

KENWOOD TELECOM LIMITED
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2001



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KENWOOD TELECOM LIMITED
REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2001

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KENWOOD TELECOM LIMITED
OFFICERS AND PROFESSIONAL ADVISORS

Directors	Andri Karaoli
	Bonalbo Fiduciaries (Cyprus) Ltd (appointed 1/8/2001)
	Nicolas Larcos (resigned 1/8/2001)
Secretary	Andri Karaoli
Auditors	KPMG
Bankers	National Bank of Greece (Cyprus) Limited

KENWOOD TELECOM LIMITED**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2001.

PRINCIPAL ACTIVITY

The principal activity of the company is the provision of telecommunication services. The company has not yet started operations.

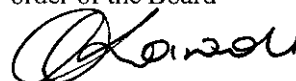
DIRECTORS

The present membership of the Board is set out on page 1. The directors retain their office.

AUDITORS

KPMG have indicated their willingness to continue in office.

By order of the Board


Secretary

Nicosia, 9 April 2002



Chartered Accountants

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P.O.Box 21121
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Cyprus

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Cyprus

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AUDITORS' REPORT TO THE MEMBERS

OF

KENWOOD TELECOM LIMITED

We have audited the financial statements on pages 4 to 6 and have obtained all the information and explanations we considered necessary. These financial statements are the responsibility of the Company's Directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper books of account have been kept by the Company and the financial statements, which are in agreement therewith, give a true and fair view of the state of affairs of **Kenwood Telecom Limited** as of 31 December 2001 in accordance with International Accounting Standards and comply with the Companies Law, Cap. 113.


Chartered Accountants

Nicosia, 9 April 2002

Partners
N.G. Syrimis
A.K. Christofides
E.Z. Hadjizacharias
P.G. Loizou
A.M. Gregoriades
A.A. Demetriou
D.S. Vakis
A.A. Apostolou

S.A. Loizides
M.A. Loizides
S.G. Solofcleous
M.M. Antoniadis
C.V. Vasilou
P.E. Antoniadis
M.J. Halios
M.P. Michael

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*KPMG is a member firm
of KPMG International,
a Swiss association.*

KENWOOD TELECOM LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2001

	Note	2001 STG	2000 STG
ASSETS			
Non – Current Assets			
Pre-operational and formation expenses	3	<u>8,266</u>	<u>1,940</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	4	100	100
Shareholder's account		<u>6,335</u>	<u>(100)</u>
		<u>6,435</u>	<u>-</u>
Current liabilities			
Accrued expenses	5	<u>1,831</u>	<u>1,940</u>
Total equity and liabilities		<u>8,266</u>	<u>1,940</u>



) Directors



BONALBO FIDUCIARIES (CYPRUS) LTD

The notes on pages 5 and 6 form an integral part of the financial statements

KENWOOD TELECOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

1. STATUS OF THE COMPANY

The company was incorporated in the United Kingdom on 22 of July 1999 under registration number 3811636. On 11th August 1999 the company's branch was registered in the Republic of Cyprus under O.C. 1081 and started operations from within Cyprus. The company's registered office is at 38/40, London Fruit Exchange, Brushfield Street, London E1 6 EU, United Kingdom and its principal activity is the provision of telecommunication services.

2. PRINCIPAL ACCOUNTING POLICIES

Accounting convention

The financial statements which have been prepared under the historical cost convention, and in accordance with International Accounting Standards and comply with the Company's Law, cap 113, are for the year ended 31 December 2001 and are expressed in Sterling Pounds.

Foreign exchange

Transactions in foreign currencies are translated to Sterling Pounds at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Sterling Pounds at the foreign exchange rate ruling at the date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair values are translated to Sterling Pounds exchange rates ruling at the dates the value were determined.

3. PRE-OPERATIONAL AND FORMATION EXPENSES

	2001 STG£	2000 STG£
Audit fees	786	540
Incorporation expenses	1,510	298
Secretary & registered office fees	2,179	238
Penalty fee	250	-
Administration expenses	1,443	-
Accounting services	77	-
Disbursements	825	-
Out of pocket expenses	193	-
Director's fees	974	864
Exchange difference	29	-
	<u>8,266</u>	<u>1,940</u>

The expenses have been capitalised and they will be written off against the company's future income.

KENWOOD TELECOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

4. SHARE CAPITAL

	2001 STG£	2000 STG£
Authorised, issued and fully paid 100 ordinary shares of STG£1 each	<u>100</u>	<u>100</u>

5. ACCRUED EXPENSES

	2001 STG£	2000 STG£
Incorporation expenses	-	298
Directors fees	-	864
Administration expenses	663	-
Disbursements	198	-
Accounting fees	38	-
Audit fees	455	540
Penalty fees	250	-
Secretary and registered office fees	<u>227</u>	<u>238</u>
	<u>1,831</u>	<u>1,940</u>

6. CASH FLOW STATEMENT

A cash flow statement was not prepared since the company had no cash transactions in the year under review.

7. REVENUE


The company remained dormant throughout the year.

KENWOOD TELECOM LIMITEDCERTIFICATE

For the year ended 31 December 2001

We hereby certify, to the best of our knowledge and belief, that:

1. All expenses for the year under review represent expenses incurred wholly and exclusively for the company's business and have been properly recorded as such in the books produced to Messrs KPMG.
2. All transactions affecting the business for the year under review have been recorded in the books produced to Messrs KPMG.
3. All reserves are properly shown and all necessary provisions have been duly made and shown in the books produced to Messrs KPMG.
4. All assets and liabilities have been properly taken up as at 31 December 2001 in the books produced to Messrs KPMG.
5. The company has no material contingent liabilities arising from litigation, potential claims or other matters.
6. No events have occurred and no facts have been discovered since 31 December 2001 which could materially affect the true and fair view of the financial statements as at 31 December 2001.

 Director

Nicosia, 9 April 2002