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**PHIL. ANDREOU PUBLIC LTD**  
**INDICATION OF FINANCIAL RESULT (UNAUDITED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

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**1. Indication of financial result (unaudited)**

	<b>2007 £000</b>	<b>2006 £000</b>	<b>2007 EUR.000</b>	<b>2006 EUR.000</b>
Turnover	13.339	11.243	22.790	19.210
Cost of sales	(10.624)	(8.994)	(18.152)	(15.367)
<b>Gross profit</b>	<b>2.715</b>	<b>2.249</b>	<b>4.638</b>	<b>3.843</b>
Other income	796	136	1.361	232
Selling and distribution costs	(1.993)	(1.440)	(3.405)	(2.460)
Administration expenses	(1.126)	(971)	(1.924)	(1.659)
<b>Operating profit</b>	<b>392</b>	<b>(26)</b>	<b>670</b>	<b>(44)</b>
Related companies	(4)	(12)	(7)	(21)
	<b>388</b>	<b>(38)</b>	<b>663</b>	<b>(65)</b>
Net finance costs	(358)	(212)	(612)	(362)
Profit (Loss) before taxation	<b>30</b>	<b>(250)</b>	<b>51</b>	<b>(427)</b>
Taxation	(27)	13	(46)	22
<b>Loss after taxation</b>	<b>3</b>	<b>(237)</b>	<b>5</b>	<b>(405)</b>
Minority interest	(11)	(7)	(19)	(12)
<b>Net loss attributable to the shareholders of the Company</b>	<b>(8)</b>	<b>(244)</b>	<b>(14)</b>	<b>(417)</b>
<b>Loss per share</b>	<b>(0,07) cent</b>	<b>(0,54) cent</b>	<b>(0,12) cent</b>	<b>(0,93) cent</b>

**2. Basis of preparation and audit**

The accounting policies that have been followed for the preparation of the indication of the financial result for the year ended 31 December 2007 are in accordance with International Financial Reporting Standards and are the same as those used in the preparation of the annual financial statements of the Company and the Group.

The Exchange rate used for the conversion of Cyprus Pounds in Euro is the official rate locked Euro 1 = £ 0,585274

The audit of the financial statements of the Company and the Group has not been completed yet.

### 3. Turnover

Group turnover for 2007 increased by 19% from £11.2 (EUR19.2) million in 2006 to £13.3 (EUR22.8) million in 2007. The increase is analysed by activity segment as follows:

	<b>2007 £000</b>	<b>2006 £000</b>	<b>2007 EUR.000</b>	<b>2006 EUR.000</b>
Exports of display stands, shelving, warehouse equipment and shop fittings	1.109	2.048	1.894	3.499
Local sales of display stands, shelving, warehouse equipment and shop fittings	1.990	1.452	3.400	2.480
Digital printing	619	513	1.058	877
Advertising signs and similar services	755	836	1.290	1.428
Convenient shops	8.490	6.088	14.506	10.402
High technology products and services	376	306	642	524
<b>TOTAL</b>	<b>13.339</b>	<b>11.243</b>	<b>22.790</b>	<b>19.210</b>

The increase in sales is mainly due to the increase in the sales of convenient stores of the wholly owned subsidiary So Easy Kiosks Ltd by approximately £2.4 (EUR4.1) million, due to the opening of new and the significant increase in the sales of existing shops. There was also an increase of approximately £538 (EUR920) thousand in local sales of display stand, shelving and similar products as well as digital printing sales, advertising signs and high technology products. There was a decrease in exports of £939 (EUR1.605) thousand. We must note that the strong competition and the depreciation of the US Dollar in relation to the Cyprus Pound affected negatively the income from exports both in volume and in value.

### 4. Operating profit

The Group's operating results before the deduction of interest and tax shows an improvement of £418 (EUR714) thousand, i.e. reversal of loss of £26 (EUR44) thousand in 2006 to profit of £392 (EUR670) thousand in 2007. The following factors contributed significantly to the change in the result:

- Increase of turnover.
- Continued decrease in the prices of exported products due to competitive pressures.
- Increase in production costs due to increases in the cost of raw materials, depreciation, payroll and the increase in rent and license fees paid to municipalities and local authorities in respect of outdoor media sector.
- Decrease of depreciation

The selling and administration expenses showed an increase of £708 (EUR1210) thousand mainly due to the increase in volume of sales of So Easy Kiosks Ltd caused by an increase in turnover and the opening of new shops.

### 5. Other income

In 2007 an amount of £545 (Euro 931) thousand is included in other income which represents the profit before Capital Gains Tax of a factory sold during the year.

### 6. Financing cost

In 2007 net financing costs showed an increase of £146 (EUR250) thousand compared to 2006. The increase is mainly due to additional, one off costs, arising from refinancing of the Group and the transfer of financing facilities to other providers.

## **7. Profit before and after taxation**

Based on the above, Group results before taxation and minority interest for 2006 have improved by £280 (EUR478) thousand, i.e. the loss before tax has turned from loss £250 (EUR427) thousand in 2006 to profit of £30 (EUR51) thousand in 2007.

A tax provision of £45 (EUR62) thousand (credit balance) was made for the year compared to a provision of £13 (EUR22) thousand made in 2006. A further Capital Gains Tax of £74 (Euro126) thousand was charged against the sale of the factory this year resulting to a tax charge of £27 (Euro 46) thousand. This resulted in the reduction of loss after tax by £240 (EUR410) thousand, i.e. the net loss after taxation and minority Interest attributable to shareholders has decreased from £244 (EUR417) thousand in 2006 to £8 (EUR14) thousand in 2007.

In the profit warning issued in January 2008 the Company's announced that it expected an improvement in the results for the year 2007 in comparison to the previous year.

### **Prospects for the year 2008**

The Board of Directors based on the budgets prepared for 2008, the progress of new investments and the plans for further economies, expects that the improvement in the Group's results will continue in 2008 and expects it to return to profitability.

It must be stressed that the financial results are affected by factors outside the control of the Company and the Group. Such factors include the exchange rate of the U.S. Dollar to the Euro and the prices of raw materials, which have a direct impact on the gross profit margins of export sales, whilst at the same time the promotional budgets and policies of multinational companies -customers of the Group -in addition with the intense competition have an adverse effect on the achievement of the export targets.

### **Dividend policy**

The Board of Directors has decided to examine the payment of dividends for the year at its next meeting.