

**KARTEREDA HOLDINGS LIMITED**

REPORT AND FINANCIAL STATEMENTS  
31 December 2010

# **KARTEREDA HOLDINGS LIMITED**

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## **REPORT AND FINANCIAL STATEMENTS**

31 December 2010

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# KARTEREDA HOLDINGS LIMITED

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## 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

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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 2010.

### **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 9 June 2010, the Company issued 3 shares of nominal value €1 each at the price of €12.000,00 per share representing €11.999,00 share premium per share.

### **Board of Directors**

The member of the Company's Board of Directors as at the date of this report is presented on page 1. The sole director was a member of the Board of Directors throughout the year ended 31 December 2010.

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

### **Events after the reporting period**

Any significant events that occurred after the end of the reporting period 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 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, 12 January 2011

# **Independent Auditor's 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 statement of financial position as at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flows 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 Board of Directors is responsible for the preparation of financial statements that give a true and fair view 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.

#### *Auditor's 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 of financial statements that give a true and fair view 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 Auditor's 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 at 31 December 2010, 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 and Regulatory Requirements**

Pursuant to the requirements of the Cyprus 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 Cyprus 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 Cyprus 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, 12 January 2011

# KARTEREDA HOLDINGS LIMITED

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## STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	Note	2010 €	2009 €
Administration expenses		<u>(6.899)</u>	(9.720)
<b>Operating loss</b>		<b>(6.899)</b>	(9.720)
Finance costs	5	<u>(380)</u>	(425)
<b>Loss before tax</b>		<b>(7.279)</b>	(10.145)
Tax	6	<u>(3)</u>	(4)
<b>Net loss for the year</b>		<b>(7.282)</b>	(10.149)
<b>Other comprehensive income</b>		<u>-</u>	-
<b>Total comprehensive expense for the year</b>		<b><u>(7.282)</u></b>	<b>(10.149)</b>

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

# KARTEREDA HOLDINGS LIMITED

## STATEMENT OF FINANCIAL POSITION 31 December 2010

	Note	2010 €	2009 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	7	<u>10.000.057</u>	10.000.057
		<b>10.000.057</b>	10.000.057
<b>Current assets</b>			
Receivables	9	1.469	1.469
Available-for-sale financial assets	8	414	414
Cash at bank and in hand	10	<u>26.850</u>	376
		<b>28.733</b>	2.259
<b>Total assets</b>		<b><u>10.028.790</u></b>	<u>10.002.316</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	2.003	2.000
Share Premium		10.049.997	10.014.000
Accumulated losses		<u>(41.411)</u>	(34.129)
<b>Total equity</b>		<b><u>10.010.589</u></b>	<u>9.981.871</u>
<b>Current liabilities</b>			
Trade and other payables	12	18.190	20.436
Current tax liabilities	13	<u>11</u>	9
		<b>18.201</b>	20.445
<b>Total equity and liabilities</b>		<b><u>10.028.790</u></b>	<u>10.002.316</u>

On 12 January 2011 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 2010

	Note	Share capital €	Share premium €	Accumulated losses €	Total €
<b>Balance - 1 January 2009</b>		<b>1.150</b>	<b>14.850</b>	<b>(23.980)</b>	<b>(7.980)</b>
<b>Comprehensive income</b>					
Total comprehensive expense for the year		-	-	(10.149)	(10.149)
<b>Transactions with owners</b>					
Issue of share capital	11	850	9.999.150	-	10.000.000
<b>Balance at 31 December 2009/ 1 January 2010</b>		<b>2.000</b>	<b>10.014.000</b>	<b>(34.129)</b>	<b>9.981.871</b>
Total comprehensive expense for the year		-	-	(7.282)	(7.282)
<b>Transactions with owners</b>					
Issue of share capital	11	3	35.997	-	36.000
<b>Balance at 31 December 2010</b>		<b>2.003</b>	<b>10.049.997</b>	<b>(41.411)</b>	<b>10.010.589</b>

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 FLOWS

Year ended 31 December 2010

	Note	2010 €	2009 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Loss before tax</b>		<u>(7.279)</u>	<u>(10.145)</u>
<b>Cash flows used in operations before working capital changes</b>		<b>(7.279)</b>	(10.145)
(Increase) in receivables		-	210
(Decrease) / increase in trade and other payables		<u>(2.247)</u>	<u>9.195</u>
<b>Net cash flows used in operating activities</b>		<u>(9.526)</u>	<u>(740)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of investments in subsidiaries	7	<u>-</u>	<u>(10.000.000)</u>
<b>Net cash flows from investing activities</b>		<u>-</u>	<u>(10.000.000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		<u>36.000</u>	<u>10.000.000</u>
<b>Net cash flows from financing activities</b>		<u>36.000</u>	<u>10.000.000</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>26.474</b>	(740)
Cash and cash equivalents:			
At beginning of the year		<u>376</u>	<u>1.116</u>
<b>At end of the year</b>	10	<u><b>26.850</b></u>	<u>376</u>

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

# KARTEREDA HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

### 1. Incorporation and principal activities

#### Country of incorporation

The Company Kartereda Holdings Limited (the "Company") was incorporated in Cyprus on 13 November 2006 as a private 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 Cyprus 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 2010.

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 Cyprus 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 2010. This adoption did not have a material effect on the accounting policies of the Company except for the application of International Accounting Standard 1 (Revised) "Presentation of Financial Statements" which has a material effect on the presentation of the financial statements.

# KARTEREDA HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

### 2. Accounting policies (continued)

#### Adoption of new and revised IFRSs (continued)

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.

#### 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 costs on borrowings to finance construction or production of qualifying assets are capitalised, during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

#### 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 reporting 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 reporting date.

- 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 reporting 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 are carried at amortised cost using the effective interest method.

# KARTEREDA HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

### 2. Accounting policies (continued)

#### Financial instruments (continued)

##### Investments (continued)

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 statement of comprehensive income 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 other comprehensive income and then in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income.

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 reporting 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 statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

##### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

#### **Derecognition of financial assets and liabilities**

##### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

# KARTEREDA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

### 2. Accounting policies (continued)

#### Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

#### 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 reporting date.

### 4. Expenses by nature

	<b>2010</b>	2009
	€	€
Auditors' remuneration	<b>2.300</b>	2.300
Accounting fees	<b>1.840</b>	3.335
Other professional fees	<b>1.609</b>	2.935
Administration expenses	<b>1.150</b>	1.150
<b>Total expenses</b>	<b>6.899</b>	9.720

# KARTEREDA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

### 5. Finance costs

	2010 €	2009 €
Other finance expenses	<u>380</u>	<u>425</u>
	<b>380</b>	<b>425</b>

### 6. Tax

	2010 €	2009 €
Defence contribution - current year	<u>3</u>	<u>4</u>
<b>Charge for the year</b>	<b><u>3</u></b>	<b><u>4</u></b>

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

	2010 €	2009 €
Loss before tax	<u>(7.279)</u>	<u>(10.145)</u>
Tax calculated at the applicable tax rates	(728)	(1.015)
Tax effect of expenses not deductible for tax purposes	690	-
Tax effect of allowances and income not subject to tax	-	1.015
Tax effect of tax loss for the year	38	-
Defence contribution current year	<u>3</u>	<u>4</u>
<b>Tax charge</b>	<b><u>3</u></b>	<b><u>4</u></b>

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 this interest will be exempt from corporation tax. 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

	2010 €	2009 €
On 1 January	10.000.057	57
Additions	<u>-</u>	<u>10.000.000</u>
<b>Balance at 31 December</b>	<b><u>10.000.057</u></b>	<b><u>10.000.057</u></b>

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

# KARTEREDA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

### 8. Available-for-sale financial assets

	<b>2010</b>	2009
	€	€
On 1 January	<u>414</u>	414
<b>Balance at 31 December</b>	<u><b>414</b></u>	<u>414</u>

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

Available-for-sale financial assets are classified as non-current assets, unless they are expected to be realised within twelve months from the reporting date or unless they will need to be sold to raise operating capital.

### 9. Receivables

	<b>2010</b>	2009
	€	€
Shareholders' current accounts - debit balances (Note 14)	<b>319</b>	319
Deposits and prepayments	<u>1.150</u>	1.150
	<u><b>1.469</b></u>	<u>1.469</u>

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

### 10. Cash at bank and in hand

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

	<b>2010</b>	2009
	€	€
Cash at bank and in hand	<u>26.850</u>	376
	<u><b>26.850</b></u>	<u>376</u>

### 11. Share capital

	<b>2010</b>	<b>2010</b>	2009	2009
	<b>Number of shares</b>	<b>€</b>	Number of shares	€
<b>Authorised</b>				
Ordinary shares of €1 each	<u>5.000</u>	<u>5.000</u>	5.000	5.000
<b>Issued and fully paid</b>				
On 1 January	<b>2.000</b>	<b>2.000</b>	1.150	1.150
Issue of shares	<u>3</u>	<u>3</u>	850	850
<b>Balance at 31 December</b>	<u><b>2.003</b></u>	<u><b>2.003</b></u>	<u>2.000</u>	<u>2.000</u>

#### Issued capital

On 9 June 2010, the Company issued 3 shares of nominal value €1 each at the price of €12.000,00 per share representing €11.999,00 share premium per share.



# KARTEREDA HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

### 12. Trade and other payables

	2010	2009
	€	€
Accruals	2.300	2.300
Other creditors	3.449	5.695
Payables to related companies (Note 14)	<u>12.441</u>	<u>12.441</u>
	<u><b>18.190</b></u>	<u>20.436</u>

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

### 13. Current tax liabilities

	2010	2009
	€	€
Special contribution for defence	<u>11</u>	<u>9</u>
	<u><b>11</b></u>	<u>9</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>	2010	2009
		€	€
Correa Holdings Limited	Finance	<u>12.441</u>	<u>12.441</u>
		<u><b>12.441</b></u>	<u>12.441</u>

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

	2010	2009
	€	€
At 31 December	<u>319</u>	<u>319</u>
	<u><b>319</b></u>	<u>319</u>

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

### 15. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

**Independent Auditor's report on pages 3 and 4**

# KARTEREDA HOLDINGS LIMITED

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## DETAILED INCOME STATEMENT

Year ended 31 December 2010

	Page	2010 €	2009 €
<b>Revenue</b>			
<b>Operating expenses</b>			
Administration expenses	17	<u>(6.899)</u>	<u>(9.720)</u>
<b>Operating loss</b>		<b>(6.899)</b>	<b>(9.720)</b>
Finance costs	18	<u>(380)</u>	<u>(425)</u>
<b>Net loss for the year before tax</b>		<b><u>(7.279)</u></b>	<b><u>(10.145)</u></b>

# KARTEREDA HOLDINGS LIMITED

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## OPERATING EXPENSES

Year ended 31 December 2010

	2010 €	2009 €
<b>Administration expenses</b>		
Auditors' remuneration	<b>2.300</b>	2.300
Accounting fees	<b>1.840</b>	3.335
Other professional fees	<b>1.609</b>	2.935
Administration expenses	<b><u>1.150</u></b>	<u>1.150</u>
	<b><u>6.899</u></b>	<u>9.720</u>

# KARTEREDA HOLDINGS LIMITED

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## FINANCE COSTS

Year ended 31 December 2010

	2010 €	2009 €
<b>Finance costs</b>		
<b>Other finance expenses</b>		
Bank charges	<u>380</u>	<u>425</u>
	<u><b>380</b></u>	<u><b>425</b></u>

**KARTEREDA HOLDINGS LIMITED**

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**COMPUTATION OF DEFENCE CONTRIBUTION**  
Year ended 31 December 2010

	Income €	Rate	Defence € c
INTEREST			
Deemed interest receivable on Debit balances of shareholders	<u>29</u>		
	<u>29</u>	10%	<u>2,90</u>
<b>DEFENCE CONTRIBUTION DUE TO IRD</b>			<b><u>2,90</u></b>

**KARTEREDA HOLDINGS LIMITED**

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**COMPUTATION OF CORPORATION TAX**  
Year ended 31 December 2010

	Page	€	€
Net loss per detailed statement of comprehensive income	16		(7.279)
<u>Add:</u>			
Expenses not allowable for tax purposes:			
Administration expenses		<u>6.899</u>	
<b>Net loss for the year</b>			<u>6.899</u> (380)
Loss brought forward			<u>(23.200)</u>
<b>Loss carried forward</b>			<u><u>(23.580)</u></u>

# **KARTEREDA HOLDINGS LIMITED**

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

Nicosia, 12 January 2011

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 2010**

This representation letter is provided in connection with your audit of the financial statements of Kartereda Holdings Limited for the year ended 31 December 2010.

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 after the reporting period 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