ATHENS URBAN TRANSPORT ORGANISATION

FINANCIAL PERFORMANCE REPORT OF ATHENS PUBLIC TRANSPORTS

2nd DRAFT REPORT

JULY, 2012

FINANCIAL PERFORMANCE REPORT 2011

ATHENS URBAN TRANSPORT ORGANISATION

PURPOSE OF THE REPORT

This report is a brief overview of the first financial results of Athens Urban Transport Organisation (OASA) for year 2011. The purpose of the report is to provide essential information to shareholders, decision makers and stakeholders about the financial performance of State-owned Urban Transport Companies.

ATHENS PUBLIC TRANSPORT GROUP

Athens Urban Transport Organisation (OASA) responsibilities deal with monitoring and control of the public transportation network in the Athens Metropolitan area (Attica region). According to the new legislation on urban transport system (law 3920/11- March 3 2011) the five operators merged to two operator companies; the OSY S.A. and STASY S.A. The first company is responsible for the bus network, which was formerly operated by ETHEL S.A., and the electric trolleybus network that was operated by ILPAP S.A. The second company is responsible for the operation of urban railway system, which was formerly operated by ISAP S.A., the Athens metro system, which was formerly owned by Attiko Metro S.A. and operated by AMEL S.A. and the Athens tram system, which was formerly operated by TRAM S.A., a subsidiary of Attiko Metro S.A. The shareholder of both operator companies is OASA S.A., which is responsible for the management of the transport operators.

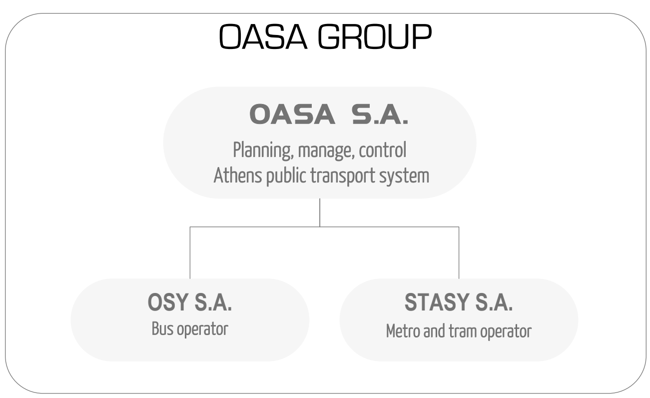

Figure 1: OASA Group structure

PERFORMANCE OF THE OASA GROUP

The financial performance of Public Transport (PT) operators during the last decade resulted a cumulative debt of approximately €2.8 billion. Government adopted a restructuring plan to make PT system viable. The restructuring plan deals with the reduction of the operating deficit of all operators. The key points towards PT consolidation are summarised as follows:

- changes in pricing policy, which were applied in March 1, 2011;
- new legislation on urban transport system (law 3920/11- March 3 2011);
- merger of the transportation operators in July, 2011;
- implementation of employee transfer program, at the end of 2011;
- implementation of the new legislation on public utilities companies (law 4424/11);
- connectivity and route development during summer period; changes were implemented in July and August 2011;
- connectivity and route development during fall and winter period; changes were implemented in September and October 2011;
- changes in the administrative structure of the Organisation, as well as in key transport operators internal processes

It is noteworthy that the new business plan, along with the above mentioned changes resulted reduction of the operating cost and increase in the operating income in year 2011; OASA Group operating cost was €143.8 millions lower compared to the previous year, while the total operating income was €55.3 millions higher. As a result, the operating deficit was reduced by 71.6%.

It is noted that operating income includes fares on the transport network, income from other sources (e.g. advertisements) and state subsidy. Operating cost includes staff salaries, fuel and maintenance cost, third-party services and various other expenses. Table 1 presents the key financial figures for the last 3 years, while table 2 shows state's subsidies, loans under Greek Government's guarantee scheme and other financial support for all transport operators.

Table 1: Operating results for years 2009-2011

(in Euros)

FINANCIAL OUTCOME	YEAR			CHANGE
	2009	2010	2011	(2011/2010)
Operating income (A)*	444,608,029	399,857,730	455,156,709	13.8%
Operating cost (B)	781,883,071	677,915,065	534,160,855	-21.2%
Operating result (A-B)	-337,275,043	-278,057,335	-79,004,146	-71.6%

* State's subsidy is included

Table 2: State subsidy for OASA Group for years 2009-2011

(in Euros)

STATE SUBSIDY	YEAR		
	2009	2010	2011(4)
OSY S.A.(1)	96,788,991	86,023,953	131,709,375
STASY S.A.(1)	31,651,376	28,389,391	27,953,773
Subtotal (without VAT)	128,440,367	114,413,344	159,663,147
Loans(2)	350,000,000	0	0
State's financial support(3)	0	230,000,000	0
Sum	478,440,367	344,413,344	159,663,147

(1) The company OSY S.A. resulted from the merging of transport operators ETHEL S.A. and ILPAP S.A. while the company STASY S.A. resulted from the merging of transport operators ISAP S.A., AMEL S.A. and TRAM S.A.; all mergers took place in 1/7/2011;

(2) Bank loan under Greek Government's guarantee for the former Group OASA (subsidiaries ETHEL S.A., ILPAP S.A. and ISAP S.A.) was € 350,000,000 in year 2009;

(3) State's financial support for former Group OASA (subsidiaries ETHEL S.A., ILPAP S.A. and ISAP S.A.) in year 2010 was € 230,000,000;

(4) The figures are based on 24610/3785/31.5.2011 document of Ministry of Infrastructure Transport and Networks.

Figure 2 illustrates operating income and cost for years 2009, 2010 and 2011. Comparing operating income over cost for years 2009 and 2010 a shortfall around €337 and € 278 million respectively is noted. However, in year 2011, the operating deficit is only €79 million.

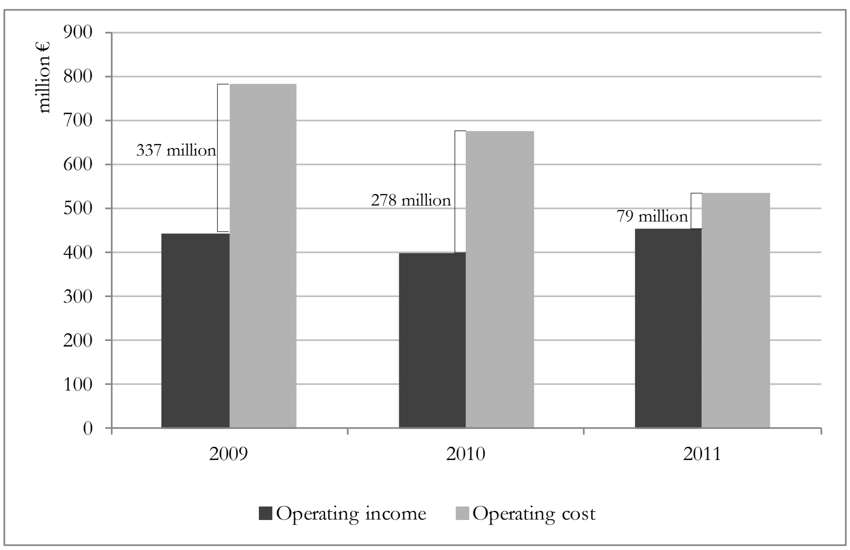

Figure 2: Operating income and cost for years 2009-2011

At this point it should be noted that operating income does not include the third party revenues given by ministries and state authorities, which have not yet been invoiced by transport operators. As presented in table 3, regarding year 2011, these revenues are around €61.6 million.

Table 3: Government debts for year 2011

(in Euros)

GOVERNMENT DEBTS TO OASA GROUP	YEAR 2011
Ministry of Education, Lifelong Learning and Religious Affairs	24,380,177
Ministry of Labour and Social Security	23,006,473
Ministry of Health and Social Solidarity	12,685,332
Ministry of Citizen Protection	705,470
Ministry of National Defense	814,609
Subtotal	61,592,061
Ministry of Health and Social Solidarity (*)	25,312,500
Sum	86,904,561

* are invoiced by transport operators but not settled by the Ministry

Figure 3 illustrates the breakdown of operating income and operating cost regarding for the last 3 years. As concerns year 2011, it is noted that if third party revenues are given then the operating deficit for OASA Group will be approximately €17.4 million.

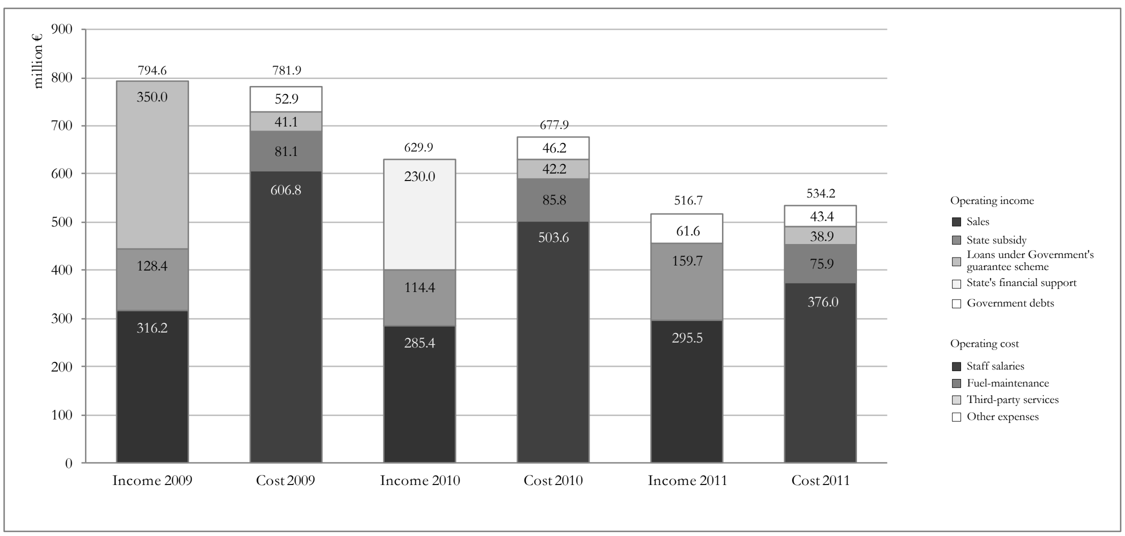

Figure 3: Operating cost and operating income breakdown for years 2009-2011

Besides the financial outcome, in order to monitor OASA Group's performance, key performance indexes (KPIs) are introduced (table 4). The first two KPIs provide results regarding the operating cost of the PT companies per vehicle kilometre and per passenger. The next 2 KPIs provide results regarding the operating debt of the PT companies per vehicle kilometre and per passenger. The next KPI provide results on the revenue generated per passenger and the last KPI provide results regarding the sales per operating cost.

Table 4: Key Performance Indexes

PERFORMANCE INDEXES		YEAR 2009	YEAR 2010	YEAR 2011	CHANGE (2011/2009)	CHANGE (2011/2010)
Operating cost per vehicle kilometre	$\frac{\textit{operating cost}}{\textit{vehicle kilometer}}$	4.64	4.29	3.74	-19%	-13%
Operating cost per passenger	$\frac{\textit{operating cost}}{\textit{passenger}}$	0.92	0.84	0.73	-21%	-13%
Debt per vehicle kilometre	$\frac{\textit{operating debt}}{\textit{vehicle kilometer}}$	2.00	1.76	0.55	-72%	-69%
Dept per passenger	$\frac{\textit{operating debt}}{\textit{passenger}}$	0.40	0.34	0.11	-73%	-69%
Revenue generator	$\frac{\textit{operating income}}{\textit{passenger}}$	0.52	0.49	0.62	19%	26%
Sales per operating cost	$\frac{\textit{sales}}{\textit{operating cost}}$	0.35	0.37	0.50	41%	35%

The primary source of revenue remains fares on the transport network; this represents around 61% of all revenue generated in 2011. As illustrated in figure 4, 35% of the total operating revenue regards state subsidy, while the rest 4% refers to income from other sources (e.g. advertisements).

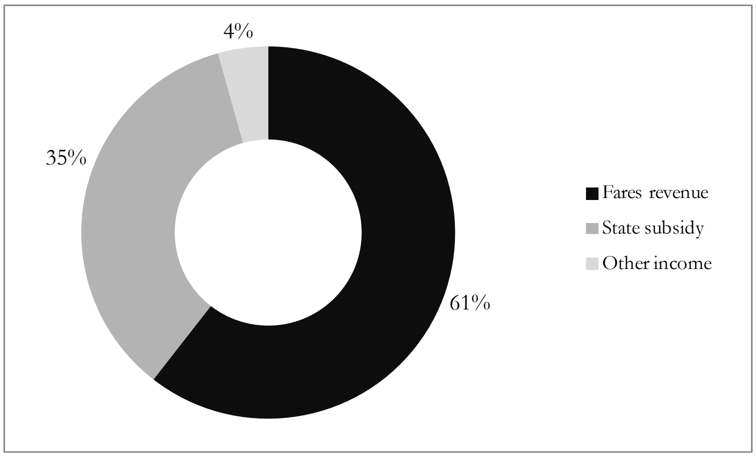

Figure 4: Operating revenue breakdown

Fares revenue is analysed into two main categories, revenue from tickets and revenue from travel cards; travel cards are further analysed into monthly and annual. In 2011, the revenue from tickets was around 69%, while the revenue from travel cards was 31%. As already mentioned, the total fares revenue, for year 2011, was higher compared to the previous year. A comparison, on a monthly basis, for revenues from tickets and monthly travel cards, for the last 3 years (2009-2011) is given in the following figure.

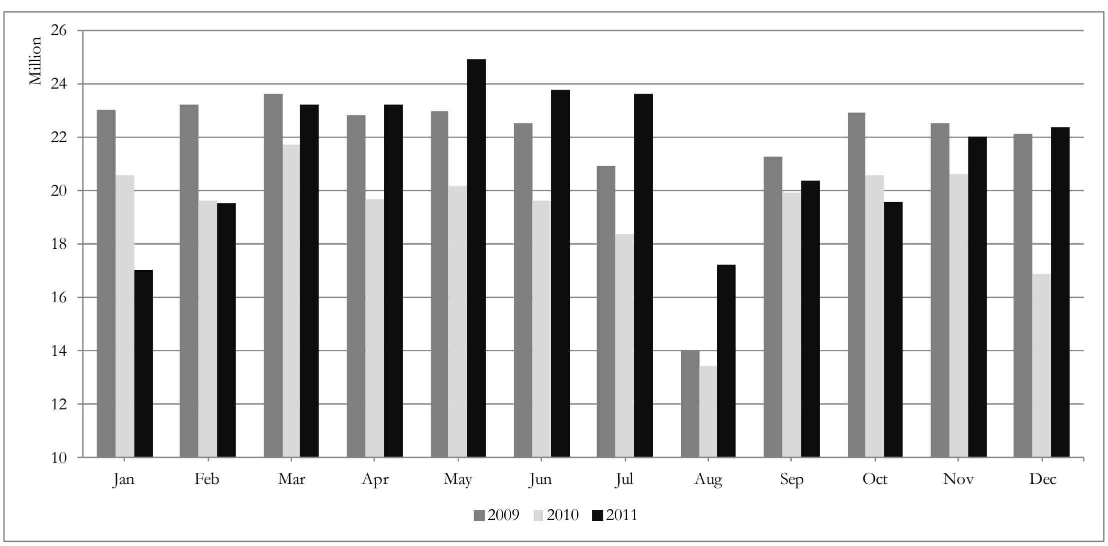

Figure 5: Fares revenues (tickets and monthly travel cards) for years 2009-2011

In terms of transport operators, tram and metro present the largest increase, around 23% and 21% respectively. Figure 6 illustrates fares revenue from tickets and monthly travel cards by transport operator for years 2010 and 2011, while figure 7 gives the annual fares revenue breakdown.

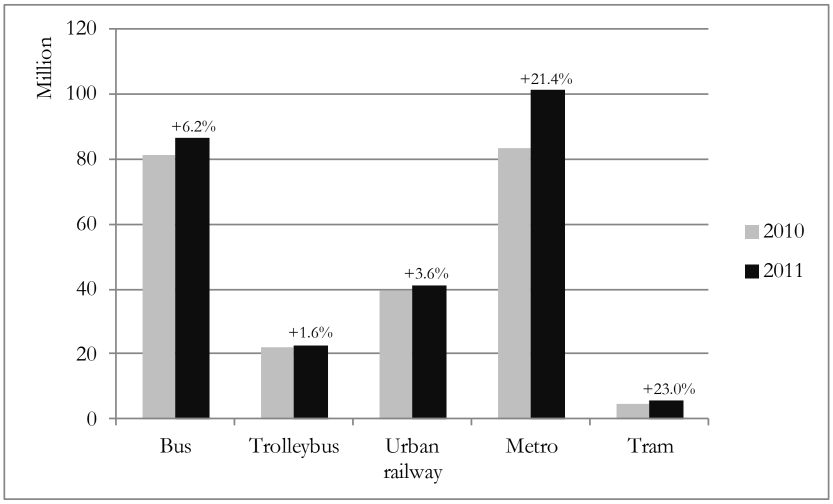

Figure 6: Fares revenues (tickets and monthly travel cards) by transport operators for years 2010-2011

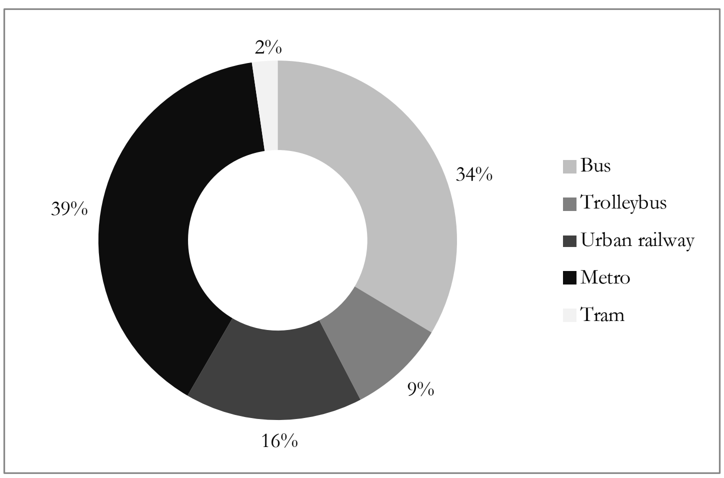

Figure 7: Fares revenues (tickets and monthly travel cards) breakdown by transport operator

Even though an increase around 11% in the fares revenue is noted, the following issues should be acknowledged:

- a decline around 9% in January and February fares revenue is noted due to urban transport workers strikes; the decline for October was around 5%;
- the new fare policy was implemented at March 1st, 2011;
- many strikes, road closures and protests took place during May and June, affecting people's mobility;
- economic crisis has affected people's mobility patterns (e.g. people prefer not to pay for transport services, unemployment rates have risen);

In 2011, operating cost was around € 144 million lower compared to the previous year. Staff costs represents about 71% of total expenditure, while service expenses like fuel and maintenance cover around 14%; the rest 15% refers to third party services and other operating expenses (figure 8). Table 5 presents the breakdown of operating expenditure for years 2009-2011.

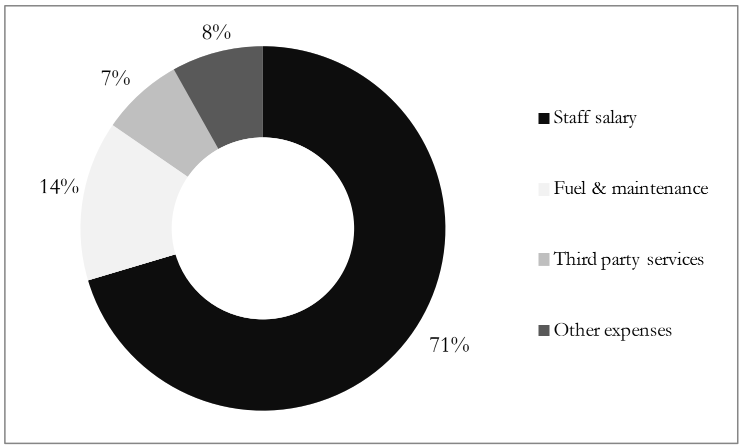

Figure 8: Operating cost breakdown for year 2011

Table 5: Operating cost for years 2009-2011

(in Euros)

OPERATING COST	YEAR			CHANGE (2011/2010)
	2009	2010	2011	
Staff salaries	606,785,528	503,643,398	375,968,227	-25.4%
Fuel & maintenance	81,084,916	85,816,971	75,928,636	-11.5%
Third party services	41,104,500	42,247,878	38,880,633	-8.0%
Other expenses	52,908,127	46,206,818	43,383,359	-6.1%
Sum	781,883,071	677,915,065	534,160,855	-21.2%

The implementation of a significant cost-cutting plan resulted in reduction in operating expenditure by 21.2% compared to year 2010 and by 32% compared to year 2009. Analytically, the implementation of the recent legislation on public sector employee payroll and pension scheme, as well as employee transfer scheme, along with cutting overtimes resulted in reduction in staff costs by 25.4% compared to 2010 and by 38% compared to 2009. In addition, applied measures for reducing costs like third party services or other expenses reduced operating cost by 7% compared to 2010 and by 12% compared to 2009. Finally, actions towards connectivity and route development resulted in reduced operating costs on fuels and maintenance; a reduction around 11.5% compared to 2010 is noted.

Highlights:

- Preliminary figures show € 3,647,534 surplus; it is worth mentioning that operating deficit was €1,266,150 in 2010 and €4,397,802 in 2009.
- Operating cost was reduced by 36%, mostly due to ongoing cost-cutting plan and the implementation of the recent legislation on public sector employee payroll and pension scheme.
- Operating revenue was increased by 4%, compared to the previous year.

Table 6 presents the operating result for company OASA S.A. for years 2010-2011.

Table 6: Company OASA S.A.: Operating result for years 2010-2011

(in Euros)

FINANCIAL OUTCOME	YEAR		CHANGE (2011/2010)
	2010	2011	
Operating income (A)	11,095,613	11,531,214	3.9%
Operating cost (B)	12,361,763	7,883,680	-36.2%
Operating result (A-B)	-1,266,150	3,647,534	-388.1%

Operating revenues

The primary source of revenue comes from fares on the transport network and state subsidy; OASA S.A. receives 2% from all fares and state subsidy for the services it provides. As presented in table 7, the total operating revenue can be analysed as follows:

- Fares revenue (tickets and monthly travel cards): 41%
- Fares revenue (annual cards, penalty fares, third party services etc.): 26%
- State subsidy: 27%
- Income from other sources (e.g. advertisements): 6%

Table 7: Operating revenue for years 2010-2011

(in Euros)

OPERATING REVENUE	YEAR		CHANGE (2011/2010)
	2010	2011	
Fares revenue (tickets and monthly travel cards)	4,331,206	4,714,732	8.9%
Fares revenue (annual cards, penalty fares, third party services etc.)	3,770,607	2,993,500	-20.6%
State subsidy	2,240,923	3,152,731	40.7%
Subtotal	10,342,736	10,860,962	5.0%
Income from other sources	752,877	670,252	-11.0%
Sum	11,095,613	11,531,214	3.9%

Operating cost

In 2011, operating cost was around €4.5 million lower than the previous year. Staff salaries represent about 82% of total cost, while other third party services cover around 12%; the rest 6% refers to other operating expenses. Table 8 presents the breakdown of operating cost for years 2010-2011.

Table 8: Operating cost for years 2010-2011

(in Euros)

OPERATING COST	YEAR		CHANGE (2011/2010)
	2010	2011	
Staff salaries	10,444,055	6,454,680	-38.2%
Fuel	11,377	6,830	-40.0%
Third party services	1,329,361	958,596	-27.9%
Other expenses	576,970	463,574	-19.7%
Sum	12,361,763	7,883,680	-36.2%

The implementation of a significant cost-cutting plan resulted in reduction in operating expenditure by 36.2% compared to year 2010. Analytically, the implementation of the recent legislation on public sector employee payroll and pension scheme, as well as employee transfer scheme, along with cutting overtimes resulted in reduction in staff costs by 38.2% compared to 2010. In addition, applied measures for reducing costs like third party services reduced expenditure by 27.9% compared to 2010. Finally, regarding all other expenses reduction by 19.7% compared to 2010 is noted. It is worth mentioning that staff costs will further be reduced due to new employment contracts and layoff scheme.

OSY S.A.

Highlights:

- Preliminary figures show a reduction in the operating deficit by 64%, compared to the previous year.
- Operating cost was reduced by 20%, mostly due to ongoing cost-cutting plan and the implementation of the recent legislation on public sector employee payroll and pension scheme.
- Operating revenue was increased by 24%, compared to the previous year.

Table 9 presents the operating result for company OSY S.A. for years 2010-2011. Comparing operating income over operating cost for year 2010 a shortfall around € 218 million is noted. However, in year 2011, the operating deficit is only € 78 million.

Table 9: Company OSY S.A.: Operating result for years 2010-2011

(in Euros)

FINANCIAL OUTCOME	YEAR 2010	YEAR 2011	CHANGE (2011/2010)
Operating income (A)	217,294,744	269,432,397	24.0%
Operating cost (B)	435,042,621	347,915,949	-20.0%
Operating result (A-B)	-217,747,878	-78,483,552	-64.0%

Operating revenues

The primary source of revenue comes from fares on the transport network and state subsidy. As presented in table 10, the total operating revenue can be analysed as follows:

- Fares revenue: 48%
- State subsidy: 49%
- Income from other sources (e.g. advertisements): 3%

Table 10: Operating revenue for years 2010-2011

(in Euros)

OPERATING REVENUE	YEAR 2010	YEAR 2011	CHANGE (2011/2010)
Fares (tickets, cards, etc.)	118,968,462	128,596,547	8.1%
Income from other sources	12,302,328	9,126,475	-25.8%
Subtotal	131,270,791	137,723,022	4.9%
State subsidy	86,023,953	131,709,375	53.1%
Sum	217,294,744	269,432,397	24.0%

Operating cost

In 2011, operating cost was around €87 million lower than the previous year. Staff costs represent about 71% of the total expenditure, while expenses on fuel and maintenance cover around 18%; the rest 11% refers to third party services and other operating expenses. Table 11 presents the breakdown of operating expenditure for years 2010-2011.

Table 11: Operating cost for years 2010-2011

(in Euros)

OPERATING COST	YEAR		CHANGE (2011/2010)
	2010	2011	
Staff salaries	326,905,255	248,049,153	-24.1%
Fuel & maintenance	71,901,816	63,976,987	-11.0%
Third party services	22,141,484	20,433,343	-7.7%
Other expenses	14,094,067	15,456,467	9.7%
Sum	435,042,621	347,915,949	-20.0%

The implementation of a significant cost-cutting plan resulted in reduction in operating cost by 20% compared to year 2010. Analytically, the implementation of the recent legislation on public sector employee payroll and pension scheme, as well as employee transfer scheme, along with cutting overtimes resulted in reduction in staff costs by 24.1% compared to 2010. In addition, applied measures for reducing costs on fuel, maintenance and third party services reduced expenditure by 7.6% compared to 2010. It is worth mentioning that staff costs will further be reduced due to new employment contracts and layoff scheme.

STASY S.A.

Highlights:

- Preliminary figures show a reduction in the operating deficit by 93%, compared to the previous year.
- Operating cost was reduced by 23%, mostly due to ongoing cost-cutting plan and the implementation of the recent legislation on public sector employee payroll and pension scheme.
- Operating revenue was increased by 2%, compared to the previous year.

Table 12 presents the operating result for company STASY S.A. for years 2010-2011. Comparing operating income over expenditure for year 2010 a shortfall around € 59 million is noted. However, in year 2011, the operating deficit is only €4.2 million.

Table 12: Company STASY S.A.: Operating result for years 2010-2011

(in Euros)

FINANCIAL OUTCOME	YEAR		CHANGE (2011/2010)
	2010	2011	
Operating income (A)	171,467,373	174,193,098	1.6%
Operating cost (B)	230,510,680	178,361,226	-22.6%
Operating result (A-B)	-59,043,307	-4,168,128	-92.9%

Operating revenue

The primary source of revenue comes mostly from fares on the transport network and state subsidy. As presented in table 13, the total operating revenue can be analysed as follows:

- Fares revenue: 78%
- State subsidy: 16%
- Income from other sources (e.g. advertisements): 6%

Table 13: Operating revenues for years 2010-2011

(in Euros)

OPERATING REVENUE	YEAR		CHANGE (2011/2010)
	2010	2011	
Fares (tickets, cards, etc.)	129,629,448	135,768,020	4.7%
Income from other sources	13,448,534	10,471,306	-22.1%
Subtotal	143,077,982	146,239,326	2.2%
State subsidy	28,389,391	27,953,773	-1.5%
Sum	171,467,373	174,193,098	1.6%

Operating cost

In 2011, operating cost was around €52 million lower than the previous year. Staff costs represent about 68% of the total costs, while expenses on fuel and maintenance cover around 7%; the rest 25% refers to third party services and other operating expenses. Table 14 presents the breakdown of operating cost for years 2010-2011.

Table 14: Operating cost for years 2010-2011

(in Euros)

OPERATING COST	YEAR		CHANGE (2011/2010)
	2010	2011	
Staff salaries	166,294,088	121,464,394	-27.0%
Fuel & maintenance	13,903,778	11,944,820	-14.1%
Third party services	18,777,033	17,488,694	-6.9%
Other expenses	31,535,781	27,463,318	-12.9%
Sum	230,510,680	178,361,226	-22.6%

The implementation of a significant cost-cutting plan resulted in reduction in operating cost by 22.6% compared to year 2010. Analytically, the implementation of the recent legislation on public sector employee payroll and pension scheme, as well as employee transfer scheme, along with cutting overtimes resulted in reduction in staff costs by 27.0% compared to 2010. In addition, applied measures for reducing costs on fuel, maintenance and third party services reduced expenditure by 11.4% compared to 2010. It is worth mentioning that staff costs will further be reduced due to new employment contracts and layoff scheme.