

**PROFILE SYSTEMS & SOFTWARE S.R.L.**  
DRAFT FINANCIAL STATEMENTS  
for the year ended 31 December 2007  
prepared in accordance with IFRS

# PROFILE SYSTEMS & SOFTWARE S.R.L.

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## FINANCIAL STATEMENTS

For the year ended 31 December 2007

### CONTENTS

### PAGE

Board of Administrators and other officers	1
Report of the Board of Administrators	2
Income statement	3
Balance sheet	4
Statement of changes in equity	5
Cash flow statement	6
Notes to the financial statements	7 – 14
Additional information to the income statement	15

# PROFILE SYSTEMS & SOFTWARE S.R.L.

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## BOARD OF ADMINISTRATORS AND OTHER OFFICERS

**Board of Administrators:** Stasinopoulos Charalampos

**Registered Office:** 3 Lucretiu Patrascanu Street  
Grand floor, ap. 8  
3rd District, Bucharest  
Romania

**Bankers:** Alpha Bank Romania S.A.  
20 Libertatii Blvd., 5th District  
Bucharest, Romania

**Independent Auditors:** Baker Tilly Klitou and Partners S.R.L.  
52 Independentei Splai, Office 1  
5th District, Bucharest  
Romania

**Legal Advisers:** Tudor Toma Law Office  
52 Independentei Splai, Office 2  
5th District, Bucharest  
Romania

## REPORT OF THE BOARD OF ADMNISTRATORS

The Board of Administrators presents its report together with audited financial statements of the Company for the year ended 31 December 2007.

### **Principal activity**

The principal activity of the Company, which is unchanged from last year, is the consultancy and the supply of software development.

### **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 Administrators is making an effort to reduce the Company losses.

The most significant risks 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 ended 31 December 2007 are set out on page 5. The net loss for the year ended 31 December 2007 is carried forward.

### **Share capital**

There were no changes in the share capital of the Company during the year.

### **Board of Administrators**

The members of the Board of Administrators of the Company as at 31 December 2007 and at the date of this report are shown on page 1. All of them were members of the board throughout the year ended 31 December 2007.

In accordance with the Company's Articles of Association all administrators presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Administrators.

### **Post balance sheet events**

Any significant events that occurred after the end of the year are described in note 19 to the financial statements.

By order of the Board of Administrators,

Stasinopoulos Charalampos  
Administrator

Bucharest, 12 March 2008

# PROFILE SYSTEMS & SOFTWARE S.R.L.

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## INCOME STATEMENT

For the year ended 31 December 2007

	Note	01/01/2007- 31/12/2007 EUR	24/08/2006- 31/12/2006 EUR
<b>Revenue</b>	5	<u>24.000</u>	<u>-</u>
<b>Gross profit</b>		<u>24.000</u>	<u>-</u>
Administration expenses		<u>(45.322)</u>	<u>(17.864)</u>
<b>Operating loss</b>	6	<u>(21.322)</u>	<u>(17.864)</u>
Net finance costs	8,9	<u>(4.669)</u>	<u>(43)</u>
<b>Loss for the year / period before tax</b>		<u>(25.991)</u>	<u>(17.907)</u>
Tax	10	<u>(486)</u>	<u>(30)</u>
<b>Net loss for the year / period</b>		<u><u>(26.477)</u></u>	<u><u>(17.937)</u></u>

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The notes on pages 9 to 15 form an integral part of these financial statements.

# PROFILE SYSTEMS & SOFTWARE S.R.L.

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## BALANCE SHEET

As at to 31 December 2007

	Note	31/12/2007 EUR	31/12/2006 EUR
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	12	602	1.090
Cash at bank and in hand	13	<u>1.069</u>	<u>23.367</u>
<b>Total assets</b>		<u><b>1,671</b></u>	<u>24,457</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>			
Share capital	14	100	100
Retranslation reserve		2.002	(603)
Accumulated losses		<u>(43.991)</u>	<u>(17.937)</u>
		<u><b>(41.889)</b></u>	<u>(18.440)</u>
<b>Non-current liabilities</b>			
Borrowings	16	<u>31.958</u>	<u>31.958</u>
		<u><b>31.958</b></u>	<u>31.958</u>
<b>Current liabilities</b>			
Trade and other payables	15	11.598	10.909
Current tax liabilities	17	<u>4</u>	<u>30</u>
		<u><b>11.602</b></u>	<u>10.939</u>
<b>Total equity and liabilities</b>		<u><b>1,671</b></u>	<u>24,457</u>

On 12 March 2008, the Board of Administrators of Profile Systems & Software S.R.L. authorized these financial statements for issue.

Stasinopoulos Charalampos  
Administrator

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The notes on pages 9 to 15 form an integral part of these financial statements.

# PROFILE SYSTEMS & SOFTWARE S.R.L.

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## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2007

	Share capital EUR	Retranslation reserve EUR	Accumulated losses EUR	Total EUR
Exchange differences on the retranslation of the financial statements to presentation currency	-	(603)	-	(603)
Net gains and losses recognized directly in equity	-	(603)	-	(603)
Net loss for the year	-	-	(17.937)	(17.937)
Issue of share capital	100	-	-	100
<b>At 31 December 2006/ 1 January 2007</b>	<b>100</b>	<b>(603)</b>	<b>(17.937)</b>	<b>(18.440)</b>
Exchange differences on the retranslation of the financial statements to presentation currency	-	2.605	423	3.028
Net gains and losses recognized directly in equity	-	2.605	423	3.028
Net loss for the year	-	-	(26.477)	(26.477)
Issue of share capital	-	-	-	-
<b>At 31 December 2007</b>	<b>100</b>	<b>2.002</b>	<b>(43.991)</b>	<b>(41.889)</b>

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The notes on pages 9 to 15 form an integral part of these financial statements.

# PROFILE SYSTEMS & SOFTWARE S.R.L.

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## CASH FLOW STATEMENT

For the year ended 31 December 2007

	01/01/2007- 31/12/2007	24/08/2006- 31/12/2006
Note	EUR	EUR
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Loss before tax</b>	<b>(25.991)</b>	<b>(17.907)</b>
Adjustments for:		
Exchange difference arising on the retranslation of the financial statements to presentation currency	<b>225</b>	<b>(603)</b>
Interest expense	<b>1.957</b>	<b>-</b>
Unrealized exchange differences on loans	<b>2.766</b>	<b>-</b>
<b>Cash flows used in operations before working capital changes</b>	<b>(21.043)</b>	<b>(18.510)</b>
Decrease / (Increase) in trade and other receivables	<b>545</b>	<b>(1.090)</b>
(Decrease) / Increase in trade and other payables	<b>( 2.315)</b>	<b>12.867</b>
<b>Cash flows used in operations</b>	<b>(22.813)</b>	<b>(6.733)</b>
Tax paid	<b>515</b>	<b>-</b>
<b>Net cash used in operating activities</b>	<b>(22.298)</b>	<b>(6.733)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	<b>-</b>	<b>30.000</b>
Proceeds from issue of share capital	<b>-</b>	<b>100</b>
<b>Net cash from financing activities</b>	<b>-</b>	<b>30.100</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(22.298)</b>	<b>23.367</b>
Cash and cash equivalents:		
At beginning of the year / period	<b>23.367</b>	<b>-</b>
<b>At end of the year / period</b>	<b>12</b> <b>1.069</b>	<b>23.367</b>

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The notes on pages 9 to 15 form an integral part of these financial statements.



# PROFILE SYSTEMS & SOFTWARE S.R.L.

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## 1. Incorporation and principal activities

### Country of incorporation

The Company Profile Systems & Software S.R.L. (the "Company") was incorporated in Romania on 24 August 2006 as a private company with limited liability under the Romanian Companies Law. Its registered office is at No. 3 Lucretiu Patrascanu Street, grand floor, ap. 8, 3rd District, Bucharest, Romania.

### Principal activity

The principal activity of the Company, which is unchanged from last year, is the consultancy and the supply of software development.

## 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 provision of the Romanian Companies Law. 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.

### Revenue recognition

Revenue comprises the invoiced amount for the sale of products net of Value Added Tax, rebates and discounts. Revenues earned by the Company are recognized on the following bases:

- **Rendering of services**

Sales of services are recognized in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

- **Interest income**

Interest income is recognized on a time-proportion basis using the effective interest method.

### Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

# PROFILE SYSTEMS & SOFTWARE S.R.L.

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## 2. Accounting policies (continued)

### 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") which is RON. The financial statements are presented in Euro (EURO), which is the Company's presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Assets and liabilities are translated using the closing exchange rate as at 31 December 2007. Consequently, they have been translated into EUR with a rate of RON 3,6102 per EUR 1,00. Income and expenses are translated using the year's average exchange rate. Consequently, they have been translated into EUR with a rate of RON 3,3373 per EUR 1,00. Exchange differences arising on the translation are classified as equity and recorded as retranslation reserve.

### Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

### Financial instruments

Financial assets and financial liabilities are recognized 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 amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized 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.

#### Cash and cash equivalents

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 amortized cost. Any differences between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

## 2. Accounting policies (continued)

### Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortized 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.

### **Related parties**

Parties are considered related when one party either through ownership, contractual rights, family relationship or otherwise, has the ability to directly or indirectly control, or significantly influence the other party.

### **Comparatives**

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

### **Subsequent events**

Post-year-end events that provide additional information about the Company's position at the balance sheet date or those that indicate the going concern assumption is not appropriate (adjusting events), are reflected in the accompanying financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

### **Contingencies**

Contingent liabilities are not recognized in the accompanying financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

## 3. Financial risk management

### **(1) Financial risk factors**

The Company is exposed to market price risk, interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk, litigation risk, reputation risk and share ownership risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

#### **(1.1) 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.

#### **(1.2) Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. 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.

#### **(1.3) 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. Financial risk management (continued)

### (1.4) 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 minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities. The financial liabilities that are subject to liquidity risk are presented in the Note 14 and Note 17.

### (1.5) 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 recognized 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.

### (1.6) Operational risk

Operational risk is the risk that derives from the deficiencies relating to The Company's information technology and control systems as well as the risk of human error and natural disasters. The Company's systems are evaluated, maintained and upgraded continuously.

### (1.7) Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, as well as by the monitoring controls applied by the Company.

### (1.8) Litigation risk

Litigation risk is the risk of financial loss, interruption of the Company's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Company to execute its operations.

### (1.9) Reputation risk

The risk of loss of reputation arising from the negative publicity relating to The Company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against The Company. The Company applies procedures to minimize this risk.

### (1.10) Share ownership risk

The risk of share ownership arises from the investment in shares/participation of The Company and is a combination of credit, price and operational risk as well as the risk of compliance and loss of reputation. The Company applies procedures of analysis, measurement and evaluation of this risk in order to minimize it.

### (1.11) Other risks

The general economic environment prevailing in Romania and internationally may affect the Company's operations to a great extent. Concepts such as inflation, unemployment, and development of the gross domestic product are directly linked to the economic course of every country and any variation in these and the economic environment in general may create chain reactions in all areas hence affecting the Company.

## (2) Fair value estimation

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

## 4. Critical accounting estimates and professional judgments

Accounting estimates and professional 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:

- **Revenue recognition**

The Company applies the provisions of IAS18 for accounting for revenue from services rendered, under which income and cost of sales are recognized upon the level of the costs incurred to finish the projects.

- **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 recognizes 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.

## 5. Revenue

	01/01/2007- 31/12/2007	24/08/2006- 31/12/2006
	EUR	EUR
Rendering of services	<u>24,000</u>	-
	<u><b>24,000</b></u>	<u>-</u>

## 6. Operating loss

	01/01/2007- 31/12/2007	24/08/2006- 31/12/2006
	EUR	EUR
Operating loss is stated after charging the following items:		
Staff costs (Note 7)	<u>36,535</u>	8,530
Auditor's remuneration	<u>2,092</u>	1,453
	<u><b>2,092</b></u>	<u>1,453</u>

## 7. Staff costs

	01/01/2007- 31/12/2007	24/08/2006- 31/12/2006
	EUR	EUR
Wages and salaries	29,125	6,949
Social insurance costs and other funds	<u>7,410</u>	1,581
	<u><b>36,535</b></u>	<u>8,530</u>

## 8. Finance costs

	01/01/2007- 31/12/2007	24/08/2006- 31/12/2006
	EUR	EUR
Foreign exchange losses	2,766	1,006
Interest expenses	1,947	-
Bank charges	<u>266</u>	54
	<u><b>4,979</b></u>	<u>1,060</u>

# PROFILE SYSTEMS & SOFTWARE S.R.L.

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## 9. Finance revenue

	01/01/2007- 31/12/2007	24/08/2006- 31/12/2006
	EUR	EUR
Interest income	-	11
Exchange profit	<u>310</u>	<u>1.006</u>
	<u><b>310</b></u>	<u><b>1.017</b></u>

## 10. Tax

	01/01/2007- 31/12/2007	24/08/2006- 31/12/2006
	EUR	EUR
Corporation tax - current year	<u>486</u>	<u>30</u>
Charge for the year	<u><b>486</b></u>	<u><b>30</b></u>

Under current legislation, the Company was taxed at 2% of the total revenues for the year 2007.

## 11. Trade and other receivables

	31/12/2007	31/12/2006
	EUR	EUR
Prepayments	337	-
VAT receivables	265	601
Other receivables	<u>-</u>	<u>489</u>
	<u><b>602</b></u>	<u><b>1.090</b></u>

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

## 12. Cash and cash equivalents

	31/12/2007	31/12/2006
	EUR	EUR
Cash in hand	-	45
Cash at bank	<u>1.069</u>	<u>23.322</u>
	<u><b>1.069</b></u>	<u><b>23.367</b></u>

## 13. Share capital

	31/12/2007 Number of shares	31/12/2007 EUR	31/12/2006 Number of shares	31/12/2006 EUR
<b>Authorized</b>				
<b>Issued and fully paid</b>				
On 1 January	36	100	-	-
Issue of shares	<u>-</u>	<u>-</u>	<u>36</u>	<u>100</u>
At 31 December	<u><b>36</b></u>	<u><b>100</b></u>	<u><b>36</b></u>	<u><b>100</b></u>

### Issued and fully paid share capital

Under its Memorandum the Company fixed its share capital at 36 ordinary shares of nominal value of RON 10 each. Upon incorporation on 24 August 2006 the Company issued to the subscribers of its Memorandum of Association 36 ordinary shares of RON 10 each at par.

Upon incorporation the sole shareholder was PROFILE SYSTEMS & SOFTWARE S.A. Greece.

# PROFILE SYSTEMS & SOFTWARE S.R.L.

## 14. Trade and other payables

	31/12/2007	31/12/2006
	EUR	EUR
Trade payables	987	2.185
Social insurance and other taxes	1.255	1.224
Accruals	3.040	3.236
Sundry creditors	252	-
Payables to related parties (Note 17)	4.264	4.264
Interest on loan from related party (Note 17)	1.800	-
	<u>11.598</u>	<u>10.909</u>

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

## 15. Borrowings

	31/12/2007	31/12/2006
	EUR	EUR
<b>Current borrowings</b>		
Loan from related party (Note 17)	<u>31.958</u>	31.958
	<u>31.958</u>	<u>31.958</u>

## 16. Current tax liabilities

	31/12/2007	31/12/2006
	EUR	EUR
Corporation tax	<u>4</u>	<u>31</u>
	<u>4</u>	<u>31</u>

## 17. Related party transactions

The Company is controlled by PROFILE SYSTEMS & SOFTWARE S.A., incorporated in Greece, which owns 100% of the Company's shares.

As at 31 December 2007 the related parties of the company are:

Name	Type of relation	Country of origin
PROFILE SYSTEMS & SOFTWARE S.A.	Sole Shareholder	Greece
BALAN CRISTIAN	Manager	Romania

The following transactions were carried out with related parties:

### 17.1 Payables to related parties (Note 14)

Name	Nature of transactions	31/12/2007	31/12/2006
		EUR	EUR
PROFILE SYSTEMS & SOFTWARE S.A.	Purchases of services	<u>4,264</u>	4,264
		<u>4,264</u>	<u>4,264</u>

### 17.2 Loans from related parties (Note 14 and Note 15)

Name	Nature of transactions	31/12/2007	31/12/2006
		EUR	EUR
PROFILE SYSTEMS & SOFTWARE S.A.	Loan	30.000	30.000
PROFILE SYSTEMS & SOFTWARE S.A.	Interest on the loan	1.800	-
BALAN CRISTIAN	Loan - acting on behalf of Profile Systems & Software Greece (for incorporation expenses)	<u>1.958</u>	1.958
		<u>33.758</u>	<u>31.958</u>

During the year 2006 the company took a loan from the related party PROFILE SYSTEMS & SOFTWARE S.A Greece in total amount of 30.000 EUR, which is repayable in 5 years time. The loan has an interest of 6% that has to paid every 12 months, beginning with the contract date, which is 5 October 2006.

## 18. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2007.

## 19. Share capital increase

According to article 153<sup>24</sup> of the Romanian Commercial Law no 31/1990, in case that the Company has net assets that amount to less than half of its share capital, the administrators of the company should convene an Extraordinary Assembly of Shareholders in order to decide whether to capitalize the company at least up to the limit mentioned above or to decrease the share capital to at least twice the value of the net assets. The shareholders of the company did not take any decision relating to the above issue until the moment of the issuance of the financial statements.

## 20. Going concern basis

The Company incurred a net loss of EUR 26.477 for the year ended 31 December 2007, and at that date its current liabilities exceeded its current assets by EUR 9.931. Also, the Company has a high level of gearing due to the shareholder loans.

These factors indicate that, unless the Company continues to receive financial support from related parties, may be unable to continue operating. Should the Company be unable to continue operating adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and liabilities.

The sole shareholder, PROFILE SYSTEMS & SOFTWARE S.A, has expressed its ability and willingness to continue supporting the Company financially.

Also, the management of the Company considers that neither external conditions imposed by the Company's stakeholders nor the gearing of the Company cast a serious doubt upon the ability of the Company to continue operating in the foreseeable future.

## 21. Taxation and legal environment in Romania

The legislation and fiscal environment in Romania are changing frequently and are subject to different interpretations by various Ministries of the Government. Consequently, in case of a tax audit, the Company's judgment regarding legal and fiscal matters may not correspond to that of the Romanian tax authorities. Although the Company's management believes that it has adequately provided for tax liabilities, the risk remains that tax authorities could have different interpretation of legal and tax matters and the effect on the accompanying financial statements could be significant.

## 22. Commitments

The Company had no capital or other commitments as at 31 December 2007.

## 23. Post balance sheet events

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

## Independent Auditors' Report pages 3 and 4



## ADMINISTRATION EXPENSES

For the year ended 31 December 2007

	01/01/2007 31/12/2007 EUR	24/08/2006 31/12/2006 EUR
<b>Administration expenses</b>		
Staff salaries	29.125	6.949
Social insurance etc.	7.410	1.581
Notary fees	-	30
Rent	949	-
Other third party services	211	3.367
Translation expenses	-	114
Traveling expenses	305	392
Telephone and postage	659	77
Advertising	28	932
Auditor's remuneration	2.092	1.453
Accounting fees	2.410	972
Legal fees	2.053	1.020
Incorporation expenses	-	103
Consumables	80	822
Other tax	-	52
	<u>45.322</u>	<u>17.864</u>