

Metro Baltic Horizons plc
Report and Condensed Consolidated Financial Statements
for the period ending 30 June 2011

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Directors, Officers and Advisers

Directors	Ronan Reid Brendan Murphy Tim Crowley	(Non-Executive Chairman) (Non-Executive Director) (Non-Executive Director)
Company Secretary	Philip Scales	
Investment Manager	Metro Frontier Limited 33-37 Athol Street Douglas Isle of Man IM1 1LB	
Investment Adviser	Metro Capital Management AS Viru Valjak 2 Tallinn 10111 Estonia	
Nominated Adviser & Broker	Fairfax I.S. PLC 46 Berkeley Square Mayfair London W1J 5AT	
Auditors	Ernst & Young LLC Rose House 51-59 Circular Road Douglas Isle of Man IM1 1AZ	
Property Valuers	Colliers International Riga Office Balasta dambis 1a Riga, LV 1048 Latvia	
	Newsec Tallin Roseni av. 7 EE-10111 Tallinn Estonia	
	Jones Lang LaSalle Fontanka Emb., 13 191011 St. Petersburg Business centre "Oscar".	

Highlights

- Net asset value per share (NAV) after deferred tax liabilities decreased by 19 % to €0.34 (30 June 2010: €0.42). The Company's valuations remain as those reflected in the Financial Statements to the year ended 31st December 2010.
- Total gross property portfolio (including minority interests) valued at €18.1million as at 30 June 2011 (30 June 2010: €38.3 million). The decrease in the gross property portfolio primarily reflects the sale of the Metro Plaza property in Tallinn.
- At the period end, the Group held a total of €11.1 million of bank and other borrowings, €9.1 million of which was held at the SPV level and as such are non recourse to the Company
- Some tentative signs of stabilisation in the St Petersburg and Estonian markets which may benefit the remaining two properties but not in the case of the Riga property where the special purpose company holding this investment has now filed for insolvency.
- Strategic reviews of the remaining two investments are actively underway, including longer term development options. The Company is being advised by recently appointed local property advisers; following the termination of the investment management contract with the former investment manager.
- The Company intends to commence legal proceedings against various parties including the former directors, professional advisers and investment management team in relation to a material proportion of the losses suffered by the Company.

Chairman's Statement

The Company has now entered a period of greater stability as the new Board of the Company has stabilised the finances and replaced the advisers to the Company. The investment focus is on the remaining properties and in particular the St Petersburg site. In addition the focus of the Board is to ensure the accountability of any party the actions of whom, whether by negligence or design, occasioned loss for the Company in contractual or other breach of their obligations.

Ronan Reid
Chairman
30th September 2011

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2011

	Note	Unaudited 30 June 2011 Group €'000	Unaudited 30 June 2010 Group €'000
Continuing operations			
Rental income		407	984
Rental and related expenses		-393	-422
Net rental and related income		<u>14</u>	<u>562</u>
Administrative expenses		-370	-438
Changes in value of investment property		0	2,041
Net foreign currency gain		2	25
Net operating profit/ (loss) before tax and finance income and expense		<u>-354</u>	<u>2,190</u>
Finance expense		-606	-732
Profit/(loss) before tax		<u>-960</u>	<u>1,458</u>
Income tax (charge)/ credit			-410
Profit/(loss) for the year		<u>-960</u>	<u>1,048</u>
		=====	=====
Other comprehensive income			
Profit/(loss) for the year		-960	1,048
Other comprehensive income for the year, net of tax		-	-
Total comprehensive profit / (loss) for the year, net of tax		<u>-960</u>	<u>1,048</u>
		=====	=====
Attributable to:			
Equity holders of the parent		-872	990
Non-controlling interest		-88	58
		<u>-960</u>	<u>1,048</u>
		=====	=====
Earnings per share for continuing operations			
Basic profit / (loss) for the year attributable to ordinary equity holders of the parent (cents)	3	(3.3)	3.8

Consolidated Statement of Financial Position
As at 30 June 2011

	Note	Unaudited 30 June 2011 Group €'000	Unaudited 30 June 2010 Group €'000
ASSETS			
Non current assets			
Investment property		18,074	38,340
Other Assets		15	13
		<u>18,089</u>	<u>38,353</u>
CURRENT ASSETS			
Other current assets			
Trade and other receivables		158	195
Cash and cash equivalents		99	1,101
Restricted cash		2,981	503
			185
		<u>3,238</u>	<u>1,984</u>
TOTAL ASSETS		<u>21,327</u> =====	<u>40,337</u> =====
	Note	Unaudited 30 June 2011 Group €'000	Unaudited 30 June 2010 Group €'000
EQUITY			
Issued capital			
Distributed reserves		262	262
Retained earnings		36,186	36,186
Foreign Exchange Movements		-27,428	-25,004
		-176	-354
Total equity attributable to ordinary shareholders		<u>8,844</u>	<u>11,090</u>
Minority Interest		-1,831	-447
TOTAL EQUITY		<u>7,013</u>	<u>10,643</u>
LIABILITIES			
Non-current liabilities			
Bank loans			16,432
Other loans		2,319	2,290
Deferred tax liabilities		2,313	2,941
Total Non Current Liabilities		<u>4,632</u>	<u>21,663</u>
CURRENT LIABILITIES			
Trade and other payables			
Bank Loans		835	1,363
Other loans		6,825	4,002
Other liabilities		1,919	2,603
		103	63
Total Current Liabilities		<u>9,682</u>	<u>8,031</u>
TOTAL LIABILITIES		<u>14,314</u>	<u>29,694</u>
TOTAL EQUITY AND LIABILITIES		<u>21,327</u>	<u>40,337</u>

Net asset value per ordinary share – basic (cents)	4	=====	=====
		34	42

Approved on behalf of the Board of Directors on 30th September 2011 and signed by

Ronan Reid
Director

Brendan Murphy
Director

Attributable to the equity holders of the parent

	Issued Capital €'000	Distributable Reserves €'000	FX Gains or Losses €'000	Retained Earnings €'000	Total €'000	Non-Controlling Interest €'000	Total Equity €'000
As at 1 January 2011	262	36,186	-176	-26,556	9,716	-1,743	7,973
Loss for the year	-	-	-	-872	-872	-88	-960
Total comprehensive income	-	-	-	-872	-872	-88	-960
As at 30 June 2011	262	36,186	-176	-27,428	8,844	-1,813	7,013
	=====	=====	=====	=====	=====	=====	=====

Attributable to the equity holders of the parent

	Issued Capital €'000	Distributable Reserves €'000	FX Gains or Losses €'000	Retained Earnings €'000	Total €'000	Non-Controlling Interest €'000	Total Equity €'000
As at 1 January 2010	262	36,186	-354	-25,994	10,100	-505	9,595
Loss for the year	-	-	-	990	990	58	1,048
Total comprehensive income	-	-	-	990	990	58	1,048
Non-controlling interest arising from change in ownership	-	-	-	-	-	1,600	1,600
As at 30 June 2010	262	36,186	-354	-25,004	11,090	-447	10,643
	=====	=====	=====	=====	=====	=====	=====

Consolidated Statement of Cash Flows
For the six months ended 30 June 2011

	Unaudited 30 June 2011 Group €'000	Unaudited 30 June 2010 Group €'000
Cash flows from operating activities		
Loss before tax	-960	1,458
Non-cash adjustment to reconcile profit before tax to net Cash flows		
Finance cost	342	732
FX gain/(loss)	2	-27
Changes in value of investment property	0	-2,041
Working capital adjustments:		
(Decrease)/increase in creditors	-57	446
Decrease/(increase) in debtors	181	-172
Net cash flows from operating activities	<u>-492</u>	<u>396</u>
Cash flows from investing activities		
Capital expenditure on investment properties and property, plant and equipment	-	-514
Finance Income	3,000	-
Net cash used in investing activities	<u>3,000</u>	<u>-514</u>
Cash flows from financing activities		
Finance Expense	-	-732
Repayments of borrowings	-	-217
Proceeds from borrowings	-	1,150
Net cash generated from financing activities	<u>-</u>	<u>201</u>
Decrease/ (Increase) in restricted cash	-	-70
Net (decrease)/increase in cash and cash equivalents	<u>2,508</u>	<u>13</u>
Cash and cash equivalents at the beginning of the period	473	490
Cash and cash equivalents at the end of the period	<u>2,981</u>	<u>503</u>
	=====	=====

Notes to the consolidated financial statements

For the period ended 30 June 2011

1. General Information

Metro Baltic Horizon plc (The “Company”) is a company incorporated and domiciled in the Isle of Man on 18 September 2006 for the purposes of investing in and developing property in the Baltic States and in the St. Petersburg area of Russia.

The interim report of the Company for the period to 30 June 2010 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 the AIM of the London Stock Exchange and commenced operations on the 11 December 2006.

The functional currency of the consolidated financial statements is the Euro and consequently the Company is reporting in Euro.

2. Basis of preparation

The Interim Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

The Interim Financial Statements do not include all the information and disclosures required in Annual Financial Statements, and should be read in conjunction with the Group’s Annual Financial Statements for the year ended 31 December 2009.

Significant accounting policies

The same accounting policies, presentation and methods of computation are followed in these Condensed Financial Statements as those followed in the preparation of the Group’s Annual Financial Statements for the year ended 31 December 2009.

3. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2011 was based on the profit attributable to shareholders of €990k and a weighted average number of ordinary shares outstanding during the period ended 30 June 2010 of 26,200k.

	Unaudited 30 June 2011 Group €'000	Unaudited 30 June 2010 Group €'000
Basic earnings per share		
(Loss)/Profit attributable to ordinary shareholders	(872)	990
Weighted average number of ordinary shares in issue during the period ('000)	26,200	26,200
Basic earnings per share (expressed as cents per share)	(3.3)	3.8

4. Net Asset Value per share

	Unaudited 30 June 2011 Group €'000	Unaudited 30 June 2010 Group €'000
Net Asset Value attributable to ordinary shareholders	8,844	11,090
Deferred tax	2,313	2,984
Net Asset Value excluding deferred tax	11,157	14,074
Net Asset Value per share (cents per share)	34	42
Net Asset Value excluding deferred tax (cents per share)	43	54