

PI SQUARE HOLDINGS LTD
REPORT AND FINANCIAL STATEMENTS
31 December 2007

PI SQUARE HOLDINGS LTD

REPORT AND FINANCIAL STATEMENTS

31 December 2007

CONTENTS	PAGE
Board of Directors and other officers	1
Report of the Board of Directors	2
Auditors' report	3 - 4
Income statement	5
Balance sheet	6
Statement of changes in equity	7
Cash flow statement	8
Notes to the financial statements	9 - 12
Additional information to the income statement	13 - 15

PI SQUARE HOLDINGS LTD

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Chelco Nominees Ltd Chelco Management Services Ltd
Company Secretary:	Chelco Management Services Ltd
Auditors:	C. Tsielepis & Co Ltd Chartered Accountants
Registered Office:	221, Christ. Haggipavlou Street Helios Court, 1st Floor 3036 Limassol, Cyprus
Bankers:	Marfin Popular Bank Public Company Ltd
Registration number:	101567

PI SQUARE HOLDINGS LTD

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2007.

Principal activities

The principal activity of the Company, which is unchanged from last year, is that of international business. During the year the company did not carry out any activities and remained dormant.

Results

The Company's results for the year are set out on page 5. The net loss for the year is carried forward.

Dividends

On 1 May 2007 the Company paid final dividend from the profits of 2006 amounting to € 219.000 (2006: € NIL).

Share capital

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

Board of Directors

The members of the Board of Directors of the Company as at 31 December 2007 and at the date of this report are shown on page 1. All of them were members of the board throughout the year ended 31 December 2007.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities of the Board of Directors.

Post balance sheet events

There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Auditors

The auditors, C. Tsielepis & Co Ltd, 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,

Chelco Nominees Ltd
Director

Limassol, 18 February 2008

Independent Auditors' Report

to the Members of PI Square Holdings Ltd

Report on the Financial Statements

We have audited the financial statements of PI Square Holdings Ltd (the "Company") on pages 5 to 12, which comprise the balance sheet as at 31 December 2007 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 PI Square Holdings Ltd

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of PI Square Holdings Ltd as of 31 December 2007 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.

C. Tsielepis & Co Ltd
Chartered Accountants

Limassol, 18 February 2008

PI SQUARE HOLDINGS LTD

INCOME STATEMENT

Year ended 31 December 2007

	Note	2007 €	2006 €
Income	3	-	294.224
Administration expenses		(3.100)	(2.867)
Operating (loss) / profit	4	(3.100)	291.357
Finance costs	5	(22.213)	2.606
(Loss) / profit before tax		(25.313)	293.963
Tax	6	-	-
Net (loss) / profit for the year		(25.313)	293.963

The notes on pages 9 to 12 form an integral part of these financial statements.

PI SQUARE HOLDINGS LTD

BALANCE SHEET

31 December 2007

	Note	2007 €	2006 €
ASSETS			
Current assets			
Cash at bank and in hand		<u>50.644</u>	<u>754.829</u>
Total assets		<u>50.644</u>	<u>754.829</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	52.000	52.000
Accumulated (losses) / retained earnings		<u>(2.356)</u>	<u>241.957</u>
		<u>49.644</u>	<u>293.957</u>
Current liabilities			
Trade and other payables	10	<u>1.000</u>	<u>460.872</u>
		<u>1.000</u>	<u>460.872</u>
Total equity and liabilities		<u>50.644</u>	<u>754.829</u>

On 18 February 2008 the Board of Directors of PI Square Holdings Ltd authorised these financial statements for issue.

Chelco Nominees Ltd
Director

Chelco Management Services Ltd
Director

The notes on pages 9 to 12 form an integral part of these financial statements.

PI SQUARE HOLDINGS LTD

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2007

	Note	Share capital €	Accumulated (losses)/ retained earnings €	Total €
Balance - 1 January 2006		15.909	(52.006)	(36.097)
Net profit for the year		-	293.963	293.963
Issue of share capital	9	36.091	-	36.091
At 31 December 2006/ 1 January 2007		52.000	241.957	293.957
Net loss for the year		-	(25.313)	(25.313)
Dividends	7	-	(219.000)	(219.000)
At 31 December 2007		52.000	(2.356)	49.644

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 during the following two years. This special contribution for defence is payable for the account of the shareholders.

The notes on pages 9 to 12 form an integral part of these financial statements.

PI SQUARE HOLDINGS LTD

CASH FLOW STATEMENT

Year ended 31 December 2007

	Note	2007 €	2006 €
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/ profit before tax		(25.313)	293.963
Adjustments for:			
(Profit) from the sale of investments in subsidiaries		-	(294.224)
Operating loss before working capital changes		(25.313)	(261)
Changes in working capital:			
Trade and other receivables		-	220.077
Trade and other payables		(459.872)	(37.890)
Net cash (used in) / from operating activities		(485.185)	181.926
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments in subsidiary undertakings		-	535.331
Net cash from investing activities		-	535.331
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	36.091
Dividends paid		(219.000)	-
Net cash (used in) / from financing activities		(219.000)	36.091
Net (decrease) / increase in cash and cash equivalents		(704.185)	753.348
Cash and cash equivalents:			
At beginning of the year		754.829	1.481
At end of the year		50.644	754.829

The notes on pages 9 to 12 form an integral part of these financial statements.

PI SQUARE HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

1. Incorporation and principal activities

Country of incorporation

PI Square Holdings Ltd (the "Company") was incorporated in Cyprus on 22 April 1999 as a private company with limited liability under the Companies Law, Cap. 113. Its registered office is at 221, Christ. Haggipavlou Street, Helios Court, 1st Floor, 3036 Limassol, Cyprus.

Principal activities

The principal activity of the Company, which is unchanged from last year, is that of international business. During the year the company did not carry out any activities and remained dormant.

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 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention and appear in Euro €.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain critical accounting estimates and requires management to exercise its judgment 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 ultimately may differ from those estimates.

Adoption of new and revised IFRSs

As from 1 January, 2007, the Company adopted all the IFRSs and International Accounting Standards (IAS), which are relevant to its operations.

The adoption of these Standards did not have a material effect on the financial statements.

At the date of authorisation of these financials statements some Standards were in issue but not yet effective. The Board of Directors expects that the adoption of these Standards in future periods will not have a material effect on the financial statements of the Company.

Finance costs

Interest expense and other borrowing costs are charged to the income statement as incurred.

Foreign currency translation

(1) Measurement currency

The financial statements are prepared in Euro (the measurement currency), which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company.

(2) Foreign currency translation

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

PI SQUARE HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

2. Accounting policies (continued)

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Loans

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

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

Share capital

Ordinary shares are classified as equity.

Cash and cash equivalents

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

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Income

	2007	2006
	€	€
Profit from sale of investments in subsidiaries	-	294,224
	<u>-</u>	<u>294,224</u>

4. Operating (loss) / profit

	2007	2006
	€	€
Operating (loss) / profit is stated after charging the following items:		
Auditors' remuneration	1,000	706
	<u>1,000</u>	<u>706</u>

5. Finance costs

	2007	2006
	€	€
Net foreign exchange transaction losses / (gains)	20,636	(2,650)
Other finance expenses	1,577	44
	<u>22,213</u>	<u>(2,606)</u>

PI SQUARE HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

6. Tax

The corporation tax rate is 10%.

Under certain conditions interest may be subject to defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax, thus having an effective tax rate burden of approximately 15%. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 15%.

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. As at 31 December 2007, the balance of tax losses which is available for offset against future taxable profits amounts to € 72.400.

7. Dividends

	2007	2006
	€	€
Final dividend paid	<u>219.000</u>	-
	<u>219.000</u>	-

On 1 May 2007 the Company paid final dividend from the profits of 2006 amounting to € 219.000 (2006: € NIL).

Dividends are subject to a deduction of special contribution for defence at the rate of 15% for individual shareholders that are resident in Cyprus.

Dividends declared out of dividends received, which suffered withholding tax at the rate of 20%, are exempt from the 15% special contribution for defence. The exemption applies if the dividends are declared within a six-year period from the date of their receipt.

8. Investments in subsidiaries

	2007	2006
	€	€
Opening net book amount	-	241.107
Disposals	-	(241.107)
Closing net book amount	<u>-</u>	<u>-</u>

9. Share capital

	2007	2007	2006	2006
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of CY£1 each	<u>40.000</u>	<u>69.333</u>	<u>40.000</u>	<u>69.333</u>
Issued and fully paid				
On 1 January	30.000	52.000	10.000	15.909
Issue of shares	-	-	20.000	36.091
At 31 December	<u>30.000</u>	<u>52.000</u>	<u>30.000</u>	<u>52.000</u>

PI SQUARE HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

10. Trade and other payables

	2007	2006
	€	€
Accruals	1.000	1.500
Amounts due to shareholders	<u>-</u>	<u>459.372</u>
	<u>1.000</u>	<u>460.872</u>

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

11. Commitments

The Company had no capital or other commitments as at 31 December 2007.

12. Post balance sheet events

There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Auditors' report pages 3 and 4

PI SQUARE HOLDINGS LTD

OPERATING EXPENSES

Year ended 31 December 2007

	2007 €	2006 €
Administration expenses		
Sundry expenses	120	44
Auditors' remuneration	1.000	706
Other professional fees	<u>1.980</u>	<u>2.117</u>
	<u>3.100</u>	<u>2.867</u>

PI SQUARE HOLDINGS LTD

FINANCE COSTS

Year ended 31 December 2007

	2007	2006
	€	€
Finance costs		
Other finance expenses		
Bank charges	1.577	44
Net foreign exchange transaction losses / (gains)		
Realised exchange loss / (profit)	<u>20.636</u>	<u>(2.650)</u>
	<u>22.213</u>	<u>(2.606)</u>

PI SQUARE HOLDINGS LTD

COMPUTATION OF CORPORATION TAX
Year ended 31 December 2007

Net loss per income statement	Page	€
Net (loss) for the year	5	(25.313)
		(25.313)
Converted into CY£ at € 1,7086 = CY£1		CY£
		(14.815)
(Loss) brought forward		(27.559)
Net (loss) at 31 December 2007 carried forward		<u>(42.374)</u>

PI SQUARE HOLDINGS LTD

221, Christ. Haggipavlou Street
Helios Court, 1st Floor
3036 Limassol, Cyprus

Limassol, 18 February 2008

Messrs,
C. Tsielepis & Co Ltd
Chartered Accountants
205, 28 October
Louloupis Court
1st floor
3036 Limassol

Dear Sirs,

Financial Statements - 31 December 2007

This representation letter is provided in connection with your audit of the financial statements of PI Square Holdings Ltd for the year ended 31 December 2007.

We confirm, to the best of our knowledge and belief, the following representations:

- 1) We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the provisions of the Companies Law Cap. 113 and the International Financial Reporting Standards as adopted by the EU and International Financial Reporting Standards as issued by the IASB including the appropriate disclosure of all information required by statute.
- 2) There have been no irregularities involving management or employees who have a significant role in the system of internal control, or that could have a material effect on the financial statements.
- 3) The financial statements are free of material errors and omissions.
- 4) We have made available to you all books of account and supporting documentation and all minutes of meetings of shareholders and board of directors.
- 5) The Company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There have been no communications concerning non-compliance with requirements of regulatory authorities with respect to financial matters.
- 6) The following have been properly recorded and when appropriate, adequately disclosed in the financial statements:
 - (a) Balances and transactions with related parties.
 - (b) Assets pledged as collateral.
- 7) We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
- 8) The Company has satisfactory title to all assets and there are no liens, or encumbrances on the company's assets except as noted in the financial statements.
- 9) We have recorded or disclosed all liabilities, both actual and contingent.
- 10) We confirm that all amounts owed to the company are fully recoverable.
- 11) There have been no events subsequent to the balance sheet date that require adjustment of, or disclosure in the financial statements and related notes.
- 12) No claims in connection with litigation have been or are expected to be received.
- 13) To the best of our knowledge and belief, the information disclosed in the financial statements in respect of parties which control the entity is complete and accurate.

- 14) To the best of our knowledge and belief, there were no material related party transactions at any time during the year which fall to be disclosed other than as indicated in the financial statements.
- 15) Except as disclosed in the financial statements, the results for the year were not materially affected by transactions of a type not usually undertaken by the entity, circumstances of a non recurrent or exceptional nature or any change in accounting policies.
- 16) We confirm that we have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion, we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date the financial statements are to be approved.
- 17) We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a fair presentation.
- 18) We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully,
For PI Square Holdings Ltd

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PI SQUARE HOLDINGS LTD
221, Christ. Haggipavlou Street
Helios Court, 1st Floor
3036 Limassol, Cyprus

Limassol, 18 February 2008

Messrs,
C. Tsielepis & Co Ltd
Chartered Accountants
205, 28 October
Louloupis Court
1st floor
3036 Limassol

Dear Sirs,

Financial Statements - 31 December 2007

We are in receipt of your letter dated 18 February 2008 together with the financial statements of the Company for year ended 31 December 2007.

We have reviewed the financial statements, we agree with their content

Yours faithfully,
For PI Square Holdings Ltd

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