

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE CONSOLIDATED FINANCIAL STATEMENTS 2007

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ATLANTIC INSURANCE COMPANY PUBLIC LIMITED**OFFICERS AND PROFESSIONAL ADVISERS****Board of Directors**

Emilios Pyrishis Chairman and Managing Director
Andreas Pyrishis Vice Chairman
Andreas Frangoullis
Nikos Marathovouniotis (Died 15th January 2008)
George Pyrishis
Kyriakos Toumazis (Resigned 21st May 2007)
Charalambos Alexandrou
Nina Pyrishis
Panayiotis Mallis (Appointed 23rd March 2007)

Registered office

15 Esperidon street
Atlantic Building
CY-2001 Strovolos

Secretary

Nikos Marathovouniotis (Died 15th January 2008)
Michael Christides (Appointed 16th January 2008)

Auditors

Joannides + Co Limited
Approved Accountants
13 Ayiou Prokopiou street
CY-2406 Engomi,
Lefkosia

Legal advisers

L. Papaphilippou & Co.

Bankers

Bank of Cyprus Public Limited
Marfin Popular Bank Public Limited
Hellenic Bank Public Limited

Company registration number: 20008

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

CHAIRMANS' STATEMENT

As on every year the circulation of the annual statement of the accounts of the Group gives me the opportunity to communicate with the shareholders and inform them on the financial results but also the general course and prospects of our Company. I am particularly pleased in submitting the results of the year that ended on the 31st December 2007 because they fully justify the soundness of our business choices. I would especially like to mention that our persistence in the introduction of new technologies and the training of our personnel has improved both the efficiency of the Company and the quality of the services provided to our customers.

Management and Personnel feel proud because they were able to come up to the expectations of our shareholders and fully implement the promises given. Indeed the conscientious work and harmonious cooperation between Management and Personnel, enabled the accomplishment of our targets which, on some occasions, we have exceeded.

This year again our Company's turnover continued its ascending trend and as a result our gross premiums and Policy fees reached the amount of £12.380.479 (€21.153.305) compared to last year's £11.506.411 (€ 19.659.871) showing an increase of 8%. The total profits of the Group, that are attributable to the shareholders, increased significantly and reached the amount of £4.106.240 (€7.015.928) compared to last year's £2.761.758 (€4.718.742) showing an increase of 49%.

The amelioration of the financial results is attributed to the income derived from the insurance operations, the investments of the Group and the increase of the profits of ATLANTIC SECURITIES, our subsidiary company which is activated in the stock exchange and financial operations. In particular during the year 2007 the premiums continued their ascending course while at the same time the claims ratio compared to the earned premiums remained steadily on 50%, resulting to a profit increase from insurance operations from £1.653.518 (€2.825.203) in 2006 to £2.728.652 (€4.662.179) in 2007, presenting an increase of 65%.

The substantive boosting of the business operations of our financial subsidiary has created an additional profit from stock exchange and financial operations of the order of £405.373 (€692.621) totaling annual profits of the order of £838.920 (€1.433.380) compared to last year's £433.547 (€952.710) which equals an increase of 94%.

The total profit from disposal and revaluation of investments amounted to £513.313 (€877.048) compared to £557.596 (€952.710) in the corresponding period of 2006.

In the light of these fully satisfactory results the Board of Directors has decided to recommend for approval at the Annual General Meeting of the Company the payment of a dividend of €0,08 (£0,0468) per share as compared to €0,0555 (£0,0325) paid for the corresponding period of last year presenting an increase of 44%.

Dear Shareholders,

With confidence but also prudence we will draw the parameters of the development plan of the Company. Our permanent aim is that our Company remains in the forefront of the market, providing the right product at the right moment. Emphasis will be given to the broadening and intensifying of the training seminars for the personnel and collaborators in order to further ameliorate and upgrade our services through the introduction of new technologies.

As you all know the world economy is entering a difficult and turbulent period. The continuous increase of oil prices, inflation and the financial crisis of US are now reaching Europe and inevitably will affect Cyprus. Aware of the new economic realities our Company will pay increased attention in coping with the difficulties the insurance market may face.

ATLANTIC is robust as ever before, and we are confident that that we are in a position to face successfully any future challenges and overcome the difficulties that may appear on our way. I can assure you that our prospects are very good and we expect that our upward trend will continue this year again.

In concluding I would like to express my sincere and heartfelt thanks to the shareholders, customers and associates for their confidence and fidelity to our Company. I would also like to thank and congratulate the Management and the Personnel of ATLANTIC who have carried, this year again, their duties and responsibilities with remarkable success.

Emilios Pyrishis
Chairman

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

DIRECTORS' REPORT

The Board of Directors of Atlantic Insurance Company Public Limited (the "Company") submits its Annual Report and the audited consolidated financial statements of the holding Company and its subsidiaries (the "Group") for the year ended 31 December 2007.

Principal activities

The principal activities of the Group are the undertaking of insurance business of the following classes: Motor, Fire, Marine Aviation and goods in transit, employers' liability, accident and medical, credit and guarantees and miscellaneous general business, possession of land with the intention of its division into plots and their disposal, provision of financial, consultant and brokerage services. During the year there were no changes in these activities.

Branches

The Company provide insurance services through its headquarters that are located in Lefkosia and its branches that are in the cities of Larnaka, Lemesos and Pafos.

Review of the development, position and results of the activities

This year again our Company's turnover continued its ascending trend and as a result our gross premiums and Policy fees reached the amount of £12.380.479 (€21.153.305) compared to last year's £11.506.411 (€ 19.659.871) showing an increase of 8%. The total profits of the Group, that are attributable to the shareholders, increased significantly and reached the amount of £4.106.240 (€7.015.928) compared to last year's £2.761.758 (€4.718.742) showing an increase of 49%.

The amelioration of the financial results is attributed to the income derived from the insurance operations, the investments of the Group and the increase of the profits of ATLANTIC SECURITIES, our subsidiary company which is activated in the stock exchange and financial operations. In particular during the year 2007 the premiums continued their ascending course while at the same time the claims ratio compared to the earned premiums remained steadily on 50%, resulting to a profit increase from insurance operations from £1.653.518 (€2.825.203) in 2006 to £2.728.652 (€4.662.179) in 2007, presenting an increase of 65%.

The substantive boosting of the business operations of our financial subsidiary has created an additional profit from stock exchange and financial operations of the order of £405.373 (€692.621) totaling annual profits of the order of £838.920 (€1.433.380) compared to last year's £433.547 (€952.710) which equals an increase of 94%.

The total profit from disposal and revaluation of investments amounted to £513.313 (€877.048) compared to £557.596 (€952.710) in the corresponding period of 2006.

Financial results

As shown on page 5, the net profit after taxation for the year ended 31 December 2007, that is attributable to the shareholders, have increased by 49% and reached £4.106.240 (€7.015.928) compared to last year's £2.761.758 (€4.718.742). The profit for the year will be transferred to the reserves.

Dividend

The Board of Directors has decided to recommend for approval at the Annual General Meeting of the Company the payment of a dividend of €0,08 cent (£0,0468 cent) per share, compared to the corresponding period in 2006 of €0,0555 cent (€0,0325 cent) presenting an increase of 44%.

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED**DIRECTORS' REPORT (continued)****Buildings**

Based on estimation by independent approved valuers, the land and buildings of the Holding Company presented total profit of £661.118 (€1.143.407), from which the amount of £138.276 (€239.150), concerned profit from revaluation of investments properties and was recognised in the profit and loss account. The remaining balance of £522.842 (€904.258) was recognised in the revaluation reserve in the balance sheet.

Share Capital

The authorised share capital of the Company amounts to £50.000.000 divided into 250.000.000 ordinary shares of £0,20 each. The issued share capital of the Company amounts to £7.821.782 divided into 39.108.912 ordinary shares of £0,20 each.

During the year there were no changes to the capital structure of the Company.

The Board of Directors decided to recommend for approval at the Annual General Meeting of the Company resolution which will adopt a plan for the buyback of own shares, pursuant to the provisions of the relevant Laws and Regulations.

Corporate Governance

The Company partly complies with the Code of Corporate Governance.

Post balance events

There were no any significant post balance events.

Board of Directors

The Board of Directors is consisted by the members shown on page 1. All directors served on the board for the whole year of 2006 except from Mr. Panayiotis Mallis who was appointed on 23 March 2007 and Mr. Kyriakos Toumazis who was resigned on 21st May 2007. According to the articles of association of the Company Messrs Emilios Pyrishis and George Pyrishis will retire from the board ,but being eligible offer themselves for re-election. There will be an election for the filling in of the vacant positions. There were no significant changes in the distribution of responsibilities or the compensation of the board of directors.

Auditors

The Auditors of the Company Joannides + Co Limited have expressed their willingness to continue to provide their services. Resolution that will authorise the Board of Directors to determine their remuneration will be submitted into the next Annual general meeting.

With order of Board of Directors,

Emilios Pyrishis
Chairman

Lefkosia
23 April 2008

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2007

	2007	2006	Additional information	
	£	£	2007	2006
			€	€
Gross premiums and policy fees	12.380.479	11.506.411	21.153.305	19.659.871
Less:-				
Share of reinsurers' premium	<u>(3.002.884)</u>	<u>(2.740.133)</u>	<u>(5.130.732)</u>	<u>(4.681.796)</u>
Net premiums	9.377.595	8.766.278	16.022.573	14.978.075
Transfer to unearned premiums	<u>(158.740)</u>	<u>(412.663)</u>	<u>(271.224)</u>	<u>(705.077)</u>
	9.218.855	8.353.615	15.751.349	14.272.998
Add:-				
Other operating income from insurance operations	543.776	394.584	929.097	674.187
Operating income from stock exchange and financial operations	<u>3.105.091</u>	<u>1.835.377</u>	<u>5.305.363</u>	<u>3.135.928</u>
	12.867.722	10.583.576	21.985.809	18.083.113
Less:-				
Claims payable	<u>(4.576.530)</u>	<u>(4.143.733)</u>	<u>(7.819.466)</u>	<u>(7.079.989)</u>
Commission payable for insurance operations	<u>(583.354)</u>	<u>(584.898)</u>	<u>(996.720)</u>	<u>(999.358)</u>
Commission payable for stock exchange and financial operations	<u>(1.735.010)</u>	<u>(1.073.808)</u>	<u>(2.964.441)</u>	<u>(1.834.710)</u>
Administrative expenses	<u>(2.405.883)</u>	<u>(2.771.316)</u>	<u>(4.110.695)</u>	<u>(4.735.075)</u>
Profit from operations	3.566.945	2.009.821	6.094.487	3.433.981
Profit on sale and revaluation of investments	513.313	557.596	877.048	952.710
Other Income from Investment	153.719	76.666	262.645	130.992
Profit on the revaluation of investment properties	-	138.276	-	236.259
Net finance income	<u>578.296</u>	<u>491.369</u>	<u>988.078</u>	<u>839.554</u>
Profit before taxation	4.812.273	3.273.728	8.222.258	5.593.496
Taxation	<u>(309.187)</u>	<u>(309.615)</u>	<u>(528.278)</u>	<u>(529.009)</u>
Profit after taxation	4.503.086	2.964.113	7.693.980	5.064.487
Minority interest	<u>(396.846)</u>	<u>(202.355)</u>	<u>(678.052)</u>	<u>(345.745)</u>
Profit attributable to the shareholders	<u>4.106.240</u>	<u>2.761.758</u>	<u>7.015.928</u>	<u>4.718.742</u>
Earnings per share (cent)	<u>10.50</u>	<u>7.06</u>	<u>17.94</u>	<u>12.06</u>

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

CONSOLIDATED BALANCE SHEET

as at 31 December 2007

	2007	2006	Additional information	
	£	£	2007	2006
			€	€
Non current assets				
Tangible fixed assets	3.711.398	3.602.985	6.341.300	6.156.066
Investment properties	2.135.454	1.113.553	3.648.640	1.902.619
Investments available for sale	3.503.444	2.333.192	5.985.990	3.986.496
	<u>9.350.296</u>	<u>7.049.730</u>	<u>15.975.930</u>	<u>12.045.181</u>
Current assets				
Debtors and other receivables	5.702.032	6.195.266	9.742.501	10.585.241
Investments	2.380.169	2.283.133	4.066.761	3.900.965
Cash and bank balances	15.189.776	12.801.178	25.953.274	21.872.112
	<u>23.271.977</u>	<u>21.279.577</u>	<u>39.762.536</u>	<u>36.358.318</u>
Total assets	<u>32.622.273</u>	<u>28.329.307</u>	<u>55.738.466</u>	<u>48.403.499</u>
Equity				
Share capital	7.821.782	7.821.782	13.364.308	13.364.308
Reserves	10.082.142	7.089.341	17.226.363	12.112.859
Total equity attributable to equity holders of the Company	<u>17.903.924</u>	<u>14.911.123</u>	<u>30.590.671</u>	<u>25.477.167</u>
Minority interest	692.738	295.892	1.183.614	505.562
Total Equity	<u>18.596.662</u>	<u>15.207.015</u>	<u>31.774.285</u>	<u>25.982.729</u>
Non current liabilities				
Deferred taxation	240.420	255.510	410.782	436.565
Current liabilities				
Claims payable and provisions for unearned premiums	7.603.535	7.069.817	12.991.411	12.079.500
Other Liabilities	6.181.656	5.796.965	10.561.988	9.904.705
	<u>13.785.191</u>	<u>12.866.782</u>	<u>23.553.399</u>	<u>21.984.205</u>
Total equity and liabilities	<u>32.622.273</u>	<u>28.329.307</u>	<u>55.738.466</u>	<u>48.403.499</u>

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' INTEREST

for the year ended 31 December 2007

	Share capital	Share premium	Revaluation reserve	Fair value reserve	Profit and loss account	Total	Minority Interest	Total equity
	£	£	£	£	£	£	£	£
Balance 1 January 2006	7.821.782	1.111.127	909.091	41.138	2.075.540	11.958.678	133.784	12.092.462
Profit due to the revaluation of immovable property	-	-	522.842	-	-	522.842	-	522.842
Restated Deferred taxation due to the revaluation of immovable property	-	-	(85.828)	-	-	(85.828)	-	(85.828)
Transfer to the profit and loss account of the additional depreciation charge due to the revaluation of buildings	-	-	(1.635)	-	1.635	-	-	-
Deferred taxation on the additional depreciation charge due to the revaluation of buildings	-	-	163	-	(163)	-	-	-
Write off losses due to previous years revaluation of immovable property that were disposed during the year	-	-	(33.085)	-	-	(33.085)	-	(33.085)
Write off losses to profit and loss account due to disposal of investments	-	-	-	(34.162)	-	(34.162)	-	(34.162)
Fair value profits for the year	-	-	-	633.253	-	633.253	-	633.253
Dividend paid	-	-	-	-	(782.178)	(782.178)	-	(782.178)
Special contribution for defence on deemed dividend distribution	-	-	-	-	(30.155)	(30.155)	-	(30.155)
Restated due to change in share participation	-	-	-	-	-	-	(40.247)	(40.247)
Profit for the year	-	-	-	-	2.761.758	2.761.758	202.355	2.964.113
Balance 31 December 2006	7.821.782	1.111.127	1.311.548	640.229	4.026.437	14.911.123	295.892	15.207.015
Restated Deferred taxation due to the revaluation of immovable property	-	-	6.539	-	-	6.539	-	6.539
Transfer to the profit and loss account of the additional depreciation charge due to the revaluation of buildings	-	-	(6.572)	-	6.572	-	-	-
Deferred taxation on the additional depreciation charge due to the revaluation of buildings	-	-	657	-	(657)	-	-	-
Write off losses to profit and loss account due to disposal of investments	-	-	-	(996)	-	(996)	-	(996)
Fair value profits for the year	-	-	-	152.062	-	152.062	-	152.062
Dividend paid	-	-	-	-	(1.271.044)	(1.271.044)	-	(1.271.044)
Profit for the year	-	-	-	-	4.106.240	4.106.240	396.846	4.503.086
Balance 31 December 2007	7.821.782	1.111.127	1.312.172	791.295	6.867.548	17.903.924	692.738	18.596.662

Profit or loss on the revaluation of investments held for sale in the medium and long terms are recognised in the reserves.

The share premium reserve, revaluation reserve and fair value reserve are not available for distribution.

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2007

	2007	2006	Additional information	
	£	£	2007	2006
			€	€
Operating activities				
Profit for the year before taxation	4.812.273	3.273.728	8.222.257	5.593.497
Adjustments for:				
Profit on sale of investments	(453.492)	(381.136)	(774.838)	(651.210)
Profit on revaluation of investment properties	-	(138.276)	-	(236.259)
Profit on the revaluation of investments	(59.821)	(176.460)	(102.211)	(301.500)
Depreciation	161.928	148.312	276.671	253.407
Goodwill written off	-	300.000	-	512.581
Loss on sale of fixed assets	-	30.443	-	52.015
Interest received	(596.677)	(442.329)	(1.019.484)	(755.764)
Dividends received	(109.124)	(29.331)	(186.450)	(50.115)
Interest paid	48.872	23.183	83.503	39.611
Profit from operations before changes in working capital	3.803.959	2.608.134	6.499.448	4.456.263
Increase in debtors and other receivables	493.234	(568.564)	842.741	(971.450)
Increase in liabilities and provisions	1.114.263	3.491.482	1.903.832	5.965.552
Cash from operations	5.411.456	5.531.052	9.246.021	9.450.365
Interest paid	(48.872)	(23.183)	(83.503)	(39.611)
Special contribution for defence on deemed dividend distribution	-	(30.155)	-	(51.523)
Taxation paid	(393.200)	(288.946)	(671.823)	(493.694)
Net cash flow from operating activities	4.969.384	5.188.768	8.490.695	8.865.537
Investment activities				
Purchase of investments	(47.260.502)	(3.317.830)	(80.749.361)	(5.668.850)
Purchase of investments in subsidiary companies	-	(40.250)	-	(68.772)
Sale of investments	46.657.593	3.457.262	79.719.231	5.907.083
Purchase of fixed assets	(270.341)	(110.006)	(461.906)	(187.957)
Purchase of investment properties	(1.021.901)	-	(1.746.022)	-
Receipts from sale of fixed assets	-	21.546	-	36.814
Interest received	596.677	442.329	1.019.484	755.764
Dividend received	109.124	29.331	186.450	50.115
Net cash flow (used in)/from investing activities	(1.189.350)	482.382	(2.032.124)	824.197
Financial activities				
Dividend paid	(1.271.044)	(782.178)	(2.717.708)	(1.336.431)
Net cash flow to financial activities	(1.271.044)	(782.178)	(2.171.708)	(1.336.431)
Increase in cash and cash equivalents	2.508.990	4.888.972	4.286.863	8.353.303
Cash and cash equivalents at the beginning of the year	12.599.269	7.710.297	21.527.130	13.173.825
Cash and cash equivalents at the end of the year	15.108.259	12.599.269	25.813.993	21.527.128