

**MARKELIA ENTERPRISES COMPANY  
LIMITED**

REPORT AND FINANCIAL STATEMENTS  
Period from 14 May 2008 (date of incorporation) to  
31 December 2008

# MARKELIA ENTERPRISES COMPANY LIMITED

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## REPORT AND FINANCIAL STATEMENTS

Period from 14 May 2008 (date of incorporation) to 31 December 2008

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# MARKELIA ENTERPRISES COMPANY LIMITED

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## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:**

Irene Savvides  
Vasilios Trikoupis

**Company Secretary:**

Adam Montanios  
16 Panteli Katelari Street  
Diagoras House  
1097 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:**

16 Panteli Katelari Street  
Diagoras House  
1097 Nicosia  
Cyprus

# MARKELIA ENTERPRISES COMPANY LIMITED

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## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its first report and audited financial statements of the Company for the period from 14 May 2008 (date of incorporation) to 31 December 2008.

### **Incorporation**

The Company Markelia Enterprises Company Limited was incorporated in Cyprus on 14 May 2008 as a limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

### **Principal activities**

The principal activities of the Company are the provision of finance. The Company remained inactive during the current period.

### **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 given that the Company has been newly incorporated and has yet to commence its activities.

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 period are set out on page 5. The net loss for the period is carried forward.

### **Share capital**

#### **Authorised capital**

Under its Memorandum the Company fixed its share capital at 10.000 ordinary shares of nominal value of €1 each.

#### **Issued capital**

Upon incorporation on 14 May 2008 the Company issued to the subscribers of its Memorandum of Association 1.000 ordinary shares of €1 each.

### **Board of Directors**

The members of the Company's Board of Directors as at the date of this report are presented on page 1. Both of them were appointed as Directors on 14 May 2008 and were members of the Board throughout the period from 14 May 2008 (date of incorporation) to 31 December 2008.

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

Any significant events that occurred after the end of the reporting period are described in note 12 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,

Irene Savvides  
Director

Nicosia, 23 February 2010

# **Independent Auditor's Report**

## **To the Members of Markelia Enterprises Company Limited**

### **Report on the Financial Statements**

We have audited the financial statements of Markelia Enterprises Company Limited (the "Company") on pages 5 to 12,, which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and the cash flow statement for the period from 14 May 2008 (date of incorporation) to 31 December 2008, 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 Markelia Enterprises Company Limited**

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Markelia Enterprises Company Limited as at 31 December 2008, and of its financial performance and its cash flows for the period from 14 May 2008 (date of incorporation) to 31 December 2008 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 Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on page 2 is consistent with the financial statements.

#### **Other Matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Companies Law, Cap.113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

**Horwath DSP Limited**  
**Chartered Certified Accountants**

Nicosia, 23 February 2010

# MARKELIA ENTERPRISES COMPANY LIMITED

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## INCOME STATEMENT

Period from 14 May 2008 (date of incorporation) to 31 December 2008

	Note	2008 €
Administration expenses		<b>(3.876)</b>
Other expenses	5	<b>(1.000)</b>
<b>Loss before tax</b>		<b>(4.876)</b>
Tax	7	-
<b>Net loss for the period</b>		<b>(4.876)</b>

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

# MARKELIA ENTERPRISES COMPANY LIMITED

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## BALANCE SHEET 31 December 2008

	Note	2008 €
<b>ASSETS</b>		
<b>Current assets</b>		
Trade and other receivables	8	<u>1.000</u> <u>1.000</u>
<b>Total assets</b>		<u>1.000</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	9	1.000
Accumulated (losses)		<u>(4.876)</u>
<b>Total equity</b>		<u>(3.876)</u>
<b>Current liabilities</b>		
Trade and other payables	10	<u>4.876</u> <u>4.876</u>
<b>Total equity and liabilities</b>		<u>1.000</u>

On 23 February 2010 the Board of Directors of Markelia Enterprises Company Limited authorised these financial statements for issue.

.....  
Irene Savvides  
Director

.....  
Vasilios Trikoupis  
Director

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



# MARKELIA ENTERPRISES COMPANY LIMITED

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## STATEMENT OF CHANGES IN EQUITY

Period from 14 May 2008 (date of incorporation) to 31 December 2008

	Note	Share capital €	Accumulated (losses) €	Total €
Issue of share capital	9	1.000	-	1.000
Net loss for the period		-	(4.876)	(4.876)
<b>Balance at 31 December 2008</b>		<b>1.000</b>	<b>(4.876)</b>	<b>(3.876)</b>

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.

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

# MARKELIA ENTERPRISES COMPANY LIMITED

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## CASH FLOW STATEMENT

Period from 14 May 2008 (date of incorporation) to 31 December 2008

	<b>2008</b>
	<b>€</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
<b>Loss before tax</b>	<u><b>(4.876)</b></u>
<b>Cash flows used in operations before working capital changes</b>	<b>(4.876)</b>
Increase in trade and other receivables	<b>(1.000)</b>
Increase in trade and other payables	<u><b>4.876</b></u>
<b>Net cash flows used in operating activities</b>	<u><b>(1.000)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u><b>-</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Issue of share capital	<u><b>1.000</b></u>
<b>Net cash flows from financing activities</b>	<u><b>1.000</b></u>
<b>Net increase in cash and cash equivalents</b>	<b>-</b>
Cash and cash equivalents:	
At beginning of the period	<u><b>-</b></u>
<b>At end of the period</b>	<u><u><b>-</b></u></u>

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

# MARKELIA ENTERPRISES COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Period from 14 May 2008 (date of incorporation) to 31 December 2008

### 1. Incorporation and principal activities

#### Country of incorporation

The Company Markelia Enterprises Company Limited (the "Company") was incorporated in Cyprus on 14 May 2008 as a limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at 16 Panteli Katelari Street, Diagoras House, 1097 Nicosia, Cyprus.

#### Principal activities

The principal activities of the Company are the provision of finance. The Company remained inactive during the current period.

### 2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

#### 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 period 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 2008.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company except for the application of International Accounting Standard 1 (Revised) "Presentation of Financial Statements" which has a material effect on the presentation of the financial statements and the application of IFRS 7 "(Amendments) - Financial Instruments: Disclosures: Improving disclosures about financial instruments" which will enhance disclosures about fair value measurements and liquidity risk.

#### 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.

# MARKELIA ENTERPRISES COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Period from 14 May 2008 (date of incorporation) to 31 December 2008

### 2. Accounting policies (continued)

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

### 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 balance sheet date.

### Share capital

Ordinary shares are classified as equity.

### 3. Financial risk management

#### Financial risk factors

The Company is exposed to credit risk, 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 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 balance sheet date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

#### 3.2 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.

#### 3.3 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.

### Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the balance sheet 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.

# MARKELIA ENTERPRISES COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Period from 14 May 2008 (date of incorporation) to 31 December 2008

### 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. At the year end, there are no significant estimates or assumptions.

### 5. Other expenses

	<b>2008</b>
	€
Incorporation expenses	<u><b>1.000</b></u>
	<u><b>1.000</b></u>

### 6. Operating (loss)

	<b>2008</b>
	€
Operating (loss) is stated after charging the following items:	
Auditors' remuneration	<b>1.380</b>
Incorporation expenses	<u><b>1.000</b></u>

### 7. Tax

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

	<b>2008</b>
	€
Loss before tax	<u><b>(4.876)</b></u>
Tax calculated at the applicable tax rates	<b>(488)</b>
Tax effect of expenses not deductible for tax purposes	<b>100</b>
Tax effect of tax loss for the period	<u><b>388</b></u>
Tax charge	<u><b>-</b></u>

The corporation tax rate is 10%.

Due to tax losses sustained in the period, 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.

### 8. Trade and other receivables

	<b>2008</b>
	€
Shareholders' current accounts - debit balances (Note 11)	<u><b>1.000</b></u>
	<u><b>1.000</b></u>

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

# MARKELIA ENTERPRISES COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Period from 14 May 2008 (date of incorporation) to 31 December 2008

### 9. Share capital

	2008 Number of shares	2008 €
<b>Authorised</b>		
Ordinary shares of €1 each	<u>10.000</u>	<u>10.000</u>
<b>Issued and fully paid</b>		
Issue of shares	<u>1.000</u>	<u>1.000</u>
<b>Balance at 31 December</b>	<u>1.000</u>	<u>1.000</u>

#### Authorised capital

Under its Memorandum the Company fixed its share capital at 10.000 ordinary shares of nominal value of €1 each.

#### Issued capital

Upon incorporation on 14 May 2008 the Company issued to the subscribers of its Memorandum of Association 1.000 ordinary shares of €1 each.

### 10. Trade and other payables

	2008 €
Other payables	3.496
Accruals	<u>1.380</u>
	<u>4.876</u>

### 11. Related party transactions

The following transactions were carried out with related parties:

#### 11.1 Shareholders' current accounts - debit balances (Note 8)

	2008 €
As at 31 December 2008	<u>1.000</u>
	<u>1.000</u>

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

### 12. 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' Report pages 3 and 4**

# **MARKELIA ENTERPRISES COMPANY LIMITED**

**16 Panteli Katelari Street  
Diagoras House  
1097 Nicosia  
Cyprus**

Nicosia, 23 February 2010

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

Dear Sirs,

## **Financial Statements - 31 December 2008**

This representation letter is provided in connection with your audit of the financial statements of Markelia Enterprises Company Limited for the period from 14 May 2008 (date of incorporation) to 31 December 2008.

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 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 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 period 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 period 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 Markelia Enterprises Company Limited

.....  
Irene Savvides  
Director

.....  
Vasilios Trikoupis  
Director