

**LOULIS INTERNATIONAL FOODS  
ENTERPRISES (BULGARIA) LTD**

REPORT AND FINANCIAL STATEMENTS  
31 December 2013

# **LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD**

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## **REPORT AND FINANCIAL STATEMENTS**

31 December 2013

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# LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

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## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:**

Arta Antoniou  
Spyroulla Papairakleous  
Nina Iosif  
Constantinos Loulis  
Nikolaos Fotopoulos  
Spyridon Hatjinicolaou  
Stefanos Krommidas

**Company Secretary:**

A.T.S Services Ltd

**Independent Auditors:**

Baker Tilly Klitou  
Corner C Hatzopoulou &  
30 Griva Digeni Avenue  
1066 Nicosia  
Cyprus

**Registered office:**

2-4 Arch. Makarios Avenue  
Capital Center, 9th floor  
1505 Nicosia  
Cyprus

**Bankers:**

Pireaus Bank  
United Bulgarian Bank - NBG Group  
Hellenic Bank Public Company Ltd

# LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

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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 2013.

### **Principal activities**

The principal activities of the Company, which are unchanged from last year, are financing and participating in investment activities of companies operating in the production and marketing of flour and related products.

### **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.

Additional details that relate to the operating environment of the Company as well as other risks and uncertainties are described in notes 3 and 18 of the financial statements.

### **Results**

The Company's results for the year are set out on page 5.

### **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 2013 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 2013.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

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

### **Independent Auditors**

The Independent Auditors, Baker Tilly Klitou, 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,

Arta Antoniou  
Director

Nicosia, 12 March 2014

# **Independent auditor's report**

## **To the Members of Loulis International Foods Enterprises (Bulgaria) Ltd**

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

We have audited the financial statements of parent company Loulis International Foods Enterprises (Bulgaria) Ltd (the "Company") on pages 5 to 18 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 Loulis International Foods Enterprises (Bulgaria) Ltd 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.

#### *Emphasis of matter*

Without qualifying our opinion, we draw attention to Note 20 of the financial statements that refer to the unanimous decision of the Board of Directors to reduce the share premium of € 13.850.971 to € 1.850.971 with the return of € 12,000,000 to the shareholders of the Company for the years 2007 and 2008. Until the date of signature of this report the relevant resolutions have not been validated by the Court and the Registrar of Companies.

## **Independent auditor's report (continued)**

### **To the Members of Loulis International Foods Enterprises (Bulgaria) Ltd**

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

Pursuant to the additional 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, 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 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.

Panicos K. Charalambous  
Certified Public Accountant and Registered Auditor  
for and on behalf of

Baker Tilly Klitou  
Certified Public Accountants and Registered Auditors

Corner C Hatzopoulou &  
30 Griva Digeni Avenue  
1066 Nicosia  
Cyprus

Nicosia, 12 March 2014

# LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

## STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	Note	2013 €	2012 €
Other income	5	-	1,997,946
Administration expenses	6	<b>(24,213)</b>	(38,095)
Loss from investing activities	7	-	<u>(1,721,643)</u>
<b>Operating (loss)/profit</b>	8	<b>(24,213)</b>	238,208
Finance income	9	<b>128,662</b>	175,461
Finance costs	9	<b>(5,669)</b>	<u>(253,800)</u>
<b>Profit before tax</b>		<b>98,780</b>	159,869
Tax	10	-	<u>(31,549)</u>
<b>Net profit for the year</b>		<b>98,780</b>	128,320
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>98,780</b>	<u>128,320</u>

The notes on pages 9 to 18 form an integral part of these financial statements.

# LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

## STATEMENT OF FINANCIAL POSITION

31 December 2013

	Note	2013 €	2012 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	11	<b>25.557</b>	25.557
Non-current loans receivable	12	<b>1.683.000</b>	-
		<b>1.708.557</b>	25.557
<b>Current assets</b>			
Trade and other receivables	13	<b>2.897.775</b>	2.755.255
Cash at bank and in hand	14	<b>226.130</b>	1.952.417
		<b>3.123.905</b>	4.707.672
<b>Total assets</b>		<b>4.832.462</b>	4.733.229
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	<b>1.637.539</b>	1.637.539
Share premium		<b>(1.695.418)</b>	(1.695.418)
Retained earnings		<b>4.492.407</b>	4.393.627
<b>Total equity</b>		<b>4.434.528</b>	4.335.748
<b>Current liabilities</b>			
Trade and other payables	16	<b>329.669</b>	329.215
Current tax liabilities	17	<b>68.265</b>	68.266
		<b>397.934</b>	397.481
<b>Total equity and liabilities</b>		<b>4.832.462</b>	4.733.229

On 12 March 2014 the Board of Directors of Loulis International Foods Enterprises (Bulgaria) Ltd authorised these financial statements for issue.

.....  
Arta Antoniou  
Director

.....  
Spyroulla Papairakleous  
Director

The notes on pages 9 to 18 form an integral part of these financial statements.



# LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Share capital €	Share premium €	Translation reserve €	Retained earnings €	Total €
<b>Balance at 1 January 2012</b>	<b>1.637.539</b>	<b>1.850.971</b>	<b>(3.546.389)</b>	<b>4.265.307</b>	<b>4.207.428</b>
<b>Comprehensive income</b>					
Net profit for the year	-	-	-	128.320	128.320
<b>Balance at 31 December 2012/ 1 January 2013</b>	<b>1.637.539</b>	<b>1.850.971</b>	<b>(3.546.389)</b>	<b>4.393.627</b>	<b>4.335.748</b>
<b>Comprehensive income</b>					
Net profit for the year	-	-	-	98.780	98.780
<b>Balance at 31 December 2013</b>	<b>1.637.539</b>	<b>1.850.971</b>	<b>(3.546.389)</b>	<b>4.492.407</b>	<b>4.434.528</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 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 18 form an integral part of these financial statements.

# LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

## CASH FLOW STATEMENT

Year ended 31 December 2013

	Note	2013 €	2012 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>98.780</b>	159.869
Adjustments for:			
Impairment charge - investments in subsidiaries	11	-	1.721.643
Dividend income	5	-	(1.997.946)
Interest income	9	<b>(128.662)</b>	(175.461)
Interest expense	9	<b>503</b>	251.205
		<b>(29.379)</b>	(40.690)
<b>Cash flows used in operations before working capital changes</b>		<b>(29.379)</b>	(40.690)
Increase in trade and other receivables		<b>(142.520)</b>	(102.211)
Increase/(decrease) in trade and other payables		<b>454</b>	(2.646)
<b>Cash flows used in operations</b>		<b>(171.445)</b>	(145.547)
Tax paid		<b>(1)</b>	(23.132)
<b>Net cash flows used in operating activities</b>		<b>(171.446)</b>	(168.679)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Loans granted		<b>(1.683.000)</b>	(350.000)
Interest received		<b>128.662</b>	56.114
<b>Net cash flows used in investing activities</b>		<b>(1.554.338)</b>	(293.886)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Εισπράξη δανείων		-	120.948
Interest paid		<b>(503)</b>	-
<b>Net cash flows (used in)/from financing activities</b>		<b>(503)</b>	120.948
<b>Net decrease in cash and cash equivalents</b>		<b>(1.726.287)</b>	(341.617)
Cash and cash equivalents:			
At beginning of the year		<b>1.952.417</b>	2.294.034
<b>At end of the year</b>	14	<b>226.130</b>	1.952.417

The notes on pages 9 to 18 form an integral part of these financial statements.

# LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 1. Incorporation and principal activities

#### Country of incorporation

The Company Loulis International Foods Enterprises (Bulgaria) Ltd (the "Company") was incorporated in Cyprus on 1st April 2000 as a private limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at 2-4 Arch. Makarios Avenue, Capital Center, 9th floor, 1505 Nicosia, Cyprus.

#### Principal activities

The principal activities of the Company, which are unchanged from last year, are financing and participating in investment activities of companies operating in the production and marketing of flour and related products.

### 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 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113.

The Company is not obliged by the Companies Law, Cap. 113, to prepare consolidated financial statements because the ultimate parent publishes consolidated financial statements according to Generally Acceptable 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 European Directive allows the preparation of consolidated financial statements in accordance with the Directive or in a manner equivalent to the Directive and where the Companies Law, Cap. 113 provides the above exception, the requirement of International Accounting Standard 27 "Consolidated and separate financial statements" to notify the entity of the group 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 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.

# LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

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## 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.

#### Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

- **Dividend income**

Dividend income is recognised when the right to receive payment is established.

#### Finance income

Finance income includes interest income which is recognised based on an accrual basis.

#### 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

Income tax expense represents the sum of the tax currently payable and deferred 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.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

# LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 2. Accounting policies (continued)

#### Tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

#### Dividends

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.

#### 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 interest rate risk, liquidity risk, currency 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 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

##### 3.2 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.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

<b>31 December 2013</b>	Carrying amounts	Contractual cash flows	3 months or less	Between 3-12 months	Between 1-5 years	More than 5 years
	€	€	€	€	€	€
Trade and other payables	5.156	-	-	5.156	-	-
Payables to related parties	322.462	-	-	322.462	-	-
	<b>327.618</b>	-	-	<b>327.618</b>	-	-

# LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 3. Financial risk management (continued)

#### 3.2 Liquidity risk (continued)

31 December 2012	Carrying amounts	Contractual cash flows	3 months or less	Between 3-12 months	Between 1-5 years	More than 5 years
	€	€	€	€	€	€
Trade and other payables	5.153	-	-	5.153	-	-
Payables to related parties	322.462	-	-	322.462	-	-
	<b>327.615</b>	-	-	<b>327.615</b>	-	-

#### 3.3 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

#### 3.4 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:

- **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.

- **Valuation of non-listed investments**

The Company uses various valuation methods to value non-listed investments. These methods are based on assumptions made by the Board of Directors which are based on market information at the reporting date.

# LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 5. Other income

	2013	2012
	€	€
Dividend income	-	1.997.946

### 6. Administration expenses

	2013	2012
	€	€
Sundry expenses	-	234
Auditors' remuneration	3.200	3.100
Legal fees	3.952	5.019
Legal and professional	-	12.200
Overseas travelling	1.804	17.109
Consulting services	14.907	83
Tax levy	350	350
	<b>24.213</b>	<b>38.095</b>

### 7. Other expenses

	2013	2012
	€	€
Impairment charge - investments in subsidiaries	-	1.721.643

### 8. Operating (loss)/profit

	2013	2012
	€	€
Operating (loss)/profit is stated after charging the following items:		
Auditors' remuneration	3.200	3.100

### 9. Finance income/cost

	2013	2012
	€	€
Interest income	128.662	175.461
<b>Finance income</b>	<b>128.662</b>	<b>175.461</b>
Interest expense	(503)	(251.205)
Sundry finance expenses	(5.166)	(2.595)
<b>Finance costs</b>	<b>(5.669)</b>	<b>(253.800)</b>
<b>Net finance income/(cost)</b>	<b>122.993</b>	<b>(78.339)</b>

# LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 10. Tax

	2013	2012
	€	€
Defence contribution - current year	-	31.549
<b>Charge for the year</b>	<b>-</b>	<b>31.549</b>

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 before tax	<b>98.780</b>	159.869
Tax calculated at the applicable tax rates	<b>12.348</b>	15.987
Tax effect of expenses not deductible for tax purposes	<b>10.625</b>	194.575
Tax effect of allowances and income not subject to tax	-	(217.341)
Tax effect of tax losses brought forward	<b>(22.973)</b>	-
Tax effect of tax loss for the year	-	6.779
Defence contribution current year	-	23.132
Prior year tax	-	8.417
<b>Tax charge</b>	<b>-</b>	<b>31.549</b>

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.

The Company's chargeable income for the year amounted to €183.780 which has been set off against tax losses brought forward. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 31 December 2013 the balance of tax losses which is available for offset against future taxable profits amounts to € 1.406.924.

### 11. Investments in subsidiaries

	2013	2012
	€	€
Balance at 1 January	<b>25.557</b>	6.915.460
Decrease in share capital	-	(5.168.260)
Impairment charge	-	(1.721.643)
<b>Balance at 31 December</b>	<b>25.557</b>	<b>25.557</b>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<b>2013 Holding %</b>	2012 Holding %
Louis Mel Blg	Bulgaria	Investing activities in the field of marketing flour and related products	<b>100</b>	100

The subsidiary company Louis Mel Blg reduced its capital to 50.000 Blg (€ 25.557). The Company is in the process of dissolution.



# LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 12. Non-current loans receivable

	2013	2012
	€	€
Loans to associated undertakings (Note 19)	<u>1.683.000</u>	-
	<u>1.683.000</u>	-

The fair values of non-current receivables approximate to their carrying amounts as presented above.

### 13. Trade and other receivables

	2013	2012
	€	€
Receivables from related companies (Note 19)	2.835.669	2.708.390
Deposits and prepayments	12.000	-
Other receivables	41.868	41.841
Refundable VAT	8.238	5.024
	<u>2.897.775</u>	<u>2.755.255</u>

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

### 14. Cash at bank and in hand

Cash balances are analysed as follows:

	2013	2012
	€	€
Cash in hand	200.000	200.000
Cash at bank	<u>26.130</u>	<u>1.752.417</u>
	<u>226.130</u>	<u>1.952.417</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note of the financial statements.

### 15. Share capital

	2013	2013	2012	2012
	Number of shares	€	Number of shares	€
<b>Authorised</b>				
Ordinary shares of €1,71 each	<u>1.167.625</u>	<u>1.996.639</u>	<u>1.167.625</u>	<u>1.996.639</u>
<b>Issued and fully paid</b>				
Balance at 1 January	<u>957.625</u>	<u>1.637.539</u>	<u>957.625</u>	<u>1.637.539</u>
<b>Balance at 31 December</b>	<u>957.625</u>	<u>1.637.539</u>	<u>957.625</u>	<u>1.637.539</u>

# LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 16. Trade and other payables

	<b>2013</b>	2012
	<b>€</b>	€
Accruals	<b>2.051</b>	1.600
Other creditors	<b>5.156</b>	5.153
Payables to own subsidiaries (Note 19)	<b>322.462</b>	322.462
	<b><u>329.669</u></b>	<u>329.215</u>

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

### 17. Current tax liabilities

	<b>2013</b>	2012
	<b>€</b>	€
Corporation tax	<b>13.021</b>	13.021
Special contribution for defence	<b>55.244</b>	55.245
	<b><u>68.265</u></b>	<u>68.266</u>

### 18. Operating Environment of the Company

The Cyprus economy has been adversely affected from the crisis in the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from international markets. As a result, the Republic of Cyprus entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), for financial support, which resulted into an agreement and the Eurogroup decision of 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through "bail in". During 2013 the Cyprus economy contracted further with a decrease in the Gross Domestic Product.

Following the positive outcome of the first and second quarterly reviews of Cyprus's economic programme by the European Commission, the European Central Bank and the International Monetary Fund during 2013, the Eurogroup endorsed the disbursement of the scheduled tranches of financial assistance to Cyprus.

# LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 19. Related party transactions

The Company is controlled by Myloi Loulis A.E., incorporated in Greece, which owns 100% of the Company's shares.

The following transactions were carried out with related parties:

#### 19.1 Receivables from related parties (Note 13)

<u>Name</u>	<u>Nature of transactions</u>	2013 €	2012 €
Loulis Mel Blg	Trade	72.173	72.173
Bikecor Grain Consultants Ltd	Trade and Finance	2.013.719	1.922.067
Nikolaos Fotopoulos	Trade	1.597	1.597
Mary Lane Ltd	Finance	748.180	712.553
		<u>2.835.669</u>	<u>2.708.390</u>

Loans with Bikecor and Mary Lane bear 5% interest and are repayable until 31.12.2015.

#### 19.2 Loans to associated undertakings (Note 12)

	2013 €	2012 €
Flour Mills Loulis S.A.	<u>1.683.000</u>	-
	<u>1.683.000</u>	-

The loan to related company Flour Mills Loulis S.A. was provided on 24/01/2013 is interest free, and is to be repaid until 2018.

#### 19.3 Payables to related parties (Note 16)

<u>Name</u>	<u>Nature of transactions</u>	2013 €	2012 €
Loulis Mel Blg	Finance	<u>322.462</u>	322.462
		<u>322.462</u>	<u>322.462</u>

### 20. Reduction of share premium

The Board of Directors decided to reduce the share premium of €13.850.971 to €1.850.971 with the return of €12,000,000 to the shareholders of the Company for the years 2007 and 2008. Until the date of signature of this report the relevant resolutions have not been validated by the Court and the Registrar of Companies.

# **LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD**

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## **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2013

### **21. Contingent liabilities**

The Company had no contingent liabilities as at 31 December 2013.

### **22. Commitments**

The Company had no capital or other commitments as at 31 December 2013.

### **23. Events after the reporting period**

Significant events that occurred after the end of the reporting period are described in note 18 to the financial statements.

The subsidiary company Loulis Mel Blg is in the process of dissolution.

**Independent auditor's report on pages 3 and 4**

# LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

## DETAILED INCOME STATEMENT

Year ended 31 December 2013

	Page	2013 €	2012 €
Dividend income		-	1.997.946
		-	1.997.946
<b>Operating expenses</b>			
Administration expenses		<b>(24.213)</b>	(38.095)
		<b>(24.213)</b>	1.959.851
<b>Other operating expenses</b>			
Impairment charge - investments in subsidiaries		-	(1.721.643)
<b>Operating (loss)/profit</b>		<b>(24.213)</b>	238.208
Finance income	20	<b>128.662</b>	175.461
Finance costs	20	<b>(5.669)</b>	(253.800)
<b>Net profit for the year before tax</b>		<b>98.780</b>	159.869

# LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

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## FINANCE INCOME/COST

Year ended 31 December 2013

	2013 €	2012 €
<b>Finance income</b>		
Interest from overseas	-	56.114
Other interest income	<u>128.662</u>	<u>119.347</u>
	<u><b>128.662</b></u>	<u><b>175.461</b></u>
 <b>Finance costs</b>		
<b>Interest expense</b>		
Loan interest	-	251.205
Other interest	<b>503</b>	-
 <b>Sundry finance expenses</b>		
Bank charges	<u>5.166</u>	<u>2.595</u>
	<u><b>5.669</b></u>	<u><b>253.800</b></u>

# LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

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## COMPUTATION OF CORPORATION TAX

Year ended 31 December 2013

	Page	€	€
Net profit per income statement	19		98.780
<u>Add:</u>			
Tax levy		350	
Notional interest for loan from related company		84.150	
Professional fees not allowed		<u>500</u>	
			<u>85.000</u>
<b>Chargeable income for the year</b>			<b><u>183.780</u></b>
Tax losses from previous years			<u>(3.293.301)</u>
<b>Loss</b>			<b>(3.109.521)</b>
Tax loss not carried forward			<u>1.702.597</u>
<b>Net loss carried forward</b>			<b><u>(1.406.924)</u></b>