

**THE AUDITOR'S REPORT HAS BEEN TRANSLATED FROM THE GREEK
ORIGINAL VERSION**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of IONIA S.A.

Report on the Financial Statements

We have audited the accompanying financial statements of IONIA S.A. (the “Company”), which comprise the statement of financial position as at December 31, 2010, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards of 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 entity'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 entity'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.

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of IONIA S.A. as at December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

We confirm that the information given in the Directors' Report is consistent with the accompanying financial statements and complete in the context of the requirements of articles 43a and 37 of Codified Law 2190/1920. It should be also noted that Company's total equity as at December 31, 2010 is less than 10% of the outstanding share capital and therefore the conditions for the application of Articles 47 and 48 of Codified Law 2190/1920 are met. As mentioned in Note 19 of the financial statements, the Company's management has developed an appropriate plan to remove the provisions of this article.

Athens, 8 April 2011

THE CERTIFIED AUDITOR ACCOUNTANT

SOFIA KALOMENIDES

S.O.E.L. R.N. 13301

ERNST & YOUNG (HELLAS) CERTIFIED AUDITORS ACCOUNTANTS S.A.

IONIA S.A.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010
(Amounts in Euro)

| | 2010 | 2009 |
|---|---------------------------------|---------------------------------|
| Revenue | 5,086,448 | 7,561,075 |
| Cost of sales | -4,748,001 | -6,137,683 |
| Gross profit before depreciation | <u>338,447</u> | <u>1,423,392</u> |
| Other operating income | 46,869 | 48,297 |
| Other operating expenses | -1,640,741 | 0 |
| Administrative expenses | -1,182,758 | -1,027,311 |
| Selling expenses | -3,794,661 | -3,643,932 |
| Losses before interest, taxes and depreciation | <u>-6,232,844</u> | <u>-3,199,554</u> |
| Depreciation corresponding to cost of sales | -134,794 | -76,053 |
| Net losses before taxes and financial results | -6,367,638 | -3,275,607 |
| Finance income | 1,230 | 1,214 |
| Finance expense | -324,146 | -140,916 |
| Losses before taxes | <u>-6,690,554</u> | <u>-3,415,309</u> |
| Net losses after taxes | <u><u>-6,690,554</u></u> | <u><u>-3,415,309</u></u> |

IONIA SA
STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2010

(Amounts in Euro)

| | 2010 | 2009 |
|---|-------------------|------------------|
| <u>ASSETS</u> | | |
| Tangible fixed assets | - | 1,142,793 |
| Intangible fixed assets | - | 60,000 |
| Long -term receivables | - | 534,324 |
| Total non-current assets | - | 1,737,117 |
| Inventories | 1,587,112 | 2,576,213 |
| Receivables and prepayments | 2,443,294 | 3,109,323 |
| Available for sale of tangible fixed assets | 941,054 | - |
| Available for sale of intangible fixed assets | 57,000 | - |
| Other short-term receivables | 77,946 | - |
| Cash and cash equivalents | 92,448 | 99,965 |
| Total current assets | 5,198,854 | 5,785,501 |
| TOTAL ASSETS | 5,198,854 | 7,522,618 |
| <u>EQUITY AND LIABILITIES</u> | | |
| Share capital (2010: 2,627,136 shares at € 3.00) (2009: 2,127,136 Shares at €3.00) | 7,881,408 | 6,381,408 |
| Reserves | 121,561 | 121,561 |
| Retained earnings and other Reserves | -13,118,919 | -6,428,365 |
| TOTAL EQUITY (a) | -5,115,950 | 74,604 |
| Retirement benefit obligations | - | 769,465 |
| Total non-current liabilities | - | 769,465 |
| Retirement benefit obligations | 988,910 | - |
| Other provisions | 900,690 | - |
| Trade and other payables | 820,361 | 1,120,318 |
| Short-term borrowings | 7,604,843 | 5,558,231 |
| Total current liabilities | 10,314,804 | 6,678,549 |
| TOTAL LIABILITIES (b) | 10,314,804 | 7,448,014 |
| TOTAL EQUITY AND LIABILITIES (a+b) | 5,198,854 | 7,522,618 |

IONIA S.A.
STATEMENT OF CHANGES IN EQUITY
AS OF 31 DECEMBER 2010
(Amounts in euro)

| | Common shares | Reserves | Accumulated losses | Total |
|---------------------------------------|----------------------|-----------------|---------------------------|-------------------|
| Year ended December 2009 | | | | |
| Balance as of 1 January 2009 | 780,000 | 121,561 | -3,013,056 | -2,111,495 |
| Share capital increase | 5,601,408 | - | - | 5,601,408 |
| Net loss of the year | - | - | -3,415,309 | -3,415,309 |
| Balance as of 31 December 2009 | 6,381,408 | 121,561 | -6,428,365 | 74,604 |
| Year ended December 2010 | | | | |
| Balance as of 1 January 2009 | 6,381,408 | 121,561 | -6,428,365 | 74,604 |
| Share Increase Capital | 1,500,000 | - | - | 1,500,000 |
| Net loss of the year | - | - | -6,690,554 | -6,690,554 |
| Balance as of 31 December 2010 | 7,881,408 | 121,561 | -13,118,919 | -5,115,950 |

IONIA SA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010
(Amounts in Euro)

| | 2010 | 2009 |
|---|--------------------------|--------------------------|
| Cash flows from operating activities | | |
| Losses before taxes | -6,690,554 | -3,415,309 |
| <i>Adjustments in relation to the following transactions:</i> | | |
| Depreciation of tangible assets | 165,846 | 76,053 |
| Deletions of fixed assets | -497 | - |
| Depreciation of intangible assets | 3,000 | - |
| Depreciation of Leasing rights | 54,281 | 36,977 |
| Provision for depreciation of tangible assets | 104,625 | - |
| Provision for depreciation of leasing rights | 397,457 | - |
| Provision for doubtful debts | 231,756 | - |
| Provision for personnel compensation due to retirement | 219,445 | -29,980 |
| Provision for inventory impairment | 976,578 | -4,300 |
| Other provisions | 900,690 | - |
| Interest expenses | 322,916 | 139,702 |
| Operating losses before changes in working capital: | <u>-3,314,457</u> | <u>-3,196,857</u> |
| Changes in working capital: | | |
| Decrease in inventories | 12,523 | 2,147,409 |
| Decrease/ (increase) in trade and other receivables | 356,327 | -2,735,618 |
| Increase/ (Decrease) in short-term liabilities | <u>-299,956</u> | <u>2,415,675</u> |
| Indemnities paid | - | - |
| Decrease/(Increase) in other long-term liabilities | <u>82,586</u> | <u>-297,379</u> |
| Total cash flows from operating activities | <u>-3,162,977</u> | <u>-1,666,770</u> |
| Cash flow from investing activities | | |
| Purchase of intangible assets | - | -60,000 |
| Purchase of tangible assets | -74,947 | -695,891 |
| Deletions of tangible assets | 6,711 | - |
| Total cash flows from investing activities | <u>-68,236</u> | <u>-755,891</u> |
| Total cash flows after investing activities (a+b) | <u>-3,231,213</u> | <u>-2,422,661</u> |
| Cash flows from financing activities | | |
| Proceeds from share capital increase | 1,500,000 | - |
| Proceeds from borrowings | 2,046,612 | 2,558,231 |
| Interest received | 1,230 | 1,214 |
| Interest and related expenses paid | <u>-324,146</u> | <u>-140,916</u> |
| Total cash flows from financing activities | <u>3,223,696</u> | <u>2,418,529</u> |
| | | |
| Net decrease in cash and cash equivalents (a+b+c) | -7,517 | -4,132 |
| Cash and cash equivalents at the beginning of the year | <u>99,965</u> | <u>104,097</u> |
| Cash and cash equivalents at the end of the year | <u>92,448</u> | <u>99,965</u> |