

**CORREA HOLDINGS LIMITED**  
REPORT AND FINANCIAL STATEMENTS  
31 December 2008

# **CORREA HOLDINGS LIMITED**

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## **REPORT AND FINANCIAL STATEMENTS**

31 December 2008

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# **CORREA HOLDINGS LIMITED**

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## **BOARD OF DIRECTORS AND OTHER OFFICERS**

**Board of Directors:** Androula 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

# **CORREA HOLDINGS LIMITED**

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## **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 activities**

The principal activities of the Company are 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 18 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,

Androula Zavalli Teves  
Director

Nicosia, 2 February 2009

## **Independent Auditors' Report**

### **Correa Holdings Limited**

#### **Report on the Financial Statements**

We have audited the financial statements of the parent company Correa Holdings Limited (the "Company") on pages 5 to 16, 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)**

### **Correa Holdings Limited**

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the parent company Correa 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

# CORREA HOLDINGS LIMITED

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## INCOME STATEMENT

Year ended 31 December 2008

	Note	2008 €	2007 €
<b>Revenue</b>	4	<b>398.533</b>	-
Administration expenses		<b>(16.644)</b>	(12.530)
Other expenses	5	-	<u>(1.000)</u>
<b>Operating profit / (loss)</b>	6	<b>381.889</b>	(13.530)
Net finance costs	7	<u><b>(566.085)</b></u>	<u>(243.730)</u>
<b>Loss before tax</b>		<b>(184.196)</b>	(257.260)
Tax	8	<u><b>(167)</b></u>	-
<b>Net (loss) for the year / period</b>		<u><b>(184.363)</b></u>	<u>(257.260)</u>

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The notes on pages 9 to 16 form an integral part of these financial statements.

# CORREA HOLDINGS LIMITED

## BALANCE SHEET

31 December 2008

	Note	2008 €	2007 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	9	<b>4.544.888</b>	4.544.888
Loans receivables	10	<b>11.598.533</b>	-
		<b>16.143.421</b>	<b>4.544.888</b>
<b>Current assets</b>			
Trade and other receivables	11	<b>5.600</b>	1.000
Cash at bank and in hand	12	<b>142.441</b>	253.482
		<b>148.041</b>	<b>254.482</b>
<b>Total assets</b>		<b>16.291.462</b>	<b>4.799.370</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>			
Share capital	13	<b>1.000</b>	1.000
Accumulated (losses)		<b>(441.623)</b>	(257.260)
		<b>(440.623)</b>	<b>(256.260)</b>
<b>Non-current liabilities</b>			
Borrowings	14	<b>16.726.154</b>	5.000.000
		<b>16.726.154</b>	<b>5.000.000</b>
<b>Current liabilities</b>			
Trade and other payables	15	<b>5.865</b>	3.600
Borrowings	14	<b>57</b>	52.030
Current tax liabilities	16	<b>9</b>	-
		<b>5.931</b>	<b>55.630</b>
<b>Total liabilities</b>		<b>16.732.085</b>	<b>5.055.630</b>
<b>Total equity and liabilities</b>		<b>16.291.462</b>	<b>4.799.370</b>

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

Androula Zavalli Teves  
Director

The notes on pages 9 to 16 form an integral part of these financial statements.



# CORREA HOLDINGS LIMITED

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## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2008

	Share capital €	Accumulated (losses) €	Total €
Net loss for the period	-	(257.260)	(257.260)
Issue of share capital	<u>1.000</u>	<u>-</u>	<u>1.000</u>
	<u>1.000</u>	<u>(257.260)</u>	<u>(256.260)</u>
<b>At 31 December 2007/ 1 January 2008</b>	<b>1.000</b>	<b>(257.260)</b>	<b>(256.260)</b>
Net loss for the year	-	(184.363)	(184.363)
<b>At 31 December 2008</b>	<b><u>1.000</u></b>	<b><u>(441.623)</u></b>	<b><u>(440.623)</u></b>

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.

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The notes on pages 9 to 16 form an integral part of these financial statements.

# CORREA HOLDINGS LIMITED

## CASH FLOW STATEMENT

Year ended 31 December 2008

	Note	2008 €	2007 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Loss before tax</b>		<b>(184.196)</b>	(257.260)
Adjustments for:			
Unrealised exchange loss		<b>4.317</b>	3.026
Interest income	47	<b>(400.117)</b>	(1.225)
Interest expense	7	<b>562.463</b>	228.419
<b>Cash flows used in operations before working capital changes</b>		<b>(17.533)</b>	(27.040)
(Increase) in trade and other receivables		<b>(4.600)</b>	(1.000)
Increase in trade and other payables		<b>2.265</b>	3.600
<b>Cash flows used in operations</b>		<b>(19.868)</b>	(24.440)
Interest received		<b>398.533</b>	1.225
Tax paid		<b>(158)</b>	-
<b>Net cash from / (used in) operating activities</b>		<b>378.507</b>	(23.215)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of investments in subsidiaries	9	-	(4.544.888)
Loans granted		<b>(11.598.533)</b>	-
Interest received		<b>1.584</b>	1.225
<b>Net cash used in investing activities</b>		<b>(11.596.949)</b>	(4.543.663)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		-	1.000
Proceeds from borrowings		<b>11.674.183</b>	5.051.971
Unrealised exchange (loss)		<b>(4.317)</b>	(3.026)
Interest paid		<b>(562.463)</b>	(228.419)
<b>Net cash from financing activities</b>		<b>11.107.403</b>	4.821.526
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(111.039)</b>	254.648
Cash and cash equivalents:			
At beginning of the year/ period	12	<b>253.423</b>	(1.225)
<b>At end of the year/ period</b>	12	<b>142.384</b>	253.423

The notes on pages 9 to 16 form an integral part of these financial statements.

# **CORREA HOLDINGS LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2008

### **1. Incorporation and principal activities**

#### **Country of incorporation**

The Company Correa Holdings Limited (the "Company") was incorporated in Cyprus on 27 February 2007 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 activities**

The principal activities of the Company are 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 period 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 27 February 2007.

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

# CORREA HOLDINGS LIMITED

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## 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.

#### Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

#### 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.

#### 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.

#### Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. This is defined as the fair value of cash consideration given to originate those loans as is determined by reference to market prices at origination date. All loans are recognised when cash is advanced to the borrower.

An allowance for loan impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

#### 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:

# CORREA HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

### 2. Accounting policies (continued)

#### Financial instruments (continued)

##### Investments (continued)

- 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.

- 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 on hand, deposits held at call with banks and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

##### Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

# CORREA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

### 2. Accounting policies (continued)

#### Share capital

Ordinary shares are classified as equity.

#### Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the balance sheet date.

### 3. Financial risk management

#### Financial risk factors

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

##### (1.1) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

##### (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) Litigation risk

Litigation risk is the risk of financial loss, interruption of the Company's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Company to execute its operations.

#### (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. Revenue

	2008	2007
	€	€
Interest income	<u>398.533</u>	-
	<u>398.533</u>	-

### 5. Other expenses

	2008	2007
	€	€
Incorporation expenses	-	1.000
	<u>-</u>	<u>1.000</u>

# CORREA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

### 6. Operating profit / (loss)

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

### 7. Finance income / cost

	2008	2007
	€	€
Interest income	1.584	1.225
Exchange profit	9	-
<b>Finance income</b>	<u>1.593</u>	<u>1.225</u>
Net foreign exchange transaction losses	4.326	3.026
Interest expense	562.463	228.419
Other finance expenses	889	13.510
<b>Finance costs</b>	<u>567.678</u>	<u>244.955</u>
<b>Net finance costs</b>	<u>(566.085)</u>	<u>(243.730)</u>

### 8. Tax

	2008	2007
	€	€
Defence contribution - current year / period	167	-
Charge for the year	<u>167</u>	<u>-</u>

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>(184.196)</u>	<u>(257.260)</u>
Tax calculated at the applicable tax rates	(18.420)	(25.726)
Tax effect of expenses not deductible for tax purposes	433	236
Tax effect of allowances and income not subject to tax	(76)	-
Tax effect of tax losses brought forward	(25.323)	-
Tax effect of tax loss for the year / period	43.386	25.490
Defence contribution current year	167	-
Tax charge	<u>167</u>	<u>-</u>

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%.

# CORREA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

### 9. Investments in subsidiaries

	<b>2008</b>	2007
	€	€
On 1 January	<b>4.544.888</b>	-
Additions	-	4.544.888
At 31 December	<b><u>4.544.888</u></b>	<u>4.544.888</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	Holding %
Profit Construct S.A	Romania	Investment property	99,9

### 10. Loans Receivables

	<b>2008</b>	2007
	€	€
Loans to subsidiaries (Note 17)	<b><u>11.598.533</u></b>	-
	<b><u>11.598.533</u></b>	-

The fair values of non-current receivables approximate to their carrying amounts as presented above.

### 11. Trade and other receivables

	<b>2008</b>	2007
	€	€
Receivables from related companies (Note 17)	<b>4.600</b>	-
Shareholders' current accounts - debit balances (Note 17)	<b><u>1.000</u></b>	<u>1.000</u>
	<b><u>5.600</u></b>	<u>1.000</u>

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

### 12. Cash and cash equivalents

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

	<b>2008</b>	2007
	€	€
Cash at bank and in hand	<b>142.441</b>	253.482
Bank overdrafts (Note 14)	<b><u>(57)</u></b>	<u>(59)</u>
	<b><u>142.384</u></b>	<u>253.423</u>

### 13. Share capital

	<b>2008</b> Number of shares	<b>2008</b> €	2007 Number of shares	2007 €
<b>Authorised</b>				
Ordinary shares of €1 each	<b><u>5.000</u></b>	<b><u>5.000</u></b>	<u>5.000</u>	<u>5.000</u>
<b>Issued and fully paid</b>				
On 1 January	<b>1.000</b>	<b>1.000</b>	-	-
Issue of shares	<b>-</b>	<b>-</b>	<u>1.000</u>	<u>1.000</u>
At 31 December	<b><u>1.000</u></b>	<b><u>1.000</u></b>	<u>1.000</u>	<u>1.000</u>



# CORREA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

### 14. Borrowings

	2008	2007
	€	€
<b>Current borrowings</b>		
Bank overdrafts (Note 12)	57	59
Bank loans	-	51.971
	<u>-</u>	<u>51.971</u>
<b>Non current borrowings</b>		
Bank loans	-	4.948.029
Debentures to related party (Note 17)	16.726.154	51.971
	<u>16.726.154</u>	<u>5.000.000</u>
Total	<u>16.726.211</u>	<u>5.052.030</u>

### 15. Trade and other payables

	2008	2007
	€	€
Accruals	2.300	2.300
Other creditors	3.565	-
Payables to related companies (Note 17)	-	1.300
	<u>5.865</u>	<u>3.600</u>

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

### 16. Current tax liabilities

	2008	2007
	€	€
Special contribution for defence	9	-
	<u>9</u>	<u>-</u>

### 17. Related party transactions

The following transactions were carried out with related parties:

#### 17.1 Receivables from related parties (Note 11)

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

#### 17.2 Loans to subsidiaries (Note 10)

	2008	2007
	€	€
Profit Construct SRL	11.598.533	-
	<u>11.598.533</u>	<u>-</u>

The loan bears interest 7% per annum and is repayable in 2014.

# CORREA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

### 17. Related party transactions (continued)

#### 17.3 Payables to related parties (Note 15)

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

#### 17.4 Debentures to related party (Note 14)

	2008 €	2007 €
Lofos Pallini A.E	<u>16.514.258</u>	-
	<u>16.514.258</u>	-

The debenture bears interest at the rate of 5,2% per annum and is repayable on 1 July 2013. On maturity date the debenture may be converted into new ordinary shares of the company Correa Holdings Limited or be settled in cash at the option of the debenture holder.

#### 17.5 Shareholders' current accounts - debit balances (Note 11)

	2008 €	2007 €
Shareholders' current account	<u>1.000</u>	1.000
	<u>1.000</u>	<u>1.000</u>

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

### 18. 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

# CORREA HOLDINGS LIMITED

## DETAILED INCOME STATEMENT

Year ended 31 December 2008

	Page	2008 €	2007 €
<b>Revenue</b>			
Interest income		<b>398.533</b>	-
<b>Operating expenses</b>			
Administration expenses	18	<u><b>(16.644)</b></u>	<u>(12.530)</u>
		<b>381.889</b>	(12.530)
<b>Other operating expenses</b>			
Incorporation expenses		<u>-</u>	<u>(1.000)</u>
<b>Operating profit/ (loss)</b>		<b>381.889</b>	(13.530)
Finance income	19	<b>1.593</b>	1.225
Finance costs	19	<u><b>(567.678)</b></u>	<u>(244.955)</u>
<b>Net loss for the year before tax</b>		<u><b>(184.196)</b></u>	<u>(257.260)</u>

## CORREA HOLDINGS LIMITED

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### OPERATING EXPENSES

Year ended 31 December 2008

	<b>2008</b>	2007
	€	€
<b>Administration expenses</b>		
Auditors' remuneration	<b>2.300</b>	2.300
Accounting fees	<b>4.025</b>	2.300
Legal fees	-	1.673
Other professional fees	<b>9.169</b>	4.107
Administration expenses	<b>1.150</b>	2.150
	<b><u>16.644</u></b>	<u>12.530</u>

## CORREA HOLDINGS LIMITED

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### FINANCE INCOME / COST

Year ended 31 December 2008

	2008 €	2007 €
<b>Finance income</b>		
Bank interest	1.584	1.225
Unrealised exchange profit	<u>9</u>	<u>-</u>
	<b><u>1.593</u></b>	<b><u>1.225</u></b>
<b>Finance costs</b>		
<b>Interest expense</b>		
Loan interest	136.309	228.416
Bank overdraft interest	-	3
Debenture interest	426.154	-
<b>Other finance expenses</b>		
Bank charges	889	13.510
<b>Net foreign exchange transaction losses</b>		
Unrealised exchange loss	<u>4.326</u>	<u>3.026</u>
	<b><u>567.678</u></b>	<b><u>244.955</u></b>

## CORREA HOLDINGS LIMITED

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### COMPUTATION OF DEFENCE CONTRIBUTION

Year ended 31 December 2008

	Income €	Income CY£	Rate	Defence CY£ c
INTEREST				
Deemed interest receivable on Debit balances of directors and shareholders	90	53		
Interest that was subject to deduction at source	<u>1,584</u>	<u>927</u>		
	<u>1,674</u>	<u>980</u>	10%	98,00
Deductions at source				<u>(92,70)</u>
DEFENCE CONTRIBUTION DUE TO IRD				<u>5,30</u>

# CORREA HOLDINGS LIMITED

## COMPUTATION OF CORPORATION TAX

Year ended 31 December 2008

	Page	€	€
Net loss per detailed income statement	17		(184.196)
<u>Less:</u>			
Expenses not allowable for taxation purposes:			
Unrealised exchange loss		<u>4.326</u>	<u>4.326</u>
			(179.870)
<u>Add:</u>			
Interest income		1.584	
Unrealised exchange profit		<u>9</u>	<u>(1.593)</u>
			(181.463)
<b>Net trading (loss)</b>			
<b>Interest receivable</b>			
Bank interest received		1.584	
		<u>90</u>	
Total credit interest		1.674	
Less special 50% allowance on total credit interest		<u>(837)</u>	
			<u>837</u>
<b>Net (loss) for the year</b>			(180.626)
			CY£
Converted into CY£ at € 1,7086 = CY£1			(105.716)
(Loss) brought forward			<u>(148.211)</u>
<b>Net (loss) at 31 December 2008 carried forward</b>			<u><u>(253.927)</u></u>

# **CORREA 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 Correa 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 Correa Holdings Limited

.....  
Director