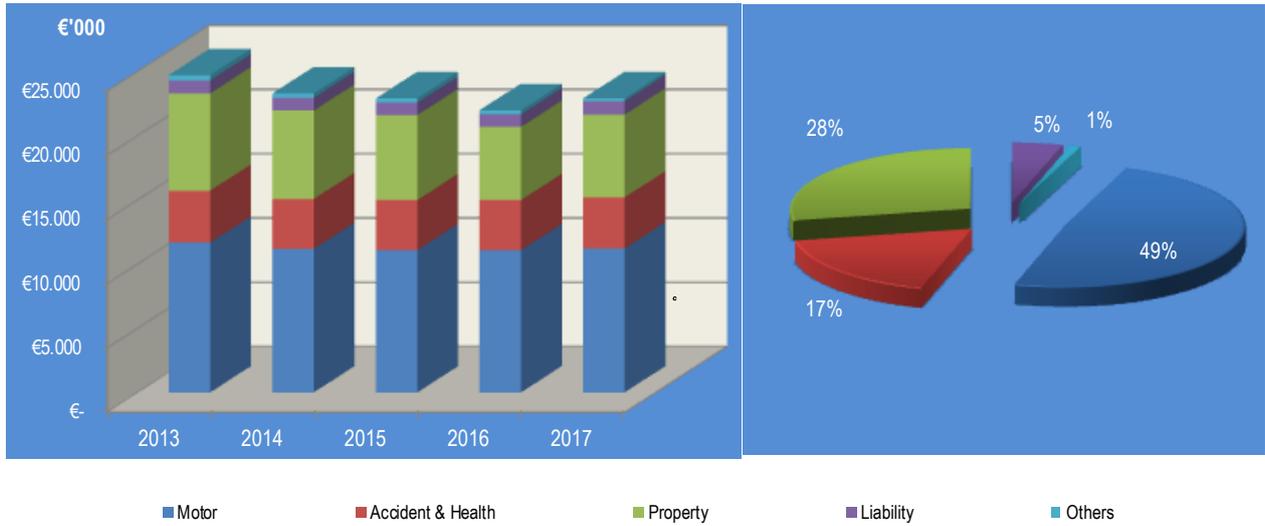




HISTORICAL FINANCIAL INFORMATION

Gross Written Premiums by Insurance class



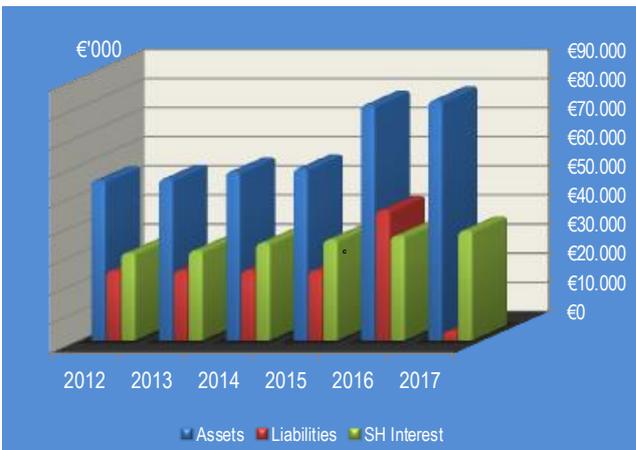
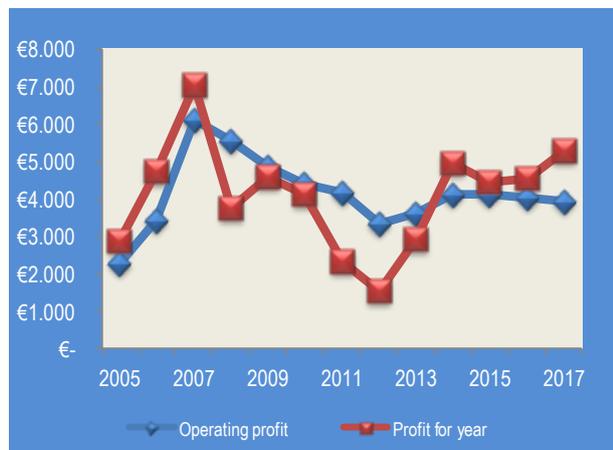
Claims Ratio



Return on Equity



Profits, Assets, Liabilities and Shareholders' Interest



ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE CONSOLIDATED FINANCIAL STATEMENTS 2017

CONTENTS	Page
Officers and Professional Advisers	1
Chairman's Statement	2
Management Report	3 - 7
Consolidated Profit and Loss Account	8
Statement of Comprehensive Income	9
Consolidated Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Consolidated Cash Flow Statement	12
Extract from the notes to the consolidated financial statements	13-32

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

Emilios Pyrishis Chairman and Managing Director
Andreas Pirishis Vice Chairman
Andreas Frangoullis
George Pyrishis
Charalambos Alexandrou
Nina Pyrishis
Panayiotis Mallis
Triantafyllos Lysimachou
Loukis Ioannou

Marios Savvides (Alternate Director of Mr Lysimachou)

Secretary

Andreas Pirishis

Auditors

Joannides + Co Limited
Certified Public Accountants and Registered Auditors
13 Ayiou Prokopiou Street
CY-2406 Engomi,
Nicosia

Bankers

AstroBank Ltd
Bank of Cyprus Public Limited
Hellenic Bank Public Limited
RCB Bank Ltd
Eurobank Cyprus Ltd
Cyprus Development Bank Plc
Societe Generale Cyprus
BBAC Bank of Beirut and the Arab Countries

Registered office

15 Esperidon Street
Atlantic Building
CY-2001 Strovolos

Legal advisers

L. Papaphilippou & Co.

Co-operative Cyprus Bank
Credit Suisse (UK) Ltd
Alpha Bank (Cyprus) Ltd
EFG Bank AG
USB Bank Plc
FBME Bank Ltd
Arab Jordan Investment Bank

Company registration number: HE20008

CHAIRMAN'S STATEMENT

I have the privilege to present to you the results of the group for the year ended 31 December 2017. Once again I am pleased to inform you that the course of the Company last year was stable and its financial results were more than satisfactory.

The main factor which contributed towards this was the rate of economic growth of Cyprus which was 3.9% in 2017 which placed Cyprus in the fifth place in the Eurozone in terms of economic growth. This of course does not mean that all were positive and rosy during the period under review. On the contrary, the increase in the number of insurance companies operating in Cyprus and their intense effort to gain market share contributed to the further deterioration of competition in the market which was often expressed in an intense way resulting in some companies resorting to tactics that fall outside the framework of fair competition.

The Group's profits attributable to the shareholders amounted to €5,28m against €4,53m in 2016. Earnings per share increased to 13,51 cents from 11,58 cents in 2016. The prudent and consistent strategy followed by the management of the Company once again proved to be correct since the significant growth in profitability was achieved despite the intense competition that prevailed in the general insurance market in 2017.

Group operating profit fell by 2,0% to €3,96m from €4,04m in 2016. Profits from insurance operations amounted to €4,08m as opposed to €4,19m in 2016. Operating profit margin fell to 24,5% compared with 25,4% in 2016.

Gross written premiums increased by 4,2% to €22,9m mainly due to the increase in fronting policy premiums. Without the effect of these contracts the increase in premiums was 1,6%.

Claims from policyholders increased by 7,8% and amounted to €8,49m from €7,88m in 2016. As a result the net claims loss ratio rose to 50,9% from 47,8% in the previous year. The claims ratio of motor, accident and health and marine insurance classes increased while the claims ratio of the property and liability insurance classes fell.

Administrative expenses fell by 5,4% to €4,33m from €4,58m in 2016. The decrease is mainly attributable to the reduction in the provisions for bad debts (from €0,32m to €0,07m).

The investment return on the Group's investment portfolio was highly satisfactory as it reached 8,4%. Investment income which mainly relates to dividends and rents increased to €0,43m as opposed to €0,39m in 2016. Investment gains also increased significantly from €0,53m in 2016 to €1,05m.

The operating results of the financial services sector showed an improvement during the year. Income from operations increased by 14,6% to €0,29m compared with €0,25m in 2016. As a result the loss attributable to shareholders fell to €0,09m from €0,13m in 2016.

The financial strength of the Group improved further as indicated by the increase in own funds by 5,0% to €37,6m. Indicative of the Group's sound capital base is the Solvency II ratio of the Company which stood at 203,7% at 31 December 2017 versus the minimum regulatory level of 100%.

The Board of Directors after taking into account the financial results for the year 2017, the capital requirements and the profitability prospects of the Group for the coming year as well as the prevailing economic conditions, decided to propose for approval at the Annual General Meeting of the Company the payment of a dividend of 9,50 cents per share (2016:9,25 cents).

We believe that the recovery of the local economy will continue in the current year but we however expect that the operating environment in the insurance sector for the year 2018 will remain difficult. Considering the significant uncertainties in the economic and business environment the Board of Directors believes that at this stage any prediction about the results of the current year is premature.

I would like to assure you of the determination of the Board to remain strictly committed to effective risk management, protection of the capital base, adequate diversification of bank deposits and investments and careful development of operations. The robust financial position and the high liquidity of the Group mean that Atlantic is in a strong position to take advantage of any interesting opportunities for expansion and growth of its operations.

Finally, I would like to express my warm and sincere appreciation to our shareholders, customers and associates for their constant support and loyalty. I also express my appreciation to the staff of the Group for their dedication, professionalism and diligence.



Emilios Pyrishis
Chairman

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

MANAGEMENT REPORT

The Board of Directors of Atlantic Insurance Company Public Limited (the "Company") submits its Annual Management Report and the audited consolidated financial statements of the holding Company and its subsidiaries (the "Group") for the year ended 31 December 2017.

Principal activities

The principal activities of the Group are the undertaking of insurance business of the classes of Accident and Medical, Motor, Aviation, Marine and Goods Transportation, Fire and other Property Damage, General Liability, Credit and Guarantees and miscellaneous general business, the possession of land with the intention of its division into plots and their disposal and the provision of financial, consultancy and brokerage services. During the year there were no changes in the Group's activities.

Branches

The Company provides insurance services through its headquarters that are located in Nicosia and its branches which are located in the cities of Larnaka, Limassol and Paphos.

Review of the developments, position and results of activities

The Group's profits attributable to the shareholders for the year ended 31 December 2017 increased by 16,7% to €5,28m against €4,53m in 2016.

The improvement in profitability is mainly attributable to the following factors:

- Increase in gains from sale and revaluation of investments
- Increase in net finance income
- Decrease in loss from revaluation of immovable property

Profit from operations

Profit from operations fell by 2,0% and amounted to €3,96m against €4,04m in 2016.

Insurance operations

Profit from insurance operations fell by 2,6% to €4,08m (2016: €4,19m). Operating margin was 24,5% compared with 25,4% in 2016. The decrease in the Company's profitability is mainly due to the increase in incurred claims by 7,8%.

Financial services

The subsidiary Atlantic Consultancy recorded reduced losses of €0,14m (2016: €0,20m). Operating income increased by 14,6% to €0,29m compared to €0,25m in 2016. Administrative expenses recorded a decrease of 7,3% to €0,33m (2016: €0,35m). After the deduction of minority interest, the net effect on the group's results for the year was a loss of €0,09m compared with a loss of €0,13m in 2016.

Premiums

Gross written premiums excluding fronting policies and policy fees amounted to €18,95m compared to €18,88m in 2016. Without the effect of the expiry of 2 large contracts totaling €0,24m, gross premiums increased by 1,6%. After the adjustments for unearned premiums, net earned amounted to €16,68m against €16,48 million in 2016 with an increase of 1,2%.

Other income

Other income from insurance operations amounted to €0,82m compared to €0,76m in 2016. Other income mainly includes commissions receivable from reinsurers which amounted to €0,69m at similar levels with the previous year. The share of the Cyprus Hire Risks Pool profits increased to €0,13m from €0,05m in 2016.

Claims

Claims from policyholders increased by 7,8% and amounted to €8,49m (2016: €7,88m). As a result the net claims loss ratio on net earned premiums rose to 50,9% from 47,8% in the previous year. The claims ratio of motor, accident and health and marine insurance classes increased while the claims ratio of the property and liability insurance classes fell.

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

MANAGEMENT REPORT (continued)

Administrative expenses

Administrative expenses of the group fell by 5,4% to €4,33m from €4,58m in 2016. The decrease is mainly attributable to the reduction in the provisions for bad debts from €0,32m to €0,06m. Without this effect the remaining expenses increased by 1,5%. Vehicle expenses, advertising, consultancy services, electricity and computer expenses increased while discounts, stationery, telephone expenses and municipal taxes fell.

Net finance income

Net finance income amounted to €0,50m against €0,44m in 2016. Interest on bonds increased significantly to €0,32m from €0,25m in 2016 due to increased investments in corporate bonds. Interest from bank deposits decreased to €0,27m from €0,33m as a result of the reduction in local deposit interest rates and also the reduction in bank balances. Bank charges remained stable amounted to €0,05m, which mainly related to visa charges. Last year's finance income was also negatively affected by exchange loss of € 0,09m against a loss of €0,04m in 2017.

Profit on investments

Income from investments relates to dividends and rent receivables and amounted to € 0,43m compared to €0,40m in 2016. There was a significant improvement in investment gains which reached €1,05m compared to €0,53m in the previous year. There was also a fair value gain on financial assets available for sale of €0,02m (2016: loss €0,19m) which was credited directly to equity. The total return of the Company's investment portfolio amounted to 8,4%.

Revaluation of investment properties

During 2017 the Company recorded a loss on the revaluation of investment properties of €0,04m (2016: €0,32m). There was also a gain on the revaluation of fixed assets of €0,20m (2016: €0,06m) which was recognised directly in the statement of changes in equity.

Earnings per share

The earnings per share of the Group rose to 13,51 cents per share from 11,58 cents in 2016.

Own funds

The Group's own funds increased by 5,0% and reached €37,6m from €35,8m in 2016.

Solvency II

Based on the Solvency II calculations of the minimum solvency capital requirements, which were submitted to the superintendent of Insurance, the Solvency Ratio of the Company as at 31 December 2017 was 203,7% (2016: 206,2%) versus the minimum regulatory level of 100%. The Pillar 3 disclosures required under Solvency II are disclosed in the company's website at www.atlantic.com ('Solvency II-SFCR: Solvency and Financial Condition Report').

Financial results

As shown on page 8 of the extract from the consolidated financial statements, net profit attributable to shareholders reached €5,28m compared to €4,53m in 2016, recording an annual increase of 16,7%. Profit for the year is transferred to reserves.

Dividend

The Board of Directors has decided to propose for approval at the Annual General Meeting of the Company the payment of a dividend of 9,50 cents per share (2016: 9,25 cents).

Significant risks and uncertainties

The most significant risks that the Group is exposed to are described in note 33 of the consolidated and separate financial statements of the Company.

Risk Mitigation

As part of its effective risk management the Company whenever necessary uses derivatives for hedging purposes. The Company, as part of its hedging policy, bought 31 futures contracts for the sale of \$ 4,67m with an average agreed rate of \$1,206: €1,00 and a maturity date of September 17, 2018. The contracts were entered for the purpose of hedging currency risks arising from the USD exposure of the Company's investments and bank balances.

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

MANAGEMENT REPORT (continued)

Prospects

The Board of Directors considered the results of the Group and the significant increase in profitability as satisfactory.

As regards the prospects for the current year, there are no major developments which may affect the assessment of the results of the current period. The management believes that the conditions in the operating environment of the company will remain difficult but notes the satisfactory recovery in the wider economic environment. Considering the significant uncertainties the Board of Directors considers that at this stage any projection about the operating results of the Group for the current year are premature.

The management remains committed to its strategy of effective risk management and careful development of operations as well as the protection and strengthening of the capital base, liquidity and profitability of the Group.

Tangible Fixed Assets

Capital expenditure for tangible fixed assets amounted to €0,09m (2016: €0,20m) as shown in note 16 of the financial statements.

Research and technological advancement

The management examines on a continuous basis modern tools for the upgrading and improvement of its systems and internal operating procedures. Technological advancements fall in the following 3 basic categories according to their objective:

- Productivity improvement and cost reduction
- Improvement of customer service and of the quality of services
- Strengthening of security and monitoring systems

Share Capital

The authorised share capital of the Holding Company amounts to €85 mln divided into 250 mln ordinary shares of a nominal value of €0,34 each. The issued share capital of the Company amounts to €13,30 mln divided into 39,11 mln ordinary shares of a nominal value of €0,34 each. All the titles of the Company are listed in the Cyprus Stock Exchange and there are neither any restrictions in the transferability of the titles of the Company nor any known agreements between shareholders that may imply restrictions in the transferability of the titles and/or the voting rights.

The Extraordinary General Meeting of the Company which took place on 31 May 2017 approved the following Special Resolution:

“That the Board of Directors be authorized and is hereby authorized to implement a buy- back programme, in accordance with the provisos of Article 57A of the Companies Act 113 (Amended). The minimum and maximum price at which own shares may be bought, cannot exceed by more than 5%, the average market price of the Company's shares during the last 5 trading sessions before the acquisition. The Company may acquire, within the period of 12 months from the date of AGM resolution, the maximum number of shares which is permitted by the Act. The shares may be acquired either in the market or through a private agreement.”

The above resolution was proposed for the renewal of the Company's Repurchase Program of own shares for the period from 31 May 2017 to 30 May 2018.

During the year the Company did not acquire any own shares. The total number of own shares held by the Company at 31 December 2017 is 165 241 and the total acquisition cost amounts to €163 thousand.

No other change in the capital structure of the Company took place during the year.

Investment in subsidiary companies

During the year the Company made a provision of €0,09m (2016: €0,26m) for the permanent diminution in the value of its investment in the subsidiary undertaking Atlantic Consultancy Services Ltd. As a result, the carrying value of the investment was reduced to €0,58m from €0,67m in 2016. The provision did not have any impact in the consolidated results of the Group.

During the year, there was no change in the percentage held by the subsidiary company Atlantic Consultancy Services Ltd in the subsidiary company Atlantic Securities Ltd, which remained at 88,01%. The effective interest of Atlantic Insurance Company Public in Atlantic Securities Limited Ltd is 66,10%.

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

MANAGEMENT REPORT (continued)

Contracts with Directors' and related parties

There were no significant contracts in force by the year end or by the date of approval of the financial statements to which shareholders owning directly or indirectly more than 5% of the share capital of the Company and members of the Board and the management of the Company, their spouses or minor children have or had direct or indirect material interest, with the exception of the contracts of employment of executive directors and the agreement for the appointment of Piraeus (Cyprus) Insurance Agency Ltd as an insurance agent of Atlantic Insurance Co Public Ltd as mentioned in note 32 of the financial statements.

The transactions of the Company with related parties are shown in note 29 of the financial statements.

Significant events

There were no significant events which had a material impact on the consolidated financial statements.

Post balance events

Events occurring after the reporting period which are affecting the understanding of the financial statements are presented in note 36 of the financial statements.

Corporate Governance

At present the Board of Directors has partly adopted the Code of Corporate Governance ('Code') issued by the Cyprus Stock Exchange since the Company is listed in the Alternative Market of the Cyprus Stock Exchange where the adoption of the Code is voluntary and not compulsory. The Code of Corporate Governance is published on the website www.cse.com.cy.

The report of the Board on the Code ('Report on Corporate Governance') is shown on pages 8 and 18 of the consolidated financial statements and is available on the Company's website www.atlantic.com.cy.

The degree of the Company's compliance and explanation of areas of non-conformity with the principles and articles of the Code at the date of the report are described in the Report on Corporate Governance.

The Group adopts effective procedures in relation to the preparation of the financial statements to safeguard that transactions and events recorded in the accounting books and records are accurately presented in the financial statements, the relevant announcements and the financial reports of the Group.

The risk management process of the Group which covers the presentation of financial information aims at the recognition, analysis and management of the risks related to the preparation of the financial statements, the relevant announcements and other financial reporting so that they are in conformity with the relevant financial reporting standards, the laws and regulations, including the periodical reporting which is required by the Transparency Requirements (Securities Trading in Regulated Markets) Cyprus Laws of 2007 and 2017. This is accomplished by the identification of risks of material inaccuracy in the reports and the adoption and implementation of internal controls for the prevention or detection of items that may lead to a material misstatement.

The company through its internal control system has implemented effective processes for the preparation of its financial statements, as well as for the preparation of periodic reporting required by listed companies. The main characteristics of these procedures are:

- The financial statements of the subsidiaries of the Group are prepared under the responsibility of the Financial Director of each company and under the supervision of the Financial Director of the Company.
- The financial statements of the Company and the Group are prepared under the responsibility of the Financial Director of the Group.
- The announcements of the results of the Group as well as the related explanatory statements are compiled by the Group's Financial Director and are reviewed by the Audit Committee. The relevant announcements are approved by the Board of Directors prior to their publication.

The share capital of the Company is divided into ordinary shares having the same and equal rights. There are no issued shares with special controlling or voting rights. Detailed information on the Company's share capital is presented in note 23 of the consolidated financial statements.

The shareholders owning directly or indirectly more than 5% of the share capital of the Company on 31 December 2017 and 5 days before the date of approval of the financial statements are shown in note 30 of the financial statements.

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED**MANAGEMENT REPORT (continued)**

The percentage holdings on the Company's share capital that is owned by each member of the Board, their spouses, minor children and companies in which they own directly or indirectly more than 20% of the voting rights, on 31 December 2017 and 5 days before the date of the approval of the financial statements are mentioned in note 31 of the consolidated financial statements.

Each member of the Board is elected by the General Meeting of the shareholders or is appointed by the Board of Directors. A member who is appointed by the Board of Directors retires by law at the first annual general meeting following their appointment, which then decides on his appointment. At every annual general meeting one third of the board of directors retires and their appointment is determined by the annual general meeting. A director may be removed from office before the end of his term with an ordinary resolution at a General Meeting.

The Company's Memorandum may be amended with a special resolution at a General Meeting.

The power of the directors is general and is limited only by the powers granted in a general meeting of the shareholders of the company either by law or by the articles of the Company. The decision on the issue of new shares, unless it relates to a rights issue which is offered to the shareholders in proportion to their existing holding, is taken by the general meeting in accordance with the prevailing legislation. The right to purchase the company's own shares, unless the legislation allows otherwise, is provided to the Board of Directors for a specified period by a special resolution of the general meeting.

The composition, terms of reference and details about the functioning of the management, administrative and supervisory bodies and positions designated in accordance with the Code are mentioned in the Report of Corporate Governance which is presented immediately after the Management Report.

Board of Directors

The Board of Directors consists of the members shown on page 1. Except for Mr. Loukis Ioannou, who was appointed on 22 June 2017, all the other directors served on the board for the whole year. According to the Articles of the Company's Association Messrs George Pырishis, Panayiotis Mallis and Andreas Pырishis retire from the Board, but being eligible offer themselves for re-election. Mr. Loukis Ioannou, who was appointed as a member of the Board of Directors on 22 June 2017, is required to retire at the next Annual General Meeting but being eligible offers himself for re-election. An election will take place for the filling in of the vacant positions. There were no significant changes in the allocation of the 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. A resolution authorizing the Board of Directors to determine their remuneration will be submitted in the next Annual General Meeting.

By order of the Board of Directors,



Emilianos Pырishis
Chairman

Nicosia
24 April 2018

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2017

	Notes	2017 €'000	2016 €'000
Income from operations			
Gross written premiums		22.173	21.265
Policy fees		719	705
Reinsurers' share of premiums		(6.061)	(5.399)
Net premiums		16.831	16.571
Transfer to unearned premiums		(149)	(88)
Net earned premiums		16.682	16.483
Other operating income from insurance operations	6	823	759
Operating income from brokerage and financial services		286	254
		17.791	17.496
Expenses			
Claims payable	5	8.491	7.876
Commission payable for insurance operations		958	955
Commission payable for brokerage and financial services		53	49
Administrative expenses		4.335	4.580
		13.837	13.460
Profit from operations	10	3.954	4.036
Profit on sale and revaluation of investments	12	1.047	530
Loss on revaluation of investment properties		(45)	(319)
Other investment income	7	433	396
Net finance income	11	501	441
Profit before taxation		5.890	5.084
Taxation	13	(652)	(623)
Profit after taxation		5.238	4.461
Minority interest		47	67
Profit attributable to the shareholders		5.285	4.528
Earnings per share (cent)	14	13,51	11,58

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2017

	2017 €'000	2016 €'000
Profit for the year	5.285	4.528
Other recognised gains:		
Gain on revaluation of immovable property	204	64
Deferred tax on revaluation of immovable property	(15)	(8)
Fair value gain on financial assets available for sale	20	192
Transfer to profit and loss for the year on disposal of financial assets available for sale	(54)	(127)
Transfer to profit and loss for the year on change of classification of bonds	(44)	7
	111	128
Total comprehensive income for the year	5.396	4.656

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Notes	2017 €'000	2016 €'000
Non-current assets			
Tangible fixed assets	16	6.842	6.756
Intangible assets	17	29	22
Debtors and other receivables	21	551	720
Investment properties	18	5.670	5.665
Financial assets available for sale	19	2.221	4.314
Total non-current assets		15.313	17.477
Current assets			
Debtors and other receivables	21	31.473	32.258
Financial assets held for trading	20	20.531	12.056
Cash and bank balances	22	14.933	19.001
Total current assets		66.937	63.315
Total assets		82.250	80.792
Equity			
Share capital	23	13.297	13.297
Reserves		24.463	22.685
Purchase of own shares		-163	-163
Equity attributable to shareholders		37.597	35.819
Minority interest		319	366
Total equity		37.916	36.185
Non-current liabilities			
Deferred taxation	24	255	240
		255	240
Current liabilities			
Outstanding claims and provision for unearned premiums	25	41.227	41.547
Bank overdrafts	22	12	-
Other Liabilities	28	2.840	2.820
		44.079	44.367
Total equity and liabilities		82.250	80.792

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

	Share Capital €'000	Share Premium €'000	Revaluation Reserve €'000	Fair Value Reserve €'000	Profit and Loss account €'000	Own Shares €'000	Total €'000	Minority Interest €'000	Total Equity €'000
Balance 1 January 2016	13.297	1.965	3.029	121	16.238	(163)	34.487	468	34.955
Gain on revaluation of immovable property	-	-	64	-	-	-	64	-	64
Deferred tax on revaluation of immovable property	-	-	(8)	-	-	-	(8)	-	(8)
Reduction of minority due to sale of shares	-	-	-	-	-	-	-	(35)	(35)
Fair value gain on financial assets available for sale	-	-	-	192	-	-	192	-	192
Transfer to profit and loss for the year of realised gain on financial assets available for sale	-	-	-	(127)	-	-	(127)	-	(127)
Transfer to profit and loss for the year on change of classification of bonds	-	-	-	7	-	-	7	-	7
Dividend paid	-	-	-	-	(3.324)	-	(3.324)	-	(3.324)
Profit for the year	-	-	-	-	4.528	-	4.528	(67)	4.461
Balance 31 December 2016	13.297	1.965	3.085	193	17.442	(163)	35.819	366	36.185
Balance 1 January 2017	13.297	1.965	3.085	193	17.442	(163)	35.819	366	36.185
Gain on revaluation of immovable property	-	-	204	-	-	-	204	-	204
Deferred tax on revaluation of immovable property	-	-	(15)	-	-	-	(15)	-	(15)
Transfer of excess depreciation on revaluation on buildings	-	-	(8)	-	8	-	-	-	-
Deferred tax on excess depreciation	-	-	1	-	(1)	-	-	-	-
Fair value gain on financial assets available for sale	-	-	-	20	-	-	20	-	20
Transfer to profit and loss for the year of realised gain on financial assets available for sale	-	-	-	(54)	-	-	(54)	-	(54)
Transfer to profit and loss for the year on change of classification of bonds	-	-	-	(44)	-	-	(44)	-	(44)
Dividend paid	-	-	-	-	(3.618)	-	(3.618)	-	(3.618)
Profit for the year	-	-	-	-	5.285	-	5.285	(47)	5.238
Balance 31 December 2017	13.297	1.965	3.267	115	19.116	(163)	37.597	319	37.916

Gains or losses on the revaluation of financial assets available for sale are recognised in equity.

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

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2017

		2017	2016
		€'000	€'000
	Note		
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year before taxation		5.890	5.084
<i>Adjustments for:</i>			
Gain on sale and revaluation of investments	12	(1.047)	(530)
Loss on revaluation of investment properties		45	319
Depreciation of tangible and intangible fixed assets	10	254	248
Profit on sale of assets		(1)	(3)
Interest received	11	(550)	(494)
Dividends received	7	(375)	(333)
Interest paid and bank charges	11	49	53
Profit from operations before changes in working capital		4.265	4.344
Decrease /(increase) in debtors and other receivables		948	(18.256)
(Decrease) /increase in liabilities and provisions		(68)	20.455
Cash flow from operations		5.145	6.543
Interest paid		(49)	(53)
Taxation paid		(667)	(684)
Net cash flow from operating activities		4.429	5.806
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of investments		(10.503)	(9.547)
Sale of investments		4.880	4.785
Purchase of investment properties		(50)	-
Purchase of tangible fixed assets	16	(87)	(203)
Purchase of intangible fixed assets	17	(57)	(55)
Receipts on disposal of tangible fixed assets		1	3
Increase in holding of subsidiary undertaking		-	(29)
Interest received		550	494
Dividends received		375	333
Net cash flow for investing activities		(4.891)	(4.219)
CASH FLOW FOR FINANCING ACTIVITIES			
Dividend paid		(3.618)	(3.324)
Net cash flow for financing activities		(3.618)	(3.324)
Net decrease in cash and cash equivalents		(4.080)	(1.737)
Cash and cash equivalents at the beginning of the year	22	19.001	20.738
Cash and cash equivalents at the end of the year	22	14.921	19.001
Cash and cash equivalents consist of:			
Cash and bank balances	22	14.933	19.001
Bank Overdrafts	22	(12)	-
		14.921	19.001

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 4: Segmental Reporting

The Group has two main segments of business activity, general insurance business and financial services, both of which are carried out in Cyprus.

	Insurance	Financial Services	Total
	€'000	€'000	€'000
Year ended 31 December 2017			
Premiums and other income	24.148	286	24.434
Profit /(loss) from operations	4.077	(123)	3.954
Total Assets	80.189	2.061	82.250
Total Liabilities	44.196	138	44.334
Purchase of tangible fixed assets	87	-	87
Purchase of intangible fixed assets	57	-	57
Disposal of tangible fixed assets	12	-	12
Depreciation of tangible fixed assets	204	-	204
Depreciation of intangible fixed assets	50	-	50
Year ended 31 December 2016			
Premiums and other income	23.120	259	23.379
Profit /(loss) from operations	4.207	(171)	4.036
Total Assets	78.521	2.271	80.792
Total Liabilities	44.428	179	44.607
Purchase of tangible fixed assets	203	-	203
Purchase of intangible fixed assets	55	-	55
Disposal of tangible fixed assets	41	-	41
Depreciation of tangible fixed assets	202	2	204
Depreciation of intangible fixed assets	44	-	44

Note 5: Claims payable

	2017				2016
	Gross	Reinsurers' Share	Recoveries	Net	Net
	€'000	€'000	€'000	€'000	€'000
Motor	5.722	8	(337)	5.393	5.174
Accident and health	2.740	(1)	-	2.739	2.262
Marine	141	(69)	-	72	(9)
Property	266	(134)	(1)	131	136
Liability	161	(5)	-	156	312
Other	-	-	-	-	1
	9.030	(201)	(338)	8.491	7.876
				2017	2016
				€'000	€'000
Gross claim payments				9.593	8.069
Reinsurers' share of claims paid				(1.116)	(154)
Net change in outstanding claims				30	(46)
Net change in incurred but not enough reported claims (IBNER)				(16)	7
Net incurred claims				8.491	7.876

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 6: Other income from insurance operations

	2017	2016
	€'000	€'000
Commissions earned	693	689
Share of Pool profits	129	45
Profit on sale of assets	1	3
Other income	-	22
	823	759

Note 7: Other income from investments

	2017	2016
	€'000	€'000
Dividends received	375	333
Rents receivable	58	63
	433	396

Note 8: Income from Cyprus Hire Risks Pool

The income arises from the Company's participation to the Cyprus Hire Risks Pool. The company's share in the profits and losses of the Pool is calculated based on the share of the Company's motor premiums as a percentage of the total market motor premiums. The Company's share of profits of the Pool for 2017 amounted to €129 thousand (2016: Profit €45 thousand).

Note 9: Staff costs

	2017	2016
	€'000	€'000
Salaries	2.420	2.417
Social insurance contributions	166	167
Provident fund contributions	107	117
Other contributions	92	102
	2.785	2.803

The directors emoluments which are included in the above amounts are analysed in note 32.

Average number of employees

The average number of employees was as follows:

	2017	2016
Full-time employees	105	104

The Company and its subsidiary Atlantic Securities Ltd operate defined contribution provident fund schemes. The funds are separately financed and prepare their own financial statements. In accordance with the Funds' memorandum the members are entitled to the payment of certain benefits on their retirement or early termination of their employment.

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 10: Profit from operations

Profit from operations arises after the deduction of the following:

	2017 €'000	2016 €'000
Depreciation of tangible fixed assets	204	204
Depreciation of intangible fixed assets	50	44
Provision for bad and doubtful debts	66	324
Audit Fees		
Audit fees	57	57
Fees for other verification services	9	7
Fees for non-audit services	-	-

Note 11: Net finance income

	2017 €'000	2016 €'000
Interest received	267	333
Interest from bonds	324	252
Bank charges and interest paid	(49)	(53)
Exchange losses	(41)	(91)
	501	441

Note 12: Gains on sale and revaluation of investments

	2017 €'000	2016 €'000
Gain on sale of investments	270	270
Gain on revaluation of shares held for trading	274	214
Gain on revaluation of bonds	27	158
Gain/ (loss) on revaluation of foreign investments	432	(105)
Transfer from reserves due to change of classification	44	(7)
	1.047	530

Note 13: Taxation

The tax charge is based on the profit for the year as adjusted for tax purposes and consists of the following:

	2017 €'000	2016 €'000
Corporation tax	601	616
Defence tax contribution	5	5
Foreign taxes deducted at source	49	58
Deferred Tax	-	(57)
Tax Interest	(3)	1
	652	623

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 13: Taxation (continued)

The reconciliation between the tax charge and the tax which is calculated on the accounting profit of the year using the current applicable tax rates is as follows:

	2017	2016
	€'000	€'000
Accounting profit	5.890	5.084
Tax based on current tax rates	736	635
Defense tax contribution	5	5
Foreign taxes deducted at source	49	58
Tax interest	(3)	1
Deferred tax	-	(57)
<i>Adjustments for :</i>		
Disallowed expenses	46	54
Income not taxed	(47)	(42)
Profit on sale and revaluation of investments	(125)	(26)
Capital allowances	(26)	(28)
Tax losses brought forward	-	(4)
Tax losses of subsidiaries carried forward	17	27
	652	623

Note 14: Earnings per share

	2017	2016
	€'000	€'000
Net profit attributable to shareholders	5.285	4.528
Weighted average number of issued shares	39.109	39.109
Basic earnings per share (cents)	13,51	11,58

Earnings per share is calculated based on the weighted average number of shares which were issued during the year.

Note 15: Group companies

The subsidiary companies of the group are the following private limited liability companies registered in Cyprus:

Company	Principal activities	Share %	2017 €'000	2016 €'000
Lyssi Investments Ltd	Car hire	100,0	86	86
Lion Insurance Agency Ltd	General insurance agent	100,0	141	141
Atlantic Consultancy Services Ltd ⁽¹⁾	Financial and consultancy services	75,1	578	672
Atlantic Securities Limited				
88,01% ⁽²⁾ subsidiary undertaking of Atlantic Consultancy Services Limited	Brokerage and investment services			
			805	899

- (1) The Company periodically assesses the recoverability of the investment in subsidiaries whenever there are indications of impairment. Indications of impairment include factors such as the reduction in revenues, earnings or cash flows or other unfavourable changes that may indicate that the carrying amount of the assets may no longer be recoverable.

During the year the carrying amount of the investment in Atlantic Consultancy Services Ltd was reduced to €578 thousand due to a provision of €94 thousand for permanent diminution in the value of the investment.

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 15: Group companies (continued)

- (2) There was no change in the percentage held by subsidiary company Atlantic Consultancy Services Ltd in the share capital of the subsidiary company Atlantic Securities Ltd, which remained at 88,01%. The effective interest of Atlantic Insurance Company Public Ltd in Atlantic Securities Limited was 66,10%.

The contribution of the parent company to the consolidated financial statements, after taking into account transactions and balances between Group companies which were eliminated at consolidation, is as follows:

	2017	2016
	€'000	€'000
Premiums and other income	24.149	23.120
Profit from operations	4.075	4.192
Total assets	79.924	78.258
Total liabilities	44.191	44.423

The contribution of subsidiary undertakings to the consolidated financial statements is as follows:

	Lyssi Investments Ltd	Lion Insurance Agency Limited	Atlantic Consultancy Services Limited	2017	2016
	€'000	€'000	€'000	€'000	€'000
Premiums and other income	-	-	286	286	259
Profit / (loss) from operations	(1)	4	(123)	(120)	(156)
Total assets	111	154	2.061	2.326	2.534
Total liabilities	2	3	138	143	184

Note 16: Tangible fixed assets

	Land and buildings	Furniture and fittings	Computer hardware and software	Motor vehicles	Total
	€'000	€'000	€'000	€'000	€'000
Cost or revaluation					
Balance at 1 January 2016	6.480	840	521	506	8.347
Additions	-	58	39	106	203
Revaluation	(42)	-	-	-	(42)
Disposals	-	-	-	(41)	(41)
Balance at 1 January 2017	6.438	898	560	571	8.467
Additions	-	21	16	49	87
Revaluation	98	-	-	-	98
Disposals	-	-	-	(12)	(12)
Balance at 31 December 2017	6.536	919	576	608	8.639
Depreciation					
Balance at 1 January 2016	-	698	482	474	1.654
Depreciation for the year	106	42	21	35	204
On revaluation	(106)	-	-	-	(106)
On disposals	-	-	-	(41)	(41)
Balance at 1 January 2017	-	740	503	468	1.711
Depreciation for the year	106	36	22	40	204
On revaluation	(106)	-	-	-	(106)
On disposals	-	-	-	(12)	(12)
Balance at 31 December 2017	-	776	525	496	1.798
Net book value at					
31 December 2017	6.536	143	51	112	6.842
31 December 2016	6.438	158	57	103	6.756

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 16: Tangible fixed assets (continued)

Revaluation of tangible fixed assets and investment properties

The immovable property of the Company was revalued at 31 December 2017 by independent professional property valuers Philoktimatiki Public Ltd using the open market value method. Valuers have the required professional qualifications as well as recent experience in property valuation in the areas and in the real estate sector. The market value was calculated based on current comparative data and after taking into account the physical and legal characteristics, prospects and advantages of the relevant properties as well as the general trends in the property market and the economy.

Tangible fixed assets

The value of the land and buildings that would appear in the consolidated and the parent financial statements based on historical cost minus depreciation is as follows:

	2017	2016
	€'000	€'000
Land	1.263	1.263
Buildings	2.150	2.255
	<u>3.413</u>	<u>3.518</u>
Revalued amount of land on which no depreciation is charged	<u>2.764</u>	<u>2.920</u>

Investment properties

The value of investment properties that would appear in the consolidated and the parent financial statements based on historical cost is as follows:

	2017	2016
	€'000	€'000
Land	4.619	4.619
Buildings	2.002	1.952
	<u>6.621</u>	<u>6.571</u>

Note 17: Intangible assets

	Goodwill on acquisition of agents portfolios	Computer software	Total
	€'000	€'000	€'000
Cost or revaluation			
Balance at 1 January 2016	80	417	497
Additions	26	29	55
Balance at 1 January 2017	106	446	552
Additions	27	30	57
Balance 31 December 2017	133	476	609
Amortisation			
Balance at 1 January 2016	77	409	486
Amortisation for the year	29	15	44
Balance at 1 January 2017	106	424	530
Amortisation for the year	27	23	50
Balance 31 December 2017	133	447	580
Net book value at			
31 December 2017	-	29	29
31 December 2016	-	22	22

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 18: Investment properties

	2017	2016
	€'000	€'000
Land and buildings		
Balance at 1 January	5.665	5.984
Additions	50	-
Fair value loss on revaluation	(45)	(319)
Balance at 31 December	5.670	5.665

Note 19: Financial assets available for sale

	2017	2016
	€'000	€'000
Equity investments in listed securities	-	115
Republic of Cyprus government bonds	859	2.874
Greek government bonds	2	1
Corporate bonds	1.199	1.027
Foreign corporate bonds	161	297
	2.221	4.314

Financial assets available for sale include investments in securities listed in the Cyprus Stock Exchange and the Athens Stock Exchange. These assets are valued at the end of the year using the mid-market price as at the balance sheet date. Financial assets available for sale are included in non-current assets unless it is anticipated that they will be disposed of within 12 months from the balance sheet date. The fair value gain on financial assets available for sale for the year 2017 amounted to €0,02m (2016: profit €0,19m) and was recognized in the fair value reserve which is included as part of equity.

Republic of Cyprus government bonds include a bond of €0,54m which is under custody with Clearstream through FBME Bank Ltd. As a result of the reorganisation measures which were adopted for the branch of FBME Bank Ltd in Cyprus, the Company has not yet managed to transfer these securities to another custodian.

Note 20: Financial assets held for trading

	2017	2016
	€'000	€'000
Equity investment in listed securities	2.157	1.402
Foreign equities and investments funds	5.988	3.447
Private equity investment funds	454	459
Hedge funds	2.668	2.496
International real estate funds	5.016	1.281
Cyprus corporate bonds	1.111	-
Foreign Corporate Bonds	1.832	1.655
Investments in gold	1.305	1.316
	20.531	12.056

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 21: Debtors and other receivables

Non-current assets	2017	2016
	€'000	€'000
Client receivables from financial services operations	414	510
Investors' Compensation Fund	137	210
	551	720
<hr/>		
Current assets	2017	2016
	€'000	€'000
Trade receivables from insurance operations	4.930	4.925
Reinsurers' share of technical reserves (note 25)	23.848	24.332
Receivables from reinsurers	-	187
Share in pool assets	464	482
Deferred acquisition costs	487	458
Other receivables from insurance operations	836	672
Other receivables from financial services operations	882	1.184
Tax refundable	20	18
Derivatives-Forward contracts	6	-
	31.473	32.258
<hr/>		
	2017	2016
	€'000	€'000
Customer and intermediaries balances		
Receivables	10.270	10.439
Minus provision for bad and doubtful debtors	(4.527)	(4.490)
	5.743	5.949
<hr/>		
Provision for bad and doubtful debtors		
Balance at 1 January	4.490	4.158
Provision for bad and doubtful debtors (including suspension of interest, amounts recovered and amounts written off)	37	332
Balance at 31 December	4.527	4.490

Receivables of the subsidiary undertaking Atlantic Securities Ltd include specific customer balances amounting to €519 thousand (2016: €709 thousand) which are overdue but have not been impaired at the reporting date for which the company has not recognized a provision given that there is no significant change in the credit quality of these debtors and they continue to be considered as recoverable.

Ageing analysis of overdue but not impaired balances:

	2017	2016
	€'000	€'000
Within 30 days	-	-
31-120 days	-	-
Over 120 days	519	709
	519	709

The above balances are secured by collaterals held by Atlantic Securities Ltd against financial assets of the customers, the value of which at 31 December 2017 was €451 thousand (2016: €500 thousand)

Deferred acquisition costs relate to expenses which are directly related to insurance contracts entered during the financial year but which relate to periods of insurance after the reporting date. The calculation of deferred acquisition costs is based on the same methodology which is used for the calculation of unearned premiums.

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 22: Cash and bank balances

	2017	2016
	€'000	€'000
Cash and bank balances	14.933	19.001
Bank Overdraft and short term loans	(12)	-
	14.921	19.001

The bank overdrafts of the Company are secured by a mortgage of €215 thousand on the immovable property of the Company and by personal guarantees of the members of the Board of Directors.

Note 23: Share Capital

	2017		2016	
	Number of shares (thousand)	€'000	Number of shares (thousand)	€'000
Authorised				
Ordinary shares €0,34 per share	250.000	85.000	250.000	85.000
Issued and fully paid				
Ordinary shares €0,34 per share	39.109	13.297	39.109	13.297

The Extraordinary General Meeting of the Company which took place on 31 May 2017 approved the following Special Resolution:

“That the Board of Directors be authorized and is hereby authorized to implement a buy- back programme, in accordance with the provisos of Article 57A of the Companies Act 113 (Amended). The minimum and maximum price at which own shares may be bought, cannot exceed by more than 5%, the average market price of the Company's shares during the last 5 trading sessions before the acquisition. The Company may acquire, within the period of 12 months from the date of AGM resolution, the maximum number of shares which is permitted by the Act. The shares may be acquired either in the market or through a private agreement.”

The above resolution was proposed for the renewal of the Company's Repurchase Program of own shares for the period from 31 May 2017 to 30 May 2018.

During the year the Company did not acquire any own shares. The total number of own shares held by the Company at 31 December 2017 is 165 241 and the total acquisition cost amounts to €162.532. Own shares represent 0,42% of the total issued share capital of the Company.

No other change in the capital structure of the Company took place during the year.

Note 24: Deferred Taxation

Provision for property revaluation	2017	2016
	€'000	€'000
Balance 1 January	181	235
Deferred tax on property revaluation	10	(54)
Deferred tax on excess depreciation resulting from the revaluation of buildings	(1)	-
Balance 31 December	190	181
Provision for temporary differences between depreciation and capital allowances	2017	2016
	€'000	€'000
Balance 1 January	59	54
Deferred tax for the year	5	5
Deferred tax on excess depreciation	1	-
Balance 31 December	65	59
Total Balance 31 December	255	240

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 25: Outstanding claims and unearned premiums

	2017	2016
	€'000	€'000
Unearned premiums		
Gross unearned premiums	10.437	9.856
Reinsurers' share	(2.435)	(2.004)
Net unearned premiums	8.002	7.852
Outstanding claims		
Gross outstanding claims	30.790	31.691
Reinsurers' share	(21.413)	(22.328)
Net outstanding claims	9.377	9.363
Total technical reserves		
Gross technical reserves	41.227	41.547
Reinsurers' share	(23.848)	(24.332)
Net technical reserves	17.379	17.215

The movement of liabilities for insurance contracts and of the reinsurance assets during the year is shown below:

	2017		2016	
	Gross	Reinsurers' Share	Gross	Reinsurers' Share
Unearned premiums	€'000	€'000	€'000	€'000
1 January	9.856	(2.004)	10.038	(2.274)
Written premiums	22.892	(6.061)	21.970	(5.399)
Earned premiums	(22.311)	5.630	(22.152)	5.669
31 December 2017	10.437	(2.435)	9.856	(2.004)
Outstanding claims				
1 January	31.691	(22.328)	10.924	(1.521)
Claim payments	(9.593)	1.116	(8.069)	154
Change in outstanding claims	8.692	(201)	28.836	(20.961)
31 December 2017	30.790	(21.413)	31.691	(22.328)

The provision for unearned premiums and reinsurance premiums represents the amount of premium for insurance contracts which have not expired at the reporting date.

Gross outstanding claims at 31 December 2017 include a provision of €20mIn regarding property damages on the EAC's facilities at the station of Vasilicos in November 2016. A corresponding provision for the reinsurer's share of €20mIn is included under 'Debtors and other receivables' in note 21. The Company's financial results will not be affected because the Company has secured a 100% reinsurance support for this risk. After the end of the financial year, payments amounting to €2,24mIn were made to the EAC against the above claim.

Outstanding claims include a provision for incurred but not reported claims (IBNR) as well as provisions for incurred but not enough reported claims (IBNER).

	2017	2016
	€'000	€'000
Provision for incurred but not enough reported claims (IBNER)	2.420	2.339
Provisions for incurred but not reported claims (IBNR)	159	170
	2.579	2.509
Reinsurers' share	(86)	-
	2.493	2.509

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 28- Additional information provided in accordance with the provisions of the Companies Act (Amendment) (No.2) Law of 2003 [N.167(1)] and of the IFRS, in accordance with Directive 7 for the year ended 31 December 2017

		Accident & Health		Motor vehicle liability		Motor own damage		Marine and transport		Fire and other material damage		Liability		Credits and miscellaneous		Total	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross premiums written		3.944	3.880	8.026	7.899	2.607	2.605	215	197	6.358	5.607	1.021	962	2	114	22.173	21.265
Policy fees		29	29	434	424	141	140	3	3	91	88	21	21	-	-	719	705
Total written premiums	1	3.973	3.909	8.460	8.323	2.748	2.745	218	200	6.449	5.696	1.042	983	2	114	22.892	21.970
Reinsurers share of gross premiums	2	386	387	305	333	107	110	118	115	4.990	4.224	169	136	-14	91	6.061	5.396
Gross earned premiums	3	3.901	3.839	7.930	7.867	2.595	2.620	209	198	5.884	5.834	1.009	975	64	113	21.592	21.447
Gross outstanding claim reserves	4	1.205	908	7.066	8.559	348	165	180	40	20.387	20.352	1.604	1.666	-	-	30.790	31.691
Gross claims incurred	5	2.741	2.268	3.627	4.535	1.757	1.458	141	(7)	264	20.266	161	317	-	1	8.691	28.837
Claims management costs	6	202	196	500	544	242	175	7	6	95	90	31	27	1	1	1.078	1.038
Administrative expenses	7	333	387	1.903	1.989	619	658	13	9	64	149	234	241	-	4	3.166	3.436
Reinsurance balances	8	(10)	(8)	(36)	(30)	-	-	(5)	(5)	(326)	101	(5)	(4)	-	(1)	(382)	54
Staff costs	9	242	249	1.295	1.303	477	427	27	25	396	411	129	123	2	3	2.568	2.541

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 28: Other Liabilities

	2017	2016
	€'000	€'000
Taxation	196	212
Reinsurers' balances	383	133
Creditors from insurance operations	146	139
Other liabilities from insurance operations	1.399	1.355
Dividends payable	552	562
Derivatives -Futures	26	240
Other liabilities from financial services operations	138	179
	2.840	2.820

The derivatives relate to 31 futures contracts totaling \$4,67mln with an agreed average rate of \$1,206: €1,00 and maturity date September 17, 2018. The contracts were entered for the purpose of hedging currency risks arising from the exposure of the Company's investments and bank balances.

Note 29: Transactions between group companies and other related persons

Transactions and balances with subsidiary undertakings

	Nature of transaction	Transaction value		Debit / (Credit) balance	
		2017	2016	2017	2016
		€'000	€'000	€'000	€'000
Lyssi Investments Limited					
	Other income	4	2		
	Dividends received	2	-		
	Balance			13	14
Lion Insurance Agency Limited					
	Commissions paid	81	92		
	Sundry expenses	2	1		
	Balance			(3)	(2)
Atlantic Consultancy Services Limited					
	Balance			143	143
Atlantic Securities Limited					
	Brokerage commissions	5	13		
	Interest receivable	9	20		
	Rents receivable	10	21		
	Balance			882	911

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 29: Transactions between group companies and other related persons (continued)

Transactions with related parties

a) AstroBank Ltd

AstroBank Ltd owns more than 5% of the issued share capital of the Company. The transactions which are mentioned below arose from normal banking and financial services offered by the bank to the Company and its subsidiaries as well as insurance agent services offered by its subsidiary company Astrobank Insurance Agency Ltd.

AstroBank Ltd	2017	2016	2017	2016
	€'000	€'000	€'000	€'000
Interest income from bank deposits	74	95	71	93
Commissions payable for insurance operations	(129)	(124)	(129)	(124)
Investment management and custody fees	(4)	(5)	(4)	(5)
Bank balances and bank deposits	4.164	4.876	4.164	4.876
Clients' bank accounts of subsidiary undertaking	253	352	-	-
Receivables from insurance operations	282	273	282	273

β) Eurautoparts Ltd

The Company's directors Andreas Frangoullis and Nina Pyrishi are directors and shareholders of Eurautoparts Ltd. The transactions with the company during the year and the balances as at 31 December were:

Nature of transaction	Transactions value		Debit /(Credit) balance	
	2017	2016	2017	2016
	€000	€000	€000	€000
Eurautoparts Limited				
Insurance premiums	2	1		
Spare parts purchases	41	37	54	54

γ) Lyssi Insurance Agents Ltd

The Company's directors Emiliios Pyrishis, George Pyrishis and Andreas Frangoullis are directors and shareholders of Lyssi Insurance Agents Ltd. There were no transactions with the company during the year. The balances as at 31 December were:

Nature of transaction	Transaction value		Debit /(Credit) balance	
	2017	2016	2017	2016
	€000	€000	€000	€000
Lyssi Insurance Agents Limited				
Balance	-	-	(4)	(4)

All transactions with related parties were made at arm's length with standard business terms and conditions.

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 30: Shareholders holding more than 5% of the issued share capital

In accordance with article 60 (4) of the Cyprus Stock Exchange Law and Regulations the shareholders owning directly or indirectly more than 5% of the issued share capital of the Company at 31 December 2017 and 5 days before the date of approval of the financial statements by the Board of Directors, were:

	31 December 2017	20 April 2018
	%	%
Emilios Pyrisihis ¹	33,77	33,77
AstroBank Ltd	19,91	19,91
Andreas Frangoullis ²	20,29	20,29
Maro Marathovouniotou ³	5,96	5,96

- (1) The holding of Emilios Pyrisihis includes his direct share of 20,37% and his indirect holding arising from the shares owned by his mother Nina Pyrisihis (2,36%) and his brother George Pyrisihis (11,04%).
- (2) The holding of Andreas Frangoullis includes his direct share (20,01%) and his indirect holding arising from the shares owned by his wife Elli Frangoulli (0,10%), his children Christos, Orthodoxos and Vasilis (0,10%), his mother Vasilou Frangoulli (0,03%) and his brother Filippou Frangoullis (0,05%).
- (3) The holding of Maro Marathovounioti includes her direct share (1,43%) and her indirect holding arising from the shares owned by her daughter Athena Nicolaidou (1,61%), her son Alexis Marathovouniotis (1,43%) and her son Andreas Marathovouniotis (1,49%).

Note 31: Directors' holding in the share capital of the Company

The number of shares and the percentage holding in the share capital of the Company owned directly or indirectly by the members of the Board, their spouses or minor children and companies in which they hold directly or indirectly more than 20% of the voting shares, in accordance with Article 60 (4) of the Cyprus Stock Exchange Law and Regulations, on 31 December 2017 and 5 days before the date of approval of the financial statements by the Board of Directors, were:

	31 December 2017		20 April 2018	
	Number of Shares	%	Number of Shares	%
Emilios Pyrisihis	7.965.714	20,37	7.965.714	20,37
Andreas Pirishis	20.000	0,05	20.000	0,05
Andreas Frangoullis ¹	7.933.822	20,29	7.933.822	20,29
George Pyrisihis	4.318.271	11,04	4.318.271	11,04
Nina Pyrisihis	922.641	2,36	922.641	2,36
Panayiotis Mallis ²	156.000	0,40	156.000	0,40
Charalambos Alexandrou ³	86.224	0,22	86.224	0,22
Triantafyllos Lysimachou	-	0,00	-	0,00
Marios Savvides ⁴	165.074	0,42	165.074	0,42
Loukis Ioannou ⁵	2.510	0,01	2.510	0,01

- (1) The holding of Andreas Frangoullis includes his direct share (20,01%) and his indirect holding arising from the shares owned by his wife Elli Frangoulli (0,10%), his children Christos, Orthodoxos and Vasilis (0,10%), his mother Vasilou Frangoulli (0,03%) and his brother Filippou Frangoullis (0,05%).
- (2) The holding of Panayiotis Mallis includes his direct share (0,18%) and his indirect holding arising from the shares owned by the Panayiotis & Elli Malli foundation (0,22%).
- (3) The holding of Charalambos Alexandrou includes his direct share (0,21%) and his indirect holding arising from the shares owned by his father Loizos Alexandrou (0,01%).
- (4) The holding of Marios Savvides includes his direct share (0,06%) and his indirect holding arising from the shares owned by his wife Jane Savvides (0,36%).
- (5) The holding of Loukis Ioannou includes his indirect holding arising from the shares owned by his father Christakis Ioannou (0,003%) and his mother Eleni Ioannou (0,004%).

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 33: Financial instruments and management of financial and insurance risks

1. Risk management

Insurance risk

Outstanding claims

The table below shows the 10-year development of the total claim payments for all insurance classes for accident years between 2005 and 2017.

Accident year	0	1	2	3	4	5	6	7	8	9	10 +	Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
2005	5.195	1.204	271	269	1.093	87	-16	36	74	4	4	8.221
2006	4.875	1.306	51	208	143	319	197	8	22	63	46	7.238
2007	5.373	1.339	189	21	87	95	246	9	27	-	1	7.387
2008	6.151	1.340	206	-1	132	189	38	1	15	3		8.074
2009	6.436	1.417	140	629	18	13	162	187	15			9.017
2010	6.661	1.457	208	312	703	349	12	114				9.816
2011	6.637	134.357	281	77	35	45	28					141.460
2012	6.768	1.649	175	58	11	29						8.690
2013	5.528	1.443	379	129	131							7.610
2014	5.211	1.364	222	1.351								8.148
2015	6.217	2.122	357									8.696
2016	5.032	2.070										7.102
2017	5.485											5.485
	75.569	151.068	2.479	3.053	2.353	1.126	667	355	153	70	51	236.944

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 33: Financial instruments and management of financial and insurance risks (continued)

The table below shows the 10-year development of total incurred claims for all insurance classes for accident years between 2005 and 2017. The table also shows cumulative claim payments for each accident year, so as to distinguish clearly the part of incurred claims which has been settled and the part which remains outstanding at the reporting date.

The percentage difference represents the percentage of the difference between the initial claim reserve at the year of accident and the cumulative claim reserve at the reporting date.

Accident Year	0	1	2	3	4	5	6	7	8	9	10	Cumulative claim reserves	Cumulative claim payments	Outstanding claims	% Difference
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	
2005	6.701	787	285	361	216	-58	0	33	60	7	-136	8.256	8.221	35	18,8%
2006	6.378	908	135	111	-113	-143	47	7	-10	-61	-18	7.241	7.238	3	11,9%
2007	6.489	986	105	-33	-33	107	53	-1	-81	-2	-	7.590	7.387	203	14,5%
2008	7.508	849	53	-174	6	-98	-32	-2	4	-31		8.083	8.074	9	7,1%
2009	8.849	776	-182	-143	18	-1	72	-11	-45			9.333	9.017	316	5,2%
2010	8.842	1.023	660	100	-348	-250	-66	-14				9.947	9.816	130	11,1%
2011	309.326	-167.027	28	52	123	-58	-11					142.433	141.460	973	6,1%*
2012	9.433	117	-57	-212	750	-65						9.966	8.690	1.276	5,3%
2013	7.894	185	-73	29	-7							8.028	7.610	418	1,7%
2014	7.709	1.104	5	52								8.870	8.148	722	13,1%
2015	8.051	928	180									9.159	8.696	463	12,1%
2016	27.286	773										28.059	7.102	20.957	2,8%
2017	8.191											8.191	5.485	2.706	0,0%
												265.156	236.944	28.212	7,5%*

*The EAC claim with total payments of €132,5mIn and initial claim reserve of €300mIn was excluded from the calculation of the percentage difference

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 33: Financial instruments and management of financial and insurance risks (continued)

Currency risk

The Group's exposure to currency risk at 31 December 2017 is shown below:

	Euro	British Pound	US Dollar	Other	Total
	€'000	€'000	€'000	€'000	€'000
Non-current assets	15.313	-	-	-	15.313
Current assets					
Debtors and other receivables	31.473	-	-	-	31.473
Financial assets held for trading	12.087	630	5.316	2.498	20.531
Cash and bank balances	14.866	27	40	-	14.933
	58.426	657	5.356	2.498	66.937
Total assets	73.739	657	5.356	2.498	82.250
Liabilities					
Total liabilities	44.334	-	-	-	44.334
Net assets	29.405	657	5.356	2.498	37.916
	77,6%	1,7%	14,1%	6,6%	100,0%
Hedging derivatives	3.875	-	(3.875)	-	-
	33.280	657	1.481	2.498	37.916
	87,8%	1,7%	3,9%	6,6%	100,0%

A potential strengthening of the euro by 5% against the other main currencies in which the Group had exposure as at 31 December 2017 would result in a reduction in the fair value of the total assets and the recognition of exchange losses of €0,23m which amounts to 0,6% of the Group's own funds and 4,4% of the profit attributable to the shareholders.

The table below presents a sensitivity analysis to currency risk arising from the financial instruments held by the group.

	Exchange rate movement	Impact in profits after tax
	%	€'000
USA dollar	-5%	-74
British pound	-10%	-66
Australian dollar	-5%	-64
Canadian dollar	-5%	-41
Hong-Kong dollar	-5%	-20

Interest rate risk

The financial instruments held by the Group at 31 December 2017 which are closely related to market interest rates are analyzed as follows:

Financial instruments bearing fixed interest rates	
	€'000
Bonds and capital securities	4.190
Financial instruments bearing variable interest rates	
Bonds and capital securities	974
Short term bank deposits	14.933
	15.907
	20.097

A possible reduction of interest rates by one percentage point (1,0%) would result in a decrease in net finance income by about €69 thousand assuming that all other variables remain constant.

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 33: Financial instruments and management of financial and insurance risks (continued)

Market risk

The table below shows the Group's exposure to market risk as at 31 December 2017 and the impact on the fair value reserve and the profit for the year of a possible reduction in market values by 5% compared to the corresponding values as at 31 December 2017:

<i>Financial assets available for sale</i>	Fair value as at 31.12.2017	Impact on fair value reserve
	€'000	€'000
Bonds and capital securities	2.221	111
	2.221	111

<i>Financial assets held for trading</i>	Fair value as at 31.12.2017	Impact on profits for the year
	€'000	€'000
Equities in listed companies	2.157	108
Foreign equities and equity, equity funds and hedge funds	9.110	455
Corporate bonds	2.943	147
International real estate funds	5.016	251
Investments in gold	1.305	65
	20.531	1.026

The below table shows the impact on the profits for the year and on the Group's own funds from changes in the market values of the investments held by the Group as a result of logical negative changes in the relevant stock market indices, bond prices and commodity prices.

	Index / price change	Impact on profits for the year	Impact on own funds
	%	€'000	€'000
Cyprus listed equities	15%	249	-
Athens stock exchange	20%	100	-
International equity markets	10%	599	-
International real estate funds	10%	502	-
Alternative investments	5%	133	-
International private equity funds	10%	45	-
Government bonds	5%	-	43
Corporate bonds	10%	294	136
Gold	10%	131	-
		2.053	179

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 33: Financial instruments and management of financial and insurance risks (continued)

2. Fair Values

The fair value level hierarchy analysis of financial instruments and of non-financial instruments which are measured on a fair value basis is presented below:

2017	Level 1	Level 2	Level 3	Total
Financial instruments	€'000	€'000	€'000	€'000
Financial assets available for sale	1.735	324	162	2.221
Financial assets held for trading	19.659	622	250	20.531
Derivatives	(20)	-	-	(20)
Cash and bank balances	14.933	-	-	14.933
Bank overdrafts and short term loans	(12)	-	-	(12)
	36.295	946	412	37.653
Non-financial instruments which are measured on a fair value basis				
Investment properties	-	-	5.670	5.670
Immovable property included as part of tangible fixed assets	-	-	6.536	6.536
	-	-	12.206	12.206
Total	36.295	946	12.618	49.859
2016				
Financial instruments	Level 1	Level 2	Level 3	Total
	€'000	€'000	€'000	€'000
Financial assets available for sale	3.642	672	-	4.314
Financial assets held for trading	11.254	802	-	12.056
Derivatives	(240)	-	-	(240)
Cash and bank balances	19.001	-	-	19.001
Bank overdrafts and short term loans	-	-	-	-
	33.657	1.474	-	35.131
Non-financial instruments which are measured on a fair value basis				
Investment properties	-	-	5.665	5.665
Immovable property included as part of tangible fixed assets	-	-	6.438	6.438
	-	-	12.103	12.103
Total	33.657	1.474	12.103	47.234

The movement of the Group's financial instruments which are categorized at Level 3 is presented below:

	2017	2016
	€'000	€'000
1 January	-	-
Additions	433	-
Unrealised fair value losses in equity reserves	(20)	-
Unrealised fair value losses in profit and loss for the year	(1)	-
31 December	412	-

The movement of non-financial instruments which are measured on a fair value basis is shown on notes 16 and 18.

During the years 2017 and 2016 there were no major transfers between Level 1 and Levels 2 and 3.

ATLANTIC INSURANCE COMPANY PUBLIC LIMITED**EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Note 34: Contingent liabilities**

There were not significant contingent liabilities for which no provision was made in the financial statements.

Tax obligations

In accordance with the Cyprus tax legislation the companies submit their tax returns and pay taxes on the basis of taxable income as per their tax computation. The interpretation of the tax legislation by the tax authorities that apply to the transactions and the activities of the Company may not coincide with that of the management of the Company. As a result, certain transactions may be challenged by the tax authorities and the company may be liable to pay additional taxes, penalties and interest that may be significant. Periods remain open in relation to tax liabilities for six years.

Note 35: Significant events

There were no significant events which had a material impact on the financial statements at 31 December 2017.

Note 36: Post balance sheet events and capital commitments

There were no events which occurred after the end of the reporting period that had a significant impact on the financial statements at 31 December 2017.

On 31 December 2017 the Company had the following future capital commitments in respect of foreign investments:

	€'000
North Haven Real Estate Fund VII Offshore Investors Global	132
North Haven Private Equity Asia III	168
	300