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**LUELLA ENTERPRISES COMPANY
LIMITED**

REPORT AND FINANCIAL STATEMENTS
31 December 2011

LUELLA ENTERPRISES COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2011

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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
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

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 2011.

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 31 December 2011 and 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 2011.

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, 16 March 2012

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 the parent company Luella Enterprises Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2011, 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 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 2011, 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 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 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, 16 March 2012

LUELLA ENTERPRISES COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Note	2011 €	2010 €
Administration expenses	5	<u>-</u>	<u>8.084</u>
Operating (loss)		-	8.084
Finance costs	6	<u>(207)</u>	<u>(207)</u>
(Loss)/ profit before tax		(207)	7.877
Tax	7	<u>-</u>	<u>-</u>
Net (loss) / profit for the year		(207)	7.877
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive (expense) / income for the year		<u>(207)</u>	<u>7.877</u>

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 2011

	Note	2011 €	2010 €
ASSETS			
Non-current assets			
Investment in subsidiary	8	<u>18.087.013</u>	<u>18.087.013</u>
		18.087.013	18.087.013
Current assets			
Cash at bank	9	<u>382</u>	<u>589</u>
		382	589
Total assets		<u>18.087.395</u>	<u>18.087.602</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10	182.825	182.825
Share premium		17.926.425	17.926.425
Accumulated losses		<u>(21.855)</u>	<u>(21.648)</u>
Total equity		<u>18.087.395</u>	<u>18.087.602</u>

On 16 March 2012 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 2011

	Share capital €	Share premium €	Accumulated losses €	Total €
Balance at 1 January 2010	182.825	17.926.425	(29.525)	18.079.725
Comprehensive income				
Net profit for the year	-	-	7.877	7.877
Balance at 31 December 2010/ 1 January 2011	182.825	17.926.425	(21.648)	18.087.602
Comprehensive income				
Net loss for the year	-	-	(207)	(207)
Balance at 31 December 2011	182.825	17.926.425	(21.855)	18.087.395

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 17% (15% to 31 August 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

CASH FLOW STATEMENT

Year ended 31 December 2011

	Note	2011 €	2010 €
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/ profit before tax		<u>(207)</u>	<u>7.877</u>
Net cash flows (used in) / from operating activities		<u>(207)</u>	<u>7.877</u>
Net (decrease) / increase in cash and cash equivalents		(207)	7.877
Cash and cash equivalents:			
At beginning of the year		<u>589</u>	<u>(7.288)</u>
At end of the year	9	<u><u>382</u></u>	<u><u>589</u></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 2011

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 and the requirements of the Cyprus Companies Law, Cap. 113.

These financial statements are the separate financial statements of the Company. 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 on the basis of Generally Accepted Accounting Principles in Greece and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2011.

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 that Directive, and since the Cyprus Companies Law, Cap.113, provides for the aforementioned exemption, the requirement of the International Accounting Standard 27 "Consolidated and Separate Financial Statements" for disclosing the group entity that publishes consolidated financial statements in accordance with IFRS does 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 International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2011. 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.

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

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 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 and in hand.

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:

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

3. Financial risk management (continued)

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 judgements

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 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/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

5. Expenses by nature

	2011	2010
	€	€
Auditors' remuneration	4.000	4.000
Administration expenses	2.879	2.669
Recharges to holding company	(6.879)	(6.669)
Overprovision of professional fees - prior year	-	(8.084)
Total expenses / (income)	-	(8.084)

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

6. Finance costs

	2011	2010
	€	€
Other finance expenses	<u>207</u>	<u>207</u>
	<u>207</u>	<u>207</u>

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:

	2011	2010
	€	€
(Loss)/ profit before tax	<u>(207)</u>	<u>7.877</u>
Tax calculated at the applicable tax rates	(21)	788
Tax effect of expenses not deductible for tax purposes	21	-
Tax effect of allowances and income not subject to tax	<u>-</u>	<u>(788)</u>
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 15% (10% to 31 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 17% (15% to 31 August 2011).

8. Investment in subsidiary

	2011	2010
	€	€
Balance at 1 January	<u>18.087.013</u>	<u>18.087.013</u>
Balance at 31 December	<u>18.087.013</u>	<u>18.087.013</u>

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

9. Cash at bank

Cash balances are analysed as follows:

	2011	2010
	€	€
Cash at bank	<u>382</u>	<u>589</u>
	<u>382</u>	<u>589</u>

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

10. Share capital

	2011 Number of shares	2011 €	2010 Number of shares	2010 €
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>182.825</u>	<u>182.825</u>	<u>182.825</u>	<u>182.825</u>
Balance at 31 December	<u>182.825</u>	<u>182.825</u>	<u>182.825</u>	<u>182.825</u>

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 Auditor's report on pages 3 and 4

