Demetra Investment Public Limited

Annual Report and Consolidated Financial Statements
For the year ended 31 December 2006

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Demetra Investment Public Limited

Board of Directors and Professional Advisors

BOARD OF DIRECTORS

Stavros Evagorou	(Chairman)
Michalakis Serafides	(Vice-Chairman)
Christos Rotsas	(Vice-Chairman)
Demos Demou	
Kriton Georgiades	
Evangelos Georgiou	
Fotis Demetriades	

COMPANY SECRETARY

Nicos Michaelas

REGISTERED OFFICE

Demosthenis Severis 34, 4th Floor
1080 Nicosia
Cyprus

INVESTMENTS MANAGERS

Co-operative Central Bank Ltd
Egnatia Financial Services (Cyprus) Ltd
EFG Eurobank Asset Management Ltd
Sharelink Securities & Financial Services Ltd
LAIKI EDAK and Fund Management Ltd

LAWYERS

Georgiades & Pelides
Antis Triantafyllides & Sons
Christofi & Associates
LicaLaw Partners Orphanides
Dinos Mastoroudes
Argentoula Ioannou
Panicos Christofi
Fiona Nicolaou

BANKERS

Co-operative Central Bank Ltd
Co- operative Credit Companies and Savings Companies
Alpha Bank
Marfin Popular Bank Public Co Ltd
EFG Eurobank Ergasias A.E.

AUDITORS

Deloitte & Touche Limited

Demetra Investment Public Limited

Report of the Board of Directors

The Board of Directors of Demetra Investment Public Limited (the "Company") presents its report together with the audited consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2006.

Principal activities

The principal activities of the Group comprise the management of the investments portfolio which includes investments in securities, venture capital and strategic investments, including inter alia, dividend earning and interest earning securities, deposits and financial instruments such as derivatives and forward contracts, as well as investments in real estate and immovable property development.

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

The financial results of Demetra Investment Public Limited Group for the year ended 31 December 2006 are deemed very satisfactory. The profit after tax was £43,5 million compared to £14,3 million in 2005, an increase of 203,5%. The net assets per share reached 70,32 cents compared to 48,67 cents at 31 December 2005, an increase of 44,5%.

The capital increase can be attributed mostly to the performance of the portfolio invested in the Cyprus Stock Exchange and in various foreign Stock Exchanges. Other than the investments in securities and bonds in the Stock exchanges mentioned above, the Company, in conformity to its strategic plan as approved by the General Meeting on 15 June 2005, proceeded with investments during 2006 in the real estate industry, through its subsidiaries in Cyprus and abroad.

On 31 December 2006, the assets of the Group comprised financial assets listed on the Cyprus Stock Exchange and on foreign Stock Exchanges amounting to 59,2% of the total assets, deposits amounting to 27,1%, government and corporate bonds amounting to 6,2%, investments in the real estate industry amounting to 5,3% and other investments and assets amounting to 2,2%.

The profitability and return of the Group are dependent on the return of the securities invested both in Cyprus and abroad. Having always in mind the best interest of its shareholders, the Company's principal aim is the best possible management of its portfolio and its strategic distribution in a way to achieve the best possible returns.

Main risks and uncertainties

The main risks which the Group faces are market price risk, interest rate risk, credit risk, liquidity risk and currency risk which arise from the financial instruments the Group holds. These risks and the risk management policy adopted by the Group are explained in Note 3 of the consolidated financial statements.

The Group does not face any other significant risks and uncertainties, except those referred to in Note 3 of the consolidated financial statements.

Future development of the Group

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

Results

The Group's results for the year are presented on page 8.

Dividend

The Board of Directors recommends the payment of dividend of 2 cents per share. The residual profit for the year is transferred to reserves.

Share Capital

According to a decision of the Board of Directors which was endorsed by a court approval dated 13 December 2006, the nominal value of the shares of Demetra Investment Public Limited was reduced from £1,00 to £0,50 per share, hence reducing the issued share capital from £200.000.000 to £100.000.000.

Changes in Group's structure

During the year the Group expanded its activities through the incorporation of the following 100% subsidiary companies:

- On 14 April 2006, Demetra Real Estate Investments Limited was incorporated to operate in the real estate industry in Cyprus.
- At the same time, the Group expanded its operations in land development and real estate abroad. On 2 February 2006, Demetra Investment Public SRL was incorporated in Romania, to operate in land development and real estate in Romania. Furthermore, on 13 April 2006, Demetra Bulgaria Limited was incorporated in Bulgaria, to operate in land development and real estate in Bulgaria.
- Finally, during the year, Demetra Golf Investments Limited was incorporated in Cyprus to participate in investments in golf resorts.

Board of directors

The members of the Board of Directors at 31 December 2006 and on the date of this report are shown on page 1. All of them were members of the Board throughout 2006. During the forth coming Annual General Meeting one third of the directors will resign from office, but they reserve the right to put themselves forward for re-election.

There were no significant changes in the assignment of responsibilities or the remuneration of the members of the Board of Directors. Following a special resolution of the Annual General Meeting of the Company's shareholders held at 14 June 2006, the remuneration of the Board Members increased from £500 per year to £2.000 per year for every member of the Board.

Events after the balance sheet date

Any significant events that occurred after balance sheet date are described in note 30 of the financial statements.

Branches

The Group did not maintain any branches during the year.

Directors' interests in the Company's capital

The percentage shareholding in the Company's share capital, at 31 December 2006 and 23 March 2007 by the members of the Board of Directors, their spouses and their infant children, together with companies in which they hold directly or indirectly at least 20% of the voting rights in a general meeting, are as follows:

	31 December 2006 %	23 March 2007 %
Stavros Evagorou	0,000	0,000
Michalakis Serafides	0,000	0,000
Christos Rotsas	0,000	0,000
Demos Demou	0,000	0,000
Kriton Georgiades	0,003	0,003
Evangelos Georgiou	0,003	0,003
Fotis Demetriades	0,001	0,001

Agreements with Directors and affiliated persons

- On 19 December 2005, the Company decided the purchase of a bond for an amount of £1.000.000 from A. Panayides Contracting Public Ltd ("APC"). Mr. Evangelos Georgiou who is a member of the Company's Board of Directors is also a related person to APC. On 29 of December 2006 the Board of Directors decided to acquire 100 residential plots in Bucharest, Romania with a simultaneous repayment of the afore-mentioned bond by APC. The Board of Directors with the assistance of its business advisors and professional associates, evaluated this decision to be to the interest of the Company, after taking into account both the risks and the associated prospects of the specific emerging market. Details of this agreement are presented in note 24 of the consolidated financial statements.

Agreements with Directors and affiliated persons (continued)

- On 16 March 2007 the Group sold 3.652.714 shares of A. Panayides Contracting Public Limited in the over the counter market at €0,26 per share. The total value of this transaction which took place on an arm's length basis was €949.706.

- The Company also holds 1.450 bonds of A. Panayides Contracting Public Ltd valued at £100 each, totaling £145.000. These bonds are listed on the Cyprus Stock Exchange with a maturity date 31 October 2011. These bonds bear interest at the basic rate plus 2%, payable every 6 months.

Key shareholders

On 31 December 2006 and during the period between 1 January 2007 and 23 March 2007, the shareholders below held more than 5% of the issued capital of the Company. The percentage remained constant during the above period.

	Percentage Shareholding
Investment Group of Co-operative Companies "Lefkoniko" Limited	10%

Auditors

Deloitte & Touche Limited, expressed their willingness to continue in office. A resolution authorising the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By Order of the Board

Stavros Evagorou
Chairman

Nicosia, 23 March 2007

Declaration of the Members of the Board of Directors

We, the members of the Board of Directors as well as the Company officials, being the persons responsible for the preparation of the annual consolidated financial statements of Demetra Investment Public Limited, on the basis of our knowledge, which is the result of careful and conscientious work, declare that the information included in the consolidated financial statements is true and complete.

Members of the Board of Directors

……………………………. Stavros Evagorou, Non-Executive Chairman

……………………………. Michalakis Serafides, Non-Executive Vice Chairman

……………………………. Christos Rotsas, Non-Executive Vice Chairman

……………………………. Demos Demou, Non-Executive Director

……………………………. Kriton Georgiades, Non-Executive Director

…………………………….. Evangelos Georgiou, Non-Executive Director

…………………………….. Fotis Demetriades, Non-Executive Director

Financial Controller

…………………………….. Costas Paphitis

23 March 2007

Independent Auditors' Report

To the Members of Demetra Investment Public Limited

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of Demetra Investment Public Limited (the "Company") and its subsidiaries (the "Group") on pages 8 to 34, which comprise the consolidated balance sheet as at 31 December 2006, 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 International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) 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 whether the financial statements are free from material misstatement.

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 basis for our audit 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 2006, 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 International Financial Reporting Standards as issued by the IASB 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 2 to 4 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 whom this report may be divulged.

Deloitte & Touche Limited
Certified Public Accountants

Nicosia, 23 March 2007

Demetra Investment Public Limited

Consolidated Income Statement
For the year ended 31 December 2006

	Note	2006 £	2005 £	Supplementary Information (note 31) 2006 €	2005 €
Revenue					
Dividends receivable		**1.337.093**	1.230.686	**2.312.502**	2.128.471
Interest receivable and other financial income		**2.343.504**	1.984.934	**4.053.090**	3.432.943
Profit from the immovable property development sector		**155.467**	-	**268.880**	-
Profit from financial instruments	5	**41.417.543**	11.932.004	**71.631.641**	20.636.401
		45.253.607	15.147.624	**78.266.113**	26.197.815
Administrative expenses	6	**(807.123)**	(663.977)	**(1.395.919)**	(1.148.348)
Financial expenses	7	**(446.585)**	(6.019)	**(772.369)**	(10.410)
Profit before taxation		**43.999.899**	14.477.628	**76.097.825**	25.039.057
Taxation	8	**(495.089)**	(141.887)	**(856.256)**	(245.394)
Net profit for the year		**43.504.810**	14.335.741	**75.241.569**	24.793.663
Earnings per share – cents/Euro cents	9	**21,75**	7,17	**37,62**	12,40

The notes on pages 12 to 34 form an integral part of these consolidated financial statements.

Demetra Investment Public Limited

Consolidated Balance Sheet as at 31 December 2006

	Note	2006 £	2005 £	Supplementary Information (note 31) 2006 €	2005 €
ASSETS					
Property, plant and equipment	11	**73.246**	58.445	**126.679**	101.081
Held-to-maturity financial assets	12	**4.578.326**	5.048.649	**7.918.215**	8.731.638
Corporate bonds and venture capital	13	**4.198.693**	7.176.349	**7.261.640**	12.411.496
Investment property	14	**4.068.114**	-	**7.035.803**	-
Inventory	15	**3.393.348**	-	**5.868.795**	-
Trade and other receivables	16	**2.073.262**	2.500.771	**3.585.707**	4.325.083
Financial assets at fair value through profit or loss	17	**84.744.757**	47.353.214	**146.566.057**	81.897.384
Tax refundable		**-**	10.972	**-**	18.976
Cash and cash equivalents	18	**38.438.441**	35.370.845	**66.479.283**	61.173.876
Total assets		**141.568.187**	97.519.245	**244.842.179**	168.659.534
EQUITY AND LIABILITIES					
Equity					
Share capital	19	**100.000.000**	200.000.000	**172.950.000**	345.900.000
Reserves		**40.646.187**	(102.662.528)	**70.297.580**	(177.554.842)
Total equity		**140.646.187**	97.337.472	**243.247.580**	168.345.158
Liabilities					
Deferred taxation	20	**13.518**	-	**23.379**	-
Financial liabilities at fair value through profit or loss	21	**3.282**	-	**5.676**	-
Trade and other payables	22	**622.139**	181.773	**1.075.989**	314.376
Taxation		**283.061**	-	**489.555**	-
Total liabilities		**922.000**	181.773	**1.594.599**	314.376
Total equity and liabilities		**141.568.187**	97.519.245	**244.842.179**	168.659.534
Net assets per share (cents/Euro cents)	9	**70,32**	48,67	**121,62**	84,17

On 23 March 2007 the Board of Directors of Demetra Investment Public Limited authorised these financial statements for issue.

Stavros Evagorou, Chairman

Michalakis Serafides, Vice-Chairman

The notes on pages 12 to 34 form an integral part of these consolidated financial statements.

Demetra Investment Public Limited

Consolidated Statement of Changes in Equity

For the year ended 31 December 2006

	Share Capital £	Profit and loss reserve £	Exchange difference reserve £	Total £
Balance at 1 January 2005	200.000.000	(116.998.269)	-	83.001.731
Net profit for the year	-	14.335.741	-	14.335.741
Balance at 31 December 2005/ 1 January 2006	**200.000.000**	**(102.662.528)**	-	**97.337.472**
Reduction in share capital	(100.000.000)	100.000.000	-	-
Net profit for the year	-	43.504.810	-	43.504.810
Defence payable on deemed distribution of dividends	**-**	(200.000)	-	(200.000)
Exchange difference arising on the re-translation of balances with foreign subsidiaries	-	-	3.905	3.905
Balance at 31 December 2006	**100.000.000**	**40.642.282**	**3.905**	**140.646.187**

From the tax year commencing 1 January 2003 onwards, companies which do not distribute 70% of their profits after tax, as defined in the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence will be payable on such deemed dividends. Any special defence contribution payable by the shareholders as a result of the deemed dividend distribution is payable initially by the Company and subsequently charged to shareholders.

The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year during the following two years and in the case when the actual dividend is paid after the two years of the relevant tax year, any deemed distribution amount decreases the actual dividend for which special contribution for defence is withheld.

The notes on pages 12 to 34 form an integral part of these consolidated financial statements.

Demetra Investment Public Limited

Consolidated Cash Flow Statement
For the year ended 31 December 2006

	Note	2006 £	2005 £	Supplementary Information (note 31) 2006 €	2005 €
Cash flow from operating activities					
Profit before taxation		**43.999.899**	14.477.628	**76.097.826**	25.039.058
Adjustments for:					
Depreciation of property, plant and equipment		**11.630**	1.031	**20.114**	1.783
Profit on disposal and revaluation of financial assets at fair value through profit or loss		**(43.165.943)**	(13.252.312)	**(74.655.498)**	(22.919.874)
Impairment loss of corporate bonds		**1.748.400**	1.300.000	**3.023.857**	2.248.350
Gain on revaluation of investment property		**(155.467)**	-	**(268.880)**	-
Exchange difference arising on the re-translation of balances in foreign currency		**3.905**	-	**6.754**	-
Cash provided before working capital changes		**2.442.424**	2.526.347	**4.224.173**	4.369.317
Decrease/(increase) in corporate bonds granted		**1.229.256**	(4.196.727)	**2.125.998**	(7.258.239)
Increase in inventories		**(3.393.348)**	-	**(5.868.795)**	-
Decrease in trade and other receivables		**427.509**	358.430	**739.377**	619.905
Net sales of financial assets at fair value through profit or loss		**5.775.836**	2.491.134	**9.989.308**	4.308.416
Net sales of financial liabilities at fair value through profit or loss		**1.846**	-	**3.193**	-
Increase/(decrease) in trade and other payables		**240.366**	(320.181)	**415.712**	(553.753)
Cash flow from operations		**6.723.889**	859.003	**11.628.966**	1.485.646
Taxation paid		**(187.538)**	(130.246)	**(324.347)**	(225.260)
Net cash flow from operating activities		**6.536.351**	728.757	**11.304.619**	1.260.386
Cash flows from investing activities					
Purchase of property, plant and equipment		**(26.431)**	(59.476)	**(45.712)**	(102.865)
Purchase of investment property		**(3.912.647)**	-	**(6.766.923)**	-
Purchase of financial assets held to maturity		**(500.000)**	(2.134.993)	**(864.750)**	(3.692.470)
Proceeds from the maturity of financial assets held to maturity		**970.323**	3.685.013	**1.678.173**	6.373.230
Net cash flow (used in)/from investing activities		**(3.468.755)**	1.490.544	**(5.999.212)**	2.577.895
Net increase in cash and cash equivalents		**3.067.596**	2.219.301	**5.305.407**	3.838.281
Cash and cash equivalents at the beginning of the year		**35.370.845**	33.151.544	**61.173.876**	57.335.595
Cash and cash equivalents at the end of the year	18	**38.438.441**	35.370.845	**66.479.283**	61.173.876

The notes on pages 12 to 34 form an integral part of these consolidated financial statements.

1. General Information

Incorporation

Demetra Investment Public Limited (the “Company”) was incorporated in Cyprus as a public limited liability company in accordance with the provisions of the Companies Law, Cap. 113 on 30 December 1999. The shares and warrants of the Company were listed on the Cyprus Stock Exchange on 27 April 2000. The registered office of the Company is at 34 Dimosthenis Severis Avenue, 4th floor, 1080 Nicosia, Cyprus.

Principal Activities

On 7 March 2005, the Board of the Cyprus Stock Exchange with the agreement of the Securities and Exchange Commission, approved the Prospectus of the Company dated 4 March 2005 regarding the expansion of its activities and its release from any investment limitations.

The principal activities of the Group comprise the management of the investments portfolio which includes investments in securities, venture capital and strategic investments, including inter alia, dividend earning and interest earning securities, deposits and financial instruments such as derivatives and forward contracts, as well as investments in real estate and immovable property development.

Investment Management

On 17 February 2006 the Company signed an asset management agreement with Co-operative Central Bank Ltd for the latter’s appointment as Asset Manager, for investments traded on the Cyprus Stock Exchange with the duty to implement and to abide to the investment policy designated by the Board of Directors. The Asset Management agreement is valid for one year and is renewable upon its termination by a written notice of the Company to the Asset Manager. The Company retains the right to terminate the agreement at any time given one month’s notice has been given. For the services of the Asset Manager, the Company has agreed to pay a yearly management fee of 0,30% on the value of the portfolio plus VAT, which is calculated bi-annually. Additionally, a commission of 0,2% is payable on the total value of the transactions at the Cyprus Stock Exchange, exclusive of stock exchange fees and transaction fees.

Additionally, during 2006 the Company signed management agreements with four Asset Managers concerning the management of its funds which are invested in foreign Stock Exchanges. The Company signed fund management agreements with Egnatia Financial Services (Cyprus) Ltd, EFG Eurobank Asset Management Ltd, Sharelink Securities and Financial Services Ltd and Laiki EDAK and Fund Management Ltd. For the services provided, an annual management fee of 0,3% to 0,65% is payable on the net asset value of the portfolio, plus VAT. Additionally, commission on transactions and other fees are payable depending on which stock exchange the transactions take place and on the signed agreement with the respective asset manager.

Administrative, accounting and secretarial services

According to a signed agreement between the Company and Lefkoniko Chrimatistiriaki Limited, the latter provided secretarial as well as accounting services to the Company until 31 December 2005, when the agreement was terminated. For these services, the Company agreed to pay £6.000 per month, plus any incurred expenses or third party commitments, plus value added tax. From 1 January 2006, these services are performed by the personnel of the Company.

2. Summary of significant accounting policies

The principal accounting policies applied throughout the year for the preparation of these consolidated financial statements are set out below.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements of the Group comply with both these reporting frameworks because at the time of their preparation all applicable IFRSs issued by the IASB have been adopted by the EU through the endorsement procedure established by the European Commission. In addition, the consolidated financial statements have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the provisions of the Cyprus Stock Exchange Law and Regulations.

The consolidated financial statements are prepared under the historical cost convention, as modified for the revaluation of the investment property and the financial assets at fair value through profit and loss.

The preparation of these consolidated financial statements in conformity with IFRS, requires the use of certain critical accounting estimates and the exercise of judgement from management during the process of applying the Group's accounting policies. It also requires the use of estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Despite the fact that these estimates are based on management's best possible knowledge with reference to current circumstances and conditions, actual results may differ from these estimates.

Adoption of new and revised International Financial Reporting Standards (IFRS)
During the current year the Group adopted all of the new and revised IFRS and interpretations that are relevant to its operations and are effective for accounting periods beginning on 1 January 2006. The adoption as of 1 January 2006 had no effect on the consolidated financial statements of the Group.

On the date of approval of these financial statements the following accounting standards and interpretations were issued but were not yet applied.

- *IFRS 7 "Financial Instruments: Disclosures" and simultaneous amendment of IAS1 "Presentation of Financial Statements – Capital Disclosures" (effective for annual periods beginning on or after 1 January 2007).*

  IFRS7 introduces new qualitative and quantitative disclosures deriving from financial instruments. It defines the minimum disclosures which should be included in the financial statements relating to credit risk, liquidity risk and market risk, including a sensitivity analysis for market risk. IFRS7 replaces IAS30 "Disclosures in financial statements of Banks and Similar Financial Institutions" and the disclosure requirements of IAS32 "Financial Instruments: Disclosure and Presentation". The amendment of IAS1 introduces disclosures regarding quantitative data about what the entity regards as capital and the process for managing that capital. The Group does not anticipate that the implementation of IFRS7 and the revised IAS1 on 1 January 2007 will have a material effect on the financial statements except from the presentation of those additional disclosures which are required by these two accounting standards.

- *IFRS 8 "Operating Segments" (effective for annual periods beginning on or after 1 January 2009).*

  IFRS8 replaces IAS14 "Segment Reporting" and will provide information on the main operating segments of the Company. The Group will assess the effect on the financial statements from the implementation of the above standard from 1 January 2009.

2. Summary of significant accounting policies (continued)

Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

- *IFRIC 7 "Applying the Restatement Approach" under IAS29 "Reporting in Hyperinflationary Economies" (effective on or after 1 March 2006).*

  IFRIC 7 states that in the period when the economy of an entity's functional currency becomes hyperinflationary, the entity shall apply the requirements of IAS29 as if the economy had always been hyperinflationary. This interpretation is not applicable to the Group.

- *IFRIC 8 "Scope IFRS2" (effective for annual periods beginning on or after 1 March 2006).*

  IFRIC 8 clarifies that IFRS2 "Share-based Payments" applies to arrangements where an entity makes share-based payments for a consideration of less than the fair value of the equity instruments granted or liability incurred. This interpretation is not applicable to the Group.

- *IFRIC 9 "Reassessment of Embedded Derivatives" (effective for annual periods beginning on or after 1 June 2006).*

  IFRIC 9 concludes that an entity must assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. This interpretation is not applicable by the Group.

- *IFRIC 10 "Interim Financial Reporting and Impairment" (effective for annual periods beginning on or after 1 November 2006).*

  This interpretation states that an entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. The Group will apply this interpretation on 1 January 2007.

- *IFRIC 11 "IFRS2: Group and Treasury Share Transactions" (effective for annual periods beginning on or after 1 March 2007).*

  This interpretation provides guidance on the accounting treatment of transactions involving a parent company granting own equity instruments to its employees or to employees of its subsidiaries. The Group will apply this interpretation on 1 January 2008.

- *IFRIC 12 "Service Cohesion Arrangements" (effective for annual periods on or after 1 January 2008).*

  This interpretation specifies the manner in which existing IFRS should be applied when service cohesion arrangements are in place. This interpretation is not applicable to the Group.

IFRS8 "Operating Segments" and Interpretations 10 to 12 had not been adopted by the EU by the date of approval of these financial statements.

Basis of consolidation

The consolidated financial statements of the Group include the financial statements of the holding company (the "Company") and its subsidiaries all of which together are referred to as the "Group".

2. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

The subsidiary companies included in note 23, are the companies in which the Group holds more than 50% of the voting rights or it exercises control over them by other means. The financial statements of the subsidiary companies are consolidated from the date when the Group acquires the right of control and cease to be consolidated from the date the Group ceases to hold the right to control. Revenues, profits and balances which arise from transactions among the Group companies are not included in the consolidated financial statements.

The consolidated financial statements do not include Cooper Security Services Public Ltd (ex Cooper Security Systems Ltd). Cooper Security Services Public Ltd was incorporated in Cyprus as a private limited liability company in accordance with the provisions of the Companies Law, Cap. 113, on 17 November 1993. The Company holds 50.72% of the shares of Cooper Security Services Public Ltd. The net assets of Cooper Security Services Public Ltd on 31 December 2006 and the net profit of the company for the year then ended based on the unaudited financial statements of the Company amount to £17.852 and £29.603 respectively, and are not considered material for consolidation purposes.

Business combinations

Business combinations are accounted for using the acquisition method. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination the excess is recognised immediately in the income statement.

Revenue recognition

Dividend income is recognised when the Group's right to receive payment is established. Dividends from investments in shares of public companies are considered payable on the date of recording in the Register of the Shareholders for the purpose of dividend payment or the "ex-dividend" date of shares traded.

Interest from securities, bonds and deposits are recognised on the accrued income basis.

Profit or loss from the sale of financial assets or liabilities at fair value through the profit or loss is calculated as the difference between the average cost price and the net selling proceeds, which includes the stock exchange selling costs.

The surplus or deficit which arises from the revaluation of the financial assets or liabilities through the income statement at the balance sheet date is included in the income statement.

Income from real estate development is recognised upon delivery and transfer of risks to the buyer.

2. Summary of significant accounting policies (continued)

Functional and presentation currency

Items included in the Group's financial statements 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 functional currency of the Company and the Group's presentation currency.

Foreign currencies

For the purpose of preparing the separate financial statements of the holding Company and its subsidiaries, the accounting records of the Group's companies are kept in Cyprus Pounds (functional currency) with the exception of foreign subsidiaries. Transactions in foreign currency are recorded based on the exchange rates prevailing on the date of the transaction.

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are included in the income statement of the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement of the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in the exchange difference reserve. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in the exchange difference reserve.

For the purpose of presenting the consolidated financial statements, the financial statements of the Group's foreign subsidiaries are retranslated to Cyprus Pounds using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising from the retranslation are transferred to reserves. Such translation differences are recognised in the income statement in the period in which the foreign operation is disposed of.

Taxation

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 substantially enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using the 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 profit will be available against which the temporary differences can be utilised.

Property, plant and equipment

Property, plant and equipment is shown at historical cost less accumulated depreciation. The historical cost includes any expenditure that is directly attributable to the acquisition of the property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate cost minus residual values of property, plant and equipment, over their respective estimated useful economic lives. The annual depreciation rates are as follows:

2. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

	%
Furniture and office equipment	10
Computer hardware	20 – 33,3

The 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 in the year in which it is incurred. The cost of major renovations and other subsequent expenditure is included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are determined by comparing sales proceeds with the respective carrying amounts, and are included in the income statement.

Investment property

Investment property consists of investments in land and buildings that are held for capital appreciation, or to earn rentals. Investment property is initially recognised at cost, which includes transaction costs relating to the acquisition, and is subsequently carried at fair value.

The fair value of the investment property is based on valuations performed by independent professional valuers before the deduction of transaction costs that the Group will incur on the sale.

The profit or loss on the disposal of investment property included in the income statement for the year represents the net proceeds less the carrying amount of such property.

The profit or loss on the revaluation of investment property included in the income statement for the year, represents the difference between the market value at the end of the year and the market value at the beginning of the year or the cost of the investment property acquired during the year.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price of inventories less all estimated costs of sale. The purchase price includes the cost of purchase of properties and subsequent expenses.

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is defined as the higher of the asset's fair value less cost to sell and its value in use. Fair value less costs to sell is defined as the net proceeds from the disposal of an asset in a binding sale agreement in an arms length transaction between knowledgeable, willing parties after deducting the costs of disposal, whereas value in use is the present value of the future cash flows expected to be derived from the continuous use of an asset and from its ultimated disposal at the end of its estimated useful life.

For the calculation of the value in use, the future cash flows are discounted at a pre-tax interest rate. The discount factor reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

2. Summary of significant accounting policies (continued)

Impairment of assets (continued)
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Financial instruments

(i) Investments

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, corporate bonds, held to maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the investment was initially acquired. Management determines the classification of investments at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at initial recognition. A financial asset is classified in this category if it was acquired with the main purpose of being disposed off in the near future, or if it was classified in this category by management.

These investments are initially recognised at cost and they are subsequently adjusted to their fair value. Any surplus or deficit which arises from this adjustment is recognised in the income statement in the period in which it occurs.

(b) Corporate bonds

Corporate bonds are non-derivative financial assets with fixed or determinable payments which are not traded in active markets and for which no intention for trading exists.

The corporate bonds are recognised initially at their purchase cost and are subsequently shown at their amortised cost.

(c) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Company's management has the positive intention and ability to hold to maturity.

The held-to-maturity financial assets are presented initially at their purchase cost and subsequently at their amortised cost using the effective interest rate method.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or which have not been classified in any of the other categories.

These investments are initially recognised at their purchase cost and are subsequently adjusted at their fair value. Any surplus or deficit which arises from the fair value adjustment is transferred to the investments revaluation reserve. The Group did not hold such investments during the year.

Purchases and sales of investments are recognised on the date of transaction which is the date on which the Group commits to purchase or sell the asset. 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.

2. Summary of significant accounting policies (continued)

(i) Investments (continued)

The fair values of quoted investments in an active market are based on current bid prices. If the market for a financial asset is not active the Group establishes fair value by using valuation techniques. These include the use of recent transactions performed on an arm's length basis, reference to other similar instruments and discounted cash flow techniques, by making maximum use of market inputs and by 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. If any such evidence exists for held to maturity financial assets or corporate bonds the impairment in their value is recognised in the income statement in the period in which it occurs.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise bank deposits and cash in hand.

(iii) 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. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(iv) Share capital

Ordinary shares are classified as equity.

Short selling

Short selling refers to sale of investments which the Group does not own at the time of sale. Short sales are presented as liabilities at fair value at the balance sheet date and any profit or loss is included in the income statement of the period.

Employees provident fund

The annual cost regarding specific contribution schemes is recognised in the income statement of the year it relates.

Analysis by sector

Since the Group has activities mainly in Cyprus, an analysis by sector is not presented.

Comparatives

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

3. Financial risk management

(a) Financial risk factors

The Group's activities expose it to market price risk, interest rate risk, credit risk, liquidity risk and currency risk all arising from the financial instruments it holds and its general activities.

These risks are monitored by various mechanisms from all the companies of the Group so as to avoid the possibility of having excess risks concentrated. The risk management policies employed by the Group to manage these risks are discussed below:

(i) Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Group's financial assets at fair value through profit or loss are subject to market price risk arising from uncertainties about future prices of the investments. The Group's market price risk is managed through the diversification of its investment portfolio in Cyprus and abroad and by selected placements and disposals when this is considered necessary.

(ii) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk in relation to its revenue, cash flows and financial position from interest rates fluctuations. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

(iii) Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets at the balance sheet date. The Group applies effective controls and procedures in order for this risk to be minimised. Cash balances are held with high credit quality financial institutions and the Group has policies to limit the amount of credit exposure to any financial institution.

(iv) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures to minimize such losses such as maintaining sufficient cash deposits and other highly liquid assets.

(v) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. The Group is exposed to foreign exchange risk arising from its overseas investments.

(b) Fair value estimation

The fair value of financial assets at fair value through profit or loss which are traded in active markets 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 appropriate quoted market price for financial liabilities is the current selling price.

The fair value of financial instruments that are not traded in active markets is determined using valuation techniques. The Group uses a variety of methods, such as the estimated discounted cash flow method, and makes assumptions that are based on market conditions existing at the balance sheet date.

The nominal value less accumulated credit adjustments for financial assets and liabilities, is 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 available to the Group for similar financial instruments.

4. Critical judgements in applying the Group's accounting policies

During the implementation of the accounting policies described in Note 2, the Board of Directors exercised the following estimates and judgments that have a significant effect on the amounts recognised in the consolidated financial statements:

Estimates

Provision for bad and doubtful debts

The Group reviews its trade and other receivables to assess their recoverability. Such evidence includes the payment record and the overall financial position of the third party. If indications of non-recoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged to the income statement.

The review of the credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

Income taxes

The taxation charge for the year is calculated on the basis of the taxation legislation and on various estimates made during the preparation of the consolidated financial statements and has been charged to the income statement. The final tax assessment is agreed with the taxation authorities at a later stage. Any possible differences between the amount of the provision and the actual charge will affect the taxation charge of subsequent periods.

Valuation of non-listed investments

The Group uses various valuation methods to value non-listed investments. These methods are based on assumptions made by the Board of Directors which are based on market information at the balance sheet date.

Judgments

Classification of investments

The Group adopts the provisions of IAS39 regarding the classification of financial assets.

The Group exercises judgment concerning the classification of its financial assets on the basis of the strategic management of the relevant risks associated with those investments. Within this framework, the Group has classified its financial instruments to financial instruments held-to maturity, financial instruments included at fair value through the profit or loss and corporate bonds and venture capital.

Financial instruments held to maturity

The Group follows the provisions of IAS 39 in the classification of non-derivative financial instruments with fixed or predetermined payments with an expiration date, as held-to-maturity. This classification requests the exercise of substantial judgement. On exercising that judgement the Group evaluates whether those investments will be held-to-maturity. If the Group fails to hold these investments to maturity for reasons other than the ones specified in IAS39, the whole classification of assets will be changed to financial assets available for sale.

Legal cases

At the date of this report legal cases against the Company amounted to £3.872.523 in accordance with the claims of plaintiffs. The Group has filed legal defence against those claims depending on the circumstances of each case. The Board of Directors after considering all the facts and relevant legal advice is of the opinion that there are no reasons for which a provision should be made in the financial statements in respect of the above legal actions.

5. Profit from financial instruments

	2006 £	2005 £
Profit from disposal and revaluation of financial assets at fair value through profit or loss	**43.167.379**	13.232.004
Loss from disposal and revaluation of financial liabilities at fair value through profit or loss	**(1.436)**	-
Impairment loss of corporate bonds	**(1.748.400)**	(1.300.000)
	41.417.543	11.932.004

6. Administrative expenses

	2006 £	2005 £
Fees to Lefkoniko Chrimatistiriaki Limited:		
Portfolio administration	**-**	129.230
Provision of administrative, accounting and secretarial services	**-**	75.900
Fees to Asset Managers	**216.503**	-
Custodian fees	**4.709**	-
Auditors remuneration – current year	**8.067**	5.750
Annual fees of the Members of the Board of Directors	**8.750**	3.250
Committees' fees of the Members of the Board of Directors	**23.150**	8.150
Other expenses of the Members of the Board of Directors	**14.399**	950
Insurance	**9.407**	8.051
Printing and dispatch of annual report and Annual General Meeting expenses	**48.213**	100.000
Extraordinary General Meeting Expenses	**40.009**	-
Annual subscription to the Cyprus Stock Exchange	**5.581**	2.050
Cyprus Stock Exchange depository fees	**25.500**	25.089
Legal expenses	**65.740**	68.459
Other professional expenses	**63.069**	20.561
Salaries and staff expenses (Note 10)	**124.730**	9.571
Impairment of receivables and other balances	**-**	12.763
Provision for impairment of receivables and other balances	**-**	97.537
Rents	**37.947**	18.820
Contributions and donations	**2.342**	11.215
Travelling abroad	**24.004**	12.232
Expenses for press announcements	**24.039**	17.488
Depreciation of property, plant and equipment (Note 11)	**11.630**	1.031
Other administrative expenses	**49.334**	35.880
	807.123	663.977

7. Financial expenses

	2006 £	2005 £
Interest on taxation	**146.276**	3.812
Bank charges	**3.271**	2.207
Foreign exchange loss	**297.038**	-
	446.585	6.019

8. Taxation

	2006 £	2005 £
Taxation charge for the year is made up of the following:		
Tax adjustment for previous years	**321.513**	-
Corporation tax	**145.000**	134.685
Defence contribution	**5.208**	7.202
Tax of foreign subsidiaries	**9.850**	-
Deferred taxation (note 20)	**13.518**	-
	495.089	141.887

Taxation on the Group's profit before tax differs from the theoretical amount that would have arisen using the applicable tax rates as follows:

	2006 £	2005 £
Profit before tax	**43.999.899**	14.477.628
Tax calculated at the applicable corporation tax rate of 10%	**4.399.989**	1.447.763
Tax effect of expenses not deductible for tax purposes	**1.704.519**	13.683
Tax effect of allowances and income not subject to tax	**(5.959.508)**	(1.326.761)
Special contribution for defence	**5.208**	7.202
Tax adjustment for previous years	**321.513**	-
Tax of foreign subsidiaries	**9.850**	-
Deferred tax	**13.518**	-
Tax charge	**495.089**	141.887

8. Tax (continued)

Tax rates

Corporation tax
According to the Income Tax Law of 2002, which came into effect on 1 January 2003, the Company is subject to corporation tax on its taxable profits at the rate of 10%. In case of losses, the Group's companies can elect to transfer losses and offset them against future profits indefinitely.

From 1 January 2003, the Group, which consists of the Company and its subsidiaries, is entitled to transfer its tax losses among its companies and offset them against profits, given that companies have been part of the Group for the whole of the tax year. For tax purposes members of the same Group are considered to be companies in which the holding company owns directly or indirectly over 75% of the issued share capital.

Special defence contribution

The defence contribution on the tax profits of the Group has been abolished as from 1 January 2003. Income from dividends from abroad is subject to a 15% defence contribution according to specific conditions. Income from interest, of non-trading nature, is subject to 10% defence contribution.

9. Earnings per share and net assets per share

The earnings per share is calculated by dividing the profit for the year which is attributable to the shareholders of the Company by the weighted average number of issued shares during the year.

	2006	**2005**
Profit for the year	**£43.504.810**	£14.335.741
Weighted average number of shares in issue during the year	**200.000.000**	200.000.000
Earnings per share (cents)	**21,75**	7,17

The net assets per share is calculated by dividing the net assets at 31 December by the number of issued shares on that date.

	2006	**2005**
Net assets at 31 December	**£140.646.187**	£97.337.472
Number of shares in issue at 31 December	**200.000.000**	200.000.000
Net assets per share (cents)	**70,32**	48,67

The Company has no share options that can be exercised. As a result the diluted earnings per share and the diluted net assets per share were not calculated.

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10. Staff expenses

	2006 £	2005 £
Salaries	**99.387**	8.124
Provident fund contribution	**8.982**	-
Other employers contributions	**16.361**	1.447
	124.730	9.571

The total number of employees of the Group as at 31 December 2006 was 7 (2005: 1).

11. Property, plant and equipment

	Vehicles	Furniture and office equipment	Computer hardware	Total
	£	£	£	£
Cost				
Balance 1 January 2005	**-**	**-**	**-**	**-**
Additions	**-**	**36.111**	**23.365**	**59.476**
Balance 1 January 2006	**-**	**36.111**	**23.365**	**59.476**
Additions	**9.000**	**4.569**	**12.862**	**26.431**
Balance 31 December 2006	**9.000**	**40.680**	**36.227**	**85.907**
Accumulated depreciation				
Balance 1 January 2005	**-**	**-**	**-**	**-**
Charge for the year	**-**	**529**	**502**	**1.031**
Balance 1 January 2006	**-**	**529**	**502**	**1.031**
Charge for the year	**150**	**3.553**	**7.927**	**11.630**
Balance 31 December 2006	**150**	**4.082**	**8.429**	**12.661**
Net book value				
31 December 2006	**8.850**	**36.598**	**27.798**	**73.246**
31 December 2005	-	35.582	22.863	58.445

12. Financial assets held to maturity

	2006 £	2005 £
Government bonds	**3.933.326**	4.903.649
Corporate bonds listed on the Cyprus Stock Exchange	**645.000**	145.000
	4.578.326	5.048.649

The Government bonds bear interest at 5,75% - 7% (2005: 5,75% - 7%) annually, and the corporate bonds earn interest equal to the base rate plus 0,8%- 2%.

All financial assets held-to-maturity are redeemable between one to five years, except a corporate bond of £500.000 which is redeemable after more than five years.

13. Corporate bonds and venture capital

	2006 £	2005 £
Corporate bonds and venture capital	**4.198.693**	7.176.349

The decrease in corporate bonds and venture capital in 2006, is due mainly to the repayment of a debenture by A. Panayides Contracting Public Ltd (note 24) totalling £1.000.000 and an impairment provision for corporate bonds and venture capital recognised in the income statement totalling £1.748.400:

i. The Board of Directors of the Company at 29 December 2006 decided to purchase 100 residential plots located near the capital of Romania, Bucharest, totalling €1.647.750 with a simultaneous repayment of the debenture purchased in 2005 by A. Panayides Contracting Public Ltd for the amount of £1.000.000. Details of this transaction are included in note 24.

ii. The provision for impairment recognised in the income statement during the year totalling £1.748.400 (2005: £1.300.000) concerns mainly impairment loss of a public company's bond of total cost of £2.998.400. This amount has been fully provided for and the net book value of this bond on 31 December 2006 is zero (2005 £1.698.400).

During 2005, the Company signed an agreement with Cybarco Ltd according to which the Company participates in the Amathusa Coastal Heights project. The total amount of this investment was £3.000.000. The project is located in the area of Amathunta, adjacent to the coastal road network and comprises 255 villas and apartments. In relation to the above, the Company has obtained a capital guarantee totalling £3.000.000 plus interest via the mortgage of immovable property. According to the agreement the Company has the right to terminate this agreement in 6 years. In that case the Company is entitled (beyond the amounts received up to the date of termination) to a refund of part of the original amount invested, corresponding to any unsold villas and apartments, plus interest. For 2006, the Group received a total amount of £441.130 out of which £125.983 was recognized as income in the income statement.

In cases where the recovery of the amounts of corporate bonds or/and the relevant interest is deemed doubtful the Group postpones the recognition of interest.

14. Investment property

	2006 £	2005 £
Balance 1 January	-	-
Additions during the year	3.912.647	-
Revaluation for the year	155.467	-
Balance 31 December	4.068.114	-

The property included in investment property was revalued at 31 December 2006 according to valuations of independent professional valuers using the Comparative method of valuation, based on the value of property in the free market. The market value was estimated according to the existing comparative data and by considering physical and legal characteristics, the prospects and potential of the property under review as well as the trends in the real estate market and the economy in general. The profit on revaluation of the investment property is included in the income statement of the year.

Investment property purchased near the year end, amounting to £2.460.964, was included in the consolidated financial statements at purchase cost which was judged by the Board of Directors to approach its fair value.

Investment property totalling £600.050 was not transferred to the Group as the title deeds were not issued, but all necessary acquisition documents have been filed with the Land Registry Department.

15. Inventories

	2006 £	2005 £
Land and buildings under development	3.393.348	-

Immovable property amounting to £210.371 included in inventories, has not been transferred to the Group as the relevant title deeds have not been issued, but all the necessary acquisition documents have been filled with the Land Registry Department.

16. Trade and other receivables

	2006 £	2005 £
Amounts receivable from cash refunds in relation to investment in new share issues	**842.839**	1.409.162
Dividends receivable	**620.568**	932.709
Interest receivable	**278.107**	146.234
Prepayment for the purchase of land and immovable property	**325.748**	-
Other receivables and prepayments	**6.000**	12.666
	2.073.262	2.500.771

During 2006 a provision of £500.000 was raised in relation to dividends receivable by a public company.

The receivable amount from cash refunds in relation to investment in new share issues bears interest 6% - 9% annually.

The fair value of trade and other receivables approximates their carrying amount at the balance sheet date.

17. Financial assets at fair value through profit or loss

The financial assets at fair value through profit or loss are analysed as follows:

	Market value 2006 £	Market value 2005 £
Shares listed on the Cyprus Stock Exchange by sector:		
Financial	**57.852.395**	25.869.292
Manufacturing	**3.522.362**	2.219.989
Retail services	**9.059.458**	5.836.139
Consumption goods	**2.816.807**	4.068.078
Basic materials	**632.173**	263.954
Technology	**2.603.171**	912.698
	76.486.366	39.170.150
Non-listed shares	**979.500**	1.690.464
Total investments in Cyprus	**77.465.866**	40.860.614
Foreign investments		
Structured products	**2.268.602**	1.189.412
Investments listed in foreign stock exchanges	**5.010.289**	5.303.188
Total foreign investments	**7.278.891**	6.492.600
Total investments	**84.744.757**	47.353.214

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17. Financial assets at fair value through the profit or loss (continued)

The carrying value of the above financial assets is categorized as follows:

	2006 £	2005 £
Designated at fair value through profit or loss at inception	**84.744.757**	47.353.214

The financial assets at fair value through profit or loss are presented in the cash flow statement under "cash flows from operations" as part of changes in working capital.

The changes in fair values of financial assets at fair values through profit or loss are included in the income statement.

Financial assets designated at fair value through profit or loss at inception are those of which performance is evaluated on a fair value basis in accordance with the Group's established investment strategy. Information about these financial assets is provided internally on a fair value basis to the Group's directors.

18. Cash and cash equivalents

	2006 £	2005 £
Balances with Co-Operative Financial Institutions, Savings Companies and Commercial Banks	**34.054.138**	35.279.168
Cash under management by asset managers	**4.384.303**	-
Balances with brokers	**-**	91.677
	38.438.441	35.370.845

The cash and cash equivalents earn interest at 0%-5,75% (2005: 0%-5,75%) annually.

The cash and cash equivalents which are included in the cash flow statement comprise the above balance sheet amounts.

19. Share capital

	2006		2005	
	Number of shares	**£**	Number of shares	£
Authorised				
Shares of £0,50 each (2005: £1,00 each)	**500.000.000**	**250.000.000**	250.000.000	250.000.000
Issued and fully paid				
Shares of £0,50 each (2005: £1,00 each)	**200.000.000**	**100.000.000**	200.000.000	200.000.000

19. Share capital (continued)

The Extraordinary General Meeting of the shareholders of the Company held on 8 November 2006 approved the reduction of the authorised share capital from £250.000.000 divided to 250.000.000 ordinary shares of £1,00 nominal value each, to £125.000.000 divided to 250.000.000 ordinary shares of £0,50 nominal value each. Additionally, the issued share capital of the Company which totaled £200.000.000, divided to 200.000.000 shares of nominal value £1,00 each was reduced to £100.000.000 divided to 200.000.000 shares of nominal value £0,50 each. After the court approval for the reduction of the nominal value of the share capital, the authorised share capital of the Company increased to £250.000.000 with the creation of 250.000.000 shares of £0,50 each carrying the same rights as the existing shares.

The reduction of the share capital was endorsed by the Nicosia District Court on 13 December 2006 and filed with the Company's Registrar on 18 December 2008.

All issued shares carry the same rights.

20. Deferred taxation

The deferred taxation included in the Balance Sheet comprises:

	2006 £	2005 £
Deferred taxation from revaluation of investment property	**15.547**	-
Tax losses of foreign subsidiary	**(2.029)**	-
Balance 31 December	**13.518**	-

21. Financial liabilities at fair value through the income statement

The Group performs short selling of call and put options and short selling of futures in foreign stock exchanges. The open positions at the balance sheet date would result at a settlement cost of £3.282. A profit of £1.846 and a loss of £3.282 were recognised in the income statement for the year ended 31 December 2006 regarding respectively the disposal and revaluation of the above financial instruments.

In order to be able to perform short selling activities the Group is required to maintain margin/collateral accounts. As at 31 December 2006 total deposits in such accounts totaled £33.410.

22. Trade and other creditors

	2006 £	2005 £
Lefkoniko Chrimatistiriaki Limited (note 24)	**5.217**	42.838
Defence contribution payable for the deemed dividend distribution	**200.000**	-
Provision for interest on taxation	**145.498**	-
Other creditors and accrued expenses	**271.424**	138.935
	622.139	181.773

The fair value of trade and other creditors approximates their carrying amount at the balance sheet date.

23. Subsidiary companies

Subsidiary companies as at 31 December 2006 are as follows:

	Activity	Country of incorporation	Participation percentage and voting rights Direct	Indirect
Demetra Overseas Investments Ltd	Investments in foreign related companies	Cyprus	100%	-
Demetra Real Estate Investments Ltd	Investment in property holding and development in Cyprus	Cyprus	100%	-
Demetra Bulgaria Ltd	Investment in property holding and development in Bulgaria	Bulgaria	100%	-
Demetra Investment Public SRL	Investment in property holding and development in Romania	Romania	-	100%
Demetra Golf Investments Ltd	Investment in the sector of Golf resorts	Cyprus	100%	-
Cooper Security Services Public Ltd (ex Cooper Security Systems Ltd)	Provision of security services	Cyprus	50,72%	-

Details concerning the acquisition of related companies are as follows:

Demetra Real Estate Investments Limited
Demetra Real Estate Investments Limited was incorporated in Cyprus on 14 April 2006, focusing on investments in the land developing and real estate industry. The Company acquired 100% of Demetra Real Estate Investment Limited share capital for the total amount of £25.000.

Demetra Investment Public SRL
Demetra Investment Public SRL was incorporated on 2 February 2006 in Romania, focusing on investments in the land developing and real estate industry in Romania. The Company acquired 100% of the entity's share capital through its subsidiary company Demetra Overseas Investments Limited for the total amount of £5.721.

Demetra Bulgaria Limited
On 13 April 2006, Demetra Bulgaria Limited was incorporated in Bulgaria focusing on investments in the land developing and real estate industry in Bulgaria. The Company acquired 100% of the share capital of Demetra Bulgaria Limited for the total amount of £5.873.

Demetra Golf Investments Limited
On 8 December 2006, Demetra Golf Investments Limited was incorporated in Cyprus focusing on investments in golf resorts. The Company acquired 100% of its share capital for the total amount of £1.000.

Demetra Overseas Investments Limited
During 2005, Demetra Overseas Investments Limited was incorporated focusing on investments in foreign related companies. The Company owns 100% of the share capital of Demetra Overseas Investments Limited.

The net loss included in the Group's results from the incorporation of the above subsidiary companies to the end of the year totalled £2.678 (2005: £700).

No goodwill arose from the above transactions.

24. Related party transactions

(i) Remuneration of key management personnel

The remuneration and other benefits of the members of the Board of Directors and the key management personnel were as follows:

	2006 £	2005 £
Members of the Board of Directors		
Annual fees of the Members of the Board of Directors	**8.750**	3.250
Committees fees of the Members of the Board of Directors	**23.150**	8.150
Other expenses of the Members of the Board of Directors	**14.399**	950
	46.299	12.350
Remuneration of other key management personnel		
Salaries	**37.923**	8.124
Provident fund contributions	**3.792**	-
Other employer's contributions	**3.404**	1.447
	45.119	9.571

(ii) Agreements with Directors and related parties

Bond of A. Panayides Contracting Public Ltd

On 19 December 2005, the Board of Directors of the Company decided the purchase of a bond of £1.000.000 from A. Panayides Contracting Public Ltd ("APC"). The bond carried interest, at the basic interest rate plus 2%, had a duration of 7 years and interest was paid every 6 months. Mr. Evangelos Georgiou who is a member of the Board of Directors of the Company is considered a related party to APC. To secure its position, the Company had signed two simultaneous agreements with APC. The first agreement related to the right to exercise an option to buy the shares of Bivange Holdings Limited which owns 100% of the issued share capital of Domus Lux Imob SRL. Domus Lux Imob SRL is a registered company in Romania, owning 100 residential plots near the country's capital, Bucharest. APC owns 100% of the share capital of Bivange Holdings Limited. Through the second agreement and with the purpose of securing the purchase option (mentioned above), APC agreed to pledge in favor of the Company all the shares it holds in Bivange Holdings Limited. The Company had the right to buy the shares of Bivange Holdings Limited and hence obtain ownership of the 100 plots for a total amount of €1.550.000 (that is €15.500 per plot) plus interest (at the basic interest rate plus 2%) from the sign off date of the option, 19 December 2005.

At 29 December 2006, the Board of Directors of the Company decided to purchase 100 residential plots situated in Romania's capital, Bucharest, for the total amount of €1.647.750 by simultaneous repayment of the bond of A. Panayides Contracting Public Ltd. Forty of those plots were transferred from S.C. Forum Investitii B.D.D. SRL (subsidiary of APC) to the Group's subsidiary Demetra Overseas Investments Limited for the total amount of €659.100. The remaining sixty plots were transferred by S.C. Domus Lux Imob SRL (also an APC's subsidiary) to Demetra Overseas Investments Limited for the total amount of €988.650. For the full repayment of the bond amounting to £1.000.000 plus interest of £64.555, the Group, in addition to the 100 plots mentioned above, also received £112.158 in cash. The decision for the above transaction was taken by the Board of Directors, with the assistance of its professional business advisors and associates, who evaluated the transaction as beneficial, taking into account the risks but also the prospects of this emerging market. This agreement was performed on an arm's length basis and all the necessary procedures required in such circumstances have been followed.

24. Related party transactions (continued)

(ii) Agreements with Directors and related parties (continued)

Disposal of A. Panayides Contracting Public Limited shares
On 16 March 2007 the Group completed a transaction over the counter for the sale of 3.652.714 shares of A. Panayides Contracting Limited at €0,26 per share. The value of this transaction which took place on an arm's length basis amounted to €949.706.

Bond of A. Panayides Contracting Public Limited
On 7 February 2005, the Company purchased 1.450 bonds of A. Panayides Contracting Public Ltd of £100 each, for a total amount of £145.000. These bonds which are listed on the Cyprus Stock Exchange have a maturity date on 31 October 2011. These bonds bear interest at the basic rate plus 2%, with interest being payable every 6 months.

(iii) Related party transactions

	2006 £	2005 £
Lefkoniko Chrimatistiriaki Limited		
Fund management fees	**-**	129.230
Fees for the provision of administrative, secretarial and accounting services	**-**	75.900
Brokerage commissions	**-**	28.159

Lefkoniko Chrimatistiriaki Limited is a wholly owned subsidiary of the Investment Group of Co-operative Companies "Lefkoniko" Limited which holds 10% of the Company. The balances with Lefkoniko Chrimatistiriaki Limited are presented in note 22.

25. Contingent liabilities

On the date of this report pending lawsuits against the holding Company relating to its activities amounted to £3.872.523 plus interest and expenses. The Board of Directors of the Company after considering relevant legal advice is of the opinion that there is adequate legal defence against those cases, hence they do not expect that the Group will suffer any financial loss. As a result no provision has been made in the consolidated financial statements of the Group in respect of these lawsuits.

26. Commitments

Commitments relating to rent payable by the Group are as follows:

	2006 £	2005 £
Commitments		
Within one year	**38.651**	37.920
Between two to five years	**71.190**	108.990
After five years	**-**	-
	109.841	146.910

27. Provident fund

Since 2006, the Company operates a defined contribution provident fund in which its employees participate. The contributions of the employees range from 5% to 10%, whereas employers' contributions are 10%. The fund operates independently and prepares separate financial statements. The total contribution of the Group to the fund in 2006 was £8.982.

28. Significant contracts

Other than the agreements with the asset managers, as described in Note 1 "General Information", there are no other significant contracts.

29. Dividend

The Board of Directors of the Company decided to recommend to the Annual General Meeting the payment of a dividend of 2 cents per share of a nominal value of £0,50.

30. Post Balance Sheet Events

Participation in Eliades Anatolikon Leisure Resorts Limited

On 8 December 2006, the subsidiary of the Group Demetra Golf Investments Ltd, signed an agreement with Z&I Mediterranean Leisure Investment Limited (Z.I.) and Mr Zenon Eliades for the purchase of 321.518 shares of Eliades Anatolikon Leisure Resorts Limited, representing 10% of its share capital for £3.000.000. An amount of £1.100.000 was paid upon conclusion of the agreement, another amount of £1.100.000 will be paid upon the signing of a loan agreement with a banking institution, whereas the remaining £800.000 will be payable upon fulfilling various other additional conditions. For securing the payment of the 2nd and 3rd instalments, 203.628 shares will be pledged in favor of Z.I.

Following payment of the 2nd installment, 117.890 shares will be released, whereas the remaining 85.738 shares will be released upon the final payment of £800.000. The investment by Demetra Golf Investments Limited to Eliades Anatolikon Leisure Resorts Limited was made for the development of a complete golf resort which will offer accommodation services, golf activities and other high quality services. Demetra Golf Investments Ltd retains the right to sell the whole or part of its participation in Eliades Anatolikon Leisure Resorts Limited back to Z.I. or Mr Zenon Eliades at predetermined periods of time.

The above agreement was put in place in March 2007 with the transfer of the shares of Eliades Anatolikon Leisure Resorts Limited to Demetra Golf Investments Limited and the simultaneous payment of the 1st instalment of £1.100.000, by Demetra Golf Investments Limited to Mr Zenon Eliades.

Asset Management agreements

(a) In February 2007 the Company signed an asset management agreement for part of its foreign investments with Goldman Sachs International. Based on this agreement, the Company will pay a management fee of 1% on the value of the managed portfolio. A brokerage commission fee will also be paid on the transactions performed, depending on the nature of securities transacted.

(b) On 27 February 2007 the Asset Management Agreement with the Central Co-operative Bank Limited was renewed for a period of one more year. The renewal of the agreement was made on the same terms as the existing agreement except from the following two amendments:

- The asset management fee of 0,3% that is payable to Central Co-operative Bank Limited will be calculated on the average value of the managed portfolio every quarter, and not every six months as per the previous agreement.
- Brokerage commission of 0,25% on the value of the transactions in the Cyprus Stock Exchange will be paid to the Asset Manager.

30. Events after balance sheet date (continued)

Disposal of A. Panayides Contracting Limited shares

On 16 March 2007, the Group sold over the counter 3.652.714 shares of A. Panayides Contracting Limited at €0,26 per share. The value of the transaction which took place on an arm's length basis amounted to €949.706.

There were no other material post balance sheet events in relation to the understanding of the financial statements.

31. Supplementary information

The consolidated income statement for the year ended 31 December 2006, the consolidated balance sheet as at 31 December 2006 and the consolidated cash flow statement for the year ended 31 December 2006 presented in Euro, constitute supplementary information. Those supplementary information are presented in Euro using the exchange rate at 31 December 2006 (1 CYP = Euro 1,7295) as announced by the Central Bank of Cyprus, both for the current year amounts and for the comparatives.

Demetra Investment Public Limited

Investments exceeding 5% of the Group's Assets,
and the 10 most significant investments of the Group as at 31 December 2006

	Issuer/ Asset	Industry/ Activities	Title Category	Number of titles	Purchase Cost £	Market Value £	Total Investment £	Percentage of total assets %	Dividends and interest received £	Participation in issuer's share capital %	Net profit of issuer for the year £' 000	Net assets of issuer corresponding to investment £' 000
1	Cash	N/A	N/A	N/A	38.438.441	38.438.441	38.438.441	27,15%	1.553.611	N/A	N/A	N/A
2	Bank of Cyprus Public Company Ltd	Financial	Shares of CSE	4.199.191	10.876.733	25.056.606						
			Shares of ASE	292.111	1.497.624	1.749.789	26.806.395	18,94%	677.675	0,81	183.106	7.327
3	Marfin Popular Bank Public Company Ltd	Financial	Shares	5.223.225	16.889.287	21.744.436	21.744.436	15,36%	262.980	0,66	86.072	11.123
4	Investments in property holding and development	Land and property development										
	- Cyprus		Other investments	N/A	1.839.575	1.995.042						
	- Romania		Other investments	N/A	2.537.880	2.537.880						
	- Bulgaria		Other investments	N/A	2.928.540	2.928.540	7.461.462	5,27%	N/A	N/A	N/A	N/A
5	Hellenic Bank Public Company Ltd	Financial	Shares	2.825.066	3.540.917	5.390.381						
	(note)		Bond	5.000	500.000	500.000	5.890.381	4,16%	58.300	1,16	7.722	1.918
6	Government bonds	N/A	7% 2000-2010	N/A	1.943.334	1.943.334						
			5,75% 2005-2010	N/A	1.989.992	1.989.992	3.933.326	2,78%	289.763	N/A	N/A	N/A
7	SFS Group Public Company Ltd (note)	Financial	Shares	27.844.594	3.998.545	3.863.928	3.863.928	2,73%	81.213	9,89	2.681	2.769
8	Cybarco Ltd-Amathusa Coastal Heights	Land Development	Other investments	N/A	2.860.146	2.860.146	2.860.146	2,02%	125.983	N/A	N/A	N/A
9	A. Tsokkos Hotels Public Ltd (note)	Consumer services	Shares	12.373.740	5.202.716	2.647.157	2.647.157	1,87%	61.869	4,93	2.403	4.428
10	Logicom Public Ltd (note)	Technology	Shares	3.083.707	2.239.704	2.603.172	2.603.172	1,84%	33.921	5,00	1.510	885
	Total					**116.248.844**	**116.248.844**	**82,12%**				

Total assets: £141.568.187.

Net assets per share at 31 December 2006: 70,32 cents.

Diluted net assets per share is not applicable.

The market value of listed investments is calculated based on bid prices as at 29 December 2006.

Note

The net profit for the year of the issuer and the net assets corresponding to investment, correspond to 2005 figures as no audited financial statements were available for 2006.