MIRKAT DOOEL - Skopje

Financial Statements
Year ended
December 31, 2008
and Independent Auditors' Report

This is an English translation of the original Report issued in Macedonian language
These draft financial statements are intended for the Owners and Management for their review. As such, there may still be further adjustments and restatements of amounts and disclosures in these draft financial statements.

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INDEPENDENT AUDITOR'S REPORT

To the Management and Stakeholder of
MIRKAT DOOEL - Skopje

We have audited the accompanying financial statements of MIRKAT DOOEL - Skopje (hereinafter referred to as "the Company"), which comprise the balance sheet as of December 31, 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards applicable in Republic of Macedonia. 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 the Audit Law of the Republic of Macedonia and 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 Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

(Continued)

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INDEPENDENT AUDITOR'S REPORT

To the Management and Stakeholder of
MIRKAT DOOEL - Skopje (Continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2008, and of its financial performance, statement of changes in equity and its cash flows for the year then ended, in accordance with accounting regulations of the Republic of Macedonia.

Emphasis of Matter

Without qualifying our opinion we draw attention that the Company incurred net loss of Denar 8,729 thousand for the year ended December 31, 2008 and has accumulated losses in amount of Denar 19,502 thousand as of December 31, 2008 and has net cash flow decrease in amount of Denar 3,317 thousand for the year than ended. These factors indicate the existence of material uncertainty which may cast doubts about the Company's ability to continue as a going concern.

Lidija Nanuš
Certified Auditor
Director

Aleksandar Arizanov
Certified Auditor

Skopje,
February ___, 2009

NOTES TO THE FINANCIAL STATEMENTS
31 December 2008

INCOME STATEMENT
For the year ended December 31, 2008
(In Thousands of Denars)

	Note	2008	2007
Revenue	3	95,348	42,444
Other income	4	6,159	80
Cost of goods sold		(82,269)	(35,520)
Depreciation and amortization expense		(3,482)	(1,747)
Employee benefits expense	5	(4,180)	(3,972)
Carrying value of fixed assets sold		(5,274)	-
Other expenses	6	(14,918)	(11,630)
Total operating expenses		(110,123)	(52,869)
Loss from operations		(8,616)	(10,345)
Net finance expenses	7	(113)	73
Loss before tax		(8,729)	(10,272)
Income tax	8	-	-
Net loss		(8,729)	(10,272)

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2008

BALANCE SHEET
As of December 31, 2008
(In Thousands of Denars)

	Note	31 December 2008	31 December 2007
ASSETS			
Non-current assets			
Equipment	9	11,995	11,328
Intangible assets	10	3,693	4,712
		15,688	16,040
Current assets			
Inventories	11	22,376	18,227
Trade and other receivables	12	18,613	6,513
Cash and cash equivalents	13	15,401	18,718
		56,390	43,458
TOTAL ASSETS		72,078	59,498
EQUITY AND LIABILITIES			
Capital and reserves			
Paid-in capital	14	40,066	40,066
Accumulated losses		(19,502)	(10,773)
		20,564	29,293
Current liabilities			
Trade and other payables	15	51,514	30,205
TOTAL EQUITY AND LIABILITIES		72,078	59,498

The accompanying notes form an integral part of these financial statements.

These financial statements were adopted and approved by the management on February ____, 2009.

Approved by,

Simon Stankovski
Director

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NOTES TO THE FINANCIAL STATEMENTS
31 December 2008

STATEMENTS OF CHANGES IN EQUITY
For the year ended December 31, 2008
(In Thousands of Denars)

	Paid in capital	Accumulated losses	Total
At 31 December 2006	12,541	(501)	12,040
Additional paid-in capital	27,525	-	27,525
Net loss for the period	-	(10,272)	(10,272)
At 31 December 2007	40,066	(10,773)	29,293
Net loss for the year	-	(8,729)	(8,729)
At 31 December 2008	40,066	(19,502)	20,564

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2008

CASH FLOWS STATEMENT
For the year ended December 31, 2008
(In Thousands of Denars)

	Note	2008	2007
Cash flow from operating activities			
Net loss before income tax		(8,729)	(10,272)
Adjustments for:			
Depreciation		2,463	1,365
Amortization		1,019	382
Gain on sale of vehicle		(855)	(80)
Interest income		(190)	(33)
Operating loss before working capital changes		(6,292)	(8,638)
Increase in inventories		(4,149)	(18,227)
Increase in trade and other receivables		(12,100)	(5,786)
Increase in trade and other payables		21,309	30,034
Net cash flows used in operating activities		(1,232)	(2,617)
Cash flows from investing activities			
Purchase of equipment		(8,528)	(13,070)
Increase in leasehold improvements		-	(4,779)
Proceeds from sale of vehicle		6,253	736
Interest income received		190	33
Net cash flows used in investing activities		(2,085)	(17,080)
Cash flows from financing activities			
Proceeds from paid-in capital		-	27,525
Net cash flows from financing activities		-	27,525
Net (decrease)/increase in cash and cash equivalents		(3,317)	7,828
Cash and cash equivalents at the beginning of the year	13	18,718	10,890
Cash and cash equivalents at end of the year	13	15,401	18,718

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2008

1. GENERAL INFORMATION

MIRKAT DOOEL - Skopje (hereinafter referred to as "the Company") is a limited liability company incorporated in Republic of Macedonia. The address of its registered office and principal place of business is Skupi 1, 1000 Skopje.

The principal activities of the Company are sale of motor vehicles and provision of after-sales support relating to repairing and maintenance services.

The Company is controlled by Sfakianakis - Athens, Greece which has a 100% shareholding in the Company and represents the ultimate parent Company.

As at 31 December 2008 the Company has 5 employees (2007: 5 employees).

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Company maintains its accounting records and prepares its legal financial statements in accordance with the Article 469, paragraph 3 of the Trade Company Law ("Official Gazette of the Republic of Macedonia" no. 28/2004 and 84/2005) and the Rulebook for chart of accounts ("Official Gazette of RM" no.94/04, 11/2005 and 116/05). Following this Rulebook, the accounting standards applied in the Republic of Macedonia are the International Accounting Standards (IAS) as of 2003 published by the International Accounting Standards Board. Addition to the Rulebook relates to the adoption of the International Financial Reporting Standard (IFRS) 1, published on 10 February 2005, as well as IFRS 2, 3, 4, 5, 6, and 7, published on 29 December 2005.

The accompanying financial statements are presented in the format prescribed by the Ministry of Finance ("Official Gazette" 113/06), which in some respects differs from the presentation of certain balances as required under IAS 1 "Presentation of Financial Statements". Certain reclassifications have been made to present the accompanying financial statements in the format prescribed by that standard.

In the preparation of these financial statements, the Company has adhered to the accounting policies described below, which are in conformity with the accounting and tax regulations prevailing in the Republic of Macedonia. Functional currency of the Company is the Macedonian denar ("Denar"). The financial statements have been prepared on a historical cost basis and all amounts are presented in thousands of Denars, unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of vehicles is recognized when all of the following conditions are satisfied:

- the Company has transferred to the buyer the significant risk and rewards of ownership of the vehicle;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of the revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from services is recognized when services are rendered to the customers.

2.3 Leasing

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

2.4 Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Foreign exchange differences arising on translation are recognized in profit or loss.

2.5 Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Taxation (continued)

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and it is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the assets or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables and payables in the balance sheet date.

2.6 Equipment

Equipment is carried at cost, less accumulated depreciation and any accumulated impairment loss.

Expenditure incurred to replace a component of an item of equipment is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of equipment. All other expenditure is recognized in the income statement as an expense as incurred.

Depreciation is charged at prescribed local rates so as to write off the cost of assets over their estimated useful lives, using the straight-line method.

The annual depreciation rates applied are the following:

Specialized service equipment	10%
Vehicles	25%
Computers	25%
Furniture and fixtures	20-25%

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Intangible assets

Intangible assets include leasehold improvements and are stated at cost less accumulated amortization and accumulated impairment losses.

The leasehold improvements are amortized on a straight-line basis over the relevant contract period, which is five years.

2.8 Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

2.9 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs are assigned to inventories by the method most appropriate to the particular class of inventory bringing them to their existing location and condition, with the majority being valued on a weighted average cost basis, except vehicles which costs is assigned by using specific identification of their individual costs. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.10 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Retirement benefit costs

Health, pension and social insurance contributions from gross wages and salaries are being paid by the Company during the year to the national organizations at the statutory rates. Such contributions represent defined contribution benefit plans and are recognized as an expense when employees have rendered services entitling them to the contributions. There is no additional liability to these plans. In accordance with the statutory requirements, the Company is obliged to pay to its employees a termination pay upon retirement equal to two monthly average salaries. The Company has not provided for the employees' accrued entitlement to severance pay on retirement as it is considered that the amount that eventually would be included for post-retirement benefits obligations as of 31 December 2008 would be not material. Any such expenses will be accounted for on a cash basis.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Provisions (continued)

Provisions for restoring the leased locations to their original condition

The Company's business premises are set up on leased property. When concluding leased contracts, the Company undertook the obligation to restore the property to its original condition upon expiration of the contract and withdrawal from the location. The Company does not recognize the cost of restoration of the location to its original condition as a component of the cost of leasehold improvements as determined through discounting to present value and related amortization, as it is considered that the provision required would not have material effect on the financial statements.

2.11 Trade and other receivables

Trade receivables are recognized at original invoiced amount less an allowance for uncollectible amounts. A provision is made when there is objective evidence that Company will not be able to collect the debts. The provision is calculated as the difference between the carrying amount of the doubtful trade receivables and their recoverable amount. As a general rule, trade receivables over three months are not considered doubtful.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

2.13 Trade and other payables

Trade and other payables are stated at fair value on initial recognition and subsequently measured at amortized cost.

2.14 Financial instruments and risk management

Financial assets and liabilities carried on the balance sheet include trade and other receivables, trade and other payables and cash and cash equivalents.

Financial instruments are initially measured at cost, when the Company becomes party to the contractual arrangements. The subsequent measurement of financial instruments is dealt with in the individual policy statements associated with the relevant item.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the related contractual arrangement. Gains and losses relating to financial instruments classified as assets or liabilities are reported as income or expense, respectively. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

The Company's risk management approach is focused on unpredictability of the financial market and seeks to minimize potential adverse effects. Risk management is carried out under the policies approved by the Sfakianakis Group.

3. REVENUE

	In Thousands of Denars Year ended 31 December 2008	2007
Revenue from sale of vehicles on domestic market	90,767	41,478
Revenue from sale of services (maintenance and repairs)	4,300	883
Revenue from sale of other services (re-export of vehicles)	281	83
	95,348	42,444

4. OTHER REVENUES

	In Thousands of Denars Year ended 31 December 2008	2007
Fixed assets sold	6,129	-
Other revenues	30	80
	6,159	80

5. EMPLOYEE BENEFITS EXPENSE

	In Thousands of Denars Year ended 31 December 2008	2007
Wages and salaries	2,372	2,222
Social security contributions	1,472	1,478
Food allowance	173	130
Travel allowance	86	72
Other allowance	77	70
	4,180	3,972

6. OTHER EXPENSES

	In Thousands of Denars Year ended 31 December 2008	2007
Advertising and promotion	5,967	3,415
Rent	2,954	3,003
Consulting and other intellectual services	1,522	998
Maintenance	1,151	565
Write-off of small inventories	165	436
Transportation and communication cost	465	345
Insurance	688	342
Court and administrative taxes	66	340
Other taxes	233	279
Utilities	324	287
Spare pars	-	137
Bank charges	229	113
Other	1,154	1,370
	14,918	11,630

The expenses for rent refer to rented business premises according to agreement from August 21, 2006. The monthly expense for rent amounts 4,200 EUR. The agreement covers the period from September 1, 2006 to August 31, 2012. There is an option to increase the monthly rent expense for 3% in case of extension of the agreement.

7. NET FINANCE EXPENSES

	In Thousands of Denars Year ended 31 December 2008	2007
Interest income	190	33
Exchange gains	98	69
Exchange losses	(401)	(29)
	(113)	73

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8. INCOME TAX

The income tax for the year/period can be reconciled to the accounting loss as follows:

	In Thousands of Denars	
	Year ended 31 December	
	2008	**2007**
Loss before tax	(8,729)	(10,272)
At statutory income tax rate of 10% (2007: 12%)	(873)	1,233
Tax on expenses not allowed for tax purposes	24	(78)
Unrecognized tax losses	(849)	(1,155)
At effective income tax rate	-	-

According to income tax regulation, income tax losses may be carried forward to be set off against taxable profits of the next three years following the year in which tax loss was incurred. No provision for deferred tax asset has been accounted for in these financial statements, since the Company can not, at this stage, determine with any reasonable accuracy to what extent, if any, the above tax asset will be utilized in the future.

9. EQUIPMENT

	In Thousands of Denars		
	Vehicles	**Other equipment**	**Total**
Cost			
Balance at 1 January 2008	5,142	7,439	12,581
Additions	8,507	21	8,528
Disposals	(6,747)	-	(6,747)
Balance at 31 December 2008	6,902	7,460	14,362
Accumulated depreciation			
Balance at 1 January 2008	505	748	1,253
Disposals	(1,349)	-	(1,349)
Charge for the year	1,329	1,134	2,463
Balance at 31 December 2008	485	1,882	2,367
Carrying amount			
As at 31 December 2007	4,637	6,691	11,328
As at 31 December 2008	6,417	5,578	11,995

10. INTANGIBLE ASSETS

	Leasehold improve-ments
Cost	
Balance at 1 January 2008	5,094
Additions	-
Balance at 31 December 2008	5,094
Accumulated amortization	
Balance at 1 January 2008	382
Charge for the year	1,019
Balance at 31 December 2008	1,401
Carrying amount	
As at 31 December 2007	4,712
As at 31 December 2008	3,693

11. INVENTORIES

	In Thousands of Denars	
		31 December
	2008	2007
Vehicles at own warehouse	12,193	10,865
Vehicles at Custom warehouse	6,939	5,015
Spare parts	3,244	2,195
Small inventory	613	600
Provision for small inventory	(613)	(448)
	22,376	18,227

12. TRADE AND OTHER RECEIVABLES

	In Thousands of Denars	
		31 December
	2008	2007
Trade debtors	8,030	2,169
VAT receivable	-	3,585
Advances to suppliers	10,583	-
Prepaid expenses	-	759
	18,613	6,513

13. CASH AND CASH EQUIVALENTS

	In Thousands of Denars 31 December 2008	2007
Cash at banks - Denars	15,365	11,084
Cash at banks - Foreign currency	14	7,594
Cash at hand	20	40
Other cash equivalents	2	-
	15,401	18,718

14. PAID-IN CAPITAL

	In Thousands of Denars 31 December 2008	2007
Authorized, issued and fully paid	40,066	40,066

Sfakianakis, Athens - Greece holds 100% ownership of the Company.

15. TRADE AND OTHER PAYABLES

	In Thousands of Denars 31 December 2008	2007
Trade creditors	4,786	860
Payables to related party (note 16)	45,980	29,287
Advances received	259	58
VAT	489	-
	51,514	30,205

16. RELATED PARTY DISCLOSURE

	Year	Purchases	Sales	Amounts owed to	Amounts owed from
Sfakianakis - Athens, Greece	2007	52,982	-	29,287	-
	2008	80,358	-	45,980	-

Sfakianakis, Athens - Greece holds 100% ownership of the Company.

The Company enters into these transactions with the above related party in the normal course of business and at mutually agreed terms.

17. FINANCIAL INSTRUMENTS

Fair values

Set out below is a comparison by category of carrying amounts and fair values of the Company's financial instruments that are carried in the financial statements:

	Carrying amount In Thousands of Denars		Fair value In Thousands of Denars	
	2008	2007	2008	2007
Financial assets				
Cash and cash equivalents	15,401	18,718	15,401	18,718
Trade and other receivables	18,613	6,513	18,613	6,513
Financial liabilities				
Trade and other payables	51,514	30,205	51,514	30,205

Interest rate risk

The Company's financial instruments are non-interest bearing and therefore not subject to interest rate risk.

Foreign currency risk

The Company is exposed to foreign exchange risk arising from local currency exposure to foreign currencies. To reduce this exposure the Company maintains sufficient cash on foreign currency bank account to meet its current trade payables in foreign currency.

The Company undertakes certain transactions denominated in foreign currency. Exchange rate exposures are measured within approved policy parameters. The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities In Thousands of Denars		Assets In Thousands of Denars	
	2008	2007	2008	2007
Cash at bank in foreign currency	-	-	14	7,594
Trade payables in foreign currency	45,980	29,287	-	-

The following table details the Company's sensitivity analysis to a 10% increase and decrease in the Currency Unit ("CU") against the relevant foreign currency. 10% us the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and equity where the CU strengthens 10% against the relevant currency. For a 10% weakening of the CU against the relevant currency, there would be an equal and opposite impact on the profit and equity.

17. FINANCIAL INSTRUMENTS (Continued)

	Increase of 10% in CU In Thousands of Denars		Decrease of 10% in CU In Thousands of Denars	
	2008	2007	2008	2007
Cash at bank in foreign currency	1	857	(1)	(857)
Trade payables in foreign currency	(4,598)	(2,928)	4,598	2,928
Profit and loss and equity	(4,597)	(2,071)	4,597	2,071

The Company's sensitivity to foreign currency has increased during the current period mainly due to increase of purchases which has resulted in an increase of payables to related party denominated in Euro.

Credit risk

The Company has no significant concentrations of credit risk. The Entity has policies in place to ensure that sales are made to customers with an appropriate credit history.

Liquidity risk

Ultimate responsibility for liquidity risk management rest with the board of directors at the ultimate parent level, which built liquidity risk management framework for the management of the Company's short and medium funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves to pay third party creditors. At any time, the Company can draw additional facilities from its Parent Company to reduce further liquidity risk.

Majority of the maturity for its trade and other payables lies within 1-3 months.

Taxation risk

Macedonian tax legislation is subject to varying interpretations and changes occur frequently. The interpretation of tax legislation by tax authorities as applied to the transactions and activity of the Company may not coincide with that of the management. As a result, transactions may be challenged by tax authorities and the Company may be assessed with additional taxes, penalties and interest, which can be significant. The periods remain open to review by the tax and customs authorities with respect to tax liabilities for ten years. The Company's management is not aware of any circumstances that may give rise to a potential material liability in this respect.

18. EXCHANGE RATES

Official exchange rates at 31 December 2008 and 2007 for 1 foreign currency unit in the table below were as follows:

		In Denars 31 December
	2008	2007
USD	43.5610	41.6564
EUR	61.4123	61.2016

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