

CORREA HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2011

CORREA HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2011

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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
Certified Public Accountants and Registered Auditors
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 2011.

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

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

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 2011.

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

Events after the reporting period

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

Independent Auditors

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

By order of the Board of Directors,

Androula Zavalli Teves
Director

Nicosia, 19 January 2012

Independent auditor's report

To the Members of Correa Holdings Limited

Report on the financial statements

We have audited the accompanying financial statements of the parent company Correa Holdings Limited (the "Company"), which comprise the statement of financial position as at 31 December 2011, 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 information.

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 and the requirements of the Cyprus Companies Law, Cap. 113., and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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 at 31 December 2011, 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 European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Report on other legal requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, 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 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 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.

Chrysis Pegasiou ACA
Certified Public Accountant and Registered Auditor
for and on behalf of
Horwath DSP Limited
Certified Public Accountants and Registered
Auditors

Nicosia, 19 January 2012

CORREA HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Note	2011 €	2010 €
Loan interest income		<u>784.000</u>	784.000
		784.000	784.000
Administration expenses		<u>(6.393)</u>	(6.670)
Operating profit		777.607	777.330
Finance income	5	894	502
Finance costs	5	<u>(849.000)</u>	(848.612)
Loss before tax		(70.499)	(70.780)
Tax	6	<u>(24)</u>	(14)
Net loss for the year		(70.523)	(70.794)
Other comprehensive income		<u>-</u>	-
Total comprehensive expense for the year		<u>(70.523)</u>	<u>(70.794)</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 2011

	Note	2011 €	2010 €
ASSETS			
Non-current assets			
Investments in subsidiaries	7	4.544.888	4.544.888
Non-current loans receivable	8	13.950.533	13.166.533
		<u>18.495.421</u>	<u>17.711.421</u>
Current assets			
Receivables	9	13.441	13.441
Cash at bank and in hand	10	110.054	117.137
		<u>123.495</u>	<u>130.578</u>
Total assets		<u>18.618.916</u>	<u>17.841.999</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	1.000	1.000
Accumulated losses		(652.930)	(582.407)
Total equity		<u>(651.930)</u>	<u>(581.407)</u>
Non-current liabilities			
Borrowings	12	19.266.600	18.419.000
		<u>19.266.600</u>	<u>18.419.000</u>
Current liabilities			
Trade and other payables	13	4.140	4.370
Borrowings	12	68	9
Current tax liabilities	14	38	27
		<u>4.246</u>	<u>4.406</u>
Total liabilities		<u>19.270.846</u>	<u>18.423.406</u>
Total equity and liabilities		<u>18.618.916</u>	<u>17.841.999</u>

On 19 January 2012 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 2011

	Share capital €	Accumulated losses €	Total €
Balance at 1 January 2010	1.000	(511.613)	(510.613)
Comprehensive income			
Total comprehensive expense for the year	-	(70.794)	(70.794)
Balance at 31 December 2010/ 1 January 2011	1.000	(582.407)	(581.407)
Comprehensive income			
Total comprehensive expense for the year	-	(70.523)	(70.523)
Balance at 31 December 2011	1.000	(652.930)	(651.930)

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 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (in 2011 the rate was 15% up to 30 August 2011 and 17% thereafter) 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

CASH FLOW STATEMENT

Year ended 31 December 2011

	2011	2010
Note	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(70.499)	(70.780)
Adjustments for:		
Unrealised exchange loss	193	245
Interest income	5 (784.119)	(784.051)
Interest expense	5 847.600	847.600
	(6.825)	(6.986)
Cash flows used in operations before working capital changes	(6.825)	(6.986)
Decrease in trade and other payables	(230)	-
Cash flows used in operations	(7.055)	(6.986)
Interest received	784.000	784.000
Tax paid	(13)	-
Net cash flows from operating activities	776.932	777.014
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans granted	(784.000)	-
Interest received	119	51
Net cash flows (used in) / from investing activities	(783.881)	51
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	847.600	-
Unrealised exchange (loss)	(193)	(245)
Interest paid	(847.600)	(847.600)
Net cash flows used in financing activities	(193)	(847.845)
Net decrease in cash and cash equivalents	(7.142)	(70.780)
Cash and cash equivalents:		
At beginning of the year	117.128	187.908
At end of the year	10 109.986	117.128

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 2011

1. Incorporation and principal activities

Country of incorporation

The Company Correa Holdings Limited (the "Company") was incorporated in Cyprus on 27 February 2007 as a private 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 and the requirements of the Cyprus Companies Law, Cap. 113.

These financial statements are the separate financial statements of the Company. 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 on the basis of Generally Accepted Accounting Principles in Greece and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2011.

Since the 7th Directive of the European Union permits the preparation of 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 requirement of the International Accounting Standard 27 "Consolidated and Separate Financial Statements" for disclosing the group entity that publishes consolidated financial statements in accordance with IFRS does 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 2011. 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.

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

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 profit or loss 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 profit or loss.

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.

Cash and cash equivalents

For the purpose 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.

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

2. Accounting policies (continued)

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.

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.

3. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk, 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 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 2011

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 reporting 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 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.

3.4 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.

3.5 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

	2011	2010
	€	€
Auditors' remuneration	2.300	2.300
Accounting fees	1.725	1.840
Other Professional fees	1.218	1.380
Administration expenses	1.150	1.150
Total expenses	6.393	6.670

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

5. Finance income / cost

	2011	2010
	€	€
Interest income	119	51
Exchange profit	775	451
Finance income	894	502
Net foreign exchange transaction losses	968	696
Interest expense	847.600	847.600
Other finance expenses	432	316
Finance costs	849.000	848.612
Net finance costs	(848.106)	(848.110)

6. Tax

	2011	2010
	€	€
Defence contribution - current year	24	14
Charge for the year	24	14

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

	2011	2010
	€	€
Loss before tax	(70.499)	(70.780)
Tax calculated at the applicable tax rates	(7.050)	(7.078)
Tax effect of expenses not deductible for tax purposes	85.023	-
Tax effect of allowances and income not subject to tax	(78.489)	7.078
Tax effect of tax loss for the year	516	-
Defence contribution current year	24	14
Tax charge	24	14

The corporation tax rate is 10%.

Under certain conditions interest income may be subject to defence contribution at the rate of 15% (10% to 31 August 2011). 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 17% (15% to 31 August 2011).

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.

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

7. Investments in subsidiaries

	2011	2010
	€	€
Balance at 1 January	<u>4.544.888</u>	4.544.888
Balance at 31 December	<u>4.544.888</u>	<u>4.544.888</u>

The details of the subsidiaries are as follows:

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

8. Loan receivable

	2011	2010
	€	€
Loans to own subsidiaries (Note 15)	<u>13.950.533</u>	13.166.533
	<u>13.950.533</u>	<u>13.166.533</u>

The exposure of the Company to credit risk is reported in note 3 of the financial statements.

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

9. Receivables

	2011	2010
	€	€
Receivables from related companies (Note 15)	<u>12.441</u>	12.441
Shareholders' current accounts - debit balances (Note 15)	<u>1.000</u>	1.000
	<u>13.441</u>	<u>13.441</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.

10. Cash at bank and in hand

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

	2011	2010
	€	€
Cash at bank and in hand	<u>110.054</u>	117.137
Bank overdrafts (Note 12)	<u>(68)</u>	(9)
	<u>109.986</u>	<u>117.128</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.

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

11. Share capital

	2011	2011	2010	2010
	Number of	€	Number of	€
	shares		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				
Balance at 1 January	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
Balance at 31 December	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>

12. Borrowings

	2011	2010
	€	€
Current borrowings		
Bank overdrafts (Note 10)	68	9
Non current borrowings		
Debentures to related party (Note 15)	<u>19.266.600</u>	18.419.000
Total	<u>19.266.668</u>	<u>18.419.009</u>

13. Trade and other payables

	2011	2010
	€	€
Accruals	2.300	2.300
Other creditors	<u>1.840</u>	<u>2.070</u>
	<u>4.140</u>	<u>4.370</u>

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

14. Current tax liabilities

	2011	2010
	€	€
Special contribution for defence	<u>38</u>	<u>27</u>
	<u>38</u>	<u>27</u>

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

15. Related party transactions

The following transactions were carried out with related parties:

15.1 Interest income

	2011	2010
	€	€
Profit Construct SRL	<u>784.000</u>	<u>784.000</u>
	<u>784.000</u>	<u>784.000</u>

15.2 Interest expense

	2011	2010
	€	€
Lofos Pallini A.E	<u>847.600</u>	<u>847.600</u>
	<u>847.600</u>	<u>847.600</u>

15.3 Receivables from related parties (Note 9)

<u>Name</u>	<u>Nature of transactions</u>	2011	2010
		€	€
Kartereda Holdings Limited	Finance	<u>12.441</u>	<u>12.441</u>
		<u>12.441</u>	<u>12.441</u>

15.4 Loans to associated undertakings (Note 8)

	2011	2010
	€	€
Profit Construct SRL	<u>13.950.533</u>	<u>13.166.533</u>
	<u>13.950.533</u>	<u>13.166.533</u>

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

15.5 Debentures to related party (Note 12)

	2011	2010
	€	€
Lofos Pallini A.E	<u>19.266.600</u>	<u>18.419.000</u>
	<u>19.266.600</u>	<u>18.419.000</u>

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

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

	2011	2010
	€	€
At 31 December	<u>1.000</u>	<u>1.000</u>
	<u>1.000</u>	<u>1.000</u>

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

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

16. 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

CORREA HOLDINGS LIMITED

DETAILED INCOME STATEMENT

Year ended 31 December 2011

	Page	2011 €	2010 €
Revenue			
Loan interest income		784.000	784.000
Operating expenses			
Administration expenses	19	(6.393)	(6.670)
Operating profit		777.607	777.330
Finance income	20	894	502
Finance costs	20	(849.000)	(848.612)
Net loss for the year before tax		(70.499)	(70.780)

CORREA HOLDINGS LIMITED

OPERATING EXPENSES

Year ended 31 December 2011

	2011	2010
	€	€
Administration expenses		
Auditors' remuneration	2.300	2.300
Accounting fees	1.725	1.840
Other professional fees	1.218	1.380
Administration expenses	1.150	1.150
	<u>6.393</u>	<u>6.670</u>

CORREA HOLDINGS LIMITED

FINANCE INCOME / COST Year ended 31 December 2011

	2011 €	2010 €
Finance income		
Bank interest	119	51
Unrealised exchange profit	<u>775</u>	<u>451</u>
	<u>894</u>	<u>502</u>
Finance costs		
Interest expense		
Debenture interest	847.600	847.600
Other finance expenses		
Bank charges	432	316
Net foreign exchange transaction losses		
Unrealised exchange loss	<u>968</u>	<u>696</u>
	<u>849.000</u>	<u>848.612</u>

CORREA HOLDINGS LIMITED

COMPUTATION OF DEFENCE CONTRIBUTION

Year ended 31 December 2011

	Income €	Rate	Defence € c
INTEREST			
Deemed interest receivable on debit balances of directors and shareholders	90		
Interest that was subject to deduction at source	<u>119</u>		
	<u>209</u>		-
Interest that was earned up to 30 August 2011	145	10%	14,50
Interest that was earned after 30 August 2011	<u>64</u>	15%	9,60
	<u>209</u>		-
Less: deductions at source			<u>(13,60)</u>
DEFENCE CONTRIBUTION DUE TO IRD			<u><u>10,50</u></u>

CORREA HOLDINGS LIMITED

COMPUTATION OF CORPORATION TAX

Year ended 31 December 2011

	Page	€	€
Net loss per detailed statement of comprehensive income	18		(70.499)
<u>Add:</u>			
Expenses not allowable for tax purposes:			
Unrealised exchange loss		968	
Disallowed interest		206.900	
Non-allowable expenses		1.666	
Deferred interest expense		<u>640.700</u>	
			<u>850.234</u>
			779.735
<u>Less:</u>			
Interest income		119	
Unrealised exchange profit		775	
Deferred interest income		<u>784.000</u>	
			<u>(784.894)</u>
Net loss for the year			(5.159)
Loss brought forward			<u>(57.940)</u>
Loss carried forward			<u>(63.099)</u>

CORREA HOLDINGS LIMITED

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

Nicosia, 19 January 2012

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

Dear Sirs,

Financial Statements - 31 December 2011

This representation letter is provided in connection with your audit of the financial statements of Correa Holdings Limited for the year ended 31 December 2011.

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 European Union 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 Correa Holdings Limited

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Androula Zavalli Teves
Director