

# **Amathus Public Limited**

## **Report and consolidated financial statements 31 December 2007**

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# **Amathus Public Limited**

## **Board of Directors and other officers**

### **Board of Directors**

Platon E. Lanitis – Chairman  
Costas E. Lanitis – Vice Chairman  
Ioannis C. Archontides – Executive Vice Chairman

Marios E. Lanitis  
Constantinos Mitsides  
Aris Christodoulou (appointed 15 January 2008)  
Savvas Orfanides (appointed 15 January 2008)  
Achilleas Dorotheou – Executive Director (appointed 15 January 2008)  
Christos Christou – Executive Director (appointed 15 January 2008)  
Doros Orfanides (resigned 15 January 2008)

### **Company Secretary**

#### **P&D Secretarial Services Limited**

Agathangelos Court  
10 Georgiou Gennadiou Street  
3<sup>rd</sup> Floor, Office 303  
3600 Limassol  
Cyprus

### **Registered office**

Akinita Amathus  
Syntagmatos Street  
3036 Limassol  
Cyprus

# Amathus Public Limited

## Declaration of the members of the Board of Directors and the Company's financial controller for the drafting of the consolidated financial statements and separate financial statements of the Company

In accordance with article 9 of the Transparency Law, we the members of the Board of Directors and the financial controller of Amathus Public Limited in relation to the year ended 31 December 2007, declare as far as we know:

- (a) the annual financial statements:
- (i) have been prepared in accordance with the applicable accounting standards and the requirements of section (4), and
  - (ii) give a true and fair view of assets, liabilities, financial position and profit or loss of the Group and the Company and the other entities included in the consolidated financial statements and
- (b) the report of the Board of Directors provides a fair review of the developments, performance and position of the Group and the Company and the other entities that are included in the consolidated financial statements as a total, together with the description of principal risks and uncertainties that they face.

### Members of the Board of Directors

| <i>Name and surname</i>                         | <i>Signature</i> |
|---|------------------|
|   |                  |
| Platon E. Lanitis, Chairman                     |                  |
|   |                  |
| Costas E. Lanitis, Vice Chairman                |                  |
|   |                  |
| Ioannis C. Archontides, Executive Vice Chairman |                  |
|   |                  |
| Marios E. Lanitis, Director                     |                  |
|   |                  |
| Constantinos Mitsides, Director                 |                  |
|   |                  |
| Aris Christodoulou, Director                    |                  |
|   |                  |
| Savvas Orfanides, Director                      |                  |
|   |                  |
| Achilleas Dorotheou, Executive Director         |                  |
|   |                  |
| Christos Christou, Executive Director           |                  |

# Amathus Public Limited

**Declaration of the members of the Board of Directors and the Company's financial controller for the drafting of the consolidated financial statements and separate financial statement of the Company (continued)**

## Financial Controller

| <i><b>Name and surname</b></i> | <i><b>Capacity</b></i> | <i><b>Signature</b></i> |
|--------------------------------|------------------------|-------------------------|
|                                |                        |                         |
| Panicos Sylikiotis             | Financial Controller   |                         |

Limassol  
22 April 2008

# **Amathus Public Limited**

## **Report of the Board of Directors**

The Board of Directors submits to the Shareholders its annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2007.

### **Principal activities**

The principal activities of the Group, which are unchanged from last year, are concentrated in the hotel, travel and tourist sector.

Specifically the principal activities of the Group are the following:

Operation and management of Amathus Beach Hotel Limassol, a freehold seaside luxurious hotel of 239 rooms on the coast of Limassol.

Management of Amathus Beach Hotel Paphos, a seaside luxurious hotel of 273 rooms on the coast of Kato Paphos.

Management of Amathus Beach Hotel Rhodes, a seaside luxurious hotel of 326 rooms situated on the island of Rhodes.

Representation and handling of airline companies in Cyprus and sale of airline tickets and other travel agent services both in Cyprus and Greece through the associate company Amathus Hellas Touristiki A.E..

Tourist activities which include sales of organised excursions abroad through Let's Go Tours, handling of incoming tourism including tourist groups and group conferences.

Tour operating from Greece through the subsidiary company ANC Worldchoice Holidays T.E. MEPE.

Representation and handling of shipping lines, clearing and forwarding services through the associate company Amathus Aegeas Limited.

Aircraft services and other related services in Larnaca and Paphos airports through the associate company Two Serve (Airport Services).

### **Corporate Governance**

The Board of Directors of the Company has not yet adopted the Corporate Governance Code which was issued by the Corporate Governance Committee of the Cyprus Stock Exchange.

# Amathus Public Limited

## Report of the Board of Directors (continued)

### Review of developments, position and performance of the Group's business

The Group's results before tax for the year 2007 were improved compared to the corresponding results of the year 2006 by C£460.333 (€786.525).

The improvement in the results before tax is mainly due to:

- (a) The increase of sales of the Group compared to previous year by C£4.240.240 (€7.244.880). This increase is mainly due to the increase of sales of Amathus Beach Hotel Limassol, the departments of the Company that are dealing with the issue of air tickets, the handling of incoming and outgoing tourism and also of the wholly owned subsidiary ANC Worldchoice Holidays T.E.MEPE which is dealing with the outgoing tourism from Greece.
- (b) The reduction in Group's finance costs by C£41.114 (€70.247). The finance costs include a non repetitive foreign exchange loss amounting to C£56.885 (€97.194) (2006: C£40.583 (€69.340)) that resulted from the strengthening of Euro against the Cyprus Pound.
- (c) The improvement in the results of the associates by C£136.453 (€233.143) which is mainly due to the improved results of Claridge Public Limited and Two Serve (Airport Services).

After deducting the tax charge amounting to C£299.981 (2006: C£51.492), the loss after tax is C£422.156 compared to a loss of C£634.000 for the year 2006. The increase in tax charge is mainly due to the provision for tax of previous years amounting to C£77.537 and also due to deferred tax charge amounting to C£84.580 which resulted from the reversal of the deferred tax asset for the taxable losses that have been recognised in the previous years.

### Principal risks and uncertainties

The activities of the Group are influenced by various risks and uncertainties, mainly relating to the hotel and tourist industries, as the activities in the shipping industry are not so significant.

Such risks and uncertainties are:

- The seasonality of the activities;
- The quality and quantity of tourism from and to Cyprus;
- The increased competition both within Cyprus but also from neighbouring countries;

# Amathus Public Limited

## Report of the Board of Directors (continued)

### Principal risks and uncertainties (continued)

- The possible economic recession in Cyprus and also in the countries from which the tourists are coming;
- The political instability prevailing in the Middle East area;
- The increase in staff costs; and
- The increase in oil price.

The main financial risks and uncertainties that the Group is facing are disclosed in Note 3 to the consolidated financial statements.

### Future developments of the Group

The Board of Directors does not expect any significant changes in the activities of the Group in the foreseeable future.

### Results

The Group's results for the year are set out on page 12. The loss before tax amounts to C£122.175 (2006: loss of C£582.508). After the tax charge of C£299.981 (2006: tax charge of C£51.492), the net loss for the year amounts to C£422.156 (2006: loss of C£634.000). The net loss for the year is carried forward.

### Dividends

The Board of Directors does not recommend the payment of a dividend.

### Share capital

During the year, the Company issued 3 627 ordinary shares with a par value of C£0,20 per share for the total amount of C£725 following the exercise of 3 627 warrants (Note 22).

There were no other changes in the share capital of the Company during the year.

# Amathus Public Limited

## Report of the Board of Directors (continued)

### Board of Directors

The members of the Board of Directors at 31 December 2007 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2007, except from Messrs Aris Christodoulou, Savvas Orfanides, Achilleas Dorotheou and Christos Christou who were appointed as Directors on 15 January 2008. Mr Doros Orfanides who held office at 1 January 2007, resigned on 15 January 2008.

In accordance with article 82 of the Company's Articles of Association, all Directors retire and, being eligible, offer themselves for re-election.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

### Directors' interests in the Company's share capital

The beneficial interest in the total shares of the Company of the Directors, their spouses, children and companies in which the Directors hold directly or indirectly at least 20% of the voting shares at 31 December 2007 and at 14 April 2008 was as follows:

|                                | Percentage holding       |                       |
|--------------------------------|--------------------------|-----------------------|
|                                | 31 December<br>2007<br>% | 14 April<br>2008<br>% |
| Platon E. Lanitis <sup>1</sup> | 56,42                    | 56,42                 |
| Costas E. Lanitis <sup>1</sup> | 55,69                    | 55,69                 |
| Ioannis C. Archontides         | 0,23                     | 0,23                  |
| Marios E. Lanitis <sup>1</sup> | 54,23                    | 54,23                 |
| Constantinos Mitsides          | -                        | -                     |
| Doros Orfanides                | 5,95                     | N/A                   |
| Aris Christodoulou             | N/A                      | 1,30                  |
| Savvas Orfanides               | N/A                      | 5,95                  |
| Achilleas Dorotheou            | N/A                      | 0,03                  |
| Christos Christou              | N/A                      | 0,04                  |

<sup>1</sup> The percentages of Messrs Platon E. Lanitis, Costas E. Lanitis and Marios E. Lanitis include the percentage of Lanitis E.C. Holdings Limited as shown below.

# Amathus Public Limited

## Report of the Board of Directors (continued)

### Shareholders holding more than 5% of the Company's share capital

On 14 April 2008 the following shareholders beneficially held over 5% of the Company's issued share capital:

|  | <b>Percentage<br/>holding<br/>%</b> |
|--|-------------------------------------|
| Lanitis E.C. Holdings Limited <sup>1</sup> | 51,48                               |
| The Cyprus Popular Bank (Finance) Limited  | 7,81                                |

<sup>1</sup> The percentage of Lanitis E.C. Holdings Limited includes the indirect shareholding that results from the shares that the company N.P. Lanitis Limited holds (0,91%).

### Contracts with Directors and connected persons

Contractual agreements on an arm's length basis exist between the Company and other related companies as stated in Note 29 to the consolidated financial statements.

Other than what is stated in Note 29, at 31 December 2007 there was no other significant contractual agreement with the Company or its subsidiaries, in which Directors or connected persons had a material interest. Connected persons include the spouse, minor children and companies in which a Director holds, directly or indirectly, at least 20% of the voting shares.

### Events after the balance sheet date

The most significant events after the balance sheet date are disclosed in Note 30 to the consolidated financial statements.

### Branches

The Group did not operate through any branches during the year.

### Auditors

The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

### By Order of the Board

#### **P&D Secretarial Services Limited Secretary**

Limassol  
22 April 2008



**PricewaterhouseCoopers Limited**  
City House  
6 Karaiskakis Street  
CY-3032 Limassol  
P O Box 53034  
CY-3300 Limassol, Cyprus  
Telephone: + 357 - 25555000  
Facsimile: + 357 - 25555001  
[www.pwc.com/cy](http://www.pwc.com/cy)

## Independent Auditors' Report To the Members of Amathus Public Limited

### Report on the Financial Statements

We have audited the consolidated financial statements of Amathus Public Limited (the "Company") and its subsidiaries (the "Group") on pages 11 to 61, which comprise the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Board of Directors' responsibility for the Financial Statements*

The Company's Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

**Board Members:** Phidias K Pliides (CEO), Dinos N Papadopoulos (Deputy CEO), Tassos I Televantides (Deputy CEO), Panikos N Tsiailis, Christakis Santis, Stephanos D Stephanides, Costas L Hadjiconstantinou, George Foradaris, Costas M Nicolaidis, Angelos M Loizou, Vasilis Hadjivassiliou, Androulla S Pittas, Savvas C Michail, Costas L Mavrocordatos, Christos M Themistocleous, Panicos Kaouris, Nicos A Neophytou, George M Loizou, Pantelis G Evangelou, Liakos M Theodorou, Stelios Constantinou, Tassos Procopiou, Andreas T Constantinides, Theo Parperis, Constantinos Constantinou, Petros C Petrakis, Philippos C Soseilos, Evgenios C Evgeniou, Christos Tsolakis, Nicos A Theodoulou, Nikos T Nikolaidis, Cleo A Papadopoulou, Marios S Andreou, Nicos P Chimarides, Aram Tavitian, Constantinos Taliotis, Stavros A Kattamis, Yiangos A Kaponides, Tasos N Nolas, Chrysilios K Pelekanos, Eftychios Eftychiou, George C Lambrou, Chris Odysseos

**Directors of Operations:** Adrian Ioannou, Androulla Aristidou, Achilleas Chrysanthou, George Skapoullaros, Bambos A Charalambous, Demetris V Psaltis, Constantinos L Kapsalis, Stelios A Violans

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

### *Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

### **Report on other legal requirements**

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 4 to 8 is consistent with the consolidated financial statements.

### **Other Matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Companies Law, Cap. 113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

PricewaterhouseCoopers Limited  
Chartered Accountants

Limassol, 22 April 2008

# Amathus Public Limited

## Consolidated income statement for the year ended 31 December 2007

|   | Note | Supplementary information in Euro |              |                     |              |
|---|------|-----------------------------------|--------------|---------------------|--------------|
|   |      | 2007<br>C£                        | 2006<br>C£   | 2007<br>€           | 2006<br>€    |
| Sales                                   | 5    | <b>19.336.882</b>                 | 15.096.642   | <b>33.039.024</b>   | 25.794.144   |
| Cost of goods and services sold         |      | <b>(15.108.988)</b>               | (11.482.618) | <b>(25.815.239)</b> | (19.619.218) |
| <b>Gross profit</b>                     |      | <b>4.227.894</b>                  | 3.614.024    | <b>7.223.785</b>    | 6.174.926    |
| Other gains/income – net                | 6    | <b>158.666</b>                    | 167.592      | <b>271.097</b>      | 286.348      |
| Selling and marketing costs             |      | <b>(776.288)</b>                  | (678.308)    | <b>(1.326.366)</b>  | (1.158.958)  |
| Administrative expenses                 |      | <b>(2.321.407)</b>                | (2.113.511)  | <b>(3.966.359)</b>  | (3.611.148)  |
| <b>Operating profit</b>                 |      | <b>1.288.865</b>                  | 989.797      | <b>2.202.157</b>    | 1.691.168    |
| Finance costs                           | 9    | <b>(1.255.104)</b>                | (1.279.916)  | <b>(2.144.473)</b>  | (2.186.866)  |
| Share of loss of associates             | 16   | <b>(155.936)</b>                  | (292.389)    | <b>(266.433)</b>    | (499.576)    |
| <b>Loss before tax</b>                  |      | <b>(122.175)</b>                  | (582.508)    | <b>(208.749)</b>    | (995.274)    |
| Tax                                     | 10   | <b>(299.981)</b>                  | (51.492)     | <b>(512.548)</b>    | (87.979)     |
| <b>Loss for the year</b>                |      | <b>(422.156)</b>                  | (634.000)    | <b>(721.297)</b>    | (1.083.253)  |
| <b>Loss per share (cent per share):</b> |      |                                   |              |                     |              |
| - Basic                                 | 11   | <b>(0,5)</b>                      | (0,7)        | <b>(0,9)</b>        | (1,2)        |
| - Diluted                               | 11   | <b>(0,5)</b>                      | (0,7)        | <b>(0,9)</b>        | (1,2)        |

The notes on pages 17 to 61 are an integral part of these consolidated financial statements.

# Amathus Public Limited

## Consolidated balance sheet at 31 December 2007

|                                     | Note | 2007<br>C£         | 2006<br>C£  | Supplementary information in<br>Euro |              |
|-------------------------------------|------|--------------------|-------------|--------------------------------------|--------------|
|                                     |      |                    |             | 2007<br>€                            | 2006<br>€    |
| <b>Assets</b>                       |      |                    |             |                                      |              |
| <b>Non-current assets</b>           |      |                    |             |                                      |              |
| Property, plant and equipment       | 12   | <b>29.724.951</b>  | 29.184.956  | <b>50.788.094</b>                    | 49.865.458   |
| Investment property                 | 13   | <b>1.520.436</b>   | 1.316.510   | <b>2.597.820</b>                     | 2.249.391    |
| Investments in associates           | 16   | <b>17.568.214</b>  | 17.437.985  | <b>30.017.075</b>                    | 29.794.566   |
| Available-for-sale financial assets | 18   | <b>351.422</b>     | 356.292     | <b>600.440</b>                       | 608.761      |
| Deferred tax asset                  | 25   | <b>69.023</b>      | 214.271     | <b>117.933</b>                       | 366.104      |
|                                     |      | <b>49.234.046</b>  | 48.510.014  | <b>84.121.362</b>                    | 82.884.280   |
| <b>Current assets</b>               |      |                    |             |                                      |              |
| Inventories                         | 19   | <b>219.161</b>     | 244.506     | <b>374.459</b>                       | 417.763      |
| Trade and other receivables         | 20   | <b>3.640.721</b>   | 4.661.278   | <b>6.220.542</b>                     | 7.964.266    |
| Tax refundable                      |      | -                  | 100         | -                                    | 171          |
| Cash and cash equivalents           | 21   | <b>1.021.479</b>   | 840.555     | <b>1.745.301</b>                     | 1.436.173    |
|                                     |      | <b>4.881.361</b>   | 5.746.439   | <b>8.340.302</b>                     | 9.818.373    |
| <b>Total assets</b>                 |      | <b>54.115.407</b>  | 54.256.453  | <b>92.461.664</b>                    | 92.702.653   |
| <b>Equity and liabilities</b>       |      |                    |             |                                      |              |
| <b>Capital and reserves</b>         |      |                    |             |                                      |              |
| Share capital                       | 22   | <b>19.371.634</b>  | 17.609.238  | <b>33.098.401</b>                    | 30.087.169   |
| Share premium                       | 22   | <b>2.304.519</b>   | 2.370.723   | <b>3.937.503</b>                     | 4.050.621    |
| Capital reserve                     |      | <b>4.900.948</b>   | 4.900.948   | <b>8.373.766</b>                     | 8.373.767    |
| Fair value reserves                 | 23   | <b>8.979.073</b>   | 9.001.459   | <b>15.341.657</b>                    | 15.379.906   |
| Accumulated losses                  |      | <b>(6.634.391)</b> | (6.316.581) | <b>(11.335.528)</b>                  | (10.792.519) |
|                                     |      | <b>28.921.783</b>  | 27.565.787  | <b>49.415.799</b>                    | 47.098.944   |
| <b>Non-current liabilities</b>      |      |                    |             |                                      |              |
| Borrowings                          | 24   | <b>11.076.805</b>  | 11.955.208  | <b>18.925.845</b>                    | 20.426.686   |
| Deferred tax liabilities            | 25   | <b>2.187.070</b>   | 2.309.676   | <b>3.736.830</b>                     | 3.946.315    |
|                                     |      | <b>13.263.875</b>  | 14.264.884  | <b>22.662.675</b>                    | 24.373.001   |
| <b>Current liabilities</b>          |      |                    |             |                                      |              |
| Trade and other payables            | 26   | <b>4.990.379</b>   | 5.486.866   | <b>8.526.570</b>                     | 9.374.867    |
| Borrowings                          | 24   | <b>6.775.322</b>   | 6.938.916   | <b>11.576.325</b>                    | 11.855.841   |
| Current tax liabilities             |      | <b>164.048</b>     | -           | <b>280.295</b>                       | -            |
|                                     |      | <b>11.929.749</b>  | 12.425.782  | <b>20.383.190</b>                    | 21.230.708   |
| <b>Total liabilities</b>            |      | <b>25.193.624</b>  | 26.690.666  | <b>43.045.865</b>                    | 45.603.709   |
| <b>Total equity and liabilities</b> |      | <b>54.115.407</b>  | 54.256.453  | <b>92.461.664</b>                    | 92.702.653   |

On 22 April 2008 the Board of Directors of Amathus Public Limited authorised these consolidated financial statements for issue.

Costas E. Lanitis, Vice Chairman

Ioannis C. Archontides, Executive Vice Chairman

The notes on pages 17 to 61 are an integral part of these consolidated financial statements.

# Amathus Public Limited

## Consolidated statement of changes in equity for the year ended 31 December 2007

| Note  | Share capital -<br>fully paid<br>shares<br>C£ | Share capital -<br>partly paid<br>shares<br>C£ | Share<br>premium (2)<br>C£ | Capital reserve<br>C£ | Fair value<br>reserves (2)<br>C£ | Accumulated<br>losses (1)<br>C£ | Total<br>C£ |
|---|---|--|----------------------------|-----------------------|----------------------------------|---------------------------------|-------------|
| <b>Balance at 1 January 2006</b>  | 17,609,238                                    | -  | 2,370,723                  | 4,900,948             | 9,211,362                        | (6,030,026)                     | 28,062,245  |
| Land and buildings:   |   |  |                            |                       |                                  |                                 |             |
| Additional depreciation on<br>revalued buildings after tax  | 23  | -  | -                          | -                     | (91,440)                         | 91,440                          | -           |
| Share of additional depreciation of<br>revalued buildings in associates                               | 23  | -  | -                          | -                     | (18,793)                         | 18,793                          | -           |
| Share of deferred tax adjustment<br>in associates   | 23  | -  | -                          | -                     | (9,817)                          | 9,817                           | -           |
| Deferred tax on revaluation   | 23  | -  | -                          | -                     | 16,502                           | -                               | 16,502      |
| Transfer of revaluation to<br>accumulated losses of land and<br>buildings sold                        | 23  | -  | -                          | -                     | (214,585)                        | 214,585                         | -           |
| Transfer of additional depreciation<br>to accumulated losses of land<br>and buildings sold            | 23  | -  | -                          | -                     | (31,286)                         | 31,286                          | -           |
| Share of deferred tax on<br>additional depreciation in<br>associates                                  | 23  | -  | -                          | -                     | 2,963                            | -                               | 2,963       |
| Currency translation differences  | 23  | -  | -                          | -                     | 17,055                           | -                               | 17,055      |
| Available-for-sale financial assets:  |   |  |                            |                       |                                  |                                 |             |
| Fair value gains  | 23  | -  | -                          | -                     | 2,241                            | -                               | 2,241       |
| Transfer to net loss due to write<br>off  |   | -  | -                          | -                     | 8,860                            | -                               | 8,860       |
| Transfer to net loss due to<br>disposal   | 23  | -  | -                          | -                     | 1,122                            | -                               | 1,122       |
| Share of currency translation<br>differences in associates  | 23  | -  | -                          | -                     | 9,453                            | -                               | 9,453       |
| Share of fair value reserve in<br>associates  | 23  | -  | -                          | -                     | 250                              | -                               | 250         |
| Share of deferred tax adjustment<br>due to change in percentages of<br>corporation tax in associates  | 23  | -  | -                          | -                     | 97,572                           | -                               | 97,572      |
| Net income recognised directly in equity  |   | -  | -                          | -                     | (209,903)                        | 365,921                         | 156,018     |
| Net loss for the year   |   | -  | -                          | -                     | -                                | (634,000)                       | (634,000)   |
| Total recognised losses for 2006  |   | -  | -                          | -                     | (209,903)                        | (268,079)                       | (477,982)   |
| Share of defence contribution on<br>deemed divided distribution in<br>associate                       |   | -  | -                          | -                     | -                                | (10,195)                        | (10,195)    |
| Share of expenses for share capital<br>issue in associate   |   | -  | -                          | -                     | -                                | (8,281)                         | (8,281)     |
| <b>Balance at 31 December 2006/<br/>1 January 2007</b>  | 17,609,238                                    | -  | 2,370,723                  | 4,900,948             | 9,001,459                        | (6,316,581)                     | 27,565,787  |
| Land and buildings:   |   |  |                            |                       |                                  |                                 |             |
| Additional depreciation on<br>revalued buildings after tax  | 23  | -  | -                          | -                     | (91,440)                         | 91,440                          | -           |
| Share of additional depreciation<br>on revalued buildings in<br>associates                            | 23  | -  | -                          | -                     | (30,578)                         | 30,578                          | -           |
| Share of deferred tax adjustment<br>on additional depreciation of<br>revalued buildings in associates | 23  | -  | -                          | -                     | 2,064                            | (2,064)                         | -           |
| Deferred tax on revaluation   | 23  | -  | -                          | -                     | 61,938                           | -                               | 61,938      |
| Share of deferred tax on<br>revaluation in associates   | 23  | -  | -                          | -                     | 6,509                            | -                               | 6,509       |
| Currency translation differences  | 23  | -  | -                          | -                     | 13,458                           | -                               | 13,458      |
| Available-for-sale financial assets:  |   |  |                            |                       |                                  |                                 |             |
| Fair value loss   | 23  | -  | -                          | -                     | (263)                            | -                               | (263)       |
| Transfer to net loss due to<br>disposal   | 23  | -  | -                          | -                     | 1,080                            | -                               | 1,080       |
| Share of currency translation<br>differences in associates  | 23  | -  | -                          | -                     | 14,846                           | -                               | 14,846      |
| Net income recognised directly in equity  |   | -  | -                          | -                     | (22,386)                         | 119,954                         | 97,568      |

# Amathus Public Limited

## Consolidated statement of changes in equity for the year ended 31 December 2007 (continued)

|  | Note | Share capital-<br>fully paid<br>shares<br>C£ | Share capital-<br>partly paid<br>shares<br>C£ | Share<br>premium (2)<br>C£ | Capital reserve<br>C£ | Fair value<br>reserves (2)<br>C£ | Accumulated<br>losses (1)<br>C£ | Total<br>C£       |
|--|------|--|---|----------------------------|-----------------------|----------------------------------|---------------------------------|-------------------|
| Net loss for the year  |      | -  | -   | -                          | -                     | -                                | (422.156)                       | (422.156)         |
| Total recognised losses for 2007   |      | -  | -   | -                          | -                     | (22.386)                         | (302.202)                       | (324.588)         |
| Issue of rights  | 22   | -  | 1.761.671                                     | -                          | -                     | -                                | -                               | 1.761.671         |
| Issue of shares  | 22   | 725  | -   | -                          | -                     | -                                | -                               | 725               |
| Expenses for the issue of shares   | 22   | -  | -   | (66.204)                   | -                     | -                                | -                               | (66.204)          |
| Share of defence contribution on<br>deemed dividend distribution in<br>associate |      | -  | -   | -                          | -                     | -                                | (15.608)                        | (15.608)          |
| <b>Balance at 31 December 2007</b>   |      | <b>17.609.963</b>                            | <b>1.761.671</b>                              | <b>2.304.519</b>           | <b>4.900.948</b>      | <b>8.979.073</b>                 | <b>(6.634.391)</b>              | <b>28.921.783</b> |

- (1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the shareholders.
- (2) The share premium and fair value reserves are not available for distribution in the form of dividend.

The notes on pages 17 to 61 are an integral part of these consolidated financial statements.

# Amathus Public Limited

## Consolidated cash flow statement for the year ended 31 December 2007

|  | Note | 2007<br>C£         | 2006<br>C£       | Supplementary information<br>in Euro |                  |
|--|------|--------------------|------------------|--------------------------------------|------------------|
|  |      |                    |                  | 2007<br>€                            | 2006<br>€        |
| <b>Cash flows from operating activities</b>                        |      |                    |                  |                                      |                  |
| Loss before tax  |      | (122.175)          | (582.508)        | (208.749)                            | (995.274)        |
| Adjustments for:   |      |                    |                  |                                      |                  |
| Depreciation of property, plant and equipment                      | 12   | 981.074            | 957.633          | 1.676.264                            | 1.636.213        |
| Net book value of property, plant and equipment written off        | 12   | 69.027             | 101.212          | 117.940                              | 172.931          |
| Profit from sale of property, plant and equipment                  | 12   | (230)              | (23.441)         | (393)                                | (40.051)         |
| Available-for-sale financial assets written off                    | 18   | -                  | 8.860            | -                                    | 15.138           |
| (Profit)/loss from disposal of available-for-sale financial assets | 6    | (3.914)            | 1.114            | (6.687)                              | 1.903            |
| Dividends received   | 6    | (19.689)           | (20.592)         | (33.641)                             | (35.183)         |
| Interest income  | 6    | (1.860)            | (2.233)          | (3.178)                              | (3.815)          |
| Interest expense and finance costs                                 | 9    | 1.198.052          | 1.196.116        | 2.046.993                            | 2.043.686        |
| Share of loss of associates  | 16   | 155.936            | 292.389          | 266.432                              | 499.576          |
| Exchange differences   |      | (7.443)            | 53.859           | (12.717)                             | 92.024           |
|  |      | <b>2.248.778</b>   | <b>1.982.409</b> | <b>3.842.264</b>                     | <b>3.387.148</b> |
| Changes in working capital:  |      |                    |                  |                                      |                  |
| Inventories  |      | 25.345             | 4.694            | 43.305                               | 8.020            |
| Trade and other receivables  |      | 1.020.557          | (281.239)        | 1.743.725                            | (480.525)        |
| Trade and other payables   |      | (496.487)          | (800.809)        | (848.298)                            | (1.368.263)      |
|  |      | <b>2.798.193</b>   | <b>905.055</b>   | <b>4.780.996</b>                     | <b>1.546.380</b> |
| Tax paid   |      | (51.253)           | (36.603)         | (87.571)                             | (62.540)         |
|  |      | <b>2.746.940</b>   | <b>868.452</b>   | <b>4.693.425</b>                     | <b>1.483.840</b> |
| <b>Cash flows from investing activities</b>                        |      |                    |                  |                                      |                  |
| Purchase of property, plant and equipment                          | 12   | (1.590.156)        | (300.773)        | (2.716.943)                          | (513.901)        |
| Proceeds from sale of property, plant and equipment                | 12   | 230                | 371.196          | 393                                  | 634.226          |
| Purchase of investment property                                    | 13   | (187.819)          | -                | (320.908)                            | -                |
| Dividends received   |      | 144.957            | 136.292          | 247.674                              | 232.869          |
| Interest received  |      | 1.860              | 2.233            | 3.178                                | 3.815            |
| Purchase of shares in associates                                   | 16   | (371.990)          | (212.216)        | (635.581)                            | (362.593)        |
| Proceeds from the sale of available-for-sale financial assets      |      | 9.851              | -                | 16.831                               | -                |
| Purchase of available-for-sale financial assets                    |      | (250)              | -                | (427)                                | -                |
|  |      | <b>(1.993.317)</b> | <b>(3.268)</b>   | <b>(3.405.783)</b>                   | <b>(5.584)</b>   |

# Amathus Public Limited

## Consolidated cash flow statement for the year ended 31 December 2007 (continued)

|  | Note  | 2007<br>C£         | 2006<br>C£         | Supplementary<br>information in Euro |                    |
|--|-------|--------------------|--------------------|--------------------------------------|--------------------|
|  |       |                    |                    | 2007<br>€                            | 2006<br>€          |
| <b>Cash flows from financing activities</b>          |       |                    |                    |                                      |                    |
| Repayment of non-current borrowings                  |       | (909.494)          | (2.993.248)        | (1.553.963)                          | (5.114.264)        |
| Proceeds from non-current borrowings                 |       | 700.000            | 3.297.625          | 1.196.021                            | 5.634.322          |
| Repayment of borrowings to related parties           | 29(f) | (750.000)          | -                  | (1.281.451)                          | -                  |
| Interest and finance costs paid                      |       | (1.120.491)        | (1.115.823)        | (1.914.472)                          | (1.906.495)        |
| Proceeds from issuance of shares                     | 22    | 725                | -                  | 1.239                                | -                  |
| Proceeds from payments for partly-paid shares        | 22    | 1.761.671          | -                  | 3.009.994                            | -                  |
| Expenses for the issuance of shares                  | 22    | (66.204)           | -                  | (113.116)                            | -                  |
| <b>Net cash used in financing activities</b>         |       | <b>(383.793)</b>   | <b>(811.446)</b>   | <b>(655.748)</b>                     | <b>(1.386.437)</b> |
| <b>Net increase in cash and bank overdrafts</b>      |       | <b>369.830</b>     | <b>53.738</b>      | <b>631.894</b>                       | <b>91.819</b>      |
| <b>Cash and bank overdrafts at beginning of year</b> |       | <b>(4.919.394)</b> | <b>(4.973.132)</b> | <b>(8.405.287)</b>                   | <b>(8.497.102)</b> |
| <b>Cash and bank overdrafts at end of year</b>       | 21    | <b>(4.549.564)</b> | <b>(4.919.394)</b> | <b>(7.773.393)</b>                   | <b>(8.405.283)</b> |

The notes on pages 17 to 61 are an integral part of these consolidated financial statements.

# Amathus Public Limited

## Notes to the consolidated financial statements

### 1 General information

#### Country of incorporation

The Company was incorporated and domiciled in Cyprus in 1943 and was transformed into a public company in February 1974 in accordance with the provisions of the Companies Law, Cap. 113. On 29 March 1996 the shares of the Company were listed in the Cyprus Stock Exchange. The Company is a 50,57% subsidiary of Lanitis E.C. Holdings Limited, also incorporated in Cyprus. Its registered office is at Akinita Amathus, Syntagmatos street, Limassol, Cyprus.

#### Principal activities

The principal activities of the Group, which are unchanged from last year, are the following:

Specifically, the principal activities of the Group are the following:

Operation and management of Amathus Beach Hotel Limassol, a freehold seaside luxurious hotel of 239 rooms on the coast of Limassol.

Management of Amathus Beach Hotel Paphos, a seaside luxurious hotel of 273 rooms on the coast of Kato Paphos.

Management of Amathus Beach Hotel Rhodes, a seaside luxurious hotel of 326 rooms situated on the island of Rhodes.

Representation and handling of airline companies in Cyprus and sale of airline tickets and other travel agent services both in Cyprus and Greece through the associate company Amathus Hellas Touristiki A.E..

Tourist activities which include sales of organised excursions abroad through Let's Go Tours, handling of incoming tourism including tourist groups and group conferences.

Tour operating from Greece through the subsidiary company ANC Worldchoice Holidays T.E. ΜΕΠΕ.

Representation and handling of shipping lines, clearing and forwarding services through the associate company Amathus Aegeas Limited.

Aircraft services and other related services in Larnaca and Paphos airports through the associate company Two Serve (Airport Services).

# Amathus Public Limited

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

### **Basis of preparation**

The consolidated financial statements of Amathus Public Limited have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). In addition, the consolidated financial statements have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113 and the Cyprus Securities and Stock Exchange Law and Regulations. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings, investment property and available-for-sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

### **Adoption of new and revised IFRSs**

In the current year the Group adopted all new and revised IFRS that are relevant to its operations and are effective for accounting periods beginning on 1 January 2007.

This adoption did not result in substantial changes to the Group's accounting policies.

The adoption of IFRS 7 "Financial Instruments: Disclosures" and the complementary amendment to IAS1 "Presentation of financial statements – Capital Disclosures" introduces new disclosures relating to financial instruments and share capital and does not have any impact on the classification and valuation of the consolidated financial statements.

At the date of authorisation of these consolidated financial statements, the following new International Financial Reporting Standards (IFRS) and IFRIC Interpretations have been issued but are not yet effective:

# Amathus Public Limited

## 2 Summary of significant accounting policies (continued)

### Adoption of new and revised IFRSs (continued)

#### Standards that become effective for years ending 31 December 2008

- IFRIC Interpretation 11 “IFRS 2 – Group and Treasury Share Transactions” (effective 1 March 2007).
- IFRIC Interpretation 12 “Service Concession Arrangements” (effective 1 January 2008). \*
- IFRIC Interpretation 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” (effective 1 January 2008). \*

#### Standards that become effective for years ending 31 December 2009

- IFRS 8 “Operating Segments” (effective 1 January 2009).
- IAS 23 (Amendment) “Borrowing Costs” (effective 1 January 2009).\*
- IFRIC Interpretation 13 “Customer Loyalty Programmes” (effective 1 July 2008). \*
- IAS 1 (Revised 2007) “Presentation of Financial Statements” (effective 1 January 2009). \*
- IFRS 2, Share –based Payment (Amendment 2008: Vesting Conditions and cancellations) (effective for annual periods beginning on or after 1 January 2009).\*
- IAS 32, Financial Instruments: Presentation and IAS 1, Presentation of Financial Statements (Amendment 2008: Puttable Financial Instruments and Obligations Arising of Liquidation) (effective for annual periods beginning on or after 1 January 2009).\*

#### Standards that become effective for years ending 31 December 2010

- IFRS 3 (Revised 2008), “Business Combinations” (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or after 1 July 2009).\*
- IAS 27 (Revised 2008), “Consolidated and Separate Financial Statements” (effective for annual periods beginning on or after 1 July 2009).\*

\* *Have not yet been endorsed by the European Union.*

The Board of Directors anticipates that the adoption of these Standards in future periods will have no material impact on the consolidated financial statements of the Group.

# Amathus Public Limited

## 2 Summary of significant accounting policies (continued)

### Consolidation

The consolidated financial statements include the financial statements of the holding company Amathus Public Limited (the “Company”) and its subsidiaries which are collectively referred to as the “Group”.

#### (a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of the potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the asset given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

#### (b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group’s investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group’s share of its associates’ post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

# Amathus Public Limited

## 2 Summary of significant accounting policies (continued)

### Consolidation (continued)

#### (b) Associates (continued)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary, to ensure consistency with the accounting policies adopted by the Group.

### Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of value added tax, other taxes, rebates and discounts. Revenues earned by the Group are recognised on the following bases:

#### (a) Sales of goods

Sales of goods are recognised when significant risks and rewards of ownership of the goods have been transferred to the customer, which is usually when the Group has sold or delivered goods to the customer, the customer has accepted the goods and collectibility of the related receivable is reasonably assured.

#### (b) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

#### (c) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

#### (d) Rental income

Rental income is recognised on a straight-line basis over the lease term.

#### (e) Dividend income

Dividend income is recognised when the right of the Group to receive payment is established.

# Amathus Public Limited

## 2 Summary of significant accounting policies (continued)

### Revenue recognition (continued)

#### (f) Commissions

Commissions are recognised on an accrual basis in accordance with the substance of the relevant agreements.

### Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

### Employee benefits

The Group and the employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition, the Group operates three defined contribution schemes, the assets of which are held in separate trustee-administered funds. The schemes are funded by payments from employees and by the Group. The Group's contributions are expensed as incurred and are included in staff costs. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Cyprus pounds (C£), which is the Company's functional and presentation currency.

The supplementary information is presented in Euro (€) in accordance with paragraph 57 of IAS 21 "The Effects of Changes in Foreign Exchange Rates" using the exchange rate determined by the Central Bank of Cyprus at the balance sheet date (C£1 = €1,7086 at 31 December 2007) for both the current year figures and the comparative figures.

# Amathus Public Limited

## 2 Summary of significant accounting policies (continued)

### Foreign currency translation (continued)

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

#### (c) Group companies

The results and financial position of the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component in equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings that represents such investments, are taken to currency translation differences reserve.

# Amathus Public Limited

## 2 Summary of significant accounting policies (continued)

### Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax on investments in subsidiaries and associates does not arise, as the profit on sale of securities is not taxable.

Deferred tax related to the revaluation of land and buildings is charged to the fair value reserves.

### Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements of the Group in the period in which the dividends are approved by the Company's shareholders.

### Property, plant and equipment

Land and buildings comprising mainly of retail outlets, hotels and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Revaluations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. All other property, plant and equipment are stated at historical cost less depreciation. Historical costs includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to fair value reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity. All other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from fair value reserves to accumulated losses.

# Amathus Public Limited

## 2 Summary of significant accounting policies (continued)

### Property, plant and equipment (continued)

Land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values, over their estimated useful lives.

The annual depreciation rates are as follows:

|  | %          |
|--|------------|
| Hotel buildings                          | 1,25       |
| Buildings (excluding hotel buildings)    | 3 - 4      |
| Plant and equipment                      | 15 – 33,33 |
| Motor vehicles                           | 20         |
| Furniture, fixtures and office equipment | 10 – 33,33 |
| Linen, catering and kitchen equipment    | 20         |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the income statement of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and these are included in the income statement. When revalued assets are sold, the amounts included in the fair value reserves are transferred to accumulated losses.

### Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

# Amathus Public Limited

## 2 Summary of significant accounting policies (continued)

### Investment property

Investment property, regarding land, is held for long-term yields from capital appreciation and is not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually by external professional valuers. Changes in fair values are recorded in the income statement and are included in “other gains/income – net”.

### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

### Negative goodwill

Negative goodwill represents the excess of the fair value of the Group's share of the net identifiable assets acquired over the cost of acquisition at the date of the acquisition. Negative goodwill is recognised in the income statement as incurred.

### Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

# Amathus Public Limited

## 2 Summary of significant accounting policies (continued)

### Financial assets

The Group classifies its financial assets as available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial asset at initial recognition.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets subsequently carried at fair value.

Changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement. Dividends on available-for-sale financial assets are recognised in the income statement as “other gains/income – net” when the Group’s right to receive payment is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

# Amathus Public Limited

## 2 Summary of significant accounting policies (continued)

### **Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### **Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankrupted or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement, when a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequently recoveries of amounts previously written off are credited to the income statement.

### **Termination benefits**

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises these payments in the income statement in the year in which the expenditure is incurred and are included in staff costs.

### **Premium on redemption of debentures**

Premium on redemption of debentures is provided on a time basis from the date of issue to the date on which the debentures will be redeemed. The charge for the year is recognised in the income statement and is included in "finance costs".

# **Amathus Public Limited**

## **2 Summary of significant accounting policies (continued)**

### **Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

### **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities.

### **Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

# Amathus Public Limited

## 3 Financial risk management

### (i) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group operating units.

- **Market risk**

#### **Foreign exchange risk**

The Group is exposed to foreign exchange risk arising mainly from transactions and balances denominated in Euro. Foreign exchange risk arises from future trading activities and recognized assets and liabilities.

As explained in note 30 of the consolidated financial statements, the exchange rate of Euro with the Cyprus Pound has been determined by the Central Bank of Cyprus therefore there will be no significant change in the results of the year due to changes in exchange rates.

Management does not have a policy of hedging foreign exchange risk exposure arising from future commercial transactions and recognized assets. The management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

- **Price risk**

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Group is not exposed to significant price risk since its available-for-sale financial assets are not significantly affected from changes in market prices. The Group is not exposed to commodity price risk.

# Amathus Public Limited

## 3 Financial risk management (continued)

### (i) Financial risk factors (continued)

- **Cash flow and fair value interest rate risk**

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

At 31 December 2007, if interest rates on Cyprus pound denominated borrowings had been 0,12% higher/lower with all other variables held constant after tax loss for the year would have been C£14.462 (2006: C£12.882) higher /lower, mainly as a result of higher/lower interest expenses on floating rate borrowings. At 31 December 2007, if interest rates on Euro denominated borrowings had been 0,52% higher/lower with all other variables held constant, after tax loss for the year would have been C£33.237 (2006: C£29.105) higher/ lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

The Group's management monitors the interest rate fluctuations on a continuance basis and acts accordingly.

- **Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The following table presents the balance of the most significant bank at the balance sheet date.

|  | <b>Outside<br/>rating (Moody's<br/>where<br/>applicable)</b> | <b>31 December<br/>2007<br/>£</b> | <b>31 December<br/>2006<br/>£</b> |
|--|--|-----------------------------------|-----------------------------------|
| Counterparty:                            |  |                                   |                                   |
| National Bank of Greece (Cyprus) Limited |  | <b>312.139</b>                    | 168.714                           |
| Marfin Popular Bank Public Co Limited    | A3   | <b>59.470</b>                     | 62.679                            |
| Marfin Egnatia Bank SA                   | Baa1   | <b>297.748</b>                    | 142.612                           |
| Alpha Bank AE                            | A1   | <b>256.859</b>                    | 113.452                           |
| Hellenic Bank Public Company Limited     | Baa2   | -                                 | 263.096                           |

# Amathus Public Limited

## 3 Financial risk management (continued)

### (i) Financial risk factors (continued)

- **Credit risk (continued)**

If the clients that the Group cooperates with are rated by an independent body then the Group assesses these ratings. Otherwise if there is no independent rating, the management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with the limits set by the Board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

- **Liquidity risk**

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

|                             | 1 to 3<br>months<br>C£ | 3 to 6<br>months<br>C£ | 6 months<br>to 1 year<br>C£ | 1 to 2<br>years<br>C£ | 2 to 5<br>years<br>C£ | Over<br>5 years<br>C£ |
|-----------------------------|------------------------|------------------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| <b>At 31 December 2007</b>  |                        |                        |                             |                       |                       |                       |
| Borrowings                  | 6.208.984              | 474.761                | 730.062                     | 2.641.896             | 7.840.816             | 2.117.955             |
| Trade and other<br>payables | 4.990.379              | -                      | -                           | -                     | -                     | -                     |
| <b>At 31 December 2006</b>  |                        |                        |                             |                       |                       |                       |
| Borrowings                  | 6.524.577              | 515.838                | 585.490                     | 1.649.394             | 10.315.024            | 1.950.918             |
| Trade and other<br>payables | 5.486.866              | -                      | -                           | -                     | -                     | -                     |

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The management maintains flexibility in funding by maintaining availability under committed credit lines.

# Amathus Public Limited

## 3 Financial risk management (continued)

### (ii) Capital risk management

The capital as defined by the management at 31 December 2007 and 2006 was as follows:

|   | 2007<br>C£         | 2006<br>C£ |
|---|--------------------|------------|
| Total borrowings (Note 24)                    | <b>17.852.127</b>  | 18.894.124 |
| Less: cash and cash equivalents (Note 21)     | <b>(1.025.479)</b> | (840.555)  |
| Net debt                                      | <b>16.830.648</b>  | 18.035.569 |
| Total equity                                  | <b>28.921.783</b>  | 27.565.787 |
| <b>Total capital as defined by management</b> | <b>45.752.431</b>  | 45.619.356 |
| Gearing ratio                                 | <b>37%</b>         | 40%        |

The decrease in the gearing ratio during 2007 in comparison with 2006 was primarily because of the increase of share capital.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

### (iii) Fair value estimation

The fair value of financial instruments traded in active markets, such as available-for-sale financial assets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

# Amathus Public Limited

## 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (i) Income taxes

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### (b) Critical judgements in applying the Group's accounting policies

There were no critical judgements in applying the Group's accounting policies.

# Amathus Public Limited

## 5 Segmental information

### Primary reporting format – business segments

At 31 December 2007, the Group is organised into two main business segments:

- Tourist services - operation and management of hotels, tour operating, handling of incoming and outgoing tourism.
- Sea and air transport services- representation and handling of shipping lines, clearing and forwarding services, provision of international cargo, sales of cruise tickets, aircraft services, representation and handling of airlines and sale of airline tickets and other travel agent services.

The segment results are the following:

|  | Tourist services   |             | Sea and air transport services |            | Total              |             |
|--|--------------------|-------------|--------------------------------|------------|--------------------|-------------|
|  | 2007<br>C£         | 2006<br>C£  | 2007<br>C£                     | 2006<br>C£ | 2007<br>C£         | 2006<br>C£  |
| <b>Turnover</b>                                | <b>15.387.740</b>  | 11.864.935  | <b>3.949.142</b>               | 3.231.707  | <b>19.336.882</b>  | 15.096.642  |
| Operating profit/(loss) segment results        | <b>1.044.223</b>   | 1.063.654   | <b>244.642</b>                 | (73.857)   | <b>1.288.865</b>   | 989.797     |
| Finance costs (Note 9)                         | <b>(1.150.717)</b> | (1.175.685) | <b>(104.387)</b>               | (104.231)  | <b>(1.255.104)</b> | (1.279.916) |
| Share of (loss)/profit of associates (Note 16) | <b>(254.402)</b>   | (393.366)   | <b>98.466</b>                  | 100.977    | <b>(155.936)</b>   | (292.389)   |
| <b>Loss before tax</b>                         |                    |             |                                |            | <b>(122.175)</b>   | (582.508)   |
| Tax  |                    |             |                                |            | <b>(299.981)</b>   | (51.492)    |
| <b>Net loss for the year</b>                   |                    |             |                                |            | <b>(422.156)</b>   | (634.000)   |

Other segment items included in the income statement are as follows:

|  | Tourist services |            | Sea and air transport services |            | Total          |            |
|--|------------------|------------|--------------------------------|------------|----------------|------------|
|  | 2007<br>C£       | 2006<br>C£ | 2007<br>C£                     | 2006<br>C£ | 2007<br>C£     | 2006<br>C£ |
| Depreciation of property, plant and equipment (Note 12)                | <b>938.451</b>   | 908.278    | <b>42.623</b>                  | 49.355     | <b>981.074</b> | 957.633    |
| Write-off on net book value of property, plant and equipment (Note 12) | <b>69.027</b>    | 101.212    | -                              | -          | <b>69.027</b>  | 101.212    |

# Amathus Public Limited

## 5 Segment reporting (continued)

The segment assets and liabilities and capital expenditure for the year are as follows:

|                               | Tourist services  |            | Sea and air transport services |            | Total             |            |
|-------------------------------|-------------------|------------|--------------------------------|------------|-------------------|------------|
|                               | 2007<br>C£        | 2006<br>C£ | 2007<br>C£                     | 2006<br>C£ | 2007<br>C£        | 2006<br>C£ |
| Assets                        | <b>33.192.695</b> | 33.171.028 | <b>2.934.053</b>               | 3.076.777  | <b>36.126.748</b> | 36.247.805 |
| Associates (Note 16)          | <b>16.689.803</b> | 17.261.849 | <b>878.411</b>                 | 176.136    | <b>17.568.214</b> | 17.437.985 |
| Unallocated assets            |                   |            |                                |            | <b>420.445</b>    | 570.663    |
| <b>Total assets</b>           |                   |            |                                |            | <b>54.115.407</b> | 54.256.453 |
| Liabilities                   | <b>20.417.083</b> | 21.341.418 | <b>2.425.423</b>               | 3.039.572  | <b>22.842.506</b> | 24.380.990 |
| Unallocated liabilities       |                   |            |                                |            | <b>2.351.118</b>  | 2.309.676  |
| <b>Total liabilities</b>      |                   |            |                                |            | <b>25.193.624</b> | 26.690.666 |
| Capital expenditure (Note 12) | <b>1.571.083</b>  | 280.530    | <b>19.073</b>                  | 20.243     | <b>1.590.156</b>  | 300.773    |

The unallocated amounts shown above represent various items that cannot be attributed directly to the various segments. Unallocated assets comprise available-for-sale financial assets, deferred tax assets and tax refundable. Unallocated liabilities comprise deferred tax liabilities and current tax liabilities.

Capital expenditures include additions of property, plant and equipment and building coefficient.

### Secondary reporting format – geographical segments

The Group operates in three geographical areas.

The home country of the Company - which is also the main country of operations - is Cyprus. The areas of operations are the tourist services, sea and air transport services.

|                    | Turnover          |            | Total assets      |            | Capital expenditure |            |
|--------------------|-------------------|------------|-------------------|------------|---------------------|------------|
|                    | 2007<br>C£        | 2006<br>C£ | 2007<br>C£        | 2006<br>C£ | 2007<br>C£          | 2006<br>C£ |
| Cyprus             | <b>17.019.520</b> | 13.685.122 | <b>34.044.778</b> | 34.395.333 | <b>1.590.156</b>    | 300.317    |
| UK                 | <b>426.711</b>    | 370.606    | <b>37.650</b>     | 100.195    | -                   | 456        |
| Greece             | <b>1.890.651</b>  | 1.040.914  | <b>2.044.320</b>  | 1.752.277  | -                   | -          |
|                    | <b>19.336.882</b> | 15.096.642 | <b>36.126.748</b> | 36.247.805 | <b>1.590.156</b>    | 300.773    |
| Associates         |                   |            | <b>17.568.214</b> | 17.437.985 |                     |            |
| Unallocated assets |                   |            | <b>420.445</b>    | 570.663    |                     |            |
|                    |                   |            | <b>54.115.407</b> | 54.256.453 |                     |            |

# Amathus Public Limited

## 5 Segment reporting (continued)

### Secondary reporting format – geographical segments (continued)

The Group's turnover is generated within Cyprus, UK and Greece. Turnover is allocated based on the country in which the customer is located. Total assets are allocated based on the country where the assets are located and capital expenditure is allocated based on the country where the related assets are located.

### Analysis of sales by category

|                                 | 2007<br>C£        | 2006<br>C£        |
|---------------------------------|-------------------|-------------------|
| Income from hotel bednights     | 4.587.661         | 4.384.799         |
| Sale of hotel food and beverage | 3.417.150         | 2.970.859         |
| Sale of tickets                 | 1.341.136         | 1.266.811         |
| Sale of travel packages         | 6.330.857         | 4.378.134         |
| Incoming tourism/conferences    | 2.356.331         | 952.888           |
| International cargo             | 60.690            | 58.781            |
| Other income                    | 1.243.057         | 1.084.370         |
|                                 | <u>19.336.882</u> | <u>15.096.642</u> |

## 6 Other gains/income – net

|   | 2007<br>C£     | 2006<br>C£     |
|---|----------------|----------------|
| Interest income on bank balances  | 1.860          | 2.233          |
| Dividend income   | <u>19.689</u>  | <u>20.592</u>  |
| Net profit/(loss) from available-for-sale financial assets<br>(Note 18) | <u>3.914</u>   | <u>(1.114)</u> |
| Net foreign exchange transaction gains from operating<br>activities     | <u>45.951</u>  | <u>36.368</u>  |
| Other gains:  |                |                |
| Management fees   | 63.939         | 59.518         |
| Rental income   | 23.313         | 35.391         |
| Other gains – various   | -              | 14.604         |
|   | <u>87.252</u>  | <u>109.513</u> |
|   | <u>158.666</u> | <u>167.592</u> |

# Amathus Public Limited

## 7 Expenses by nature

|  | 2007<br>C£        | 2006<br>C£        |
|--|-------------------|-------------------|
| Depreciation of property, plant and equipment (Note 12)  | 981.074           | 957.633           |
| Net book amount of property, plant and equipment written off (Note 12)                         | 69.027            | 101.212           |
| Profit on sale of property, plant and equipment (Note 12)                                      | (230)             | (23.441)          |
| Operating lease rentals  | 166.948           | 122.513           |
| Repairs and maintenance  | 192.941           | 183.152           |
| Advertising and promotion  | 636.898           | 424.015           |
| Management fees  | 97.386            | 97.331            |
| Printing and stationery  | 89.141            | 82.949            |
| Auditors' remuneration   | 50.706            | 46.864            |
| Auditors' remuneration – underprovision of prior years   | (35)              | 422               |
| Trade receivables – impairment charge for receivables  | 17.923            | 41.102            |
| Trade receivables – reversal of impairment charge for receivables (Note 20)                    | -                 | (13.459)          |
| Trade receivables – charge to the provision of impairment charge for receivables (Note 20)     | 51.753            | -                 |
| Available-for-sale financial assets written off (Note 18)                                      | -                 | 8.860             |
| Staff costs (Note 8)   | 4.928.737         | 4.504.110         |
| Direct expenses  | 9.988.709         | 6.768.958         |
| Other expenses   | 935.705           | 972.216           |
|  | <hr/>             | <hr/>             |
| Total cost of goods and services sold, selling and marketing costs and administrative expenses | <b>18.206.683</b> | <b>14.274.437</b> |

## 8 Staff costs

|                                  | 2007<br>C£       | 2006<br>C£       |
|----------------------------------|------------------|------------------|
| Salaries                         | 4.054.080        | 3.724.869        |
| Termination benefits             | 21.362           | 19.030           |
| Social insurance and other funds | 443.536          | 412.402          |
| Provident Fund contributions     | 257.702          | 235.894          |
| Other staff costs                | 152.057          | 111.915          |
|                                  | <hr/>            | <hr/>            |
|                                  | <b>4.928.737</b> | <b>4.504.110</b> |

The Group has three defined contribution schemes, the Amathus Public Limited Employees' Provident Fund, the Hotel Industry Employees' Provident Fund and the pension scheme for certain employees of Amathus (UK) Limited, which are funded separately and prepare their own financial statements whereby employees are entitled to payment of certain benefits upon retirement or prior termination of service

# Amathus Public Limited

## 9 Finance costs

|   | 2007<br>C£       | 2006<br>C£       |
|---|------------------|------------------|
| Interest expense:   |                  |                  |
| Bank borrowings   | 759.038          | 676.103          |
| Borrowings from holding company (Note 29(f))                    | 104.703          | 128.361          |
| Debentures  | 253.238          | 272.140          |
| Balance with holding company (Note 29 (e))                      | 4.827            | 43.375           |
| Overdue taxation  | -                | 587              |
| Net foreign exchange transaction losses on financing activities | 56.885           | 40.583           |
| Mortgage expenses   | 167              | 43.217           |
| Debenture guarantee expenses                                    | 54.537           | 54.919           |
| Other finance costs   | 21.709           | 20.631           |
|   | <u>1.255.104</u> | <u>1.279.916</u> |

## 10 Tax

|                               | 2007<br>C£     | 2006<br>C£    |
|-------------------------------|----------------|---------------|
| Current tax:                  |                |               |
| Corporation tax               | 137.515        | 9.769         |
| Defence contribution          | 349            | 1.104         |
| Deferred tax (Note 25)        | 84.580         | 14.880        |
| Corporation tax – prior years | 77.537         | 809           |
| Capital gain tax              | -              | 24.930        |
|                               | <u>299.981</u> | <u>51.492</u> |

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

|   | 2007<br>C£       | 2006<br>C£       |
|---|------------------|------------------|
| Loss before tax   | <u>(122.175)</u> | <u>(582.508)</u> |
| Tax calculated at the applicable corporation tax rate of 10%        | (12.218)         | (58.251)         |
| Tax effect of expenses not deductible for tax purposes              | 245.131          | 100.066          |
| Tax effect of allowances and income not subject to tax              | (15.795)         | (4.341)          |
| Special contribution for defence                                    | 349              | 1.104            |
| Tax effect of utilisation of previously unrecognised taxable losses | (9)              | (26.800)         |
| Tax effect of different tax rates in other countries                | (6.243)          | (5.997)          |
| Capital gain tax  | -                | 24.930           |
| Deferred tax on taxable losses not provided for                     | 11.229           | 19.972           |
| Corporation tax – prior year  | 77.537           | 809              |
| Tax charge  | <u>299.981</u>   | <u>51.492</u>    |

# Amathus Public Limited

## 10 Tax (continued)

The Company, its subsidiaries and associates are subject to corporation tax at the domestic tax rates applicable on taxable profits in the respective countries at the rates of 10% - 32,5%. On 31 December 2007 the Group did not have any taxable losses to be carried forward (2006: C£1.735.885). Prior year taxable losses may be carried forward and set off against taxable profits of the same company. Current year taxable losses incurred by companies of the Group incorporated in Cyprus, can be utilised by any company within the Group, in the same year, provided there is at least 75% ownership.

Under certain conditions interest may be subject to defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax thus having an effective tax rate burden of approximately 15%. In certain cases dividends received from abroad may be subject to defence contribution at the rate of 15%.

## 11 Loss per share

|   | <b>2007</b>              | 2006              |
|---|--------------------------|-------------------|
| Net loss (C£)   | <u><b>(422.156)</b></u>  | <u>(634.000)</u>  |
| Weighted average number of ordinary shares in issue during the year | <u><b>93 626 881</b></u> | <u>88 046 198</u> |
| Loss per share (cent per share):                                    |                          |                   |
| - Basic   | <u><b>(0,5)</b></u>      | <u>(0,7)</u>      |
| - Diluted   | <u><b>(0,5)</b></u>      | <u>(0,7)</u>      |

The weighted average number of ordinary shares takes into account the number of shares in issue during the year.

# Amathus Public Limited

## 12 Property, plant and equipment

|                                    | Land and<br>buildings<br>C£ | Plant and<br>machinery<br>C£ | Furniture,<br>fixtures,<br>and office<br>equipment<br>C£ | Motor<br>vehicles<br>C£ | Total<br>C£              |
|------------------------------------|-----------------------------|------------------------------|--|-------------------------|--------------------------|
| <b>At 1 January 2006</b>           |                             |                              |  |                         |                          |
| Cost or valuation                  | 29.032.773                  | 2.550.083                    | 4.957.568  | 308.732                 | 36.849.156               |
| Accumulated depreciation           | (817.468)                   | (2.260.876)                  | (3.216.301)  | (263.857)               | (6.558.502)              |
| Net book amount                    | <u>28.215.305</u>           | <u>289.207</u>               | <u>1.741.267</u>   | <u>44.875</u>           | <u>30.290.654</u>        |
| <b>Year ended 31 December 2006</b> |                             |                              |  |                         |                          |
| Opening net book amount            | 28.215.305                  | 289.207                      | 1.741.267  | 44.875                  | 30.290.654               |
| Additions                          | 147.533                     | 45.503                       | 105.737  | 2.000                   | 300.773                  |
| Disposals                          | (347.327)                   | -                            | (428)  | -                       | (347.755)                |
| Write offs                         | -                           | -                            | (101.212)  | -                       | (101.212)                |
| Depreciation charge                | (288.120)                   | (247.524)                    | (411.373)  | (10.616)                | (957.633)                |
| Exchange differences               | 59                          | -                            | 70   | -                       | 129                      |
| Closing net book amount            | <u>27.727.450</u>           | <u>87.186</u>                | <u>1.334.061</u>   | <u>36.259</u>           | <u>29.184.956</u>        |
| <b>At 31 December 2006</b>         |                             |                              |  |                         |                          |
| Cost or valuation                  | 28.773.160                  | 2.595.586                    | 4.943.894  | 283.464                 | 36.596.104               |
| Accumulated depreciation           | (1.045.710)                 | (2.508.400)                  | (3.609.833)  | (247.205)               | (7.411.148)              |
| Net book amount                    | <u>27.727.450</u>           | <u>87.186</u>                | <u>1.334.061</u>   | <u>36.259</u>           | <u>29.184.956</u>        |
| <b>Year ended 31 December 2007</b> |                             |                              |  |                         |                          |
| Opening net book amount            | 27.727.450                  | 87.186                       | 1.334.061  | 36.259                  | <b>29.184.956</b>        |
| Additions                          | 229.533                     | 417.788                      | 411.742  | 24.000                  | <b>1.083.063</b>         |
| Building coefficient               | 507.093                     | -                            | -  | -                       | <b>507.093</b>           |
| Write offs                         | -                           | -                            | (69.027)   | -                       | <b>(69.027)</b>          |
| Depreciation charge                | (291.585)                   | (294.904)                    | (383.033)  | (11.552)                | <b>(981.074)</b>         |
| Exchange differences               | (9)                         | -                            | (51)   | -                       | <b>(60)</b>              |
| Closing net book amount            | <u>28.172.482</u>           | <u>210.070</u>               | <u>1.293.692</u>   | <u>48.707</u>           | <u><b>29.724.951</b></u> |
| <b>At 31 December 2007</b>         |                             |                              |  |                         |                          |
| Cost or valuation                  | 29.500.720                  | 3.013.374                    | 5.165.607  | 264.480                 | <b>37.944.181</b>        |
| Accumulated depreciation           | (1.328.238)                 | (2.803.304)                  | (3.871.915)  | (215.773)               | <b>(8.219.230)</b>       |
| Net book amount                    | <u>28.172.482</u>           | <u>210.070</u>               | <u>1.293.692</u>   | <u>48.707</u>           | <u><b>29.724.951</b></u> |

The Group does not have free access to land with a recorded carrying amount of C£184.300 (2006: C£184.300), as it is situated near the areas occupied by the Turkish invasion forces. The extent to which the value of this land will eventually be affected will depend on the political developments and solution of the Cyprus problem. Due to this uncertainty, the Directors have decided not to make any revaluation of this land.

During the year the Group has written off furniture, fixture and office equipment with a net book value amounting to C£69.027 (2006: C£101.212). The amount is included in the income statement (Note 7).

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## 12 Property, plant and equipment (continued)

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

|  | <b>2007</b><br>C£ | 2006<br>C£     |
|--|-------------------|----------------|
| Net book amount  | -                 | 347.755        |
| Profit on sale of property, plant and equipment (Note 7) | <b>230</b>        | 23.441         |
| Proceeds from sale of property, plant and equipment      | <u><b>230</b></u> | <u>371.196</u> |

The Group's land and buildings were last revalued on 31 December 2003 by independent valuers on the basis of open market value. The revaluation surplus net of applicable deferred tax was credited to the fair value reserve in shareholders' equity.

If land and buildings were stated on the historical cost basis, the amounts would be as follows:

|                          | <b>2007</b><br>C£        | 2006<br>C£        |
|--------------------------|--------------------------|-------------------|
| Cost                     | <b>17.257.366</b>        | 16.520.740        |
| Accumulated depreciation | <b>(2.722.848)</b>       | (2.611.500)       |
| Net book amount          | <u><b>14.534.518</b></u> | <u>13.909.240</u> |

Bank borrowings and overdrafts are secured on the Group's land and buildings as disclosed in Note 24.

## 13 Investment property

|                      | <b>2007</b><br>C£       | 2006<br>C£       |
|----------------------|-------------------------|------------------|
| At beginning of year | <b>1.316.510</b>        | 1.301.937        |
| Additions            | <b>187.819</b>          | -                |
| Exchange differences | <b>16.107</b>           | 14.573           |
| At end of year       | <u><b>1.520.436</b></u> | <u>1.316.510</u> |

The investment property is valued annually on 31 December at fair value, comprising open market value by an independent, professionally qualified valuer. No change has been identified to the fair value at 31 December 2006 and 31 December 2007.

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## 14 Intangible assets

|   | Negative goodwill<br>£ | Goodwill<br>£ | Total<br>£       |
|---|------------------------|---------------|------------------|
| <b>At 1 January 2006 and 31 December 2007</b> |                        |               |                  |
| Cost  | (303.121)              | 183.309       | <b>(119.812)</b> |
| Accumulated amortisation and impairment       | 303.121                | (183.309)     | <b>119.812</b>   |
| Net book amount                               | <u>-</u>               | <u>-</u>      | <u>-</u>         |

### Impairment test for goodwill

Goodwill is allocated to cash-generating units. The goodwill that is included in the consolidated financial statements represents the excess amount that was paid for the acquisition of the customers list of the business of S.K. Zivanaris Shipping & Airfreight Limited and the acquisition of the companies AMPM Travel Limited and AMPM Trading & Aviation Limited.

During the year 2005, the Company acquired 10 000 shares of C£1 each of Amathus Aegeas Limited. The goodwill that has arisen from this acquisition amounts to C£75.000. This goodwill is included in investments in associates and is tested for impairment as part of the overall balance (Note 16).

The impairment charge for goodwill that is included in the consolidated financial statements relates to S.K. Zivanaris Shipping & Airfreight Limited, AMPM Travel Limited and AMPM Trading & Aviation Limited. The impairment arose due to significant reduction in the volume of operations of S.K. Zivanaris Shipping & Airfreight Limited and due to the termination of activities of the companies AMPM Travel Limited and AMPM Trading & Aviation Limited.

Negative goodwill amounting to C£101.931 has arisen from the acquisition of additional shares in Leisure Holdings S.A. and is associated with the revaluation surplus of the Amathus Beach Hotel Rhodes. During 2005, the negative goodwill was written off in equity due to the adoption of IFRS 3.

Negative goodwill amounting to C£201.190 has arisen from the acquisition of additional shares in Claridge Public Limited. The negative goodwill has arisen due to the fact that the rights issue made by Claridge Public Limited was not exercised by all the shareholders. As a result, the share of the Group increased from 37,75% to 40,53%. During 2005, the negative goodwill was written off in equity due to the adoption of IFRS 3.

# Amathus Public Limited

## 15 Investments in subsidiaries

At 31 December 2007, the subsidiaries of the Group were the following:

|   | <b>%<br/>Interest<br/>held</b> | <b>Country of<br/>incorporation</b> | <b>Principal<br/>activities</b>               |
|---|--------------------------------|-------------------------------------|---|
| Amathus (UK) Limited                      | 100                            | United Kingdom                      | Travel agents                                 |
| Amathus Travel Limited                    | 100                            | Cyprus                              | Travel agents                                 |
| Amathus Hotels Limited                    | 100                            | Cyprus                              | Inactive                                      |
| Let's Go Tours Limited                    | 100                            | Cyprus                              | Inactive                                      |
| Pelagos Tours Management (Cyprus) Limited | 100                            | Cyprus                              | Inactive                                      |
| Biotrade Limited                          | 100                            | Cyprus                              | Holding of investments in<br>listed companies |
| Goldair Handling (Cyprus) Limited         | 100                            | Cyprus                              | Inactive                                      |
| Amathus Rhodos AXTE                       | 100                            | Greece                              | Owner of land                                 |
| ANC Worldchoice Holidays T.E. MEPE        | 100                            | Greece                              | Tour operators                                |

- (1) During the year 2007, the Company purchased 877 000 shares in the subsidiary company Amathus (UK) Limited for the amount of C£700.647 following the increase in the share capital of Amathus (UK) Limited. There was no change in the percentage interest held by the Company in the share capital of Amathus (UK) Limited.
- (2) During the year 2006, the Company has written off its investment in the 100% subsidiary AMPM Travel Limited, incorporated in Cyprus, amounting to C£193.913. The write off has arisen due to the Directors' opinion that there is a permanent impairment in the value of the investment.
- (3) During the year 2006, the subsidiary Amathus (UK) Limited, has written off its investment in its 100% subsidiary Amathus Travel Limited (UK), incorporated in the United Kingdom, amounting to C£1. The write off has arisen due to the termination of the operations of Amathus Travel Limited (UK).

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## 16 Investments in associates

|   | 2007<br>C£        | 2006<br>C£        |
|---|-------------------|-------------------|
| At beginning of year  | 17.437.985        | 17.516.235        |
| Additions (1) - (4)   | 371.990           | 212.216           |
| Share of loss after tax   | (155.936)         | (292.389)         |
| Dividends received  | (125.268)         | (115.700)         |
| Share of currency translation reserve (Note 23)   | 14.846            | 9.453             |
| Share of fair value reserve (Note 23)   | -                 | 250               |
| Share of deferred tax on revaluation of land building in associates<br>(Note 23)                                    | 6.509             | 2.963             |
| Share of defence contribution of deemed dividend distribution in<br>associate                                       | (15.608)          | (10.195)          |
| Share of expenses for share capital issue in associate  | -                 | (8.281)           |
| Share of deferred tax adjustment due to change of percentage in<br>the corporation tax rate of associates (Note 23) | -                 | 97.572            |
| Currency translation differences (Note 23)  | 33.696            | 25.861            |
| At end of year  | <u>17.568.214</u> | <u>17.437.985</u> |

Investments in associates include goodwill amounting to C£75.000 (2006: C£75.000) (Note 14).

The Group's share of the results of its associates, all of which are unlisted except Claridge Public Limited which is listed in Cyprus Stock Exchange and its aggregated assets (including goodwill) and liabilities, are as follows:

| Name                              | Country of<br>incorporation | Assets<br>C£      | Liabilities<br>C£ | Revenue<br>C£    | Profit/<br>(loss)<br>C£ | %<br>Interest<br>held |
|-----------------------------------|-----------------------------|-------------------|-------------------|------------------|-------------------------|-----------------------|
| <b>2006</b>                       |                             |                   |                   |                  |                         |                       |
| Claridge Public Limited           |                             |                   |                   |                  |                         |                       |
| Leisure Holdings S.A.             | Cyprus                      | 20.286.899        | 6.802.745         | 2.645.975        | (387.687)               | 40,53                 |
| Amathus Hellas<br>Touristiki A.E. | Luxembourg                  | 6.148.521         | 3.110.358         | 1.035.521        | (108.186)               | 29,18                 |
| Lanitis Airports Limited          | Greece                      | 426.681           | 356.548           | 1.323.635        | 3.822                   | 50,00                 |
| Two Serve (Airport<br>Services)   | Cyprus                      | 100.000           | -                 | -                | -                       | 33,33                 |
| Two Serve<br>Management Limited   | Cyprus                      | 411.696           | 224.716           | 664.146          | 92.911                  | 19,95                 |
| Amathus Aegeas<br>Limited         | Cyprus                      | 75                | 790               | -                | -                       | 50,00                 |
| Hollandia Aviation<br>Limited     | Cyprus                      | 445.657           | 344.520           | 1.566.394        | 100.977                 | 50,00                 |
|                                   |                             | 46.674            | 40.595            | 35.648           | 5.774                   | 35,00                 |
|                                   |                             | <u>27.866.203</u> | <u>10.880.272</u> | <u>7.271.319</u> | <u>(292.389)</u>        |                       |

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## 16 Investments in associates (continued)

| Name   | Country of incorporation | Assets<br>C£      | Liabilities<br>C£ | Revenues<br>C£   | Profit/<br>(loss)<br>C£ | %<br>Interest<br>held |
|--|--------------------------|-------------------|-------------------|------------------|-------------------------|-----------------------|
| <b>2007</b>  |                          |                   |                   |                  |                         |                       |
| Claridge Public Limited                                    | Cyprus                   | 22.598.042        | 9.381.891         | 2.625.500        | (273.750)               | 40,53                 |
| Leisure Holdings S.A.<br>Amathus Hellas<br>Touristiki A.E. | Luxembourg               | 6.390.176         | 3.056.453         | 1.106.321        | (116.781)               | 29,18                 |
| Lanitis Airports Limited                                   | Greece                   | 531.428           | 450.006           | 370.722          | 10.382                  | 50,00                 |
| Two Serve (Airport<br>Services)                            | Cyprus                   | 100.000           | -                 | -                | -                       | 33,33                 |
| Two Serve<br>Management Limited                            | Cyprus                   | 446.332           | 225.517           | 698.527          | 118.532                 | 19,95                 |
| Amathus Aegeas<br>Limited                                  | Cyprus                   | 75                | 790               | -                | -                       | 50,00                 |
| Hollandia Aviation<br>Limited                              | Cyprus                   | 590.556           | 432.054           | 1.827.401        | 98.466                  | 50,00                 |
|  | Cyprus                   | 40.096            | 26.803            | 37.756           | 7.215                   | 35,00                 |
|  |                          | <u>30.696.705</u> | <u>13.573.514</u> | <u>6.666.227</u> | <u>(155.936)</u>        |                       |

- (i) Claridge Public Limited, the only public associate company of the Group which is listed in the Cyprus Stock Exchange, is the owner of Amathus Beach Hotel Paphos operating under the management of the Company. An amount of C£235.006 (2006: C£246.631) has been credited in the consolidated financial statements for these services provided. The market value of this investment at 31 December 2007 amounted to C£5.388.075 (2006: C£2.788.249) with a cost of C£9.219.418 (2006: C£9.219.418).
- (1) On 21 January 2007, the Company acquired 6 708 shares in the associate company Leisure Holdings S.A. for the amount of C£371.990 following the increase in the share capital of Leisure Holdings S.A. There was no change in the percentage interest held by the Company in the share capital of Leisure Holdings S.A..
- (2) On 31 January 2006, the Company acquired 3 355 shares in the associate company Leisure Holdings S.A. for the amount of C£184.638 following the increase in the share capital of Leisure Holdings S.A.. There was no change in the percentage interest held by the Company in the share capital of Leisure Holdings S.A..

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## 16 Investments in associates (continued)

- (3) On 9 March 2006, the Company acquired 1 668 shares in the associate company Amathus Hellas Touristiki A.E. for the amount of C£1.601 increasing its percentage interest held in the share capital of Amathus Hellas Touristiki A.E. from 33,33% to 50%. Despite the fact that the percentage interest held by the Company amounts to 50% of the share capital, the Company does not have the power to govern the financial and operating policies of Amathus Hellas Touristiki A.E. and for this reason the investment has been classified as investment in associate. On 7 June 2006, the Company acquired additional 1 500 shares in the associate company for the amount of C£25.942 following the increase in the share capital of Amathus Hellas Touristiki A.E.. There was no change in the percentage interest held by the Company in the share capital of Amathus Hellas Touristiki A.E..
- (4) On 27 October 2006, the Company acquired 35 shares of C£1 each in Hollandia Aviation Limited for the amount of C£35 from Aeolos Travel Limited. The percentage interest held in the share capital of Hollandia Aviation Limited amounts to 35%.

## 17(a) Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

|   | Loans and<br>receivables<br>C£ | Available-for-<br>sale<br>C£            | Total<br>C£       |
|---|--------------------------------|---|-------------------|
| <b>31 December 2007</b>                 |                                |   |                   |
| <b>Assets as per balance sheet</b>      |                                |   |                   |
| Available-for-sale financial assets     | -                              | 351.422                                 | 351.422           |
| Trade and other receivables             | 3.640.721                      | -                                       | 3.640.721         |
| Cash and cash equivalents               | 1.021.479                      | -                                       | 1.021.479         |
| <b>Total</b>                            | <u>4.662.200</u>               | <u>351.422</u>                          | <u>5.013.622</u>  |
|   |                                | Other<br>financial<br>liabilities<br>C£ | Total<br>C£       |
| <b>Liabilities as per balance sheet</b> |                                |   |                   |
| Borrowings                              |                                | 17.852.127                              | 17.852.127        |
| Trade and other payables                |                                | 4.990.379                               | 4.990.379         |
| <b>Total</b>                            |                                | <u>22.842.506</u>                       | <u>22.842.506</u> |

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## 17(a) Financial instruments by category (continued)

|   | Loans and<br>receivables<br>C£ | Available-for-<br>sale<br>C£            | Total<br>C£       |
|---|--------------------------------|---|-------------------|
| <b>31 December 2006</b>                 |                                |   |                   |
| <b>Assets as per balance sheet</b>      |                                |   |                   |
| Available-for-sale financial assets     | -                              | 356.292                                 | 356.292           |
| Trade and other receivables             | 4.661.278                      | -                                       | 4.661.278         |
| Cash and cash equivalents               | 840.555                        | -                                       | 840.555           |
| <b>Total</b>                            | <b>5.501.833</b>               | <b>356.292</b>                          | <b>5.858.125</b>  |
|   |                                | Other<br>financial<br>liabilities<br>C£ | Total<br>C£       |
| <b>Liabilities as per balance sheet</b> |                                |   |                   |
| Borrowings                              |                                | 18.894.124                              | 18.894.124        |
| Trade and other payables                |                                | 5.486.866                               | 5.486.866         |
| <b>Total</b>                            |                                | <b>24.380.990</b>                       | <b>24.380.990</b> |

## 17(b) Credit quality of financial assets

The credit quality of financials assets that are neither past due not impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates:

|   | 2007<br>C£       | 2006<br>C£       |
|---|------------------|------------------|
| <b>Trade receivables</b>                      |                  |                  |
| Counterparties without external credit rating |                  |                  |
| Group 1                                       | 2.873.486        | 3.130.892        |
| <b>Total trade receivables</b>                | <b>2.873.486</b> | <b>3.130.892</b> |
| <b>Other receivables</b>                      |                  |                  |
| Group 2                                       | 391.575          | 932.660          |
| Group 3                                       | 319.661          | 512.421          |
|   | <b>711.236</b>   | <b>1.445.081</b> |
| Cash at bank (1)                              | <b>945.365</b>   | <b>762.289</b>   |

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## 17(b) Credit quality of financial assets (continued)

(1) The rest of the balance sheet item “cash and cash equivalents” is cash in hand.

Group 1 – existing customers (more than 6 months) with no defaults in the past.

Group 2 – companies within the group, common control companies and associates with no defaults in the past.

Group 3 – existing receivables (more than 6 months).

None of the financial assets that are fully performing has been renegotiated in the last year.

## 18 Available-for-sale financial assets

|  | 2007<br>C£     | 2006<br>C£     |
|--|----------------|----------------|
| At beginning of year                           | 356.292        | 354.629        |
| Additions                                      | 250            | -              |
| (Deficit)/surplus transfer to equity (Note 23) | (263)          | 2.241          |
| Disposals                                      | (4.857)        | (578)          |
| At the end of year                             | <u>351.422</u> | <u>356.292</u> |

There was no impairment provision on available-for-sale financial assets in 2007 or 2006.

Available-for-sale financial assets include the following:

|  | 2007<br>C£     | 2006<br>C£     |
|--|----------------|----------------|
| Listed shares in Cyprus Stock Exchange | 2.377          | 7.497          |
| Unlisted shares                        | 349.045        | 348.795        |
|  | <u>351.422</u> | <u>356.292</u> |

The following had been included in the income statement in relation to available-for-sale financial assets:

|   | 2007<br>C£   | 2006<br>C£     |
|---|--------------|----------------|
| Profit from disposal of available-for-sale financial assets   | 4.994        | 8              |
| Impairment charge on available-for-sale financial assets disposed – transfer from fair value reserves (Note 23) | (1.080)      | (1.122)        |
| Net profit/(loss) on available-for-sale financial assets (Note 6)   | <u>3.914</u> | <u>(1.114)</u> |

The fair values of unlisted shares are based on cash flows discounted using a rate based on market interest rate and the risk premium specific to the unlisted shares. There was no change in the fair value of unlisted shares for the years 2007 and 2006.

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## 19 Inventories

|                | 2007<br>C£     | 2006<br>C£     |
|----------------|----------------|----------------|
| Finished goods | <u>219.161</u> | <u>244.506</u> |

The inventories are stated at cost.

## 20 Trade and other receivables

|   | 2006<br>C£       | 2005<br>C£       |
|---|------------------|------------------|
| Trade receivables                                   | 3.051.557        | 3.257.210        |
| Less: provision for impairment of trade receivables | <u>(178.071)</u> | <u>(126.318)</u> |
| Trade receivables – net                             | <u>2.873.486</u> | <u>3.130.892</u> |
| Receivable from related parties (Note 29(e))        | 391.575          | 932.660          |
| Other receivables                                   | 319.661          | 512.421          |
| Prepayments and accrued income                      | <u>55.999</u>    | <u>85.305</u>    |
|   | <u>3.640.721</u> | <u>4.661.278</u> |

The fair value of trade and other receivables which are due within one year approximates their carrying amount at the balance sheet date.

As at 31 December 2007, trade receivables of C£1.522.435 (2006: C£1.552.185) were fully performing.

Trade receivables that are less than four months past due are not considered impaired. As at 31 December 2007 trade receivables of C£1.351.051 (2006: C£1.578.707) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing of these trade receivables is as follows:

|                | 2007<br>C£       | 2006<br>C£       |
|----------------|------------------|------------------|
| Up to 4 months | 870.171          | 878.650          |
| 4 to 12 months | <u>480.880</u>   | <u>700.057</u>   |
|                | <u>1.351.051</u> | <u>1.578.707</u> |

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## 20 Trade and other receivables (continued)

As at 31 December 2007, trade receivables of C£178.071 (2006: C£126.318) were impaired and provided for. The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

|                | <b>2007</b><br>C£     | 2006<br>C£     |
|----------------|-----------------------|----------------|
| 6 to 12 months | -                     | -              |
| Over 12 months | <b>178.071</b>        | 126.318        |
|                | <u><b>178.071</b></u> | <u>126.318</u> |

Movement in the Group's provision for impairment of trade receivables is as follows:

|  | <b>2007</b><br>C£     | 2006<br>C£     |
|--|-----------------------|----------------|
| At 1 January   | <b>126.318</b>        | 184.141        |
| Unused amounts reversed (Note 7)                         | <b>51.753</b>         | -              |
| Provision for impairment of receivables (Note 7)         | -                     | (13.459)       |
| Receivables written off during the year as uncollectible | -                     | (44.364)       |
| At 31 December   | <u><b>178.071</b></u> | <u>126.318</u> |

The creation and release of provision for impaired receivables have been included in selling and marketing costs in the consolidated income statement. Amounts charged to the provision for impairment account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

The carrying amounts of the Group's trade receivables are denominated in Cyprus Pounds.

# Amathus Public Limited

## 21 Cash and cash equivalents

|                          | <b>2007</b><br>C£       | 2006<br>C£     |
|--------------------------|-------------------------|----------------|
| Cash at bank and in hand | <u><b>1.021.479</b></u> | <u>840.555</u> |

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

|                           | <b>2007</b><br>C£         | 2006<br>C£         |
|---------------------------|---------------------------|--------------------|
| Cash and cash equivalents | <b>1.021.479</b>          | 840.555            |
| Bank overdrafts (Note 24) | <b>(5.571.043)</b>        | (5.759.949)        |
|                           | <u><b>(4.549.564)</b></u> | <u>(4.919.394)</u> |

## 22 Share capital and share premium

|                                     | Number of<br>shares- fully paid<br>ordinary shares | Share<br>capital –<br>fully paid<br>shares<br>C£ | Shares capital-<br>partly paid<br>shares<br>C£ | Share<br>premium<br>C£ | Total<br>C£       |
|-------------------------------------|--|--|--|------------------------|-------------------|
| At 1 January 2006/                  |  |  |  |                        |                   |
| 1 January 2007                      | 88 046 198   | 17.609.238                                       | -  | 2.370.723              | 19.979.961        |
| Issue of shares                     | 3 627  | 725  | -  | -                      | 725               |
| Expenses for the issue<br>of shares | -  | -  | -  | (66.204)               | (66.204)          |
| Issue of rights                     | -  | -  | 1.761.671                                      | -                      | 1.761.671         |
| At 31 December 2007                 | <u>88 049 825</u>                                  | <u>17.609.963</u>                                | <u>1.761.671</u>                               | <u>2.304.519</u>       | <u>21.676.153</u> |

The total authorised number of ordinary shares is 150 000 000 shares (2006: 150 000 000 shares) with a par value of C£0,20 per share. At year end, the total number of ordinary shares that were issued and fully paid was 88 049 825 (2006: 88 046 198).

# Amathus Public Limited

## 22 Share capital and share premium (continued)

During the year, the Company issued 3 627 ordinary shares with a par value of C£0,20 per share for the total amount of C£725 following the exercise of 3 627 warrants.

On 16 June 2006, the Board of Directors of the Company decided to proceed with the issue of 35 218 480 Rights and 17 609 240 Warrants and the listing of these Warrants in the Cyprus Stock Exchange.

The Rights were offered free of cost to the Company's shareholders up to 1 February 2007 (cum-date) in the ratio of two (2) Rights for every five (5) shares held. As a result, the date of ex-right was 2 February 2007. The exercise price is C£0,20 per Right and will be paid in instalments as stated below. With the full payment of each Right will give rise to one (1) new fully paid share of the Company without voting rights. No decision has been taken for the listing of these shares in the Cyprus Stock Exchange. The full exercise of the Rights issue is guaranteed by the holding company Lanitis E.C. Holdings Limited (Note 29 (f)). The exercise price of 20 cents per Right will be paid partially as follows:

- On 28 February 2007 the first instalment of 3 cents was paid for every Right.
- 1-10 September 2007 the second instalment of 2 cents was paid for every Right;
- 1-10 September 2008 will be paid 2 cents for every Right;
- 1-10 September 2009 will be paid 2 cents for every Right;
- 1-10 September 2010 will be paid 2 cents for every Right;
- 1-10 September 2011 will be paid 2 cents for every Right; and
- 1-10 September 2012 will be paid 7 cents for every Right.

The Warrants were offered free of cost to the Company's shareholders on 7 March 2007, in the ratio of one (1) Warrant for every two (2) Preference Rights which have been undertaken by the beneficiaries following the payment of the first instalment for rights of 3 cents. The exercise price of the warrant is 20 cents per warrant. With the exercise of each Warrant will give rise to the beneficiary of one (1) ordinary fully paid share of the Company which will be listed in the Cyprus Stock Exchange. The period for the exercise of the Warrants is from 1-15 May and 1-15 November every year from 2007 to 2013.

On 28 February 2007 (date of the first instalment for the exercise of Rights) were exercised

22 183 060 Rights. Since the Rights issue was fully guaranteed by the holding company Lanitis E.C. Holdings Limited, the remaining Rights not exercised, (13 035 420), were undertaken by the holding company on 2 March 2007 (Note 29 (g)). The Company received the total amount of C£1.761.671 during the year 2007 from the exercise of the Rights.

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## 23 Fair value reserves

|   | Land and<br>buildings<br>C£ | Currency<br>translation<br>differences<br>C£ | Available-for-<br>sale financial<br>assets<br>C£ | Total<br>C£             |
|---|-----------------------------|--|--|-------------------------|
| <b>At 1 January 2006</b>  | 9,403,182                   | (170,309)                                    | (21,511)   | 9,211,362               |
| Additional depreciation on revalued buildings net of tax  | (91,440)                    | -  | -  | (91,440)                |
| Share of additional depreciation on revalued buildings in associates                                    | (18,793)                    | -  | -  | (18,793)                |
| Share of deferred tax adjustment on additional depreciation on revalued buildings in associates         | (9,817)                     | -  | -  | (9,817)                 |
| Deferred tax on revaluation (Note 25)   | 16,502                      | -  | -  | 16,502                  |
| Transfer of revaluation to accumulated losses of land and buildings sold                                | (214,585)                   | -  | -  | (214,585)               |
| Transfer of additional depreciation to accumulated losses of land and buildings sold                    | (31,286)                    | -  | -  | (31,286)                |
| Share of deferred tax on additional depreciation on land and buildings in associates (Note 16)          | 2,963                       | -  | -  | 2,963                   |
| Currency translation differences:   |                             |  |  |                         |
| Group   | -                           | (8,806)                                      | -  | (8,806)                 |
| Associates (Note 16)  | -                           | 25,861                                       | -  | 25,861                  |
| Available-for-sales financial assets:   |                             |  |  |                         |
| Fair value gains (Note 18)  | -                           | -  | 2,241  | 2,241                   |
| Transfer to net loss due to write off (Note 7)  | -                           | -  | 8,860  | 8,860                   |
| Transfer to net loss due to disposal (Note 18)  | -                           | -  | 1,122  | 1,122                   |
| Share of currency translation differences in associates (Note 16)                                       | -                           | 9,453  | -  | 9,453                   |
| Share of fair value changes in associates (Note 16)   | -                           | -  | 250  | 250                     |
| Share of deferred tax adjustment due to change of percentage of corporation tax of associates (Note 16) | 97,572                      | -  | -  | 97,572                  |
| <b>At 31 December 2006/1 January 2007</b>   | <u>9,154,298</u>            | <u>(143,801)</u>                             | <u>(9,038)</u>                                   | <u>9,001,459</u>        |
| Additional depreciation on revalued buildings after tax   | (91,440)                    | -  | -  | (91,440)                |
| Share of additional depreciation on revalued buildings in associates                                    | (30,578)                    | -  | -  | (30,578)                |
| Share of deferred tax adjustment on additional depreciation in associates                               | 2,064                       | -  | -  | 2,064                   |
| Deferred tax on revaluation (Note 23)   | 61,938                      | -  | -  | 61,938                  |
| Currency translation differences:   |                             |  |  |                         |
| Group   | -                           | (20,238)                                     | -  | (20,238)                |
| Associates (Note 16)  | -                           | 33,696                                       | -  | 33,696                  |
| Share of currency translation differences in associates (Note 16)                                       | -                           | 14,846                                       | -  | 14,846                  |
| Share of deferred tax adjustment on revaluation of land and buildings in associates (Note 16)           | 6,509                       | -  | -  | 6,509                   |
| Available-for-sale financial assets:  |                             |  |  |                         |
| Fair value loss (Note 19)   | -                           | -  | (263)  | (263)                   |
| Transfer to net loss due to disposal (Note 18)  | -                           | -  | 1,080  | 1,080                   |
| <b>At 31 December 2007</b>  | <u><u>9,102,791</u></u>     | <u><u>(115,497)</u></u>                      | <u><u>(8,221)</u></u>                            | <u><u>8,979,073</u></u> |

# Amathus Public Limited

## 24 Borrowings

|   | 2007<br>C£        | 2006<br>C£        |
|---|-------------------|-------------------|
| <b>Current</b>                              |                   |                   |
| Bank overdrafts (2) – (3) (Note 21)         | 5.571.043         | 5.759.949         |
| Bank borrowings (2) – (3)                   | 1.204.279         | 1.178.967         |
|   | <u>6.775.322</u>  | <u>6.938.916</u>  |
| <b>Non-current</b>                          |                   |                   |
| Bank borrowings (2) – (3)                   | 4.762.414         | 4.892.736         |
| Debentures                                  | 5.064.391         | 5.062.472         |
| Loan from holding company (1) (Note 29 (f)) | 1.250.000         | 2.000.000         |
|   | <u>11.076.805</u> | <u>11.955.208</u> |
| <b>Total borrowings</b>                     | <u>17.852.127</u> | <u>18.894.124</u> |

The maturity of the non-current borrowings is as follows:

|   |                  |                  |
|---|------------------|------------------|
| <b>Maturity of non-current borrowings</b> |                  |                  |
| Between 1 and 2 years                     | 2.095.741        | 1.035.107        |
| Between 2 and 5 years                     | 1.998.878        | 4.175.357        |
| Over 5 years                              | 1.917.795        | 1.682.272        |
|   | <u>6.012.414</u> | <u>6.892.736</u> |
| <b>Maturity of non-current debentures</b> |                  |                  |
| Between 2 and 5 years                     | <u>5.064.391</u> | <u>5.062.472</u> |

(1) The loan from the holding company is of a finance nature and bears interest at a rate of 2,0% higher than the prevailing basic interest rate fixed by the Central Bank of Cyprus. The loan is repayable within the period from 1 July 2009 to 30 June 2017 by quarterly instalments of C£62.500 except if the holding company requests repayment of any amount after 30 June 2009. During the year, the Company repaid an amount of C£750.000 before the predetermined repayment schedule (Note 29 (f)).

(2) The bank loans are repayable by monthly and quarterly instalments.

# Amathus Public Limited

## 24 Borrowings (continued)

(3) The bank loans and overdrafts are secured as follows:

- (a) By mortgage on the land and buildings of the Group amounting to C£16.487.472 (2006: C£16.417.169) (Note 12).
- (b) By floating charges on the Group's assets amounting to C£5.000.000 (2006: C£5.000.000).
- (c) By pledge of 26 347 530 (2006: 26 347 530) ordinary shares of Claridge Public Limited.
- (d) By assignment of insurance policies of the hotel buildings.
- (e) By commitment of the Company that no assets will be pledged as security for the benefit of any financial institution without the prior consent of the Marfin Popular Bank Public Company Limited.

The weighted average effective interest rates at the balance sheet date were as follows:

|  | <b>2007</b> | 2006 |
|--|-------------|------|
|  | %           | %    |
| Bank borrowings:                       |             |      |
| Cyprus Pound                           | <b>N/A</b>  | N/A  |
| Euro                                   | <b>5,68</b> | 4,98 |
| Bank overdrafts                        | <b>6,41</b> | 6,48 |
| Loan from holding company (Note 29(f)) | <b>6,49</b> | 6,42 |
| Debentures                             | <b>5,00</b> | 4,75 |

The Group's bank borrowings and bank overdrafts are arranged at floating rates. For borrowings at floating rates the interest rate reprises on a monthly basis exposing the Group to cash flow interest rate risk.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

|                  | <b>2007</b>              | 2006              |
|------------------|--------------------------|-------------------|
|                  | C£                       | C£                |
| 6 months or less | <b><u>17.852.127</u></b> | <u>18.894.124</u> |

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## 24 Borrowings (continued)

The Group has the following undrawn borrowing facilities:

|                          | 2007<br>C£     | 2006<br>C£ |
|--------------------------|----------------|------------|
| Floating rate:           |                |            |
| Expiring within one year | <b>103.957</b> | -          |

The carrying amounts of current bank borrowings and non-current borrowings approximate their fair value. Fair values are based on discounted cash flows in which the discounted interest rate is based on the borrowing interest rates as presented above.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

|   | 2007<br>C£        | 2006<br>C£ |
|---|-------------------|------------|
| Cyprus Pound – functional and presentation currency | <b>11.885.434</b> | 12.822.421 |
| Euro  | <b>5.966.693</b>  | 6.071.703  |
|   | <b>17.852.127</b> | 18.894.124 |

## 25 Deferred tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The movement of the deferred tax account during the year is as follows:

|                                    | Difference<br>between<br>depreciation<br>and wear and<br>tear allowances<br>C£ | Revaluation<br>of land<br>and<br>buildings<br>C£ | Other<br>temporary<br>differences<br>C£ | Taxable<br>losses<br>C£ | Total<br>C£      |
|------------------------------------|--|--|---|-------------------------|------------------|
| At 1 January 2006                  | 413.725  | 1.906.373  | (40.000)                                | (183.071)               | 2.097.027        |
| Charge/(credit):                   |  |  |   |                         |                  |
| Income statement (Note 10)         | 16.240   | (10.160)   | 3.988                                   | 4.812                   | 14.880           |
| Fair value reserves (Note 23)      | -  | (16.502)   | -                                       | -                       | (16.502)         |
| At 31 December 2006/1 January 2007 | 429.965  | 1.879.711  | (36.012)                                | (178.259)               | 2.095.405        |
| Charge/(credit):                   |  |  |   |                         |                  |
| Income statement (Note 10)         | 28.129   | (88.797)   | (5.274)                                 | 150.522                 | 84.580           |
| Fair value reserves (Note 23)      | -  | (61.938)   | -                                       | -                       | (61.938)         |
| <b>At 31 December 2007</b>         | <b>458.094</b>   | <b>1.728.976</b>                                 | <b>(41.286)</b>                         | <b>(27.737)</b>         | <b>2.118.047</b> |

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## 25 Deferred tax liabilities (continued)

The amounts included in the balance sheet comprise the following:

|  | 2007<br>C£       | 2006<br>C£ |
|--|------------------|------------|
| Deferred tax assets to be recovered after more than twelve months    | 69.023           | 214.271    |
| Deferred tax liabilities to be settled after more than twelve months | <b>2.187.070</b> | 2.309.676  |

## 26 Trade and other payables

|   | 2007<br>C£              | 2006<br>C£              |
|---|-------------------------|-------------------------|
| Trade payables                          | 3.207.114               | 3.386.825               |
| Payable to related parties (Note 29(e)) | 293.428                 | 721.486                 |
| Other payables and accrued expenses     | 1.489.837               | 1.378.555               |
|   | <b><u>4.990.379</u></b> | <b><u>5.486.866</u></b> |

## 27 Contingencies

The group has contingent liabilities in respect of open tax investigations from the tax authorities in respect of the years 2001 until 2005.

It is not anticipated that any material liabilities will arise from these investigations other than the amount of C£77.537 which has already been provided for in the consolidated financial statements (Note 10).

## 28 Commitments

Commitments for which contracts have been signed at the balance sheet date but not yet incurred are as follows:

|   | 2007<br>C£      | 2006<br>C£            |
|---|-----------------|-----------------------|
| Purchase of property, plant and equipment   | -               | 432.852               |
| Exercise of rights in Leisure Holdings S.A. | -               | 371.990               |
|   | <b><u>-</u></b> | <b><u>804.842</u></b> |

# Amathus Public Limited

## 29 Related party transactions

The Group is controlled by Lanitis E.C. Holdings Limited, incorporated in Cyprus, which owns 50,57% of the Company's shares and is the ultimate controlling party of the Group.

The following transactions were carried out with related parties:

### (a) Sale of goods and services

|                                | 2007<br>C£       | 2006<br>C£       |
|--------------------------------|------------------|------------------|
| Sales of goods and services:   |                  |                  |
| Holding company                | 26.702           | 34.126           |
| Associates                     | 615.586          | 753.739          |
| Companies under common control | 529.775          | 427.370          |
|                                | <u>1.172.063</u> | <u>1.215.235</u> |

Sales represent sales of tickets, cleaning and forwarding services, hotel accommodation expenses, management rights, technical support and rent.

### (b) Purchase of goods and services

|                                  | 2007<br>C£       | 2006<br>C£       |
|----------------------------------|------------------|------------------|
| Purchases of goods and services: |                  |                  |
| Holding company                  | 237.917          | 290.365          |
| Associates                       | 1.187.257        | 851.235          |
| Companies under common control   | 21.907           | 24.348           |
|                                  | <u>1.447.081</u> | <u>1.165.948</u> |

Purchases represent management fees, purchases of tickets, usage rights, hotel accommodation expenses, interest expense and re-allocation of expenses.

### (c) Key management compensation

The compensation for the key management of the Group and their close family members was as follows:

|   | 2007<br>C£     | 2006<br>C£     |
|---|----------------|----------------|
| Salaries and other short-term employee benefits | <u>368.258</u> | <u>331.720</u> |

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## 29 Related party transactions (continued)

### (d) Directors' remuneration

The total remuneration of the Directors (which is included above) was as follows:

|  | 2007<br>C£    | 2006<br>C£    |
|--|---------------|---------------|
| Fees                                   | 10.000        | 11.000        |
| Emoluments in their executive capacity | 89.632        | 85.472        |
|  | <u>99.632</u> | <u>96.472</u> |

### (e) Year end balances arising from sales/purchases of services/goods

|  | 2007<br>C£     | 2006<br>C£     |
|--|----------------|----------------|
| Receivable from related parties (Note 20): |                |                |
| Associates                                 | 315.183        | 832.539        |
| Companies under common control             | 76.392         | 100.121        |
|  | <u>391.575</u> | <u>932.660</u> |
| Payable to related parties (Note 26):      |                |                |
| Holding company                            | 49.519         | 427.532        |
| Associates                                 | 184.560        | 269.571        |
| Companies under common control             | 59.349         | 24.383         |
|  | <u>293.428</u> | <u>721.468</u> |

The above balances with associates and companies under common control bear no interest, are unsecured and are repayable on demand. The balance with holding company bears annual interest rate at 6,5% is unsecured and is repayable on demand.

### (f) Loans from related parties

|                                  | 2007<br>C£       | 2006<br>C£       |
|----------------------------------|------------------|------------------|
| <b>Loan from holding company</b> |                  |                  |
| At beginning of the year         | 2.000.000        | 2.000.000        |
| Interest charged (Note 9)        | 104.703          | 128.361          |
| Loan repaid during the year      | (854.703)        | (128.361)        |
|                                  | <u>1.250.000</u> | <u>2.000.000</u> |

# Amathus Public Limited

## 29 Related party transactions (continued)

### (f) Loans from related parties (continued)

The loan from the holding company is of a finance nature and bears interest at a rate of 2,0% higher than the prevailing basic interest rate fixed by the Central Bank of Cyprus. The loan is repayable within the period from 1 July 2009 until 30 June 2017 by quarterly instalments of C£62.500 except if the holding company requests repayment of any amount after 30 June 2009. During the year, the Company repaid an amount of C£750.000 before the predetermined repayment schedule (Note 24 (1)).

- (g) On 14 November 2006 the Company signed an agreement with the holding company Lanitis E.C. Holdings Limited based on which the holding company has guaranteed the success of the full issuance of the Rights. The holding company is committed to exercise any Rights that will not be exercised by the shareholders of the Company (Note 22).

## 30 Events after the balance sheet date

- (i) With the introduction of the Euro as the official currency of the Republic of Cyprus as from 1 January 2008, the functional currency of the Company has changed from Cyprus Pounds to Euro. As a result, the financial position of the company at 1 January 2008 has been converted into Euro based on the definite fixing of the exchange rate €1=C£0,585274.
- (ii) On 16 January 2008 the Board of Director decided the restructuring of the Company by retaining all the hotel units in the Company and transferring all the other trading activities to a new wholly owned subsidiary, Amathus Corporation Limited, which has been incorporated on 2 April 2008. All the necessary applications have been already submitted to the tax authorities for the approval of the proposed restructuring.
- (iii) On 16 January 2008, the Company decided to sell its investment in the subsidiary Amathus Rhodes AXTE which has as its only asset a land situated in Tsampika region in Rhodes. The Company will sell all the shares that holds in the subsidiary to Cymore Investments Limited which is a wholly owned subsidiary of Lanitis E.C. Holdings Limited. The relevant agreement has been signed on 20 February 2008. The acquirer took over all the liabilities of Amathus Rhodes AXTE and will pay to the Company the amount of C£40.961 (€69.986) for the purchase of the shares.
- (iv) There were no other material post balance sheet events, which have a bearing in the understanding of the consolidated financial statements.

Independent Auditors' report on pages 9 to 10.