

Lordos Hotels (Holdings) Public Limited

INTERIM MANAGEMENT STATEMENT for the half year ended 30 June 2017

A. The Report's Accounting Standards

1. The condensed interim consolidated financial statements prepared in accordance with IAS 34 "Interim Financial Statements" have not been audited by the Group's external auditors.
2. In preparing the results for the first half of 2017, the same accounting policies and the same calculation basis as in the annual accounts for the year ended 31 December 2016 were used.

The condensed interim consolidated financial statements must be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2016.

B. Financial analysis of the Results and comparison with the corresponding results of 2016

1. The Group's turnover increased by approximately €542 thousand or 10.73% to €5,048,606. This is due to increased hotel bookings and prices.
2. Gross profit increased by approximately €250 thousand or 11.05% to €2,266,524 due to the increase in turnover.
3. Administrative expenses (which include depreciation and amortization of €526,244 as against €558,766 in 2016) have increased by approximately €5 thousand to €1,128,365 due to the increase in turnover.
4. Other operating costs increased by approximately €89 thousand to €656,494 (2016: €567,737). The change is due to comparatively increased costs of maintenance and renovations of €227,785 (2016: €128,280) as well as decreased immovable property tax for 2017 to €24,007 (2016: €44,967).
5. Financial costs decreased by approximately €34 thousand to €42,081 (2016: €76,431) due a decrease in borrowings and interest rates.
6. Net profit before tax increased by approximately €229 thousand to €335,236 (2016: €106,663).

C. Main risks and uncertainties

Following a long economic recession, the Cyprus economy has started recording positive growth rates with signs of improvement, mainly in the macroeconomic environment. Despite this improvement, growth rates in the real economy remain low. The long-term prospects of the Cyprus economy remain positive. There are, however, downside risks, the most significant of which are the high levels of non-performing loans and the possible deterioration of the external environment.

These risks, coupled with the existing problems of the Cyprus economy, could negatively affect the value of the assets, the financial results and the capacity of the Group's trade and other debtors to repay the amounts owed to the Group.

The course of the Cyprus economy may have an impact on the Group's operations and its financial situation. The Group's Management is taking all necessary measures to ensure the sustainability of its operations. It is not, however, in a position to predict all developments with a possible impact on the Cyprus economy and therefore current predictions and calculations could vary from the actual results.

The main risks to which the Group is exposed are set out in Note 2.5 to the interim financial statements in question and are further analysed in Note 3 to the consolidated financial statements for the year ended 31 December 2016.

D. Subsequent material events and impact on the Interim Financial Statements

There have been no other material events with an impact on the interim financial statements in question after the balance sheet date.

E. Prospects

Based on the data available to date and indicated prospects, the Group's results for 2017 are expected to be significantly improved compared to 2016.

F. Other material information

There is no other material information that affects or could affect the assessment of the Report.

G. Transactions with related parties

Pursuant to the provisions of IAS 24 "Related Party Disclosures", transactions with related parties are disclosed in Note 15 to the Condensed Interim Consolidated Financial Statements.

H. Publication

The condensed interim results will not be sent to the shareholders. However, the Condensed Interim Consolidated Statement of Profit and Loss and other Comprehensive Income will be published in Politis newspaper on 21 September 2017. The condensed Interim Consolidated Financial Statements are available, free of charge, at the Company's registered office, (3 Zenonos Sozou Str., 1st floor, 3105 Limassol, P.O.Box 51094, 3501, Tel: +357 818444, Fax: +357 25 372282, Email: lh@adamides.com) and the Company's Management Offices (10 Kantaras Str., P.O.Box 42881/8, 7081 Pyla, Larnaca, Tel: +357 24 646880, Fax: +357 24 645880) and are posted on the websites of the Company (www.lordos.com.cy) and the Cyprus Stock Exchange (www.cse.com.cy).

19 September 2017

THE BOARD OF DIRECTORS