

PI SQUARE HOLDINGS LTD

REPORT AND FINANCIAL STATEMENTS
31 December 2011

PI SQUARE HOLDINGS LTD

REPORT AND FINANCIAL STATEMENTS 31 December 2011

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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
Independent Auditors:	Costas Tsielepis & Co Ltd Chartered Accountants and Registered Auditors
Registered office:	221 Christodoulou Hadjipavlou Street Helios Court, 1st floor 3036 Limassol Cyprus
Banker:	Marfin Popular Bank Public Co Ltd
Registration number:	101567

PI SQUARE HOLDINGS LTD

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 activity of the Company, which is unchanged from last year, is trading on an international basis. However, during the year the Company did not carry out any activities.

Review of current position, future developments and significant risks

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

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 members of the Company's Board of Directors as at 31 December 2011 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2011.

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 and remuneration of the Board of Directors.

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 Auditors

The Independent Auditors, Costas 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, 16 January 2012

Independent auditor's report

To the Members of PI Square Holdings Ltd

Report on the financial statements

We have audited the accompanying financial statements of PI Square Holdings Ltd (the "Company") on pages 5 to 12, which comprise the statement of financial position as at 31 December 2015, the statement 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 about 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 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 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 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.

George Tsielepis
Chartered Accountant and Registered Auditor
for and on behalf of
Costas Tsielepis & Co Ltd
Chartered Accountants and Registered Auditors

Limassol, 16 January 2012

PI SQUARE HOLDINGS LTD

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Note	2011 €	2010 €
Administration expenses		<u>(2.645)</u>	(2.724)
Operating loss	5	(2.645)	(2.724)
Net finance costs	6	<u>(102)</u>	(195)
Loss before tax		(2.747)	(2.919)
Tax	7	<u>(14)</u>	-
Net loss for the year		(2.761)	(2.919)
Other comprehensive income		<u>-</u>	-
Total comprehensive expense for the year		<u>(2.761)</u>	(2.919)

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

PI SQUARE HOLDINGS LTD

STATEMENT OF FINANCIAL POSITION 31 December 2011

	Note	2011 €	2010 €
ASSETS			
Current assets			
Cash at bank and in hand		<u>36.813</u>	39.574
		<u>36.813</u>	39.574
Total assets		<u>36.813</u>	<u>39.574</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	8	51.300	51.300
Accumulated losses		<u>(15.187)</u>	(12.426)
Total equity		<u>36.113</u>	<u>38.874</u>
Current liabilities			
Trade and other payables	9	<u>700</u>	700
		<u>700</u>	700
Total equity and liabilities		<u>36.813</u>	<u>39.574</u>

On 16 January 2012 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 2011

	Share capital €	Accumulated losses €	Total €
Balance at 1 January 2010	51.300	(9.507)	41.793
Total comprehensive expense for the year	-	(2.919)	(2.919)
Balance at 31 December 2010/ 1 January 2011	51.300	(12.426)	38.874
Total comprehensive expense for the year	-	(2.761)	(2.761)
Balance at 31 December 2011	51.300	(15.187)	36.113

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

PI SQUARE HOLDINGS LTD

STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	Note	2011 €	2010 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(2.747)	(2.919)
Adjustments for:			
Interest income	6	<u>(93)</u>	-
Cash flows used in operations before working capital changes		(2.840)	(2.919)
Tax paid		<u>(14)</u>	-
Net cash flows used in operating activities		(2.854)	(2.919)
CASH FLOWS FROM INVESTING ACTIVITIES			
		<u>-</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest received		<u>93</u>	-
Net cash flows from financing activities		93	-
Net decrease in cash and cash equivalents		(2.761)	(2.919)
Cash and cash equivalents:			
At beginning of the year		<u>39.574</u>	42.493
At end of the year		<u>36.813</u>	<u>39.574</u>

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 2011

1. Incorporation and principal activities

Country of incorporation

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

Principal activities

The principal activity of the Company, which is unchanged from last year, is trading on an international basis. However, during the year the Company did not carry out any activities.

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.

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.

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.

PI SQUARE HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

2. Accounting policies (continued)

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

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

Share capital

Ordinary shares are classified as equity.

3. Financial risk management

Financial risk factors

The Company is exposed to liquidity 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 by having available an adequate amount of committed credit facilities.

3.2 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. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

PI SQUARE HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

4. Critical accounting estimates and judgements (continued)

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. Operating (loss)

	2011	2010
	€	€
Operating loss is stated after charging the following items:		
Auditors' remuneration - prior years	748	748

6. Finance income / cost

	2011	2010
	€	€
Interest income	93	-
Finance income	93	-
Bank charges	195	195
Finance costs	195	195
Net finance costs	(102)	(195)

7. Tax

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

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 2011, the balance of tax losses which is available for offset against future taxable profits amounts to €85.310.

PI SQUARE HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

8. Share capital

	2011	2011	2010	2010
	Number of	€	Number of	€
	shares		shares	
Authorised				
Ordinary shares of €1,71	<u>40.000</u>	<u>68.400</u>	<u>40.000</u>	<u>68.400</u>
Issued and fully paid				
Balance at 1 January	<u>30.000</u>	<u>51.300</u>	<u>30.000</u>	<u>51.300</u>
Balance at 31 December	<u>30.000</u>	<u>51.300</u>	<u>30.000</u>	<u>51.300</u>

9. Trade and other payables

	2011	2010
	€	€
Shareholders' current accounts - credit balances (Note 10)	<u>700</u>	<u>700</u>
	<u>700</u>	<u>700</u>

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

10. Related party transactions

The Company is controlled by Petros Petropoulos AEBE, incorporated in Greece, which owns 100% of the Company's shares.

10.1 Shareholders' current accounts - credit balances (Note 9)

	2011	2010
	€	€
Shareholder's current account	<u>700</u>	<u>700</u>
	<u>700</u>	<u>700</u>

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

11. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2011.

12. Commitments

The Company had no capital or other commitments as at 31 December 2011.

13. 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

PI SQUARE HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

OPERATING EXPENSES

Year ended 31 December 2011

	2011	2010
	€	€
Administration expenses		
Sundry expenses	86	222
Auditors' remuneration - prior years	748	748
Accounting fees	345	288
Other professional fees	1.466	1.466
	2.645	2.724

PI SQUARE HOLDINGS LTD

COMPUTATION OF DEFENCE CONTRIBUTION
Year ended 31 December 2011

	Income €	Rate	Defence € c
INTEREST			
Interest that was subject to deduction at source	<u>93</u>		
	<u>93</u>	15%	13,95
Less: deductions at source			<u>(13,95)</u>
DEFENCE CONTRIBUTION DUE TO IRD			<u><u>-</u></u>

PI SQUARE HOLDINGS LTD

COMPUTATION OF CORPORATION TAX
Year ended 31 December 2011

	Page	€	€
Net loss per statement of comprehensive income	5		(2.747)
<u>Less:</u>			
Interest income		<u>93</u>	<u>(93)</u>
Net loss for the year			<u>(2.840)</u>
Loss brought forward			<u>(82.470)</u>
Loss carried forward			<u>(85.310)</u>

PI SQUARE HOLDINGS LTD

**221 Christodoulou Hadjipavlou Street
Helios Court, 1st floor
3036 Limassol
Cyprus**

Limassol, 16 January 2012

Messrs,
Costas Tsielepis & Co Ltd
Chartered Accountants and Registered Auditors
205 28th October Avenue,
Louloupis Court, 1st floor,
3035, Limassol
3036 Limassol, Cyprus

Dear Sirs,

Financial Statements - 31 December 2011

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 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 significant roles in the internal control structure.
 - Irregularities involving other employees that could have a material effect on the financial statements.
 - Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices 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) We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
- 6) 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.
- 7) We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.
- 8) We confirm that all amounts owed to the Company are fully recoverable.
- 9) No events have occurred subsequent to the reporting date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
- 10) We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.
- 11) 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.
- 12) To the best of our knowledge and belief, there were no material related party transactions at any time during the reporting period which fall to be disclosed other than as indicated in the financial statements.

- 13) 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.
- 14) 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.
- 15) 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.
- 16) The Company has complied with all aspects of contractual agreements, that would have a material effect on the financial statements in the event of non-compliance.
- 17) 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 Christodoulou Hadjipavlou Street
Helios Court, 1st floor
3036 Limassol
Cyprus

Limassol, 16 January 2012

Messrs,
Costas Tsielepis & Co Ltd
Chartered Accountants and Registered Auditors
205 28th October Avenue,
Louloupis Court, 1st floor,
3035, Limassol
3036 Limassol, Cyprus

Dear Sirs,

Financial Statements - 31 December 2011

We are in receipt of your letter dated 16 January 2012 together with the financial statements of the Company for year ended 31 December 2011.

We have reviewed the financial statements, we agree with their content and we authorise you to file same with the Income Tax Inspector together with the tax return for the year 2011.

Yours faithfully,
For PI Square Holdings Ltd

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