

LUELLA ENTERPRISES COMPANY LIMITED

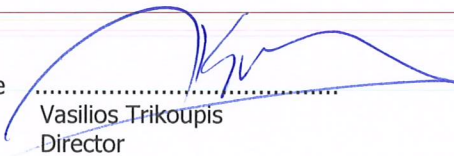
16 Panteli Katelari street
Diagoras House, 7th floor
1097 Nicosia, Cyprus

HE 176171

REPORT AND FINANCIAL STATEMENTS

The report of the Board of Directors, the Auditor's report and the Financial Statements of the company for the year ended 31 December 2016 are true copies of those presented at the Annual General Meeting.

Signature



.....
Vasilios Trikoupis
Director

Signature

.....
Adam Montanios
Secretary



Crowe Cyprus Limited

8 Stasinou Avenue, 1st Floor
Photiades Business Center
1060, Nicosia, Cyprus
P.O.Box 22545, 1522 Nicosia, Cyprus

Tel. +357 22 755656

Fax. +357 22 452055

www.crowe.com.cy

**LUELLA ENTERPRISES COMPANY
LIMITED**

REPORT AND FINANCIAL STATEMENTS
31 December 2016

LUELLA ENTERPRISES COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2016

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LUELLA ENTERPRISES COMPANY LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Vasilios Trikoupis
Alexandra Michaelidou

Company Secretary:

Adam Montanios
16 Panteli Katelari street
Diagoras House, 7th floor
1097 Nicosia, Cyprus

Independent Auditors:

Crowe Cyprus Limited
Certified Public Accountants and Registered Auditors
Photiades Business Centre
1st floor, 8 Stassinou Avenue
P.O. Box 22545
1522 Nicosia

Registered office:

16 Panteli Katelari street
Diagoras House, 7th floor
1097 Nicosia, Cyprus

LUELLA ENTERPRISES COMPANY LIMITED

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2016.

Principal activities and nature of operations of the Company

The principal activities of the Company, which are unchanged from last year, are the holding of investments, the provision of finance and the provision of consultancy services.

Review of current position, future developments and performance of the Company's business

The results of this year are not considered satisfactory and the Board of Directors is making an effort to reduce the Company's losses. Despite the loss this year the Company's development to date and the financial position as reflected in the financial statements are satisfactory.

Results

The Company's results for the year are set out on page 6.

Dividends

On 19 January 2016 the Board of Directors approved the payment of dividends of €650.000 (2015: €1.535.000).

Share capital

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

Board of Directors

The members of the Company's Board of Directors as at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2016.

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

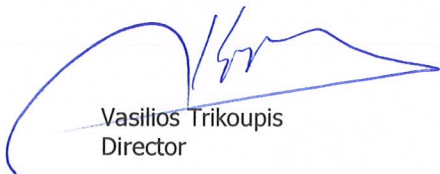
Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent Auditors

The Independent Auditors, Crowe Cyprus Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,



Vasilios Trikoupis
Director

Nicosia, 12 September 2018

Independent Auditor's Report

To the Members of Luella Enterprises Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of parent company Luella Enterprises Company Limited (the "Company"), which are presented in pages 6 to 18 and comprise the statement of financial position as at 31 December 2016, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of parent company Luella Enterprises Company Limited as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report (continued)

To the Members of Luella Enterprises Company Limited

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

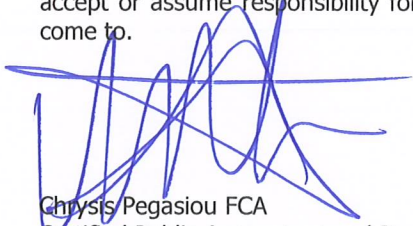
- In our opinion, the management report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

Independent Auditor's Report (continued)

To the Members of Luella Enterprises Company Limited

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Chrysis Pegasiou FCA
Certified Public Accountant and Registered Auditor
for and on behalf of
Crowe Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, 12 September 2018

LUELLA ENTERPRISES COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2016

	Note	2016 €	2015 €
Loan interest income		35.435	36.778
Administration expenses	7	(3.782)	(7.387)
Other expenses	6	-	(23.015)
Operating profit		31.653	6.376
Net finance income	8	77.397	378.835
Profit before tax		109.050	385.211
Tax	9	(4.819)	(5.030)
Net profit for the year		104.231	380.181
Other comprehensive income		-	-
Total comprehensive income for the year		104.231	380.181

The notes on pages 10 to 18 form an integral part of these financial statements.

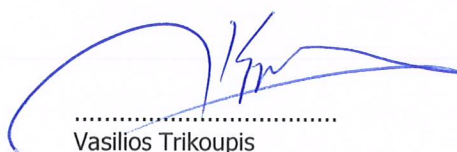
LUELLA ENTERPRISES COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2016

	Note	31/12/2016 €	31/12/2015 As restated €	01/01/2015 As restated €
ASSETS				
Non-current assets				
Investments in subsidiaries	11	22.961.348	18.088.061	18.088.061
Non-current loans receivable	12	2.021.528	2.557.284	3.693.372
		24.982.876	20.645.345	21.781.433
Current assets				
Cash at bank	13	6.793	16.151	10.753
Total assets		24.989.669	20.661.496	21.815.201
EQUITY AND LIABILITIES				
Equity				
Share capital	14	183.825	183.825	183.825
Share premium		18.548.465	18.548.465	18.548.465
Other reserves		8.434.419	3.560.265	3.560.265
Accumulated losses		(2.184.257)	(1.638.488)	(483.669)
Total equity		24.982.452	20.654.067	21.808.886
Current liabilities				
Payables	15	2.380	2.381	-
Current tax liabilities	16	4.837	5.048	6.315
		7.217	7.429	6.315
Total equity and liabilities		24.989.669	20.661.496	21.815.201

On 12 September 2018 the Board of Directors of Luella Enterprises Company Limited authorised these financial statements for issue.



Vasilios Trikoupis
Director



Alexandra Michaelidou
Director

The notes on pages 10 to 18 form an integral part of these financial statements.

LUELLA ENTERPRISES COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

31 December 2016

Note	Share capital €	Share premium €	Reorganisation reserve (as restated) €	Accumulated losses (as restated) €	Total €
Balance at 1 January 2015	183.825	18.548.465	3.560.265	(483.669)	21.808.886
Comprehensive income					
Net profit for the year	-	-	-	380.181	380.181
Transactions with owners					
Dividends	-	-	-	(1.535.000)	(1.535.000)
Total transactions with owners	-	-	-	(1.535.000)	(1.535.000)
	183.825	18.548.465	3.560.265	(1.638.488)	20.654.067
Balance at 31 December 2015/ 1 January 2016					
Comprehensive income					
Net profit for the year	-	-	-	104.231	104.231
Transactions with owners					
Dividends	-	-	-	(650.000)	(650.000)
Reorganisation reserve	-	4.874.154	-	-	4.874.154
Total transactions with owners	-	4.874.154	-	(650.000)	4.224.154
Balance at 31 December 2016	183.825	18.548.465	8.434.419	(2.184.257)	24.982.452

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 10 to 18 form an integral part of these financial statements.

LUELLA ENTERPRISES COMPANY LIMITED

CASH FLOW STATEMENT

31 December 2016

	Note	2016 €	2015 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		109.050	385.211
Adjustments for:			
Unrealised exchange profit		-	(1.225)
Interest expense	8	-	681
		109.050	384.667
Changes in working capital:			
Decrease in receivables		-	23.015
(Decrease)/increase in payables		(1)	2.381
Cash generated from operations		109.049	410.063
Tax paid		(5.030)	(6.297)
Net cash generated from operating activities		104.019	403.766
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans repayments received		535.756	1.136.088
Proceeds from sale of investments in subsidiary undertakings		867	-
Net cash generated from investing activities		536.623	1.136.088
CASH FLOWS FROM FINANCING ACTIVITIES			
Unrealised exchange profit		-	1.225
Interest paid		-	(681)
Dividends paid		(650.000)	(1.535.000)
Net cash used in financing activities		(650.000)	(1.534.456)
Net (decrease)/increase in cash and cash equivalents		(9.358)	5.398
Cash and cash equivalents at beginning of the year		16.151	10.753
Cash and cash equivalents at end of the year	13	6.793	16.151

The notes on pages 10 to 18 form an integral part of these financial statements.

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

1. Incorporation and principal activities

Country of incorporation

The Company Luella Enterprises Company Limited (the "Company") was incorporated in Cyprus on 6 May 2006 as a private limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at 16 Panteli Katelari street, Diagoras House, 7th floor, 1097 Nicosia, Cyprus.

Principal activities and nature of operations of the Company

The principal activities of the Company, which are unchanged from last year, are the holding of investments, the provision of finance and the provision of consultancy services.

2. Significant 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 of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the holding company publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles in Greece and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2016.

Since the 7th Directive of the European Union permits the preparation of consolidated financial statements in accordance with the Directive or in a manner equivalent to the Directive, and since the Cyprus Companies Law, Cap. 113, provides the aforementioned exemption, the provisions of International Financial Reporting Standard 10 'Consolidated Financial Statements' that require the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2016. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

2. Significant accounting policies (continued)

Revenue recognition

- **Income from investments in securities**

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

The difference between the fair value of investments at fair value through profit or loss as at 31 December 2016 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. 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 profit or loss as fair value gains or losses on investments, taking into account any amounts charged or credited to profit or loss in previous periods.

- **Loan interest income**

Loan interest income is recognised on a time-proportion basis using the effective interest method.

Finance income

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

Finance costs

Interest expense and other borrowing costs are charged to profit or loss 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 Euro (€), 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 profit or loss.

Tax

Current tax liabilities and assets 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 reporting date.

Dividends

Interim dividends are recognised in equity in the year in which they are approved by the Company's Directors. Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

2. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

3. Financial risk management

Financial risk factors

The Company is exposed to 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 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.

3.2 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 reporting 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.

3.3 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.

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

3. Financial risk management (continued)

3.4 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. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

3.5 Capital risk management

Capital includes equity shares and share premium, convertible preference shares and loan from parent company

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.

4. Critical accounting estimates and judgements

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.

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.

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:

- **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 recognises 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.

- **Impairment of investments in subsidiaries**

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future undiscounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

4. Critical accounting estimates and judgements (continued)

- **Impairment of loans receivable**

The Company periodically evaluates the recoverability of loans receivable whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

5. Prior year adjustments

During 2014, the Company's subsidiaries World Spirit Ltd S.A. and Harvard Investments Corporation were liquidated and their net assets (total assets and total liabilities) were transferred to the Company. As a result from these transactions a reorganisation reserve of € 3.560.265 should have been recognised. However, by error, the Board of Directors considered this amount as a gain from the liquidation of the subsidiaries. This error has been corrected by a prior year adjustment as at 31 December 2014.

The effect of the prior year adjustments in these financial statements are presented below.

	As previously reported €	Effect €	As restated €
1 January 2015			
Reorganisation reserve	-	3.560.265	3.560.265
Retained earnings/ accumulated losses	<u>3.076.595</u>	<u>(3.560.265)</u>	<u>(483.670)</u>
Total equity	<u>3.076.595</u>	-	<u>3.076.595</u>
31 December 2015			
Reorganisation reserve	-	3.560.265	3.560.265
Retained earnings/ accumulated losses	<u>1.921.776</u>	<u>(3.560.265)</u>	<u>(1.638.489)</u>
Total equity	<u>1.921.776</u>	-	<u>1.921.776</u>

6. Other expenses

	2016 €	2015 €
Bad debts written off	<u>-</u>	<u>23.015</u>
	<u>-</u>	<u>23.015</u>

7. Expenses by nature

	2016 €	2015 €
Administration expenses	11.932	19.427
Recharges to holding company	(8.500)	(12.390)
Annual levy	350	350
Other expenses	-	23.015
Total expenses	<u>3.782</u>	<u>30.402</u>

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

8. Net finance income

	2016 €	2015 €
Exchange profit	<u>98.488</u>	484.180
Finance income	<u>98.488</u>	484.180
Net foreign exchange losses	(19.678)	(99.825)
Interest expense	-	(681)
Sundry finance expenses	<u>(1.413)</u>	(4.839)
Finance costs	<u>(21.091)</u>	(105.345)
Net finance income	<u><u>77.397</u></u>	<u>378.835</u>

9. Tax

	2016 €	2015 €
Corporation tax - current year	<u>4.819</u>	5.030
Charge for the year	<u><u>4.819</u></u>	<u>5.030</u>

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2016 €	2015 €
Profit before tax	<u>109.050</u>	<u>385.211</u>
Tax calculated at the applicable tax rates	13.631	48.151
Tax effect of expenses not deductible for tax purposes	3.061	16.944
Tax effect of allowances and income not subject to tax	(12.311)	(60.522)
10% additional charge	<u>438</u>	457
Tax charge	<u><u>4.819</u></u>	<u>5.030</u>

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

10. Dividends

	2016 €	2015 €
Interim dividends paid	<u>650.000</u>	1.535.000
	<u><u>650.000</u></u>	<u>1.535.000</u>

On 19 January 2016 the Board of Directors approved the payment of dividends of €650.000 (2015: €1.535.000).

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled.

LUELLA ENTERPRISES COMPANY LIMITED

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11. Investments in subsidiaries

	2016	2015
	€	€
Balance at 1 January	18.088.061	18.088.061
Additions	22.960.300	-
Liquidation of subsidiaries	(18.087.013)	-
Balance at 31 December	<u>22.961.348</u>	<u>18.088.061</u>

On 11 September 2015 the Board of Directors of North Haven Limited, a Hong Kong registered company, decided to put the company into voluntary liquidation. On 14 June 2016, North Haven was liquidated and the Company received liquidation proceeds which outweighed the cost of the investment.

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Holding %</u>
North Haven Limited	Hong Kong	Holding of investments	-
Markelia Enterprises Company Limited	Cyprus	Provision of finance	100
Beogradsko Mesovito Preduzece A.D	Serbia	Management and operation of hotels	94,50

On 11 September 2015 the Board of Directors of North Haven Limited, a Hong Kong registered company, decided to put the company into voluntary liquidation. On 14 June 2016, North Haven was liquidated and the Company received liquidation proceeds which outweighed the cost of the investment. The difference of € 4.874.154 was posted as reorganisation reserve in equity.

12. Non-current loans receivable

	2016	2015
	€	€
Loan to own subsidiary (Note 17.2)	2.021.528	2.557.284
	<u>2.021.528</u>	<u>2.557.284</u>

The exposure of the Company to credit risk in relation to loans receivable is reported in note 3 of the financial statements.

13. Cash at bank

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

	2016	2015
	€	€
Cash at bank	6.793	16.151
	<u>6.793</u>	<u>16.151</u>

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14. Share capital

	2016 Number of shares	2016 €	2015 Number of shares	2015 €
Authorised				
Ordinary shares of €1 each	<u>200.000</u>	<u>200.000</u>	<u>200.000</u>	<u>200.000</u>
Issued and fully paid				
Balance at 1 January	<u>183.825</u>	<u>183.825</u>	<u>183.825</u>	<u>183.825</u>
Balance at 31 December	<u>183.825</u>	<u>183.825</u>	<u>183.825</u>	<u>183.825</u>

15. Payables

	2016 €	2015 €
Accruals	<u>2.380</u>	<u>2.381</u>
	<u>2.380</u>	<u>2.381</u>

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

16. Current tax liabilities

	2016 €	2015 €
Corporation tax	<u>4.837</u>	<u>5.048</u>
	<u>4.837</u>	<u>5.048</u>

17. Related party transactions

The following transactions were carried out with related parties:

17.1 Loan interest income

	2016 €	2015 €
For the year 31 December	<u>35.435</u>	<u>36.778</u>
	<u>35.435</u>	<u>36.778</u>

17.2 Loan to own subsidiary (Note 12)

	2016 €	2015 €
As at 31 December	<u>2.021.528</u>	<u>2.557.284</u>
	<u>2.021.528</u>	<u>2.557.284</u>

Loan to own subsidiary amounting to €2.021.528 (2015: €2.557.284) carries interest at the rate of 3month US libor plus 2,65% per annum and is repayable in 2024.

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18. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 3 and 5
