

**PI SQUARE HOLDINGS LTD**

REPORT AND FINANCIAL STATEMENTS  
31 December 2012

# PI SQUARE HOLDINGS LTD

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## REPORT AND FINANCIAL STATEMENTS

31 December 2012

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# PI SQUARE HOLDINGS LTD

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## BOARD OF DIRECTORS AND OTHER OFFICERS

<b>Board of Directors:</b>	Chelco Nominees Ltd Chelco Management Services Ltd
<b>Company Secretary:</b>	Chelco Management Services Ltd
<b>Independent Auditors:</b>	Costas Tsielepis & Co Ltd Chartered Accountants and Registered Auditors
<b>Registered office:</b>	221, Christodoulou Hadjipavlou Street Helios Court, 1st floor 3036, Limassol Cyprus
<b>Banker:</b>	Marfin Popular Bank Public Co Ltd
<b>Registration number:</b>	101567

# PI SQUARE HOLDINGS LTD

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## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2012.

### **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 2012 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 2012.

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, 25 January 2013

# **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 2012, 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 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 2012, 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 C. Tsielepis  
Chartered Accountant and Registered Auditor  
for and on behalf of  
**Costas Tsielepis & Co Ltd**  
**Chartered Accountants and Registered Auditors**  
205 28th October Avenue,  
Louloupis Court, 1st floor,  
3035 Limassol, Cyprus  
Cyprus

25 January 2013

# PI SQUARE HOLDINGS LTD

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## STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Note	2012 €	2011 €
Administration expenses		<u>(2.249)</u>	<u>(2.645)</u>
<b>Operating loss</b>	5	<b>(2.249)</b>	(2.645)
Net finance income/(cost)	6	<u>742</u>	<u>(102)</u>
<b>Loss before tax</b>		<b>(1.507)</b>	(2.747)
Tax	7	<u>(140)</u>	<u>(14)</u>
<b>Net loss for the year</b>		<b>(1.647)</b>	(2.761)
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive loss for the year</b>		<b><u>(1.647)</u></b>	<b><u>(2.761)</u></b>

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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 2012

	Note	2012 €	2011 €
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at bank and in hand	8	<u>35.166</u>	<u>36.813</u>
		<b>35.166</b>	<b>36.813</b>
<b>Total assets</b>		<b><u>35.166</u></b>	<b><u>36.813</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	<b>51.300</b>	51.300
Accumulated losses		<u>(16.834)</u>	<u>(15.187)</u>
<b>Total equity</b>		<b><u>34.466</u></b>	<b><u>36.113</u></b>
<b>Current liabilities</b>			
Trade and other payables	10	<u>700</u>	<u>700</u>
		<b>700</b>	<b>700</b>
<b>Total equity and liabilities</b>		<b><u>35.166</u></b>	<b><u>36.813</u></b>

On 25 January 2013 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

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## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2012

	Share capital €	Accumulated losses €	Total €
<b>Balance at 1 January 2011</b>	<b>51.300</b>	<b>(12.426)</b>	<b>38.874</b>
Total comprehensive loss for the year	-	(2.761)	(2.761)
<b>Balance at 31 December 2011/ 1 January 2012</b>	<b>51.300</b>	<b>(15.187)</b>	<b>36.113</b>
Total comprehensive loss for the year	-	(1.647)	(1.647)
<b>Balance at 31 December 2012</b>	<b>51.300</b>	<b>(16.834)</b>	<b>34.466</b>

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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 2012

	Note	2012 €	2011 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Loss before tax</b>		<b>(1.507)</b>	(2.747)
Adjustments for:			
Interest income	6	<b>(937)</b>	(93)
<b>Cash flows used in operations before working capital changes</b>		<b>(2.444)</b>	(2.840)
Tax paid		<b>(140)</b>	(14)
<b>Net cash flows used in operating activities</b>		<b>(2.584)</b>	(2.854)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest received		<b>937</b>	93
<b>Net cash flows from financing activities</b>		<b>937</b>	93
<b>Net decrease in cash and cash equivalents</b>		<b>(1.647)</b>	(2.761)
Cash and cash equivalents:			
At beginning of the year		<b>36.813</b>	39.574
<b>At end of the year</b>	8	<b>35.166</b>	36.813

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

# PI SQUARE HOLDINGS LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

### 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 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 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 2012. 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.

#### 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.

#### 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.

# PI SQUARE HOLDINGS LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

### 2. Accounting policies (continued)

#### 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 judgments

Estimates and judgments 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.

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 judgment 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.

# PI SQUARE HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

### 5. Operating (loss)

	2012	2011
	€	€
Operating loss is stated after charging the following items:		
Auditors' remuneration - prior years	<u>518</u>	<u>748</u>

### 6. Finance income/cost

	2012	2011
	€	€
Interest income	<u>937</u>	<u>93</u>
<b>Finance income</b>	<u>937</u>	<u>93</u>
Sundry finance expenses	<u>(195)</u>	<u>(195)</u>
<b>Finance costs</b>	<u>(195)</u>	<u>(195)</u>
<b>Net finance income/(cost)</b>	<u>742</u>	<u>(102)</u>

### 7. Tax

	2012	2011
	€	€
Defence contribution - current year	<u>140</u>	<u>14</u>
<b>Charge for the year</b>	<u>140</u>	<u>14</u>

The corporation tax rate is 10%.

Under certain conditions interest income may be subject to defence contribution at the rate of 15% (10% to 30 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 2012, the balance of tax losses which is available for offset against future taxable profits amounts to €87.754.

### 8. Cash at bank and in hand

Cash balances are analysed as follows:

	2012	2011
	€	€
Cash at bank and in hand	<u>35.166</u>	<u>36.813</u>
	<u>35.166</u>	<u>36.813</u>

# PI SQUARE HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

### 9. Share capital

	2012 Number of shares	2012 €	2011 Number of shares	2011 €
<b>Authorised</b>				
Ordinary shares of €1,71	<u>40.000</u>	<u>68.400</u>	40.000	68.400
<b>Issued and fully paid</b>				
Balance at 1 January	<u>30.000</u>	<u>51.300</u>	30.000	51.300
<b>Balance at 31 December</b>	<u>30.000</u>	<u>51.300</u>	30.000	51.300

### 10. Trade and other payables

	2012 €	2011 €
Shareholders' current accounts - credit balances (Note 11)	<u>700</u>	700
	<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.

### 11. Related party transactions

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

#### 11.1 Shareholders' current accounts - credit balances (Note 10)

	2012 €	2011 €
Shareholder's current account	<u>700</u>	700
	<u>700</u>	<u>700</u>

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

### 12. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2012.

### 13. Commitments

The Company had no capital or other commitments as at 31 December 2012.

### 14. 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

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## OPERATING EXPENSES

Year ended 31 December 2012

	2012 €	2011 €
<b>Administration expenses</b>		
Sundry expenses	52	86
Auditors' remuneration - prior years	518	748
Accounting fees	115	345
Other professional fees	<u>1.564</u>	<u>1.466</u>
	<u><b>2.249</b></u>	<u><b>2.645</b></u>

**PI SQUARE HOLDINGS LTD**

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**COMPUTATION OF DEFENCE CONTRIBUTION**  
Year ended 31 December 2012

	Income €	Rate	Defence € c
INTEREST			
Interest that was subject to deduction at source	<u>937</u>		
	<u>937</u>	15%	140,55
Less: deductions at source			<u>(140,55)</u>
<b>DEFENCE CONTRIBUTION DUE TO IRD</b>			<u>-</u>



**PI SQUARE HOLDINGS LTD**

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**COMPUTATION OF CORPORATION TAX**  
Year ended 31 December 2012

	Page	€	€
Net loss per statement of comprehensive income	5		(1.507)
<u>Less:</u>			
Interest income		<u>937</u>	<u>(937)</u>
<b>Net loss for the year</b>			<u><u>(2.444)</u></u>
Loss brought forward			<u>(85.310)</u>
<b>Loss carried forward</b>			<u><u>(87.754)</u></u>

# **PI SQUARE HOLDINGS LTD**

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

Limassol, 25 January 2013

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

25 January 2013

## **Management representation letter for the audit of the year ended 31 December 2012**

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of PI Square Holdings Ltd (the "Company") for the year ended 31 December 2012 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Company as at 31 December 2012, 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.

By a resolution of the Board of Directors, passed today, I am directed to confirm to you, in respect of the financial statements of the Company for the year ended 31 December 2012, the following:

We confirm, to the best of our knowledge and belief and having made appropriate inquiries of other Directors and officials and staff of the Company as we considered necessary for the purpose of appropriately informing ourselves, that we can make the following representations to you.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that you are aware of that information.

### **I. Financial statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated 5th January 2011, for the preparation of the financial statements in accordance with IFRSs as adopted by the EU and the Cyprus Companies Law, Cap. 113, which give a true and fair view in accordance therewith, and for making accurate representations to you. We have approved the financial statements.
- 2) We confirm that we have reviewed the Company's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of the financial statements are the most appropriate to give a true and fair view for the Company's particular circumstances, as required by International Accounting Standard IAS1: Presentation of Financial Statements.
- 3) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 4) We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.

5) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IFRSs as adopted by the EU.

**6) Litigation**

i) We confirm that all known, actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in the financial statements in accordance with IFRSs as adopted by the EU.

ii) We are not aware of any pending or threatened litigation, proceedings, hearing or claims negotiations, which may result in significant loss to the Company

**7) Events after the reporting period**

All events subsequent to the date of the financial statements and for which IFRSs as adopted by the EU require adjustment or disclosure have been adjusted or disclosed in the financial statements. Other than as described in the financial statements, there have been no circumstances or events subsequent to the period end, which require adjustment of or disclosure in the financial statements or in the notes thereto.

**8) Uncorrected misstatements**

We confirm that the financial statements are free of material misstatements, including omissions. We believe that the effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements as a whole.

**9) Going concern**

i) We confirm that, having considered our expectations and intentions for the next twelve months, and the availability of working capital, the Company is a going concern. We further confirm that the disclosures in the accounting policies are an accurate reflection of the reasons for our consideration that the financial statements should be drawn up on a going concern basis.

**II. Information provided**

**10) Accounting records**

i) All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken have been properly reflected and recorded in the accounting records. All other records and related information which might affect the truth and fairness of, or necessary disclosure in, the financial statements, including minutes of directors, shareholders and relevant management meetings, have been made available to you and no such information has been withheld. We have also provided unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

ii) All transactions undertaken by the Company have been properly reflected in the accounting records and the financial statements.

**11) Related parties**

We confirm that we have appropriately accounted for and disclosed in the financial statements all related party transactions relevant to the Company and that we are not aware of any other such matters required to be disclosed in the financial statements. We also confirm that the shareholders' current account balance amounted to €700 as at 31 December 2012 in favour of the shareholders.

**12) Fraud**

i) We acknowledge as Directors that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud and error.

- ii) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- iii) We have disclosed to you all information relating to any fraud or suspected fraud known to us that may have affected the Company (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), and involves management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements. We have also disclosed any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others, that could affect the Company's financial statements.

### **13) Laws and regulations**

- i) We confirm that we are not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations that are central to the Company's ability to conduct its business or that could have a material effect on the financial statements.
- ii) We confirm that we are not aware of any irregularities, or allegations of irregularities including fraud, involving management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the financial statements.

### **14) Contractual arrangements / agreements**

- i) All contractual arrangements entered into by the Company with third parties have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed to you.
  - ii) 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.
  - iii) There are no other agreements not in the ordinary course of business.
- 15) The Company has satisfactory title to all assets and there are no liens or encumbrances on the Company's assets, except for those disclosed in the financial statements.

### **16) Investments**

We have disclosed to you our plans regarding long term investments (investments in subsidiary undertakings, associate undertaking and available for sale investments) that are material to the financial statements, in particular whether the Company has the ability to continue to hold the investments on a long-term basis.

## **III. Other representations**

### **Assets and liabilities**

- 17) We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- 18) In our opinion on realization in the ordinary course of business, the current assets in statement of financial position are expected to produce no less than the net book amounts at which they are stated.
- 19) We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realizable value.
- 20) Details of all financial instruments, including derivatives, entered into during the year have been made available to you. Any such instruments open at the year-end have been properly valued and that valuation incorporated into the financial statements. When appropriate, open positions in off-balance sheet financial instruments have also been properly disclosed in the financial statements.

**Provisions**

- 21) Provisions for depreciation and diminution in value including obsolescence have been made against property, plant and equipment on the basis and at rates calculated to reduce the net book amount of each asset to its estimated residual value by the end of its probable useful life in the Company's business. In this respect, we are satisfied that the probable useful lives have been realistically estimated.
- 22) Full provision has been made for all liabilities at the reporting date including guarantees, commitments and contingencies where the items are expected to result in significant loss to the Company. Other such items, where in our opinion provision is unnecessary, have been appropriately disclosed in the financial statements.

**Disclosures**

- 23) We have recorded or disclosed, as appropriate, all capital stock repurchase options or agreements, and capital stock reserved for options, warrants, conversions and other requirements.
- 24) We have recorded or disclosed, as appropriate, all arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.
- 25) We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed in the notes to the financial statements all guarantees that we have given to third parties, including oral guarantees made by the Company on behalf of an affiliate, director, officer or any other third party.

**26) Taxation**

We have provided you with all information related to all significant income tax uncertainties of which we are aware. We have also provided you with access to all opinions and analyses that relate to positions we have taken in regard to significant income tax matters.

**27) Transactions with Directors/officers**

Except as disclosed in the financial statements, no other transactions involving Directors, officers and others requiring disclosure in the financial statements under the Companies Law, Cap. 113 have been entered into.

Yours faithfully,

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**PI SQUARE HOLDINGS LTD**  
**221, Christodoulou Hadjipavlou Street**  
**Helios Court, 1st floor**  
**3036, Limassol**  
**Cyprus**

Limassol, 25 January 2013

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

Dear Sirs

**Management representation letter for the audit of the year ended 31 December 2012**

We are in receipt of your letter dated 25 January 2013 together with the financial statements of the Company for year ended 31 December 2012.

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 2012.

Yours faithfully,  
For PI Square Holdings Ltd

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