

**LUELLA ENTERPRISES COMPANY  
LIMITED**

REPORT AND FINANCIAL STATEMENTS  
31 December 2012

# LUELLA ENTERPRISES COMPANY LIMITED

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## REPORT AND FINANCIAL STATEMENTS 31 December 2012

<b>CONTENTS</b>	<b>PAGE</b>
Board of Directors and other Officers	1
Report of the Board of Directors	2
Independent auditor's report	3 - 4
Statement of comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Cash flow statement	8
Notes to the financial statements	9 - 13

# LUELLA ENTERPRISES COMPANY LIMITED

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## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:**

Vasilios Trikouplis  
Alexandra Michaelides

**Company Secretary:**

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

**Independent Auditors:**

Horwath DSP 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

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## 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 2012.

### **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. The Company had no income from its principal activities during the year.

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

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

The main risks and uncertainties 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 year are set out on page 5. The net loss for the year is carried forward.

### **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 2012.

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 13 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, 7 March 2013

## **Independent auditor's report**

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

#### **Report on the financial statements**

We have audited the accompanying financial statements of parent company Luella Enterprises Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2012, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' responsibility 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.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 of financial statements that give a true and fair view 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 auditor's 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 at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

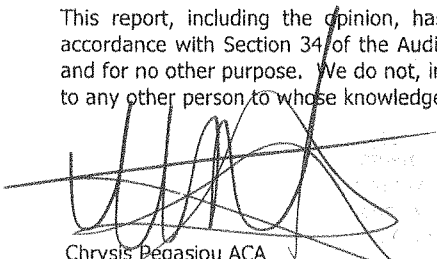
#### **Report on other legal requirements**

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, 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 Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors 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 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 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 ACA  
Certified Public Accountant and Registered Auditor  
for and on behalf of

**Horwath DSP Limited**  
**Certified Public Accountants and Registered**  
**Auditors**

Nicosia, 7 March 2013

# LUELLA ENTERPRISES COMPANY LIMITED

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## STATEMENT OF COMPREHENSIVE INCOME Year ended 31 December 2012

	Note	2012 €	2011 €
Administration expenses	5	<u>(1,219)</u>	-
<b>Operating loss</b>		<b>(1,219)</b>	-
Net finance costs	6	<u>(208)</u>	(207)
<b>Loss before tax</b>		<b>(1,427)</b>	(207)
Tax	7	<u>-</u>	-
<b>Net loss for the year</b>		<b>(1,427)</b>	(207)
<b>Other comprehensive income</b>		<u>-</u>	-
<b>Total comprehensive expense for the year</b>		<b><u>(1,427)</u></b>	<b>(207)</b>

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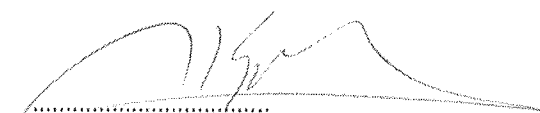
The notes on pages 9 to 13 form an integral part of these financial statements.

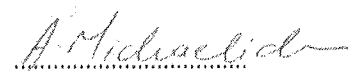
# LUELLA ENTERPRISES COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION 31 December 2012

	Note	2012 €	2011 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiary	8	<u>18,087,013</u>	<u>18,087,013</u>
<b>Current assets</b>			
Cash at bank	9	<u>69</u>	<u>382</u>
<b>Total assets</b>		<u><b>18,087,082</b></u>	<u><b>18,087,395</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	10	182,825	182,825
Share premium		17,926,425	17,926,425
Accumulated losses		<u>(23,282)</u>	<u>(21,855)</u>
<b>Total equity</b>		<u><b>18,085,968</b></u>	<u><b>18,087,395</b></u>
<b>Current liabilities</b>			
Payables	11	<u>1,114</u>	<u>-</u>
		<u><b>1,114</b></u>	<u><b>-</b></u>
<b>Total equity and liabilities</b>		<u><b>18,087,082</b></u>	<u><b>18,087,395</b></u>

On 7 March 2013 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 2012

	Share capital €	Share premium €	Accumulated losses €	Total €
<b>Balance at 1 January 2011</b>	<b>182.825</b>	<b>17.926.425</b>	<b>(21.648)</b>	<b>18.087.602</b>
<b>Comprehensive expense</b>				
Net loss for the year	-	-	(207)	(207)
<b>Balance at 31 December 2011/ 1 January 2012</b>	<b>182.825</b>	<b>17.926.425</b>	<b>(21.855)</b>	<b>18.087.395</b>
<b>Comprehensive expense</b>				
Net loss for the year	-	-	(1,427)	(1,427)
<b>Balance at 31 December 2012</b>	<b>182.825</b>	<b>17.926.425</b>	<b>(23.282)</b>	<b>18.085.968</b>

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 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (up to 31 August 2011 the rate was 15% and was increased to 17% for the period thereafter to 31 December 2011) 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

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## CASH FLOW STATEMENT

Year ended 31 December 2012

	Note	2012 €	2011 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		<u>(1,427)</u>	<u>(207)</u>
<b>Cash flows used in operations before working capital changes</b>		<b>(1,427)</b>	<b>(207)</b>
Increase in payables		<u>1,114</u>	-
<b>Cash flows used in operations</b>		<b>(313)</b>	-
<b>Net decrease in cash and cash equivalents</b>		<b>(313)</b>	-
Cash and cash equivalents:			
At beginning of the year		<u>382</u>	<u>382</u>
At end of the year	9	<u><u>69</u></u>	<u><u>382</u></u>

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

# LUELLA ENTERPRISES COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

### 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

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. The Company had no income from its principal activities during the year.

### 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 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 2012.

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 Accounting Standard 27 "Consolidated and separate 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.

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.

#### 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 2012. This adoption did not have a material effect on the accounting policies of the Company.

# LUELLA ENTERPRISES COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

### 2. Accounting policies (continued)

#### Adoption of new and revised IFRSs (continued)

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

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 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.

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

#### Payables to shareholders

Payables to shareholders are stated at their transacted value as they are on demand. Management believes that their fair value is not materially different from their transacted value.

# LUELLA ENTERPRISES COMPANY LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

### 2. Accounting policies (continued)

#### 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 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.

#### 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 reporting date.

### 4. Critical accounting estimates and judgments

Estimates and judgments 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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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:

- **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

Year ended 31 December 2012

### 5. Expenses by nature

	2012	2011
	€	€
Auditors' remuneration	4,000	4,000
Administration expenses	2,067	2,879
Recharges to holding company	(5,198)	(6,879)
Annual levy	350	-
<b>Total expenses</b>	<b>1,219</b>	<b>-</b>

### 6. Finance costs

	2012	2011
	€	€
Other finance expenses	208	207
	<b>208</b>	<b>207</b>

### 7. 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:

	2012	2011
	€	€
Loss before tax	(1,427)	(207)
Tax calculated at the applicable tax rates	(143)	(21)
Tax effect of expenses not deductible for tax purposes	143	21
<b>Tax charge</b>	<b>-</b>	<b>-</b>

The corporation tax rate is 10%.

Under certain conditions interest income may be subject to defence contribution at the rate of 15% (10% to 30 August 2011). 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 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (up to 31 August 2011 the rate was 15% and was increased to 17% for the period thereafter to 31 December 2011).

### 8. Investment in subsidiary

	2012	2011
	€	€
Balance at 1 January	18,087,013	18,087,013
<b>Balance at 31 December</b>	<b>18,087,013</b>	<b>18,087,013</b>

The details of the subsidiary 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	100

# LUELLA ENTERPRISES COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

### 9. Cash at bank

Cash balances are analysed as follows:

	2012	2011
	€	€
Cash at bank	<u>69</u>	<u>382</u>
	<u>69</u>	<u>382</u>

### 10. Share capital

	2012	2012	2011	2011
	Number of shares	€	Number of shares	€
<b>Authorised</b>				
Ordinary shares of €1 each	<u>200.000</u>	<u>200.000</u>	<u>200.000</u>	<u>200.000</u>
<b>Issued and fully paid</b>				
Balance at 1 January	<u>182.825</u>	<u>182.825</u>	<u>182.825</u>	<u>182.825</u>
<b>Balance at 31 December</b>	<u>182.825</u>	<u>182.825</u>	<u>182.825</u>	<u>182.825</u>

### 11. Payables

	2012	2011
	€	€
Shareholders' current accounts - credit balances (Note 12)	<u>1.114</u>	<u>-</u>
	<u>1.114</u>	<u>-</u>

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

### 12. Related party transactions

The following transactions were carried out with related parties:

#### 12.1 Shareholders' current accounts - credit balances (Note 11)

	2012	2011
	€	€
As at 31 December	<u>1.114</u>	<u>-</u>
	<u>1.114</u>	<u>-</u>

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

### 13. 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 4**