

KARTEREDA HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
31 December 2009

KARTEREDA HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2009

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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 2009.

Principal activities

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

Issued capital

On 10 July 2009, the Company issued 850 shares of nominal value €1 each at the price of €11.764,70 representing €11.763,70 share premium.

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 15 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, 7 January 2010

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 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 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 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, 7 January 2010

KARTEREDA HOLDINGS LIMITED

INCOME STATEMENT

Year ended 31 December 2009

	Note	2009 €	2008 €
Administration expenses		<u>(9.720)</u>	<u>(10.739)</u>
Operating loss	4	(9.720)	(10.739)
Net finance costs		<u>(425)</u>	<u>(193)</u>
Loss before tax	5	(10.145)	(10.932)
Tax		<u>(4)</u>	<u>(5)</u>
Net loss for the year	6	(10.149)	(10.937)

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

KARTEREDA HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2009

	Note	2009 €	2008 €
ASSETS			
Non-current assets			
Investments in subsidiaries	7	<u>10.000.057</u>	<u>57</u>
		10.000.057	57
Current assets			
Trade and other receivables	9	1.469	1.679
Available-for-sale financial assets	8	414	414
Bank deposits	10	<u>377</u>	<u>1.116</u>
		2.260	3.209
Total assets		<u>10.002.317</u>	<u>3.266</u>
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	11	2.000	1.150
Share Premium		10.014.000	14.850
Accumulated losses		<u>(34.129)</u>	<u>(23.980)</u>
Total equity		<u>9.981.871</u>	<u>(7.980)</u>
Current liabilities			
Trade and other payables	12	20.437	11.241
Current tax liabilities	13	<u>9</u>	<u>5</u>
		20.446	11.246
Total equity and liabilities		<u>10.002.317</u>	<u>3.266</u>

On 7 January 2010 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 2009

	Note	Share capital €	Share premium €	Accumulated losses €	Total €
Balance - 1 January 2008		1.150	14.850	(13.043)	2.957
Total recognised expense for the year		-	-	(10.937)	(10.937)
At 31 December 2008/ 1 January 2009		1.150	14.850	(23.980)	(7.980)
Total comprehensive income for the year		-	-	(10.149)	(10.149)
Issue of share capital	11	850	9.999.150	-	10.000.000
		850	9.999.150	(10.149)	9.989.851
At 31 December 2009		2.000	10.014.000	(34.129)	9.981.871

Share premium is not available for distribution.

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 15 form an integral part of these financial statements.

KARTEREDA HOLDINGS LIMITED

STATEMENT OF CASH FLOW

Year ended 31 December 2009

	Note	2009 €	2008 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		<u>(10.145)</u>	<u>(10.932)</u>
Cash flows used in operations before working capital changes		(10.145)	(10.932)
Decrease in trade and other receivables		210	150
Increase in trade and other payables		<u>9.196</u>	<u>8.685</u>
Net cash flows used in operating activities		<u>(739)</u>	<u>(2.097)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in subsidiaries	7	<u>(10.000.000)</u>	-
Net cash flows used in investing activities		<u>(10.000.000)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		<u>10.000.000</u>	-
Net cash flows from financing activities		<u>10.000.000</u>	-
Net decrease in cash and cash equivalents		(739)	(2.097)
Cash and cash equivalents:			
At beginning of the year	10	<u>1.116</u>	<u>3.213</u>
At end of the year	10	<u>377</u>	<u>1.116</u>

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 2009

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 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 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.

KARTEREDA 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.

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 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.

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.

Investments

The Company classifies its investments in equity and debt securities in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments and available for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of investments at initial recognition and re-evaluates this designation at every statement of financial position date.

- Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held at fair value through profit and loss and those designated at fair value through profit or loss at inception. A financial asset is classified in the held at fair value through profit and loss category if acquired principally for the purpose of generating a profit from short-term fluctuations in price. Assets in this category are classified as current assets if they are either held at fair value through profit and loss or are expected to be realised within twelve months from the statement of financial position date.

KARTEREDA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

2. Accounting policies (continued)

Financial instruments (continued)

Investments (continued)

- Held-to-maturity investments

Investments with fixed or determinable payments and fixed maturity that the management has the positive intent and ability to hold to maturity, other than loans and receivables originated by the Company, are classified as held-to-maturity investments. Such investments are included in non-current assets, except for maturities within twelve months from the statement of financial position date, which are classified as current assets.

- Available-for-sale financial assets

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Regular way purchases and sales of investments are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement.

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.

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Cash and cash equivalents

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

KARTEREDA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

2. Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

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:

3.1 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.

3.2 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.

3.3 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.

Fair value estimation

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

4. Expenses by nature

	2009	2008
	€	€
Auditors' remuneration	2.300	2.300
Accounting fees	3.335	4.025
Other professional fees	2.935	3.264
Administration expenses	1.150	1.150
Total expenses	<u>9.720</u>	<u>10.739</u>

5. Finance costs

	2009	2008
	€	€
Other finance expenses	425	193
	<u>425</u>	<u>193</u>

KARTEREDA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

6. Tax

	2009 €	2008 €
Defence contribution - current year	4	5
Charge for the year	<u>4</u>	<u>5</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:

	2009 €	2008 €
Loss before tax	<u>(10.145)</u>	<u>(10.932)</u>
Tax calculated at the applicable tax rates	(1.015)	(1.093)
Effect of different tax rates in other countries	-	2
Tax effect of expenses not deductible for tax purposes	972	(1.189)
Tax effect of allowances and income not subject to tax	2	2.280
Tax effect of tax loss for the year	41	-
Defence contribution current year	4	5
Tax charge	<u>4</u>	<u>5</u>

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%.

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.

7. Investments in subsidiaries

	2009 €	2008 €
On 1 January	57	-
Additions	10.000.000	57
At 31 December	<u>10.000.057</u>	<u>57</u>

The details of the subsidiaries are as follows:

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

During the year the subsidiary company increased its share capital by issuing 4.217.500 shares of 10 Ron equivalent to €10.000.000.

8. Available-for-sale financial assets

	2009 €	2008 €
On 1 January	414	414
At 31 December	<u>414</u>	<u>414</u>

KARTEREDA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

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 from the statement of financial position date or unless they will need to be sold to raise operating capital.

9. Trade and other receivables

	2009	2008
	€	€
Shareholders' current accounts - debit balances (Note 14)	319	529
Deposits and prepayments	<u>1.150</u>	<u>1.150</u>
	<u>1.469</u>	<u>1.679</u>

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

10. 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	<u>377</u>	<u>1.116</u>
	<u>377</u>	<u>1.116</u>

11. 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	1.150	1.150	1.150	1.150
Issue of shares	<u>850</u>	<u>850</u>	-	-
At 31 December	<u>2.000</u>	<u>2.000</u>	<u>1.150</u>	<u>1.150</u>

Issued capital

On 10 July 2009, the Company issued 850 shares of nominal value €1 each at the price of €11.764,70 representing €11.763,70 share premium.

12. Trade and other payables

	2009	2008
	€	€
Accruals	2.301	2.300
Other creditors	5.695	4.341
Payables to related companies (Note 14)	<u>12.441</u>	<u>4.600</u>
	<u>20.437</u>	<u>11.241</u>

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

KARTEREDA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

13. Current tax liabilities

	2009	2008
	€	€
Special contribution for defence	9	5
	<u>9</u>	<u>5</u>

14. Related party transactions

The following transactions were carried out with related parties:

14.1 Payables to related parties (Note 12)

<u>Name</u>	<u>Nature of transactions</u>	2009	2008
		€	€
Correa Holdings Limited	Finance	12,441	4,600
		<u>12,441</u>	<u>4,600</u>

14.2 Shareholders' current accounts - debit balances (Note 9)

	2009	2008
	€	€
At 31 December	319	529
	<u>319</u>	<u>529</u>

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

15. 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

KARTEREDA HOLDINGS LIMITED

DETAILED INCOME STATEMENT

Year ended 31 December 2009

	Page	2009 €	2008 €
Operating expenses			
Administration expenses	17	<u>(9.720)</u>	<u>(10.739)</u>
Operating loss		(9.720)	(10.739)
Finance costs	18	<u>(425)</u>	<u>(193)</u>
Net loss for the year before tax		<u>(10.145)</u>	<u>(10.932)</u>

KARTEREDA HOLDINGS LIMITED

OPERATING EXPENSES

Year ended 31 December 2009

	2009 €	2008 €
Administration expenses		
Auditors' remuneration	2.300	2.300
Accounting fees	3.335	4.025
Other professional fees	2.935	3.264
Administration expenses	<u>1.150</u>	<u>1.150</u>
	<u>9.720</u>	<u>10.739</u>

KARTEREDA HOLDINGS LIMITED

FINANCE COSTS

Year ended 31 December 2009

	2009 €	2008 €
Finance costs		
Other finance expenses		
Bank charges	<u>425</u>	<u>193</u>
	<u>425</u>	<u>193</u>

KARTEREDA HOLDINGS LIMITED

COMPUTATION OF DEFENCE CONTRIBUTION
Year ended 31 December 2009

	Income €	Rate	Defence € c
INTEREST			
Deemed interest receivable on Debit balances of shareholders	<u>38</u>		
	<u>38</u>	10%	3,80
Less: deductions at source			-
DEFENCE CONTRIBUTION DUE TO IRD			<u>3,80</u>

KARTEREDA HOLDINGS LIMITED

COMPUTATION OF CORPORATION TAX

Year ended 31 December 2009

	Page	€	€
Net loss per detailed income statement	16		(10.145)
<u>Less:</u>			
Expenses not allowable for tax purposes:			
Administration expenses		<u>9.720</u>	
			<u>9.720</u>
Net trading loss			(425)
Interest receivable			
Interest on overdrawn shareholders' current accounts		<u>38</u>	
Total credit interest		<u>38</u>	
Less special 50% allowance on total credit interest		<u>(19)</u>	
			<u>19</u>
Net loss for the year			(406)
Loss brought forward			<u>(22.794)</u>
Net (loss) at 31 December 2009 carried forward			<u>(23.200)</u>

KARTEREDA HOLDINGS LIMITED

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

Nicosia, 7 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 Kartereda 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 Kartereda Holdings Limited

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Androulla Zavalli Teves
Director