Metro Baltic Horizons plc
Annual Report
31 December 2012

Metro Baltic Horizons plc

Contents

Metro Baltic Horizons plc

Directors, Officers and Advisors

Directors	Ronan Reid Brendan Murphy Tim Crowley
Company Secretary	Philip Scales
Property Manager Estonia	Gild Property Asset Management AS Roosikrantsi 11 Tallinn 10119 Estonia
Property Manager St Petersburg	Boris Petrov 10A Bolshaya Pushkarskaya Street St. Petersburg Russia
Nominated Adviser & Broker	SP Angel Corporate Finance Prince Frederick House 35-39 Maddox Street London
Auditors	Grant Thornton 24-26 City Quay Dublin 2 Ireland
Legal Advisers (UK)	Jones Day 21 Tudor Street London EC4Y 0DJ
Legal Advisers (Isle of Man)	Gough Advocates 5th Floor Anglo International House Bank Hill North Quay IM1 4QE
Legal Advisers (International)	Glikman & Partners Liivalia 45 10145 Tallinn Estonia Egorov Puginsky Afanasiev & Partners 24 Nevsky pr Suite 132 191186 St. Petersburg Russia

Overview

- The St Petersburg property increased in value by €1.54m to €7.72m. The valuation is based on the sale price subsequent to the year-end.

- On 19 April 2013, subsequent to year-end, the Company sold Goldbrick, Pedragon and OOO Gruppa KUB. The litigation between Pedragon, Goldbrick, Bap Holding OU in Estonia and BAP Holding OOO in Russia is no longer a concern of the Company. As a consequence of the sale, the purchaser of Pedragon and Goldbrick assumed liability for the BAP Loan, as defined herein.

- OU Pirita Tee 26 filed for insolvency during the year and as a result was derecognised as a subsidiary. The filing for insolvency was a result of the foreclosure of a loan agreement with that entity's principal bankers, which resulted in the repossession of the property situated at 26 Pirita Road, Tallinn, Estonia. The insolvency of Pirita Tee did not have a negative impact on results for the year.

- The Company engaged in extensive pre-action correspondence with its former board and professional advisers before commencing legal proceedings against them in October 2012. The Company has recently also issued a counterclaim against its former auditors, Ernst & Young.

- Net asset value per share (NAV) increased by 100% to €0.25 (31 December 2011: €0.125). The NAV is derived from the Group's cash holdings and the Russian property, classified within the disposal group held for sale.

- Group profit after tax was €3.156m (2011: loss of €7.523m).

- The total gross property portfolio was valued at €7.72m (31 December 2011: €8.9m), albeit it is now classified as part of a disposal group held for sale.

- The deconsolidation of OU Pirita Tee 26 removed all asset level backed bank debt from the statement of financial position.

- Focus for the near future is on maximising shareholder returns through litigation against the Company's former directors and advisers.

Chairman's Statement

Dear Shareholders

Both fellow Board members and I continue to work to recover financial value in the company through disposition of assets and recompense from those responsible for the destruction of value in prior years.

In this regard the wind-down and sale of assets is complete and as of the date of this report, the Company is in a strong cash position with cash in hand of approximately €6m.

The final asset sale was the sale of the St Petersburg property which was completed in April 2013. This sale was executed via the sale of the entire issued share capital of our subsidiary company Pedragon Investments Limited for an initial consideration of €5.5m and further deferred consideration of up to €0.25m. Pedragon owned the Company's St. Petersburg development asset and the sale to the manager of this property followed on from a competitive bidding process. In addition to the property asset, Pedragon also contained an alleged €2.3 million of the BAP Loan Notes originally subscribed for by parties relating to the former investment manager MCM and which were secured over the St. Petersburg Property. The purchaser of Pedragon assumed all liabilities on foot of these loan notes, as part of the sale of Pedragon. The Board considers this a satisfactory result given the circumstances.

The Group no longer owns the Pirita Tee property in Estonia following foreclosure on the property by Unicredit. On 19 November, 2012, the shareholders resolved to liquidate the entity which held this property, OU Pirita Tee 26 and, as a result, the entity was deconsolidated from that date as the Group no longer had control of the entity. The insolvency of Pirita Tee did not have a negative impact on results for the year.

The Pedragon sale and the Pirita Tee foreclosure have been reflected in these financial statements under IFRS standards which require that the assets and liabilities of the "disposal group" are shown as single line items on the balance sheet. The same standards require that the income statement reflects the results of the disposal group as a single line item under the description of profit from discontinued operations. While assets/liabilities held for sale and discontinued operations are summarised into single line items in the balance sheet and income statement respectively, these amounts are analysed in detail within Note 8 to the financial statements.

During the year the Board successfully defended a takeover approach by Eagleheads, an entity established by the former Investment Adviser who opportunistically sought to acquire the Company for €2.3m.

Our focus is now solely on seeking legal remedies against the former board and advisors to the Company.

Chairman's Statement (cont'd)

The profit attributable to the shareholders in the parent for the year ended 31 December 2012 was €3.2m, primarily reflecting the fair value uplift to the St. Petersburg property resulting from the deemed disposal proceeds received through the sale of Pedragon in April 2013, the write back of certain accrued fees to MCM, deferred taxation and other provisions to the profit and loss account offset in part by an increase in administration costs due to legal and related fees. This has resulted in an increase in the NAV per share from €0.125 per share to €0.25 per share.

Our litigation against the Company's previous board and advisers commenced last October with a claim against four groups of defendants in the amount of €26.6m and a counter claim by the Company against its former auditors Ernst and Young in the amount of approximately €6m. The Board believes there may potentially be substantial value recovered from this litigation. Such litigation can however be costly and there is no guarantee of success but, having regard to the issues described above and pursuant to legal advice, the Board believes that such litigation should be pursued. I believe that the steps taken by your Board are in the best interests of the Company and your Board is resolved to maximise the remaining value in the Company and to seek restitution for losses wherever possible and from those responsible.

As advised post the sale of Pedragon the preference of the Board was to make a distribution to long suffering shareholders but the former directors, Mr Robin James, Ms Kristel Meos and Mr Gunnar Okk together with fellow defendants, Mr James Kenny, Mr Mart Habakuk, Metro Capital Management AS and Tolmain Advisory Services Limited, have sought to restrict the ability of the Board to make such a distribution as part of their defence to the proceedings. Mr Paul McGuinness and his entities MG Capital Limited and McGuinness Investments OU have failed to submit a defence in the proceedings. We will provide an update in due course in regard of any potential distribution.

The Company does not intend to make further property investments and further is seeking to contain the ongoing costs of the Company and is likely to consider a delisting of the shares from AIM.

The Board will keep shareholders appraised on both of these matters.

Ronan Reid

Chairman

Metro Baltic Horizons Plc

Directors' Report

The Directors present their annual report and audited financial statements for the year ended 31 December 2012.

Principal activities
The principal activity of the Group was investing in and developing land and buildings in the Baltic States and in the St. Petersburg area of Russia. Following the deconsolidation of the Group's Estonian subsidiary, OU Pirita Tee 26, and the sale, subsequent to the year end, of the Company's shareholding in Pedragon Limited and therefore the Group's St. Petersburg property, the future activities of the Group are expected to be that of pursuing legal actions against its former directors and professional advisors.

Business Review
A review of the business during the year is contained in the Chairman's Statement.

Results for the period
The profit attributable to the shareholders in the parent for the year ended 31 December 2012 was €3,248k (loss for the year ended 31 December 2011: €7,090k). The results for the year are set out in the Consolidated Statement of Comprehensive Income on pages 12 and 13. The profit for the year has been transferred to reserves. The loss attributable to the Group's non-controlling interest totalling €92k (2011: €423k) was added to their share of losses forward prior to deconsolidation.

Basis of Preparation
The Board have considered and reviewed the current financial status and the cash-flow projections of the Group. Having completed this review and given consideration to the other factors detailed in Note 2.2 to the financial statements, the Directors are of the opinion that there are adequate financial resources available to enable the Company and Group meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. Accordingly, although the Group disposed of its last remaining investment property subsequent to the balance sheet date, the Group will continue in operational existence for the foreseeable future and the financial statements have therefore been prepared on a Going Concern basis.

Dividend
The Directors have not declared any dividends in the year ended 31 December 2012 (2011: Nil).

Directors
The Directors who served during the year were Ronan Reid, Brendan Murphy and Tim Crowley.

Auditors
Grant Thornton, Chartered Accountants & Registered Auditors were the appointed auditors during the current financial year and have indicated their willingness to continue in office.

Directors' Report (cont'd)

Directors' interests

The beneficial interests of the Directors and Secretary in the shares of the Group and Company are as noted below. All interests are in the ordinary share capital of the parent company, Metro Baltic Horizons plc:

	31 December 2012	31 December 2011
	Number of shares	*Number of shares*
Tim Crowley	440,537	440,537
Ronan Reid	601,275	1,275
Brendan Murphy	10,725	10,725

Directors Remuneration

Remuneration to Directors during each of the financial years ending 31 December 2012 and 31 December 2011 consisted entirely of Directors' fees and can be analysed as follows;

	2012	**2011**
	€	**€**
Ronan Reid	25,000	25,000
Brendan Murphy	17,500	-
Tim Crowley	17,500	10,983
	60,000	35,983

Secretary

The Secretary who served during the year was Philip Scales.

Substantial Holdings

The following entities had substantial holdings in the share capital of the Group at 31 December 2012;

	Shares held	Perc. of total
Pershing International Nominees Limited	14,973,499	57.15%
Chase Nominees Limited	4,560,914	17.41%
Vidacos Nominees Limited	1,523,522	5.81%

The Board and subcommittees

The Board considers all Directors, including the Chairman, to be independent. All the Directors are non-executive. The Group and Company has an audit committee consisting of all the Board members.

Directors' Responsibility Statement
The Directors are responsible for preparing this report and the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Directors are required to prepare financial statements for each financial period which present fairly the financial position of the Group and Company and the financial performance and cash flows of the Group for that period. In preparing those financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether all applicable accounting standards have been followed; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Company or Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and enable them to ensure that the financial statements comply with the Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board

P Scales
Secretary

Independent Auditors' Report
To the members of Metro Baltic Horizons plc

We have audited the financial statements of Metro Baltic Horizons plc for the year ended 31 December 2012 which comprise the Consolidated Statement of Total Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

This report is made solely to the Company's members, as a body, pursuant to Section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditors' Report
To the members of Metro Baltic Horizons plc (cont'd)

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Company's affairs as at 31 December 2012 and of the Group's profit for the year then ended;

- have been properly prepared in accordance with International Financial Reporting Standards; and

- have been prepared in accordance with the requirements of the Companies Acts 1931 to 2004.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Grant Thornton
Chartered Accountants & Registered Auditors
24-26 City Quay
Dublin 2

Date: 28 June 2013

Metro Baltic Horizons plc

Consolidated Statement of Total Comprehensive Income
For the year ended 31 December 2012

	Note	31 December 2012 €'000	31 December 2011 €'000
Continuing operations			
Administrative expenses	3	178	(1,332)
Net foreign currency gain		9	25
Gain/(loss) arising on loss of control in former subsidiary entity	8	746	(536)
Net operating profit/(loss) before tax and finance income and expense		933	(1,843)
Profit/(loss) before tax		933	(1,843)
Income tax credit	5	-	-
Profit/(loss) for the year – continuing operations		933	(1,843)
Profit/(loss) for year from discontinued operations	**8**	**2,223**	**(5,680)**
Profit/(loss) for financial year		3,156	(7,523)
Other comprehensive income		-	10
Total comprehensive income/(loss)		3,156	(7,513)

The notes on pages 21 to 56 form part of these financial statements.

Consolidated Statement of Total Comprehensive Income (cont'd)

For the year ended 31 December 2012

	Note	31 December 2012 €'000	31 December 2011 €'000
Total comprehensive income			
Total comprehensive income/(loss)		3,156	(7,513)
Total Comprehensive income/(loss) attributable to:			
Equity holders of the parent – continuing operations		933	(1,843)
Equity holders of the parent – discontinued operations		2,315	(5,247)
Non-controlling interest – discontinued operations		(92)	(423)
		3,156	(7,513)

	Note	31 December 2012 €'cents	31 December 2011 €'cents
Basic and Diluted Earnings per share			
Earnings/(loss) per share from continuing operations	6	3.56	(7.03)
Earnings/(loss) per share from discontinued operations	6	8.84	(20.03)
Total earnings/(loss) per share		12.40	(27.06)

The Directors have chosen not to include the Company Statement of Total Comprehensive Income as permitted by the Isle of Man Companies Acts.

The notes on pages 21 to 56 form part of these financial statements.

Consolidated Statement of Financial Position
As at 31 December 2012

	Note	31 December 2012 €'000	31 December 2011 €'000
Assets			
Non-current assets			
Investment property	7	-	8,948
Other assets		-	16
Total non-current assets		-	8,964
Current assets			
Trade and other receivables	10	-	154
Cash and cash equivalents	11	1,152	2,128
Current assets		1,152	2,282
Assets included in disposal group as held for sale	8	8,022	-
Total assets		**9,174**	**11,246**
Equity			
Issued capital	15	262	262
Distributable Reserve	17	36,186	36,186
Retained earnings		(29,888)	(33,136)
Foreign currency translation reserve		(30)	(30)
Total equity attributable to equity holders of the parent		6,530	3,282
Non-controlling interest		-	(1,279)
Total equity		6,530	2,003

The notes on pages 21 to 56 form part of these financial statements.

Metro Baltic Horizons plc

Consolidated Statement of Financial Position (cont'd)

As at 31 December 2012

	Note	31 December 2012 €'000	31 December 2011 €'000
Liabilities			
Non-current liabilities			
Interest bearing loans			
- Other loans	13	-	1,052
Deferred tax liabilities	5	-	1,235
Total Non-Current Liabilities		-	2,287
Current liabilities			
Trade and other payables	14	172	1,196
Interest bearing loans			
- Bank loans	12	-	3,777
- Other loans	13	-	1,902
Income tax payable		-	81
Total current liabilities		172	6,956
Liabilities included in disposal group as held for sale	8	2,472	-
Total liabilities		**2,644**	**9,243**
Total equity and liabilities		**9,174**	**11,246**
Net asset value per ordinary share – basic (cents)	16	0.25	0.125

The financial statements were approved by the Board and authorised for issue on the 28 day of June 2013.

Ronan Reid
Director

Brendan Murphy
Director

The notes on pages 21 to 56 form part of these financial statements.

Company Statement of Financial Position
As at 31 December 2012

	Note	31 December 2012 €'000	31 December 2011 €'000
Assets			
Non-current assets			
Investment in subsidiaries	19	-	3,500
Current assets			
Cash and cash equivalents	11	1,152	1,971
Total current assets		1,152	1,971
Assets classified as held for sale	19	5,675	-
Total assets		**6,827**	**5,471**
Equity			
Issued capital	15	262	262
Distributable reserves	17	36,186	36,186
Retained earnings (deficit)		(29,721)	(31,077)
Total equity		6,727	5,371
Liabilities			
Current liabilities			
Trade and other payables	14	100	100
Total liabilities		100	100
Total equity and liabilities		**6,827**	**5,471**

The financial statements were approved by the Board and authorised for issue on.

Ronan Reid — Director

Brendan Murphy — Director

The notes on pages 21 to 56 form part of these financial statements.

Consolidated Statement of Changes in Equity
For the year ended 31 December 2012

	Issued Capital €'000	Distributable Reserves €'000	Foreign Currency Translation Reserve €'000	Retained Earnings €'000	Total €'000	Non-Controlling Interest €'000	Total Equity €'000
As at 1 January 2011	262	36,186	(176)	(26,046)	10,226	(2,253)	7,973
Loss for year	-	-	-	(7,100)	(7,100)	(423)	(7,523)
Other Comprehensive Income	-	-	(10)	10	-	-	-
Total comprehensive income for year	-	-	(10)	(7,090)	(7,100)	(423)	(7,523)
Transactions with owners							
De-recognition of non-controlling interest on loss of control (Note 8)	-	-	156	-	156	1,397	1,553
As at 31 December 2011	262	36,186	(30)	(33,136)	3,282	(1,279)	2,003
Profit/(loss) for year	-	-	-	3,248	3,248	(92)	3,156
Total comprehensive income for year	-	-	-	3,248	3,248	(92)	3,156
Transactions with owners							
De-recognition of non-controlling interest on loss of control (Note 8)	-	-	-	-	-	1,371	1,371
As at 31 December 2012	262	36,186	(30)	(29,888)	6,530	-	6,530

The notes on pages 21 to 56 form part of these financial statements.

Company Statement of Changes in Equity
For the year ended 31 December 2012

	Issued Capital €'000	Distributable Reserves €'000	Retained Earnings €'000	Total €'000
At 1 January 2011	262	36,186	(28,985)	7,463
Total comprehensive income	-	-	(2,092)	(2,092)
At 31 December 2011	262	36,186	(31,077)	5,371

	Issued Capital €'000	Distributable Reserves €'000	Retained Earnings €'000	Total €'000
At 1 January 2012	262	36,186	(31,077)	5,371
Total comprehensive Income	-	-	1,356	1,356
At 31 December 2012	262	36,186	(29,721)	6,727

The notes on pages 21 to 56 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	Note	2012 €'000	2011 €'000
Cash flows from operating activities			
Profit/(loss) before tax		933	(1,843)
Non-cash adjustment to reconcile profit/(loss) before tax to net cash flows			
Foreign exchange gain		(9)	(25)
(Gain)/loss arising from loss of control in former subsidiary entity	8	(746)	536
Taxes paid and other miscellaneous items		28	(31)
Working capital adjustments			
Decrease in accounts receivable and other current assets		-	(38)
(Decrease)/increase in trade and other payables		(955)	398
Net cash flows from continuing operations		(749)	(1,003)
Net cash flows from discontinued operations	8	83	(64)
Net cash flows from operating activities		(666)	(1,067)
Cash flows from investing activities			
Proceeds from sale of subsidiaries, net of cash	8	-	3,000
Net cash generated from investing activities from continuing operations		-	3,000
Net cash used in investing activities from discontinued operations		(2)	(4)
Net cash generated from investing activities		(2)	2,996
Cash flows from financing activities			
Net cash used in financing activities from discontinued operations	8	(81)	(274)
Net cash flows from financing activities		(81)	(274)
Net (decrease) increase in cash and cash equivalents		(749)	1,655
Cash and cash equivalents at the beginning of the year	11	2,128	473
Cash and cash equivalents at the end of the year	11	1,379	2,128

The notes on pages 21 to 56 form part of these financial statements.

Company Statement of Cash Flows
For the year ended 31 December 2012

	Note	31 December 2012 €'000	31 December 2011 €'000
Cash flows from operating activities			
Profit/(loss) before tax		1,356	(2,092)
Non-cash adjustment to reconcile profit before tax to net cash flows			
Net impairment adjustment	19	(1,820)	1,123
Working capital adjustments			
Increase in creditors		-	(66)
Net cash used in from operating activities		(464)	(1,035)
Cash flows from investing activities			
Received from subsidiaries			3,278
Advanced to subsidiaries	19	(355)	(319)
Net cash generated from investing activities		(355)	2,959
Net increase in cash and cash equivalents		(819)	1,924
Cash and cash equivalents at the beginning of the year	11	1,971	47
Cash and cash equivalents at the end of the year	11	1,152	1,971
		======	======

The notes on pages 21 to 56 form part of these financial statements

1. General Information

The Company was incorporated in the Isle of Man on 18 September 2006 as Metro Baltic Hermitage plc. On 13 November 2006 the Company passed a special resolution to change its name to Metro Baltic Horizons plc. The Company was established to invest in and develop property in the Baltic States and in the St. Petersburg area of Russia.

This report of the Company for the year ended 31 December 2012 comprises the Company and its subsidiaries (together referred to as the "Group").

The Company's registered address is IOMA House, Hope Street, Douglas, Isle of Man. The Company was admitted to trading on the AIM market of the London Stock Exchange and commenced operations on 11 December 2006. The shares were suspended on 11 November 2010 and relisted on 3 August 2011.

2. Principal Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below. Certain comparative amounts have been reclassified to conform to the current year's presentation.

2.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The IFRS applied are those effective for accounting periods beginning on or after 1 January 2012.

2.2 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, which have been measured at fair value.

Previously, the primary purpose of the Group was the investment in and development of property in the Baltic States and the St. Petersburg area of Russia. At 31 December 2012, the Group owned one property.

During the current financial year, Unicredit foreclosed on the property previously owned by the Group's subsidiary OU Pirita Tee 26 and, as a result, the directors resolved to file for insolvency and dissolve that entity. Accordingly, OU Pirita Tee 26 was deconsolidated during the current financial year.

The remaining property situated in St. Petersburg, Russia, was disposed of subsequent to the balance sheet date as part of a transaction involving the sale of the share capital in the Group's Cypriot subsidiary, Pedragon Limited. This transaction generated cash of €5.5m and also resulted in the assumption, by the acquirer, of the "BAP Loan" which had a carrying value of €2.3m (2011: €1.9m).

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

2. Principal Accounting Policies (cont'd)

2.2 Basis of preparation (cont'd)

The Board have considered and reviewed the current financial status and the cash-flow projections of the Group. Having completed this review and given consideration to the other factors detailed above, the Directors are of the opinion that there are adequate financial resources available to enable the Company and Group meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. Accordingly, although the Group disposed of its last remaining investment property subsequent to the balance sheet date, the Group will continue in operational existence for the foreseeable future and the financial statements have therefore been prepared on a Going Concern basis.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the subsidiaries controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at the carrying amounts at the date when control is lost;
- Derecognises the carrying amount of any non–controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them);
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control;
- Recognises any investment retained in the former subsidiary at its fair value at the date that control is lost; and
- Recognises any resulting difference as a gain or loss in profit or loss attributable to parent.

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

2. Principal Accounting Policies (cont'd)

2.4 Changes in accounting policy and disclosures

New IFRS Standards and Interpretations not applied
The IASB and IFRIC have issued additional standards and interpretations which are effective for periods starting after 1 January 2012. The following standards and interpretations have yet to be adopted by the Group:

International Financial Reporting Standards (IFRS/IAS)		***Effective date***
IAS 1	Presentation of Items of Other Comprehensive Income – Amendments to IAS 1	1 July 2012
IAS 19	Employee Benefits (Amendment)	1 January 2013
IAS 27	Separate Financial Statements (Revised 2011)	1 January 2013
IAS 28	Investments in Associates and Joint Ventures (Revised 2011)	1 January 2013
IFRS 1	Government Loans (Amendments to IFRS 1)	1 January 2013
IFRS 7	Disclosures – Offsetting Financial Assets & Financial Liabilities (Amendments to IFRS 7)	1 January 2013
IFRS 9	Financial Instruments – Classification and Measurement	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Various	Annual Improvements in the Production Phase of a Surface Mine	1 January 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	1 January 2014
IFRS 10, 12 & IAS 27	Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014

The Group does not anticipate that the adoption of these standards and interpretations will have a material effect on its financial statements on initial adoption.

The Group has adopted IAS 12 Income Taxes (amendment) and IFRS 7 Financial Instruments: Disclosures (amendment) in respect of the 2012 year-end. The application of the above standards did not result in material changes in the Group's Consolidated Financial Statements.

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

2. Principal Accounting Policies (cont'd)

2.5 Summary of significant accounting policies

a) Revenue recognition
Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably.

Rental income
Rental revenues are accounted for on an accruals basis.

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in finance income in the Consolidated Statement of Total Comprehensive Income.

b) Investment property
Property held to earn rentals and/or for capital appreciation and that is not occupied by the companies in the Group, is classified as investment property. Investment property is initially measured at cost including transaction costs. Subsequent to initial recognition investment property is carried at fair value and adjustments to fair value are reflected in the Consolidated Statement of Total Comprehensive Income as part of the profit or loss for that period.

Properties held by the Group are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of a property are recognised in the Consolidated Statement of Total Comprehensive Income in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2. Principal Accounting Policies (cont'd)

2.5 Summary of significant accounting policies (cont'd)

b) Investment property (cont'd)

All directly attributable transaction costs associated with the purchase of the investment properties are included within the cost of the property. Development costs and borrowing costs are also capitalised where appropriate.

c) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

d) Expenses
Expenses are accounted for on an accruals basis. Fees payable to the Property Adviser are calculated with reference to the cost or valuation of the underlying properties held by the Group in accordance with contractual agreements.

All administration expenses are charged through the Consolidated Statement of Total Comprehensive Income.

e) Cash and cash equivalents
Cash and cash equivalents consist of cash in hand and short-term deposits which are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

f) Income tax and deferred tax
Income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred tax
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

2. Principal Accounting Policies (cont'd)

2.5 Summary of significant accounting policies (cont'd)

f) Income tax and deferred tax (cont'd)

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

- Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates, tax laws, and tax plans that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised in other comprehensive income. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

2. Principal Accounting Policies (cont'd)

2.5 Summary of significant accounting policies (cont'd)

f) Income tax and deferred tax (cont'd)
Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Where evidence is available that a deferred tax liability will not crystallise, the liability is reversed.

g) Business combinations
Business combinations from 1 January 2009
There were no business combinations during the year ended 31 December 2012 or in the three financial years prior to the current financial year.

Business combinations prior to 31 December 2008
The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed and any equity instruments issued by the Group in exchange for control of the acquiree, plus any contingent liabilities that meet the conditions for recognition under IFRS 3 (revised).

The non-controlling interest (formerly known as minority interest) is measured at the proportionate share of the acquiree's identifiable net assets.

Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the Consolidated Statement of Total Comprehensive Income as part of the profit or loss for the year.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

2. Principal Accounting Policies (cont'd)

2.5 Summary of significant accounting policies (cont'd)

h) Foreign currency translation
The consolidated financial statements are presented in Euro which is the Company's functional currency and the presentation currency of the Company and Group.

Functional and presentation currency
Items included in the financial statements of each of the Group entities are measured in the currency of the primary economic environment in which the entity operates (the "functional currency"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing rate at the date of the statement of financial position;
(ii) income and expenses are translated at the average exchange rate prevailing in the period and gains or losses are dealt with in the Consolidated Statement Total of Comprehensive Income as part of the profit or loss for the period.

Any gain or losses that arise on consolidation from the retranslation of the subsidiary entity from its functional currency to the presentation currency of the Group are taken directly to other comprehensive income and included within the foreign currency exchange reserve.

On disposal or derecognition of a foreign entity, the related cumulative translation differences recognised in equity are reclassified to profit and loss and are recognised as part of the gain or loss on disposal or derecognition.

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 the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Total Comprehensive Income as part of the profit or loss for the period.

2. Principal Accounting Policies (cont'd)

2.5 Summary of significant accounting policies (cont'd)

h) Foreign currency translation (cont'd)
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

i) Operating segments
IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed regularly by the chief operating decision maker in order to allocate resources and to assess their performance.

j) Financial assets
All financial assets are recognised initially at fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

k) Investments in subsidiaries and associate undertakings
All investments in subsidiary companies and associate undertakings are recorded at cost less provision for any permanent diminution in value.

l) Financial liabilities
Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as accounts payable, accruals and other liabilities, loans or borrowings and are initially recorded at fair value and subsequently at amortised cost. The Group determines the classification of its financial liabilities at initial recognition.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

2. Principal Accounting Policies (cont'd)

2.5 Summary of significant accounting policies (cont'd)

l) Financial liabilities (cont'd)
Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Consolidated Statement of Total Comprehensive Income as part of the profit or loss for the period.

Derecognition
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. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Total Comprehensive Income as part of the profit or loss for the period.

m) Non – current assets and disposal groups classified as held for sale and profit or loss from discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A discontinued operation is a component that is disposed of or classified as held for sale. In the Consolidated Statement of Total Comprehensive Income of the reporting period, and of the comparative period, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the Consolidated Statement of Total Comprehensive Income.

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

2. Principal Accounting Policies (cont'd)

2.5 Summary of significant accounting policies (cont'd)

n) Judgements
In the preparation of the Group's consolidated financial statements, management is required to make certain judgements and estimates that affect the reported amounts of its assets and liabilities, revenues and expenses at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities. Significant areas requiring management's judgement include assessment of the fair value of investment properties and properties under construction and also the determination of deferred tax balances.

Deferred tax assets / liabilities
Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

Revaluation of investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognised in the Consolidated Statement of Total Comprehensive Income as part of the profit or loss for the period.

Impairment of non-financial assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of the asset's fair value less the cost of selling the asset and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing recoverable amounts, the Company relies on independent valuers.

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

3. Administrative Expenses

Administrative expenses include the following:

	31 December 2012 Group €'000	31 December 2011 Group €'000
Investment management fees	(714)	171
Legal and other professional fees	153	706
Administrators fees	99	130
Directors' remuneration	60	36
Auditors' remuneration – audit services	50	40
Accountancy Services	30	63
Other administrative expenses	144	259
	(178)	1,405
Reclassified to discontinued operations (Note 8)	-	(73)
	(178)	1,332

Investment management fees were accrued at 1.5% per annum of gross assets under management in Russia and 1% per annum of all other gross assets until 7 August 2011. The above fees were accrued based on the investment management contract of the former investment manager and investment adviser. Litigation is currently being pursued against both parties by the Group and it is the view of the Directors that no management fees will be paid to the former investment manager or investment adviser. This view is supported by legal opinion received. Accordingly, the Directors have reversed all amounts previously accrued in respect of same.

4. Finance Income and Expense

	31 December 2012 Group €'000	31 December 2011 Group €'000
Interest payable on bank and other loans	-	548
Finance Expense	-	548
Reclassified to discontinued operations (Note 8)	-	(548)
	-	-

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

5. Income Tax

	31 December 2012 Group €'000	31 December 2011 Group €'000
Deferred tax		
Released to profit and loss	1,235	1,078
Tax credit for the year	1,235	1,078
Reclassified to discontinued operations (Note 8)	(1,235)	(1,078)
	-	-

Previously, deferred tax was recognised for capital gains tax or equivalent that would be payable on the disposal of investment or other property assets at their fair market value. Given the structure of the sale of the Group's St. Petersburg property post year end, no tax liability arose. Accordingly, the liability was released to profit at year end and reclassified as part of discontinued operations.

Group **Deferred tax asset and liability**	31 December 2012 Liabilities €'000	31 December 2012 Liabilities €'000
Opening Deferred tax assets	-	-
Opening Deferred tax liabilities	1,235	2,313
	1,235	2,313
Consolidated Statement of Comprehensive Income		
Revaluation of land & property		
- Tax credit	-	(1,078)
Release of liability as reversal is no longer probable	(1,235)	-
Closing balance	-	1,235

The Company is resident in the Isle of Man. Its activities in the Isle of Man are liable to tax at a 0% tax rate.

The Group has significant accumulated tax deductible losses which are available for offset against future taxable profits. No deferred tax has been recognised in respect of these losses on the basis that there is uncertainty as to whether or not there will be suitable taxable profits against which these losses can be utilised.

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

6. Earnings per share

The calculation of basic earnings per share at 31 December 2012 was based on the profit attributable to shareholders of €3,248k (2011: loss of €7,090k) split between a profit from continuing operations of €933k (2011: loss of €1,843k) and profit from discontinued operations of €2,315k (2011: loss of €5,247k). The weighted average number of ordinary shares in issue during the year ended 31 December 2012 was 26,200,270 (2011: 26,200,270).

Diluted earnings per share amounts are calculated by dividing the net profit attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares. There were no potentially dilutive shares at 31 December 2012 or 31 December 2011.

	31 December 2012 Group €'000	31 December 2011 Group €'000
Basic and diluted earnings per share		
Profit/(loss) attributable to equity holders of the parent – continuing operations	933	(1,843)
Profit/(loss) attributable to equity holders of the parent – discontinued operations	2,315	(5,247)

	31 December 2012 Group	31 December 2011 Group
Weighted average number of ordinary shares in issue during the year	26,200,270	26,200,270
	€' cents	€' cents
Earnings/(loss) per share from continuing operations	3.56	(7.03)
Earnings/(loss) per share from discontinued operations	8.84	(20.03)
Total earnings/(loss) per share	12.40	(27.06)

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

7. Investment Property

	Investment Property €'000
At 31 December 2010 and 1 January 2011	18,074
Adjustment in respect of foreign exchange	108
Fair value adjustment – discontinued operations (Note 8)	(6,043)
Derecognised following loss of control (Note 8)	(3,191)
At 31 December 2011 and 1 January 2012	8,948
Fair value adjustment – discontinued operations (Note 8)	1,444
Reclassification of investment property to held for sale (Note 8)	(7,722)
Derecognised following loss of control (Note 8)	(2,670)
At 31 December 2012	-

At year end, the Group owned one investment property which it has included as part of its disposal group held for sale. The Group utilised subsequent sales data to determine the valuation of the St Petersburg investment property at year-end. As the investment property was sold shortly after year-end, and there were no significant events that occurred between year-end and the date of sale, the Directors determined that the subsequent sales price was a reasonable approximation of the fair value of the property at year-end. The valuation of the Pirita Tee property (derecognised following the loss of control) was performed by the Directors.

8. Gain / (loss) on derecognition of subsidiary entity, assets classified as held for sale and discontinued operations

The profit/(loss) for the year from discontinued operations arises as follows;

	2012 €'000	**2011 €'000**
Arising on loss of control of Pirita Tee during the current financial year (see below)	(142)	(1,408)
Arising from subsidiary undertakings classified as held for sale (see below)	2,365	(4,144)
Arising on loss of control of SIA D Tilts Holdings during the 2011 financial year (see below)	-	(128)
Profit/(loss) for year from discontinued operations	2,223	(5,680)

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

8. Gain / (loss) on derecognition of subsidiary entity, assets classified as held for sale and discontinued operations (cont'd)

In November 2012 the Group lost control of its 80% holding in OU Pirita Tee 26, the entity that owned the Pirita site in Tallinn, Estonia, realising a gain on derecognition of €746k. The Group ceased to consolidate the results, assets and liabilities of this entity from the date of the loss of control. Amounts previously included in respect of non-controlling interests (€1,371k) were also derecognised from the date control was lost. The gain on derecognition was calculated as follows:

	2012
	€'000
Net liabilities at date of loss of control	2,117
Non-controlling interest	(1,371)
Gain on derecognition of subsidiary	746

The results of this operating segment have been included in the Consolidated Statement of Total Comprehensive Income within the single line item "Profit/(loss) for year from discontinued operations". The detailed analysis of the segment's results is set out below. The comparative financial statement amounts have been adjusted to reflect the fact that the segment is now discontinued.

	2012	**2011**
	€'000	**€'000**
Net rental income	6	53
Changes in value of investment property (Note 7)	(100)	(1,090)
Administration expenses	-	(73)
Operating loss	(94)	(1,110)
Finance costs	(48)	(298)
Loss from discontinued operations before tax	(142)	(1,408)
Taxation	-	-
Loss for year from discontinued operations	(142)	(1,408)

The carrying amounts of assets and liabilities derecognised upon the loss of control are summarised below as are the details of the amounts consolidated in the previous financial year.

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

8. Gain / (loss) on derecognition of subsidiary entity, assets classified as held for sale and discontinued operations (cont'd)

	2012 €'000	2011 €'000
Non-current assets		
Investment property	-	2,770
Current assets		
VAT and other receivables	-	3
Cash and cash equivalents	9	21
Total assets	9	2,794
Current liabilities		
Trade and other payables	-	23
Bank loans	1,074	3,778
Other loans	1,052	1,052
Total liabilities	2,126	4,853
Net liabilities at date of loss of control	(2,117)	(2,059)

Cash flows generated by this operating segment for the reporting periods under review can be summarised as follows:

	2012 €'000	2011 €'000
Operating activities	(14)	(16)
Investing activities	-	-
Financing activities*	2	(210)
	(12)	(236)

*Financing activities are net of transfers from other group companies totalling €80,000.

Subsequent to the year end, the Group disposed of its subsidiary entities Pedragon Limited, Goldbrick Limited, and OOO Gruppa Kub. The assets and liabilities of these entities are classified as being part of a disposal group held for sale. As this disposal group was an operating segment for the purposes of management reporting the results of the operations of this operating segment have been included in the Consolidated Statement of Total Comprehensive Income within the single line item "Profit/(loss) for year from discontinued operations". The detailed analysis of the segment's results is set out below. The comparative financial statement amounts have been adjusted to reflect the fact that the segment is now discontinued.

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

8. Gain / (loss) on derecognition of subsidiary entity, assets classified as held for sale and discontinued operations (cont'd)

	2012 €'000	2011 €'000
Net rental income	2	(4)
Changes in value of investment property (Note 7)	1,544	(5,063)
Foreign exchange gain	23	95
Operating profit (loss)	1,569	(4,972)
Finance costs	(439)	(250)
Profit/(loss) from discontinued operations before tax	1,130	(5,222)
Taxation credit	1,235	1,078
Profit/(loss) for year from discontinued operations	2,365	(4,144)

The carrying amounts of assets and liabilities classified as part of a disposal group held for sale are as follows:

	2012 €'000	2011 €'000
Non-current assets		
Investment property (Note 7)	7,722	6,178
Other assets	18	16
Current assets		
Trade and other receivables	55	148
Cash and cash equivalents	227	132
Total assets	8,022	6,474
Current liabilities		
Trade and other payables	131	128
Deferred taxation	-	1,235
Other loans	2,341	1,902
Total liabilities	2,472	3,265
Net assets	5,550	3,209

Cash flows generated by this operating segment for the reporting periods under review can be summarised as follows:

	2012 €'000	2011 €'000
Operating activities	97	(101)
Investing activities	(2)	(4)
Financing activities	-	-
	95	(105)

8. Gain / (loss) on derecognition of subsidiary entity, assets classified as held for sale and discontinued operations (cont'd)

In July 2011 the Group lost control of its 80% holding in SIA D Tilts Holdings (and its subsidiary SIA E1 Mart), the entity that owned the "Krasta 99" property in Riga, Latvia, realising a loss on derecognition of €536k. The Group ceased to consolidate the results, assets and liabilities from the date of the loss of control. Amounts previously included in respect of non-controlling interests (€1,397k) and cumulative translation adjustments (€156k) were also derecognised as of that date.

The gain on derecognition was calculated as follows:

	2011
	€'000
Net liabilities at date of loss of control	1,017
Non-controlling interest	(1,397)
Foreign currency reserve / cumulative translation adjustments	(156)
Loss on derecognition of subsidiary	(536)

The results of this operating segment have been included in the Consolidated Statement of Total Comprehensive Income within the single line item "Profit/(loss) for year from discontinued operations". The detailed analysis of the segments results are set out below.

	2011
	€'000
Changes in value of investment property (Note 7)	110
Administration expenses	(161)
Operating loss	(51)
Finance costs	(77)
Loss from discontinued operations before tax	(128)
Taxation	-
Loss for year from discontinued operations	(128)

The carrying amounts of assets and liabilities derecognised upon the loss of control is summarised below.

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

8. Gain / (loss) on derecognition of subsidiary entity, assets classified as held for sale and discontinued operations (cont'd)

	2011
	€'000
Non-current assets	
Investment property (Note 7)	3,191
Current assets	
VAT and other receivables	111
Cash and cash equivalents	21
Total assets	3,323
Current liabilities	
Bank loans	2,982
Other loans	1,358
Total liabilities	4,340
Net liabilities at date of loss of control	(1,017)

Cash flows generated by this operating segment for the prior year reporting period under review can be summarised as follows:

	2011
	€'000
Operating activities	53
Investing activities	-
Financing activities	(64)
	(11)

9. Operating Segment Information

For management purposes, the Group is organised into business units based on their activities. At the previous year end the Group had two operating segments comprising the Pirita Road and Bolshaya Pusharskaya (St. Petersburg) properties. As detailed in Note 8, the results of the activities of these operating segments have been classified within discontinued operations during the current financial year on the basis that either:

- the subsidiary entity owning the property has been deconsolidated at year end; or
- the assets and liabilities of the entities comprising that segment have been classified as part of a disposal group held for sale.

All of the disclosures required by IFRS 8 in respect of these segments are included within Note 8.

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

9. Operating Segment Information (cont'd)

In addition, the previous year's financial statements also provided information by way of a note about expenses, assets and liabilities managed centrally and not allocated to individual components. Given that all property related activities are now classified as discontinued, the information about expenses, assets and liabilities managed centrally is outlined on the face of the Consolidated Statement of Total Comprehensive Income and the Consolidated Statement of Financial Position.

10. Trade and Other Receivables and Amounts Due from Group Companies

	31 December 2012 Group €'000	31 December 2011 Group €'000
Trade receivables, prepayments and other assets	-	39
VAT receivable	-	115
Total trade and other receivables	-	154

As at 31 December, the ageing analysis of trade receivables of the Group is as follows:

Aging of past due

	31 December 2012 €'000	31 December 2011 €'000
0 – 90 days	-	39
>90 days	-	-
Total	-	39

	31 December 2012 Company €'000	31 December 2011 Company €'000
Interest due from Group companies	10,204	9,814
Impairment of interest due	(10,204)	(9,814)
	-	-

The net carrying amount of trade and other receivables is considered to be a reasonable approximation of fair value.

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

11. Cash and Cash Equivalents

	31 December 2012 Group €'000	31 December 2011 Group €'000
Sterling cash	526	901
Euro cash	671	1,154
Rouble cash	182	50
Estonian cash	-	23
Total cash and cash equivalents	1,379	2,128
Cash and cash equivalents in entities classified as held for sale	(227)	-
Cash and cash equivalents	1,152	2,128

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following:

	31 December 2012 Group €'000	31 December 2011 Group €'000
Cash at banks and on hand	1,379	2,128

	31 December 2012 Company €'000	31 December 2011 Company €'000
Sterling cash	526	901
Euro cash	626	1,070
Cash and cash equivalents	1,152	1,971

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

11. Cash and Cash Equivalents

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following:

	31 December 2012 Company €'000	31 December 2011 Company €'000
Cash at banks and on hand	1,152	1,971
	===	===

12. Interest Bearing Bank Loans

	31 December 2012 Group €'000	31 December 2011 Group €'000
At beginning of year as originally reported	3,777	6,749
Accrued interest	48	274
Repaid during year	(81)	(264)
Settled on foreclosure	(2,670)	-
At end of year / date of loss of control	1,074	6,759
Derecognised on loss of control (Note 8)	(1,074)	(2,982)
	-	3,777
	======	=====

During July 2012, Unicredit exercised their security and foreclosed on the property situated at Pirita Road. There was no recourse to other assets or subsidiaries of the Group for the shortfall between the outstanding loan balance and the proceeds recovered by the bank.

There were no Group interest bearing bank loans at 31 December 2012.

Group interest bearing bank loans at 31 December 2011

Current

Loan	Interest Rate	Maturity	Amount €'000
Unicredit bank, EUR	3.96%	19/5/2010*	3,777
			=====

* Rolling credit term facility which was secured by the assets of the Group's subsidiary OU Pirita Tee 26.

13. Other Loans

	31 December 2012 Group €'000	31 December 2011 Group €'000
Non-current loans		
Non-controlling interest loans	-	1,052
	======	=====

As detailed in Note 8, the non-controlling interest loan recognised at the previous year end was derecognised in the current year following the deconsolidation of OU Pirita Tee 26 arising from the loss of control prior to the statement of financial position date. The loan had no fixed maturity date and accrued interest at 6% per annum.

	31 December 2012 Group €'000	31 December 2011 Group €'000
Current loans		
BAP Holding	-	1,902
	======	=====

BAP Holdings OU provided a loan to the Group in 2008 details of which are given in Note 20. As detailed in Note 8, as a result of the sale of Pedragon Limited post year end, the liability has been classified within liabilities of a disposal group held for sale. The balance outstanding at 31 December 2012 was €2,341,000.

14. Trade and Other Payables

	31 December 2012 Group €'000	31 December 2011 Group €'000
Directors' fees	38	-
Management fees and related interest	-	714
Other trade payables and accruals	134	482
Total trade and other payables	172	1,196

	31 December 2012 Company €'000	31 December 2011 Company €'000
Other trade payables and accruals	100	100

The net carrying amount of trade and other payables is considered to be a reasonable approximation of fair value.

Terms and conditions of the above financial liabilities:

Directors' fees are non-interest bearing and are normally settled on 30-day terms. Other trade payables and accruals are non-interest bearing and are normally settled on 30-day terms.

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

15. Issued Capital	31 December 2012		31 December 2011	
	Number of shares	€'000	Number of shares	€'000
Authorised				
Ordinary shares of €0.01	250,000,000	2,500	250,000,000	2,500
	=========	=======	=========	=======
Issued and fully paid				
Ordinary shares of €0.01	26,200,270	262	26,200,270	262
	=========	=======	=========	=======

Two shares were issued on 18 September 2006 on incorporation. 26,200,268 shares were issued on 11 December 2006 for the total proceeds of €38,775,000. Share issue expenses associated with the issue totalled €2,327,000. The ordinary shares carry the right to receive, and shall participate in, any dividends or other distributions out of the profits of the Company available for dividend and resolved to be distributed in respect of any accounting period.

16. Net asset value per share

	31 December 2012 Group €'000	31 December 2011 Group €'000
Net asset value attributable to ordinary shareholders	6,530	3,282
Deferred taxation	-	1,235
Net asset excluding deferred tax	6,530	4,517
	======	=====
Ordinary shares in issues at the end of the period	26,200,270	26,200,270
Net asset value per share (cents per share)	0.25	0.125
Net asset value per share excluding deferred tax (cents per share)	0.25	0.17

17. Share Premium and Distributable Reserves

By virtue of a special resolution passed on 5 December 2006 with confirmation of the High Court of the Isle of Man on 13 August 2007, the amount standing to the credit of the Share Premium Account of €36,186,000 was transferred to a Distributable Reserve and the share premium account was cancelled.

18. Financial Instruments

The Group holds cash and has received interest bearing loans from external parties.

Risk Management
The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign exchange risk and interest rate risk. The Board regularly reviews and agrees policies for managing each of these risks and these are summarised below.

Capital management
The Group is not subject to any external capital management requirements. The Group is primarily focused on its Net Asset Value per share to manage its equity and as a key measure of performance. In prior financial periods, the Net Asset Value was affected by market movements, particularly changes in the value of investment properties whose value changes are affected by factors outside the Group's control. Given the factors disclosed in Note 8, movements in the value of investment properties is no longer a risk to the Group's Net Asset Value.

In prior financial periods, the Group used gearing in the normal course of its business. Debt is managed on a non-recourse basis at the subsidiary level with the exception of the BAP loans, details of which are given in Note 20.

	31 December 2012 Group €'000	31 December 2011 Group €'000
Total assets	9,174	11,246
Total liabilities	2,644	9,243

Working capital is managed in each subsidiary on a standalone basis.

Collateral and guarantees
The Group had given mortgages over land and buildings in various subsidiaries as collateral to providers of finance. These mortgages were given in the normal course of business. At year-end the only mortgage remaining is with respect to

18. Financial Instruments (cont'd)

the BAP Loan which itself is classified within liabilities of a disposal group held for sale.

Mortgages have been provided over the following properties:

Property	Property Value	Mortgage Value
	€'000	€'000
Bolshaya Pushkarskaya*	7,722	2,341
	=====	=====

* Details of the BAP Holdings loans and any related securities are given in Note 20. The property is classified within the financial statements as part of a disposal group held for sale (see Note 8).

Credit risk

Credit risk is the risk that an issuer or counter party will be unable or unwilling to meet a commitment that it has entered into with the Group. In the event of a default by an issuer or counterparty the Group may suffer losses.

The Group is also exposed to credit risk on deposits with banks. Barclays Bank held the majority of the Group's cash at year end. Barclays Bank was rated by S&P as having a credit rating on short term deposits of "A-1".

The Company is exposed to credit risk on its loans to subsidiaries and capital contributions to subsidiaries. Credit risk is managed through monitoring changes in the Net Asset Value of its subsidiaries. Previously, this was principally affected by changes in the value of the underlying properties which were re-valued annually.

Liquidity risk

Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments.

Investments in property are relatively illiquid. Previously, the Group aimed to mitigate this risk by investing in properties in good locations. The Group's objective was to maintain a balance between continuity of funding and flexibility through use of long term borrowing to finance the acquisition of properties. Given the factors outlined in Note 8, the Group is no longer exposed to liquidity risk associated with investments in property subsequent to the year end.

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

18. Financial Instruments (cont'd)

The maturity profile of the Group's liabilities, excluding those classified as held for sale, is as follows:

Maturity Profile

2012	< 3 Months	3-12 Months	1-5 Years	>5Years	Total
	€'000	€'000	€'000	€'000	€'000
Bank loans	-	-	-	-	-
Other loans	-	-	-	-	-
Trade and other payables	172	-	-	-	172
					172

2011	< 3 Months	3-12 Months	1-5 Years	>5Years	Total
	€'000	€'000	€'000	€'000	€'000
Bank loans	-	3,857	-	-	3,857
Other loans	1,987	-	1,052	-	3,039
Trade and other payables	1,196	-	-	-	1,196
					8,092

The above amounts are inclusive of the estimated interest cost and therefore will not agree to the loan balances as set out elsewhere in the accounts. Trade and other payables at 31 December 2011 included management fees and related interest.

Foreign exchange risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. In all of the regions in which the Group operates, with the exception of Russia, assets and liabilities are denominated in Euro or currencies with fixed exchange rates to the Euro. In Russia the assets and income are typically denominated in US dollars. To mitigate the foreign exchange risk the Group will typically arrange its bank funding in the same currency in which the assets are denominated. At this point the Group has decided not to engage in foreign currency hedging or other derivative instruments to further reduce this risk.

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

18. Financial Instruments (cont'd)

Change in US$ / Euro Rate	% Change	Effect on Profit before Tax €'000
2012	+10%	-
	-10%	-
2011	+10%	820
	-10%	(672)

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Groups long-term debt obligations which have floating interest rates. The Group does not use interest rate swaps or other hedging instruments to manage this risk.

The interest rate profile of the Group at 31 December 2012 was as follows:

	Total €'000	Fixed Rate €'000	Variable Rate €'000	Non-interest Bearing €'000	Weighted Avg. Rate %
Cash and cash equivalents	1,379	1,379	-	-	.1%
BAP holdings loan	(2,341)	(2,341)	-	-	20.0%
	(962)	(962)	-	-	

As detailed in Note 8, the BAP Holdings Loan and certain cash balances have been classified as part of a disposal group held for sale.

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

18. Financial Instruments (cont'd)

The interest rate profile of the Group at 31 December 2011 was as follows:

	Total €'000	Fixed Rate €'000	Variable Rate €'000	Non-interest Bearing €'000	Weighted Avg. Rate %
Cash and cash equivalents	2,128	2,128	-	-	0.1%
Bank loans	(3,777)	-	(3,777)	-	6%
BAP holdings loan	(1,902)	(1,902)	-	-	20.0%
Non-controlling interest loans*	(1,052)	(1,052)	-	-	6%*
	(4,603)	(826)	(3,777)	-	

Impact of a 1% rise in the Euro floating rate

	% Change	Effect on Profit before Tax €'000
2012	+1%	-
	-1%	-
2011	+1%	38
	-1%	(38)

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

19. Subsidiaries and Non-Controlling Interest

Investments in subsidiaries

	31 December 2012 Company €'000	31 December 2011 Company €'000
Share capital of subsidiaries	-	-
Loans to subsidiaries	33,596	33,596
Impairment of loans to subsidiaries	(30,096)	(30,096)
Capital contributions to subsidiaries	355	35
Impairment of capital contributions to subsidiaries	(355)	(35)
Reversal of previously recognised impairment provisions	2,175	-
Total investments in subsidiaries	5,675	3,500

The Company has made loans and capital contributions to subsidiaries whose net asset values have fallen below the value of the loans granted. The Board has decided therefore to write down the value of the loans, capital contributions and any accrued interest on those loans to bring the value into line with the cash that would be available to repay them if the assets of the subsidiaries were disposed of at their book value and their existing liabilities repaid. This was completed through accumulated impairment charges totalling €28.3 million (2011: €30.1 million).

The reversal of provision for impairment charges previously recorded arises as a result of actual proceeds recovered following the sale of Pedragon Limited post period end exceeding carrying value (Note 8).

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

19. Subsidiaries and Non-Controlling Interest (cont'd)

The following were the companies in the Group at 31 December 2012:

Name	Securities in issue	Principal activity	Country of incorporation	Beneficial interest 2012	2011
Metro Baltic Guernsey ltd.	2 shares of €1 each	Intermediate holding company	Guernsey	100%	100%
Pedragon Investments ltd.	2,000 shares of €1 each	Intermediate holding company	Cyprus	100%	100%
Metro Baltic Netherlands B.V.	18,000 shares of €1 each	Non-trading	Netherlands	100%	100%
Goldbrick Investments ltd.	4,417,288 shares of €1 each	Development company	Cyprus	100%	100%
OOO Gruppa Kub	1 share of RUB 10,000	Property management	Russia	100%	100%
OU Pirita tee 26	1 share of 8,000 EEK and 1 of 32,000 EEK	Development company	Estonia	-%	80%

As detailed in Note 8, subsequent to the year end, the Company sold its interest in Pedragon Limited, Goldbrick Limited, and OOO Gruppa Kub and, at the balance sheet date, the investment in these entities are classified as non-current assets held for sale.

During the year, the Group's Pirita Tee subsidiary was subject to insolvency proceedings. Accordingly, the Group ceased to have control of the entity and the entity was deconsolidated effective 19 November 2012 (See Note 8).

During the year ended 31 December 2011, the Group's Latvian subsidiaries were subject to insolvency proceedings. Accordingly, the Group ceased to have control of these entities and the entities were deconsolidated effective 6 July 2011 (See Note 8).

During the year ended 31 December 2011, the Company disposed of its remaining 50% of its shareholding in Focus Kinnisvara OU. The interest was classified as held for sale at 31 December 2010.

There have been no other changes in the Company's investments during the year or since the period end.

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

20. BAP Holdings Loan

In or about April 2009, MCM, the former Investment Adviser to the Group, arranged that certain Group companies, Goldbrick Investments Ltd ("Goldbrick") and Pedragon Investments Limited ("Pedragon"), enter into a series of transactions with OÜ BAP Holding ("BAP Estonia"), a special purpose vehicle incorporated in Estonia by MCM to issue high yield bonds. The transactions included a loan agreement dated 4 April 2009 (referred to above as the BAP Loan) secured by a mortgage over the St Petersburg property (the "Mortgage").

On 15 June 2011, BAP Holding OOO, a Russian incorporated entity ("BAP Russia"), issued proceedings against the Company's subsidiary Goldbrick in the Arbitration Court of St Petersburg. Pedragon, was subsequently joined into the proceedings as a third party. The proceedings were primarily for the purpose of enforcing a mortgage over the Company's property asset in St Petersburg, Bolshaya Pushkarskay 10, owned by Goldbrick. BAP Russia is acting as assignee of the mortgage from BAP Estonia which lent money to Pedragon pursuant to a credit line agreement dated 4 April 2009.

On 21 July 2011, Pedragon issued proceedings against BAP Estonia and BAP Russia in the Harju County Court, Estonia, seeking to establish that the credit line agreement between Pedragon and BAP Estonia is invalid and BAP Russia (as purported assignee of BAP Estonia's claims against Pedragon) does not have any claims against Pedragon arising out of the credit line agreement.

On 19 April 2013, subsequent to year-end, the Group sold Pedragon, Goldbrick and OOO Gruppa KUB. As a consequence of the sale, the claim by BAP Russia is no longer against a subsidiary of the Group and the claim against BAP Estonia and BAP Russia is no longer being pursued by a subsidiary of the Group. As referred to in note 2.2, the purchaser of Pedragon, Goldbrick, and OOO Gruppa KUB has assumed the liability of the BAP Loan.

21. Employees

At 31 December 2012 the Group had 41 (2011: 41) employees. The average number of employees for the year ended 31 December 2012 was 41 (2011: 43).

	31 December 2012 Group €'000	31 December 2011 Group €'000
Wages and salaries	260	259
Social security cost	58	57
	318	316

22. Related Party and Key Management Transactions

Transactions between the Company and its subsidiaries which are related parties have been eliminated on consolidation and are not disclosed in this note.

Key management during the prior year comprised the former Investment Manager, former Investment Adviser, Property Managers and Directors. Key management during the current year comprised the Property Managers and Directors.

As disclosed in Note 3, a credit of €714k in the current year arises as a result of a decision to reverse the accrual in respect of amounts owing at 31 December 2011 to the former Investment Manager on the basis that the Directors have received legal advice that the likelihood of the amounts accrued at the previous year end becoming payable was remote. There is no performance fee expense and performance fee payable for the year ended 31 December 2012 (2011: Nil).

Directors' fees for the year ended 31 December 2012 amounted to €60k (2011: €36k). Directors' fees payable at the year ended 31 December 2012 amounted to €38k (2011: €25k).

During the financial year ended 31 December 2009, the Group arranged a "BAP Loan" from BAP Estonia, a special purpose vehicle established and part-funded by the former Investment Adviser to raise funds for the Group. The balance outstanding at 31 December 2012 was €2.3m which is included in liabilities held for sale (2011: €1.9m). The former Investment Adviser invested €625k in BAP Estonia during 2008. The balance of the funding of BAP Estonia was sourced through the issue of secured, high yield bonds (the "Loan Notes"), approximately 90% of which were issued to parties connected to or related to the former Investment Adviser. In 2011 the Loan Notes and ownership of BAP Estonia were transferred to another Estonian entity whose relationship to the former Investment Manager is unknown. The purchaser of Pedragon, Goldbrick and OOO Gruppa KUB has assumed the liability of the BAP Loan as disclosed at Note 20 above.

As detailed elsewhere in these financial statements, subsequent to the year end, the entity disposed of Pedragon Limited, Goldbrick Limited and OOO Gruppa KUB for €5.5 million. The transaction resulted in the sale of the Group's final investment property situated in St. Petersburg. The purchaser of the entities was Fitzroy Ventures Limited. Fitzroy Ventures Limited is a related party by virtue of the fact that it is owned by Mr Boris A. Petrov, the former St. Petersburg property manager.

23. Commitments

The Group has no un-provided commitments as at year end (2011: Nil).

Notes to the financial statements (cont'd)
for the year ended 31 December 2012

24. Investment Policy

The Company was established in 2006 to invest in and develop a portfolio of high quality property assets spread across the Baltic States with a focus on prime office, residential and retail development and investment opportunities. As a matter of current record and fact the current Investment Policy is as defined in more detail below. However the Company's predominant assets and activities are cash and litigation against the former Board and advisers. With the completion of the sale of the last remaining property the Company would consider in fulfilment of its on-going obligation to AIM a revised investment policy. In the first instance the Board is however considering the de-listing of the shares which would pre-empt such a revised Investment policy statement and approval. In the event the listing is preserved the Board will propose a revised Investment Policy.

Current Permitted Investment Policy

The Company is approved to invest in and develop high quality property assets spread across the capital cities of the three Baltic States (although principally Tallinn in Estonia and Riga in Latvia) and St Petersburg, Russia.

In the unlikely event that the Company were to consider future investment the Company, as matters stand, could only consider a focus on prime office, residential and retail development and investment opportunities which the Company would believe could generate a target minimum internal rate of return of 25%. The Company could also invest selectively in land acquisition and in joint ventures with reputable developers. In such circumstances the Company would expect to immediately dispose of any completed residential developments but could lease out and keep any developed commercial properties as cash yielding part of an investment portfolio. But as stated the Company is unlikely to make any further property investments

25. Subsequent Event

Subsequent to the balance sheet date, the Group sold its shares in Pedragon Limited, Goldbrick Limited and OOO Gruppa KUB for €5.5m. The purchaser of these entities has assumed all assets and liabilities of those subsidiaries as of the date of sale (19 April 2013).

26. Approval of Financial Statements

The financial statements were approved by the Board of Directors on 28 June 2013.