

**LUELLA ENTERPRISES COMPANY
LIMITED**

REPORT AND FINANCIAL STATEMENTS
31 December 2010

LUELLA ENTERPRISES COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS 31 December 2010

CONTENTS	PAGE
Board of Directors and other Officers	1
Report of the Board of Directors	2
Independent auditors' report	3 - 4
Statement of comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 - 13
Additional information to the statement of comprehensive income	14 - 16

LUELLA ENTERPRISES COMPANY LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Vasilios Trikoupis
Alexandra Michaelides

Company Secretary:

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

Independent Auditors:

Horwath DSP Limited
Chartered Certified Accountants
Photiades Business Center
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

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2010.

Principal activities

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 significant risks

The Company had incurred losses during the year. However the Board of Directors expects that the appreciation of the value of the investment in subsidiary company in the following years 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 and Dividends

The Company's results for the year are set out on page 5. The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital

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

Board of Directors

The members of the Board of Directors of the Company at the date of this report are shown on page page 1. All of them were members of the Board throughout the year ended 31 December 2010.

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

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 11 to 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,

Vasilios Trikoupis
Director

Nicosia, 22 March 2011

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 13, which comprise the statement of financial position as at 31 December 2010 and the statements of comprehensive income, changes in equity and cash flows for the period from 10 November 2008 to 31 December 2009, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors' Responsibility for the Financial Statements 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 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 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, 22 March 2011

LUELLA ENTERPRISES COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	Note	2010 €	2009 €
Administration expenses		<u>8.084</u>	<u>(1.115)</u>
Operating profit / (loss)	4	8.084	(1.115)
Finance costs	5	<u>(207)</u>	<u>(136)</u>
Profit/ (loss) before tax		7.877	(1.251)
Tax	6	<u>-</u>	<u>-</u>
Net profit / (loss) for the year		7.877	(1.251)
Other comprehensive income			
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income / (expense) for the year		7.877	(1.251)

The notes on pages 9 to 13 form an integral part of these financial statements.

LUELLA ENTERPRISES COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION 31 December 2010

	Note	2010 €	2009 €
ASSETS			
Non-current assets			
Investments in subsidiaries	7	<u>18.087.013</u>	18.087.013
		<u>18.087.013</u>	18.087.013
Current assets			
Cash at bank and in hand	8	<u>589</u>	796
		<u>589</u>	796
Total assets		<u>18.087.602</u>	18.087.809
EQUITY AND LIABILITIES			
Equity			
Share capital	9	182.825	182.825
Share premium		17.926.425	17.926.425
Accumulated losses		(21.648)	(29.525)
Total equity		<u>18.087.602</u>	18.079.725
Current liabilities			
Trade and other payables	10	-	8.084
		-	8.084
Total equity and liabilities		<u>18.087.602</u>	18.087.809

On 22 March 2011 the Board of Directors of Luella Enterprises Company Limited authorised these financial statements for issue.

.....
Vasilios Trikoupis
Director

.....
Alexandra Michaelides
Director

The notes on pages 9 to 13 form an integral part of these financial statements.

LUELLA ENTERPRISES COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2010

	Share capital €	Share premium €	Accumulated losses €	Total €
Balance - 1 January 2009	<u>182.825</u>	<u>17.926.425</u>	<u>(28.274)</u>	<u>18.080.976</u>
Total comprehensive (expense) for the year	-	-	(1.251)	(1.251)
At 31 December 2009/ 1 January 2010	<u>182.825</u>	<u>17.926.425</u>	<u>(29.525)</u>	<u>18.079.725</u>
Total comprehensive income for the year	-	-	7.877	7.877
At 31 December 2010	<u>182.825</u>	<u>17.926.425</u>	<u>(21.648)</u>	<u>18.087.602</u>

Share premium is not available for distribution.

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 by the Company for the account of the shareholders.

The notes on pages 9 to 13 form an integral part of these financial statements.

LUELLA ENTERPRISES COMPANY LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2010

	2010	2009
	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) before tax	<u>7.877</u>	<u>(1.251)</u>
Cash flows from / (used in) operations before working capital changes	7.877	(1.251)
Decrease in trade and other payables	<u>(8.084)</u>	<u>(44.718)</u>
Net cash flows used in operating activities	<u>(207)</u>	<u>(45.969)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(207)	(45.969)
Cash and cash equivalents:		
At beginning of the year	<u>796</u>	<u>46.765</u>
At end of the year	8 <u>589</u>	<u>796</u>

The notes on pages 9 to 13 form an integral part of these financial statements.

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

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 House, 7th floor, 1097 Nicosia, Cyprus.

Principal activities

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. 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 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 2010.

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 year 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 1 January 2010.

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.

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

2. Accounting policies (continued)

Subsidiary companies

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.

Finance costs

Interest expense and other borrowing costs are charged to the statement of comprehensive income 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 the statement of comprehensive income.

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 statement of financial position date.

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.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

Share capital

Ordinary shares are classified as equity.

3. Financial risk management

Financial risk factors

The Company is exposed to liquidity 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 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

Year ended 31 December 2010

3. Financial risk management (continued)

3.2 Capital risk management

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.

Fair value estimation

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

4. Expenses by nature

	2010	2009
	€	€
Auditors' remuneration	4.000	4.600
Other professional fees	2.669	8.084
Recharges to holding company	(6.669)	(11.569)
Overprovision of professional fees - prior year	(8.084)	-
Total expenses	<u>(8.084)</u>	<u>1.115</u>

5. Finance costs

	2010	2009
	€	€
Other finance expenses	<u>207</u>	<u>136</u>
	<u>207</u>	<u>136</u>

6. Tax

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

	2010	2009
	€	€
Profit/ (loss) before tax	<u>7.877</u>	<u>(1.251)</u>
Tax calculated at the applicable tax rates	788	(125)
Tax effect of expenses not deductible for tax purposes	20	125
Tax effect of allowances and income not subject to tax	(808)	-
Tax charge	<u>-</u>	<u>-</u>

The corporation tax rate is 10%.

Under certain conditions interest income 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%.

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

7. Investments in subsidiaries

	2010	2009
	€	€
On 1 January	<u>18.087.013</u>	<u>18.087.013</u>
At 31 December	<u>18.087.013</u>	<u>18.087.013</u>

The details of the subsidiaries are as follows:

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

The subsidiary company "North Haven Limited" is the owner of 93,94 % of the company "Joint Stock Beogradsko Mesovito Preduzece" incorporated in Serbia.

8. Cash at bank and in hand

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

	2010	2009
	€	€
Cash at bank and in hand	<u>589</u>	<u>796</u>
	<u>589</u>	<u>796</u>

9. Share capital

	2010	2010	2009	2009
	Number of	€	Number of	€
	shares		shares	
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				
On 1 January	<u>182.825</u>	<u>182.825</u>	<u>182.825</u>	<u>182.825</u>
At 31 December	<u>182.825</u>	<u>182.825</u>	<u>182.825</u>	<u>182.825</u>

10. Trade and other payables

	2010	2009
	€	€
Other creditors	<u>-</u>	<u>8.084</u>
	<u>-</u>	<u>8.084</u>

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

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

11. 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' Report pages 3 and 4

LUELLA ENTERPRISES COMPANY LIMITED

DETAILED INCOME STATEMENT

Year ended 31 December 2010

	Page	2010 €	2009 €
Operating expenses			
Administration expenses	15	<u>8.084</u>	<u>(1.115)</u>
Operating profit/ (loss)		8.084	(1.115)
Finance costs	16	<u>(207)</u>	<u>(136)</u>
Net profit/ (loss) for the year before tax		<u>7.877</u>	<u>(1.251)</u>

LUELLA ENTERPRISES COMPANY LIMITED

OPERATING EXPENSES

Year ended 31 December 2010

	2010	2009
	€	€
Administration expenses		
Auditors' remuneration	4.000	4.600
Other professional fees	2.669	8.084
Overprovision of professional fees - prior year	(8.084)	-
Recharges to holding company	(6.669)	(11.569)
	(8.084)	1.115

LUELLA ENTERPRISES COMPANY LIMITED

FINANCE COSTS
Year ended 31 December 2010

	2010	2009
	€	€
Finance costs		
Other finance expenses		
Bank charges	<u>207</u>	<u>136</u>
	<u>207</u>	<u>136</u>

LUELLA ENTERPRISES COMPANY LIMITED

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

Nicosia, 22 March 2011

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

Dear Sirs,

Financial Statements - 31 December 2010

This representation letter is provided in connection with your audit of the financial statements of Luella Enterprises Company Limited for the year ended 31 December 2010.

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 after the reporting period 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 year 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 year 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

.....
Vasilios Trikoupis
Director

.....
Alexandra Michaelides
Director