

# **G.A.P. Vassilopoulos Limited**

## **Report and financial statements**

**31 December 2002**

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# **G.A.P. Vassilopoulos Limited**

## **Directors and advisers**

### **Directors**

George Vassilopoulos – Chairman  
Aris Vassilopoulos – Vice-Chairman  
Petros Vassilopoulos – Vice-Chairman  
Savvas Garibaldinos – Finance Director

### **Company Secretary**

**Aris Vassilopoulos**  
20 Strovolos Avenue  
CY-2011 Strovolos  
Cyprus

### **Registered office**

2 - 4 Archbishop Makarios III Avenue  
Capital Centre, 9th Floor  
P O Box 21265  
CY 1505 - Nicosia  
Cyprus

### **Auditors**

#### **PricewaterhouseCoopers**

Julia House  
3 Themistocles Dervis Street  
CY – 1066 Nicosia  
P O Box 21612  
CY – 1591 Nicosia  
Cyprus

# **G.A.P. Vassilopoulos Limited**

## **Directors' report**

1 The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2002.

### **Principal activities**

2 The principal activities of the companies within the Group are the following:

- Tourist and hotel services
- Logistics and courier services
- Insurance services

### **Transfer of activities to the holding company**

3 The Directors of GAP Vassilopoulos Limited transferred all the activities, assets and liabilities of the Group's subsidiaries to the holding GAP Vassilopoulos Limited, from the 1 January 2002.

### **Results**

4 The Group's consolidated results for the year are set out on page 6.

### **Share capital**

5 On 22 November 2002, the Company issued 101 529 shares of nominal value of C£0,10 at the price of C£0,10 each to its shareholders who exercised their warrants.

### **Directors**

6 The Directors at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2002.

7 In accordance with the Company's Articles of Association Mr George Vassilopoulos retires and, being eligible, offers himself for re-election.

# G.A.P. Vassilopoulos Limited

## Directors' interest in the share capital of the Company

8 The percentage of the share capital of the Company owned by each member of the Board of Directors, his spouse, his minor children and companies which he owns, or is able to exercise control over 20 per cent or more of the voting rights whether directly or through nominees on 31 December 2002 and at the date of this report, was as follows:

	<b>31 De 2002</b>	21 2003
	%	%
George Vassilopoulos	<b>23,26</b>	23,26
Aris Vassilopoulos	<b>23,26</b>	23,26
Petros Vassilopoulos	<b>23,26</b>	23,26
Savvas Garibaldinos	<b>0,01</b>	0,01

## Substantial shareholdings

9 The shareholders who held more than 5% of the share capital of the Company, directly or indirectly, on 31 December 2002 and on the date of this report were as follows:

	<b>31 December 2002</b>	12 April 2003
	%	%
George Vassilopoulos	<b>23,26</b>	23,26
Aris Vassilopoulos	<b>23,26</b>	23,26
Petros Vassilopoulos	<b>23,26</b>	23,26

## Contracts with Directors and related parties

10 Except for the contracts mentioned in Note 26, on 31 December 2002 and on the date of this report there were no other contracts with the Company or its subsidiaries in which a Director or related parties had a material interest.

## Corporate governance

11 The Company decided not to adopt the provisions of the Corporate Governance, which are included in the regulations issued by the Cyprus Stock Exchange on September 2002.

# **G.A.P. Vassilopoulos Limited**

## **Auditors**

12 The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office. A resolution giving authority to the Directors to fix their remuneration will be proposed at the Annual General Meeting.

## **By Order of the Board**

**George Vassilopoulos**  
**Chairman**

Nicosia  
21 April 2003

## **Auditors' report to the members of G.A.P. Vassilopoulos Limited**

1 We have audited the financial statements on pages 6 to 45 and have obtained all the information and explanations we considered necessary. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to the Company's members, as a body, in accordance with Section 156 of the Companies Law, Cap. 113. Our work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

2 We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3 In our opinion, proper books of account have been kept by the Company and the financial statements, which are in agreement therewith, give a true and fair view of the state of affairs of G.A.P. Vassilopoulos Limited and the Group as of 31 December 2002 and the Group profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Law, Cap. 113.

PricewaterhouseCoopers  
Chartered Accountants

Nicosia, 21 April 2003

# G.A.P. Vassilopoulos Limited

## Consolidated income statement for the year ended 31 December 2002

	Note	2002 C£	2001 C£
<b>Sales</b>	4	<b>26.497.368</b>	20.392.109
Cost of sales		<b>(24.699.527)</b>	(17.972.107)
<b>Gross profit</b>		<b>1.797.841</b>	2.420.002
Other income		<b>129.188</b>	198.784
Administrative and selling expenses		<b>(981.003)</b>	(1.186.401)
<b>Operating profit</b>	6	<b>946.026</b>	1.432.385
Finance (costs)/income – net	8	<b>(38.198)</b>	11.263
Share of result before tax of associates	15	<b>(175.010)</b>	(129.657)
<b>Profit before taxation</b>		<b>732.818</b>	1.313.991
Taxation	9	<b>(131.114)</b>	(449.576)
<b>Group profit before minority interest</b>		<b>601.704</b>	864.415
Minority interest	10	<b>(370)</b>	-
<b>Net profit</b>		<b>601.334</b>	864.415
		<b>Cent</b>	<b>Cent</b>
<b>Earnings per share (cent):</b>			
Basic	11	<b>1,6</b>	2,5
Diluted	11	<b>1,4</b>	2,1

The notes on pages 12 to 45 form part of these financial statements.

# G.A.P. Vassilopoulos Limited

## Consolidated balance sheet at 31 December 2002

	Note	2002 C£	2001 C£
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	3.380.146	3.214.430
Intangible assets	13	403.570	413.166
Investments in associated undertakings	15	568.932	565.648
Available-for-sale investments	16	9.344	8.605
		<u>4.361.992</u>	<u>4.201.849</u>
<b>Current assets</b>			
Stocks	17	5.013	14.252
Debtors and prepayments	18	5.131.440	4.262.207
Cash at bank		1.709.788	1.674.607
		<u>6.846.241</u>	<u>5.951.066</u>
<b>Total assets</b>		<u><u>11.208.233</u></u>	<u><u>10.152.915</u></u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	19	3.873.162	3.863.009
Fair value reserves	20	147.453	(3.206)
Retained earnings		1.939.184	1.328.255
		<u>5.959.799</u>	<u>5.188.058</u>
<b>Minority interest</b>	10	<u>610</u>	<u>-</u>
<b>Non-current liabilities</b>			
Borrowings	21	1.459.218	411.590
Deferred tax liabilities	22	136.048	338.731
		<u>1.595.266</u>	<u>750.321</u>
<b>Current liabilities</b>			
Creditors and accruals	23	2.665.746	2.378.541
Current tax liabilities		191.911	816.172
Borrowings	21	794.901	1.019.823
		<u>3.652.558</u>	<u>4.214.536</u>
<b>Total liabilities</b>		<u>5.247.824</u>	<u>4.964.857</u>
<b>Total equity and liabilities</b>		<u><u>11.208.233</u></u>	<u><u>10.152.915</u></u>

On 21 April 2003 the Board of Directors of G.A.P. Vassilopoulos Limited authorised these financial statements for issue.

George Vassilopoulos, Chairman

Aris Vassilopoulos, Vice Chairman

The notes on pages 12 to 45 form part of these financial statements.



# G.A.P. Vassilopoulos Limited

## Balance sheet at 31 December 2002

	Note	2002 C£	2001 C£
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	3.380.146	2.908.659
Intangible assets	13	200.459	12.000
Investments in subsidiary undertakings	14	432.581	431.821
Investments in associated undertakings	15	505.550	502.266
Available-for-sale investments	16	9.344	3.605
		<u>4.528.080</u>	<u>3.858.351</u>
<b>Current assets</b>			
Stocks	17	5.013	14.252
Debtors and prepayments	18	4.603.217	840.769
Cash at bank		1.379.221	212.785
		<u>5.987.451</u>	<u>1.067.806</u>
<b>Total assets</b>		<u><b>10.515.531</b></u>	<u><b>4.926.157</b></u>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	19	3.873.162	3.863.009
Fair value reserves	20	147.453	(3.206)
Retained earnings		431.716	(131.651)
		<u>4.452.331</u>	<u>3.728.152</u>
<b>Non-current liabilities</b>			
Borrowings	21	1.459.218	392.499
Deferred tax liabilities	22	136.048	336.987
		<u>1.595.266</u>	<u>729.486</u>
<b>Current liabilities</b>			
Creditors and accruals	23	2.272.089	266.773
Current tax liabilities		153.210	59.308
Borrowings	21	2.042.635	142.438
		<u>4.467.934</u>	<u>468.519</u>
<b>Total liabilities</b>		<u><b>6.063.200</b></u>	<u><b>1.198.005</b></u>
<b>Total equity and liabilities</b>		<u><b>10.515.531</b></u>	<u><b>4.926.157</b></u>

On 21 April 2003 the Board of Directors of G.A.P. Vassilopoulos Limited authorised these financial statements for issue.

George Vassilopoulos, Chairman

Aris Vassilopoulos, Vice Chairman

The notes on pages 12 to 45 form part of these financial statements.

# G.A.P. Vassilopoulos Limited

## Consolidated statement of changes in shareholders' equity for the year ended 31 December 2002

	Note	Share capital C£	Share premium C£	Fair value reserves C£	Retained earnings C£	Total C£
At 1 January 2001		1.385.000	-	158.525	767.207	2.310.732
Effect of adopting IAS39	20	-	-	3.136	-	3.136
		<u>1.385.000</u>	<u>-</u>	<u>161.661</u>	<u>767.207</u>	<u>2.313.868</u>
Fair value loss:						
Investments	20	-	-	(6.342)	-	(6.342)
		<u>-</u>	<u>-</u>	<u>(6.342)</u>	<u>-</u>	<u>(6.342)</u>
Net losses not recognised in the profit and loss account		-	-	(6.342)	-	(6.342)
Issue of shares	19	617.500	1.852.500	-	-	2.470.000
Issue of bonus shares	19,20	1.860.509	(1.852.500)	(8.009)	-	-
Flotation expenses	20	-	-	(150.516)	(303.367)	(453.883)
Net profit		-	-	-	864.415	864.415
		<u>2.478.009</u>	<u>-</u>	<u>(158.525)</u>	<u>561.048</u>	<u>2.880.532</u>
At 31 December 2001/ 1 January 2002		3.863.009	-	(3.206)	1.328.255	5.188.058
Fair value gains:						
Investments	20	-	-	(2.159)	-	(2.159)
Depreciation transfer	20	-	-	(9.595)	9.595	-
Deferred tax adjustments (2)	20	-	-	173.322	-	173.322
		<u>-</u>	<u>-</u>	<u>161.568</u>	<u>9.595</u>	<u>171.163</u>
Net gains not recognised in the profit and loss account		-	-	161.568	9.595	171.163
Issue of shares	19	10.153	-	-	-	10.153
Flotation expenses	20	-	-	(10.909)	-	(10.909)
Net profit		-	-	-	601.334	601.334
		<u>3.873.162</u>	<u>-</u>	<u>147.453</u>	<u>1.939.184</u>	<u>5.959.799</u>

- (1) From 1 January 2003 dividends will be subject to a deduction of special contribution for defence at the rate of 15% for individuals that are resident in Cyprus.
- (2) For the tax year beginning on 1 January 2003 and onwards, companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law within two years after the end of the relevant tax year will be deemed to have distributed as dividend 70% of these profits. Special contribution for defence 15% will be payable at the end of the two years on such deemed dividend to the extent that the shareholders (companies or individuals) are Cyprus tax residents. This contribution is paid by the Company on behalf of the shareholders.

The amount of deemed distribution is reduced by the actual dividend paid out of the profits of the relevant year during the following two years.

The defence contribution does not apply in the case where dividends represent dividends received by the Company up to 2002 and have suffered withholding of tax at source at the rate of 20% and are issued in 6 years from the date of their receipt.

The notes on pages 12 to 45 form part of these financial statements.

# G.A.P. Vassilopoulos Limited

## Statement of changes in shareholders' equity for the year ended 31 December 2002

	Note	Share capital C£	Share premium C£	Fair value reserves C£	Retained earnings C£	Total C£
At 1 January 2001		1.385.000	-	158.525	100.042	1.643.567
Effect of adopting IAS39	20	-	-	3.136	-	3.136
		<u>1.385.000</u>	<u>-</u>	<u>161.661</u>	<u>100.042</u>	<u>1.646.703</u>
Fair value loss:						
Investments	20	-	-	(6.342)	-	(6.342)
Net losses not recognised in the profit and loss account		-	-	(6.342)	-	(6.342)
Issue of shares	19	617.500	1.852.500	-	-	2.470.000
Issue of bonus shares	19, 20	1.860.509	(1.852.500)	(8.009)	-	-
Flotation expenses	20	-	-	(150.516)	(303.367)	(453.883)
Net profit		-	-	-	71.674	71.674
		<u>2.478.009</u>	<u>-</u>	<u>(158.525)</u>	<u>(231.693)</u>	<u>2.087.791</u>
At 31 December 2001/ 1 January 2002		3.863.009	-	(3.206)	(131.651)	3.728.152
Fair value gains:						
Investments	20	-	-	(2.159)	-	(2.159)
Depreciation transfer	20	-	-	(9.595)	9.595	-
Deferred tax adjustments	20	-	-	173.322	-	173.322
Net gains not recognised in the profit and loss account		-	-	161.568	9.595	171.163
Issue of shares	19	10.153	-	-	-	10.153
Flotation expenses	20	-	-	(10.909)	-	(10.909)
Net profit		-	-	-	553.772	553.772
At 31 December 2002		<u><u>3.873.162</u></u>	<u><u>-</u></u>	<u><u>147.453</u></u>	<u><u>431.716</u></u>	<u><u>4.452.331</u></u>

- (1) From 1 January 2003 dividends will be subject to a deduction of special contribution for defence at the rate of 15% for individuals that are resident in Cyprus.
- (2) For the tax year beginning on 1 January 2003 and onwards, companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law within two years after the end of the relevant tax year will be deemed to have distributed as dividend 70% of these profits. Special contribution for defence 15% will be payable at the end of the two years on such deemed dividend to the extent that the shareholders (companies or individuals) are Cyprus tax residents. This contribution is paid by the Company on behalf of the shareholders.

The amount of deemed distribution is reduced by the actual dividend paid out of the profits of the relevant year during the following two years.

The defence contribution does not apply in the case where dividends represent dividends received by the Company up to 2002 and have suffered withholding of tax at source at the rate of 20% and are issued in 6 years from the date of their receipt.

The notes on pages 12 to 45 form part of these financial statements.

# G.A.P. Vassilopoulos Limited

## Consolidated cash flow statement for the year ended 31 December 2002

	Note	2002 C£	2001 C
<b>Cash flows from operating activities</b>			
Profit before taxation		732.818	
Adjustments for:			
Depreciation of property, plant and equipment	12	163.169	18
Amortisation of intangible assets	13	21.921	1
Loss/(profit) on disposal of property, plant and equipment	6	2.500	(1
Dividend income	8	(157)	(3
Interest income	8	(33.374)	(18
Interest expense	8	167.840	24
Share of results before tax of associates	15	175.010	12
<b>Operating profit before working capital changes</b>		<b>1.229.727</b>	
Changes in working capital:			
Stocks		9.239	
Debtors and prepayments		(889.917)	(82
Creditors and accruals		287.205	2
<b>Cash generated from operations</b>		<b>636.254</b>	89
Taxation paid		(783.030)	(9
<b>Net cash (used in)/from operating activities</b>		<b>(146.776)</b>	80
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary/business, net of cash acquired	27	(760)	(13
Purchase of investments in associated undertakings	15	(180.000)	(67
Purchase of property, plant and equipment	12	(332.885)	(73
Proceeds from sale of property, plant and equipment		1.500	26
Purchase of available-for-sale investments	16	(2.898)	(
Sale of available-for-sale-investments		-	1
Disposal of subsidiary, net of cash disposed	5	-	
Interest received		33.374	18
Dividends received		157	3
<b>Net cash used in investing activities</b>		<b>(481.512)</b>	(
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		10.153	
Flotation expenses		(10.909)	(45
Proceeds from bank borrowings		1.610.000	
Repayments of bank borrowings		(484.689)	(50
Interest paid		(167.840)	(24
Proceeds from related parties - net		35.684	
<b>Net cash generated from financing activities</b>		<b>992.399</b>	
<b>Net increase in cash and cash equivalents</b>		<b>364.111</b>	98
<b>Cash and cash equivalents at beginning of year</b>		<b>709.505</b>	(27
<b>Cash and cash equivalents at end of year</b>	24	<b>1.073.616</b>	70

The notes on pages 12 to 45 form part of these financial statements.

# **G.A.P. Vassilopoulos Limited**

## **Notes to the financial statements**

### **1 General**

#### **Country of incorporation**

The Company was incorporated as a private limited company in accordance with the provisions of the Companies Law, Cap. 113 and on 31 December 1999 it became public. Its registered office is at 2 - 4 Archbishop Makarios III Avenue, Capital Center, 9<sup>th</sup> floor, Nicosia, Cyprus.

#### **Principal activities**

The principal activities of the Group are the following:

- Tourist and hotel services
- Logistics and courier services
- Insurance services

### **2 Accounting policies**

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

#### **Basis of preparation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, the provisions of the Companies Law, Cap. 113, and the Cyprus Stock Exchange laws and regulations. The consolidated financial statements have been prepared under the historical cost convention as modified by the fair valuation of land and buildings and available-for-sale investments.

#### **Basis of consolidation**

The audited consolidated financial statements incorporate the financial statements of G.A.P. Vassilopoulos Limited (the “Company”) and its subsidiaries as mentioned in Note 14, and all together are referred as “Group”.

# **G.A.P. Vassilopoulos Limited**

## **2 Accounting policies (continued)**

Subsidiary undertakings, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated.

Uniform accounting policies have been used throughout the Group.

### **Revenue recognition**

Revenue comprises the invoiced value for the sale of goods and services net of value added tax, rebates and discounts. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer.

Other revenues earned by the Group are recognised on the following bases:

- Rental income – on an accrual basis in accordance with the substance of the rental agreement.
- Interest income – on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue.
- Dividend income – when the right to receive payment is established.

### **Employee benefits**

The Group and the employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition the Group operates a defined contribution scheme the assets of which are held in a separate trustee-administered fund. The scheme is funded by payments from employees and by the Group. The Group contributions are expensed as incurred and are included in staff costs.

### **Foreign currencies**

The financial statements are prepared in Cyprus pounds (the measurement currency), which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Group.

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

# G.A.P. Vassilopoulos Limited

## 2 Accounting policies (continued)

### Taxation

Provision is made for corporation tax and defence contribution on the taxable profit for the year at the appropriate rates in force.

Provision is also made for deferred taxation, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted by the balance sheet date are used to determine deferred taxation.

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

Land and buildings are shown at fair value, based on triennial valuations by external independent valuers, less subsequent depreciation for buildings. All other fixed assets are stated at historical cost less depreciation.

Increases in the carrying amount arising on revaluation of fixed assets are credited to fair value reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to the profit and loss account. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the profit and loss account) and depreciation based on the asset's original cost is transferred from fair value reserves to retained earnings.

Depreciation on all assets except cars is calculated on a straight-line method from the date of acquisition to write off the cost of each asset, or its revalued amount, over their estimated useful life. The depreciation method of cars was changed on 1 January 2002 to a reducing balance method. The annual depreciation rates remain the same as in the previous year, with the exception of computer software where it was changed on 1 January 2002 from 33 1/3% to 20%, and are as follows:

	%
Land	Nil
Buildings	1
Plant and machinery	10 – 33 1/3
Furniture and fittings	10
Motor vehicles – cars	10 – 33 1/3
Crockery, cutlery and linen	33 1/3

# **G.A.P. Vassilopoulos Limited**

## **2 Accounting policies (continued)**

### **Property and equipment (continued)**

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of fixed assets is charged to the profit and loss account. Expenditure for significant improvements and renovations is capitalised if it is considered that it adds value to fixed assets.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are included in operating profit. On disposal of revalued assets, the revaluation amounts are transferred to retained earnings.

### **Subsidiary undertakings**

In the Company's balance sheet, investments in subsidiary companies are shown at cost and provision is only made where, in the opinion of Directors, there is a permanent diminution in value. Where there has been a permanent diminution in the value of an investment, it is recognised as an expenses when the diminution is identified.

### **Intangible assets**

The intangible assets represent the cost of acquisitions and parking licenses.

Goodwill on acquisitions of businesses represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired undertaking at the date of acquisition. Goodwill arising from acquisitions of associated undertakings is included in investments in associated undertakings. Goodwill is amortised using the straight-line method over twenty years.

The parking licences are associated with the activities of the Company's hotel and they are not amortised since there exists an activated market. Licenses have been obtained for an unlimited period of time.

The carrying amount of goodwill is reviewed annually and written down for permanent impairment where it is considered necessary.



# **G.A.P. Vassilopoulos Limited**

## **2 Accounting policies (continued)**

### **Leases**

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the profit and loss account over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases where 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 are charged to the profit and loss account on a straight-line basis over the period of the lease.

### **Investments**

The classification of investments depends on the purpose for which the investment was acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis. The Group classified its investments in debt and equity securities into the following categories:

- Trading – Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets. The Group did not hold any investments in this category during the year.
- Held to maturity - Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets; during the year the Group did not hold any investments in this category.
- Available for sale – Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

# **G.A.P. Vassilopoulos Limited**

## **2 Accounting policies (continued)**

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Cost of purchase includes transaction costs. Trading and available-for-sale investments are subsequently carried at fair value. Fair values are based on quoted bid prices or amounts derived from cash flow based models. Realised and unrealised gains and losses arising from changes in the fair value of trading investments are included in the income statement in the year in which they arise. Unrealised gains or losses arising from the change in the fair value of available-for-sale investments are recognised directly in equity and are released to the income statement only when they are sold or have suffered an impairment in their value.

Held-to-maturity investments are carried at amortised cost using the effective yield method.

### **Associates**

Investments in associates are accounted for by the equity method of accounting. These are entities over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. 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. The Group's investment in associates includes goodwill (net of accumulated amortisation) on acquisition. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

### **Stocks**

Stocks represent food and beverages held at Classic Hotel, and packing materials. Stocks are stated at the lower of cost and Net Realisable Value.

### **Trade debtors**

Trade debtors are carried at original invoice amount less an estimate made for doubtfully debts bases on a review of all outstanding amounts at the year-end. Bad debts are written off when identified.

### **Borrowings**

Borrowings are recorded at the initial amount advanced net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any differences between the receipts (net of expenses) and the amount to be repaid are amortised in proportion to the installments payable during the period of the loan and are included in finance costs.

# **G.A.P. Vassilopoulos Limited**

## **2 Accounting policies (continued)**

### **Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

### **Flotation expenses**

Flotation expenses, which would otherwise be avoided and are attributed to equity transactions, are deducted first from the share premium account and thereafter from other reserves.

### **Segmental reporting**

The Group carries on operations in three different classes of business as described below:

- (1) Tourist and hotel services
- (2) Logistics and courier services
- (3) Insurance services

All classes of business of the Group operate in Cyprus.

The classes of business of the Group have been re-arranged in order to be more co-ordinated with the definition of the reportable segments as required by the International Financial Reporting Standard 14. The classes of businesses which concern logistics and courier services are shown together and the tourist and hotel services are shown as a different class. The segment of insurance services is shown separately.

The comparative figures for the year 2001 have been rearranged in order for the amounts to be comparable.

There are no consequences to the results of the Group due to the above change.

Costs are distributed on actual basis.

# **G.A.P. Vassilopoulos Limited**

## **3 Financial risk management**

### **(1) Financial risk factors**

The Group is exposed to market price risk, interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below.

#### **(a) Market price risk**

The Group's available-for-sale investments are susceptible to market price risk arising from uncertainties about future prices of the investments. The Group has no significant balances in "available-for-sale" investments.

#### **(b) Interest rate risk**

The Group has no significant interest bearing assets, except from cash at bank and it borrows at variable rates. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

#### **(c) Credit risk**

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

#### **(d) Liquidity risk**

Liquidity risk is defined as the risk 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 with the object of minimising such losses.

#### **(e) Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's policy is not to enter into any currency hedging transactions.

### **(2) Fair values**

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the balance sheet date.

# G.A.P. Vassilopoulos Limited

## 4 Segment information

	Travel and tourist services C€	Logistics and courier services C€	Insurance services C€	Consolidation adjustments C€	Total C€
<b>2002</b>					
Income	3.439.706	21.555.341	1.5	-	26.497.368
Operating (loss)/profit	(12.922)	865.576	93.372	-	946.026
Finance costs – net					(38.198)
Share of loss before tax of associate					(175.010)
Profit before tax					732.818
Tax					(131.114)
Net profit before minority interest					601.704
Minority interest					(370)
					601.334
Segment assets	4.933.233	9.058.406	1.458.398	(4.733.758)	10.716.279
Unallocated assets					491.954
Total assets					11.208.233
Segment liabilities	2.988.314	5.242.850	1.422.459	(4.733.758)	4.919.865
Unallocated liabilities					327.959
Total liabilities					5.247.824
Capital expenditure	165.002	159.360	8.523	-	332.885
Depreciation	93.040	62.479	7.650	-	163.169
Amortisation	21.921	-	-	-	21.921

All Group operations are in Cyprus, and therefore no segmental reporting is presented on a geographical basis.

# G.A.P. Vassilopoulos Limited

## 4 Segment information (continued)

	Travel and tourist services C£	Logistics and courier services C£	Insurance services C£	Consolidation adjustments C£	Total C£
<b>2001</b>					
Income	2.555.020	15.699.202	2.137.887	-	20.392.109
Operating profit	179.574	890.860	361.951	-	1.432.385
Finance income – net					11.263
Share of (loss)/profit before tax of associates					(129.657)
Profit before tax					1.313.991
Tax					(449.576)
Net profit					864.415
Segment assets	4.270.110	5.792.543	1.559.610	(2.323.270)	9.298.993
Unallocated assets					853.922
Total assets					10.152.915
Segment liabilities	826.417	3.797.523	1.106.347	(2.323.270)	3.407.017
Unallocated liabilities					1.557.840
Total liabilities					4.964.857
Capital expenditure	536.170	181.728	12.264	-	730.162
Depreciation	72.191	101.852	7.382	-	181.425
Amortisation	17.128	-	-	-	17.128

All Group operations are in Cyprus, and therefore no segmental reporting is presented on a geographical basis.

# G.A.P. Vassilopoulos Limited

## 5 Disposal of subsidiary

On 30 June 2001, the Company disposed G.A.P. Mega Express Company Limited to Akis (Parcel Transportation Express) Limited in exchange of 100 000 shares of nominal value C£1 each in Akis (Parcel Transportation Express) Limited. Following the above transaction, the activities of the two companies have been merged and Akis (Parcel Transportation Express) Limited changed its name to G.A.P. Akis Express Limited. The sales, results, cash flows and net assets of the subsidiary disposed were as follows:

	6 mont 30 June 2001 C£	12 mont 31 Decc 2000 C£
Sales	565.391	1.224.241
Cost of sales	(388.053)	(702.038)
Gross profit	<u>177.338</u>	<u>522.203</u>
Administration cost	(158.087)	(362.984)
Finance cost	<u>19.251</u> (19.433)	<u>159.219</u> (28.443)
(Loss)/profit before tax	<u>(182)</u>	<u>130.776</u>
Tax	(630)	(33.465)
(Loss)/profit after tax	<u><u>(812)</u></u>	<u><u>97.311</u></u>
Operating cash flows	413.127	220.423
Investing cash flows	(49.924)	(87.314)
Financing cash flows	(84.218)	(16.615)
	<u>278.985</u>	<u>116.494</u>
	At 30 June C£	At 31 Decc 2000 C£
Non-current assets	392.216	317.004
Current assets	338.241	487.889
Total assets	<u>730.457</u>	<u>804.893</u>
Total liabilities	(667.075)	(657.681)
Net assets	<u>63.382</u>	<u>147.212</u>
The net cash inflow on sale is determined as follows:		
Proceeds from sale	63.382	-
Less: Cash and cash equivalents in subsidiary disposed	(56.200)	-
Net cash inflow on sale	<u><u>7.182</u></u>	<u><u>-</u></u>

# G.A.P. Vassilopoulos Limited

## 6 Operating profit

The following items have been included in arriving at operating profit:

	2002 C£	2001 C£
Depreciation of property, plant and equipment (Note 12)		
Owned assets	151.098	173.599
Leased assets under finance leases	12.071	7.772
Loss/(profit) on disposal of property, plant and equipment	2.500	(11.260)
Repairs and maintenance expenditure	157.751	80.386
Amortisation of intangible assets (Note 13)	21.921	17.128
Operating lease rentals	55.273	109.929
Auditors' remuneration	26.082	26.180
Staff costs (Note 7)	1.713.550	1.827.514

## 7 Staff costs

	2002 C£	2001 C£
Salaries	1.574.381	1.706.297
Social insurance costs	109.831	100.632
Provident Fund contributions	29.138	20.585
	<u>1.713.350</u>	<u>1.827.514</u>
	Number	Number
Average number of employees:		
Full time	<u>242</u>	<u>261</u>

The Provident fund, which the Group contributes for the benefit of employees working in the Group is the "Provident Fund of G.A.P. Vassilopoulos Group". This is a defined contribution scheme, which is funded separately and prepares its own financial statements whereby employees are entitled to payment of certain benefits upon retirement or prior termination of service.

## 8 Finance (costs)/income – net

	2002 C£	2001 C£
Interest expenses:		
Bank borrowings	(112.417)	(242.835)
Taxation	(55.423)	(1.228)
Interest income	33.374	188.117
Dividend income	157	39
Net foreign exchange transaction gains	96.111	67.170
	<u>(38.198)</u>	<u>11.263</u>



# G.A.P. Vassilopoulos Limited

## 9 Taxation

	2002 C£	2001 C£
Current taxation:		
Corporation tax	128.649	381.819
Defence contribution	31.102	42.010
Deferred taxation (Note 22)	(29.361)	26.184
Tax in previous years	(982)	15.261
Share of tax of associates (Note 15)	1.706	(15.698)
	<u>131.114</u>	<u>449.576</u>

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

	2002 C£	2001 C£
Profit before taxation	<u>732.818</u>	<u>1.313.991</u>
Tax calculated at the applicable tax rates	159.760	359.920
Tax effect of expenses not deductible for tax purposes	15.542	89.511
Tax effect of allowance and income not subject to tax	(2.996)	(15.116)
Effect of changes in the applicable tax rates on deferred tax	(40.210)	-
Provision of corporation tax in previous years	(982)	15.261
Taxation charge	<u>131.114</u>	<u>449.576</u>

The taxation, based on the current rates, is estimated on the accounting profit per company of the Group because each company is taxable separately.

According to Income Tax Law for listed companies at the Cyprus Stock Exchange the corporation tax rates are reduced to 10% on the first C£40.000 and 12,5% thereafter. The resulting tax saving must not exceed the C£100.000 per taxable year. As a result, G.A.P. Vassilopoulos Limited, the Company of the Group which was listed on 3 May 2001, has benefited from the reduced tax rates in the year ended 31 December 2002.

Upto 31 December 2002, the companies within the Group were subject to corporation tax at the rate of 20% on the first C£40.000 of the taxable profit and 25% on the balance. The 50% reduction on the normal rates which was applied for the companies which have their shares listed for the first time at the Cyprus Stock Exchange was abolished from 1 January 2003. Taxable profits were also subject to defence contribution at the rate of 3%. As from 1 January 2003, the rate of corporation tax is 10% for the years 2003 and 2004 and any profits above C£1.000.000 are subject to an additional corporation tax rate of 5%. There is no special contribution for defence on profits as from 1 January 2003.

Under certain circumstances interest received might be subject to defence contribution at the rate of 10%. In such a case, 50% of that interest is excluded from the corporation tax and as a result the total tax liability on that interest would be on average 15%. In certain cases it is possible, dividends received from abroad to be subject to contribution for defence at a rate of 15%.

# G.A.P. Vassilopoulos Limited

## 10 Minority interest

	2002 C£	2001 C£
At 1 January	-	-
Minority interest on share capital	240	-
Share of the result of the subsidiary	370	-
At 31 December	<u>610</u>	<u>-</u>

## 11 Earnings per share

	2002 C£	2001 C£
Net profit attributable to shareholders	<u>601.334</u>	<u>864.415</u>
Weighted average number of ordinary shares of 0,10 each which are considered issued during the year	<u>38.641.218</u>	<u>34.410.516</u>
Basic earnings per share (cent)	<u>1,6</u>	<u>2,5</u>
Weighted average number of ordinary shares of 0,10 each which are considered issued during the year as adjusted for conversion of warrants	<u>42.242.141</u>	<u>41.386.534</u>
Diluted earnings per share (cent)	<u>1,4</u>	<u>2,1</u>

## 12 Property, plant and equipment

### Group

	Land and buildings C£	Plant and equipment C£	Furniture and fittings C£	Motor v C£	Cutlery, and linen C£	Total 2002 C£	Total 2001 C£
<b>Cost or valuation</b>							
At 1 January	2.573.768	269.1	464.878	334.2	53.8	<b>3.695.934</b>	3.336.771
Additions	26.073	121.0	61.612	118.2	5.6	<b>332.885</b>	730.162
Disposals	-	-	-	(10.0)	-	<b>(10.000)</b>	(106.758)
Subsidiary sold	-	-	-	-	-	-	(264.241)
At 31 December	<u>2.599.841</u>	<u>390.2</u>	<u>526.490</u>	<u>442.2</u>	<u>59.2</u>	<u><b>4.018.819</b></u>	<u>3.695.934</u>
<b>Depreciation</b>							
At 1 January	37.193	114.9	158.271	125.6	45.2	<b>481.504</b>	418.121
Charge for the year	21.456	47.1	61.130	28.6	4.8	<b>163.169</b>	181.371
Disposals	-	-	-	(6.000)	-	<b>(6.000)</b>	(27.230)
Subsidiary sold	-	-	-	-	-	-	(90.758)
At 31 December	<u>58.649</u>	<u>162.2</u>	<u>219.401</u>	<u>148.2</u>	<u>50.2</u>	<u><b>638.673</b></u>	<u>481.504</u>
<b>Net book amount</b>							
At 31 December	<u>2.541.192</u>	<u>228.0</u>	<u>307.089</u>	<u>294.2</u>	<u>9.2</u>	<u><b>3.380.146</b></u>	<u>3.214.430</u>

Additions include C£71.667 (2001: C£50.683) assets leased under finance leases.

# G.A.P. Vassilopoulos Limited

## 12 Property and equipment (continued)

Leased assets, where the Group is the lessee, comprise motor vehicles:

	2002 C£	2001 C£
Cost – capitalised finance leases	161.208	89.441
Accumulated depreciation	(29.449)	(17.378)
	<u>131.759</u>	<u>72.063</u>

The Group's land and building were last revalued in 2000 by independent valuers on the basis of open market value. The revaluation surplus net of applicable deferred taxation was credited to the revaluation reserve in shareholder's equity (note 20).

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

	2002 C£	2001 C£
Cost	1.264.423	1.264.423
Accumulated depreciation	(119.529)	(107.972)
Net book amount	<u>1.144.894</u>	<u>1.156.451</u>

Bank borrowings are secured on land and buildings of the Group to the value of C£1.550.000 (2001: C£515.000) (Note 21).

### Company

	Land and buildings C£	Plant and equipment C£	Furniture and fittings C£	Motor vehicles C£	Cutlery, and linen C£	Total 2002 C£	Total 2001 C£
<b>Cost or valuation</b>							
At 1 January	2.553.375	123.281	380.283	58.	53.	3.168.948	2.633.048
Additions	26.073	121.081	61.612	118.	5.	332.885	535.900
Disposals	-	-	-	(10.)	-	(10.000)	-
Transfer from related parties	20.393	145.850	84.595	276.	-	526.986	-
At 31 December	<u>2.599.841</u>	<u>390.212</u>	<u>526.490</u>	<u>442.</u>	<u>59.</u>	<u>4.018.819</u>	<u>3.168.948</u>
<b>Depreciation</b>							
At 1 January	37.193	114.991	158.271	125.	45.	481.504	190.605
Charge for the year	21.456	47.134	61.130	28.	4.	163.169	69.684
Disposals	-	-	-	(6.)	-	(6.000)	-
Transfer from related parties	1.116	55.399	41.164	123.	-	221.215	-
At 31 December	<u>58.649</u>	<u>162.125</u>	<u>219.401</u>	<u>148.</u>	<u>50.</u>	<u>638.673</u>	<u>260.289</u>
<b>Net book amount</b>							
At 31 December	<u>2.541.192</u>	<u>228.087</u>	<u>307.089</u>	<u>294.</u>	<u>9.</u>	<u>3.380.146</u>	<u>2.908.659</u>

# G.A.P. Vassilopoulos Limited

## 12 Property and equipment (continued)

The transfers from related parties relate to the transfer of operations from subsidiaries on 1 January 2002.

Additions include C£71.667 (2001: C£50.683) assets leased under finance leases.

Leased assets, where the Company is the lessee, comprise motor vehicles:

	<b>2002</b> C£	2001 C£
Cost – capitalized finance leases	<b>161.208</b>	50.583
Accumulated depreciation	<b>(29.449)</b>	(1.834)
Net book amount	<b><u>131.759</u></b>	<u>48.749</u>

The Company's land and buildings were last revalued in 2000 by independent valuer on the basis of open market value. The revaluation surplus net of applicable deferred taxation was credited to the revaluation reserve in shareholders' equity (Note 20).

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

	<b>2002</b> C£	2001 C£
Cost	<b>1.264.423</b>	1.264.423
Accumulated depreciation	<b>(119.529)</b>	(107.972)
Net book amount	<b><u>1.144.894</u></b>	<u>1.156.451</u>

Bank borrowings and overdrafts are secured on land and buildings of the Company to the value of C£1.550.000 (2001: C£515.000) (Note 21).

# G.A.P. Vassilopoulos Limited

## 13 Intangible assets

<b>Group</b>	Motor vechiles licenses "A" C£	Parking licenses C£	Goodwill on acquisition C£	<b>Total C£</b>
<b>For the year ended 31 December 2001</b>				
Net book amount at beginning of year	85.000	-	276.291	<b>361.291</b>
Additions (Note 27)	-	12.000	226.095	<b>238.095</b>
Amortisation change (Note 6)	-	-	(17.128)	<b>(17.128)</b>
Disposals	(85.000)	-	(84.092)	<b>(169.092)</b>
<b>Net book amount at the end of year</b>	<u>-</u>	<u>12.000</u>	<u>401.166</u>	<u><b>413.166</b></u>
<b>At 31 December 2001</b>				
Cost	85.000	12.000	513.887	<b>441.795</b>
Accumulated amortisation	-	-	(28.629)	<b>(28.629)</b>
Disposals	(85.000)	-	(84.092)	<b>(169.092)</b>
<b>Net book amount</b>	<u>-</u>	<u>12.000</u>	<u>401.166</u>	<u><b>413.166</b></u>
<b>For the year ended 31 December 2002</b>				
Net book amount at beginning of year	-	12.000	401.166	<b>413.166</b>
Additions (Note 27)	-	-	12.325	<b>12.325</b>
Amortisation charge (Note 6)	-	-	(21.921)	<b>(21.921)</b>
<b>Net book amount at the end of year</b>	<u>-</u>	<u>12.000</u>	<u>391.570</u>	<u><b>403.570</b></u>
<b>At 31 December 2002</b>				
Cost	-	12.000	442.120	<b>454.120</b>
Accumulated amortisation (Note 6)	-	-	(50.550)	<b>(50.550)</b>
<b>Net book amount</b>	<u>-</u>	<u>12.000</u>	<u>391.570</u>	<u><b>403.570</b></u>

# G.A.P. Vassilopoulos Limited

## 13 Intangible assets (continued)

Company	Parking licenses C£	Goodwill on acquisition C£	Total C£
<b>For the year ended 31 December 2001</b>			
Net book amount at beginning of year	-	-	-
Additions	12.000	-	<b>12.000</b>
<b>Net book amount at the end of year</b>	<u>12.000</u>	<u>-</u>	<u><b>12.000</b></u>
<b>At 31 December 2001</b>			
Cost	12.000	-	<b>12.000</b>
<b>Net book amount</b>	<u>12.000</u>	<u>-</u>	<u><b>12.000</b></u>
<b>For the year ended 31 December 2002</b>			
Net book amount at beginning of year	12.000	-	<b>12.000</b>
Transfer from related parties	-	187.125	<b>187.125</b>
Additions (Note 27)	-	12.325	<b>12.325</b>
Amortisation charge	-	(10.991)	<b>(10.991)</b>
<b>Net book amount at the end of year</b>	<u>12.000</u>	<u>188.459</u>	<u><b>200.459</b></u>
<b>At 31 December 2002</b>			
Cost	12.000	199.480	<b>211.480</b>
Accumulated amortisation	-	(10.991)	<b>(10.991)</b>
<b>Net book amount</b>	<u>12.000</u>	<u>188.459</u>	<u><b>200.459</b></u>

## 14 Investments in subsidiary undertakings

Company	2002 C£	2001 C£
<b>Cost</b>		
At beginning of year	<b>431.821</b>	394.807
Transfer (a)	-	36.014
Acquisition (bi, bii)	<b>760</b>	1.000
At end of year	<u><b>432.581</b></u>	<u>431.821</u>

(a) The transfer above represents the net liabilities of G.A.P. Mega Express Company Limited on the date of its acquisition, transferred to investments in associated undertakings following the disposal of the Company on 30 June 2001 in exchange for shares in G.A.P. Akis Express Limited (Note 5).

(b) (i) On 1 August 2001, the Company acquired G.A.P. Vassilopoulos Clearing & Bonded Limited (Note 27).

(ii) On 5 June 2002, the Company acquired 76% in G.A.P. Vassilopoulos e-media Limited (Note 27).

# G.A.P. Vassilopoulos Limited

## 14 Investments in subsidiary undertakings (continued)

(c) Details of the wholly subsidiary companies which are all incorporated in Cyprus are as follows:

Name of company	Issued share capital	Nominal value of each share	Principal activities	Interest held %
G.A.P. Vassilopoulos Express Limited	72 807	£1	International courier services	100
G.A.P. Vassilopoulos Aviation Limited	10 000	£1	Travel agency	100
G.A.P. Vassilopoulos Insurance Agencies Limited	26 400	£1	Insurance services	100
G.A.P. Vassilopoulos Financial Services Limited	54 050	£1	International Money transfers	100
G.A.P. Vassilopoulos Airfreight Services Limited	154 807	£1	Airfreight forwarding	100
G.A.P. Vassilopoulos Shipping Limited	84 198	£1	Shipping agency	100
G.A.P. Vassilopoulos Seafreight Limited	55 836	£1	Seafreight forwarding	100
G.A.P. Vassilopoulos Clearing and Bonded Limited	1 000	£1	Clearing and bonded services	100
G.A.P. Vassilopoulos e-media Limited	1 000	£1	Advertising services	76

## 15 Investments in associated undertakings

Group	2002 C£	2001 C£
At beginning of year	565.648	-
Additions	180.000	679.607
Share of result before tax	(175.010)	(129.657)
Share of tax (Note 9)	(1.706)	15.698
At end of year	<u>568.932</u>	<u>565.648</u>

# G.A.P. Vassilopoulos Limited

## 15 Investments in associated undertakings (continued)

The share of results before tax includes C£13.836 (2001: C£6.918) representing the amortisation charge of goodwill in respect of the acquisition of associated undertakings. Investments in associated undertakings include goodwill, the movement of which is as follows:

	2002 C£	2001 C£
Opening net book amount	269.800	276.718
Amortisation charge	(13.836)	(6.918)
Closing net book amount	<u>255.964</u>	<u>269.800</u>

The principal associated undertakings, all of which are unlisted, are:

Name	Issued share capital	Nominal value of each share	Country of incorporation	Interest held %
G.A.P. Vassilopoulos & James Louisides Limited	10 000	£1	Cyprus	50
G.A.P. Akis Express Limited	300 000	£1	Cyprus	50
G.A.P. Vassilopoulos Representative (Hellas) S.A.	2 000	€29,35	Greece	50

Company	2002 C£	2001 C£
At beginning of year	502.266	-
Additions	180.000	616.225
Share of result before tax	(175.010)	(129.657)
Share of tax	(1.706)	15.698
At end of year	<u>505.550</u>	<u>502.266</u>

The share of result before tax includes C£13.836 (2001: C£6.918) representing the amortisation charge of goodwill in respect of the acquisition of the associated undertakings. Investments in associated undertakings include goodwill, the movement of which is as follows:

	2002 C£	2001 C£
Opening net book amount	269.800	276.718
Amortisation charge	(13.836)	(6.918)
Closing net book amount	<u>255.964</u>	<u>269.800</u>



# G.A.P. Vassilopoulos Limited

## 15 Investments in associated undertakings (continued)

The principal associated undertakings, all of which are unlisted, are:

Name	Issued share capital	Nominal value of each share	Country of incorporation	% Interest held
G.A.P. Vassilopoulos & James Louisides Limited	10 000	£1	Cyprus	50
G.A.P. Akis Express Limited	300 000	£1	Cyprus	50
G.A.P. Vassilopoulos Representative (Hellas) S.A.	2 000	€29,35	Greece	50

## 16 Available-for-sale investments

Group	2002 C£	2001 C£
Opening net book amount	8.605	20.992
Effect of adopting IAS 39 (Note 20)	-	3.136
Additions	2.898	5.000
Disposals	-	(14.181)
Revaluation deficit (Note 20)	(2.159)	(6.342)
Closing net book amount	<u>9.344</u>	<u>8.605</u>
<b>Company</b>	<b>2002 C£</b>	<b>2001 C£</b>
Opening net book amount	3.605	20.992
Effect of adopting IAS 39 (Note 20)	-	3.136
Transfer from related party	5.000	-
Additions	2.898	-
Disposals	-	(14.181)
Revaluation deficit (Note 20)	(2.159)	(6.342)
Closing net book amount	<u>9.344</u>	<u>3.605</u>

# G.A.P. Vassilopoulos Limited

## 16 Available-for-sale investments (continued)

Available-for-sale investments, comprising principally marketable equity securities, are fair valued annually at the close of business on 31 December. For investments traded in active markets, fair value is determined by reference to Stock Exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying assets. Available-for-sale investments are classified as non-current assets, unless they are expected to be realised within twelve months of the balance sheet date or unless they will need to be sold to raise operating capital.

## 17 Stocks

	2002 C£	2001 C£
Stock of food (cost)	-	2.641
Stock of beverages (cost)	-	9.956
Packing materials (cost)	5.013	1.655
	<u>5.013</u>	<u>14.252</u>

## 18 Debtors and prepayments

Group	2002 C£	2001 C£
Trade debtors	4.124.855	3.408.335
Amount due from related company (Note 28)	-	6.740
Loans to related and associated companies (Note 28)	481.619	527.638
Other debtors and prepayments	524.966	319.494
	<u>5.131.440</u>	<u>4.262.207</u>

Company	2002 C£	2001 C£
Trade debtors	4.079.255	150.313
Loans to subsidiaries, associated and related companies (Note 28)	-	628.166
Other debtors and prepayment	523.962	62.290
	<u>4.603.217</u>	<u>840.769</u>

# G.A.P. Vassilopoulos Limited

## 19 Share capital

	2002		2001	
	Number of shares	C£	Number of shares	C£
<b>Authorised</b>				
Shares of C£0,10 each	<u>75 000 000</u>	<u>7.5</u>	<u>75 000 000</u>	<u>7.500</u>
<b>Issued and fully paid</b>				
At 1 January	38 630 092	3.8	13 850 000	1.380
Issue of shares (a1, a2)	101 529	10.1	6 175 001	617.500
Bonus issue of shares (b) (Note 20)	-	-	18 605 091	1.860
At 31 December	<u>38 731 621</u>	<u>3.8</u>	<u>38 630 092</u>	<u>3.860</u>

- (a) (1) On 22 November 2002, the Company issued 101 529 shares of C£0,10 each, fully paid by exercise of warrants.
- (2) On 27 February 2001, the Company issued 4 988 438 shares of nominal value of C£0,10 at the price of C£0.40 each.

On 6 April 2001, the Company issued 1 186 563 shares of nominal value C£0,10 at the price of C£0.40 each by Initial Public Offering as follows:

- (i) 306 250 shares were issued as consideration for the completion of acquisitions by the Company.
- (ii) 880 313 shares to the public.
- (b) On 6 April 2001, the Company made a bonus issue of 18 605 091 shares of C£0,10 each, fully paid by capitalisation of the share premium account and the fair value reserves.
- (c) On 6 April 2001, the Company also issued 2 575 339 warrants at a ratio 1 warrant to 15 shares. The warrants can be exercised in the period 1 to 15 September 2002 and 2003. The exercise price will be the 50% of the average closing prices of the Company's share in the period between 20 to 30 July inclusive of the relevant year (2002 and 2003), but not lower than the nominal value of the share price.

# G.A.P. Vassilopoulos Limited

## 20 Fair value reserves

<b>Group</b>	Land and buildings C£	Marketabl securitie C	To (
At 1 January 2001	158		1
Effect of adopting IAS39 (Note 16)	-		
Bonus issue of shares (Note 19)	(8		
Flotation expenses	(150		(1
Revaluation deficit (Note 16)	-	(	
At 31 December 2001/1 January 2002	<u>-</u>	<u>(</u>	<u>-</u>
Revaluation deficit (Note 16)	-	(	
Depreciation transfer – gross	(11		(
Depreciation transfer – tax	1		
Deferred tax adjustment due to inflation (Note 22)	2		
Deferred tax adjustment due to changes in tax rates (Note 22)	171		1
Flotation expenses	(10		(
At 31 December 2002	<u><u>152</u></u>	<u><u>(</u></u>	<u><u>1</u></u>
<b>Company</b>	Land and buildings C£	Marketabl securitie C	To (
At 1 January 2001	158.		1
Effect of adopting IAS39 (Note 16)	-		
Bonus issue of shares (Note 19)	(8.		
Flotation expenses	(150.		(1
Revaluation deficit (Note 16)	-	(	
At 31 December 2001/1 January 2002	<u>-</u>	<u>(</u>	<u>-</u>
Revaluation deficit (Note 16)	-	(	
Depreciation transfer – gross	(11.		(
Depreciation transfer – tax	1.		
Deferred tax adjustment due to inflation (Note 22)	2.		
Deferred tax adjustment due to changes in tax rates (Note 22)	171.		1
Flotation expenses	(10.		(
At 31 December 2002	<u><u>152.</u></u>	<u><u>(</u></u>	<u><u>1</u></u>

# G.A.P. Vassilopoulos Limited

## 21 Borrowings

Group	2002 C£	2001 C£
<b>Current</b>		
Bank overdrafts	636.172	965.102
Bank loans	123.708	43.811
Finance lease liabilities	35.021	10.910
	<u>794.901</u>	<u>1.019.823</u>
<b>Non-current</b>		
Bank loans	1.360.792	392.499
Finance lease liabilities	98.426	19.091
	<u>1.459.218</u>	<u>411.590</u>
Total borrowings	<u>2.254.119</u>	<u>1.431.413</u>
<b>Maturity of non-current borrowings (excluding finance lease liabilities):</b>		
Between 1 and 2 years	123.708	50.374
Between 2 and 5 years	618.542	293.383
Over 5 years	618.542	48.742
	<u>1.360.792</u>	<u>392.499</u>
	2002 C£	2001 C£
<b>Finance lease liabilities – minimum lease payments:</b>		
Not later than 1 year	43.830	13.931
Later than 1 year and not later than 5 years	113.415	24.743
	<u>157.245</u>	<u>38.674</u>
Future finance charges of finance leases	(23.798)	(8.673)
Present value of finance lease liabilities	<u>133.447</u>	<u>30.001</u>
	2002 C£	2001 C£
<b>The present value of finance lease liabilities is as follows:</b>		
Not later than 1 year	35.021	10.910
Later than 1 year and not later than 5 years	98.426	19.091
	<u>133.447</u>	<u>30.001</u>

The bank loans are repayable by monthly installments by December 2014. The bank loans and bank overdrafts are secured at follows:

- By floating charge on the Group's assets for an unlimited amount.
- By mortgage on the Group's land and buildings for C£1.550.000 (2001: C£515.000) (Note 12).

# G.A.P. Vassilopoulos Limited

## 21 Borrowings (continued)

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

	2002 %	2001 %
Bank loans	6,5	7,0
Bank overdrafts	6,5	7,0
Finance lease liabilities	9,0	9,5

  

Company	2002 C£	2001 C£
<b>Current</b>		
Bank overdrafts	636.172	98.627
Bank loans	123.708	43.811
Finance lease liabilities	35.021	-
Loans from related parties (Note 28)	1.247.734	-
	<u>2.042.635</u>	<u>142.438</u>
<b>Non-current</b>		
Bank loans	1.360.792	392.499
Finance lease liabilities	98.426	-
	<u>1.459.218</u>	<u>392.499</u>
Total borrowings	<u><u>3.501.853</u></u>	<u><u>534.937</u></u>
<b>Maturity of non-current borrowings (excluding finance lease liabilities):</b>		
Between 1 and 2 years	123.708	50.374
Between 2 and 5 years	618.542	293.383
Over 5 years	618.542	48.742
	<u>1.360.792</u>	<u>392.499</u>

  

	2002 C£	2001 C£
<b>Finance lease liabilities – minimum lease payments:</b>		
Not later than 1 year	43.830	-
Later than 1 year and not later than 5 years	113.415	-
	<u>157.245</u>	<u>-</u>
Future finance charges of finance leases	(23.798)	-
Present value of finance lease liabilities	<u>133.447</u>	<u>-</u>

  

	2002 C£	2001 C£
<b>The present value of finance lease liabilities is as follows:</b>		
Not later than 1 year	35.021	-
Later than 1 year and not later than 5 years	98.426	-
	<u>133.447</u>	<u>-</u>

# G.A.P. Vassilopoulos Limited

## 21 Borrowings (continued)

The bank loans are repayable by monthly installments by December 2014 (2001: December 2009). The bank loans and bank overdrafts are secured as follows:

- By floating charge on the Company's assets for an unlimited amount.
- By mortgage on the Company's land and buildings for C£1.550.000 (2001: C£515.000) (Note 12).

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

	2002 %	2001 %
Bank loans	6,5	7,0
Bank overdrafts	6,5	7,0
Finance lease liabilities	9,0	9,5
Loans from related parties (Note 27)	5,0	9,0

## 22 Deferred tax liabilities

Deferred taxation is calculated on all temporary differences under the liability method using the applicable tax rates (Note 9).

Deferred tax assets and liabilities are offset when the income taxes relate to the same fiscal authority.

The movement on the deferred taxation account is as follows:

Group	Deference between depreciation and wear and tear allowance C£	Revaluation o C	Tax losses C£	Total C£
At 1 January 2001	30.291	25	(6.042)	315.305
Charged/(credited):				
Income statement (Note 9)	30.823	(1	6.042	26.184
Disposal of subsidiary	(2.758)		-	(2.758)
At 31 December 2001	<u>58.356</u>	<u>28</u>	<u>-</u>	<u>338.731</u>
Credited:				
Income statement (Note 9)	(28.401)	(96	-	(29.361)
Revaluation reserve (Note 20)	-	(17	-	(173.322)
At 31 December 2002	<u><u>29.955</u></u>	<u><u>10</u></u>	<u><u>-</u></u>	<u><u>136.048</u></u>

# G.A.P. Vassilopoulos Limited

## 22 Deferred tax liabilities (continued)

Company	Difference between depreciation and wear and tear allowance	Revaluation of land and buildings C£	Tax losses C£	Total C£
At 1 January 2001		291.056	(6.042)	316.240
Charged/(credited):				
Income statement		(10.681)	6.042	20.747
At 31 December 2001		280.375	-	336.987
Credited:				
Income statement		(960)	-	(27.617)
Revaluation reserve (Note 20)		(173.322)	-	(173.322)
At 31 December 2002		106.093	-	136.048

## 23 Creditors and accruals

Group	2002 C£	2001 C£
Trade creditors	2.498.022	2.273.601
Amounts due to related party (Note 28)	30.152	-
Other creditors and accrued expenses	137.572	104.940
	<u>2.665.746</u>	<u>2.378.541</u>
<b>Company</b>	<b>2002 C£</b>	<b>2001 C£</b>
Trade creditors	2.026.774	242.197
Amounts due to related parties (Note 28)	117.305	-
Other creditors and accrued expenses	128.010	24.576
	<u>2.272.089</u>	<u>266.773</u>

## 24 Cash and cash equivalents

For the purposes of the consolidated cash flow statement, the cash and cash equivalents comprise the following:

	2002 C£	2001 C£
Cash at bank	1.709.788	1.674.607
Bank overdrafts	(636.172)	(965.102)
	<u>1.073.616</u>	<u>709.505</u>



# G.A.P. Vassilopoulos Limited

## 25 Commitments

Except for the rental commitment (Note 26) the Group had the following commitments:

### Operating lease commitments – where the Company is the lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2002 C£	2001 C£
Not later than 1 year	17.750	14.708
Between 1 and 2 years	11.850	19.091
	<u>29.600</u>	<u>33.799</u>

## 26 Contracts with Directors and connected persons

### (a) Rental commitment

The Group was committed to rent offices for C£160.000 (2001: C£66.000) per annum from G.A.P. Vassilopoulos Offices Limited, owned by Directors of the Group George, Aris and Petros Vassilopoulos, directors and main shareholders..

### (b) Employment contracts

The Company has retained employment contracts with the Directors Messrs George Vassilopoulos, Aris Vassilopoulos, Petros Vassilopoulos and Savvas Garibaldinos. These contracts expire on 31 December 2005. The monthly salaries of Messrs George Vassilopoulos, Aris Vassilopoulos and Petros Vassilopoulos will be C£3.630 (2001: C£3.300) each and that of Mr Savvas Garibaldinos will be C£1.705 (2001: C£1.550). For the year 2002 the monthly salaries of Messrs George Vassilopoulos, Aris Vassilopoulos and Petros Vassilopoulos has not been paid. Directors have no requirement to receive the balance in the future.

# G.A.P. Vassilopoulos Limited

## 27 Acquisitions

### 2002

- (a) On 5 June 2002, the Company acquired 76% of the share capital of the newly incorporated G.A.P. Vassilopoulos e-media Limited. There was no goodwill since the amount of C£760 paid represent the share capital which was acquired. The company has contributed income of C£27.044 and operating profit of C£1.541 to the Group for the year ended 31 December 2002. The assets and liabilities of the company at 31 December 2002 was C£31.960 and C£29.419 respectively.
- (b) During the year, the Company paid C£12.325 to acquire space rented to third parties (Note 13).

### 2001

- (a) On 1 August 2001, the Company acquired 100% of the share capital of G.A.P. Vassilopoulos Clearing & Bonded Limited. The acquired business contributed revenues of C£564.118 and operating profit of C£394 to the Group for the period from 1 August 2001 to 31 December 2001, and its assets and liabilities at 31 December 2001 were respectively C£1.549.831 and C£1.767.032.
- (b) During the year 2001, the Company acquired parking licenses relating to its hotel operations for the amount of C£12.000.
- (c) During the year 2001, the Group acquired the insurance business portfolio of a third party for C£7.500.

The details regarding the net assets and goodwill acquired are as follows:

	G.A.P. Vassilopoulos Clearing & Bonded Limited C£	Parking Licences C£	Insurance business portfolio C£	Total C£
Acquisition price:				
Cash payment	1.000	12.000	7.500	20.500
Total acquisition price	<u>1.000</u>	<u>12.000</u>	<u>7.500</u>	<u>20.500</u>
Net book value of net assets acquired	217.595	-	-	217.595
Goodwill (Note 13)	<u>218.595</u>	<u>12.000</u>	<u>7.500</u>	<u>238.095</u>

The fair value of the net assets equals the book value of net assets acquired.

# G.A.P. Vassilopoulos Limited

## 27 Acquisitions (continued)

The acquired assets and liabilities are as follows:

	G.A.P. Vassilopoulos Clearing & Bonded Limited C£	Parking Licences C£	Insurance business portfolio C£	Total C£
Cash and cash equivalents	(117.692)	-	-	(117.692)
Fixed assets	15.277	-	-	15.277
Debtors and prepayments	404.605	-	-	404.605
Creditors and accruals	(519.785)	-	-	(519.785)
	<u>(217.595)</u>	<u>-</u>	<u>-</u>	<u>(217.595)</u>
Goodwill	218.595	12.000	7.500	238.095
Total price of acquisition	<u>1.000</u>	<u>12.000</u>	<u>7.500</u>	<u>20.500</u>
Less:				
Cash and cash equivalents in the subsidiary acquired	117.692	-	-	117.692
Cash outflow due to acquisition	<u><u>118.692</u></u>	<u><u>12.000</u></u>	<u><u>7.500</u></u>	<u><u>138.192</u></u>

## 28 Related party transactions

The Company is controlled by Messrs George Vassilopoulos, Aris Vassilopoulos and Petros Vassilopoulos who each own 23,26% of the Company's share capital at 31 December 2002. The remaining 30,22% of the shares are widely held.

Related parties comprise companies which are related with GAP Vassilopoulos Limited through common directors or shareholders. The following transactions were carried out with related parties:

### (a) Sales of services

Group	2002 C£	2001 C£
G.A.P. Akis Express Limited (various services)	<u>57.243</u>	<u>24.905</u>
Company	2002 C£	2001 C£
G.A.P. Akis Express Limited (various services)	<u>57.243</u>	<u>-</u>

# G.A.P. Vassilopoulos Limited

## 28 Related party transactions (continued)

### (b) Purchase of services

<b>Group</b>	<b>2002 C£</b>	<b>2001 C£</b>
G.A.P. Akis Express Limited (courier services)	<b>31.631</b>	9.106

<b>Company</b>	<b>2002 C£</b>	<b>2001 C£</b>
G.A.P. Akis Express Limited (courier services)	<b>31.631</b>	-

### (c) Year-end balances

<b>Group</b>	<b>2002 C£</b>	<b>2001 C£</b>
Amount due from related party: G.A.P. Akis Express Limited	-	6.740

Amount due to related party: G.A.P. Akis Express Limited	<b>30.152</b>	-
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<b>Company</b>	<b>2002 C£</b>	<b>2001 C£</b>
Amount due to related party : G.A.P. Akis Express Limited	<b>30.152</b>	-

All above amounts are of trading nature.

# G.A.P. Vassilopoulos Limited

## 28 Related party transactions (continued)

### (d) Loans to related companies

<b>Group</b>	<b>2002</b> <b>C£</b>	<b>2001</b> <b>C£</b>
<b>Associated companies</b>		
G.A.P. Mega Express Company Limited	-	99.983
G.A.P. Vassilopoulos Insurances Representative (Hellas S.A)	<b>620</b>	98.173
G.A.P. Vassilopoulos & James Louisides Limited	<b>21.354</b>	(11.560)
	<u>21.974</u>	<u>186.596</u>
	<b>2002</b> <b>C£</b>	<b>2001</b> <b>C£</b>
<b>Companies related by common control</b>		
G.A.P. Vassilopoulos Travel Limited	<b>121.890</b>	341.035
G.A.P. Vassilopoulos Offices Limited	<b>170.148</b>	7
G.A.P. Vassilopoulos Restaurants Limited	<b>120.753</b>	-
G.A.P. Vassilopoulos Navigation Co. Limited	<b>5.900</b>	-
G.A.P. Vassilopoulos Ro-Ro & Conversion Cargo Limited	<b>751</b>	-
Sambrosa Holdings Limited	<b>40.203</b>	-
	<u>459.645</u>	<u>341.042</u>
Total	<u><b>481.619</b></u>	<u><b>527.638</b></u>
	<b>2002</b> <b>C£</b>	<b>2001</b> <b>C£</b>
<b>Company</b>		
<b>Subsidiaries</b>		
G.A.P. Vassilopoulos Aviation Limited	<b>25.154</b>	177
G.A.P. Vassilopoulos Clearing and Bonded Services Limited	<b>228.060</b>	546.655
G.A.P. Vassilopoulos Seafreight Limited	<b>(362.970)</b>	133.569
G.A.P. Vassilopoulos Insurance Agencies Limited	<b>(351.267)</b>	129.427
G.A.P. Vassilopoulos e-media Limited	<b>9.795</b>	-
G.A.P. Vassilopoulos Shipping Limited	<b>(316.114)</b>	(27.175)
G.A.P. Vassilopoulos Airfreight Services Limited	<b>(381.635)</b>	(282.008)
G.A.P. Vassilopoulos Express Services Limited	<b>(223.249)</b>	(33.821)
G.A.P. Vassilopoulos Financial Services Limited	<b>(310.249)</b>	(87.277)
	<u><b>(1.682.475)</b></u>	<u>379.547</u>

# G.A.P. Vassilopoulos Limited

## 28 Related party transactions (continued)

### (d) Loans to related companies (continued)

	2002 C£	2001 C£
<b>Related companies</b>		
G.A.P. Mega Express Company Limited	-	99.983
G.A.P. Vassilopoulos Representative (Hellas) S.A.	-	67.884
G.A.P. Vassilopoulos & James Louisides Limited	<b>24.861</b>	(5.203)
G.A.P. Vassilopoulos Insurance Representatives (Hellas) S.A.	<b>4.124</b>	-
	<u><b>28.985</b></u>	<u>162.664</u>
<b>Associated companies</b>		
G.A.P. Vassilopoulos Restaurants Limited	<b>29.825</b>	-
G.A.P. Vassilopoulos Ro-Ro Conventional Cargo Limited	<b>746</b>	-
Sambrosa Holding Limited	<b>8.361</b>	-
G.A.P. Vassilopoulos Offices Limited	<b>321.721</b>	-
G.A.P. Vassilopoulos Navigation Limited	<b>5.900</b>	-
G.A.P. Vassilopoulos Travel Limited	<b>39.203</b>	85.955
	<u><b>405.756</b></u>	<u>85.955</u>
	<u><b>(1.247.734)</b></u>	<u>628.166</u>

### (e) Directors' remuneration

The total remuneration of the Directors was as follows:

	2002 C£	2001 C£
Emoluments in their executive capacity	<u><b>48.475</b></u>	<u>78.650</u>

## 29 Post balance sheet events

On 3 January 2003, the Board of Directors of G.A.P. Vassilopoulos Limited, decided to proceed with the transfer of the operations and assets and liabilities of all its subsidiary companies with the exception of Classic Hotel, G.A.P. Vassilopoulos Removals and G.A.P. Vassilopoulos Travel, to the group's holding company, G.A.P. Vassilopoulos Limited at their book value with effect as from 1 January 2002.

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