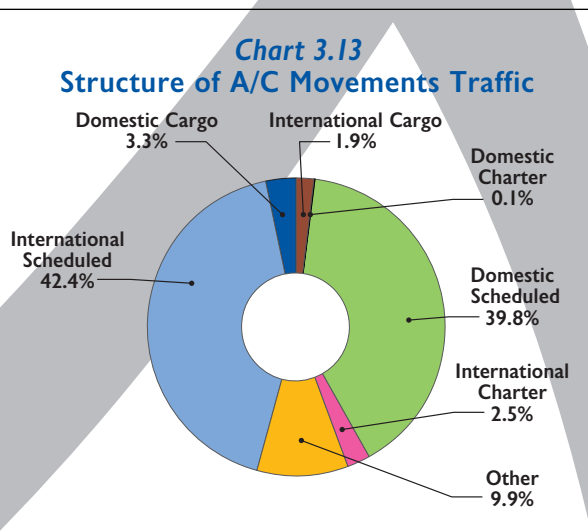
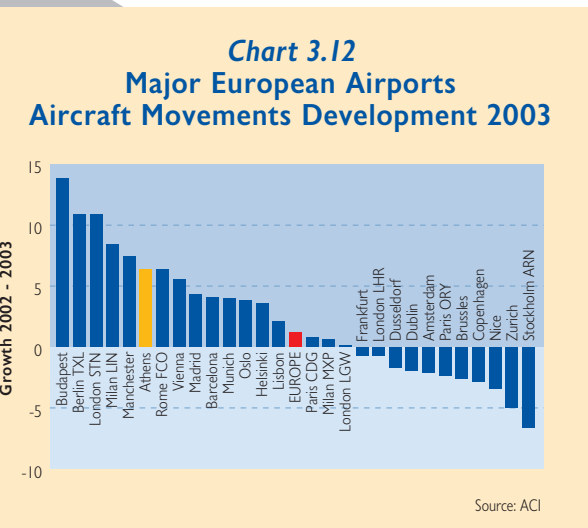
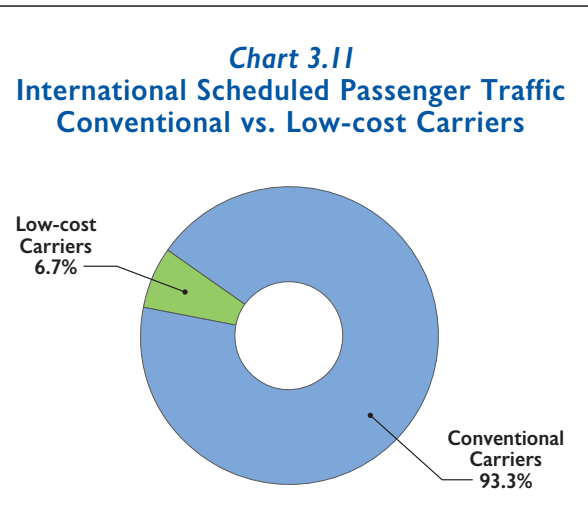
The busiest day of 2003 in terms of flights was Friday, 25th July, with 646 landings and takeoffs, surpassing the 2002 peak levels by 35 movements.

#### Cargo Uplift

Total cargo, i.e. inbound and outbound freight and mail, handled through AIA in 2003 amounted to 109,741 tons with mail volume amounting to 7.8% of the grand total. Total cargo traffic had an overall increase of 2.7% compared to the 2002 uplift, with domestic cargo growing by 6.7% and international cargo by 1.8%. Freight presented a rise of 2.3%, while mail grew by 8.9%.

Although cargo figures did not present substantial growth, a positive month-by-month trend was observed throughout 2003. Especially in December 2003 volumes demonstrated a remarkable recovery by reaching a 16% increase in comparison to December 2002. Only three months, namely April, August and September 2003, displayed negative figures compared to the corresponding 2002 volumes, the decreases being attributed mainly to the SARS crisis and the Iraqi war, as well as the general economic recession during summer 2003 (see chart 3.15).

Freight and mail flown in and out of Athens was mostly carried onboard passenger aircraft while the freighter



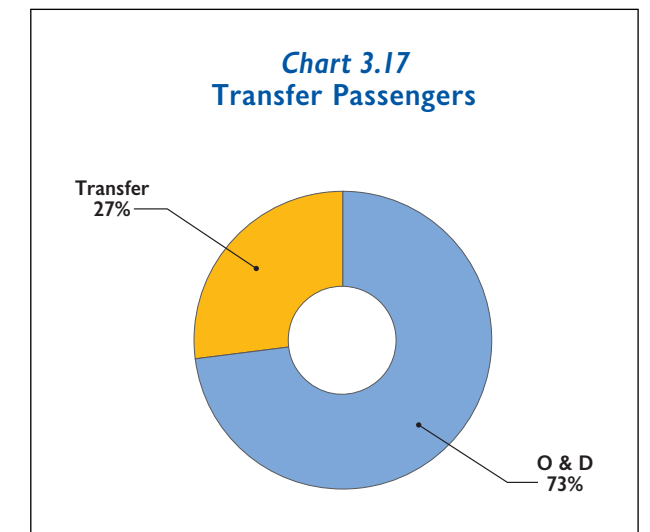
aircraft volumes averaged 26% of the total uplift (see chart 3.16).

#### Passenger Profile

A highly growing target group of Athens traffic are passengers travelling for business purposes. In 2003 business travellers reached 35%, showing an important increase of 9% compared to 2002.

Leisure travellers are mainly holidaymakers. Tourists presented a considerable growth of 18% over the previous year, signifying the growing attractiveness of Athens as a tourist destination, but also acknowledging AIA's continuous efforts to extend its contribution to the development of Greek tourism. The second largest group of people travelling for personal reasons are passengers visiting friends and relatives, also representing an important segment of the Airport's traffic.

Connecting passengers are another promising group for Athens Airport amounting to 27% of Athens traffic, and presenting a remarkable increase of 35% in comparison with 2002 (see chart 3.17). The increasing trend is mainly formulated of passengers flying to other domestic destinations via Athens, in accordance to the increasing trend of the Airport's domestic traffic in 2003.





# 4. Financial Performance

The gradual recovery of passenger traffic experienced in 2003, together with AIA's overall improved financial performance allowed the Company to increase significantly its profits from last year. Thus, with Profits before Tax at €29.0 million, €14.7 million higher than 2002, the Company distributed for the first time dividends of €16.1 million to its shareholders.

The Company's total revenues in 2003 reached €290.8 million, increased vs. 2002 by €19.3 million, i.e. 7.1%. The turnover growth reflects both the higher traffic volume and the improvement of AIA's aeronautical and commercial revenue streams.

Representing 61% of the Company's total revenue, the Airport Charges and ADF constitute the most significant source of income. The remaining 39% contribution to the Company's financial result, mainly comprising commercial, property and IT&T activities, is a key factor to AIA's target to establish a competitive advantage. Thus the 2003 revenues from non-aeronautical activities were increased from last year by 8.1%.

Charts 4.1 & 4.2 present the Company's turnover in 2003 and the comparison vs. 2002.

Regarding the operating expenses, the cost of sales reached the amount of €169.8 million from €163.0 million in 2002, whereas the administrative and selling expenses increased marginally from €25.6 million to €25.8 million.

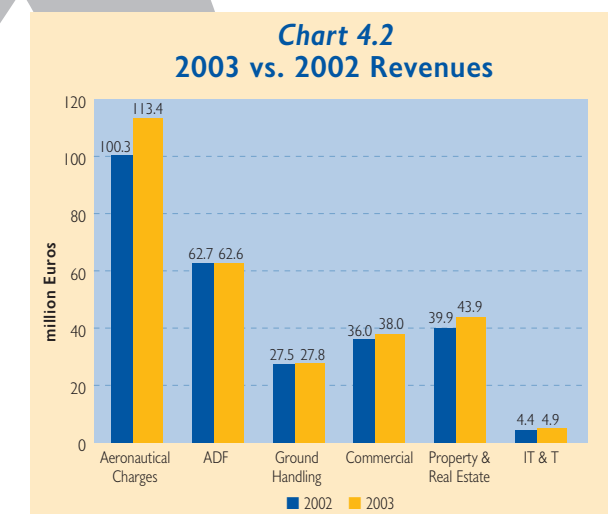
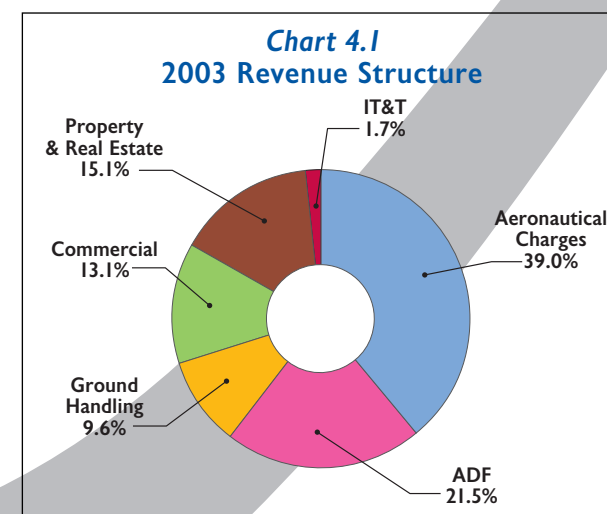
Operating expenses for 2003 and the comparison vs. 2002 are presented in Charts 4.3 & 4.4.

As a result, the operating profit reached €95.2 million, higher by €12.3 million compared to 2002 (14.9% increase), and the Company's EBITDA was €193.0 million vs. €179.2 million in 2002 (7.7% increase).

The net financial expenses were €75.1 million against €82.4 million in 2002, reflecting the reduction experienced in the Euribor rates, as well as the gradual repayment of the Commercial loans.

After accounting for the extraordinary items, the Profit before Tax for 2003 reached €29.0 million. Taking into account the 2002 Retained Earnings and the Income Tax, which was paid for the year 2001, the Company reached a total profit available for appropriation of €25.9 million. According to the decision of the Annual General Assembly, part of this profit, amounting to €16.1 million, was distributed to the shareholders as dividend. The highlights of the Profit & Loss Statement for the years 2001-2003 are presented in Table 4.1.

The Company's current assets on 31st December 2003 reached the amount of €288.8 million, representing an increase of €75.5 million compared to the current assets at 31st December 2002. This reflects the effective collection policy applied by the Company to improve its Cash Position, allowing the Company to transfer part of these additional



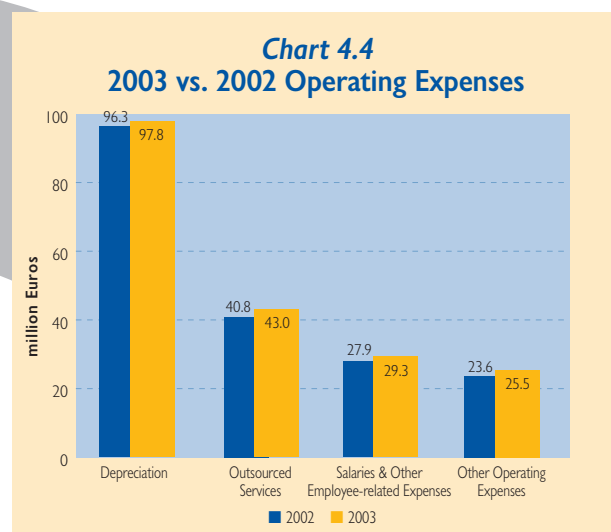
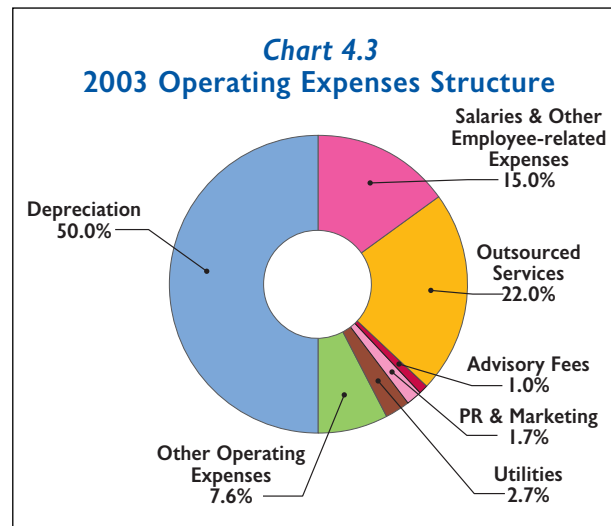
current assets to blocked deposits, in favour of the lenders, in accordance with a recently concluded agreement with them. Furthermore, the Company managed to exceed the required levels of debt service cover ratios, as these are defined in the existing financial agreements.

Our Company decided to revise the tax policy pursued so far, which treated the income from ADF, the Cohesion Fund and Greek State grants, as tax-free income, since this policy was considered inapplicable. It has been decided to apply retroactively –as of 2002– the concept of Accelerated Depreciation (i.e. Capital Allowance) as prescribed by Law 2093/1992. This action enables the Company to defer payment of income tax as long as it remains in an assessed tax loss position. Moreover, it was decided to recall and resubmit the 2001 Income Tax Return and pay €7.4 million in respect to income taxes for the fiscal year 2001.

Consistent with its goal to increase liquidity and flexibility, the Company undertook a series of initiatives, so as to evaluate the requirements leading to the repayment of the subordinated debt, and commence procedures for restructuring and refinancing the commercial debt of AIA,

**Table 4.1**  
**Highlights of the 2001 - 2003**  
**Profit & Loss Statement**

Financial Results (in million Euros)	2003	2002	2001
Net turnover	228.0	208.1	183.6
Cost of Sales	(169.8)	(163.0)	(132.8)
Gross Operating Income	58.2	45.1	50.8
Other Operating Income	62.8	63.4	43.9
Operating Expenses	(25.8)	(25.6)	(13.4)
Operating Profit	95.2	82.9	81.2
Financial Expenses	(75.1)	(82.4)	(67.4)
Profit before Extraordinary Items	20.1	0.4	13.8
Extraordinary Income & (Expenses)	8.9	13.8	(23.4)
Profit (Loss) before Tax	29.0	14.3	(9.6)



excluding the EIB loan. Furthermore, continuous discussions and cooperative contacts were specially held in this respect with EIB and our commercial lenders. Finally, preliminary reviews were undertaken in the Greek and international capital markets to explore the extent of interest in possible future initiatives by AIA in this area.

The Company will continue to pursue its successful business and financial strategy in the challenging year of 2004. The Company is confident that this strategy can shield AIA from market volatility, whereas it guarantees the creation of sustainable value for all corporate stakeholders.





## 5. Caring for our Customers

### Developing the Airline Business

The third year of operation was successful for Athens International Airport, with positive traffic development. The dynamic recovery of the global aviation industry during the last quarter of 2003 together with AIA's strategy for attracting new airlines and introducing new destinations were the key factors that contributed to the 2003 traffic increase. In the course of 2003 the Airport welcomed seven new airlines (three of which are low-cost carriers), and six new international destinations.

Towards this strategy, the Airport Company maintained its close partnership with the airlines and the promotion of business opportunities at AIA, while strengthening its competitiveness by further developing its incentive policy.

More specifically, in 2003 AIA enriched its incentive packages adding two incentives: the "New International Frequency Incentive" offering all new year-round frequencies an annual 25% discount on Landing and Parking charges; and the "Additional Frequency Incentive on the Ground-handling Services", offering an annual 40% discount to all ground-handling centralised resource charges.

The support of new frequencies out of Athens through the introduction of the two aforementioned incentives made AIA's incentive portfolio even more powerful and competitive. The portfolio also comprised:

- The "2003 Supportive Programme" with discounts between 11.9% and 20.6% on Landing and Parking Charges for all airlines
- The "New International Route Incentive" with discounts of up to 100% on Landing and Parking charges for new routes out of AIA
- The "Thin Route Incentive" with a 25% discount for international routes with low passenger traffic

- The "Passenger Terminal Facility Charge Waiver" applied to the following Public Service Obligation routes operating from AIA: Astypalea, Ikaria, Leros, Milos, and Skiros.

The implementation of AIA's incentive policy benefited a total of 36 airlines in 2003, assisting them to maintain and further develop their routes at AIA under the adverse conditions of the last years.

Furthermore, during 2003 we implemented an extensive range of co-promotional activities with almost every airline operating scheduled services to AIA, enabling many airlines to have a significant advertising presence in the Greek market. The airlines' appreciation of AIA's efforts to support them via stimulating their business potential in Greece encourages the Airport to keep on initiating or contributing to similar activities in the future.

In total, during 2003 AIA contributed more than 5 million Euros in the form of incentives and marketing support, representing a significant 5% of the aeronautical charges.

AIA's airline development policy for the coming years revolves around two main axes: the expansion of its passenger base from the surrounding Balkan areas, the Middle East and Eastern Europe, and the development of the low-cost market segment, the most promising sector of the aviation industry. The specific business development objectives are included in AIA's revised business plan, while their fruition is expected to significantly accelerate the Airport's traffic growth.

### Developing Cargo

AIA's strategy for cargo development is based on maintaining and further developing the existing cargo business at AIA while creating and exploiting new cargo business opportunities. The new cargo business development activities comprise the generation of additional transit cargo through the establishment of a seamless link with the Port of Piraeus (sea-air cargo), and

the attraction of new cargo carriers taking into account AIA's strategic position. At a later stage, our strategy involves the development of an on-airport "Cargo Village" that would involve the gradual development from second-line warehousing facilities for forwarders and integrators, eventually under bond, to a logistics park and eventually a Free Trade Zone.

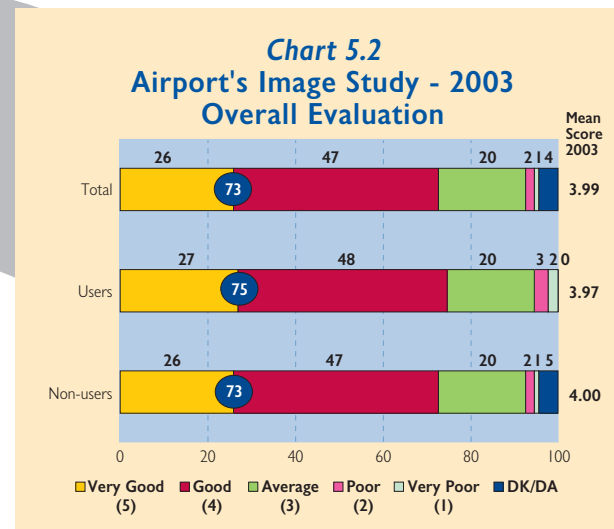
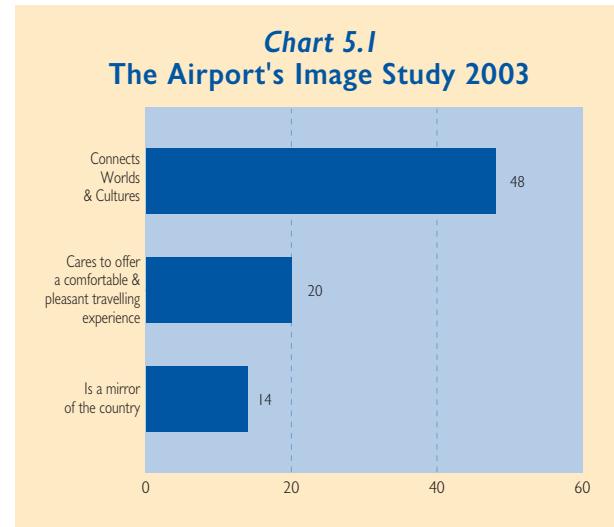
In January 2003 AIA formed the Airport Cargo Community Committee (ACCC) with the participation of all parties involved (cargo handlers, the airmail centre, airlines, integrators, the forwarders' association, the customs authority, the customs brokers, as well as the Ministry of Agriculture).

#### Caring for our Passengers and Business Partners

The communication policy followed in 2003 aimed to consolidate and strengthen the Airport's corporate identity, as well as effectively support the implementation of the "Airport-to-Business" and the "Airport-to-Consumer" strategies.

More specifically, Athens International Airport designed and launched a new corporate logo that visualises the "care to connect" positioning and communicates the Airport's business aspirations. The brand mark "α" constituted the visual link for creating a category of family logos that facilitate the branding and support the Airport-to-Business communication of other services and functions of the Airport, such as the Information Technology & Telecommunication services, the Business Centre and the Environmental Department's operation.

The successful communication of the "care to connect" positioning to customers derives also from the Image Survey. Since 2002, AIA implements a research study twice a year, aiming to measure parameters related to the Airport's image as perceived by the general public as well as monitor the development of the Airport's image regularly throughout the



year. Based on the findings of the study, the Airport is being characterised as a means of "connecting worlds & cultures," while it "offers a comfortable & pleasant travelling experience." (see chart 5.1)

Moreover, the Airport is being highly appreciated by passengers and visitors; their evaluation remains at the same high level compared to last year, meaning that Athens Airport continues to offer its users high-quality services (see chart 5.2). Furthermore, the non-users' impression about the Airport has improved showing the effective communication of AIA's positioning to the Greek public.

Athens International Airport continued to work closely

with all its commercial partners offering passengers and visitors a wide variety of attractive promotions. At the same time, aiming at communicating more effectively with our consumers, our service partners and the general public, and within the context of our new corporate identity, AIA designed and implemented in November a totally new concept of communication tools (brochures, Internet etc). Indicatively, the Airport's Internet site was enriched by introducing to the public the "Real Time Flight Information". Moreover, the shops and services of the Terminal Commercial Area were communicated and advertised as an entity under the umbrella of the new "α" Shopping Centre brand.

Our customers' perception on the level of services offered at the Airport is of vital importance in our effort to offer outstanding passenger and visitor services, and is continuously monitored through our comment management process.



## 6. Committed to Operational Excellence

During 2003 Athens International Airport maintained its position as one of the world's premier airports, offering modern facilities with state-of-the-art equipment and outstanding operational services. The impact of unpredictable events such as the SARS epidemic and the war in Iraq was handled with success, while the safety and comfort of our passengers and customers remained the focus of our commitment to operational excellence. Particular attention has also been paid during 2003 to the preparation for the major challenge of the summer 2004 Olympic and Paralympic Games with special work groups discussing and agreeing on processes to be applied during peak arrival and departure periods. Operational improvements initiated during 2002 were pursued in 2003 with the provision of additional systems and equipment aiming at better serving our passengers and aircraft.

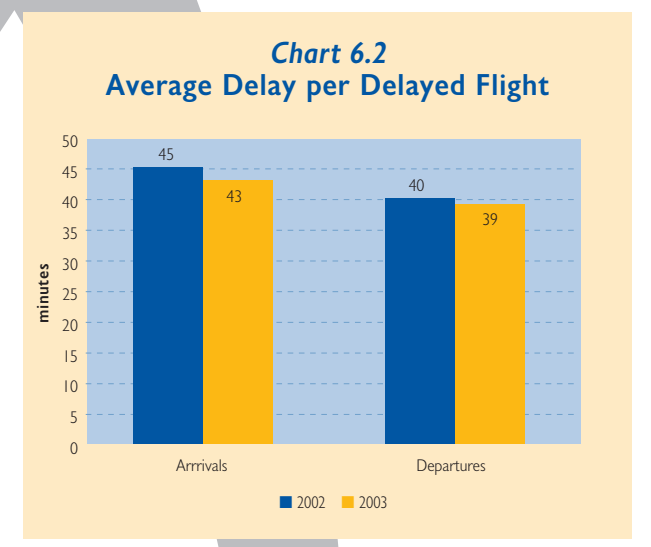
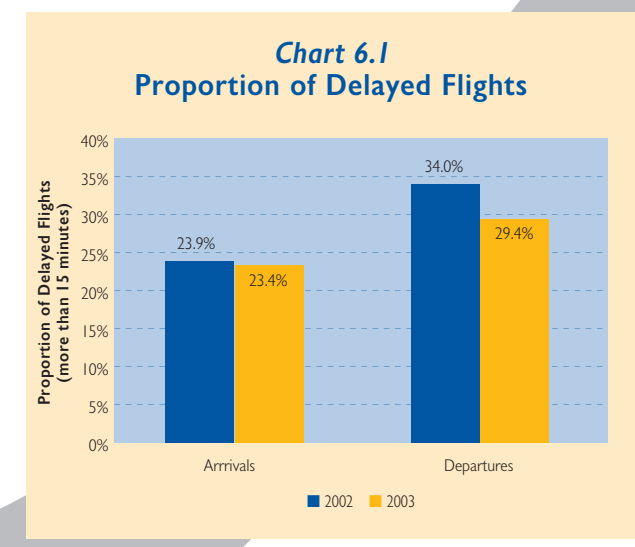
Aiming at enhancing the operational readiness of the Airport, the Crisis Management Centre (CMC) has upgraded its functionality with new state-of-the-art audiovisual systems that improve the Airport's coordinating capability and effectiveness during a crisis incident.

**Caring for Our Customers' Safety and Security**  
Security and operational safety remained the focus of our attention throughout the year with very positive results. With respect to security, audits conducted by the International Civil Aviation Organisation and the United

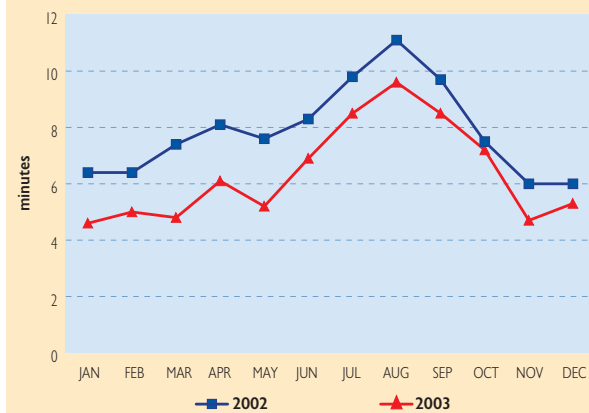
States Transportation Security Administration confirmed the very high level of vigilance that the Airport's security system has achieved under the auspices of the Hellenic Police. Although the application of extensive security measures has been pursued with ardour, their impact on the quality of operations has been minimised, as this is reflected on the Airport's operational performance.

Strenuous efforts and close cooperation with our ground-handling, catering and fuelling partners has also brought positive results on the safety of the Airport's operations with the number of occurrences further reduced from the extremely low level achieved during 2002.

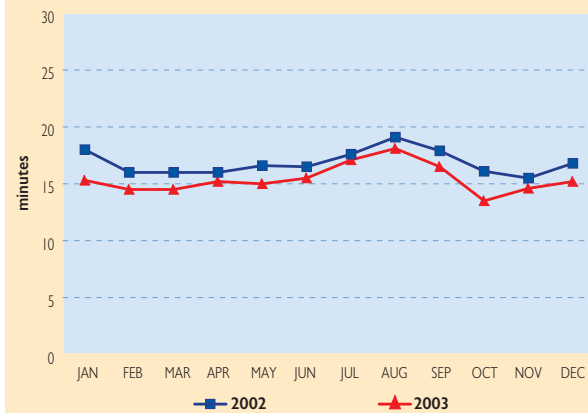
**Operational Excellence and Passenger Satisfaction**  
The measurement of key operational parameters combined with the passengers' perception pertaining to the airport services and facilities signify the success of the Airport Company's efforts in offering high operational standards. The performance of Athens International Airport in terms of flight punctuality has improved in the course of 2003, as a result of the efficient cooperation of all the parties involved (Airport, air traffic control, airlines, handlers etc). More specifically, in 2003 29.4% of departing flights were delayed for more than 15 minutes as compared to the 34.0% in 2002. The average delay time was at the level of 39 minutes and remained at similar levels with 2002 (40 minutes) (see charts 6.1, 6.2). Only



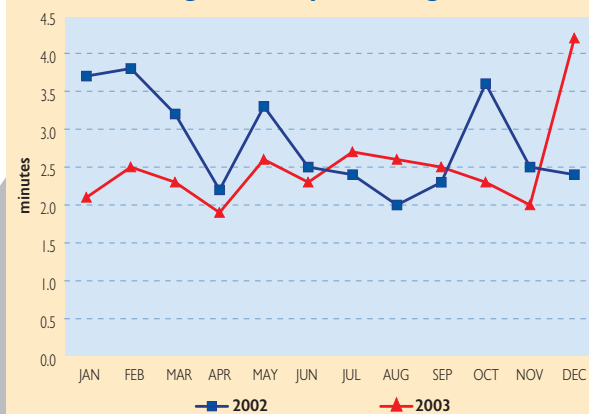
**Chart 6.3**  
Check-in Queues - All Airlines  
Average Check-in Queuing Time



**Chart 6.5**  
Baggage Delivery Time  
Aircraft on blocks - First Bag



**Chart 6.4**  
Security Queues - All Screening Points  
Average Security Queuing Time



Passengers and customers applauded the quality of services offered by the Airport Company. Consequently, “Eleftherios Venizelos” was once again placed at the top of their preferences, as illustrated in IATA’s 2003 Global Airport Monitor, where AIA has gained the first position in Europe and the second in the world for “Overall Passenger Satisfaction” while being amongst the top 3 airports in its category for a number of particular service attributes.

ATTRIBUTES	RANKING	
	Airports with less than 15mppa	All European Airports
Comfortable waiting/gate areas	2nd	1st
Speed of baggage delivery service	4th	2nd
Ease of finding the way through the terminal	3rd	2nd
Ease of making connections with other flights	2nd	2nd
Cleanliness of Airport Terminal	2nd	1st
Airport Ambience	2nd	2nd
Business Facilities	1st	2nd
Sense of Security	3rd	3rd
Security Inspection	3rd	1st

0.8% of the delayed departures is attributed to the “Airport Facilities”, signifying the high level of services and facilities offered by AIA, as well as the efficient performance of AIA staff.

In addition, the Airport’s service performance, as reflected by the measurements of actual performance on critical areas, presented a significant improvement compared to the previous year. More specifically, check-in queuing time declined to 6.4 min average (from 7.9 min in 2002), while average security queuing time was 2.5 min (from 2.8 min in 2002). Baggage delivery time showed an improvement on performance over 2002, with the average time in 2003 for aircraft on block - first bag ranging between 14-18 minutes (see charts 6.3 to 6.5).



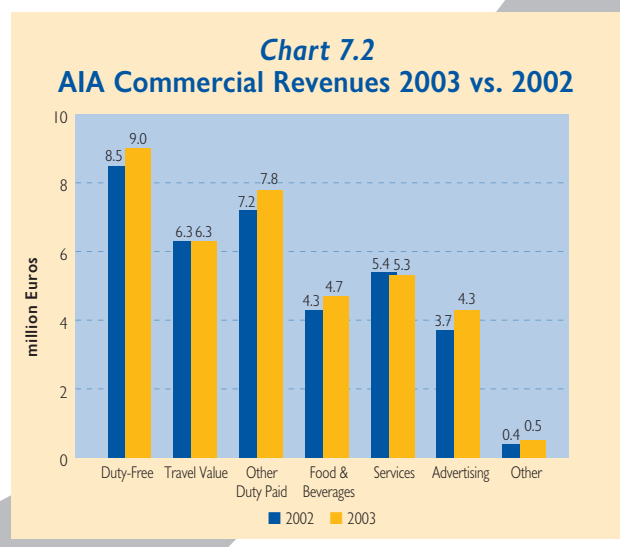
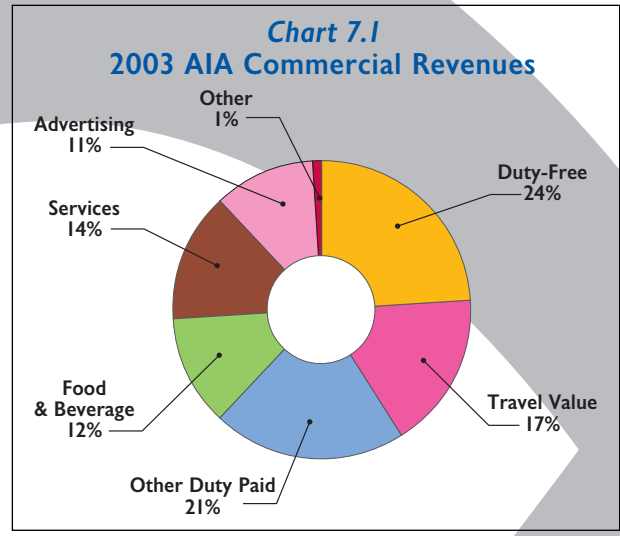




# 7. Business Activities

The total revenues from AIA's non-aeronautical business activities reached the amount of €87 million in 2003, presenting a considerable increase of 8% in comparison with 2002, owing mainly to the development of Commercial, Property and Information Technology & Telecommunications activities. The development of these business activities not only provides AIA with additional revenues, but also constitutes a shield for any volatility impact from the aviation industry performance.

**Commercial Activities**  
 During the three years of the Airport's operation, we have continuously enriched our terminal's Shopping Centre with additional commercial facilities, aiming at offering our customers a combination of high quality and a large variety of products and services at competitive prices, while ensuring the maximum development of our business



partners. Our financial results and surveys during 2003 strongly indicate that our objective is being accomplished.

In 2003, the Shopping Centre's sales showed an increase compared to last year's, which resulted in increasing AIA's revenues from the Shopping Centre activities and advertising from €36 million in 2002, to €38 million. Commercial revenues are analysed in chart 7.1, while the comparison versus 2002 is shown in Chart 7.2.

During 2003, 3 additional stores opened (2 with fashion items and 1 with consumer electronics) and AIA's Shopping Centre now spreads over an area of approximately 7,500 m<sup>2</sup> comprising 48 retail stores, 12 food & beverage units and 25 service units.

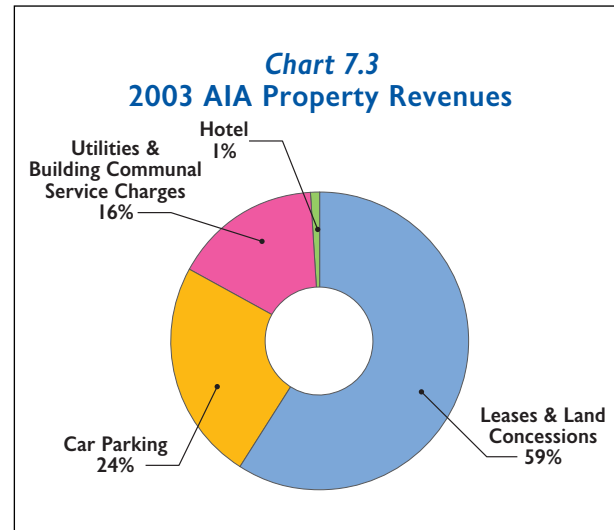
In addition, numerous surveys conducted both by AIA and 3rd parties continue to record the high level of satisfaction enjoyed by passengers at AIA's Shopping Centre. AIA's shopping and restaurant facilities have achieved top rankings at the IATA Global Monitoring surveys for the past years, both with respect to overall satisfaction and value for money.

AIA Ranking according to 2003 IATA Global Airport Monitor		
ATTRIBUTES	RANKING*	
	European	Global
<b>Restaurant/Eating</b>		
Facilities	1st	2nd
Value for money	1st	2nd
<b>Shopping</b>		
Facilities	1st	2nd
Value for money	1st	1st

\* 2003 IATA Ranking data - Airports with traffic less than 15mppa

Furthermore, given the significant contribution of our business partners to the success of AIA's Shopping Centre, we are in close cooperation with them so as to assist in their efforts to further improve their performance and continue satisfying our customers.

**Property Development**  
 Property development presented a 10% increase in revenues over 2002 (from €40 million to €44 million). Chart 7.3 and 7.4 present AIA's 2003 Property Revenues and the comparison vs. 2002 respectively.

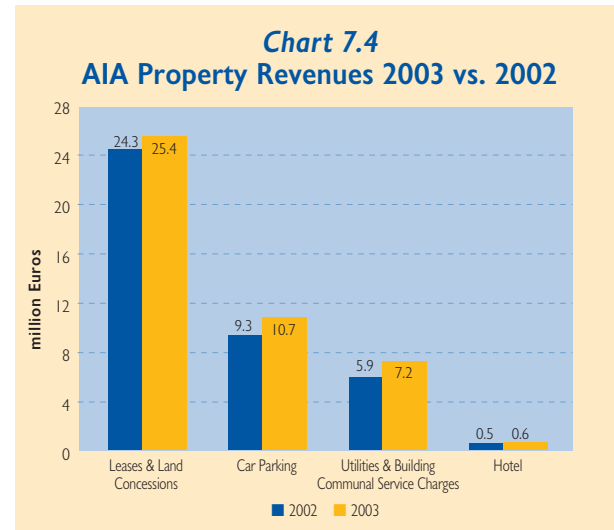


Within the context of our “Airport to Consumer” marketing approach, AIA embarked on the implementation of its “Airport City” concept by capitalising on the Airport’s unique real estate development proposition. As a first step, AIA established the framework for the development of the first “out of town” Retail Park in Athens. Aligned with this concept, AIA entered into an agreement with IKEA, the world leading furniture and household retailer, for the development of a 25,000m<sup>2</sup> outlet. The same plot will also accommodate the development of a 4,200m<sup>2</sup> mega-store under the “Kotsovolos” trade name, a leading Greek electrical appliances retailer.

Furthermore, AIA is in the process of investigating the market towards the development of the adjoining plots in order to materialise even further the “Airport City” vision.

In the existing lettable premises, the occupancy rates show a satisfactory rate of 90%, despite the reduction of leased space from Olympic Airways. Furthermore, effective management of the utilities supplied to third parties yielded an increase in the relevant revenue source for AIA.

The total revenues generated by our public car parking facilities in the course of 2003 amounted to €11 million, increased by 15% in comparison to 2002. Long-term parking accounted for 63% of these revenues, while short-term parking represented 33%. The remaining 4% correspond to additional parking services, i.e. Executive Valet Parking, the Tour Bus parking lot, and advertising in the parking facilities.



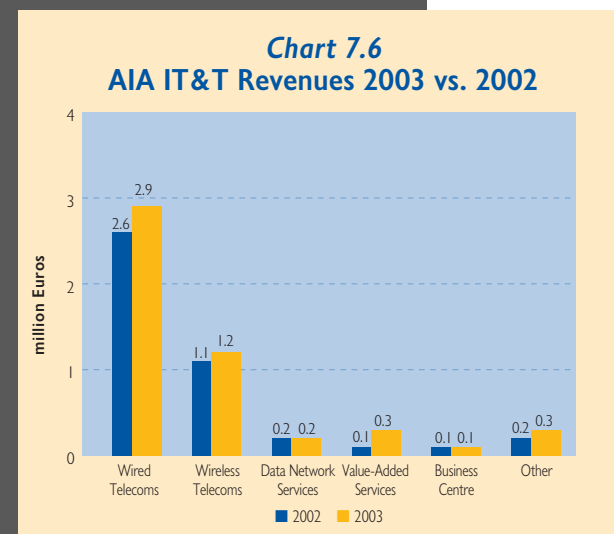
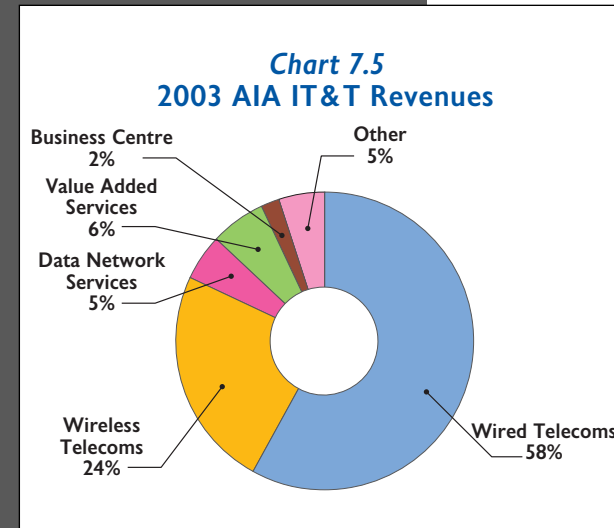
The revenues from the Sofitel Athens Airport Hotel demonstrated a growth of 13% as a result of a 16% increase in room occupancy. This signifies the establishment of the Airport’s 5-star Sofitel as a leading luxury hotel in the Athens area.

**Information Technology & Telecommunications**

In January 2003, Athens International Airport was honoured with the EFQM’s (European Foundation for Quality Management) “Recognised for Excellence” Award, which acknowledged the level of business excellence and the quality of services of the Airport’s Information Technology & Telecommunications Department. AIA achieved the second level of EFQM excellence awards, following the “Committed to Excellence” distinction received by the Airport Company in March 2002, recognising the Company’s commitment to business excellence. AIA is the first major European airport to achieve this level of distinction by the EFQM, established by the European Commission to promote Quality Management in European Enterprises.

AIA’s IT&T services continued to safeguard a competitive and robust operational environment for the airport community members throughout 2003, guaranteeing business continuity, while they provided passengers with innovative and value-added services during their stay at the Airport.

The Corporate Business Information System (CBIS) (AIA’s ERP) has been further upgraded. The new version enhances AIA’s capability to promote business intelligence,



through state-of-the-art solutions across the enterprise. It capitalises on the Internet technology, elevates the value of information and extends the enterprise boundaries by spreading information not only to enterprise members, but also to extranets and e-business partners. The CBIS is now the key enabler for the provision of value-added business-to-business and business-to-consumer services, such as Internet procurement, Customer Relationship Management and enhanced Business Intelligence.

In addition to the Wi-Fi passenger service, another innovative service, the “Smart Bus-Stop”, also based on wireless technology, was put in operation for the first time in Greece. With the use of the airport-wide TETRA system, a real-time application has been implemented, using dedicated displays, which allow passengers and staff at each airport bus stop to be informed of the estimated waiting time for the next arriving bus.

Athens International Airport participates in a number of European-funded research projects in the Information Society Technology Programme (Imagine-IT, Pompei) and nationally funded projects under the 3rd EU Framework Programme (Enosis). All projects aim at developing value-added services for passengers and members/professionals of the airport community, by using the Airport’s highly available digital networks.

Another important activity was the provision of project management, implementation and consulting services to third parties capitalising on the knowledge and experience of the IT&T personnel.

The aforementioned activities signify that IT&T services, not only constitute an essential infrastructure for the Airport, but are also an important and growing business activity. This is reflected in the IT&T revenues for 2003, which reached €4.9 million compared to €4.4 million in 2002 (see charts 7.5, 7.6).



## 8. A Responsible Employer

Our human capital has been the foundation of our highly acclaimed achievements and operational success. With the support of our high-calibre workforce, working with professionalism and inspiration towards the Airport Company's vision, we have managed to become a preferred employer and a role-model business in the Greek economy.

At Athens International Airport, we believe that reaching and sustaining a leading position can only be achieved by adopting policies and processes characterised by transparency, mutual trust and respect towards our employees, business partners and the neighbouring community. With these principles in mind, we have created a pleasant and safe working environment, which offers job satisfaction and opportunities for development. This has become evident by the very low staff turnover ratio, which is below the industry standards. In addition, following our continuous quest for

business excellence, AIA's Human Resources Division participated in 2003 in EFQM's (European Foundation for Quality Management) "Committed to Excellence" programme.

We actively encourage and support all initiatives and ideas of our employees that ultimately enhance the service level to our clients. Our "Creative thinking" programme ran successfully through the second year of its implementation. We welcomed 18 new ideas and rewarded 3 employees who submitted proposals that contributed to our procedures, processes or functions and enhanced or promoted our corporate efficiency and image.

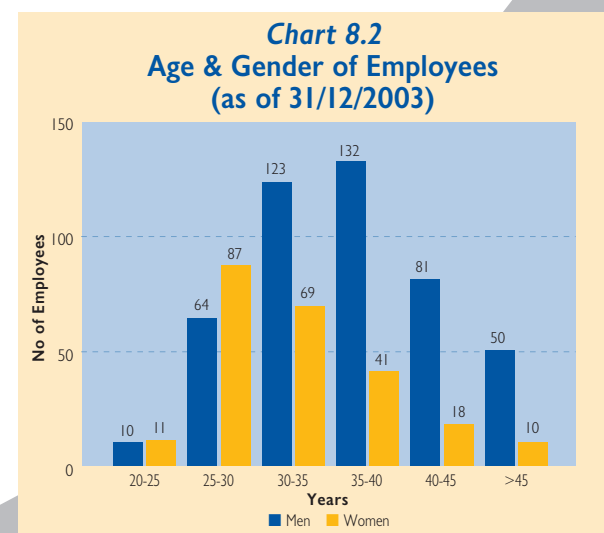
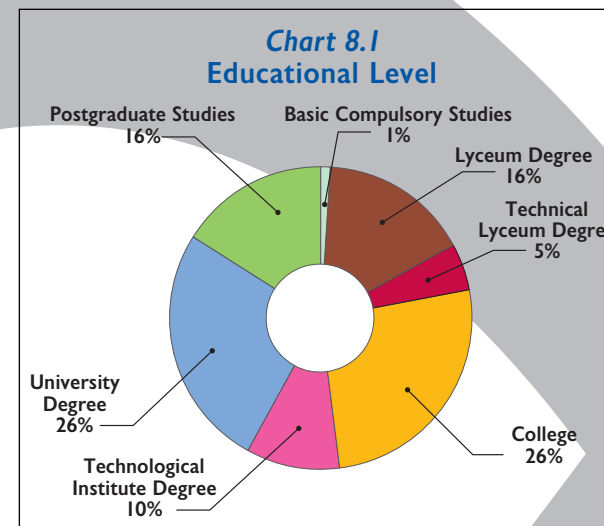
### Our Employees

We currently employ a team of 696 permanent in-house employees and outsource other functions, such as security, maintenance, cleaning, waste management etc, to external experts who operate under our supervision. This form of structure has enabled us to achieve high levels of performance, functionality and efficiency.

### Training & Development

In 2003, we continued our corporate programme of staff development and training focusing mainly on operational efficiency in order to meet successfully the forthcoming challenge of the 2004 Olympic Games. All our employees participated in the training process by attending either specialised conferences and training courses or corporate seminars most of which were organised at our Training Centre. These seminars were materialised in a total of approximately 13,750 training hours, with the participation of almost 70% of our employees.

AIA's Training Centre expanded its operations in 2003, by adding new companies to its clientele and developing new training modules delivered by reputed in-house or external professionals. The Training Centre's syllabus was enriched to cover a wide range of modern management issues in various fields such as Customer Service, Modern Management Strategies, Human Resources Management, Safety & Security, and Information Technology. During 2003, 2,622 training hours were attended by our external clients comprising tailor-made training modules for each participant group or open seminars addressed to a wider range of clients.





## 9.

### Caring for our Society

#### Caring for the Environment

Committed to its major objective to effectively contribute to environmental protection, AIA continued in 2003 to manage responsibly all environmental aspects of airport operation.

In December 2003, the DQS Hellas certification body conducted a full-scale Environmental Management System Audit that resulted in the re-certification of AIA's Environmental Department according to EN ISO 14001 until January 2007.

Based on runway use data for 2003, during the night period (23:00-07:00) the compliance with Noise Abatement Procedures was very satisfactory. Furthermore, as of October 2003, the enforcement of the afternoon runway preferential use was extended from 2 to 3 hours (15:00-18:00).

Through AIA's "We Listen" hot line, giving citizens information and the opportunity to discuss their concerns about noise issues on a 24-hour basis, we received 162 enquiries in 2003, mainly from the Artemis area.

Four years of air quality data from the Air Quality Monitoring Network were analysed in a relevant report. After comparing a two-year period prior to the airport opening (March 2001) with a two-year period following the initiation of operations, it was concluded that there is no noticeable impact of airport operations on air quality in the Messogeia region and that air quality can be generally considered very satisfactory.

Athens International Airport joined the European GreenLight Programme as a partner. GreenLight is a voluntary programme whereby private and public organisations undertake the commitment towards the European Commission to reduce their lighting energy use, thus reducing emissions related to the greenhouse effect. The participation in the programme, through the implementation of a series of energy efficient measures concerning lighting in the Main and Satellite Terminal Buildings and the Administration Building, has resulted to annual energy savings of 3,300 MWh.

AIA has developed recycling programmes for paper, plastic, glass, aluminum and used vehicle tires. In order to encourage recycling even further, AIA extended in 2003 the "zero cost" policy to all recyclable items. In 2003, 8,254 tons of waste were generated, of which 7,292 tons represented residual waste, 257 tons were inert materials, and 654 tons of recyclable waste were sent to treatment facilities. In addition, AIA removed a total of 51 tons of

hazardous waste for regeneration or final disposal.

AIA implements systematic monitoring for groundwater, surface water and potable water. Athens International Airport is one of the few airports worldwide having its own Sewage Treatment Plants, which treat all sewage water waste generated across the airport site. In order to improve further the quality of wastewater prior to treatment, AIA installed two grease traps in July and December 2003 respectively. In addition, AIA successfully conducted a major spill response exercise in order to test procedures.

Sixty environmental audits were performed to the Airport's Third Parties, while daily site inspections took place in order to identify any potential areas of non-compliance.

Athens International Airport has established a Bird Hazard Control and Reduction Programme in order to reduce the possibility of bird hazard to aircraft. In 2003, the Bird Strike Avoidance Team of the British Ministry of Agriculture performed a Conceptual and Operational Audit of the Bird Hazard Control and Reduction Programme, and certified that the Athens International Airport's Bird Hazard Control and Reduction Programme is well designed and documented, and "conforms with international best practice."

As part of the efforts to increase environmental awareness in the greater Messogeia area, AIA organised the "Airport and the Environment" training seminar, addressed to the secondary education schools in the vicinity of the Airport. The seminar includes a presentation of the Airport's environmental activities and a discussion with the pupils on both environmental and other issues related to the operation of the Airport. During 2003, 665 high school students of the neighbouring municipalities attended these seminars.

AIA launched an Environmental Scholarship Programme, by providing two scholarships to Ph.D. students of the University of the Aegean / Department of Environmental Studies for graduate theses. This programme has also been sponsored by Aegean Airlines.

Environmental Training within AIA was successfully conducted, with the continuation of the internal Environmental Awareness course. In addition, fourteen (14) seminars on Environmental Awareness and Waste Management were provided to the Airport Community.

As part of the commitment to contribute to the preservation

of the local community environment, AIA is creating Green Urban Areas at several municipalities in the vicinity of the Airport.

In April 2003, the Aghia Triada Square, located at Fourezi Hill, was handed over to the Municipality of Glyka Nera. The square covers an area of 3,000 m<sup>2</sup>, planted with more than 2,500 plants of the local flora. In December 2003, the Pedion Areos Park, located at the Penteli mountain slope, was handed over to the Municipality of Pallini. The park covers an area of 12,000 m<sup>2</sup> and is planted with approximately 1,000 plants and trees of the local vegetation.

#### **Caring for our Neighbours**

We have a responsibility towards the neighbouring communities and in this respect we focus our efforts on maintaining and further developing an open and constructive relationship. At the same time we aim at enabling the community to take advantage of the business and employment opportunities offered by the Airport.

In this direction, we have developed a strategy plan for the enhancement of relations with the local communities and have established close cooperation with the municipal authorities, the Prefecture of Eastern Attika and many local associations in order to identify the areas that mostly need our attention and contribution.

Our neighbouring communities' support plan during 2003 focused on the fields of education, economic growth, local culture and employment.

Within this framework and in response to requests submitted by the respective municipal authorities and local educational committees, we have provided substantial financial support to a large number of local schools to cover their operational needs in terms of equipment and supplies for a whole year.

Furthermore, we funded and supervised the reconstruction of large parts of damaged local road network, and financed and supervised the 3rd phase of construction works for the beautification of the surroundings of an old chapel, responding to requests from the residents, the local church, and local associations.

Financial support for local cultural events and festivities that take place each year has also been offered to a number of neighbouring municipalities.

Finally, in cooperation with the airport business community, the Airport Company has established a system of communicating all employment opportunities offered at the Airport to the local communities with very encouraging results. A considerable number of people living in the neighbouring areas have already been employed by businesses operating within the Airport boundaries.

#### **Caring for Cultural & Social Development**

In June 2003, the Exhibition of Archaeological Findings from the Airport Area ("The Museum"), developed in cooperation with the Ministry of Culture, was inaugurated. The Exhibition, unique in its kind and displayed permanently at Athens International Airport's Main Terminal Building, aims to show the continuity of life in the rural Messogeia plains, and demonstrate how the area has evolved. Through this unique exhibition comprising 172 archaeological findings dating from the Neolithic and Early Helladic through the Post-Byzantine period, the Airport's passengers and visitors have the opportunity to enjoy "a journey through time."

AIA's Main Terminal Building also hosted a number of temporary cultural exhibitions, such as the "Children Paint Greece" art exhibition, presented in cooperation with the Museum of Greek Children's Art; and the photography exhibitions "Aegean, unwithered sea", presented in cooperation with the Museum of Greek Folk Art; and "Hellas: the New Image of Greece".

On the occasion of the European Year for the Disabled, we sponsored the preparation and participation of an AIA colleague in the World Disabled Sailing Championship 2003. We will continue to support the effort of our colleague to qualify for the 2004 Paralympic Games.

A sponsorship was also offered to the humanitarian organisation "Actionaid", in order to support the activities in areas where people live under conditions of extreme poverty. In addition, we have contributed to humanitarian organisations such as "Doctors of the World", Paidon Hospital, Pharmacists of the World etc, and hosted the photography exhibition "Children's World, a Glance at a Reality that Shouldn't Exist" of the "Médecins sans Frontières".





# 10.

## Future Prospects

### Implementing our strategy

Having successfully completed the short- and long-term business plan, the Company has refined its strategy in relation to Aeronautical, Commercial and Human Resources development. Today, AIA consistently proceeds with the implementation of these strategies, the successful outcome of which will ensure a sustainable corporate value creation for the Company's stakeholders.

As part of our aeronautical strategy representing our core business and operational activity, we will gear our efforts towards further capitalising on our position and reaching new markets.

Our strategy aims to:

- Expand our aeronautical activities beyond the macroeconomic trends by developing the Low-cost Carriers segment and the potential of the regional traffic markets
- Maintain and develop our current traffic network
- Consistently apply our pricing policy aiming at long-term financial performance without detriment to the Airport's competitiveness

Regarding our commercial development we are committed to expand further our commercial activities within the Airport, thus ensuring additional income that will support the Airport's competitiveness. In the next years, the Company plans to further expand its commercial activities by:

- Enriching the existing terminal commercial area, with additional outlets complementing the current product mix
- Fully developing the Airport's south-west commercial area, after investigating the market, in order to further materialise the "Airport City" vision
- Evaluating and developing alternative options for commercial and business activities on other plots within

the airport site, slated for commercial development

- Expanding the IT&T activities into the business-to-business and airport-to-consumers markets

### Olympic Games

The Athens 2004 Olympic Games is a very exciting and challenging event for our country and our airport. Our objective, as the gateway serving the Olympic Family and the numerous visitors to the country during those days, is to:

- Offer the best and most secure levels of service to the Olympic Family
- Maintain the high levels of service to all passengers

Although the additional traffic expected during the Games is within the Airport's design capacity, the main challenges for our operations are the peak days and hours projected during the Games period, and the special procedures that will apply for the Olympic Family.

In order to face these challenges with success, the Company is working in close cooperation with the ATHENS 2004 Organising Committee (ATHOC), as well as with all involved parties both within and outside the Airport Community. With the support of expert consultants possessing the airport-related experience of previous Olympic Games, we are developing the airport Operations Plan, which will include all the special procedures for the Olympic Family.

Furthermore, a number of smaller construction projects and technical overlays will be developed to serve the special needs of the Games, and add up to our post-Olympics infrastructure.

Of these projects the 3 largest and most important are:

- The Airport's railway station, a €20 million investment on a modern rail terminal facility that will serve the

connection of the Airport with the centre of Athens and the port of Piraeus and will be served by the suburban rail and the Athens Metro. The operation of the suburban rail will have a significant positive impact on the airport access during the upcoming Olympic Games as well as in the future.

- Services to our general aviation clients will be further upgraded with the completion of a dedicated 400 m<sup>2</sup> general aviation facility operated by AIA. During the Olympic Games this facility will also serve a number of VIPs and state officials, thus offering privileged services and increased security.

- An Express Facility dedicated for the majority of the Olympic Family, mainly for the departure peak after the Closing Ceremony. This facility will have landside and airside access, with check-in and screening facilities, and its use will relieve the Main Terminal Building during the aforementioned traffic peak.

#### **Master Plan**

Based on the experience gained so far from the Airport's operation and the emerging new operational and business trends, AIA has commenced the Master Plan review process, with the support of expert consultants, which is expected to be finalised by early 2005. This endeavour will be translated into long-term investments in accordance with the business plan objectives, and shall be responsive to asset management needs, as well as to the Airport's expansion prospects. Through the revised Master Plan, the Airport's expansion phases will be tailored to the new market trends in the aviation industry, always in line with our aeronautical strategy. This review will also provide the necessary amendments to the existing Master Plan in order to exploit the full value of the Airport's commercial potential.

#### **Refinancing**

Further to the initiatives taken by AIA's Board of Directors

and by its Executives during 2003 for restructuring and refinancing AIA's commercial debt, the Company, remaining consistent to its objective of reducing the financial expenses and improving its liquidity, will continue to seek refinancing options for its debt.

#### **Projections for 2004**

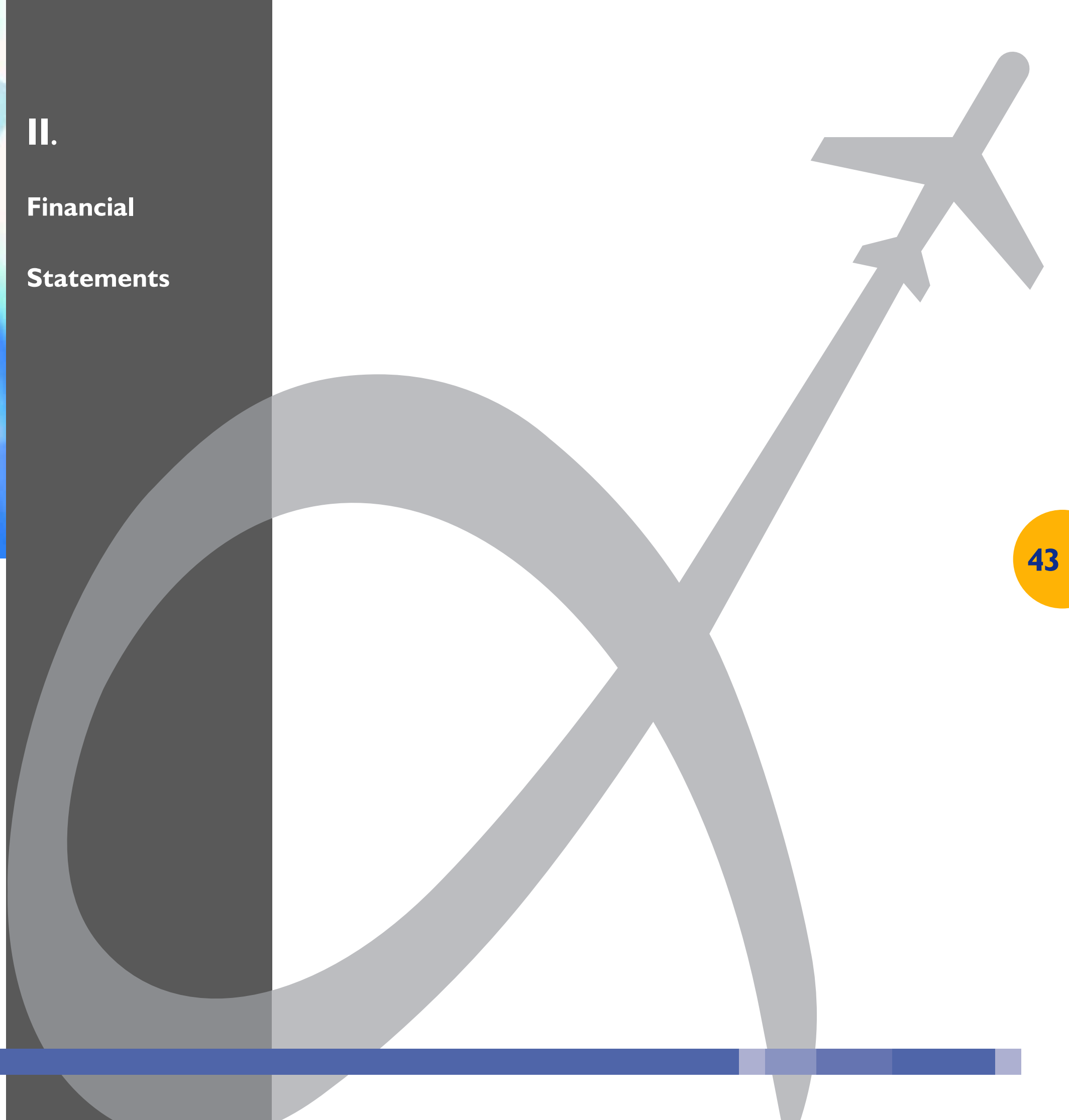
The additional traffic from the 2004 Olympic Games, along with the gradual recovery of the aviation industry, allow us to view 2004 with optimism. Our projections show that the 2004 passenger traffic will be in the order of 13.3 million passengers, while our total revenues are estimated at €318 million.

After three years of successful operation and positive financial results, Athens International Airport has laid the foundations for facing the future challenges with confidence. AIA pledges to contribute to the success of the Olympic Games and will continue to invest towards the Airport's long-term operational excellence, while the implementation of our business plan strategy will guarantee sustainable value creation for the Company's stakeholders.





## II. Financial Statements





# ATHENS INTERNATIONAL AIRPORT A.E.

ORGANISATION - DEVELOPMENT - OPERATION OF AIRPORTS  
HEAD OFFICE : AT SPATA IN ATTICA - REG No 35925/04/B/96/60

## BALANCE SHEET AS AT DECEMBER 31,2003

8th FISCAL YEAR ( JANUARY 1st - DECEMBER 31,2003 ) ( Amounts in Euro )

ASSETS	Financial year 2003			Financial year 2002		
	Acquisition Cost	Depreciation	Net Book Value	Acquisition Cost	Depreciation	Net Book Value
<b>B. FORMATION EXPENSES</b>						
1. Incorporation expenses & start up costs	328,378,041.69	328,378,041.69	0.00	328,378,041.69	328,378,041.69	0.00
<b>C. FIXED ASSETS</b>						
<b>I. Intangible fixed assets</b>						
5a.Usufruct of the site	159,840,236.59	17,582,426.01	142,257,810.58	159,840,236.59	11,188,816.55	148,651,420.04
<b>II. Tangible assets</b>						
1. Land	89,942.83	0.00	89,942.83	89,942.83	0.00	89,942.83
3. Buildings & Technical works	1,770,536,228.27	205,005,126.07	1,565,531,102.20	1,766,923,647.51	130,212,508.01	1,636,711,139.50
4. Machinery, technical, installations & other mechanical equipment	290,728.06	115,144.66	175,583.40	275,293.33	72,644.35	202,648.98
5. Transportation means	29,642,244.88	15,950,833.85	13,691,411.03	30,266,632.21	10,647,485.66	19,619,146.55
6. Furniture & other equipments	53,422,723.85	30,902,189.96	22,520,533.89	49,946,807.18	20,251,071.89	29,695,735.29
7. Assets under construction and advances	19,517,747.44	0.00	19,517,747.44	2,416,957.23	0.00	2,416,957.23
<b>Total tangible &amp; intangible assets (CI+ CII)</b>	<b>1,873,499,615.33</b>	<b>251,973,294.54</b>	<b>1,621,526,320.79</b>	<b>1,849,919,280.29</b>	<b>161,183,709.91</b>	<b>1,688,735,570.38</b>
<b>Total tangible &amp; intangible assets (CI+ CII)</b>	<b>2,033,339,851.92</b>	<b>269,555,720.55</b>	<b>1,763,784,131.37</b>	<b>2,009,759,516.88</b>	<b>172,372,526.46</b>	<b>1,837,386,990.42</b>
<b>III. Participations and other long term financial assets</b>						
2. Participating interest in other companies			984,439.43			898,019.08
7. Other long term receivables			5,411,623.32			15,614,286.59
			<b>6,396,062.75</b>			<b>16,512,305.67</b>
<b>Total fixed assets (CI+ CII+ CIII)</b>			<b>1,770,180,194.12</b>			<b>1,853,899,296.09</b>
<b>D. CURRENT ASSETS</b>						
<b>I. Inventories</b>						
1. Merchandise			69,243.31			91,497.80
4. Consumables and spare parts			3,995,865.76			3,016,134.87
5. Stock advance payments			14,489.60			134,122.57
			<b>4,079,598.67</b>			<b>3,241,755.24</b>
<b>II. Receivables</b>						
1. Trade debtors, less provisions			50,332,770.50			34,912,882.95
8. Blocked deposits			86,393,434.75			23,213,530.40
10. Bad and Doubtful Debts			35,058.71			0.00
11. Sundry debtors			43,920,095.55			45,995,224.98
12. Other advances & receivables			7,215.23			8,472.76
			<b>180,688,574.74</b>			<b>104,130,111.09</b>
<b>IV. Cash at banks and on hand</b>						
1. Cash on hand			4,273.98			18,300.37
3. Current and time deposits			104,010,075.98			105,878,392.40
			<b>104,014,349.96</b>			<b>105,896,692.77</b>
<b>Total current assets (DI+ DII+ DIV)</b>			<b>288,782,523.37</b>			<b>213,268,559.10</b>
<b>E. PREPAID EXPENSES &amp; ACCRUED INCOME</b>						
1. Prepaid expenses			1,233,247.24			808,253.66
2. Accrued income			15,211,190.96			35,814,067.54
3. Other prepaid expenses and accrued income			123,237.00			0.00
			<b>16,567,675.20</b>			<b>36,622,321.20</b>
<b>TOTAL ASSETS (B+C+D+E)</b>			<b>2,075,530,392.69</b>			<b>2,103,790,176.39</b>
<b>MEMO ACCOUNTS</b>						
2. Debit accounts for guarantees & real securities			42,170,565.84			126,318,052.67
4. Other memo accounts			1,865,122,633.98			4,588,757.08
			<b>1,907,293,199.82</b>			<b>130,906,809.75</b>

Notes: 1) In accordance with Law 2338/1995 article 35.1.4 ( c ) of the Airport Development Agreement (ADA), the Company has assigned to its lenders for the purpose of providing security for the Loan Agreements entered into by the company, the outstanding balance of which, together with the accrued interest, was as of 31 December 2003 Euro 1,233,777,147.14 the usufruct of the site at Spata as such

LIABILITIES	Financial year 2003	Financial year 2002
<b>A. SHAREHOLDERS' EQUITY</b>		
<b>I. Share capital (30.000.000 shares of 10 EURO each)</b>		
1. Issued Share Capital	300,000,000.00	300,000,000.00
<b>III. Subsidies &amp; Revaluation Reserves</b>		
3. Investment subsidies	345,043,271.31	364,345,348.31
	<b>345,043,271.31</b>	<b>364,345,348.31</b>
<b>IV. Retained Earnings</b>		
1. Statutory reserve	1,306,896.53	231,075.25
	<b>1,306,896.53</b>	<b>231,075.25</b>
<b>V. Retained earnings</b>		
Retained earnings carried forward	8,731,033.97	4,390,429.66
	<b>8,731,033.97</b>	<b>4,390,429.66</b>
<b>Total shareholders equity (AI+AIII+AIV+AV)</b>	<b>655,081,201.81</b>	<b>668,966,853.22</b>
<b>B. PROVISIONS FOR LIABILITIES AND CHARGES</b>		
1. Severance indemnity provision	1,758,528.84	1,285,603.12
2. Other provisions	17,873,719.68	20,150,906.36
	<b>19,632,248.52</b>	<b>21,436,509.48</b>
<b>C. LIABILITIES</b>		
<b>I. Long term liabilities</b>		
2. Bank loans	1,172,920,348.74	1,228,626,124.02
4. Liabilities to related companies	80,466,714.50	80,466,714.51
8. Other long term liabilities	12,736,421.37	11,550,950.41
	<b>1,266,123,484.61</b>	<b>1,320,643,788.94</b>
<b>II. Short term liabilities</b>		
1. Suppliers	17,651,473.64	14,428,564.17
4. Customer Advances	12,966,210.77	12,895,144.26
5. Taxes & duties payable	717,643.53	1,146,770.90
6. Social security payable	995,762.66	932,257.43
7. Long term liabilities payable in subsequent financial year	55,705,775.28	43,524,421.86
10. Dividends payable	16,100,000.00	0.00
11. Sundry creditors	15,004,159.63	7,783,712.37
	<b>119,141,025.51</b>	<b>80,710,870.99</b>
<b>Total liabilities (CI+CII)</b>	<b>1,385,264,510.12</b>	<b>1,401,354,659.93</b>
<b>D. ACCRUED EXPENSES &amp; DEFERRED INCOME</b>		
2. Accrued expenses	11,383,434.66	10,791,083.31
3. Other accrued expenses & deferred income	4,168,997.58	1,241,070.45
	<b>15,552,432.24</b>	<b>12,032,153.76</b>
<b>TOTAL LIABILITIES (A+B+C+D)</b>	<b>2,075,530,392.69</b>	<b>2,103,790,176.39</b>
<b>MEMO ACCOUNTS</b>		
2. Credit accounts for guarantees & real securities	42,170,565.84	126,318,052.67
4. Other memo accounts	1,865,122,633.98	4,588,757.08
	<b>1,907,293,199.82</b>	<b>130,906,809.75</b>

constituted by the Greek State pursuant to article 7.2 of the ADA. 2) Certain amounts on the Balance Sheet of the previous financial year 2002, have been reclassified in order to be comparable with those of the closing financial year 2003.

# ATHENS INTERNATIONAL AIRPORT A.E.

ORGANISATION - DEVELOPMENT - OPERATION OF AIRPORTS  
HEAD OFFICE : AT SPATA IN ATTICA - REG No 35925/04/B/96/60

## BALANCE SHEET AS AT DECEMBER 31,2003

8th FISCAL YEAR ( JANUARY 1st - DECEMBER 31,2003 ) ( Amounts in Euro )

### PROFIT & LOSS ACCOUNT AS AT DECEMBER 31, 2003 (January 1st - December 31st, 2003)

	Financial year 2003		Financial year 2002	
<b>I. Operating results</b>				
Net turnover (sales)		227,987,819.37		208,074,190.86
<b>Minus:</b> Cost of sales		<b>169,753,383.92</b>		<b>162,987,320.20</b>
Gross operating profit		58,234,435.45		45,086,870.66
<b>Plus: Other operating income</b>		<b>62,791,833.61</b>		<b>63,392,307.82</b>
Subtotal		121,026,269.06		108,479,178.48
<b>Minus:</b> 1.Administrative expenses	23,015,861.23		21,654,612.86	
3.Selling expenses	2,807,708.73	25,823,569.96	3,970,959.16	25,625,572.02
<b>Operating profit</b>		<b>95,202,699.10</b>		<b>82,853,606.46</b>
<b>Plus:</b>				
4.Interest income & other related income		8,918,052.14		5,449,959.01
<b>Minus:</b>				
3.Interest expense & other related expense	84,064,312.11	(75,146,259.97)	87,858,327.78	(82,408,368.77)
<b>Profit before extraordinary items</b>		<b>20,056,439.13</b>		<b>445,237.69</b>
<b>II. Plus (or minus): Extraordinary items</b>				
1. Extraordinary & non operating income		20,709,291.84		19,707,144.31
2. Extraordinary gains		26,472.17		600.84
3. Prior year income		3,422,286.71		862,243.11
4. Income from prior year provisions		6,029,324.22		7,297,782.20
		<b>30,187,374.94</b>		<b>27,867,770.46</b>
<b>Minus:</b>				
1. Extraordinary & non operating expenses	64,615.32		464,237.37	
2. Extraordinary losses	8,782.85		17,162.31	
3. Prior year's expenses	3,515,512.43		1,113,384.95	
4. Provision for extraordinary losses	<b>17,704,637.89</b>	<b>21,293,548.49</b>	<b>8,893,826.45</b>	<b>12,457,332.04</b>
<b>Operating &amp; extraordinary results (profit)</b>		<b>28,950,265.58</b>		<b>14,260,891.48</b>
<b>Minus:</b>				
Fixed assets depreciation		97,785,635.98		96,337,508.07
<b>Minus:</b> Depreciation included in the operating cost		97,785,635.98		96,337,508.07
		<b>0.00</b>		<b>0.00</b>
<b>PROFIT ( LOSS ) FOR THE FINANCIAL YEAR before taxes</b>		<b>28,950,265.58</b>		<b>14,260,891.48</b>

### APPROPRIATION ACCOUNT

	Financial year 2003	Financial year 2002
Net profit of current financial year	28,950,265.58	14,260,891.48
Profit (Loss) of previous financial year	4,390,429.66	(9,639,386.57)
Prior year taxes and duties	(7,433,839.99)	0.00
Subtotal	<b>25,906,855.25</b>	<b>4,621,504.91</b>
<b>MINUS:</b>		
1. Income Tax	0.00	0.00
Profits available for appropriation	<b>25,906,855.25</b>	<b>4,621,504.91</b>
The profits are appropriated as follows:		
1. Transfer to statutory reserve	1,075,821.28	231,075.25
2. First dividend	16,100,000.00	0.00
8. Retained earnings	8,731,033.97	4,390,429.66
	<b>25,906,855.25</b>	<b>4,621,504.91</b>

Spata, 29 April 2004

Chairman of BoD	Vice-Chairman of BoD	Chief Executive Officer	Chief Financial Officer	Manager Accounting
Prof. Con/nos Vaitos	Dr. Harald Peipers	Alfred van der Meer	Basil E. Fondrier	Panagiotis K. Michalarogiannis

Independent Auditors' Report

To the Shareholders of Athens International Airport A.E.

We have audited the above financial statements of Athens International Airport A.E. as of 31 December 2003, and the notes thereon. Our audit was performed in accordance with article 37 of Codified Law 2190/1920 relating to "Anonymes Eteries" and included the audit procedures we considered appropriate taking into account the auditing standards adopted by the Institute of Certified Auditors Accountants. The books and records maintained by the Company were placed at our disposal and we were provided with the necessary information and explanations for the purpose of our audit. The Company has properly applied the Greek General Chart of Accounts. The accounting policies have been consistently applied. We verified that the contents of the Board of Directors' Report to be submitted to the Annual General Meeting of the Shareholders agree with the related financial statements. The notes to the financial statements contain the information required under paragraph 1 of article 43a of Codified Law 2190/1920. Our audit revealed that the Company has not been audited by the tax authorities since its incorporation ( 1996 ) and consequently its tax obligations from the period of incorporation through to the year ended 31 December 2003 have not been finalised.

In our opinion, the above financial statements which are derived from the Company's books and records, together with the notes thereon, after taking into consideration the matter described in the preceding paragraph, present fairly the Company's financial position as of 31 December 2003 and its results for the year then ended in accordance with the applicable provisions and generally accepted accounting principles in Greece and have been applied on a consistent basis.

Athens, 30 April 2004  
KPMG Kyriacou Certified Auditors A.E.  
Nikolaos Vouniseas, Certified Auditor Accountant  
AM SOEL 18701

# ATHENS INTERNATIONAL AIRPORT A.E.

ORGANIZATION - DEVELOPMENT - OPERATION OF AIRPORTS

HEAD OFFICE: AT SPATA IN ATTICA - REG. No 35925/04/B/96/60

## CASH FLOW STATEMENT

8th FINANCIAL YEAR (JANUARY 1 - DECEMBER 31, 2003) - 3rd OPERATING YEAR (Amounts in Euro)

	Financial Year 2003	Financial Year 2002
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit / (loss) before taxation	28,950,265.58	14,260,891.48
Adjustments for:		
Depreciation of tangible fixed assets	91,392,026.52	89,933,348.17
Amortization of intangible assets (Usufruct)	6,393,609.46	6,404,159.90
Utilisation of fixed assets subsidies	(19,302,077.00)	(19,302,077.00)
Profit on Sales of fixed assets	238,294.01	7,487.84
Interest and related income	(8,918,052.14)	(5,449,959.01)
Interest and related expenses	84,064,312.11	87,858,327.78
<b>Operating Cash Flow before working capital changes</b>	<b>182,818,378.54</b>	<b>173,712,179.16</b>
(Increase) / Decrease in inventories	(837,843.43)	(1,072,732.12)
(Increase) / Decrease in debtors	(85,765,463.65)	35,655,738.69
Increase / (Decrease) in creditors	5,163,715.26	(28,122,923.69)
Provisions for Liabilities and Charges	7,402,739.04	7,879,735.88
Customer guarantees received	1,185,470.96	1,948,269.94
(Increase) / Decrease in prepayments and accrued income	20,067,483.16	(9,517,984.95)
Increase / (Decrease) in accruals and deferred income	4,535,529.25	(935,743.60)
Other long term assets	10,116,242.92	(15,169,063.37)
Other long term liabilities	(0.01)	0.00
<b>Cash generated from operations</b>	<b>144,686,252.04</b>	<b>164,377,475.94</b>
Interest paid	(85,017,729.62)	(73,890,273.39)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>59,668,522.42</b>	<b>90,487,202.55</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital Expenditure	(24,507,963.16)	(53,131,461.19)
Proceeds from sale of fixed assets	86,892.22	48,257,892.43
Interest received	8,905,214.98	5,404,689.60
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(15,515,855.96)</b>	<b>531,120.84</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan repayment	(38,601,169.28)	(38,601,159.56)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(38,601,169.28)</b>	<b>(38,601,159.56)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>	<b>5,551,497.18</b>	<b>52,417,163.83</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>105,896,692.77</b>	<b>53,479,528.94</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR BEFORE TAX</b>	<b>111,448,189.95</b>	<b>105,896,692.77</b>
<b>Tax paid</b>	<b>(7,433,839.99)</b>	<b>0.00</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>104,014,349.96</b>	<b>105,896,692.77</b>

Sparta, April 30, 2004

CHAIRMAN OF BOD	CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	MANAGER OF TREASURY & FINANCIAL RISK MGT
prof. CON/NOS VAITSOS	ALFRED VAN DER MEER	BASIL FONDRIER	EVANGELOS GEORGIU

Certified Auditor Accountant's audit report

To the Shareholders of ATHENS INTERNATIONAL AIRPORT A.E.

We have audited the above Cash Flow Statement of ATHENS INTERNATIONAL AIRPORT A.E. for the year 2003 which is derived from the financial statements upon which we issued our audit report dated 30 April 2004.

In our opinion the above Cash Flow Statement presents fairly the cash inflows and outflows from the activities of the above company during the course of the year.

Athens, 20 May 2004  
KPMG Kyriacou Certified Auditors A.E.  
Nikolaos Vouniseas  
Certified Auditor Accountant  
AM SOEL 18 701

# ATHENS INTERNATIONAL AIRPORT A.E.

Societe Anonyme Registration No. 35925/04/B/96/60

NOTES TO THE FINANCIAL STATEMENTS

for the eighth Corporate Financial Year ended 31 December 2003

1 January 2003- 31 December 2003

(In accordance with the provisions of Law 2190/1920)

## Section 1

The method of compilation and structure of the financial statements.

Exceptions to present a true and fair view.

(a) Article 42a paragraph 3: Exceptions from the provisions regarding the compilation of the year end financial statements which are considered necessary to present a true and fair view in accordance with the provisions of paragraph 2 of this article.

Not applicable.

(b) Article 42b paragraph 1: Exceptions from the principle of the compulsory format and presentation of the Balance Sheet and the Profit and Loss Account.

Not applicable.

(c) Article 42b paragraph 2: State accounts where the classification in the financial statements is based upon judgement due to the nature of the account involved.

Not applicable.

(d) Article 42b paragraph 3: Adjustment of the presentation and description of the financial statements with Arabic numerals when the nature of the Company activities requires that it be performed.

Not applicable.

(e) Article 42 b paragraph 4: Setting off of financial statement items, corresponding to Arabic numerals - recording of unrelated items.

Not applicable.

(f) Article 42b paragraph 5: Reclassifications of prior year amounts to facilitate comparison with the current year balances.

The comparative amounts of the Balance sheet, have been reclassified so that they are comparable with the corresponding current year balances, as follows.

1. An amount of Euro 23,213,530.40 has been transferred from the account "Current and time deposits" to the account "Blocked deposits".

2. An amount of Euro 2,348,343.75 has been transferred from the "Accrued income" account to the "Sundry debtors" account.

## Section 2

### Asset valuation

(a) Article 43a paragraph 1-a: Method of asset valuation, depreciation and the method of providing for devaluations.

1. Tangible fixed assets have been recorded at acquisition value, including the amounts of additions and improvements.

2. The construction expenses are expenses realised in the previous financial years and are mainly related to the operating expenses of the pre-operating period, the interest and loan expenses for the acquisition of the Company's fixed assets, the valuation exchange differences and the Company's incorporation expenses.

3. During the current financial year, depreciation provided amounted to Euro 97,785,635.98 of which Euro 91,392,026.52 relates to depreciation of tangible fixed assets. The depreciation has been calculated for the

tangible fixed assets exceeding Euro 586.95 in accordance with the tax rates prescribed in the Presidential Decree 299/2003 and for the tangible fixed assets less than Euro 586.95 with a 100% rate.

4. The participations have been valued at the lower of cost and net realisable value as of 31 December 2003.

5. The purchased inventory has been valued at the lower of cost and net realisable value as of 31 December 2003.

6. The acquisition value of all inventories has been determined based on the weighted average cost method, which is consistently applied since the establishment of the Company.

7. There was no provision for devaluation of fixed assets, participations in other companies or inventories.

**(b) Article 43a paragraph 1-a: Conversion of foreign currency assets to EURO and the accounting treatment of foreign exchange differences.**

The assets and liabilities of the Company which are denominated in foreign currencies except for liabilities used for the acquisition of fixed assets, have been valued at the official exchange rates prevailing as at 31 December 2003 and the resulting foreign exchange differences are: a) Debit Euro 79.71 which have been taken to the profit and loss account as the net amount by currency (GBP) was debit and b) credit Euro 7,427.94, which have been taken to the account “Other Provisions” as the net amount by currency (USD) was credit.

**(c) Article 43 paragraph 2: Exceptions from the accepted methods of valuation. Use of other valuation methods.**

Not applicable.

**(d) Article 43 paragraph 7-b: Changes in the method of calculating acquisition cost, the production cost of inventory or tangible securities.**

Not applicable.

**(e) Article 43 paragraph 7-c: Analysis of the difference between the valuation of inventories and**

**tangible securities in comparison with their market value, if material.**

Not applicable.

**(f) Article 43 paragraph 9: Analysis and explanation of fixed asset statutory revaluations performed during the year and the movement in the revaluation reserve account.**

Not applicable.

### Section 3

#### Fixed Assets and Formation Expenses

**(a) Article 42e paragraph 8: Analysis of changes in fixed assets and formation expenses.**

Attached is a table in Appendix I, presenting the information required by the provisions of paragraph 8 of this article.

**(b) Article 43 paragraph 5-d: Analysis of accelerated depreciation rates applied during the year.**

Not applicable.

**(c) Article 43 paragraph 5-e: Provisions for write down of fixed assets.**

Not applicable.

**(d) Article 43 paragraph 3-e: Analysis and explanation of Incorporation Expenses and Start-up Costs relating to the year.**

Not applicable.

**(e) Article 43 paragraph 3-c: The amounts and accounting policy followed with respect to foreign exchange differences resulting in the current year from the payment of loan instalments and/or the year end translation of foreign currency loans obtained for the purchase of fixed assets.**

Not applicable.

**(f) Article 43 paragraph 4 subparagraphs a and b: Analysis and explanation of Research and Development costs, Know How and Goodwill.**

The balance sheet caption “Usufruct of the Site” refers to the usufruct transferred by the Greek State to the Company, per article 7.2 of the ADA, and represents the total real estate (area of the Spata Airport) for the contractual period (30 years). This intangible asset will be depreciated on a straight-line basis during the operating period, that is 25 years.

### Section 4

#### Investments

**(a) Article 43a paragraph 1-b: Analysis of participations in other companies in excess of 10%.**

Participations in other companies. Euro 984,439.43

The balance of the account “participating interest in other companies” represents the Airport Company’s participation of 17% in “Olympic Fuel Consortium S.A.” (OFC) which for reasons of competition control (fuel duty) the Company’s Board of Directors during its 48th meeting on 29th of September 1999 made a decision to ratify this participation action.

**(b) Article 43a paragraph 1-ie: Preparation of consolidated financial statements, which include the Company’s financial statements.**

There is a possibility, based on Greek Law, for one of the parent companies, namely HOCHTIEF which has its headquarters in Germany.

Up to the date of the preparation of these notes we have not been notified by the shareholders of the Company of a potential obligation or request on their part to prepare consolidated financial statements.

### Section 5

#### Inventory

**(a) Article 43a paragraph 1-ia: Departure from the valuation methods permitted by article 43 for tax relief purposes.**

Not applicable.

**(b) Article 43a paragraph 1-i: Differences resulting from the devaluations of current asset with explanations.**

Not applicable.

### Section 6

#### Share Capital

**(a) Article 43a paragraph 1-d: Analysis by number and type of shares issued.**

The share capital of the Company amounts to European Currency Units (EURO) 300,000,000 (three hundred million) and consists of 30,000,000 (thirty million) common and registered shares with a nominal value of EURO ten (10) each.

No other share categories exist.

**(b) Article 43a paragraph 1-c: Analysis of shares issued during the year.**

Not applicable.

**(c) Article 43a paragraph 1-e and Article 42e paragraph 10: Securities issued and analysis of the rights borne by these securities.**

Not applicable.

**(d) Article 43a paragraph 1-ist: Own shares purchased during the year.**

Not applicable.

### Section 7

#### Provisions and Liabilities

**(a) Article 42e paragraph 14/4(d): Analysis of the account “Other provisions” if material.**

Provision for write-down of receivables from Aeronautical Equipment.	Euro	1,954,857.00
Provision of municipal tax payment 5% to Spata Municipality	Euro	917,513.58
Provision for potential liabilities after the permanent receipt of Aeronautical equipment	Euro	6,257,005.45

Provision for staff costs	Euro	2,632,655.06
Provision for write-down of receivables on costs incurred based on the Ratifying Law	Euro	4,251,682.86
Provision for exchange differences	Euro	7,427.94
Provisions for other expenses	Euro	1,852,577.79
<b>TOTAL</b>	<b>Euro</b>	<b>17,873,719.68</b>

A provision for doubtful accounts of Euro 25,082,265.66 has been recorded net of the "Trade Debtors" account.

**(b) Article 43a paragraph 1-z(a): Financial commitments due to contracts etc. which are not reported in the memorandum accounts. Obligations for payment of specific monthly services and financial commitments to related entities.**

Not applicable.

**(c) Article 43a paragraph 1-ib: Potential significant tax liabilities and amounts of taxes that may possibly result which relate to the current and previous financial years if not presented under liabilities or provisions.**

The Company has not been audited from the tax authorities since its establishment. It is anticipated that in the event of a tax audit, no significant tax differences will result.

**(d) Article 43a paragraph 1-st: Long term liabilities over five years.**

The long-term liabilities over 5 years represent loans obtained from the Banks and the shareholders in order to finance the construction of the New International Airport in Athens. An analysis of these loans is as follows;

1. European Investment Bank Loan	Euro	979,914,552.41
2. Hermes Loan	Euro	183,393,781.04
3. Cargo Loan	Euro	9,612,015.29
4. Subordinated Loan	Euro	80,466,714.51
<b>TOTAL</b>	<b>Euro</b>	<b>1,253,387,063.25</b>

**(e) Article 43a paragraph 1-st: Liabilities secured by collateral securities.**

Liabilities towards banks are secured through the assignment of the usufruct on the Spata property, on all buildings, installations and other tangible and immovable property, which will be located on the site for the contractual period.

The aforementioned assignment and transfer, valued at Euro 159,840,236.59, is subject to the condition and shall be put in effect only on the occurrence of the deeds mentioned in article 35.1.4(c) of the ADA (Law 2338/95).

## Section 8

**Prepaid Expenses, Accrued Income and Accrued Expenses**

**(a) Article 42e paragraph 12: Analysis of Prepaid Expenses, Accrued Income and Accrued Expenses Prepaid Expenses and Accrued Income**

**Prepaid expenses:**

Prepaid expenses amounting to Euro 1,233,247.24 are analysed as follows:

Personnel insurance	Euro	113,966.70
Other insurance	Euro	1,102,772.23
Leasing	Euro	16,508.31
<b>TOTAL</b>	<b>Euro</b>	<b>1,233,247.24</b>

**Accrued income:**

Accrued income amounting to Euro 15,211,190.96 is analysed as follows:

Revenues from Aeronautical Activities	Euro	12,209,360.41
Revenues from non Aeronautical Activities	Euro	2,868,486.06
Revenues from interest	Euro	133,344.49
<b>TOTAL</b>	<b>Euro</b>	<b>15,211,190.96</b>

**Accrued Expenses and Deferred Income**

**Accrued Expenses:**

Accrued expenses amounting to Euro 11,383,434.66 are analysed as follows:

Compensation for participation in bid for the construction and management of the new Athens International Airport	Euro	1,176,000.00
Third party professional fees and expenses	Euro	19,873
Utilities	Euro	1,482,639.01
Interest and expenses of long-term liabilities	Euro	7,030,865.92
Other accrued expenses	Euro	1,674,056.73
<b>TOTAL</b>	<b>Euro</b>	<b>11,383,434.66</b>

**Accrued sales discounts**

Accrued sales discounts amount to Euro 860,966

## Section 9

**Memo Accounts**

**(a) Article 42e paragraph 11: Analysis of the memo accounts.**

**1. Guarantees and Real Securities:**

Letters of guarantee pledged by debtors	Euro	20,050,932.44
Letters of guarantee for participation in bids	Euro	42,640.79
Letters of guarantee taken as security for the good performance of suppliers' agreements	Euro	21,735,261.78
Other guarantees given by third parties	Euro	206,738.39
Letters of guarantee issued to secure obligation of suppliers	Euro	134,992.44
<b>SUBTOTAL</b>	<b>Euro</b>	<b>42,170,565.84</b>

**2. Other Memo Accounts**

Additional depreciation in accordance with article 26 paragraph 8 of Law 2093/1992	Euro	1,537,271,898.28
Accelerated depreciation of Cohesion Fund	Euro	327,850,735.70
<b>SUBTOTAL</b>	<b>Euro</b>	<b>1,865,122,633.98</b>
<b>GRAND TOTAL</b>	<b>Euro</b>	<b>1,907,293,199.82</b>

## Section 10

**Guarantees and Collateral Security**

**(a) Article 42e paragraph 9: Guarantees and collateral security issued by the Company.**

Refer to paragraph 7e above with respect to guarantees

and collateral security issued by the Company.

## Section 11

**Remuneration, Advances and Credits to Management**

**(a) Article 43a paragraph 1-ic: Remuneration to the Board and Management of the Company.**

The aggregate fees paid to the members of the Board of Directors for the 2003 financial year amounted to Euro 517,760.00.

No credits have been granted to the Board and Management of the Company.

**(b) Article 43a paragraph 1-ic: Obligations, which result from or are accepted by the Company to assist departing members of the Board of Directors or Management.**

Not applicable.

**(c) Article 43a paragraph 1-id: Advances or credit facilities granted to members of the Board.**

Not applicable.

## Section 12

**Other information relating to the results for the year**

**(a) Article 43a paragraph 1-h: Analysis of turnover (revenues) per activity and geographic area. The services are rendered by the company from its registered office in the area of Spata.**

**Analysis of turnover per activity in Euro**

I) AIR REVENUES	Euro	Euro
Aeronautical charges		113,370,106.30
Ground Handling		27,817,419.97
Building rentals		14,952,326.59
Ground rentals and concessions		9,387,508.31
Building services		6,006,864.70
IT&T and Technical Services		2,844,375.56
<b>SUBTOTAL</b>		<b>174,378,601.43</b>

## 2) NON AIR REVENUES

Property & utility services	4,889,103.11
Analysis of retail commercial revenues	
i) Commercial Activities	33,270,796.40
ii) Parking Activity	10,702,720.39
iii) Other Commercial Activities	4,725,920.07
Other services	20,677.97
<b>SUBTOTAL</b>	<b>53,609,217.94</b>
<b>TOTAL</b>	<b>227,987,819.37</b>

### (b) Article 43a paragraph 1-th: Average number of employees and their total cost.

Average number of employees	702
Total number of employees as of 31 December 2003 (all the employees are salary paid)	696
Total staff costs (salaries, social security costs, other staff benefits)	Euro 29,053,039.09

### (c) Article 42e paragraph 15-b: Analysis of extraordinary and non operating expenses and income.

#### 1. Extraordinary and non-operating income

Cohesion fund	Euro	19,302,077.00
Gain from exchange differences	Euro	57,159.11
Other extraordinary and non operating income	Euro	1,350,055.73
<b>TOTAL</b>	<b>Euro</b>	<b>20,709,291.84</b>

#### 2. Extraordinary and non-operating expenses

Losses from exchange differences	Euro	8,661.07
Other extraordinary and non-operating expenses	Euro	55,954.25
<b>TOTAL</b>	<b>Euro</b>	<b>64,615.32</b>

### (d) Article 42e par. 15-b: Analysis of "Prior Year income", "Income from prior year provisions", "Prior year expenses" and "Provisions for extraordinary losses".

#### 1. Prior Year Income

Income from OTE discount	Euro	600,000.00
Other income	Euro	2,822,286.71
		<b>3,422,286.71</b>

#### 2. Prior Year Expenses

Prior year taxes & duties	Euro	1,215.93
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Municipal Tax	Euro	2,237,193.72
Other expenses	Euro	1,277,102.78
		<b>3,515,512.43</b>

#### 3. Income from prior year provisions

Income from prior year provision of AANE	Euro	5,885,713.22
Income from other prior year provisions	Euro	143,611.00
		<b>6,029,324.22</b>

#### 4. Provisions for Extraordinary losses

Provision for doubtful accounts	Euro	9,207,000.00
Provision for additional Security fees	Euro	664,000.00
Provision for AANE	Euro	3,729,500.21
Provision for write-down of receivables on costs incurred based on the Ratifying Law	Euro	3,365,770.79
Other Provisions	Euro	738,366.89
		<b>17,704,637.89</b>

## Section 13

Other information required which is considered necessary for better information and application of the principle of a true and fair view.

Art. 43a par. 1-iz: Other information required by specific provisions and are considered necessary for the information of the shareholders and third parties and the application of the principle of a true and fair view.

Not applicable.

Athens, 29/04/2004

Chairman of the Board Vice-Chairman of the Board Chief Executive Officer Chief Financial Officer Manager Accounting

Prof. Con/nos Vaitzos Dr. Harald Peipers Alfred van der Meer Basil E. Fondrier Panagiotis K. Michalarogiannis

## CONFIRMATION

I confirm that these notes to the financial statements, which comprise 7 pages, are the notes which I refer to in my audit report of 30/04/04.

The Certified Auditor Accountant  
KPMG Kyriacou Certified Auditors S.A.

Nikolaos Vouniseas  
Certified Auditor Accountant  
AM SOEL 18701

## APPENDIX I SCHEDULE OF MOVEMENTS IN FIXED ASSETS & FORMATION EXPENSES

	ACQUISITION COST				CUMULATIVE DEPRECIATION				NET BOOK VALUE AS AT 31-12-03
	Balance as at 31-12-02	Additions for the year	Disposals for the year	Balance as at 31-12-03	Balance as at 31-12-02	Depreciation Charge for the year	Disposals for the year	Balance 31-12-03	
<b>FORMATION EXPENSES</b>									
Incorporation expenses & start up costs	328,378,041.69	0.00	0.00	328,378,041.69	328,378,041.69	0.00	0.00	328,378,041.69	0.00
<b>Total formation expenses</b>	<b>328,378,041.69</b>	<b>0.00</b>	<b>0.00</b>	<b>328,378,041.69</b>	<b>328,378,041.69</b>	<b>0.00</b>	<b>0.00</b>	<b>328,378,041.69</b>	<b>0.00</b>
<b>FIXED ASSETS</b>									
<b>Intangible assets</b>									
Usufruct of the site	159,840,236.59	0.00	0.00	159,840,236.59	11,188,816.55	6,393,609.46	0.00	17,582,426.01	142,257,810.58
<b>Total intangible assets</b>	<b>159,840,236.59</b>	<b>0.00</b>	<b>0.00</b>	<b>159,840,236.59</b>	<b>11,188,816.55</b>	<b>6,393,609.46</b>	<b>0.00</b>	<b>17,582,426.01</b>	<b>142,257,810.58</b>
<b>Tangible assets</b>									
Land	89,942.83	0.00	0.00	89,942.83	0.00	0.00	0.00	0.00	89,942.83
Buildings & technical works	1,766,923,647.51	3,612,580.76	0.00	1,770,536,228.27	130,212,508.01	74,792,618.06	0.00	205,005,126.07	1,565,531,102.20
Machinery- technical installations and other mechanical equipment	275,293.33	15,434.73	0.00	290,728.06	72,644.35	42,500.31	0.00	115,144.66	175,583.40
Transportation means	30,266,632.21	291,011.19	915,398.52	29,642,244.88	10,647,485.66	5,894,496.02	591,147.83	15,950,833.85	13,691,411.03
Furniture & other equipment	49,946,807.18	3,488,146.27	12,229.60	53,422,723.85	20,251,071.89	10,662,412.13	11,294.06	30,902,189.96	22,520,533.89
Assets under construction and advances	2,416,957.23	21,090,138.54	3,989,348.33	19,517,747.44	0.00	0.00	0.00	0.00	19,517,747.44
<b>Total tangible assets</b>	<b>1,849,919,280.29</b>	<b>28,497,311.49</b>	<b>4,916,976.45</b>	<b>1,873,499,615.33</b>	<b>161,183,709.91</b>	<b>91,392,026.52</b>	<b>602,441.89</b>	<b>251,973,294.54</b>	<b>1,621,526,320.79</b>
<b>Total intangible &amp; tangible assets</b>	<b>2,009,759,516.88</b>	<b>28,497,311.49</b>	<b>4,916,976.45</b>	<b>2,033,339,851.92</b>	<b>172,372,526.46</b>	<b>97,785,635.98</b>	<b>602,441.89</b>	<b>269,555,720.55</b>	<b>1,763,784,131.37</b>
<b>Investments &amp; other long term financial receivables</b>									
Participation in other companies	898,019.08	86,420.35	0.00	984,439.43	0.00	0.00	0.00	0.00	984,439.43
Other long term receivables	15,614,286.59	5,411,623.32	15,614,286.59	5,411,623.32	0.00	0.00	0.00	0.00	5,411,623.32
<b>Total investments &amp; other long term receivables</b>	<b>16,512,305.67</b>	<b>5,498,043.67</b>	<b>15,614,286.59</b>	<b>6,396,062.75</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>6,396,062.75</b>
<b>Total fixed assets</b>	<b>2,026,271,822.55</b>	<b>33,995,355.16</b>	<b>20,531,263.04</b>	<b>2,039,735,914.67</b>	<b>172,372,526.46</b>	<b>97,785,635.98</b>	<b>602,441.89</b>	<b>269,555,720.55</b>	<b>1,770,180,194.12</b>



The Athens International Airport project was co-financed by the Cohesion Fund of the European Union.

