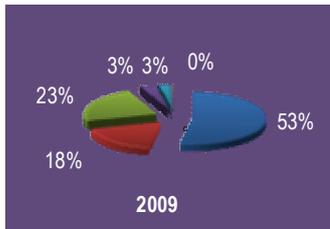
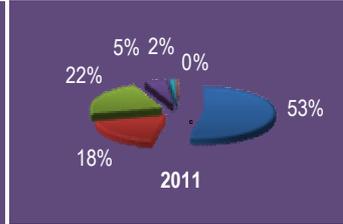
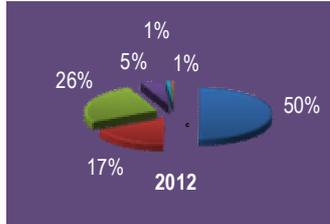
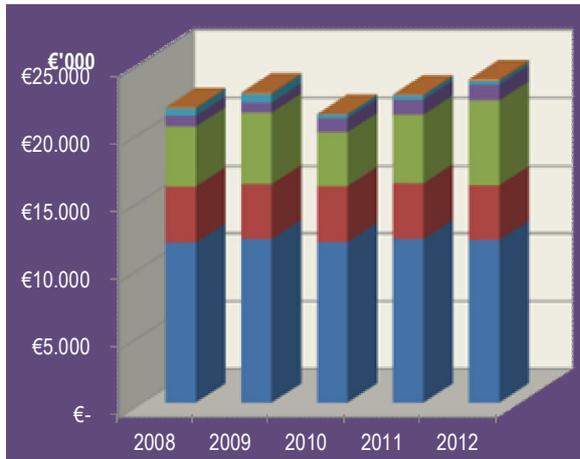




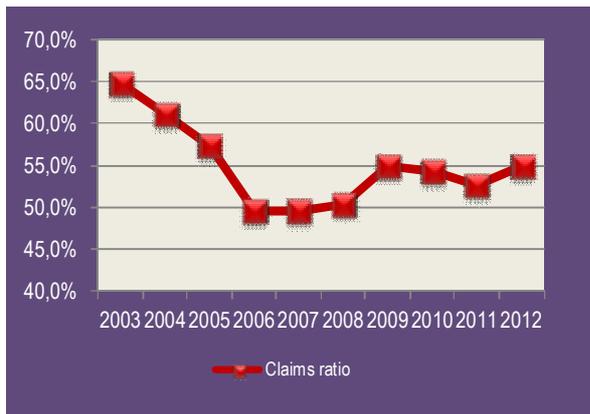
## HISTORICAL FINANCIAL INFORMATION

### Gross Written Premiums by Insurance class

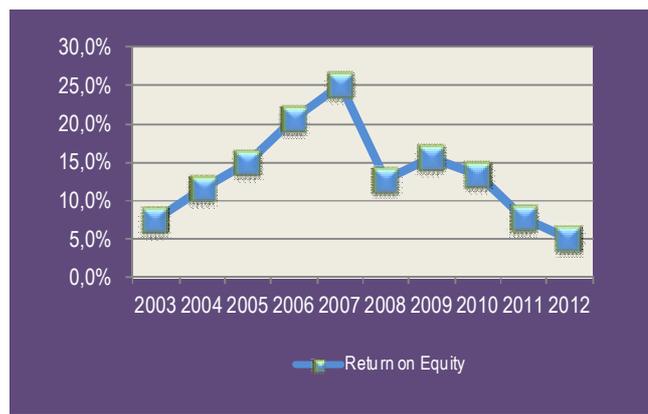


■ Motor   
 ■ Accident & Health   
 ■ Property   
 ■ Liability   
 ■ Marine & Aviation   
 ■ Others

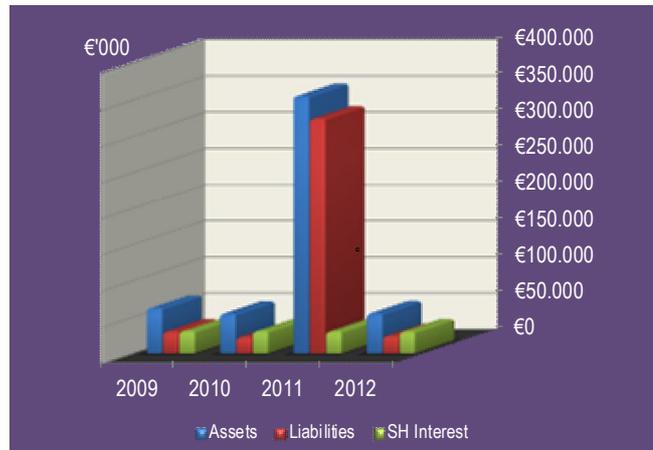
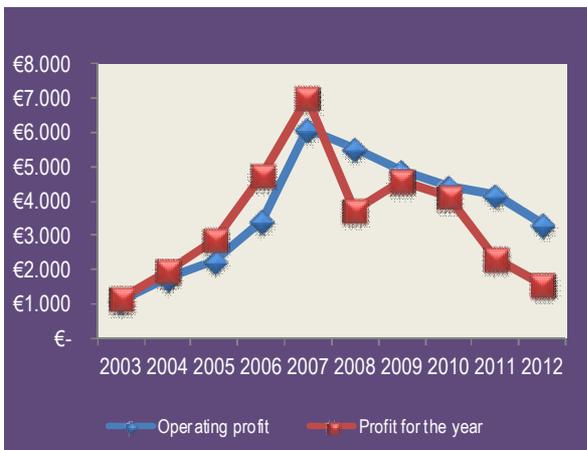
### Claims Ratio



### Return on Equity



### Profits, Assets, Liabilities and Shareholders' Interest



**ATLANTIC INSURANCE COMPANY PUBLIC LIMITED**

**EXTRACT FROM THE CONSOLIDATED FINANCIAL STATEMENTS 2012**

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**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

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**

Bank of Piraeus (Cyprus) Limited  
Bank of Cyprus Public Limited  
Cyprus Popular Bank Public Limited  
Hellenic Bank Public Limited  
Russian Commercial Bank (Cyprus) Ltd  
Barclays Bank Plc  
USB Bank Plc

**Registered office**

15 Esperidon Street  
Atlantic Building  
CY-2001 Strovolos

**Legal advisers**

L. Papaphilippou & Co.

Co-operative Bank Allileggyis  
Co-operative Bank Ledra  
Co-operative Bank Lyssi  
Alpha Bank (Cyprus) Ltd  
Eurobank EFG Cyprus  
Cyprus Development Bank Plc

**Company registration number:** HE20008

## CHAIRMAN'S STATEMENT

I am pleased to communicate with you again to inform you about the progress and activities of the Group for the year ended 31 December 2012.

Despite the unfavorable economic environment that prevailed during the year the Company managed with sound strategic planning and effective risk management to present satisfactory under the circumstances results and maintain its economic strength which enables it to propose this year as well, the payment of a very satisfactory dividend.

The Group's profits attributable to the shareholders for the year ended 31 December 2012 fell by 33,7% to €1,53 million against €2,31 million in 2011.

The profits from operations of the Group amounted to € 3,32 million compared to € 4,18 million in 2011 recording a decline of 20,5%. Operating profits were adversely affected by increased claims payable to policyholders which reached €9,80 million compared to €9,28 million in 2011. The claims ratio on earned premiums rose as a result to 54,90% from 52,74% during the previous year.

Gross written premiums including policy fees increased by 4.9% reaching € 23,87 million compared with € 22,75 million in 2011 while net earned premiums amounted to € 17,86 million versus € 17,59 million during the previous year, recording an increase of 1,5%.

Administrative expenses amounted to €4,74 million compared to €4,61 million in 2011 recording an annual increase of 2,7% which was mainly attributed to the increased provisions for doubtful debts which rose to €0,41 million from €0,27 million in 2011. Net finance income fell to €0,74 million from €0,94 million in 2011 mainly due to the reallocation of part of the Company's bank deposits to foreign banks bearing a lower deposit interest rate.

The loss from sale and revaluation of investments amounted to €2,15 million against €2,36 million in 2011. This amount includes loss from the revaluation of investment properties of €0,10 million (2011: profit €0,36 εκ.), permanent diminution in the value of investments of €1,06 million (2011 €1,67 million), transfer from the fair value reserve on the sale of investments of €1,05 million (2011: €0,18 million) and profit from foreign investments of €0,25 million (2011: loss €0,14 million)

On 28 December 2012 with the payment of the amount of €102.5 million the Company completed the claim payments regarding the insurance compensation of the Electricity Authority of Cyprus for damages that resulted from the explosion in Evangelos Florakis naval base in Mari in June 2011. The total claim amount of € 132.5 million is the largest insurance compensation that has ever been paid in Cyprus.

Despite the negative financial environment the Group managed to maintain its financial strength with own funds amounting to € 29,91 million compared to €30,02 million in 2011.

The Board of Directors after taking into account the financial results for the year 2012, the capital requirements and the profitability prospects of the Group for the coming year as well as the negative economic conditions, decided to propose for approval at the Annual General Meeting of the Company the payment of a dividend of 5 cents per share (2011:7 cents).

The recent serious developments relating to the decisions of the Eurogroup were a major blow to the financial system of Cyprus and are expected to have serious negative effects on the local economy the size of which is anticipated to suffer an unprecedented contraction. The management of the Group is taking all necessary measures to overcome the crisis. The strategic objectives of the Group will focus on the minimisation of the negative effects of the crisis, the protection of the capital base, the maintenance of healthy liquidity position, the broad diversification of deposits and other financial assets and the effective risk management. With prudence, discipline and determination the management believes that Atlantic has the potential to overcome the upcoming storm with minimum losses.

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.



Emiliios Pырishis  
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 2012.

#### 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 Lamaka, Limassol and Paphos.

#### Review of the developments, position and results of activities

The profit attributable to shareholders based on the audited consolidated financial statements is lower by €0,52 million compared with the preliminary results of 2012 which were announced on February 22, 2013. The negative deviation is mainly due to the increase by €0,48 million in the provision for impairment in the value of the shares of Bank of Cyprus. The management decided to provide for the full impairment of the shares of Bank of Cyprus which are held by the Company, following the Decree for the 'Rescue by own means' of the Bank of Cyprus which was issued by the Central Bank of Cyprus on March 29, 2013, according to which all the rights of the existing ordinary shares of Bank of Cyprus are suspended until the day of the re-conversion of Class D shares. The reconciliation between the audited annual consolidated financial statements and the latest published preliminary results for the year 2012 is presented in note 37 of the Consolidated Financial Statements.

The Group's profits attributable to the shareholders for the year ended 31 December 2012 fell by 33,7% to €1,53 million against €2,31 million in 2011.

Gross written premiums including policy fees increased by 4.9% reaching € 23,87 million compared with €22,75 million in 2011 while net earned premiums amounted to €17,86 million versus €17,59 million during the previous year, recording an increase of 1,5%.

Other income from insurance operations declined to €0,84 million from €1,04 million mainly due to the reduction of reinsurance commissions receivable as a result of the increase of the retention amount under the Property reinsurance treaties and the subsequent reduction of the reinsurers' participation. There was also a reduction in profit from pools.

Income from brokerage and financial services fell to €0,73 million against €1,09 million in 2011 as a result of the adverse financial conditions and the reduced trading activity in the Cyprus and Athens Stock Exchanges.

The Group's profit from operations fell 20,5% as they reached €3,32 million compared to €4,17 million in 2011. The profit from operations of the insurance sector decreased by 15,3% to €3,41 million (2011: €4,03 million). Profit from operations was adversely affected by the increase in net claims incurred which amounted to €9,80 million (2011: €9,28 million) and led to a rise in the claims loss ratio to 54,90% as compared to 52,74% in the previous year.

Administrative expenses amounted to €4,74 million compared to €4,61 million in 2011 recording an annual increase of 2,7% which was mainly attributed to the increased provisions for bad and doubtful debts which rose to €0,41 million from €0,27 million in 2011.

Net finance income fell to €0,74 million from €0,94 million in 2011 mainly due to the reallocation of part of the Company's bank deposits to foreign banks bearing a lower deposit interest rate.

The loss on sale and revaluation of investments amounted to €2,15 million in comparison with €2,36 million in the previous year. This amount includes loss on revaluation of investment properties of €0,10 (2011: gain €0,36 million), permanent diminution in the value of investments available for sale of €1,06 million (2011: €1,67 million), profit on foreign investments of €0,25 million (2011: loss €0,14 million) and transfer from the fair value reserve to the profit and loss account on the sale of investments of €1,05 million (2011: loss €0,18 million).

On 28 December 2012 with the payment of the amount of €102.5 million the Company completed the claim payments regarding the insurance compensation of the Electricity Authority of Cyprus for damages that resulted from the explosion in Evangelos Florakis naval base in Mari in June 2011. The total claim amount of € 132.5 million is the largest insurance compensation that has ever been paid in Cyprus.

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

Equity attributable to shareholders amounted to €29,91 million compared to €30,02 million in 2011 with the return on equity in 2012 reaching 5,1%. Equity includes an amount of €78 thousand which represents the cost of the Company's own shares.

**Financial results**

As shown on page 8 of the extract from the consolidated financial statements, net profit attributable to shareholders reached €1,53 million compared to €2,31 million in 2011, recording an annual decrease of 33,7%. Profit for the year is transferred to reserves. The reconciliation between the audited annual consolidated financial statements and the latest published preliminary results for the year 2012 is presented in note 37 of the Consolidated Financial Statements.

**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 5 cents per share (2011: 7 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.

**Prospects**

After taking into consideration the progress of operations of the Company during the current year and following a review of the prospects and financial information to date the Board of Directors believes that the current year will be much more difficult than last year especially following the recent serious developments relating to the decisions of the Eurogroup which were a major blow to the financial system of Cyprus and are expected to have serious negative effects on the local economy the size of which is anticipated to suffer an unprecedented contraction. The management is taking all necessary measures to overcome the crisis in order for the company to overcome the upcoming storm with minimum losses.

**Tangible Fixed Assets**

Capital expenditure for tangible fixed assets amounted to €47 thousand as shown in note 15 of the financial statements.

**Investment in subsidiary undertakings**

There was no change in the Company's investment in subsidiary undertakings during the year.

**Share Capital**

The authorised share capital of the Holding Company amounts to €85 million divided into 250 million ordinary shares of a nominal value of €0,34 each. The issued share capital of the Company amounts to €13,30 million divided into 39,11 million 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 6 June 2012 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 the Companies Act 2 /2002 (Revised) and the provisos of the Commission Regulation (EC) 2273/2003 of the European Committee. The shares may be acquired either in the market or through a private agreement."

The purpose of the above resolution was the extension of the Company's buy-back programme for the period June 6,2012 to June 5 2013.

During the year the Company did not acquire any own shares. The total number of own shares at 31 December 2012 is 80.150 and the total acquisition cost amounts to €78 thousand.

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

**Major shareholders**

The shareholders owning directly or indirectly more than 5% of the share capital of the Company on 31 December 2012 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

### DIRECTORS' REPORT (continued)

#### Contracts with Directors' and related parties

During the year the Company acquired for €1,1 million a piece of land owned by Mr. George Pyrishis. Mr. G. Pyrishis is a non-Executive Director of the Company. The acquired plot represents ½ share in a piece of land of 16.268 sq.m of which the other half already belongs to the company. The land is situated in Strovolos Municipality close to GSP. The property falls within the Urban Zone (Residential Zone) Ka7 and has a building coefficient of 80% and a 45% building coverage rate.

Before the decision was reached, the Company received valuation reports from two independent property assessors. In accordance with the relevant valuation reports the market value of the acquired property was estimated at €1,5 million and €1,32 million respectively.

The Board considered that the integration of the two pieces of land increases the potential for future development of the property and hence its future market value.

The transaction is considered as being part of the Company's investment activities, took place on an arm's length transaction basis and is included as part of the investment properties of the Company. The Company did not pay any goodwill for the acquisition since the property was recorded in the financial statements at the cost price which is considerably lower than the market value.

Mr. George Pyrishis and his brother Emiliios Pyrishis, his mother Nina Pyrishi and his uncle Andreas Pirishis did not participate in the voting for the Board's approval of the acquisition of the land.

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

On 28 December 2012 with the payment of the amount of €102.5 million the Company completed the claim payments regarding the insurance compensation of the Electricity Authority of Cyprus for damages that resulted from the explosion in Evangelos Florakis naval base in Mari in June 2011. The total claim amount of € 132.5 million is the largest insurance compensation that has ever been paid in Cyprus. The payment of the above compensation did not have any impact on the Group's financial results due to the fact that the Company adequately reinsured 100% of the insured risk.

#### 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](http://www.cse.com.cy).

The report of the Board on the Code ('Report on Corporate Governance') is shown on pages 8 and 17 of the consolidated financial statements and is available on the Company's website [www.atlantic.com.cy](http://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.

There were no material differences between the audited results in the consolidated financial statements of 2012 and the most recently published preliminary results of the Group.

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.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

### DIRECTORS' REPORT (continued)

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 2010. 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 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 2012 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 Directors' Report.

### Board of Directors

The Board of Directors consists of the members shown on page 1. All directors served on the board for the whole year. According to the Articles of the Company's Association Messrs Andreas Frangoullis, Triantafyllos Lysimachou and George Pyrishis retire from the Board, but being eligible offer themselves 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.

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



Emilios Pyrishis  
Chairman

Nicosia  
25 April 2013

**ATLANTIC INSURANCE COMPANY PUBLIC LIMITED**
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

for the year ended 31 December 2012

	Notes	2012 €'000	2012 €'000
<b>Income from operations</b>			
Gross written premiums		23.106	21.995
Policy fees		761	755
Reinsurers' share of premiums		(6.012)	(5.029)
Net premiums		17.855	17.721
Transfer to unearned premiums		4	(129)
Net earned premiums		17.859	17.592
Other operating income from insurance operations	6	838	1.037
Operating income from brokerage and financial services		725	1.088
		19.422	19.717
<b>Expenses</b>			
Claims payable	5	9.805	9.278
Commission payable for insurance operations		1.275	1.220
Commission payable for brokerage and financial services		284	430
Administrative expenses		4.737	4.612
		16.101	15.540
<b>Profit from operations</b>	9	3.321	4.177
Loss on sale and revaluation of investments	11	(2.151)	(2.362)
Other investment income	6	108	151
Net finance income	10	744	942
Profit before taxation		2.022	2.908
Taxation	12	(483)	(540)
Profit after taxation		1.539	2.368
Minority interest		(7)	(57)
Profit attributable to the shareholders	13	1.532	2.311
Earnings per share (cent)	13	3,92	5,91

**ATLANTIC INSURANCE COMPANY PUBLIC LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2012

	<b>2012</b>	2011
	<b>€'000</b>	€'000
Profit for the year	<b>1.532</b>	2.311
<b>Other recognised gains :</b>		
Surplus on revaluation of immovable property	-	623
Deferred tax on surplus revaluation of immovable property	<b>4</b>	(109)
Fair value loss on financial assets available for sale	<b>(652)</b>	(1.565)
Transfer to profit and loss for the year of realised loss on financial assets available for sale	<b>1.053</b>	185
Transfer to profit and loss for the year due to permanent diminution in value of investments available for sale	<b>681</b>	1.667
	<hr/> <b>1.086</b> <hr/>	801
<b>Total comprehensive income for the year</b>	<hr/> <b>2.618</b> <hr/>	<hr/> 3.112 <hr/>

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2012

	Note	2012 €'000	2011 €'000
<b>Non-current assets</b>			
Tangible fixed assets	15	8.003	8.216
Intangible assets	17	29	40
Other recoverables	21	216	216
Investment properties	18	7.359	6.224
Financial assets available for sale	19	2.141	2.797
<b>Total non-current assets</b>		<b>17.748</b>	<b>17.493</b>
<b>Current assets</b>			
Debtors and other receivables	21	15.676	315.701
Financial assets held for trading	20	3.853	3.305
Cash and bank balances	22	17.562	18.780
<b>Total current assets</b>		<b>37.091</b>	<b>337.786</b>
<b>Total assets</b>		<b>54.839</b>	<b>355.279</b>
<b>Equity</b>			
Share capital	23	13.297	13.297
Reserves		16.686	16.805
Purchase of own shares		(78)	(78)
<b>Equity attributable to shareholders</b>		<b>29.905</b>	<b>30.024</b>
Minority interest		1.037	1.200
<b>Total equity</b>		<b>30.942</b>	<b>31.224</b>
<b>Non-current liabilities</b>			
Deferred taxation	24	616	640
		616	640
<b>Current liabilities</b>			
Outstanding claims and provision for unearned premiums	25	20.683	320.569
Other Liabilities	26	2.598	2.846
		23.281	323.415
<b>Total equity and liabilities</b>		<b>54.839</b>	<b>355.279</b>

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

	Share Capital	Share Premium	Difference on conversion of share capital	Revaluation Reserve	Fair Value Reserve	Profit and Loss account	Own Shares	Total	Minority Interest	Total Equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>Balance 1 January 2011</b>	13.297	1.898	67	3.314	(1.640)	13.573	(37)	30.474	1.510	31.984
Surplus on revaluation of immovable property				622	-	-	-	622	-	622
Deferred tax on surplus revaluation of immovable property	-	-	-	(109)	-	-	-	(109)	-	(109)
Transfer of excess depreciation on revaluation of buildings	-	-	-	(18)	-	18	-	-	-	-
Deferred tax on excess depreciation	-	-	-	2	-	(2)	-	-	-	-
Dividends received by minority	-	-	-	-	-	-	-	-	(332)	(332)
Reduction of minority interest due to sale of shares	-	-	-	-	-	-	-	-	(35)	(35)
Fair value loss on financial assets available for sale	-	-	-	-	(1.565)	-	-	(1.565)	-	(1.565)
Transfer to profit and loss for the year of realised loss on financial assets available for sale	-	-	-	-	185	-	-	185	-	185
Transfer to profit and loss for the year due to permanent diminution in the value of financial assets available for sale	-	-	-	-	1.667	-	-	1.667	-	1.667
Purchase of own shares	-	-	-	-	-	-	(41)	(41)	-	(41)
Dividend paid	-	-	-	-	-	(3.520)	-	(3.520)	-	(3.520)
Profit for the year	-	-	-	-	-	2.311	-	2.311	57	2.368
<b>Balance 31 December 2011</b>	13.297	1.898	67	3.812	(1.352)	12.380	(78)	30.024	1.200	31.224
<b>Balance 1 January 2012</b>	13.297	1.898	67	3.812	(1.352)	12.380	(78)	30.024	1.200	31.224
Deferred tax on surplus revaluation of immovable property	-	-	-	4	-	-	-	4	-	4
Transfer of excess depreciation on revaluation of buildings	-	-	-	(23)	-	23	-	-	-	-
Dividends received by minority	-	-	-	-	-	-	-	-	(170)	(170)
Fair value loss on financial assets available for sale	-	-	-	-	(651)	-	-	(651)	-	(651)
Transfer to profit and loss for the year of realised loss on financial assets available for sale	-	-	-	-	1.053	-	-	1.053	-	1.053
Transfer to profit and loss for the year due to permanent diminution in the value of financial assets available for sale	-	-	-	-	681	-	-	681	-	681
Dividend paid	-	-	-	-	-	(2.737)	-	(2.737)	-	(2.737)
Profit for the year	-	-	-	-	-	1.532	-	1.532	7	1.539
<b>Balance 31 December 2012</b>	13.297	1.898	67	3.793	(269)	11.198	(78)	29.905	1.037	30.942

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 2012

	Note	2012 €'000	2011 €'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Profit for the year before taxation</b>		<b>2.022</b>	2.908
<i>Adjustments for:</i>			
Loss on sale and revaluation of investments	11	2.151	2.362
Depreciation of tangible and intangible fixed assets	9	288	301
Profit on disposal of tangible fixed assets		(3)	-
Interest received	10	(823)	(1.015)
Dividends received	6	(17)	(80)
Interest paid	10	79	73
<b>Profit from operations before changes in working capital</b>		<b>3.697</b>	4.549
Decrease/ (increase) in debtors and other receivables		132.527	(300.598)
(Decrease)/ increase in liabilities and provisions		(132.589)	301.590
<b>Cash flow from operations</b>		<b>3.635</b>	5.541
Interest paid		(79)	(73)
Taxation paid		(550)	(572)
<b>Net cash flow from operating activities</b>		<b>3.006</b>	4.896
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of investments		(3.495)	(1.672)
Sale of investments		2.631	1.014
Acquisition of investment properties		(1.233)	5
Purchase of own shares		-	(41)
Purchase of tangible fixed assets	15	(47)	(71)
Purchase of intangible fixed assets	17	(19)	(48)
Receipts on disposal of tangible fixed assets		5	-
Increase in holding of subsidiary undertaking		-	(31)
Dividends paid to minority interest		(170)	(333)
Interest received		824	1.015
Dividends received		17	80
<b>Net cash flow for investing activities</b>		<b>(1.487)</b>	(82)
<b>CASH FLOW FOR FINANCING ACTIVITIES</b>			
Dividend paid		(2.737)	(3.520)
<b>Net cash flow for financing activities</b>		<b>(2.737)</b>	(3.520)
Net (decrease) / increase in cash and cash equivalents		(1.218)	1.294
Cash and cash equivalents at the beginning of the year		18.780	17.486
Cash and cash equivalents at the end of the year	22	17.562	18.780

## 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
<b>Year ended 31 December 2012</b>			
Premiums and other income	24.813	726	25.538
Profit from operations	3.403	(82)	3.321
<b>Total Assets</b>	<b>50.719</b>	<b>4.120</b>	<b>54.839</b>
<b>Total Liabilities</b>	<b>23.537</b>	<b>360</b>	<b>23.897</b>
Purchase of tangible fixed assets	47	-	47
Purchase of intangible fixed assets	19	-	19
Disposal of tangible fixed assets	10	-	10
Acquisition of investment property	1.233	-	1.233
Depreciation of tangible fixed assets	253	5	258
Depreciation of intangible fixed assets	30	-	30
<b>Year ended 31 December 2011</b>			
Premiums and other income	23.937	1.089	25.026
Profit from operations	4.018	159	4.177
<b>Total Assets</b>	<b>351.082</b>	<b>4.196</b>	<b>355.279</b>
<b>Total Liabilities</b>	<b>323.786</b>	<b>269</b>	<b>324.055</b>
Purchase of tangible fixed assets	71	-	71
Purchase of intangible fixed assets	48	-	48
Disposal of tangible fixed assets	-	5	5
Depreciation of tangible fixed assets	257	8	264
Depreciation of intangible fixed assets	35	1	36

## Note 5: Claims payable

	2012			2011	
	Gross	Reinsurers' Share	Recoveries	Net	Net
	€000	€000	€000	€000	€000
Motor	7.134	(424)	(298)	<b>6.412</b>	6.252
Accident and health	2.521	(11)	-	<b>2.510</b>	2.471
Marine	74	(424)	-	<b>31</b>	11
Property	(166.534)	166.943	(16)	<b>393</b>	280
Liability	459	(6)	-	<b>453</b>	263
Other	17	(11)	-	<b>6</b>	1
	<b>(156.329)</b>	<b>166.448</b>	<b>(314)</b>	<b>9.805</b>	9.278

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Note 6: Other Income****Other income from insurance operations**

	2012	2011
	€'000	€'000
Commissions earned	726	839
Share of Pool profits	57	135
Profit on disposal of tangible fixed assets	3	-
Other income	52	64
	<b>838</b>	<b>1.037</b>

**Other income from investments**

	2012	2011
	€'000	€'000
Dividends received	17	80
Rents received	91	71
	<b>108</b>	<b>151</b>

**Note 8: Staff costs**

	2012	2011
	€'000	€'000
Salaries	2.450	2.426
Social insurance and other contributions	249	240
Provident fund contributions	118	115
	<b>2.817</b>	<b>2.781</b>

**Average number of employees**

The average number of employees was as follows:

	2012	2011
Full-time employees	101	102

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.

**Note 10: Net finance income**

	2012	2011
	€'000	€'000
Interest received	841	995
Bank charges and interest paid	(79)	(73)
Exchange gains	(18)	20
	<b>744</b>	<b>942</b>

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 11- Losses on sale and revaluation of investments

	2012	2011
	€'000	€'000
Loss on sale and revaluation of shares held for trading	(387)	(727)
Gains /(losses) on sale and revaluation of foreign investments	249	(138)
Loss on sale and revaluation of bonds	(857)	(164)
Permanent diminution in the value of investments available for sale	(1.058)	(1.667)
(Loss)/ gain on revaluation of investment properties	(98)	335
	<b>(2.151)</b>	<b>(2.362)</b>

## Note 12-Taxation

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

	2012	2011
	€'000	€'000
Corporation tax	435	521
Defence contribution	20	18
Foreign taxes deducted at source	1	1
Deferred Tax	(20)	-
Previous years taxes	45	-
Interest on taxes	2	-
	<b>483</b>	<b>540</b>

## Note 13: Earnings per share

	2012	2011
	€'000	€'000
Net profit attributable to shareholders	<b>1.532</b>	2.311
Weighted average number of issued shares	<b>39.109</b>	39.109
Basic earnings per share (cents)	<b>3,92</b>	5,91

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

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 15: Tangible fixed assets

	Land and buildings	Furniture and fittings	Computer hardware and software	Motor vehicles	Total
	€'000	€'000	€'000	€'000	€'000
<b>Cost or revaluation</b>					
Balance at 1 January 2011	7.436	742	442	645	9.265
Additions	-	32	14	25	71
Revaluation	375	-	-	-	375
Disposals	-	-	-	(5)	(5)
Balance at 1 January 2012	7.811	774	456	665	9.706
Additions	-	15	8	24	47
Disposals	-	-	-	(10)	(10)
<b>Balance at 31 December 2012</b>	<b>7.811</b>	<b>789</b>	<b>464</b>	<b>679</b>	<b>9.743</b>
<b>Depreciation</b>					
Balance at 1 January 2011	124	420	387	547	1.478
Depreciation for the year	124	70	29	42	265
On revaluation	(248)	-	-	-	(248)
On disposals	-	-	-	(5)	(5)
Balance at 1 January 2012	-	490	416	584	1.490
Depreciation for the year	128	67	18	45	258
On disposals	-	-	-	(8)	(8)
<b>Balance at 31 December 2012</b>	<b>128</b>	<b>557</b>	<b>434</b>	<b>621</b>	<b>1.740</b>
<b>Net book value at 31 December 2012</b>	<b>7.683</b>	<b>232</b>	<b>30</b>	<b>58</b>	<b>8.003</b>
31 December 2011	7.811	284	40	81	8.216

## Note 17-Intangible assets

	Goodwill on acquisition of agents portfolios	Computer software	Total
	€'000	€'000	€'000
<b>Cost or revaluation</b>			
Balance at 1 January 2011	-	370	370
Additions	42	6	48
Balance at 1 January 2012	42	376	418
Additions	7	12	19
<b>Balance 31 December 2012</b>	<b>49</b>	<b>388</b>	<b>437</b>
<b>Amortisation</b>			
Balance at 1 January 2011	-	342	342
Amortisation for the year	14	22	36
Balance at 1 January 2012	14	364	378
Amortisation for the year	16	14	30
<b>Balance 31 December 2012</b>	<b>30</b>	<b>378</b>	<b>408</b>
<b>Net book value at 31 December 2012</b>	<b>18</b>	<b>10</b>	<b>29</b>
31 December 2011	28	12	40

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 18: Investment properties

	2012	2011
	€'000	€'000
<b>Land and buildings</b>		
<b>Balance at 1 January</b>	<b>6.224</b>	5.894
Additions	1.233	(5)
Fair value (loss)/ gain on revaluation	(98)	335
<b>Balance at 31 December</b>	<b>7.359</b>	6.224

## Note 19: Financial assets available for sale

	2012	2011
	€'000	€'000
Equity investment in listed securities	90	99
Republic of Cyprus government bonds	1.280	89
Greek government bonds	282	203
Corporate bonds and capital securities	489	2.406
	<b>2.141</b>	2.797

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 loss on financial assets available for sale for the year 2012 amounted to €0,65 million (2011: Loss €1,57 million) and was recognized in the fair value reserve which is included as part of equity.

## Note 20: Financial assets held for trading

	2012	2011
	€'000	€'000
Equity investment in listed securities	182	186
Foreign investments in mutual and managed funds	3.465	2.898
Bonds and capital securities	206	221
	<b>3.853</b>	3.305

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 21: Debtors and other receivables

<b>Non-current assets</b>	<b>2012</b>	2011
	<b>€'000</b>	€'000
Other receivables from financial services operations	<b>216</b>	216
<hr/>		
<b>Current assets</b>	<b>2012</b>	2010
	<b>€'000</b>	€'000
Trade receivables from insurance operations	<b>7.530</b>	7.636
Reinsurers' share of technical reserves (note 25)	<b>3.545</b>	303.465
Share in pool assets	<b>625</b>	568
Deferred acquisition costs	<b>592</b>	611
Other receivables from insurance operations	<b>360</b>	288
Other receivables from financial services operations	<b>3.020</b>	3.133
Tax refundable	<b>4</b>	-
	<hr/> <b>15.676</b> <hr/>	315.701

## Note 22: Cash and bank balances

	<b>2012</b>	2011
	<b>€'000</b>	€'000
Cash and bank balances	<b>17.562</b>	18.780
Bank overdrafts and short-term loans	<b>-</b>	-
	<hr/> <b>17.562</b> <hr/>	18.780

The bank facilities of the subsidiary company Atlantic Securities Ltd, which are mentioned in note 34, are secured by corporate guarantees of the Company amounting to €132 thousand in favour of Bank of Cyprus Public Company Ltd and €600 thousand in favour of Cyprus Popular Bank Public Company Ltd.

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.

The potential impact of the recent restructuring measures of Bank of Cyprus and Cyprus Popular Bank on the value of the Group's bank deposits are mentioned in note 36.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 25: Outstanding claims and unearned premiums

	2012	2011
	€'000	€'000
<b>Unearned premiums</b>		
Gross unearned premiums	10.398	10.777
Reinsurers' share	(1.961)	(2.336)
<b>Net unearned premiums</b>	<b>8.437</b>	<b>8.441</b>
<b>Outstanding claims</b>		
Gross outstanding claims	10.285	309.792
Reinsurers' share	(1.583)	(301.129)
<b>Net outstanding claims</b>	<b>8.702</b>	<b>8.663</b>
<b>Total technical reserves</b>		
Gross technical reserves	20.683	320.569
Reinsurers' share	(3.545)	(303.465)
<b>Net technical reserves</b>	<b>17.138</b>	<b>17.104</b>

Outstanding claims include a provision for incurred but not reported claims (IBNR) as well as a provision for incurred but not enough reported claims (IBNER) using the claims development method.

On 28 December 2012 with the payment of the amount of €102.5 million the Company completed the claim payments regarding the insurance compensation of the Electricity Authority of Cyprus for damages that resulted from the explosion in Evangelos Florakis naval base in Mari in June 2011. The total claim amount of € 132.5 million is the largest insurance compensation that has ever been paid in Cyprus.

The amount of gross outstanding claims as at 31 December 2011 includes a claim reserve amount of €300 million in respect of the above claim. A corresponding reserve amount of €300 million is included in the reinsurers' share of claims which is disclosed under debtors and other receivables (Note 21).

## Note 26: Other Liabilities

	2012	2011
	€'000	€'000
Taxation	75	119
Reinsurers' balances	188	556
Creditors from insurance operations	101	139
Other liabilities from insurance operations	1.463	1.434
Dividends payable	410	334
Other liabilities from financial services operations	361	264
	<b>2.598</b>	<b>2.846</b>

**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 2012 and 5 days before the date of approval of the financial statements by the Board of Directors, were:

	31 December 2012 %	20 April 2013 %
Emilios Pyrishis <sup>1</sup>	33,43	33,43
Piraeus Bank (Cyprus) Ltd	19,91	19,91
Andreas Frangoullis <sup>2</sup>	20,17	20,17
Maro Marathovouniotou	5,96	5,96

- (1) The holding of Emilios Pyrishis includes his direct share (18,98%) and his indirect holding arising from the shares owned by his mother Nina Pyrishi (2,36%) and his brother George Pyrishis (12,04%).
- (2) The holding of Andreas Frangoullis includes his direct share (19,99%) and his indirect holding arising from the shares owned by his wife Elli Frangoulli (0,10%), his mother Vasilou Frangoulli (0,03%) and his brother Filippos Frangoullis (0,05%).
- (3) The holding of Maro Marathovounioti includes her direct share (1,44%) and her indirect holding arising from the shares owned by her daughter Athena Nicolaidou (1,60%), her son Andreas Marathovouniotis (1,49%) and her son Alexis Marathovouniotis (1,43%).

**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 2012 and 5 days before the date of approval of the financial statements by the Board of Directors, were:

	31 December 2012		20 April 2013	
	Number of Shares	%	Number of Shares	%
Emilios Pyrishis	7.443.482	19,03	7.443.482	19,03
Andreas Pirishis	20.000	0,05	20.000	0,05
Andreas Frangoullis <sup>1</sup>	7.887.532	20,17	7.887.532	20,17
George Pyrishis	4.709.071	12,04	4.709.071	12,04
Nina Pyrishi	922.641	2,36	922.641	2,36
Panayiotis Mallis	45.549	0,12	45.549	0,12
Charalambos Alexandrou <sup>2</sup>	28.155	0,07	28.155	0,07
Triantafyllos Lysimachou	-	-	-	-
Marios Savvides	165.074	0,42	165.074	0,42

- (1) The holding of Andreas Frangoullis includes his direct share (19,99%) and his indirect holding arising from the shares owned by his wife Elli Frangoulli (0,10%), his mother Vasilou Frangoulli (0,03%) and his brother Filippos Frangoullis (0,05%).
- (2) The holding of Charalambos Alexandrou includes his his direct share (0,06%) and his indirect holding arising from the shares owned by his father Loizos Alexandrou (0,01%).

**ATLANTIC INSURANCE COMPANY PUBLIC LIMITED**
**EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**Note 36. Post balance sheet events and capital commitments**

On 25 March 2013 Cyprus and the Eurogroup (along with the International Monetary Fund) reached an agreement on the key elements of a future macroeconomic adjustment programme that includes the provision to the Republic of Cyprus of financial assistance amounting to €10 billion.

The Central Bank of Cyprus acting as the Consolidation Authority, issued on 29 March 2013 the Decree on the sale of part of the operations of the Cyprus Popular Bank and the Decree on the Rescue by own means of Bank of Cyprus, applying reorganisation measures and restructuring plans for the two banks under the Restructuring of Credit and other Institutions Act of 2013. The decrees provide, among others for the contribution of depositors over €100,000.

The bank deposits of the Group in the affected banks on March 26 2013 were:

<i>Bank Deposits of Atlantic Insurance</i>		€000
Cyprus Popular Bank		116
Bank of Cyprus		3.853
 <i>Bank Deposits of the subsidiary Atlantic Securities Ltd</i>		€000
Cyprus Popular Bank		-
Bank of Cyprus		211

According to the Central Bank amended decrees dated April 21 2013, deposits of insurance companies which were exempted of any charge under the decrees issued on March 29 2013, following a review of the extent of the exceptions, it was decided that:

A) In the case of deposits in the Bank of Cyprus, 72,5% of the amount of deposits of insurance companies are excluded from the application of the provisions of paragraph 6. The remaining 27.5% of the deposits shall be subject to the provisions of paragraph 6 of the Decree on the conversion of deposits into equity shares at a percentage which has not yet been determined.

B) In the case of deposits in Cyprus Popular Bank, 72.5% of the deposits of insurance companies are transferred to the Bank of Cyprus pursuant to paragraph 5 (2) (c) and are exempt from the conversion provisions of paragraph 6. The remaining 27.5% of deposits will remain in the Cyprus Popular Bank and are expected to suffer significant loss depending on the final proceeds of the liquidation process.

The effect on the company's deposits cannot be calculated accurately since the final percentages that will apply in the two affected banks have not yet been determined. In the event that the final percentage of deposits that will be converted to equity in Bank of Cyprus is set at 60%, the total impact on the company's deposits, ignoring the value of the shares resulting from the conversion, will amount to approximately €0,66 million, while if the percentage of deposits subject to conversion is set at 50% then the effect will be limited to approximately €0.56 million. In both cases, the calculations are based on the assumption that the final loss rate in the Cyprus Popular Bank will be 100%. From the conversion of part of its bank deposits with the Bank of Cyprus, the company will receive class A ordinary shares of the Bank of Cyprus having a nominal value of €1 each. The management believes that given the information available today, the value of the shares that would result from the conversion of deposits in the Bank of Cyprus cannot be determined with certainty.

The deposits in excess of €100 thousand of the subsidiary Atlantic Securities Ltd with Bank of Cyprus will be affected to the extent of the final percentage of deposits that would be subject to equity conversion which has not yet been set, but is expected to range between 50%-60% of the nominal value of the deposits.

In addition, according to the Rescue with own means Decree for Bank of Cyprus which was issued by the Central Bank of Cyprus on March 29, 2013, all the rights of the existing ordinary shares of the bank have been suspended until the day of the reconversion of ordinary shares class D. The management considers that as a result of the above the value of the existing shares of the Bank of Cyprus has been affected dramatically and hence decided to make additional provision for the full impairment of the shares of Bank of Cyprus which the Company holds. The overall provision for the impairment of the above shares, which was recognised in the profit and loss account for the year ending 31 December 2012 amounted to €0,62 million.

## ATLANTIC INSURANCE COMPANY PUBLIC LIMITED

## EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Note 36. Post balance sheet events and capital commitments (continued)**

The Central Bank also issued a Decree on March 28, 2013 which imposes restrictive capital controls with regard to transactions performed through the banking institutions operating in Cyprus. The activities of the Group and of the Company and their future financial performance could be negatively affected by the extent and duration of these restrictions, by the inability of the debtors to meet their obligations and by any potential reduction in the fair value of the investment properties of the Company. The management monitors closely the economic developments and considers that it takes all necessary measures to maintain the financial strength of the Group and of the company.

Apart from the above, there were no other events which occurred after the end of the reporting period or any future capital commitments that have a significant impact on the financial statements at 31 December 2012.

**Note 37. Reconciliation between the annual audited consolidated financial statements and the most recent published preliminary results for the year 2012.**

	2012 €'000
Consolidated profit attributable to shareholders according to the preliminary results dated February 22, 2013.	2.048
Increase in the provision for the permanent diminution in the value of the shares of Bank of Cyprus	(483)
Increase in the provision for bad and doubtful debts	(49)
Restatement of interest receivable	(5)
Restatement of minority interest	21
	<hr/>
Consolidated profit attributable to shareholders according to the audited consolidated profit and loss	<u>1.532</u>