

**LUELLA ENTERPRISES COMPANY
LIMITED**

REPORT AND FINANCIAL STATEMENTS
31 December 2013

LUELLA ENTERPRISES COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2013

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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 2013.

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 considered satisfactory.

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.

Dividends

On 2 December 2013 the Board of Directors approved the payment of an interim dividend for 2013 of €885.000 (2012: €NIL).

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 2013.

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

Events after the reporting period

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

Independent Auditors

The Independent Auditors, 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, 2014

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 2013, 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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of parent company Luella Enterprises Company Limited as at 31 December 2013, 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.

Independent auditor's report (continued)

To the Members of Luella Enterprises Company Limited

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, 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, so far as appears from our examination of these books.
- 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 Laws of 2009 and 2013 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, 2014

LUELLA ENTERPRISES COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	Note	2013 €	2012 €
Net gain on investing activities	5	912.277	-
Administration expenses	6	(1.251)	(1.219)
Operating profit/(loss)		911.026	(1.219)
Net finance costs	7	(2.257)	(208)
Profit/(loss) before tax		908.769	(1.427)
Tax	8	(18)	-
Net profit/(loss) for the year		908.751	(1.427)
Other comprehensive income		-	-
Total comprehensive income/(expense) for the year		908.751	(1.427)

The notes on pages 9 to 16 form an integral part of these financial statements.

LUELLA ENTERPRISES COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2013

	Note	2013 €	2012 €
ASSETS			
Non-current assets			
Investments in subsidiaries	10	<u>18.710.052</u>	<u>18.087.013</u>
Current assets			
Receivables	11	22.813	-
Cash at bank	12	<u>-</u>	<u>69</u>
Total assets		<u>18.732.865</u>	<u>18.087.082</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	183.825	182.825
Share premium		18.548.465	17.926.425
Retained earnings /(accumulated losses)		<u>469</u>	<u>(23.282)</u>
Total equity		<u>18.732.759</u>	<u>18.085.968</u>
Current liabilities			
Payables	15	-	1.114
Borrowings	14	88	-
Current tax liabilities	16	<u>18</u>	<u>-</u>
		<u>106</u>	<u>1.114</u>
Total equity and liabilities		<u>18.732.865</u>	<u>18.087.082</u>

On 2014 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 16 form an integral part of these financial statements.

LUELLA ENTERPRISES COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Note	Share capital €	Share premium €	Accumulated losses €	Total €
Balance at 1 January 2012		182.825	17.926.425	(21.855)	18.087.395
Comprehensive expense					
Net loss for the year		-	-	(1.427)	(1.427)
Balance at 31 December 2012/ 1 January 2013		182.825	17.926.425	(23.282)	18.085.968
Comprehensive income					
Net profit for the year		-	-	908.751	908.751
Transactions with owners					
Issue of share capital	13	1.000	622.040	-	623.040
Dividends		-	-	(885.000)	(885.000)
Balance at 31 December 2013		183.825	18.548.465	469	18.732.759

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 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 16 form an integral part of these financial statements.

LUELLA ENTERPRISES COMPANY LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2013

	2013	2012
Note	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	908.769	(1.427)
Adjustments for:		
Interest expense	7 <u>213</u>	-
Cash flows from/(used in) operations before working capital changes	908.982	(1.427)
Increase in receivables	(22.813)	-
(Decrease)/increase in payables	(1.114)	1.114
Cash flows from/(used in) operations	885.055	(313)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of investments in subsidiaries	10 <u>(623.039)</u>	-
Net cash flows used in investing activities	(623.039)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	13 623.040	-
Interest paid	(213)	-
Dividends paid	13 <u>(885.000)</u>	-
Net cash flows used in financing activities	(262.173)	-
Net decrease in cash and cash equivalents	(157)	(313)
Cash and cash equivalents:		
At beginning of the year	<u>69</u>	382
At end of the year	12 <u>(88)</u>	69

The notes on pages 9 to 16 form an integral part of these financial statements.

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

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 2013.

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 2013. 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 2013

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.

Dividends

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

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.

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.

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

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.

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:

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of investments in subsidiaries**

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

5. Net gain on investing activities

	2013	2012
	€	€
Gain from the acquisition of the subsidiary	<u>912.277</u>	-
	<u>912.277</u>	-

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

6. Expenses by nature

	2013	2012
	€	€
Auditors' remuneration - current year	4.000	4.000
Auditors' remuneration - prior years	(800)	-
Administration expenses	2.101	2.067
Recharges to holding company	(4.400)	(5.198)
Annual levy	350	350
Total expenses	1.251	1.219

7. Finance costs

	2013	2012
	€	€
Interest expense	213	-
Other finance expenses	2.044	208
	2.257	208

8. Tax

	2013	2012
	€	€
Corporation tax - current year	18	-
Charge for the year	18	-

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

	2013	2012
	€	€
Profit/(loss) before tax	908.769	(1.427)
Tax calculated at the applicable tax rates	113.596	(143)
Tax effect of expenses not deductible for tax purposes	455	143
Tax effect of allowances and income not subject to tax	(114.035)	-
10% additional charge	2	-
Tax charge	18	-

The corporation tax rate is 12,5% (2012:10%).

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (2012:15%). 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.

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

9. Dividends

	2013	2012
	€	€
Interim dividend paid	885.000	-
	885.000	-

On 2 December 2013 the Board of Directors approved the payment of an interim dividend for 2013 of €885.000 (2012: €NIL).

Dividends are subject to a deduction of special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter for individual shareholders that are residents of Cyprus.

10. Investments in subsidiaries

	2013	2012
	€	€
Balance at 1 January	18.087.013	18.087.013
Additions	623.039	-
Balance at 31 December	18.710.052	18.087.013

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Holding %</u>
North Haven Limited	Hong Kong	Holding of investments	100
Harvard Investments Corporation	Panama	Holding of investments	100
World Spirit Ltd SA	Liberia	Holding of investments	100

11. Receivables

	2013	2012
	€	€
Shareholders' current accounts - debit balances (Note 18)	22.813	-
	22.813	-

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

12. Cash at bank

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

	2013	2012
	€	€
Cash at bank	-	69
Bank overdrafts (Note 14)	(88)	-
	(88)	69

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

13. Share capital

	2013 Number of shares	2013 €	2012 Number of shares	2012 €
Authorised				
Ordinary shares of €1 each	<u>200.000</u>	<u>200.000</u>	200.000	200.000
Issued and fully paid				
Balance at 1 January	182.825	182.825	182.825	182.825
Issue of shares	<u>1.000</u>	<u>1.000</u>	-	-
Balance at 31 December	<u>183.825</u>	<u>183.825</u>	182.825	182.825

14. Borrowings

	2013 €	2012 €
Current borrowings		
Bank overdrafts (Note 12)	<u>88</u>	-

15. Payables

	2013 €	2012 €
Shareholders' current accounts - credit balances (Note 18)	<u>-</u>	<u>1.114</u>
	<u>-</u>	<u>1.114</u>

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

16. Current tax liabilities

	2013 €	2012 €
Corporation tax	<u>18</u>	-
	<u>18</u>	-

17. General events

The negotiations of the Cyprus Government with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), in order to obtain financial support, resulted in an agreement and decision of the Eurogroup on 25 March 2013 on the key elements necessary for a future macroeconomic adjustment programme which includes the provision of financial assistance to the Republic of Cyprus of up to €10 billion. The programme aims to address the exceptional economic challenges that Cyprus is facing, and to restore the viability of the financial sector, with a view to restoring sustainable economic growth and sound public finances in the coming years.

The Eurogroup decision on Cyprus includes plans for the restructuring of the financial sector and safeguards deposits below €100.000 in accordance with European Union legislation. In addition, the Cypriot authorities have reaffirmed their commitment to step up efforts in the areas of fiscal consolidation, structural reforms and privatizations.

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

17. General events (continued)

On 12 April 2013 the Eurogroup welcomed the agreement that was reached between Cyprus and the Troika institutions regarding the macroeconomic adjustment programme for Cyprus. Subsequently all the necessary procedures for the formal approval of the Board of Directors of the European Stability Mechanism were completed, as well as the ratification by Eurozone member states. Following the completion of the above procedures, the first tranche of the financing of the Republic of Cyprus was released in line with the provisions of the Memorandum.

On 22 March 2013 legislation was enacted by the House of Representatives concerning restrictive measures in respect of transactions executed through the banking institutions operating in Cyprus. The extent and duration of the restrictive measures are decided by the Minister of Finance and the Governor of the Central Bank of Cyprus and were enforced on 28 March 2013. The temporary restrictive measures, with respect to banking and cash transactions include restrictions on cash withdrawals, the cashing of cheques and transfers of funds to other credit institutions in Cyprus and abroad. They also provide for the compulsory partial renewal of certain maturing deposits.

On 29 March 2013 the Central Bank of Cyprus issued decrees relating to Laiki Bank and Bank of Cyprus, implementing measures for these two banks under the Resolution of Credit and Other Institutions Law of 2013.

On the basis of the relevant decrees, Laiki Bank was placed into resolution. What remained in Laiki Bank were mainly the uninsured deposits and assets outside Cyprus. The assets of Laiki Bank in Cyprus, the insured deposits and the Eurosystem financing have been transferred to Bank of Cyprus, with compensation for the value of the net assets transferred, the issue of shares by Bank of Cyprus to Laiki Bank.

The recapitalization process for the Bank of Cyprus was completed in accordance with the relevant decrees of the Resolution Authority through "bail-in", that is through the partial conversion of uninsured deposits into shares. In addition, the holders of shares and debt instruments in Bank of Cyprus on 29 March 2013 have contributed to the recapitalization of Bank of Cyprus through the absorption of losses.

On 18 April 2013 legislation was enacted by the House of Representatives to increase the corporate tax from 10% to 12.5% with effect from 1 January 2013. Furthermore, legislation was enacted to increase the rate of special defense contribution from 15% to 30% on interest which does not arise from the ordinary course of business or is closely linked to it with effect from 29 April 2013.

Following the first quarterly review of Cyprus's economic programme by the European Commission, the European Central Bank and the International Monetary Fund it was announced on 31 July 2013 that the implementation of the economic programme is on track noting that the short-term economic outlook remains difficult and subject to considerable uncertainty.

The second quarterly review of the Cyprus economic programme by the European Commission, the European Central Bank and the International Monetary Fund, concluded that the Cyprus adjustment programme continues to be on track, fiscal consolidation is advancing as agreed, structural reforms are progressing and progress has been made regarding the recapitalization and restructuring of the financial sector. As a result, the Eurogroup endorsed the disbursement of the second tranche of financial assistance to Cyprus.

The above had no impact on Company's activities.

18. Related party transactions

The following transactions were carried out with related parties:

18.1 Shareholders' current accounts - debit balances (Note 11)

	2013	2012
	€	€
As at 31 December	<u>22.813</u>	-
	<u>22.813</u>	-

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

LUELLA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

18. Related party transactions (continued)

18.2 Shareholders' current accounts - credit balances (Note 15)

	2013	2012
	€	€
As at 31 December	-	1.114
	-	1.114

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

19. 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

LUELLA ENTERPRISES COMPANY LIMITED

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

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

..... 2014

Management representation letter for the audit of the year ended 31 December 2013

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Luella Enterprises Company Limited (the "Company") for the year ended 31 December 2013 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Company as at 31 December 2013, 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.

By a resolution of the Board of Directors, passed today, we are directed to confirm to you, in respect of the financial statements of the Company for the year ended 31 December 2013, the following:

We confirm, to the best of our knowledge and belief and having made appropriate inquiries of other Directors and officials and staff of the Company as we considered necessary for the purpose of appropriately informing ourselves, that we can make the following representations to you.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that you are aware of that information.

I. Financial statements

- 1) We have fulfilled our responsibilities, for the preparation of the financial statements in accordance with IFRSs as adopted by the EU and the Cyprus Companies Law, Cap. 113, which give a true and fair view in accordance therewith, and for making accurate representations to you. We have approved the financial statements.
- 2) We confirm that we have reviewed the Company's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of the financial statements are the most appropriate to give a true and fair view for the Company's particular circumstances, as required by International Accounting Standard IAS1: Presentation of financial statements.
- 3) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 4) We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.
- 5) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IFRSs as adopted by the EU.

6) Litigation

- i) We confirm that all known, actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in the financial statements in accordance with IFRSs as adopted by the EU.
- ii) We are not aware of any pending or threatened litigation, proceedings, hearing or claims negotiations, which may result in significant loss to the Company

7) Events after the reporting period

All events subsequent to the date of the financial statements and for which IFRSs as adopted by the EU require adjustment or disclosure have been adjusted or disclosed in the financial statements. Other than as described in the financial statements, there have been no circumstances or events subsequent to the period end, which require adjustment of or disclosure in the financial statements or in the notes thereto.

8) Uncorrected misstatements

We confirm that the financial statements are free of material misstatements, including omissions. We believe that the effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements as a whole.

9) Going concern

We confirm that, having considered our expectations and intentions for the next twelve months, and the availability of working capital, the Company is a going concern. We further confirm that the disclosures in the accounting policies are an accurate reflection of the reasons for our consideration that the financial statements should be drawn up on a going concern basis.

II. Information provided

10) Accounting records

- i) All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken have been properly reflected and recorded in the accounting records. All other records and related information which might affect the truth and fairness of, or necessary disclosure in, the financial statements, including minutes of directors, shareholders and relevant management meetings, have been made available to you and no such information has been withheld. We have also provided unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- ii) All transactions undertaken by the Company have been properly reflected in the accounting records and the financial statements.

11) Related parties

We confirm, that we have disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which we are aware. We also confirm that we have appropriately accounted for and disclosed in the financial statements all related party transactions relevant to the Company and that we are not aware of any other such matters required to be disclosed in the financial statements under International Accounting Standard 24 'Related Party Disclosures'.

12) Fraud

- i) We acknowledge as Directors that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud and error.
- ii) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- iii) We have disclosed to you all information relating to any fraud or suspected fraud known to us that may have affected the Company (regardless of the source or form and including, without limitation, allegations by “whistle-blowers”), and involves management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements. We have also disclosed any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others, that could affect the Company’s financial statements.

13) Laws and regulations

- i) We confirm that we are not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations that are central to the Company’s ability to conduct its business or that could have a material effect on the financial statements.
- ii) We confirm that we are not aware of any irregularities, or allegations of irregularities including fraud, involving management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the financial statements.

14) Contractual arrangements / agreements

- i) All contractual arrangements entered into by the Company with third parties have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed to you.
 - ii) 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.
 - iii) There are no other agreements not in the ordinary course of business.
- 15) The Company has satisfactory title to all assets and there are no liens or encumbrances on the Company's assets, except for those disclosed in the financial statements.

16) Investments

We have disclosed to you our plans regarding long term investments (investments in subsidiary undertakings) that are material to the financial statements, in particular whether the Company has the ability to continue to hold the investments on a long-term basis.

III. Other representations

Assets and liabilities

- 17) We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- 18) In our opinion on realization in the ordinary course of business, the current assets in statement of financial position are expected to produce no less than the net book amounts at which they are stated.

Provisions

- 19) Full provision has been made for all liabilities at the reporting date including guarantees, commitments and contingencies where the items are expected to result in significant loss to the Company. Other such items, where in our opinion provision is unnecessary, have been appropriately disclosed in the financial statements.

Disclosures

- 20) We have recorded or disclosed, as appropriate, all capital stock repurchase options or agreements, and capital stock reserved for options, warrants, conversions and other requirements.

- 21) We have recorded or disclosed, as appropriate, all arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.
- 22) We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed in the notes to the financial statements all guarantees that we have given to third parties, including oral guarantees made by the Company on behalf of an affiliate, director, officer or any other third party.

23) Taxation

We have provided you with all information related to all significant income tax uncertainties of which we are aware. We have also provided you with access to all opinions and analyses that relate to positions we have taken in regard to significant income tax matters.

24) Retirement benefits

- i) All settlements and curtailments in respect of retirement benefit schemes have been identified and properly accounted for.

25) Transactions with Directors/officers

Except as disclosed in the financial statements, no other transactions involving Directors, officers and others requiring disclosure in the financial statements under the Companies Law, Cap. 113 have been entered into.

Yours faithfully,
For and on behalf of the Board of Directors

.....
Vasilios Trikoupis
Director

.....
Alexandra Michaelides
Director