

Company Number: 4541934

FOLINA TRADING CO LTD
REPORT AND FINANCIAL STATEMENTS
31 December 2008

PCP & CO
AAT REPORTING ACCOUNTANTS

393 LORDSHIP LANE
LONDON
N17 6AE

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FOLINA TRADING CO LTD

REPORT AND FINANCIAL STATEMENTS

31 December 2008

CONTENTS

PAGE

Board of Directors and other officers	1
Report of the Board of Directors	2
Accountants' report	3
Income statement	4
Balance sheet	5
Statement of changes in equity	6
Cash flow statement	7
Notes to the financial statements	8 - 15
Additional information to the income statement	16 - 19

FOLINA TRADING CO LTD

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Michalis Tsitsekkos
Company Secretary:	Anastasia Christoforou
Accountants:	PCP & CO AAT REPORTING ACCOUNTANTS 393 Lordship Lane London N17 6AE
Registered office:	First Floor Woodgate Studios 2-8 Games Road Cockfosters, Barnet Hertfordshire EN4 9HN
Banker:	Bank of Cyprus Public Company Ltd
Registration number:	4541934

FOLINA TRADING CO LTD

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and unaudited financial statements of the Company for the year ended 31 December 2008.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the investing 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 not considered satisfactory and the Board of Directors is making an effort to reduce the Company losses.

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 4. 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.

Board of Directors

The members of the Board of Directors as at 31 December 2008 and at the date of this report are presented on page 1. The sole director was a member of the Board throughout the year ended 31 December 2008.

The director who served during the year and his beneficial interests in the company's share capital were as follows:

	<u>Ordinary shares GBP 1 each</u>	
	<u>31/12/2008</u>	
	<u>GBP</u>	<u>USD</u>
Michalis Tsitsekkos	100	155

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.

Basis of preparation

In preparing the above report, the directors have taken advantage of the special provisions of part VII of the Companies Act 1985 relating to small companies.

Post balance sheet events

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

By order of the Board of Directors,



Michalis Tsitsekkos
Director

Limassol, 28 September 2009

Accountants' Report on the Unaudited Financial Statements

To the Members of Folina Trading Co Ltd

Report on the Financial Statements

You consider that the company is exempt from an audit for the year ended 31 December 2008. You have acknowledged on the balance sheet, your responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985 and for preparing financial statements which give a true and fair view of the state of its profits and loss for the financial year.

In accordance with your instructions, we have prepared the financial statements on pages 4 to 15 from the accounting records of the company and on the basis of information and explanations you have given to us.

We have not carried out an audit or any review, and consequently we do not express any opinion on these financial statements.



PCP & CO
AAT REPORTING ACCOUNTANTS

London, 28 September 2009

FOLINA TRADING CO LTD

INCOME STATEMENT

Year ended 31 December 2008

	Note	2008 US\$	2007 US\$
Revenue		-	-
Other income	5	-	2
Administration expenses		<u>(13.359)</u>	<u>(14.278)</u>
Operating loss		<u>(13.359)</u>	<u>(14.276)</u>
Net finance costs	6	<u>(1.888)</u>	<u>(4.354)</u>
Loss before tax		<u>(15.247)</u>	<u>(18.630)</u>
Tax		<u>-</u>	<u>-</u>
Net (loss) for the year		<u>(15.247)</u>	<u>(18.630)</u>

The notes on pages 8 to 15 form an integral part of these financial statements.

FOLINA TRADING CO LTD

BALANCE SHEET

31 December 2008

	Note	2008 US\$	2007 US\$
ASSETS			
Non-current assets			
Available-for-sale financial assets	7	<u>432.094</u>	<u>28.492</u>
		<u>432.094</u>	<u>28.492</u>
Current assets			
Trade and other receivables	8	2.446.069	2.446.069
Cash at bank	9	<u>730</u>	<u>247</u>
		<u>2.446.799</u>	<u>2.446.316</u>
Total assets		<u>2.878.893</u>	<u>2.474.808</u>
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	10	155	155
Accumulated (losses)		<u>(637.568)</u>	<u>(622.321)</u>
		<u>(637.413)</u>	<u>(622.166)</u>
Non-current liabilities			
Borrowings	11	<u>2.000</u>	<u>68.990</u>
		<u>2.000</u>	<u>68.990</u>
Current liabilities			
Trade and other payables	12	3.397.871	2.982.003
Borrowings	11	<u>116.435</u>	<u>45.981</u>
		<u>3.514.306</u>	<u>3.027.984</u>
Total liabilities		<u>3.516.306</u>	<u>3.096.974</u>
Total equity and liabilities		<u>2.878.893</u>	<u>2.474.808</u>

The directors consider that for the year ended 31 December 2008 the company is entitled to exemption under subsection 1 of section 249A of the Companies Act 1985. No member or members have deposited a notice requesting an audit for the current financial year under subsection 2 of section 249B of the Act.

The directors acknowledges their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226 which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company. These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (Effective January 2005).

On 28 September 2009 the Board of Directors of Folina Trading Co Ltd authorised these financial statements for issue.

.....
 Michalis Tsitsekos
 Director

The notes on pages 8 to 15 form an integral part of these financial statements.

FOLINA TRADING CO LTD

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2008

	Share capital US\$	Accumulated (losses) US\$	Total US\$
Balance - 1 January 2007	155	(603.691)	(603.536)
Net loss for the year	-	(18.630)	(18.630)
At 31 December 2007/ 1 January 2008	155	(622.321)	(622.166)
Net loss for the year	-	(15.247)	(15.247)
At 31 December 2008	155	(637.568)	(637.413)

The notes on pages 8 to 15 form an integral part of these financial statements.

FOLINA TRADING CO LTD

CASH FLOW STATEMENT

Year ended 31 December 2008

	Note	2008 US\$	2007 US\$
Cash flows from operating activities			
Loss before tax		(15.247)	(18.630)
Adjustments for:			
Interest expense	6	<u>1.463</u>	<u>1.406</u>
Cash flows used in operations before working capital changes		(13.784)	(17.224)
Increase in trade and other payables		<u>415.868</u>	<u>14.985</u>
Net cash flows from / (used in) operating activities		<u>402.084</u>	<u>(2.239)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of available-for-sale financial assets		<u>(403.602)</u>	<u>(2)</u>
Net cash flows used in investing activities		<u>(403.602)</u>	<u>(2)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		<u>2.001</u>	<u>-</u>
Net cash flows from financing activities		<u>2.001</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents		483	(2.241)
Cash and cash equivalents:			
At beginning of the year	9	<u>247</u>	<u>2.488</u>
At end of the year	9	<u>730</u>	<u>247</u>

The notes on pages 8 to 15 form an integral part of these financial statements.

FOLINA TRADING CO LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

1. Incorporation and principal activities

Country of incorporation

The Company Folina Trading Co Ltd (the «Company») was incorporated in England and Wales on 23 September 2002 as a private company with limited liability under the Companies Act, 1985. Its registered office is at First Floor Woodgate, Studios 2-8 Games Road, Cockfosters, Barnet, Hertfordshire EN4 9HN.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the investing 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 International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The financial statements comply with both these reporting frameworks because at the time of their preparation all applicable IFRSs issued by the IASB have been adopted by the EU through the endorsement procedure established by the European Commission. In addition, the financial statements have been prepared in accordance with the requirements of the Companies Act 1985. 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 IFRSs and International Accounting Standards (IAS), which are relevant to its operations and are effective for accounting periods commencing on 1 January 2008.

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

At the date of authorisation of these financial 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.

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

FOLINA TRADING CO LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

2. Accounting policies (continued)

Revenue recognition (continued)

- **Income from investments in securities**

Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to the income statement. Interest from investments in securities is recognised on an accruals basis.

Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to the income statement.

The difference between the fair value of investments at fair value through profit or loss as at 31 December 2008 and the mid cost price represents unrealised gains and losses and are included in the income statement in the period in which they arise as. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as fair value gains or losses on investments, taking into account any amounts charged or credited to the income statements in previous periods.

Finance costs

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

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 United States Dollars (US\$), which is the Company's functional and presentation currency.

(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 income statement. Translation differences on available-for-sale financial assets are included in the fair value reserve in equity.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

FOLINA TRADING CO LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

2. Accounting policies (continued)

Financial instruments (continued)

Investments

The Company classifies its investments in equity and debt securities in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of investments at initial recognition and re-evaluates this designation at every balance sheet date.

- Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held at fair value through profit and loss and those designated at fair value through profit or loss at inception. A financial asset is classified in the held at fair value through profit and loss category if acquired principally for the purpose of generating a profit from short-term fluctuations in price. Assets in this category are classified as current assets if they are either held at fair value through profit and loss or are expected to be realised within twelve months of the balance sheet date.

- Held-to-maturity investments

Investments with fixed or determinable payments and fixed maturity that the management has the positive intent and ability to hold to maturity, other than loans and receivables originated by the Company, are classified as held-to-maturity investments. Such investments are included in non-current assets, except for maturities within twelve months from the balance sheet date, which are classified as current assets.

- Available-for-sale financial assets

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Regular way purchases and sales of investments are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

FOLINA TRADING CO LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

2. Accounting policies (continued)

Financial instruments (continued)

Investments (continued)

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Cash and cash equivalents

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

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Share capital

Ordinary shares are classified as equity.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the balance sheet date.

Comparatives

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

3. Financial risk management

Financial risk factors

The Company is exposed to market price risk, interest rate risk, credit risk, liquidity risk, currency 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 Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's available-for-sale financial assets and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Company's market price risk is managed through diversification of the investment portfolio.

FOLINA TRADING CO LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

3. Financial risk management (continued)

3.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

3.3 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 products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

3.4 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.

3.5 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

3.6 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 balance sheet date.

The fair value of financial instruments traded in active markets, such as publicly traded trading and available-for-sale financial assets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

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.

FOLINA TRADING CO LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 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. 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:

- **Provision for bad and doubtful debts**

The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through the income statement. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **Impairment of available-for-sale financial assets**

The Company follows the guidance of IAS 39 in determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

5. Other income

	2008 US\$	2007 US\$
Sundry operating income	-	2
	<u>-</u>	<u>2</u>

6. Finance costs

	2008 US\$	2007 US\$
Net foreign exchange transaction losses	-	2.293
Interest expense	1.463	1.406
Other finance expenses	425	655
	<u>1.888</u>	<u>4.354</u>

7. Available-for-sale financial assets

	2008 US\$	2007 US\$
On 1 January	28.492	28.490
Additions	403.602	2
At 31 December	<u>432.094</u>	<u>28.492</u>

Available-for-sale financial assets, comprising principally marketable equity securities, are fair valued annually at the close of business on 31 December. For investments traded in active markets, fair value is determined by reference to Stock Exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying assets. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

FOLINA TRADING CO LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

7 Available-for-sale financial assets (continued)

Available-for-sale financial assets are classified as non-current assets, unless they are expected to be realised within twelve months of the balance sheet date or unless they will need to be sold to raise operating capital.

8. Trade and other receivables

	2008 US\$	2007 US\$
Trade receivables	<u>2.446.069</u>	<u>2.446.069</u>
	<u>2.446.069</u>	<u>2.446.069</u>

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

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

9. Cash and cash equivalents

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

	2008 US\$	2007 US\$
Cash at bank	<u>730</u>	<u>247</u>
	<u>730</u>	<u>247</u>

10. Share capital

	2008 Number of shares	2008 US\$	2007 Number of shares	2007 US\$
Authorised				
Ordinary shares of GBP 1 each	<u>1.000</u>	<u>1.553</u>	<u>1.000</u>	<u>1.553</u>
Issued and fully paid				
On 1 January	<u>100</u>	<u>155</u>	<u>100</u>	<u>155</u>
At 31 December	<u>100</u>	<u>155</u>	<u>100</u>	<u>155</u>

11. Borrowings

	2008 US\$	2007 US\$
Current borrowings		
Other loans	<u>116.435</u>	<u>45.981</u>
Non current borrowings		
Other loans	<u>2.000</u>	<u>68.990</u>
Total	<u>118.435</u>	<u>114.971</u>
Maturity of non-current borrowings		
Between two and five years	<u>2.000</u>	<u>68.990</u>

FOLINA TRADING CO LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

11. Borrowings (continued)

The weighted average effective interest rates at the balance sheet date were as follows:

	2008	2007
Other loans	1%	1%

12. Trade and other payables

	2008 US\$	2007 US\$
Trade payables	3,339,913	2,936,207
Shareholders' current accounts - credit balances (Note 13)	33,112	33,112
Accruals	24,846	12,684
	<u>3,397,871</u>	<u>2,982,003</u>

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

13. Related party transactions

The following transactions were carried out with related parties:

13.1 Shareholders' current accounts - credit balances (Note 12)

	2008 US\$	2007 US\$
Amount due to shareholders	<u>33,112</u>	<u>33,112</u>
	<u>33,112</u>	<u>33,112</u>

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

14. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2008.

15. Commitments

The Company had no capital or other commitments as at 31 December 2008.

16. Post balance sheet events

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

Accountants' Report on the Unaudited Financial Statements page 3

FOLINA TRADING CO LTD

DETAILED INCOME STATEMENT

Year ended 31 December 2008

	Page	2008 US\$	2007 US\$
Other operating income			
Sundry operating income		<u>-</u>	<u>2</u>
		-	2
Operating expenses			
Administration expenses	17	<u>(13.359)</u>	<u>(14.278)</u>
Operating loss		<u>(13.359)</u>	<u>(14.276)</u>
Finance costs	18	<u>(1.888)</u>	<u>(4.354)</u>
Net loss for the year before tax		<u><u>(15.247)</u></u>	<u><u>(18.630)</u></u>

FOLINA TRADING CO LTD

OPERATING EXPENSES

Year ended 31 December 2008

	2008	2007
	US\$	US\$
Administration expenses		
Certification and legalisation expenses	987	-
Accounting fees	7.294	6.771
Other professional fees	4.870	7.329
Custodian expenses	108	178
Commission payable	100	-
	13.359	14.278

FOLINA TRADING CO LTD

FINANCE COSTS

Year ended 31 December 2008

	2008 US\$	2007 US\$
Finance costs		
Interest expense		
Loan interest	1.463	1.406
Other finance expenses		
Bank charges	425	655
Net foreign exchange transaction losses		
Realised exchange loss	-	2.293
	<u>1.888</u>	<u>4.354</u>

FOLINA TRADING CO LTD

COMPUTATION OF CORPORATION TAX

Year ended 31 December 2008

	Page	US\$
Net loss per detailed income statement	16	(15.247)
Net (loss) for the year		<u>(15.247)</u>
		GB£
Converted into GB£ at US\$ 1,6497 = GB£1		(9.242)
Loss brought forward		(336.890)
Net (loss) at 31 December 2008 carried forward		<u>(346.132)</u>

Note:

The management and control of the company is exercised in Cyprus and the Company is a tax resident of the Republic of Cyprus. Therefore the Company's profit will not be taxable in the United Kingdom, but will be subject to the provisions of the Cyprus Income Tax Law.