

Sharelink Financial Services Group

Presentation to **Analysts at the CSE**

By Philip Larkos, Vice-Chairman & CFO

Nicosia, 15th September 2003



- **The SFS Group**
 - **Recent restructuring undertaken**
 - **Sharelink Securities-Cyprus KEPEY operations**
 - **SFS International Securities-UK operations**
 - **Ocean Challenge-Shipping operations**
 - **WKP-Property operations**
 - **WKH-Private equity operations**
 - **Associated companies**
 - **Future prospects**
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- **Started as a stockbroking partnership back in 1988**
 - **Incorporated in 1996 with the official launch of the CSE**
 - **SFS Group created in February 1998 with AAA United Stockbrokers**
 - **SFS becomes a public company in April 1999 and offers shares to employees and clients raising £3m**
 - **SFS lists on the CSE in July 1999**
 - **WKH established in November 1999**
 - **TFI raises \$15m and commences operations in March 2000**
 - **SFSIS set up in the UK and commences operations in Sept 2000**
 - **SFS takes control of WKH in September 2001**
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- **Total assets: £130m**
- **Group net assets: £54m**
- **Shareholders equity: £23m**
- **Number of employees: 95 (of which 11 in UK)**
- **Group market share on CSE: 10,0%+**
- **3rd party funds under management: £22m+**

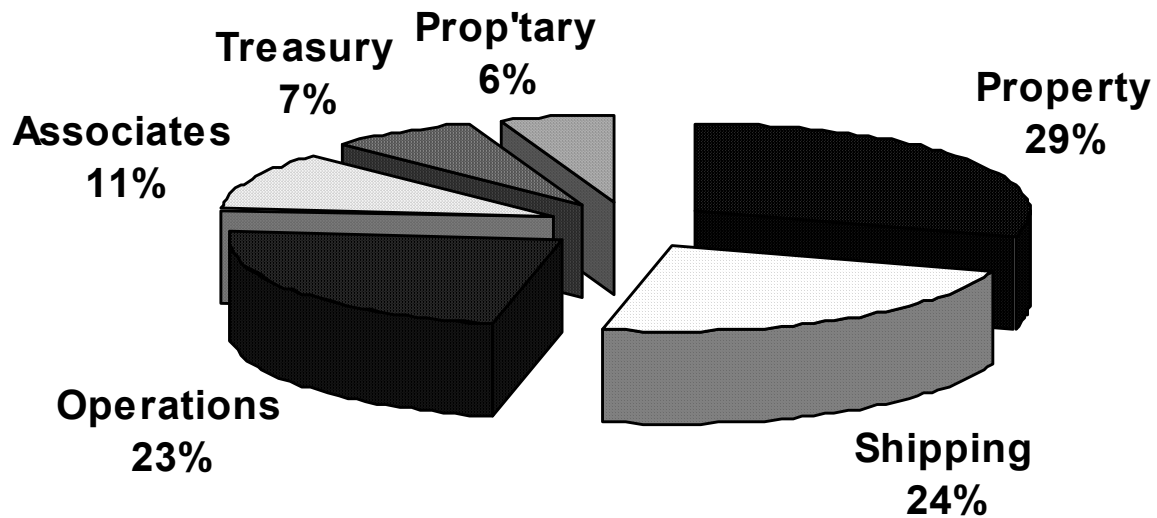


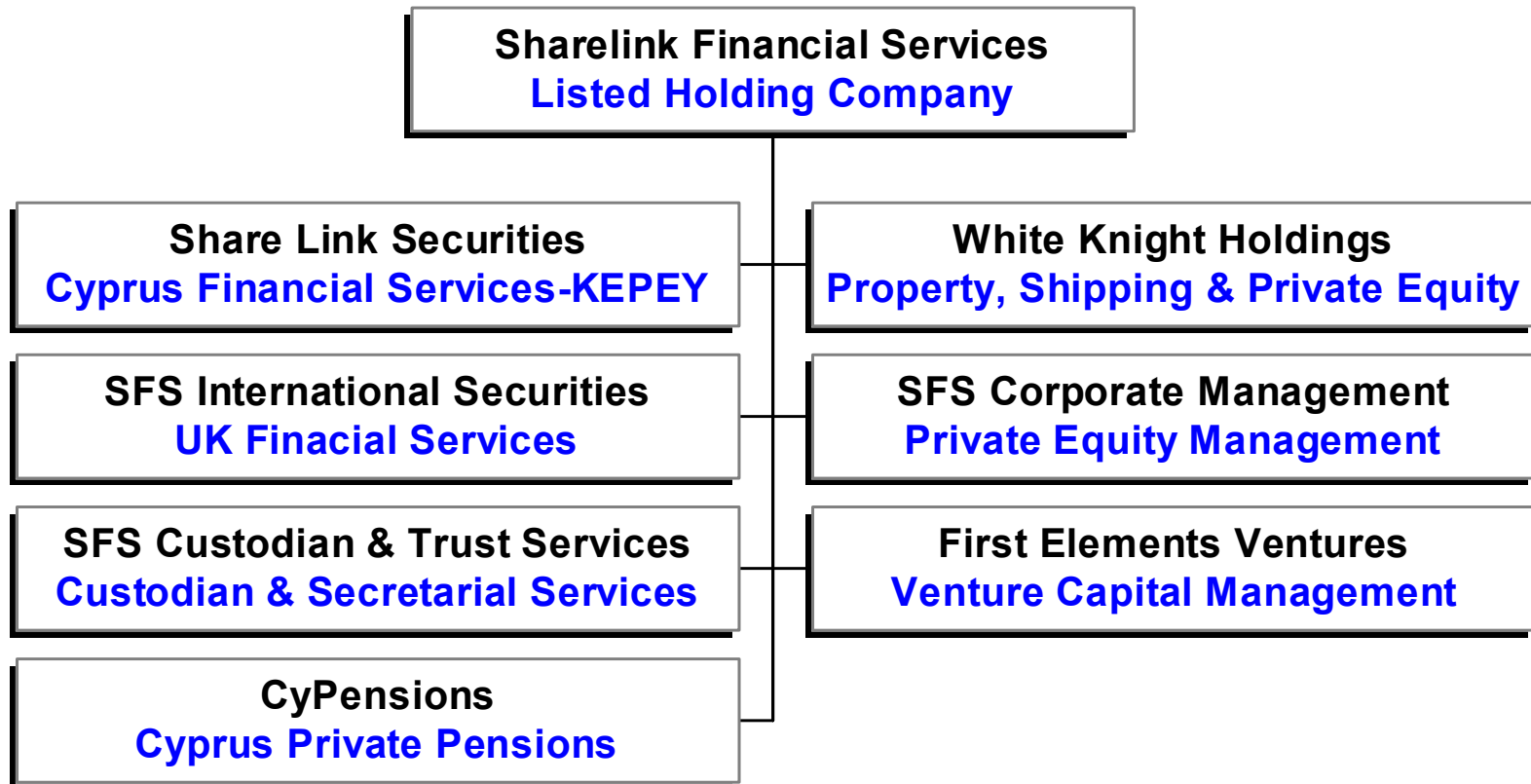
SFS Group

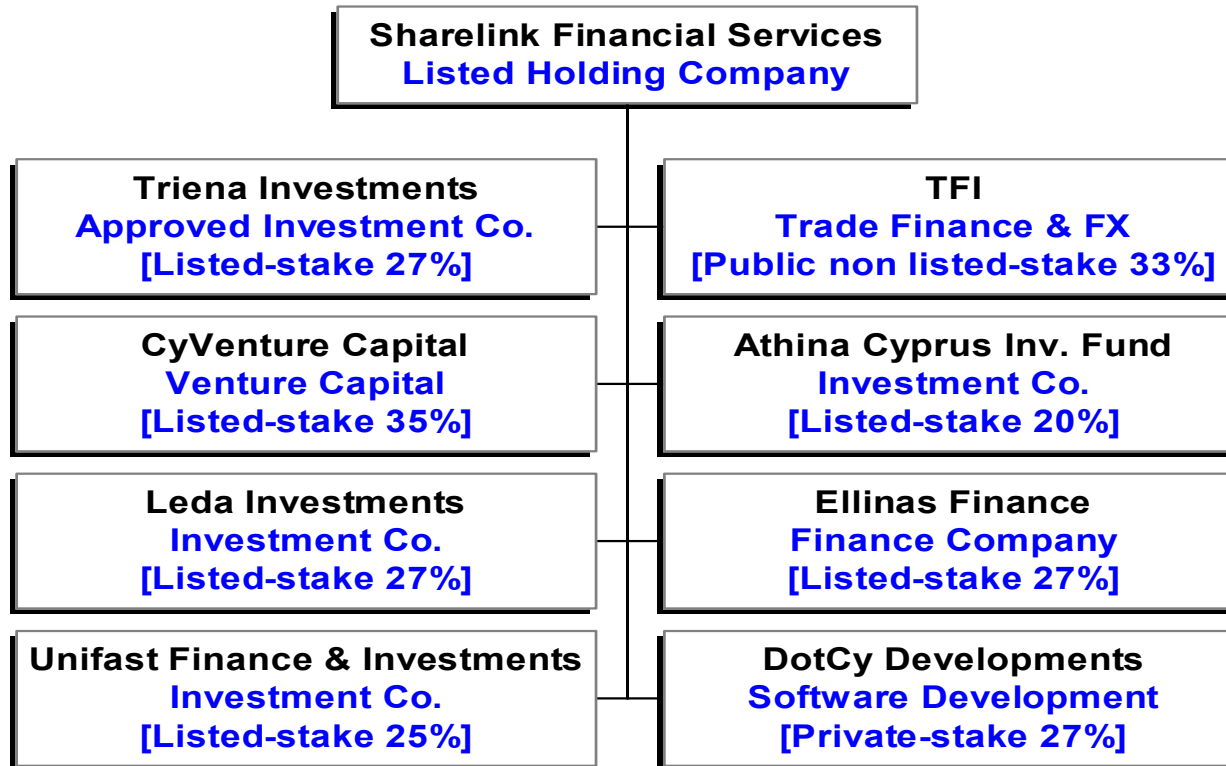
Staff numbers

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- **Executive Management & Support [staff: 7]**
 - **Local Fin. Services-KEPEY [staff: 34]**
 - **Investment consultants [staff: 14]**
 - **UK Fin. Services-SFSIS [staff: 11]**
 - **Shipping [staff: 2]**
 - **Property [staff: 4]**
 - **Private Equity & Venture Capital [staff: 6]**
 - **Accounting, Legal, MIS & Support [staff: 17]**
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SFS Group

Other significant listed stakes

Company	Stake	Shares	Market Value	Book Value
Zorbas Bakeries	5.3%	788,048	£1,024,462	£400,155
Hellenic Bank	0.6%	1,324,070	£860,646	£965,000
Logicom	8.2%	5,038,537	£655,010	£1,241,034
Actibond Growth Fund	11.0%	6,355,000	£444,850	£470,270
Demetra Investments	0.8%	1,556,382	£451,351	£780,261
Champignon (Cyprus)	12.9%	2,784,999	£334,200	£799,826
C.A. Papaellinas Trading	4.0%	620,293	£217,103	£196,057
Telia Aqua Marine	3.9%	883,863	£176,773	£275,772
Libra Holidays Group	0.5%	287,376	£114,950	£348,745
			£4,279,344	£5,477,120

Market values are based on share prices on 10th Sept. 2003, CSE Index: 87.54



SFS Group

P&L Summaries

[CYP'000]	1998	1999	2000	2001	2002	1H03
Turnover	702	7,182	18,470	15,517	20,853	11,395
Overheads	621	9,140	9,012	7,952	10,877	4,488
Finance costs	30	167	958	3,217	4,444	2,052
Provisions etc.	-	9	284	2,029	11,443	434
Investments	395	12,881	4,859	(15,952)	(6,212)	(604)
Property	-	-	-	295	869	28
Associates	-	6,398	(1,846)	(9,777)	(2,298)	(185)
Net profit/(loss)	379	15,043	9,444	(24,045)	(20,964)	(1,902)



SFS Group

Make up of losses

[£'000]	2000	2001	2002	Total
Investment losses-unrealised	(3,794)	(7,742)	(3,821)	(15,357)
Investment losses-realised	0	(8,210)	(2,391)	(10,601)
Total investment losses	<u>(3,794)</u>	<u>(15,952)</u>	<u>(6,212)</u>	<u>(25,958)</u>
Share of associates losses	<u>(1,846)</u>	<u>(9,777)</u>	<u>(2,298)</u>	<u>(13,921)</u>
Total investment related losses	(5,640)	(25,729)	(8,510)	(39,879)
Goodwill amortisation	(284)	(1,195)	(1,348)	(2,827)
Provisions, w/offers etc.	0	(834)	(10,095)	(10,929)
Total non-operating losses	<u>(5,924)</u>	<u>(27,758)</u>	<u>(19,953)</u>	<u>(53,635)</u>
Reported profit/(loss)	<u>9,444</u>	<u>(24,045)</u>	<u>(20,964)</u>	<u>(35,565)</u>
Non investment related result	<u>15,368</u>	<u>3,713</u>	<u>(1,011)</u>	<u>18,070</u>



SFS Group

Balance Sheet Summaries

[CYP'000]	31.12.98	31.12.99	31.12.00	31.12.01	31.12.02	30.6.03
Total assets	2,171	63,448	101,049	145,744	131,639	128,697
Net current assets	865	5,615	(782)	5,943	10,652	9,892
Cash	67	4,900	4,468	13,007	3,669	3,665
Short term debt	182	301	18,746	21,664	9,860	8,950
Long term debt	260	-	8,397	22,888	45,198	52,035
Group net assets	825	37,908	55,197	88,567	59,208	54,069
Shareholders equity	825	37,908	55,019	50,075	25,877	23,294



SFS Group

Asset Summary [30.06.03]

Asset class	CYP'000	% of total
Cash & cash equivalents	3,664	3.0%
Listed investments	6,845	5.7%
Trade debtors & receivables	8,098	6.7%
Stocks & development land	9,787	8.1%
Investment properties	29,498	24.5%
Ships	28,260	23.4%
Land, buidings & machinery	14,435	12.0%
Long term receivables	4,551	3.8%
Investment in associates	15,452	12.8%
Total	120,590	100.0%



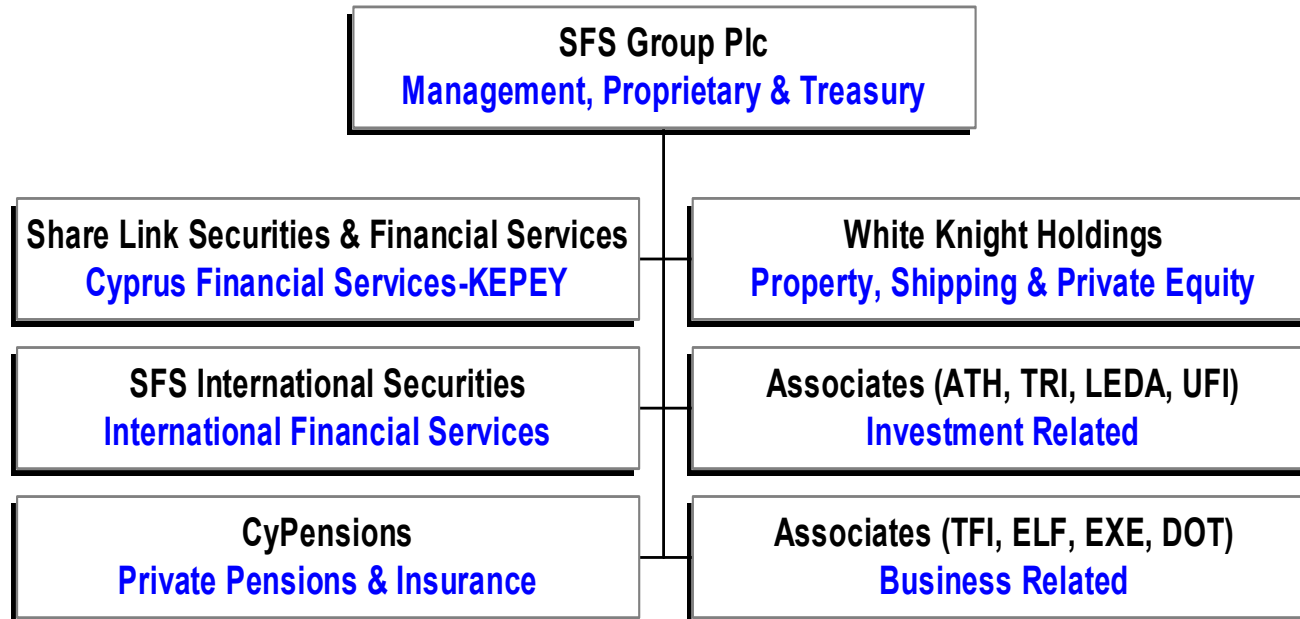
SFS Group Liabilities Summary [30.06.03]

Liability class	CYP'000	% of total
Bank overdrafts	6,630	9.4%
Trade & other creditors	7,631	10.8%
Taxation	548	0.8%
Current portion of loans (ships)	1,593	2.3%
Current portion of loans (trading)	727	1.0%
Long term loans (ships: 2-11 years)	15,542	22.0%
Long term loans (local: 4-10 years)	36,493	51.7%
Convertible debentures (SFSD)	1,454	2.1%
Total	70,618	100.0%



- **Group activities and management due to diversity of operations and assets have been clearly divided into the following:**
 - **Financial Services Providers**
 - **Investment and Asset Holdings**
 - **Proprietary Trading (listed local & international)**
 - **Treasury Operations (cash and receivables)**
 - **Group Management**
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SFS Group

Asset Allocation

Activity	Assets	Liabilities	Net Assets	% NAs
	CYP'000s	CYP'000s	CYP'000s	
Financial services	2,900	548	2,352	5%
Investment holdings	15,452	2,500	12,952	26%
Asset holdings	89,161	65,616	23,545	47%
Proprietary trading	5,945	500	5,445	11%
Treasury operations	7,132	1,454	5,678	11%
	120,590	70,618	49,972	100%



Sharelink Securities & Financial Services



- **Company incorporated in 1996**
 - **Took over business of AAA United Stockbrokers in 2002**
 - **Took over business of Clappas Securities in 2002**
 - **Secured KEPEY license to carry out all investment related activities [brokerage, investment banking, asset management, research and underwriting]**
 - **Share capital: £1,500,000 [SFS has 95.5% stake]**
 - **Member of the Cyprus Stock Exchange from March 1996**
 - **Large pool of specialised “human capital”**
 - **Market leader in terms of brokerage with >10% share**
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SFS International Securities



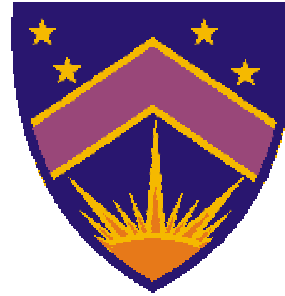
International Securities



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- **Company incorporated in January 2000, commenced operations in September 2000**
 - **Share capital: £945,000, SFS has 77% stake**
 - **Employs 8 SFA registered brokers, 2 support and 1 compliance officer [very lean cost effective operation]**
 - **SFA regulated, Category C in July 2001**
 - **Member of the London Stock Exchange in June 2001**
 - **Client base:**
 - **Primarily UK institutions, professional investors and public**
 - **Secondarily UK Greek and Cypriot community that want access to Cyprus, Greek and other markets with emphasis on UK equities**
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White Knight Holdings Group



WHITE KNIGHT
— **H O L D I N G S** —



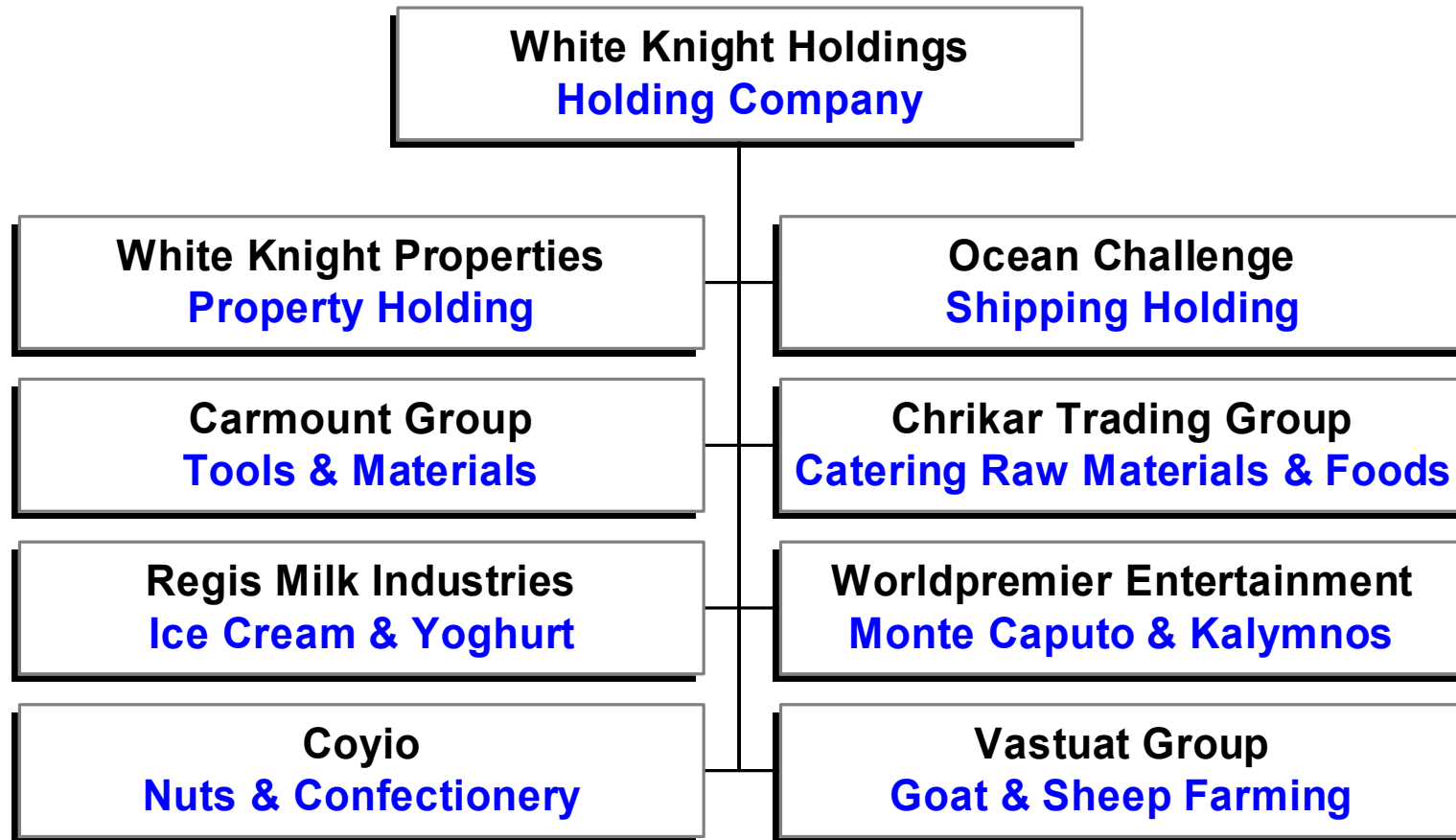
SHARELINK FINANCIAL SERVICES GROUP

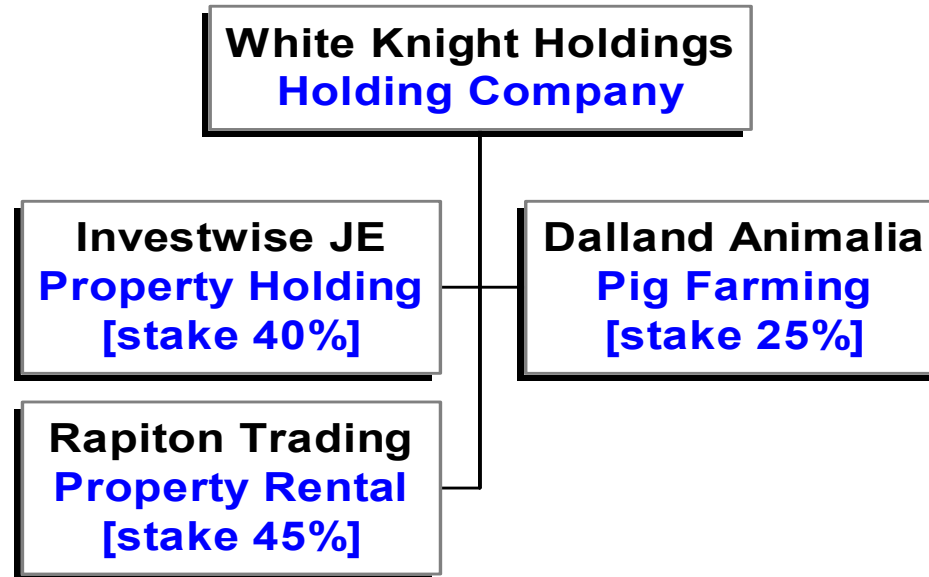
- **Total assets: >£113m**
- **Shareholders equity: >£56m**
- **Number of employees: >300**
- **Buildings: >40,000 sq.m**
- **Property portfolio: >2,800 hectares**
- **Property under development: 80 hectares**
- **Buildings in progress: 1,700 sq.m**
- **New ships delivered and operating: 4**
- **New ships under construction: 2**
- **Goat & sheep farms: >4,500 animal heads**

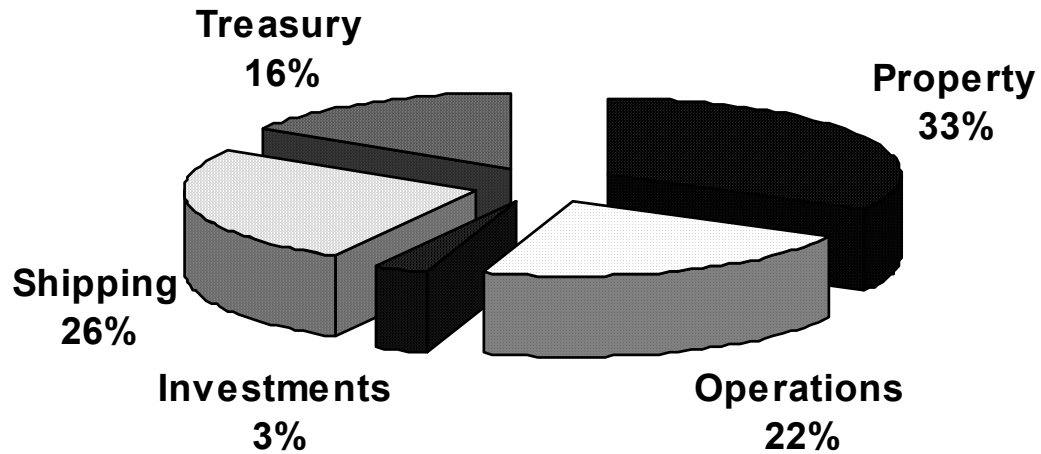


WKH Group

Main subsidiaries



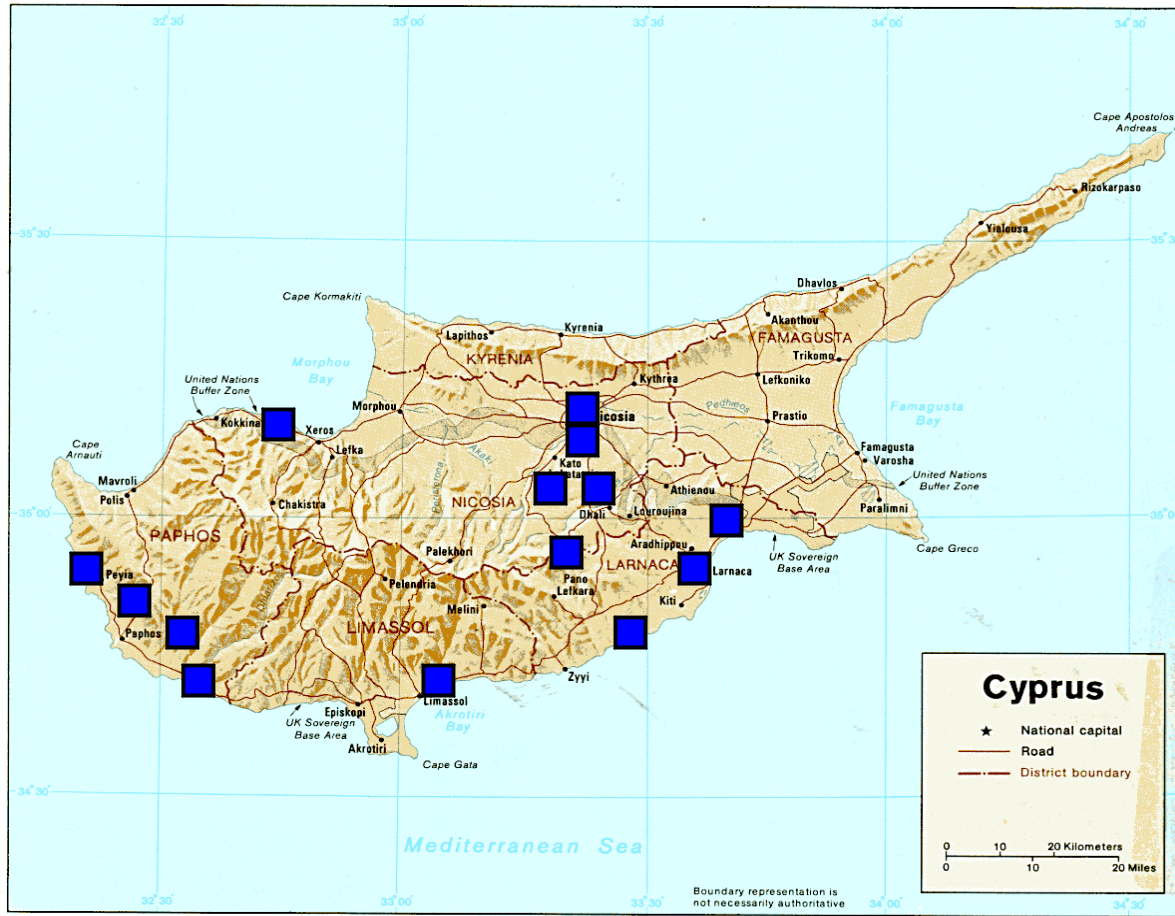




- **100% subsidiary of WKH**
- **13 wholly owned property subsidiaries**
- **Market value of properties: >£40 million**
- **Buildings: >33,000 sq.m**
- **Property portfolio: >2,100 donums**
- **Annual rental income: >£400,000**
- **Participation in Investwise which owns 57 buildings/plots in Nicosia (52 buildings/plots within the walls of old Nicosia)**

WKP

Property locations



Base 504556 10-80



WKP

Some properties



Ocean Challenge

Shipping activities



Ocean Challenge

Shipping

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- **Ocean Challenge stake in Waverland: 51%**
 - **6 new “handy size bulk carrier” ships under construction in China**
 - **Total cost of investment: \$93 million [\$15,5m per ship]**
 - **Project financed 70% by: Hamburgische Landesbank, Germany**
 - **Shareholders equity: \$28 million**
 - **Delivery from January 2002 to 2005, 4 ships delivered to date**
 - **Bare boat chartered to Canadian Forest Navigation for 12 years**
 - **Charter rate: \$5,400 per ship per day [\$12m per annum]**
 - **Guaranteed buy back by charterer after 12 years at \$9m per ship**
 - **IRR for project: around 20% [depending on USD LIBOR]**
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Ocean Challenge

Shipping



WKH Group

Private Equity Investments



- Chrikar Trading [70%] **Market leader with sales >£5.5m**
- Carmount (tools and materials) [70-100%] **Market leader with sales >£5m**
- Regis Milk Industries [51%] **Market leader with sales >£3m**
- Coyio (Nuts) [70%] **3rd in market with sales >£0.6m**
- Forumfront (Monte Caputo) [90%] **Market leader with sales >£0.7m**
- S&P Catering Enterprises (Kalymnos) [51%]
- Vastuat (Goat & Sheep farming) [100%] **Market leader but still building stock of animals**

SFS Group

TFI-Associated

- **SFS has a 34% stake of which 4% is held by WKH**
- **Company is public non listed with over 100 shareholders**
- **Shareholders equity >\$19m (£10m)**
- **Company operates in the niche fields of trade finance (mostly with emerging markets in Balkans, Russia and the CIS incl. Kazakhstan) and foreign exchange**
- **Company is very lean and has reported increasing profits from the commencement of operations in 2000 (2002 Net Profit: \$1.6m)**
- **Company is planning further expansion overseas and is seeking to list on a stock exchange during 2004**



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- **SFS has a 20% stake, Hellenic Bank has 30% stake**
 - **Company jointly managed with Hellenic Bank Investments**
 - **Company listed on CSE in “Others Sector”**
 - **Shareholders equity >£26m**
 - **Cash reserves >£11m**
 - **Has a diversified range of investments**
 - **Operates the only “for profit” incubator in Cyprus**

- **SFS has a 27% stake**
- **Company listed on CSE in “Financial Services Sector”**
- **Shareholders equity: £7m**
- **Cash reserves: £1.1m**
- **Company provides margin a/cs for investors, short term finance, cheque discounting and operates the MoneyGram money transfer franchise in Cyprus**



- **SFS has a 40% stake through WKH**
- **Company is private and 60% is held by a family unrelated to SFS**
- **Shareholders equity >£6m**
- **Company owns 57 buildings/plots in Nicosia (52 buildings/plots within the walls of old Nicosia)**
- **Company has an annual rental income >£260,000**

SFS Group

Dalland Animalia-Associated

- **SFS has a 25% stake through WKH**
- **Shareholders equity >£2m**
- **Company is involved in the production of “pig sperm” and sale of female piglets**
- **Company is also involved in pig farming in Nicosia and Limassol districts**



Continue further development of the Group into a multi-service diversified investment bank, with significant exposure in investment and asset holdings, by building the balance sheet, maximising income growth, optimizing risk-weighted average returns, tightly monitoring costs and continuously assessing and improving risk management procedures



Asset Allocation at 30th June 2003

Activity	Assets	Liabilities	Net Assets	% NAs
	CYP'000s	CYP'000s	CYP'000s	
Financial services	2,900	548	2,352	5%
Investment holdings	15,452	2,500	12,952	26%
Asset holdings	89,161	65,616	23,545	47%
Proprietary trading	5,945	500	5,445	11%
Treasury operations	7,132	1,454	5,678	11%
	120,590	70,618	49,972	100%



SFS Group Future Prospects-Assumptions

Globally

- No major terrorist activity in Europe and USA over 2/5 year horizons
- Global economic conditions-moderate to positive in USA and Europe
- Low interest rate environment for USD and EURO over 2/5 year horizons [5yr: <4%]
- Inflation levels below 3% per annum over 2/5 year horizons
- Positive GDP growth rates > 2% per annum

Locally

- Positive GDP growth rates > 3% per annum
 - Tourism growth from 2004 to 2008 of 4-5% per annum
 - Low interest rate environment for CYP in line with EURO over 2/5 year horizons
 - Inflation levels below 3% per annum over 2/5 year horizons
 - Positive capital flows and no CYP devaluation
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Assuming a 2 year horizon from 30th June 2003

Activity	Revenue growth	Asset appreciation	Annualised ROE
Financial services	100%	n/a	40%
Investment holdings	n/a	50%	23%
Asset holdings	50%	30%	14%
Proprietary trading	n/a	55%	25%
Treasury operations	n/a	25%	11%

Weighted average annualised ROE:

18%



Assuming a 5 year horizon from 30th June 2003

Activity	Revenue growth	Asset appreciation	Annualised ROE
Financial services	200%	n/a	65%
Investment holdings	n/a	115%	19%
Asset holdings	150%	110%	17%
Proprietary trading	n/a	135%	22%
Treasury operations	n/a	70%	11%

Weighted average annualised ROE:

20%



We are open to any questions on the presentation

