

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

REPORT AND FINANCIAL STATEMENTS
31 December 2016

LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2016

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LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

A.T.S Directors Limited
A.T.S Managers Limited
L.M.N.T Directors Limited
L.M.N.T Managers Limited
Constantinos Loulis
Nikolaos Fotopoulos
Demetrios Tarnaras (appointed on 14/01/2016)
Stefanos Krommidas (resigned on 14/01/2016)

Company Secretary:

A.T.S Services Limited

Independent Auditors:

Baker Tilly Klitou and Partners Ltd
Corner C Hatzopoulou & 30 Griva Digheni Avenue
1066 Nicosia
Cyprus

Registered office:

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

Bankers:

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

LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2016.

Principal activities and nature of operations of the Company

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 performance of the Company's business

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's losses.

Results

The Company's results for the year are set out on page 6.

Dividends

The Board of Directors does not recommend the payment of a dividend.

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 2016 and at the date of this report are presented on page 1. Mr. Stefanos Krommidas resigned on 14 January 2016 and on the same date Mr. Dimitrios Tarnaras was appointed as Director of the Company in his place.

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.

Events after the reporting period

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

Independent Auditors

The Independent Auditors, Baker Tilly Klitou and Partners Ltd, 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,

A.T.S Directors Limited
Director

Nicosia, 31 March 2017

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of parent company Loulis International Foods Enterprises (Bulgaria) Ltd (the "Company"), which are presented in pages 6 to 18 and comprise the statement of financial position as at 31 December 2016, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors 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.

Independent Auditor's Report (continued)

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

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Laws of 2009 to 2016, 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 management report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

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 to 2016 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.

Andreas Pittakas
Certified Public Accountant and Registered Auditor
for and on behalf of

Baker Tilly Klitou and Partners Ltd
Certified Public Accountants and Registered Auditors

Corner C Hatzopoulou & 30 Griva Digheni Avenue
1066 Nicosia
Cyprus

Nicosia, 31 March 2017

LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	2016 €	2015 €
Other income	5	6.398	74.557
Administration expenses	6	(145.483)	(167.775)
Operating loss		(139.085)	(93.218)
Finance income		70.749	75.033
Finance costs		(1.846)	(1.211)
Net finance income	8	68.903	73.822
(Loss) before tax		(70.182)	(19.396)
Tax	9	(476)	(47.641)
Net loss for the year		(70.658)	(67.037)
Other comprehensive income		-	-
Total comprehensive income for the year		(70.658)	(67.037)

The notes on pages 10 to 18 form an integral part of these financial statements.

LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

STATEMENT OF FINANCIAL POSITION

31 December 2016

	Note	2016 €	2015 €
ASSETS			
Non-current assets			
Investment in subsidiaries	10	25.680	333.480
Loans receivable	11	1.683.000	1.683.000
		1.708.680	2.016.480
Current assets			
Receivables	12	2.029.481	1.716.873
Cash at bank	13	888.125	1.181.874
		2.917.606	2.898.747
Total assets		4.626.286	4.915.227
EQUITY AND LIABILITIES			
Equity			
Share capital	14	1.637.539	1.637.539
Share premium		1.850.971	1.850.971
Translation reserve		(3.546.389)	(3.546.389)
Retained earnings		4.447.615	4.518.273
Total equity		4.389.736	4.460.394
Trade and other payables	15	173.561	392.320
Current tax liabilities	16	62.989	62.513
Total liabilities		236.550	454.833
Total equity and liabilities		4.626.286	4.915.227

On 31 March 2017 the Board of Directors of Loulis International Foods Enterprises (Bulgaria) Ltd authorised these financial statements for issue.

.....
A.T.S Directors Limited
Director

.....
L.M.N.T Directors Limited
Director

The notes on pages 10 to 18 form an integral part of these financial statements.

LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital €	Share premium €	Translation reserve €	Retained earnings €	Total €
Balance at 1 January 2015	1.637.539	1.850.971	(3.546.389)	4.585.310	4.527.431
Total comprehensive income for the year	-	-	-	(67.037)	(67.037)
Balance at 31 December 2015	1.637.539	1.850.971	(3.546.389)	4.518.273	4.460.394
Total comprehensive income for the year	-	-	-	(70.658)	(70.658)
Balance at 31 December 2016	1.637.539	1.850.971	(3.546.389)	4.447.615	4.389.736

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% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. 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 10 to 18 form an integral part of these financial statements.

LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	2016 €	2015 €
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) before tax		(70.182)	(19.396)
Adjustments for:			
Interest income	8	(70.749)	(75.033)
		(140.931)	(94.429)
Changes in working capital:			
(Increase)/decrease in receivables		(312.608)	829.776
Increase in trade and other payables		96.221	264.956
Cash (used in)/generated from operations		(357.318)	1.000.303
Tax paid		-	(47.641)
Net cash (used in)/generated from operating activities		(357.318)	952.662
CASH FLOWS FROM INVESTING ACTIVITIES			
Additional contribution in share capital of subsidiary		-	(332.880)
Payment for purchase of investment in subsidiary	10	(25.680)	-
Proceeds from sale of investment in subsidiary undertaking		18.500	-
Interest received		70.749	75.033
Net cash generated from/(used in) investing activities		63.569	(257.847)
Net (decrease)/increase in cash and cash equivalents		(293.749)	694.815
Cash and cash equivalents at beginning of the year		1.181.874	487.059
Cash and cash equivalents at end of the year	13	888.125	1.181.874

The notes on pages 10 to 18 form an integral part of these financial statements.

LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

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 provisions of 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 and nature of operations of the Company

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. Significant 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 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 2016.

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 Financial Reporting Standard 10 "Consolidated 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 2016. 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

2. Significant accounting policies (continued)

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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 of the Company are recognized on an accrual basis.

Finance income

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

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.

Cash and cash equivalents

For the purpose of the statement of cash flows, 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.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, 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 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. 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.

3.3 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 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.

LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

4. Critical accounting estimates and judgements (continued)

• 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 discounted 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.

• 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.

5. Other income

	2016	2015
	€	€
Payable - written off	6.398	-
Consultancy fees	-	74.557
	6.398	74.557

6. Administration expenses

	2016	2015
	€	€
Director's remuneration	120.000	120.500
Auditors' remuneration - current year	1.940	3.557
Auditors' remuneration - prior years	1.623	-
Legal fees	3.291	22.928
Other professional fees	14.500	11.000
Overseas travelling	3.779	9.440
Registrar of Companies annual levy	350	350
	145.483	167.775

7. Staff costs

	2016	2015
	€	€
Director's remuneration (Note 17.1)	120.000	120.500
	120.000	120.500

LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

8. Finance income/cost

	2016	2015
	€	€
Interest income	<u>70.749</u>	<u>75.033</u>
Finance income	<u>70.749</u>	<u>75.033</u>
Sundry finance expenses	<u>(1.846)</u>	<u>(1.211)</u>
Finance costs	<u>(1.846)</u>	<u>(1.211)</u>
Net finance income	<u>68.903</u>	<u>73.822</u>

9. Tax

	2016	2015
	€	€
Corporation tax - prior years	-	47.641
Defence contribution - current year	<u>476</u>	<u>-</u>
Charge for the year	<u>476</u>	<u>47.641</u>

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

	2016	2015
	€	€
(Loss) before tax	<u>(70.182)</u>	<u>(19.396)</u>
Tax calculated at the applicable tax rates	(8.773)	(2.425)
Tax effect of expenses not deductible for tax purposes	5.286	6.066
Tax effect of allowances and income not subject to tax	(198)	-
Tax effect of tax losses brought forward	-	(3.641)
Tax effect of tax loss for the year	3.685	-
Defence contribution current year	476	-
Prior year tax	<u>-</u>	<u>47.641</u>
Tax charge	<u>476</u>	<u>47.641</u>

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. 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%.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

10. Investment in subsidiaries

	2016 €	2015 €
Balance at 1 January	333.480	-
Additions (1)	25.680	333.480
Disposals (2)	<u>(333.480)</u>	-
Balance at 31 December	<u>25.680</u>	<u>333.480</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2016 Holding %	2015 Holding %	2016 €	2015 €
Loulis Mel - Bulgaria EAD	Bulgaria	Trade	100	-	25.680	-
Lafco Leader Asian Food Company Ltd	Cyprus	Trade	-	40	<u>-</u>	<u>333.480</u>
					<u>25.680</u>	<u>333.480</u>

(1) During 2016, the Company incorporated a subsidiary in Bulgaria in a form of a joint stock company. The Company contributed the amount of €25,680, as a consideration of the 50,000 shares of the new shares issued by Loulis Mel - Bulgaria EAD. The Company holds 100% of the Loulis Mel-Bulgaria EAD.

(2) The shares in Lafco Leader Asian Food Company Ltd were transferred by the Company to Loulis Mills S.A, in 2016 at cost.

11. Loans receivable

	2016 €	2015 €
Loan to related party (Note 17.4)	<u>1.683.000</u>	1.683.000
	<u>1.683.000</u>	<u>1.683.000</u>

The fair values of loans receivable approximate to their carrying amounts as presented above.

12. Receivables

	2016 €	2015 €
Receivable from own subsidiary (Note 17.2)	608.063	-
Receivables from related companies (Note 17.3)	1.362.002	1.640.981
Deposits and prepayments	3.500	2.750
Loan to own subsidiary (Note 17.7)	-	26.744
Other receivables	42.062	46.398
Refundable VAT	<u>13.854</u>	-
	<u>2.029.481</u>	<u>1.716.873</u>

LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

13. Cash at bank

Cash balances are analysed as follows

	2016	2015
	€	€
Cash at bank	<u>888.125</u>	1.181.874
	<u>888.125</u>	<u>1.181.874</u>

14. Share capital

	2016	2016	2015	2015
	Number of	€	Number of	€
	shares		shares	
Authorised				
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>
Issued and fully paid				
Balance at 1 January	<u>957.625</u>	<u>1.637.539</u>	<u>957.625</u>	<u>1.637.539</u>
Balance at 31 December	<u>957.625</u>	<u>1.637.539</u>	<u>957.625</u>	<u>1.637.539</u>

15. Trade and other payables

	2016	2015
	€	€
VAT	-	1.768
Accruals	60.000	-
Other creditors	2.618	6.729
Payables to own subsidiaries (Note 17.6)	-	272.880
Payables to related companies (Note 17.5)	<u>110.943</u>	<u>110.943</u>
	<u>173.561</u>	<u>392.320</u>

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

16. Current tax liabilities

	2016	2015
	€	€
Corporation tax	13.021	13.021
Special contribution for defence	<u>49.968</u>	<u>49.492</u>
	<u>62.989</u>	<u>62.513</u>

17. Related party transactions

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

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For the year ended 31 December 2016

17. Related party transactions (continued)

The following transactions were carried out with related parties:

17.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2016	2015
	€	€
Directors' remuneration (Note 7)	<u>120.000</u>	120.500
	<u>120.000</u>	<u>120.500</u>

According to resolution on 12 January 2016, the Company decided to pay the amount of €120.000 to Mr. Loulis Constantinos for services provided and expenses made for the projects in India and Bulgaria for the year 2016.

17.2 Receivable from own subsidiary (Note 12)

	2016	2015
	€	€
Loulis Mel - Bulgaria EAD	<u>608.063</u>	-
	<u>608.063</u>	<u>-</u>

The loan to Loulis Mel Bulgaria EAD provided on 1 June 2016 for the amount of €100.000 bears 4% interest and is repayable until 31 December 2018.

The loan to Loulis Mel Bulgaria EAD provided on 7 September 2016 for the amount of €500.000 bears 4% interest and repayable until 30 June 2017.

17.3 Receivables from related companies (Note 12)

<u>Name</u>	<u>Nature of transactions</u>	2016	2015
		€	€
Bikecor Services Ltd	Trade and Finance	1.360.405	1.639.384
Nikolaos Fotopoulos	Trade	<u>1.597</u>	1.597
		<u>1.362.002</u>	<u>1.640.981</u>

Loan with Bikecor Services Ltd for the amount of €1.277.105 bears 5% interest and is repayable until 31 December 2017. The amount of €83.300 which is free of interest, relates to services provided from the Company to Bikecor Services Ltd during the year 2015.

17.4 Loan to related party (Note 11)

	2016	2015
	€	€
Flour Mills Loulis S.A.	<u>1.683.000</u>	1.683.000
	<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 interest free, and is to be repaid until 2018.

LOULIS INTERNATIONAL FOODS ENTERPRISES (BULGARIA) LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

17. Related party transactions (continued)

17.5 Payables to related parties (Note 15)

<u>Name</u>	<u>Nature of transactions</u>	2016 €	2015 €
Mary Lane Ltd	Consulting services	<u>110.943</u>	<u>110.943</u>
		<u>110.943</u>	<u>110.943</u>

17.6 Payable to own subsidiary (Note 15)

	<u>Terms</u>	2016 €	2015 €
Lafco Leader Asian Food Company Ltd	Finance	<u>-</u>	<u>272.880</u>
		<u>-</u>	<u>272.880</u>

According to the agreement on 23 May 2016, the Company transferred all shares of Lafco Leader Asian Food Company Ltd to Loulis Mills S.A. The total price of the shares is €640 plus the share premium for an amount of €332,840. The amount of €272,880 was set off against the amount of €332,840.

17.7 Loan to own subsidiary (Note 12)

	2016 €	2015 €
Lafco Leader Asian Food Company Ltd	<u>-</u>	<u>26.744</u>
	<u>-</u>	<u>26.744</u>

Loan with Lafco Leader Asian Food Co Ltd which bears 4% repaid during the year.

18. 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 5