

KARTEREDA HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
31 December 2008

KARTEREDA HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2008

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KARTEREDA HOLDINGS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Androulla Zavalli Teves
Company Secretary:	Brena Services Limited 8 Zinonos Kitieos street Kato Lakatamia 2322 Nicosia, Cyprus
Independent Auditors:	Horwath DSP Limited Chartered Certified Accountants Photiades Business Centre 1st floor, 8 Stassinou Avenue P.O. Box 22545 1522 Nicosia
Registered office:	9A Falirou street Pallouriotissa 1046 Nicosia Cyprus

KARTEREDA HOLDINGS LIMITED

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2008.

Principal activity

The principal activity of the Company, which is unchanged from last year, is the holding of investments and provision of finance.

Review of current position, future developments and significant risks

The Company has incurred losses during the period. However the board of directors expects that the appreciation of the value of the investment in the forthcoming years will outweigh these losses.

The most significant risks faced by the Company and the steps taken to manage these risks, are described in note 3 of the financial statements.

Results

The Company's results for the year are set out on page 5. The net loss for the year is carried forward.

Share capital

There were no changes in the share capital of the Company during the year.

Board of Directors

The members of the Board of Directors of the Company as at the date of this report are shown on page 1. The sole director was a member of the board throughout the year ended 31 December 2008.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Post balance sheet events

Any significant events that occurred after the end of the year are described in note 16 to the financial statements.

Independent Auditors

The independent auditors, Horwath DSP Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Androulla Zavalli Teves
Director

Nicosia, 2 February 2009

Independent Auditors' Report

To the Members of Kartereda Holdings Limited

Report on the Financial Statements

We have audited the financial statements of the parent company Kartereda Holdings Limited (the "Company") on pages 5 to 15, which comprise the balance sheet as at 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report (continued)

To the Members of Kartereda Holdings Limited

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the parent company Kartereda Holdings Limited as of 31 December 2008 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

Report on Other Legal Requirements

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on page 2 is consistent with the financial statements.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Companies Law, Cap.113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Horwath DSP Limited
Chartered Certified Accountants

Nicosia, 2 February 2009

KARTEREDA HOLDINGS LIMITED

INCOME STATEMENT

Year ended 31 December 2008

	Note	2008 €	2007 €
Revenue		-	-
Administration expenses		(10.739)	(11.688)
Other expenses	4	-	<u>(1.157)</u>
Operating loss	5	(10.739)	<u>(12.845)</u>
Net finance costs	6	(193)	<u>(198)</u>
Loss before tax		(10.932)	<u>(13.043)</u>
Tax	7	(5)	-
Net (loss) for the year		(10.937)	<u>(13.043)</u>

The notes on pages 9 to 15 form an integral part of these financial statements.

KARTEREDA HOLDINGS LIMITED

BALANCE SHEET

31 December 2008

	Note	2008 €	2007 €
ASSETS			
Non-current assets			
Investments in subsidiaries	8	<u>57</u>	<u>57</u>
		57	57
Current assets			
Trade and other receivables	10	1.679	1.829
Available-for-sale financial assets	9	414	414
Cash at bank and in hand	11	<u>1.116</u>	<u>3.213</u>
		3.209	5.456
Total assets		<u>3.266</u>	<u>5.513</u>
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	12	1.150	1.150
Share Premium		14.850	14.850
Accumulated (losses)		<u>(23.980)</u>	<u>(13.043)</u>
		(7.980)	2.957
Current liabilities			
Trade and other payables	13	11.241	2.556
Current tax liabilities	14	<u>5</u>	<u>-</u>
		11.246	2.556
Total equity and liabilities		<u>3.266</u>	<u>5.513</u>

On 2 February 2009 the Board of Directors of Kartereda Holdings Limited authorised these financial statements for issue.

Androulla Zavalli Teves
Director

The notes on pages 9 to 15 form an integral part of these financial statements.

KARTEREDA HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2008

	Share capital €	Share Premium €	Accumulated (losses) €	Total €
Net loss for the year	-	-	(13.043)	(13.043)
Issue of share capital	<u>1.150</u>	<u>14.850</u>	<u>-</u>	<u>16.000</u>
	<u>1.150</u>	<u>14.850</u>	<u>(13.043)</u>	<u>2.957</u>
At 31 December 2007/ 1 January 2008	1.150	14.850	(13.043)	2.957
Net loss for the year	-	-	(10.937)	(10.937)
At 31 December 2008	<u>1.150</u>	<u>14.850</u>	<u>(23.980)</u>	<u>(7.980)</u>

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 dividends 70% of these profits. Special contribution for defence at 15% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable for the account of the shareholders.

The notes on pages 9 to 15 form an integral part of these financial statements.

KARTEREDA HOLDINGS LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2008

	Note	2008 €	2007 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(10.932)	(13.043)
Cash flows used in operations before working capital changes		(10.932)	(13.043)
Decrease in trade and other receivables		150	-
Increase in trade and other payables		8.685	-
Net cash used in operating activities		(2.097)	(13.043)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of available-for-sale financial assets		-	(414)
Payment for purchase of investments in subsidiaries	8	-	(57)
Net cash from investing activities		-	(471)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	16.000
Net cash from financing activities		-	16.000
Net (decrease) / increase in cash and cash equivalents		(2.097)	2.486
Cash and cash equivalents:			
At beginning of the year	11	3.213	727
At end of the year	11	1.116	3.213

The notes on pages 9 to 15 form an integral part of these financial statements.

KARTEREDA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

1. Incorporation and principal activities

Country of incorporation

The Company Kartereda Holdings Limited (the "Company") was incorporated in Cyprus on 13 November 2006 as a private company with limited liability under the Companies Law, Cap. 113. Its registered office is at 9A Falirou street, Pallouriotissa, 1046 Nicosia, Cyprus.

Principal activity

The principal activity of the Company, which is unchanged from last year, is the holding of investments and provision of finance.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The Company is not required by the Companies Law, Cap.113, to prepare consolidated financial statements because the ultimate parent company publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles in Greece and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2008.

Since the EU 7th Directive permits the preparation of such consolidated financial statements in accordance with the Directive or in a manner equivalent to that Directive and since the Companies Law, Cap.113, provides for the aforementioned exemption, the provisions in IAS 27 "Consolidated and Separate Financial Statements" requiring the preparation of such consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised IFRSs and International Accounting Standards (IAS), which are relevant to its operations and are effective for accounting periods commencing on 1 January 2008

The adoption of these Standards did not have a material effect on the financial statements.

At the date of authorisation of these financial statements some Standards were in issue but not yet effective. The Board of Directors expects that the adoption of these Standards in future periods will not have a material effect on the financial statements of the Company.

Subsidiary companies

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as

KARTEREDA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

2. Accounting policies (continued)

an expense in the period in which the impairment is identified.

Finance costs

Interest expense and other borrowing costs are charged to the income statement as incurred.

Foreign currency translation

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on available-for-sale financial assets are included in the fair value reserve in equity.

Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs and are classified as follows:

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those that either have been classified as held for trading, or those that are designated by the Company as at fair value through profit or loss at initial recognition. A financial asset is classified as held for trading if it was acquired for the purpose of selling or repurchasing it in the near future, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit making. Gains and losses arising from changes in their fair value are included in profit or loss for the period.

KARTEREDA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

2. Accounting policies (continued)

Financial instruments (continued)

Investments (continued)

- Held-to-maturity investments

Debt securities that the Company has the expressed intention and ability to hold to maturity are classified as held-to-maturity investments. At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

- Available-for-sale financial assets

Available for sale financial assets are those acquired and held for an unspecified period of time and may be sold to cover cash flow deficiencies, fluctuations in interest rates, exchange rates or other security prices. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

Share capital

Ordinary shares are classified as equity.

3. Financial risk management

Financial risk factors

The Company is exposed to liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

(1.1) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

KARTEREDA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

3. Financial risk management (continued)

(1.2) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(1.3) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

(2) Fair value estimation

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

4. Other expenses

	2008	2007
	€	€
Incorporation expenses	-	1.000
Capital issue costs	-	157
	<u>-</u>	<u>1.157</u>

5. Operating (loss)

	2008	2007
	€	€
Operating (loss) is stated after charging the following items:		
Auditors' remuneration	<u>2.300</u>	<u>2.300</u>

6. Finance costs

	2008	2007
	€	€
Other finance expenses	<u>193</u>	198
	<u>193</u>	<u>198</u>

7. Tax

	2008	2007
	€	€
Defence contribution - current year	<u>5</u>	-
Charge for the year	<u>5</u>	-

KARTEREDA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

7. Tax (continued)

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

	2008	2007
	€	€
Loss before tax	<u>(10.932)</u>	<u>(13.043)</u>
Tax calculated at the applicable tax rates	(1.093)	(1.304)
Tax effect of allowances and income not subject to tax	2	1.304
Tax effect of tax losses brought forward	(1.189)	-
Tax effect of tax loss for the year	2.280	-
Defence contribution current year	<u>5</u>	<u>-</u>
Tax charge	<u>5</u>	<u>-</u>

The corporation tax rate is 10%.

Under certain conditions interest may be subject to defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax, thus having an effective tax rate burden of approximately 15%. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 15%.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the following years.

8. Investments in subsidiaries

	2008	2007
	€	€
On 1 January	57	-
Additions	-	57
At 31 December	<u>57</u>	<u>57</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	Holding %
CLH Estate SRL	Romania	Investment property	100

9. Available-for-sale financial assets

	2008	2007
	€	€
On 1 January	414	-
Additions	-	414
At 31 December	<u>414</u>	<u>414</u>

Available-for-sale financial assets, are fair valued annually at the close of business on 31 December. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Available-for-sale financial assets 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.

KARTEREDA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

10. Trade and other receivables

	2008	2007
	€	€
Receivables from related companies (Note 15)	-	1.300
Shareholders' current accounts - debit balances (Note 15)	529	529
Deposits and prepayments	1.150	-
	<u>1.679</u>	<u>1.829</u>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

11. Cash and cash equivalents

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

	2008	2007
	€	€
Cash at bank and in hand	1.116	3.213
Bank overdrafts	-	-
	<u>1.116</u>	<u>3.213</u>

12. Share capital

	2008	2008	2007	2007
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of CY£1 each	<u>5.000</u>	<u>5.000</u>	5.000	5.000
Issued and fully paid				
On 1 January	1.150	1.150	-	-
Issue of shares	-	-	1.150	1.150
At 31 December	<u>1.150</u>	<u>1.150</u>	<u>1.150</u>	<u>1.150</u>

13. Trade and other payables

	2008	2007
	€	€
Accruals	2.300	2.301
Other creditors	4.341	255
Payables to related companies (Note 15)	4.600	-
	<u>11.241</u>	<u>2.556</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

14. Current tax liabilities

	2008	2007
	€	€
Special contribution for defence	5	-
	<u>5</u>	<u>-</u>

KARTEREDA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

15. Related party transactions

The following transactions were carried out with related parties:

15.1 Receivables from related parties (Note 10)

<u>Name</u>	<u>Nature of transactions</u>	2008 €	2007 €
Correa Holdings Limited	Finance	-	1.300
		<u>-</u>	<u>1.300</u>

15.2 Payables to related parties (Note 13)

<u>Name</u>	<u>Nature of transactions</u>	2008 €	2007 €
Correa Holdings Limited	Finance	4.600	-
		<u>4.600</u>	<u>-</u>

15.3 Shareholders' current accounts - debit balances (Note 10)

	2008 €	2007 €
Shareholders' current accounts	529	529
	<u>529</u>	<u>529</u>

The shareholders' current accounts are interest free, and have no specified repayment date.

16. Post balance sheet events

There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Independent Auditors' Report pages 3 and 4

KARTEREDA HOLDINGS LIMITED

DETAILED INCOME STATEMENT

Year ended 31 December 2008

	Page	2008 €	2007 €
Operating expenses			
Administration expenses	17	<u>(10.739)</u>	<u>(11.688)</u>
		(10.739)	(11.688)
Other operating expenses			
Incorporation expenses		-	(1.000)
Capital issue costs		-	(157)
		<u>(10.739)</u>	<u>(12.845)</u>
Operating loss		(10.739)	(12.845)
Finance costs	18	<u>(193)</u>	<u>(198)</u>
Net loss for the year before tax		<u>(10.932)</u>	<u>(13.043)</u>

KARTEREDA HOLDINGS LIMITED

OPERATING EXPENSES

Year ended 31 December 2008

	2008	2007
	€	€
Administration expenses		
Auditors' remuneration	2.300	2.300
Accounting fees	4.025	2.300
Other professional fees	3.264	4.288
Administration expenses	1.150	2.800
	<u>10.739</u>	<u>11.688</u>

KARTEREDA HOLDINGS LIMITED

FINANCE COSTS

Year ended 31 December 2008

	2008 €	2007 €
Finance costs		
Other finance expenses		
Bank charges	<u>193</u>	<u>198</u>
	<u>193</u>	<u>198</u>

KARTEREDA HOLDINGS LIMITED

COMPUTATION OF DEFENCE CONTRIBUTION
For the year ended 31 December 2008

	Income €	Income CY£	Rate	Defence CY£ c
INTEREST				
Deemed interest receivable on Debit balances of directors and shareholders	<u>48</u>	<u>28</u>		
	<u>48</u>	<u>28</u>	10%	<u>2,80</u>
DEFENCE CONTRIBUTION DUE TO IRD				<u>2,80</u>

KARTEREDA HOLDINGS LIMITED

COMPUTATION OF CORPORATION TAX

For the year ended 31 December 2008

	Page	€
Net loss per detailed income statement	16	(10.932)
Net trading (loss)		(10.932)
Interest receivable		
Interest on overdrawn shareholders' current accounts		48
Total credit interest		48
Less special 50% allowance on total credit interest		(24)
Net (loss) for the year		<u>24</u> (10.908)
		CY£
Converted into CY£ at € 1,7086 = CY£1		(6.384)
(Loss) brought forward		<u>(6.957)</u>
Net (loss) at 31 December 2008 carried forward		<u>(13.341)</u>
Net (loss) carried forward		<u><u>(13.341)</u></u>

KARTEREDA HOLDINGS LIMITED

**9A Falirou street
Pallouriotissa
1046 Nicosia
Cyprus**

Nicosia, 2 February 2009

Messrs,
Horwath DSP Limited
Chartered Certified Accountants
Photiades Business Centre
1st floor, 8 Stassinou Avenue
P.O. Box 22545
1522 Nicosia

Dear Sirs,

Financial Statements - 31 December 2008

This representation letter is provided in connection with your audit of the financial statements of Kartereda Holdings Limited for the year ended 31 December 2008.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit:

- 1) We acknowledge our responsibility for the fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.
- 2) There have been no irregularities involving management or employees who have a significant role in the system of internal control, or that could have a material effect on the financial statements.
- 3) The financial statements are free of material errors and omissions.
- 4) We have made available to you all books of account and supporting documentation and all minutes of meetings of shareholders and board of directors.
- 5) The Company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There have been no communications concerning non-compliance with requirements of regulatory authorities with respect to financial matters.
- 6) The following have been properly recorded and when appropriate, adequately disclosed in the financial statements:
 - (a) Balances and transactions with related parties.
 - (b) Assets pledged as collateral.
- 7) We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
- 8) The Company has satisfactory title to all assets and there are no liens, or encumbrances on the Company's assets except as noted in the financial statements.
- 9) We have recorded or disclosed all liabilities, both actual and contingent.
- 10) We confirm that all amounts owed to the Company are fully recoverable.
- 11) There have been no events subsequent to the balance sheet date that require adjustment of, or disclosure in the financial statements and related notes.
- 12) No claims in connection with litigation have been or are expected to be received.
- 13) To the best of our knowledge and belief, the information disclosed in the financial statements in respect of parties which control the entity is complete and accurate.

- 14) To the best of our knowledge and belief, there were no material related party transactions at any time during the year which fall to be disclosed other than as indicated in the financial statements.
- 15) Except as disclosed in the financial statements, the results for the year were not materially affected by transactions of a type not usually undertaken by the entity, circumstances of a non recurrent or exceptional nature or any change in accounting policies.
- 16) We confirm that we have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion, we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date the financial statements are to be approved.
- 17) We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a fair presentation.
- 18) We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully,
For Kartereda Holdings Limited

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Director