

**LUELLA ENTERPRISES COMPANY  
LIMITED**

REPORT AND FINANCIAL STATEMENTS  
Period from 6 May 2006 to 31 December 2006

# **LUELLA ENTERPRISES COMPANY LIMITED**

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## **REPORT AND FINANCIAL STATEMENTS**

31 December 2006

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# LUELLA ENTERPRISES COMPANY LIMITED

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## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:**

Vasilis Tricoupis  
Alexandra Michaelides

**Company Secretary:**

Adam Montanios  
16 Panteli Katelari Street  
Diagoras Building,7th Floor  
P.C.1097,Nicosia

**Independent Auditors:**

Horwath DSP Limited  
Chartered Certified Accountants  
Photiades Business Center  
1st Floor,8 Stassinou Street  
P.O.Box 22545  
1522 Nicosia

**Registered office:**

16 Panteli Katelari Street  
Diagoras Building,7th Floor  
P.C.1097,Nicosia  
Cyprus

# LUELLA ENTERPRISES COMPANY LIMITED

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## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its first report and audited financial statements of the Company for the period from 6 May 2006 to 31 December 2006.

### **Incorporation**

The Company Luella Enterprises Company limited was incorporated in Cyprus on 6 May 2006 as a private company with limited liability under the Companies Law, Cap. 113.

### **Principal activities**

The principal activities of the Company are the holding of investments and the provision of finance.

### **Review of current position, future developments and significant risks**

The Company has incurred losses during the year. However the Board of Directors expects that the appreciation of the value of its investment in subsidiary companies will outweigh the losses incurred.

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 period are set out on page 5. The net loss for the period is carried forward.

### **Share capital**

#### **Authorised capital**

Under its Memorandum the Company fixed its share capital at 200.000 ordinary shares of nominal value of €1 each.

#### **Issued capital**

Upon incorporation on 26 May 2006 the Company issued to the subscribers of its Memorandum of Association 1.000 ordinary shares of CY£1 each at par. On 1st November 2006 the Company converted its share capital from CY£1 per share to Euro 1,75 per share. On 2nd November 2006 the Company reduced the nominal value of its shares from Euro 1,75 per share to Euro 1 per share. On 31st December 2006 the company issued 111.000 shares of Euro 1 each at a premium of Euro 99 per share.

### **Board of Directors**

The members of the Board of Directors of the Company at the date of this report are shown on page 1. All of them were members of the board throughout the period from 6 May 2006 to 31 December 2006.

### **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**

The independent auditors, Horwath DSP 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,

Vasilis Tricoupis  
Director

Nicosia, 15 September 2008

## **Independent Auditors' Report**

### **To the Members of Luella Enterprises Company limited**

#### **Report on the Financial Statements**

We have audited the financial statements of the parent company Luella Enterprises Company limited (the "Company") on pages 5 to 12, which comprise the balance sheet as at 31 December 2006 and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Board of Directors' Responsibility for the Financial Statements*

The Company's Board of Directors 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 (EU) and the requirements of the Cyprus Companies Law, Cap 113. 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.

#### *Auditors' 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 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 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 the Board of Directors 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.

## **Independent Auditors' Report (continued)**

### **To the Members of Luella Enterprises Company limited**

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the parent company Luella Enterprises Company limited as of 31 December 2006 and of its financial performance and its cash flows for the period from 6 May 2006 to 31 December 2006 in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

#### **Report on Other Legal Requirements**

Pursuant to the requirements of the Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on page 2 is consistent with the financial statements.

#### **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 156 of the Companies Law, Cap.113 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.

**Horwath DSP Limited**  
**Chartered Certified Accountants**

Nicosia, 15 September 2008

# LUELLA ENTERPRISES COMPANY LIMITED

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## INCOME STATEMENT

Period from 6 May 2006 to 31 December 2006

	Note	2006 €
Administration expenses		(8.250)
Other expenses	4	<u>(2.120)</u>
<b>Loss before tax</b>		<b>(10.370)</b>
Tax	6	<u>-</u>
<b>Net (loss) for the period</b>		<b><u>(10.370)</u></b>

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The notes on pages 9 to 12 form an integral part of these financial statements.

# LUELLA ENTERPRISES COMPANY LIMITED

## BALANCE SHEET

31 December 2006

	Note	2006 €
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments in subsidiaries	7	<u>11.080.535</u> <u>11.080.535</u>
<b>Current assets</b>		
Trade and other receivables	8	<u>21.215</u> <u>21.215</u>
<b>Total assets</b>		<u>11.101.750</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity and reserves</b>		
Share capital	9	112.750
Share premium		10.989.000
Accumulated (losses)		<u>(10.370)</u>
		<u>11.091.380</u>
<b>Current liabilities</b>		
Trade and other payables	10	<u>10.370</u> <u>10.370</u>
<b>Total equity and liabilities</b>		<u>11.101.750</u>

On 15 September 2008 the Board of Directors of Luella Enterprises Company limited authorised these financial statements for issue.

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Vasilis Tricoupis  
Director

The notes on pages 9 to 12 form an integral part of these financial statements.



# LUELLA ENTERPRISES COMPANY LIMITED

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## STATEMENT OF CHANGES IN EQUITY

Period from 6 May 2006 to 31 December 2006

	Share capital €	Share premium €	Accumulated (losses) €	Total €
Issue of share capital	112.750	10.989.000	-	11.101.750
Net loss for the period	-	-	(10.370)	(10.370)
<b>At 31 December 2006</b>	<b><u>112.750</u></b>	<b><u>10.989.000</u></b>	<b><u>(10.370)</u></b>	<b><u>11.091.380</u></b>

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 15% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. 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 for the account of the shareholders.

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The notes on pages 9 to 12 form an integral part of these financial statements.

# LUELLA ENTERPRISES COMPANY LIMITED

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## CASH FLOW STATEMENT

Period from 6 May 2006 to 31 December 2006

	2006
	€
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
<b>Loss before tax</b>	<u><b>(10.370)</b></u>
<b>Cash flows used in operations before working capital changes</b>	<b>(10.370)</b>
Increase in trade and other receivables	<b>(21.215)</b>
Increase in trade and other payables	<u><b>10.370</b></u>
<b>Net cash used in operating activities</b>	<u><b>(21.215)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Payment for purchase of investments in subsidiaries	7 <u><b>(11.080.535)</b></u>
<b>Net cash used in investing activities</b>	<u><b>(11.080.535)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from issue of share capital	<u><b>11.101.750</b></u>
<b>Net cash from financing activities</b>	<u><b>11.101.750</b></u>
<b>Net increase in cash and cash equivalents</b>	-
Cash and cash equivalents:	
At beginning of the period	<u>-</u>
<b>At end of the period</b>	<u><u>-</u></u>

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The notes on pages 9 to 12 form an integral part of these financial statements.

# LUELLA ENTERPRISES COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Period from 6 May 2006 to 31 December 2006

### 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 company with limited liability under the Companies Law, Cap. 113. Its registered office is at 16 Panteli Katelari Street, Diagoras Building, 7th Floor, P.C.1097, Nicosia, Cyprus.

#### Principal activities

The principal activities of the Company are the holding of investments and the provision of finance.

### 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 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 Companies Law, Cap.113, to prepare consolidated financial statements because the ultimate parent 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 period from 6 May 2006 to 31 December 2006.

Since the EU 7th Directive permits the preparation of such consolidated financial statements in accordance with the Directive or in a manner equivalent to that Directive and since the Companies Law, Cap.113, provides for the aforementioned exemption, the provisions in IAS 27 "Consolidated and Separate Financial Statements" requiring the preparation of such consolidated financial statements in accordance with IFRS do not apply.

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 judgement 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.

#### Adoption of new and revised IFRSs

During the current period the Company adopted all the new and revised IFRSs and International Accounting Standards (IAS), which are relevant to its operations and are effective for accounting periods commencing on 6 May 2006

The adoption of these Standards did not have a material effect on the financial statements.

At the date of authorisation of these financial statements some Standards were in issue but not yet effective. The Board of Directors expects that the adoption of these Standards in future periods will not have a material effect on the financial statements of the Company.

#### Subsidiary companies

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as

# LUELLA ENTERPRISES COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Period from 6 May 2006 to 31 December 2006

### 2. Accounting policies (continued)

an expense in the period in which the impairment is identified.

#### 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.

#### Share capital

Ordinary shares are classified as equity.

### 3. Financial risk management

#### Financial risk factors

The Company is exposed to liquidity risk and currency 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) 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.

##### (1.2) 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.

##### (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. Other expenses

	<b>2006</b>
	€
Incorporation expenses	<u>2.120</u>
	<u><u>2.120</u></u>

### 5. Operating (loss)

	<b>2006</b>
	€
Operating (loss) is stated after charging the following items:	
Auditors' remuneration	<u>8.250</u>

# LUELLA ENTERPRISES COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Period from 6 May 2006 to 31 December 2006

### 6. Tax

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

	<b>2006</b>
	<b>€</b>
Loss before tax	<b><u>(10.370)</u></b>
Tax calculated at the applicable tax rates	<b>(1.037)</b>
Tax effect of expenses not deductible for tax purposes	<b>212</b>
Tax effect of tax loss for the period	<b><u>825</u></b>
Tax charge	<b><u>-</u></b>

The corporation tax rate is 10%.

Under certain conditions interest may be subject to defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax, thus having an effective tax rate burden of approximately 15%. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 15%.

Due to tax losses sustained in the period, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the following years. As at 31 December 2006, the balance of tax losses which is available for offset against future taxable profits amounts to € 8.250.

### 7. Investments in subsidiaries

	<b>2006</b>
	<b>€</b>
On 6 May 2006	-
Additions	<b><u>11.080.535</u></b>
<b>At 31 December 2006</b>	<b><u>11.080.535</u></b>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	Holding %
North Haven Limited	Hong Kong	100

The subsidiary company "North Haven Limited" is the owner of 51% of the company "Joint Stock Company Beogradsko Mesovito Preduzece" incorporated in Serbia.

### 8. Trade and other receivables

	<b>2006</b>
	<b>€</b>
Shareholders' current accounts - debit balances (Note 11)	<b><u>21.215</u></b>
	<b><u>21.215</u></b>

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

# LUELLA ENTERPRISES COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Period from 6 May 2006 to 31 December 2006

### 9. Share capital

	2006 Number of shares	2006 €
<b>Authorised</b>		
Ordinary shares of €1 each	<u>200.000</u>	<u>200.000</u>
<b>Issued and fully paid</b>		
Issue of shares	<u>112.750</u>	<u>112.750</u>
<b>At 31 December 2006</b>	<u>112.750</u>	<u>112.750</u>

#### Authorised capital

Under its Memorandum the Company fixed its share capital at 200.000 ordinary shares of nominal value of €1 each.

#### Issued capital

Upon incorporation on 26 May 2006 the Company issued to the subscribers of its Memorandum of Association 1.000 ordinary shares of CY£1 each at par. On 1st November 2006 the Company converted its share capital from CY£1 per share to Euro 1,75 per share. On 2nd November 2006 the Company reduced the nominal value of its shares from Euro 1,75 per share to Euro 1 per share. On 31st December 2006 the company issued 111.000 shares of Euro 1 each at a premium of Euro 99 per share.

### 10. Trade and other payables

	2006 €
Accruals	4.600
Other creditors	<u>5.770</u>
	<u>10.370</u>

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

### 11. Related party transactions

The following transactions were carried out with related parties:

#### 11.1 Shareholders' current accounts - debit balances (Note 8)

	2006 €
At 31st of December 2006	<u>21.215</u>
	<u>21.215</u>

The shareholders' current accounts are interest free, and have no specified repayment date.

### 12. 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**

# LUELLA ENTERPRISES COMPANY LIMITED

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## DETAILED INCOME STATEMENT

Period from 6 May 2006 to 31 December 2006

	Page	2006 €
<b>Operating expenses</b>		
Administration expenses	14	<u>(8.250)</u> (8.250)
<b>Other operating expenses</b>		
Incorporation expenses		<u>(2.120)</u>
<b>Net loss for the period before tax</b>		<u><u>(10.370)</u></u>

**LUELLA ENTERPRISES COMPANY LIMITED**

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**OPERATING EXPENSES**

Period from 6 May 2006 to 31 December 2006

	<b>2006</b>
	<b>€</b>
<b>Administration expenses</b>	
Auditors' remuneration	<u><b>8.250</b></u>
	<u><b>8.250</b></u>



# **LUELLA ENTERPRISES COMPANY LIMITED**

**16 Panteli Katelari Street  
Diagoras Building, 7th Floor  
P.C.1097, Nicosia  
Cyprus**

Nicosia, 15 September 2008

Messrs,  
Horwath DSP Limited  
Chartered Certified Accountants  
Photiades Business Center  
1st Floor, 8 Stassinou Street  
P.O.Box 22545  
1522 Nicosia

Dear Sirs,

## **Financial Statements - 31 December 2006**

This representation letter is provided in connection with your audit of the financial statements of Luella Enterprises Company limited for the period from 6 May 2006 to 31 December 2006.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit:

- 1) We acknowledge our responsibility for the fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.
- 2) There have been no irregularities involving management or employees who have a significant role in the system of internal control, or that could have a material effect on the financial statements.
- 3) The financial statements are free of material errors and omissions.
- 4) We have made available to you all books of account and supporting documentation and all minutes of meetings of shareholders and board of directors.
- 5) The Company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There have been no communications concerning non-compliance with requirements of regulatory authorities with respect to financial matters.
- 6) The following have been properly recorded and when appropriate, adequately disclosed in the financial statements:
  - (a) Balances and transactions with related parties.
  - (b) Assets pledged as collateral.
- 7) We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
- 8) The Company has satisfactory title to all assets and there are no liens, or encumbrances on the Company's assets except as noted in the financial statements.
- 9) We have recorded or disclosed all liabilities, both actual and contingent.
- 10) We confirm that all amounts owed to the Company are fully recoverable.
- 11) There have been no events subsequent to the balance sheet date that require adjustment of, or disclosure in the financial statements and related notes.
- 12) No claims in connection with litigation have been or are expected to be received.
- 13) To the best of our knowledge and belief, the information disclosed in the financial statements in respect of parties which control the entity is complete and accurate.

- 14) To the best of our knowledge and belief, there were no material related party transactions at any time during the period which fall to be disclosed other than as indicated in the financial statements.
- 15) Except as disclosed in the financial statements, the results for the period were not materially affected by transactions of a type not usually undertaken by the entity, circumstances of a non recurrent or exceptional nature or any change in accounting policies.
- 16) We confirm that we have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion, we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date the financial statements are to be approved.
- 17) We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a fair presentation.
- 18) We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully,  
For Luella Enterprises Company limited

.....  
Director

# **LUELLA ENTERPRISES COMPANY LIMITED**

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WRITTEN RESOLUTION OF SOLE SHAREHOLDERS OF THE COMPANY PASSED IN ACCORDANCE WITH THE ARTICLES OF ASSOCIATION OF THE COMPANY.

IT WAS UNANIMOUSLY RESOLVED THAT:

The financial statements for the period from 06 May to 31 December 2006 are approved.

The directors will continue in office.

The auditors fee be as it appears in the financial statements for the period from 06 May to 31 December 2006.

Messrs Horwath DSP Limited are reappointed unanimously independent Auditors of the Company for the ensuing financial year and that their remuneration be fixed by the Board of Directors.

.....  
.....for Lamps Hellenic Hotels S.A.-Shareholder

15 September 2008