

CORREA HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
31 December 2009

CORREA HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2009

CONTENTS	PAGE
Board of Directors and other Officers	1
Report of the Board of Directors	2
Independent auditors' report	3 - 4
Income statement	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flow	8
Notes to the financial statements	9 - 17
Additional information to the income statement	18 - 22

CORREA HOLDINGS LIMITED

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

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 2009.

Principal activities

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

Review of current position, future developments and significant risks

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

The main risks and uncertainties 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 member of the Company's the Board of Directors as at the date of this report is presented on page 1. The sole director was a member of the Board throughout the year ended 31 December 2009.

Post statement of financial position events

Any significant events that occurred after the end of the year are described in note 17 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, 28 January 2010

Independent Auditors' Report

To the Members of 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 17, which comprise the balance sheet as at 31 December 2009 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 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 2009 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, 28 January 2010

CORREA HOLDINGS LIMITED

INCOME STATEMENT

Year ended 31 December 2009

	Note	2009 €	2008 €
Revenue	4	784.000	398.533
Administration expenses		<u>(7.360)</u>	<u>(16.644)</u>
Operating profit	5	776.640	381.889
Net finance costs	6	<u>(846.610)</u>	<u>(566.085)</u>
Loss before tax		(69.970)	(184.196)
Tax	7	<u>(12.233)</u>	<u>(167)</u>
Net loss for the year		<u>(82.203)</u>	<u>(184.363)</u>

The notes on pages 9 to 17 form an integral part of these financial statements.

CORREA HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2009

	Note	2009 €	2008 €
ASSETS			
Non-current assets			
Investments in subsidiaries	8	4.544.888	4.544.888
Loan receivable	9	12.382.533	11.598.533
		<u>16.927.421</u>	<u>16.143.421</u>
Current assets			
Trade and other receivables	10	13.441	5.600
Bank deposits	11	125.242	142.429
		<u>138.683</u>	<u>148.029</u>
Total assets		<u>17.066.104</u>	<u>16.291.450</u>
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	12	1.000	1.000
Accumulated losses		(523.826)	(441.623)
Total equity		<u>(522.826)</u>	<u>(440.623)</u>
Non-current liabilities			
Borrowings	13	17.571.400	16.726.154
		<u>17.571.400</u>	<u>16.726.154</u>
Current liabilities			
Trade and other payables	14	5.058	5.866
Borrowings	13	240	44
Current tax liabilities	15	12.232	9
		<u>17.530</u>	<u>5.919</u>
Total liabilities		<u>17.588.930</u>	<u>16.732.073</u>
Total equity and liabilities		<u>17.066.104</u>	<u>16.291.450</u>

On 28 January 2010 the Board of Directors of Correa Holdings Limited authorised these financial statements for issue.

Androula Zavalli Teves
Director

The notes on pages 9 to 17 form an integral part of these financial statements.

CORREA HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

	Share capital €	Accumulated losses €	Total €
Balance - 1 January 2008	1.000	(257.260)	(256.260)
Total recognised expense for the year	-	(184.363)	(184.363)
At 31 December 2008/ 1 January 2009	1.000	(441.623)	(440.623)
Total comprehensive income for the year	-	(82.203)	(82.203)
At 31 December 2009	1.000	(523.826)	(522.826)

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 by the Company for the account of the shareholders.

The notes on pages 9 to 17 form an integral part of these financial statements.

CORREA HOLDINGS LIMITED

STATEMENT OF CASH FLOW

Year ended 31 December 2009

	Note	2009 €	2008 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(69.970)	(184.196)
Adjustments for:			
Unrealised exchange loss		1.183	4.317
Interest income	6	(784.100)	(400.117)
Interest expense	6	845.246	562.463
		(7.641)	(17.533)
Cash flows used in operations before working capital changes		(7.641)	(17.533)
Increase in trade and other receivables		(7.841)	(4.600)
(Decrease) / increase in trade and other payables		(808)	2.265
		(16.290)	(19.868)
Cash flows used in operations		(16.290)	(19.868)
Interest received		784.000	398.533
Tax paid		(10)	(158)
		767.700	378.507
Net cash flows from operating activities		767.700	378.507
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans granted		(784.000)	(11.598.533)
Interest received		100	1.584
		(783.900)	(11.596.949)
Net cash flows used in investing activities		(783.900)	(11.596.949)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		845.246	11.674.183
Unrealised exchange (loss)		(1.183)	(4.317)
Interest paid		(845.246)	(562.463)
		(1.183)	11.107.403
Net cash flows (used in) / from financing activities		(1.183)	11.107.403
		(17.383)	(111.039)
Net decrease in cash and cash equivalents		(17.383)	(111.039)
Cash and cash equivalents:			
At beginning of the year	11	142.385	253.424
At end of the year	11	125.002	142.385

The notes on pages 9 to 17 form an integral part of these financial statements.

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

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 limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at 9A Falirou street, Pallouriotissa, 1046 Nicosia, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the 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 2009.

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 International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2009. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company except for the application of International Accounting Standard 1 (Revised) "Presentation of Financial Statements" which will have a material effect on the presentation of the financial statements and the application of IFRS 7 "(Amendments) - Financial Instruments: Disclosures: Improving disclosures about financial instruments" which will enhance disclosures about fair value measurements and liquidity risk.

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

2. Accounting policies (continued)

Subsidiary companies

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

Finance income includes interest income which is recognised based on an accrual basis.

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 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 statement of financial position date.

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

2. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position 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:

- 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 at fair value through profit and loss, 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 at fair value through profit and loss 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 income statement 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.

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

2. Accounting policies (continued)

Financial instruments (continued)

Investments (continued)

- 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 statement of financial position, 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.

Share capital

Ordinary shares are classified as equity.

3. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit 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:

3.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

3. Financial risk management (continued)

3.2 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the statement of financial position date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

3.3 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.

3.4 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.

4. Revenue

	2009	2008
	€	€
Loan interest income	784.000	398.533
	784.000	398.533

5. Expenses by nature

	2009	2008
	€	€
Auditors' remuneration	2.300	2.300
Accounting fees	2.760	4.025
Other Professional fees	1.150	9.169
Administration expenses	1.150	1.150
Total expenses	7.360	16.644

6. Finance income / cost

	2009	2008
	€	€
Interest income	100	1.584
Exchange profit	238	9
Finance income	338	1.593
Net foreign exchange transaction losses	(1.421)	(4.326)
Interest expense	(845.246)	(562.463)
Other finance expenses	(281)	(889)
Finance costs	(846.948)	(567.678)
Net finance costs	(846.610)	(566.085)

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

7. Tax

	2009	2008
	€	€
Corporation tax - current year	12.214	-
Defence contribution - current year	19	167
Charge for the year	12.233	167

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

	2009	2008
	€	€
Loss before tax	(69.970)	(184.196)
Tax calculated at the applicable tax rates	(6.997)	(18.420)
Tax effect of expenses not deductible for tax purposes	22.847	433
Tax effect of allowances and income not subject to tax	(29)	(76)
Tax effect of tax losses brought forward	(4.717)	(25.323)
Tax effect of tax loss for the year	-	43.386
10% additional charge	1.110	-
Defence contribution current year	19	167
Tax charge	12.233	167

The corporation tax rate is 10%.

Under certain conditions interest income 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%.

8. Investments in subsidiaries

	2009	2008
	€	€
On 1 January	4.544.888	4.544.888
At 31 December	4.544.888	4.544.888

The details of the subsidiaries are as follows:

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

9. Loan receivable

	2009	2008
	€	€
Loan to subsidiaries (Note 16)	12.382.533	11.598.533
	12.382.533	11.598.533

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

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

10. Trade and other receivables

	2009	2008
	€	€
Receivables from related companies (Note 16)	12.441	4.600
Shareholders' current accounts - debit balances (Note 16)	1.000	1.000
	<u>13.441</u>	<u>5.600</u>

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

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

11. Bank deposits

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

	2009	2008
	€	€
Cash at bank and in hand	125.242	142.429
Bank overdrafts (Note 13)	(240)	(44)
	<u>125.002</u>	<u>142.385</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3 of the financial statements.

12. Share capital

	2009	2009	2008	2008
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1 each	<u>5.000</u>	<u>5.000</u>	<u>5.000</u>	<u>5.000</u>
Issued and fully paid				
On 1 January	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
At 31 December	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>

13. Borrowings

	2009	2008
	€	€
Current borrowings		
Bank overdrafts (Note 11)	240	44
Non current borrowings		
Debentures to related party (Note 16)	<u>17.571.400</u>	16.726.154
Total	<u>17.571.640</u>	<u>16.726.198</u>

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

14. Trade and other payables

	2009	2008
	€	€
Accruals	2.298	2.301
Other creditors	2.760	3.565
	<u>5.058</u>	<u>5.866</u>

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

15. Current tax liabilities

	2009	2008
	€	€
Corporation tax	12.214	-
Special contribution for defence	18	9
	<u>12.232</u>	<u>9</u>

16. Related party transactions

The following transactions were carried out with related parties:

16.1 Interest receivable

	2009	2008
	€	€
Profit Construct SRL	784.000	398.533
	<u>784.000</u>	<u>398.533</u>

16.2 Interest payable

	2009	2008
	€	€
Lofos Pallini A.E	845.246	426.154
	<u>845.246</u>	<u>426.154</u>

16.3 Receivables from related parties (Note 10)

Name	Nature of transactions	2009	2008
		€	€
Kartereda Holdings Limited	Finance	12.441	4.600
		<u>12.441</u>	<u>4.600</u>

16.4 Loans to subsidiaries (Note 9)

	2009	2008
	€	€
Profit Construct SRL	12.382.533	11.598.533
	<u>12.382.533</u>	<u>11.598.533</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 2009

16. Related party transactions (continued)

16.5 Debentures to related party (Note 13)

	2009	2008
	€	€
Lofos Pallini A.E	<u>17.571.400</u>	<u>16.726.154</u>
	17.571.400	16.726.154

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.

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

	2009	2008
	€	€
At 31 December	<u>1.000</u>	<u>1.000</u>
	1.000	1.000

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

17. Post statement of financial position events

There were no material post statement of financial position 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 2009

	Page	2009 €	2008 €
Revenue			
Loan interest income		784.000	398.533
Operating expenses			
Administration expenses	19	<u>(7.360)</u>	<u>(16.644)</u>
Operating profit		776.640	381.889
Finance income	20	338	1.593
Finance costs	20	<u>(846.948)</u>	<u>(567.678)</u>
Net loss for the year before tax		<u>(69.970)</u>	<u>(184.196)</u>

CORREA HOLDINGS LIMITED

OPERATING EXPENSES

Year ended 31 December 2009

	2009 €	2008 €
Administration expenses		
Auditors' remuneration	2.300	2.300
Accounting fees	2.760	4.025
Other professional fees	1.150	9.169
Administration expenses	<u>1.150</u>	<u>1.150</u>
	<u>7.360</u>	<u>16.644</u>

CORREA HOLDINGS LIMITED

FINANCE INCOME / COST

Year ended 31 December 2009

	2009 €	2008 €
Finance income		
Bank interest	100	1.584
Unrealised exchange profit	238	<u>9</u>
	338	<u>1.593</u>
Finance costs		
Interest expense		
Loan interest	-	136.309
Debenture interest	845.246	426.154
Other finance expenses		
Bank charges	281	889
Net foreign exchange transaction losses		
Unrealised exchange loss	1.421	4.326
	846.948	<u>567.678</u>

CORREA HOLDINGS LIMITED

COMPUTATION OF DEFENCE CONTRIBUTION
Year ended 31 December 2009

	Income €	Rate	Defence € c
INTEREST			
Deemed interest receivable on Debit balances of shareholders	90		
Interest that was subject to deduction at source	<u>100</u>		
	<u>190</u>	10%	19,00
Less: deductions at source			<u>-</u>
			19,00
Deductions at source			<u>(10,00)</u>
DEFENCE CONTRIBUTION DUE TO IRD			<u>9,00</u>

CORREA HOLDINGS LIMITED

COMPUTATION OF CORPORATION TAX

Year ended 31 December 2009

	Page	€	€
Net loss per detailed income statement	18		(69.970)
<u>Less:</u>			
Expenses not allowable for tax purposes:			
Unrealised exchange loss		1.421	
Disallowed interest		225.098	
Administration expenses		<u>1.960</u>	
			<u>228.479</u>
			158.509
<u>Add:</u>			
Interest income		100	
Unrealised exchange profit		<u>238</u>	
			<u>(338)</u>
			158.171
Net trading income			
Interest receivable			
Interest on overdrawn shareholders' current accounts		<u>90</u>	
Total credit interest		90	
Less special 50% allowance on total credit interest		<u>(45)</u>	
			<u>45</u>
Chargeable income for the year			158.216
Loss brought forward			<u>(47.177)</u>
Chargeable income 31 December 2009			<u><u>111.039</u></u>
<u>Calculation of corporation tax</u>			
	Income	Rate	Total
	€	%	€ c
Tax at normal rates:			
Chargeable income as above	<u>111.039</u>	10	11.103,90
10% penalty			<u>1.110,39</u>
TAX PAYABLE			<u><u>12.214,29</u></u>

CORREA HOLDINGS LIMITED

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

Nicosia, 28 January 2010

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 2009

This representation letter is provided in connection with your audit of the financial statements of Correa Holdings Limited for the year ended 31 December 2009.

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, supporting documentation, agreements, details of all bank accounts 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

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Androula Zavalli Teves
Director