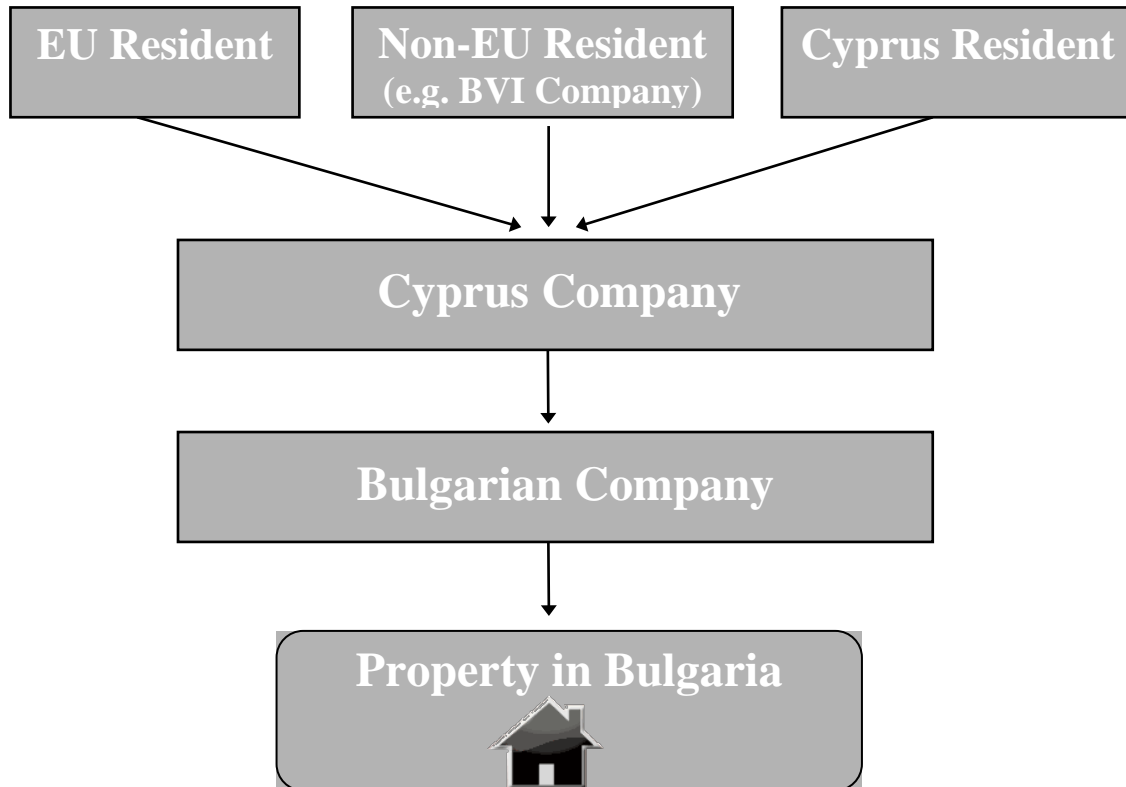


Acquisition of Property in Bulgaria
September 2008
Tax Structure


- The property in Bulgaria will be owned by a Bulgarian Limited Liability Company as an asset of the Bulgarian company
- The Bulgarian company will be owned by a Cypriot Holding Company
- The Shareholders of the Cypriot Holding Company will be either Cyprus residents or Cypriot non-residents or even a BVI company.

Totalserve Management Ltd can provide for all aspects of the incorporation and administration of each part of the above structure.

Main Advantages:

- Cyprus is a highly attractive jurisdiction for receiving and paying dividends since dividends received in Cyprus are exempted from taxation (subject to conditions) and there is no withholding tax when paying dividends to the BVI Company investor or a Cyprus company investor
- The sale by the E.U. resident, the BVI Company or the Cyprus Resident Shareholders of the shares held in the Cyprus Holding Company, would not trigger any Capital Gains Tax in Cyprus

- The sale by the Cyprus Holding Company of the shares held in the Bulgarian company would be subject to corporate income tax in Bulgaria (10% in 2008). The capital gain as a result of the disposal of the shares in the Bulgarian company shall be exempt from any Cyprus taxes.
- Bulgaria has adopted the EU Parent-Subsidiary Directive. Thus, dividend payments from a Bulgarian company to a Cyprus tax resident company are exempt from Bulgarian withholding tax. The conditions for this exemption are that the Cyprus tax resident company holds at least 15% of the shares of the Bulgarian company (10% as from 2009) for a continuous period of at least two years.
- If the above conditions are not met then the standard Bulgarian withholding tax rate on dividend payments to non Bulgarian tax residents is 5%.
- It is noted that where the withholding tax exemption is not granted on the basis of the two years minimum holding period, a collateral (e.g. bank guarantee or money deposit) may be provided for the full amount of the applicable withholding tax. On fulfillment of this condition upon the lapse of the two years holding period the collateral is released.

NOTES:

The above is intended to provide a brief guide only. It is essential that appropriate professional advice is obtained. Totalserve Management Ltd will be glad to assist you in this respect. Please do not hesitate to contact us.