

LOWCHEN INVESTMENTS LTD

FINANCIAL STATEMENTS

31 December 2016

LOWCHEN INVESTMENTS LTD

FINANCIAL STATEMENTS

Year ended 31 December 2016

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LOWCHEN INVESTMENTS LTD

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Premierserve Investment Limited
Ask Management Limited
Bizserve Management Limited
Ask Investment Limited
Nicolaos Fotopoulos (resigned on 22/06/2017)
Olga Manou (resigned on 22/06/2017)
Louli Evangelia Terzopoulou (resigned on 22/06/2017)

Company Secretary:

Premierserve Secretarial Services Limited

Independent Auditors:

Baker Tilly Klitou and Partners Ltd
Certified Public Accountants and Registered Auditors
Corner C. Hatzopoulou & 30 Griva Digheni Avenue
1066 Nicosia
Cyprus

Registered office:

11 Bouboulinas Street, 4th floor
1060 Nicosia
Cyprus

LOWCHEN INVESTMENTS 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 activity and nature of operations of the Company

The principal activity of the Company, which is unchanged from last year, is the investment in companies of production and sale of flour in Asia and Africa.

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 considered satisfactory.

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 and the net profit for the year is retained.

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. Nicolaos Fotopoulos, Mrs. Olga Manou and Mrs. Louli Evangelia Terzopoulou resigned from their positions as Directors on 22 June 2017.

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 16 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,

Premierserve Investment Limited
Director

Nicosia, 12 October 2017

Independent Auditor's Report

To the Members of Lowchen Investments Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lowchen Investments Ltd (the "Company"), which are presented in pages 6 to 16 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 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 Lowchen Investments 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.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- 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.

Independent Auditor's Report (continued)

To the Members of Lowchen Investments Ltd

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 69 of the Auditors Law of 2017 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, 12 October 2017

LOWCHEN INVESTMENTS LTD

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	Note	2016 €	2015 €
Revenue	4	138.500	270.819
Other operating income	5	967	-
Administration expenses	6	(83.542)	(138.202)
Operating profit		55.925	132.617
Finance costs	7	(465)	(563)
Profit before tax		55.460	132.054
Tax	8	(7.541)	(17.814)
Net profit for the year		47.919	114.240
Other comprehensive income		-	-
Total comprehensive income for the year		47.919	114.240

The notes on pages 10 to 16 form an integral part of these financial statements.

LOWCHEN INVESTMENTS LTD

STATEMENT OF FINANCIAL POSITION

31 December 2016

	Note	2016 €	2015 €
ASSETS			
Non-current assets			
Investment in subsidiary	10	-	500.220
		-	500.220
Current assets			
Cash and cash equivalents	11	221.167	135.105
		221.167	135.105
Total assets		221.167	635.325
EQUITY AND LIABILITIES			
Equity			
Share capital	12	1.500	1.500
Retained earnings		21.759	108.840
Total equity		23.259	110.340
Current liabilities			
Other payables	13	172.553	507.171
Current tax liabilities	14	25.355	17.814
		197.908	524.985
Total equity and liabilities		221.167	635.325

On 12 October 2017 the Board of Directors of Lowchen Investments Ltd authorised these financial statements for issue.

.....
Premierserve Investment Limited
Director

.....
Ask Management Limited
Director

The notes on pages 10 to 16 form an integral part of these financial statements.

LOWCHEN INVESTMENTS LTD

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

	Note	Share capital €	Retained earnings €	Total €
Balance at 1 January 2015		1.500	(5.400)	(3.900)
Comprehensive income				
Net profit for the year		-	114.240	114.240
Balance at 31 December 2015/ 1 January 2016		1.500	108.840	110.340
Comprehensive income				
Net profit for the year		-	47.919	47.919
Transactions with owners				
Dividends	9	-	(135.000)	(135.000)
Balance at 31 December 2016		1.500	21.759	23.259

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 16 form an integral part of these financial statements.

LOWCHEN INVESTMENTS LTD

STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Note	2016 €	2015 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		55.460	132.054
Adjustments for:			
Loss from the sale of investment in subsidiary		499.260	-
Profit from write - off of balance payable to subsidiary		(500.227)	-
		54.493	132.054
Changes in working capital:			
Decrease in receivables		-	536
Increase in other payables		30.609	501.807
Cash generated from operations		85.102	634.397
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in subsidiaries	10	-	(499.320)
Proceeds from sale of investments in subsidiary		960	-
Net cash generated from/(used in) investing activities		960	(499.320)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in cash and cash equivalents		86.062	135.077
Cash and cash equivalents at beginning of the year		135.105	28
Cash and cash equivalents at end of the year	11	221.167	135.105

The notes on pages 10 to 16 form an integral part of these financial statements.

LOWCHEN INVESTMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

1. Incorporation and principal activities

Country of incorporation

The Company Lowchen Investments Ltd (the "Company") was incorporated in Cyprus on 12 June 2014 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 11 Bouboulinas Street, 4th floor, 1060 Nicosia, Cyprus.

Principal activity and nature of operations of the Company

The principal activity of the Company, which is unchanged from last year, is the investment in companies of production and sale of flour in Asia and Africa.

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.

Going concern basis

Even though the Company has made a profit of €47.919 for the year ended 31 December 2016, as at that date its current liabilities exceeded its current assets by €(23.259). The Company is dependent upon the continuing financial support of its shareholder without which there would be significant doubt about its ability to continue as a going concern as well as its ability to realise its assets and discharge its liabilities in the ordinary course of business. The shareholder has indicated his intention to continue providing such financial assistance to the Company to enable it to continue as a going concern and to meet its obligations as they fall due.

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 financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 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.

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.

LOWCHEN INVESTMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

2. Significant accounting policies (continued)

Revenue recognition

Revenue comprises the invoiced amount for the sale of goods and services net of Value Added Tax, rebates and discounts. Revenues earned by the Company are recognised on the following bases:

- **Rendering of services**

Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

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 statement of cash flows, cash and cash equivalents comprise cash at bank.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

LOWCHEN INVESTMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

2. Significant accounting policies (continued)

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Share capital

Ordinary shares are classified as equity.

Comparatives

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

3. Financial risk management

Financial risk factors

The Company is exposed to liquidity risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

3.2 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

4. Revenue

	2016 €	2015 €
Rendering of services	<u>138.500</u>	<u>270.819</u>
	<u>138.500</u>	<u>270.819</u>

5. Other operating income

	2016 €	2015 €
Loss from sale of investment in subsidiary	(499.260)	-
Profit from the write - off of balance payable to subsidiary	<u>500.227</u>	-
	<u>967</u>	-

LOWCHEN INVESTMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

6. Administration expenses

	2016 €	2015 €
Directors remuneration	80.000	135.000
Registrar of Companies annual levy	350	350
Auditors' remuneration	1.160	1.041
Accounting fees	268	268
Other professional fees	1.764	1.543
	83.542	138.202

7. Finance costs

	2016 €	2015 €
Sundry finance expenses	465	563
	465	563

8. Tax

	2016 €	2015 €
Corporation tax - current year	7.541	17.814
Charge for the year	7.541	17.814

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

	2016 €	2015 €
Profit before tax	55.460	132.054
Tax calculated at the applicable tax rates	6.933	16.507
Tax effect of expenses not deductible for tax purposes	43	44
Tax effect of allowances and income not subject to tax	(121)	-
Tax effect of tax losses brought forward	-	(356)
10% additional charge	686	1.619
Tax charge	7.541	17.814

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%.

LOWCHEN INVESTMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

9. Dividends

	2016 €	2015 €
Final dividend payable	135.000	-
	135.000	-

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled.

10. Investment in subsidiary

	2016 €	2015 €
Balance at 1 January	500.220	900
Additions	-	499.320
Disposals	(500.220)	-
Balance at 31 December	-	500.220

The details of the subsidiary are as follows:

Name	Country of incorporation	Principal activities	2016 Holding %	2015 Holding %	2016 €	2015 €
Lafco Leader Asian Food Company Limited	Cyprus	Holding of investments and provision of financing	0	60	-	500.220
					-	500.220

During 2015 the Company increased its contribution in the capital of its subsidiary company Lafco Leader Asian Food Company Limited at a premium.

On 18 May 2016 the Company sold its shares in Lafco Leader Asian Food Company Limited to Mr. George Kamvogas for €960, realising a loss of €499.260 (Note 7).

11. Cash and cash equivalents

Cash balances are analysed as follows:

	2016 €	2015 €
Cash at bank	221.167	135.105
	221.167	135.105

LOWCHEN INVESTMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

12. Share capital

	2016 Number of shares	2016 €	2015 Number of shares	2015 €
Authorised				
Ordinary shares of €1 each	<u>10.000</u>	<u>10.000</u>	10.000	10.000
Issued and fully paid				
Balance at 1 January	<u>1.500</u>	<u>1.500</u>	1.500	1.500
Balance at 31 December	<u>1.500</u>	<u>1.500</u>	1.500	1.500

Authorised capital

Under its Memorandum the Company fixed its share capital at 10,000 ordinary shares of nominal value of €1 each.

Issued capital

Upon incorporation on 12 June 2014 the Company issued to the subscribers of its Memorandum of Association 1.500 ordinary shares of €1 each at par.

13. Other payables

	2016 €	2015 €
Shareholders' current accounts - credit balances (Note 15.3)	140.894	5.894
Accruals	31.637	1.786
Other creditors	22	171
Payables to own subsidiary (Note 15.2)	-	499.320
	<u>172.553</u>	<u>507.171</u>

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

14. Current tax liabilities

	2016 €	2015 €
Corporation tax	<u>25.355</u>	17.814
	<u>25.355</u>	<u>17.814</u>

15. Related party transactions

The following transactions were carried out with related parties:

15.1 Directors' remuneration

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

	2016 €	2015 €
Directors' remuneration	<u>80.000</u>	135.000
	<u>80.000</u>	<u>135.000</u>

LOWCHEN INVESTMENTS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

15. Related party transactions (continued)

15.2 Payables to related parties (Note 13)

<u>Name</u>	<u>Nature of transactions</u>	2016 €	2015 €
Lafco Leader Asian Food Company Limited	Increase in share capital	-	499.320
		-	499.320

15.3 Shareholders' current accounts - credit balances (Note 13)

	2016 €	2015 €
Shareholders' current accounts	140.894	5.894
	140.894	5.894

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

16. 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

LOWCHEN INVESTMENTS LTD

COMPUTATION OF CORPORATION TAX

Year ended 31 December 2016

Net profit per income statement	Page 6	€	€
<u>Add:</u>			55.460
Registrar of Companies annual levy		<u>350</u>	
			<u>350</u>
			55.810
<u>Less:</u>			
Profit from sale of investments in associates		<u>967</u>	
			<u>(967)</u>
Chargeable income for the year			<u>54.843</u>

Calculation of corporation tax

Tax at normal rates:

	Income €	Rate %	Total € c
Chargeable income as above	<u>54.843</u>	12,50	6.855,38
10% additional charge			<u>685,54</u>
TAX PAYABLE			<u>7.540,92</u>

CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD

Tax year	Profits/(losses) for the tax year	Gains Offset		Gains Offset		Gains Offset	
		Amount €	Year	Amount €	Year	Amount €	Year
2011	-	-		-		-	
2012	-	-		-		-	
2013	-	-		-		-	
2014	(2.848)	-		-		-	
2015	132.404	2.848	2014	-		-	
2016	54.843	-		-		-	