

27 September 2007

Metro Baltic Horizons

Audited Interim results for the period ended 30 June 2007

**METRO BALTIC HORIZONS REPORTS A 42% RISE IN NAV
WITH IPO PROCEEDS NOW FULLY INVESTED**

Metro Baltic Horizons (“MBH” or the “Company”), the property investment company focused on prime office and residential development opportunities in the Baltic State capitals and St Petersburg, Russia, announces strong progress in its results for the period ended 30 June 2007.

Highlights

- Net asset value per share before deferred tax liabilities up 42.5% to 133p or €1.98 since Admission on 11 December 2006. NAV after deferred tax liabilities up 20.0% to 112p or €1.67
- Total property portfolio now valued at €52.6 million
- More than 90% of IPO proceeds committed during reporting period; with acquisition announced today, the IPO proceeds are now fully committed
 - Acquisitions completed in each target city, with a further transaction completed in Tallinn as announced today. The centrally located properties offer shareholders an attractive spread of assets across the target region and meet the Company’s investment criteria stated at Admission
 - The three acquisitions completed during the period were initially fully equity financed
- Other than €5.7 million of debt assumed as part of the acquisition transactions, there is no debt on the Company’s balance sheet
- Planning permission has been secured for two of the three properties acquired in the reporting period – in Riga and Tallinn, with the majority of the Company’s developments scheduled for completion from late 2009 onwards
- Company is particularly excited by the prospects for the St Petersburg market where demand for high-quality space is forecast to outweigh supply.

Robin James, Chairman of MBH, commented:

“I am delighted to report that, following an active six months, by 30 June 2007 we had already acquired properties in each of our target cities and committed more than 90% of the IPO proceeds, in line with our original investment plans. Furthermore, we have announced today a further acquisition in Tallinn as a result of which all IPO funds have now been fully invested.”

“We continue to see extensive deal flow and attractive investment opportunities in our target cities and, subject to the availability of finance, there is considerable potential to increase the scale of the Company’s investment and development activities. Aided by the local resources, experience and network of contacts of the Investment Adviser, we have made an excellent start and believe that we are very well placed to build upon the investment momentum and shareholder value we have created. We look to the future with considerable confidence.”

James Kenny of Metro Frontier, added:

“At the time of the AIM admission, the Company anticipated that its focus during the first 18-24 months post-Admission would be on acquiring land, securing planning consents and all attendant construction and other permissions. We are successfully progressing all of these, with three sites acquired during the period, as well as a further acquisition post period end and three planning permissions secured. Through our network of offices and extensive contacts, we continue to identify and monitor a number of appropriate opportunities for future investment.

“As a result, MBH is now strongly positioned to establish itself as one of the leading western investors in this dynamic and developing region for the benefit of the Company’s shareholders.”

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Notes to Editors

Metro Baltic Horizons (ticker code: MET.L) is a property investment company targeting the capital cities of the three Baltic States – Latvia, Estonia and Lithuania - and St Petersburg, Russia.

The Baltic States are amongst the fastest growing economies in Europe and St Petersburg is regarded as one of the top investment locations in Russia. Combined, this represents a strategically located region with developed and improving business, trading and political links.

The Investment Manager will source and recommend suitable property development opportunities to the Company principally in the office and residential sectors and expects to target development projects which can demonstrate an ability to generate a minimum internal rate of return to the Company of 25%.

The Investment Adviser is an experienced and fast growing property asset manager and developer with offices in Riga, Tallinn and St Petersburg. It has a team of 30 experienced professionals managing a portfolio of 21 projects across the region.

Riga is the capital of Latvia and has a population of circa 800,000. Latvia was the fastest growing economy in EU in 2006 recording a GDP growth rate of 11.9% compared to an EU (27) average of 2.9%. Growth rates are forecast to stay at high levels with an average annual GDP growth rate of 7.7% forecast through 2010. Riga’s property market has been one of the best performing in Europe in recent years and in 2006 saw demand exceeding supply in most classes of real estate.

Tallinn, the capital of Estonia, has a population of circa 400,000. Estonia is the most economically advanced of the Baltic States and has amongst the highest levels of GDP per head of any of the recent EU entrants. In 2006, Estonian economic growth reached 11.4%, a record level since Estonia’s independence in 1991, driven principally by domestic demand. GDP growth of 8.6% is forecast for 2007.

St Petersburg is the fourth largest city in Europe with a population of 4.6m. The former capital of Russia, it is located 140kms from the Estonian border and is the administrative capital of North West region.

Chairman's Statement

Introduction

I am very pleased to report excellent progress in the Company's investment activities and financial performance during its first reporting period since the Company's listing on the Alternative Investment Market of the London Stock Exchange (AIM) on 11 December 2006.

At the time of listing the Company raised £26.2m (€38.8m) following a placing of 26.2m shares at 100p per share (€1.48 per share). After deducting the costs of the listing and placing, the Company received net proceeds of approximately £24.6m (€36.5m), representing an opening net asset value of 94p or €1.39 per share.

I am delighted to report that, following an active six months, by 30 June 2007 we had already acquired properties in each of our target cities and committed more than 90% of the IPO proceeds, in line with our original investment plans. Furthermore, we have today announced an additional acquisition in Tallinn as a result of which all IPO funds have now been fully invested.

Financial Performance

The Company's audited net asset value per share (NAV) before deferred tax liabilities at 30 June 2007 was 133p or €1.98 and after deferred tax liabilities was 112p or €1.67. This represents an increase in NAV over the six month period since Admission of 42.5% before deferred tax liabilities and 20% after deferred tax liabilities. As each of the Company's assets are structured and held through individual Special Purpose Vehicles (SPVs) and the sale of any Company assets will most likely be structured as a sale of shares of the SPVs, it is not expected that under the current tax legislation the deferred income tax liability will arise. As such, we believe the audited NAV before deferred income tax liabilities of 133p or €1.98 per share to be the most representative figure.

Given that the reporting period covers only approximately six months since the Company's AIM admission, this positive audited NAV uplift (both pre and post deferred tax) represents a very satisfactory performance. This NAV uplift also clearly illustrates the quality of the Company's investments to date and the ability of the Investment Manager to identify and acquire prime assets for the Company at attractive prices.

We expect this NAV growth to continue in line with original investment expectations.

During the period, the Company recorded a profit before tax of €7.3m.

The Company at the period end was very conservatively leveraged and had a total of €5.7m in bank debt, all of which was assumed as part of acquisitions completed.

Investment Objective and Strategy

Metro Baltic Horizons ("MBH") is the first and only London listed investment Company specifically targeting direct property investment and development opportunities in the dynamic markets of St Petersburg, Russia and the Baltic State capitals of Tallinn (Estonia) and Riga (Latvia).

In addition to their close geographic proximity, these cities share many common characteristics including a trend of above EU average GDP growth, increasing foreign direct investment, significant infrastructure investment, rising levels of disposable income, expanding availability of commercial and personal finance and limited quality property stock.

The investment objective of the Company is to provide shareholders, by investing in real estate assets in the Target Region, with a high level of total financial returns, principally comprising capital growth but with the potential for the payment of dividends over the medium to long term.

The Company expects to achieve this objective by pursuing a very specific investment strategy

- MBH will only invest in the cities of St Petersburg (Russia), Riga (Latvia) and Tallinn (Estonia)
- MBH will only invest in prime central city locations and where the supply/demand dynamics for the specific asset in the specific location are favourable
- MBH is focused on development opportunities rather than investing in the very limited pool of quality developed assets in the region
- MBH will only consider investments which can generate a minimum internal rate of return in excess of 25%
- MBH will concentrate its investments in the office, residential and retail sectors
- MBH will favour projects where there is an opportunity to enhance investment returns and shareholder value through the planning process.

Investment Overview

In the period from Admission to the end of June 2007, the Company acquired three high-quality, centrally located properties, one in each of St Petersburg, Tallinn and Riga, which together offer shareholders an attractive spread of assets across the Target Region and all of which meet the Company's stated investment criteria. These assets are also complementary in terms of their development timelines which will allow the efficient utilisation and phased reinvestment of shareholders' equity to part fund construction/development. In total, on a pre-gearing basis, these acquisitions involved the investment of more than 90% of the funds raised by the Company in its AIM admission.

In addition, since the end of the reporting period, we have today announced a further acquisition in Tallinn following which all IPO funds have been fully invested. In the context of reporting the Company's financial commitments, we have only included the acquisition cost and the 12 month working capital requirement for each development rather than the gross equity requirement over the life of the respective projects.

Table of Company's Investment Portfolio

| City | Location | Development | MBH Shareholding | Gross area sq m | Scheduled completion | Estimate of MBH's Gross Development Cost |
|---------------|------------------|---------------|------------------|-----------------|---|--|
| Tallinn | Viru | Office/retail | 100% | 8,900 | Q1 2009 | €25,000,000 |
| Tallinn* | Pirita | Residential | 80% | 12,000 | Phased 2010-2011 | €20,800,000 |
| Riga | Krasta | Office | 80% | 49,900 | Block 1 2010-2011 Blocks 2&3 2011-2013 | €32,000,000 €48,000,000** |
| St Petersburg | Bolshoi Prospect | Office/retail | 100% | 26,000 | Phased Q3 2009-Q3 2010 | € 58,000,000 |

* Post balance sheet acquisition

** Company may also Joint Venture or sell off construction rights and cost would reduce accordingly

Although our initial portfolio of investments is balanced across the three target cities, we anticipate that, ultimately, the Company's investment commitments in St Petersburg could represent a significantly greater percentage of the Company's assets over time. This expectation is based on both the increasing attractions of the St Petersburg property market, both in a regional and international context, and the number and scale of the opportunities now being identified by the Investment Manager in the City.

Further details on our property investments are contained in the Investment Manager's report.

Financing

Including the Pirita acquisition in Tallinn, which was completed after the end of the period, the Company has invested €37.5m (acquisition cost plus 12 months working capital) which represents in excess of 100% of net IPO proceeds. Of this amount, approximately 36% has been invested in St Petersburg, 35% in Tallinn and 29% in Riga.

The three acquisitions completed during the period were initially fully equity financed and consequently, other than €5.7m of debt assumed as part of acquisitions, there is no debt on the Company's balance sheet as at 30 June 2007. It is the Company's intention to refinance and leverage certain of the Company's assets through local banks in the coming months and advanced discussions are ongoing with several prospective lenders, many of whom have a long track record of successful debt provision to the Company's Investment Manager. The Company, as advised by the Investment Manager, estimates that it can raise in excess of an additional €12m in new debt facilities secured on the Company's existing assets which would represent a conservative level of gearing and could be utilised for further investment or general working capital requirements as necessary.

Market

The market in the target cities for existing, quality, developed assets remains highly competitive as an increasing number of investors seek exposure to these fast growing and dynamic areas. As a result, yields have generally compressed down to levels where they approach core European market levels. Residential prices have also grown dramatically, albeit from a low base, and after some slowdown in 2006 have resumed an upward trend in prime areas. However, these markets continue to offer significant value for well-positioned buyers with appropriate finance, experience and meaningful local development capabilities.

As a developer, we believe that the Company is well positioned to expand and create a market-leading position in these cities. The St Petersburg property market is considerably less developed than those of the Baltic capitals, but offers significant scale and vast investment potential arguably unmatched in Europe at this time.

Accounts

The Company's functional and reporting currency is the Euro, being the currency in which the majority of the Company's expenditures and forecast revenues are denominated. The Company has adopted IFRS reporting standards and has prepared full audited consolidated financial statements for the period ended 30 June 2007. In the future the Company's interim financial statements may be subject to review by the Company's auditors.

Board

I would like to pay tribute to Stuart McDonald, the former Chairman of the Company, who tragically died after a short illness during the year. Stuart's immense skills and experience played a key role during the formation and listing of the Company and his patient and wise counsel is greatly missed.

Outlook

We continue to see extensive deal flow and attractive investment opportunities in our target cities and, subject to the availability of finance, there is considerable potential to increase the scale of the Company's investment and development activities. Aided by the local resources, experience and network of contacts of the Investment Adviser, we have made an excellent start and believe that we are very well placed to build upon the investment momentum and shareholder value we have created. We look to the future with considerable confidence.

Robin James
Chairman
27 September 2007

Investment Managers Report

Introduction

Metro Capital Management AS and Metro Frontier Limited (together 'Metro Group ') were appointed by the Company as Investment Adviser and Investment Manager respectively in December 2006. Metro Group is an experienced and fast growing property asset manager and developer with 30 professionals operating in offices in St Petersburg, Tallinn and Riga. Metro have been active in property development and asset management in the region since 2001 and manage a portfolio of 21 projects which have historically generated an average return on equity for their investors of over 90% per annum.

Since listing on AIM in December 2006, we have sought to implement the Company's investment strategy by identifying and recommending to the Board a number of transactions which met the Company's stated investment criteria. A total of three transactions were completed in the period and one transaction has been completed after the end of the period, all of which were sourced directly by Metro Group without external agent involvement or cost.

Current Investment Portfolio

Bolshaya Pushkarskaya, St Petersburg, Russia

Bolshaya Pushkarskaya, the first asset acquired by the Company is an office complex on a privatized site of 0.72 hectares located on a prominent street in the centre of St Petersburg in the Petrogradski District. The site is adjacent to Bolshoi Prospekt, one of St Petersburg's main shopping and business streets, and only 3 kms from the Winter Palace. Currently, there are six buildings on the site of which it is intended that one of relative architectural merit will be maintained and refurbished and the others demolished for full redevelopment. Although planning for the redevelopment has yet to be received, current estimates indicate that the redeveloped complex could comprise 26,000 sq m gross area of office and retail space and on-site parking for circa 300 cars.

The estimated total investment by the Company in the redevelopment of the office complex (including its acquisition, construction and finance) is now estimated to be circa €58m. It is anticipated that the complex would generate a rental yield of approximately 17% on total cost when fully let on completion. The acquisition cost was fully equity financed and is expected to be part refinanced with local bank debt. Post-refinance, it is expected that the Company's equity investment in the development will utilise circa 20% of current shareholders' funds. Development costs are expected to be substantially bank financed from local sources on a non-recourse basis to the Company. At present it is intended that the project will be constructed in one or two phases with completions scheduled to occur between Q3 in 2009 and Q3 2010.

The demand for Class A offices in St Petersburg is very strong particularly in prime locations and is forecast to remain so over the medium term. Class A vacancy rates are currently close to 0% which is not surprising given the lack of investment in the office market in recent years and also when it is considered that, as at the end of 2006, there was only 64,000 sq m of Class A offices in the City which is amongst the lowest of any major city in Europe and only at circa 10% of comparable Moscow levels.

Krasta, Riga, Latvia

This asset is a prominently located land plot of 1.7 hectares situated approximately 5 kms from Riga Old Town at the intersection of a major highway and the new South Bridge (due to open in 2008/09). The site is ideally suited for a modern office development, with high visibility and easy access to the City. Planning permission has been granted for the construction of approximately 50,000 sq m of gross office space together with approximately 1000 on-site parking spaces. As current and forecast supply for Class A offices is quite limited, demand for offices with good access and parking is expected to remain very strong. A number of parties

have already indicated interest in acquiring or leasing space in the development and these discussions are being progressed. There has been no increase in Class A stock in Riga in the first half of 2007 and vacancy rates are currently 0%.

The proposal for the project involves the development of three 17-floor towers on a phased basis. Construction is expected to start in summer 2008. The estimated gross development cost (acquisition, construction and finance) for the three towers is €105 million. However, the Company intends to build the towers separately and at or close to completion of the first tower (H1 2010), a final decision will be made on the timing and development strategy for the second and third towers. It is expected that alternatives open to the Company would include sole development, joint venture or the sale of construction rights for the other towers and that, under any strategy pursued, the Company will be able to exceed its target minimum return.

When originally announced in June 2007, it was stated that 100% of the property was being acquired at a price negotiated between the parties on the basis of an independent valuation prepared for the Company by Colliers. Prior to the completion of this acquisition, the Company, as advised by Investment Manager, successfully negotiated a 10% price reduction. As a result, certain of the vendors holding 20% of the development have chosen effectively to retain their shareholdings and will contribute pro rata to the development and other costs of the project. However, the shareholder's agreement provides that the Company has full control of all aspects of the development including its disposal and is not in any way disadvantaged.

Viru Valjak, Tallinn, Estonia

This asset is a 2,200 sq m land plot located on a high profile square in the centre of Tallinn, an area that currently commands some of the highest rents in the city. Planning permission has been secured for the construction of a new seven-storey building, with retail space on the first and second floors and offices on the third to seventh floors. All requisite construction permits are in place, finance has been put in place to fund the development and the construction tender has now been finalised.

Once completed, the building will comprise 8,900 sq m of gross floor space, as well as underground parking for 78 cars. It is estimated that the project will have a gross development cost (acquisition, construction and finance) of €25 million, of which circa €9 million will be equity funded. It is expected that construction and full leasing of the premises will be completed by early 2009. We believe that the high specification and prominent location of this building will position it as one of the most recognised and prestigious office/retail developments in Tallinn. A number of proposals have already been received from high quality prospective tenants.

Pirita, Tallinn, Estonia

We have announced today that the Company has acquired an 80% interest in Special Purpose Vehicle which owns a 1.3 hectare prime residential development site in Tallinn. The site is in an area of the city overlooking the Bay of Tallinn approximately 3kms from the centre of Tallinn in an area rapidly becoming one of the city's premier residential locations. The area is currently zoned for residential development and a detailed plan has been approved for the site. The Company, as advised by the Investment Adviser, proposes to sub-divide the site and reconfigure the building plans to accommodate circa 9,000 sq m of prime residential apartment space, as well as a separate development comprising a circa 3,000 sq m boutique hotel. The project is expected to be developed and released on a phased basis, with initial completion expected in 2010. The estimated total gross development cost of the project, including acquisition, construction and finance is approximately €26m.

This acquisition meets all of the stated investment criteria of the Company including exceeding the minimum internal rate of return threshold of 25%.

Following completion of this acquisition, the Company has fully committed the proceeds of its IPO.

Valuation

A valuation of all of the Company's property assets held as at 30 June 2007 was undertaken by Colliers International through their offices in St Petersburg, Tallinn and Riga to determine the fair market value and, in turn, the NAV of the Company. The valuation was carried out in accordance with relevant international standards. The Company's policy is to independently revalue its assets twice a year, on 30 June and 31 December.

Outlook for the Region

The economic transformation of the Baltic States of Estonia, Latvia and Lithuania since their independence in 1991 has been dramatic. Each of the Baltic States has rapidly modernised, developed fully functioning market economies and has achieved macro-economic stability in a relatively short period of time. The Baltic States have been amongst the best performing of all European economies in recent years experiencing average GDP growth of 9% over the past four years and continued high levels of growth are forecast. This sustained period of high GDP growth, coupled with a stable political and pro-business environment including low flat tax rates, has helped increase disposable income and consumption. This has, in turn, had a positive impact on property prices. With developed banking systems, a strong legal framework, clear title registration systems, good market demand and limited barriers to foreign property ownership, Baltic property is an accessible and attractive asset class with good long-term prospects for continued capital appreciation.

The general improvement in the Russian economy in recent years and the increased stability in Russian government finances, have been evident across all major indicators. St Petersburg, Russia's former capital and second largest city, has in the past five years also experienced significant and consistent economic growth, considerably above Russian regional averages. In 2006, there was a dramatic increase in foreign direct investment into St Petersburg and continued investment growth is anticipated in 2007 and beyond. These factors have helped boost demand across all sectors of real estate. However, there has been significant under-investment in the St Petersburg property market for a number of years and this, coupled with increased market demand, has resulted in there being considerable shortages of stock in several market sectors particularly offices, residential and retail. With a population of 4.6m, St Petersburg is Europe's fourth largest city and represents a significant investment opportunity both in terms of potential returns and scale for the Company. St Petersburg is located approximately 140km from the Estonian border.

The inevitable repercussion of the sub-prime lending crisis on the business and economic climate of the Baltics has been a recent tightening in credit policies of local lenders. This has most heavily impacted on developers now seeking to sell speculative one-off developments, developers in inferior suburban or second city locations and over leveraged developers with limited equity capital. There has been as a consequence, some softening in market prices for these types of assets particularly in poorer locations. However, well located prime developments such as the Company's holdings continue to experience good market demand and our strategy of developing prime assets in specific central city locations is well founded.

In practice, the impact of these changing market conditions on the Company has been minimal. Indeed, by contrast, we are pleased to report that, partly as a consequence of these changing market conditions, we are now seeing an increased number of quality investment opportunities become available and significantly less competition for such assets.

Investment Prospects

At the time of the AIM admission in December 2006, the Company anticipated that its focus during the first 18-24 months post-Admission would be on acquiring land, securing planning consents and all attendant construction and other permissions. With the exception of the Viru Square office/retail development in Tallinn, which is expected to be completed and come to the

market in early 2009, the majority of the Company's developments are scheduled for completion from late 2009 onwards, at which time we are confident that the property markets in the target cities will remain receptive and the supply of new prime stock to be potentially quite constrained.

Through our network of offices and extensive contacts, we continue to identify and monitor a number of appropriate opportunities for future investment. As outlined in the Chairman's statement, we are particularly excited by the prospects for the St Petersburg market, where, in our view, current supply of high-quality space falls dramatically short of current and forecast demand. Certain of the opportunities being considered are of a potentially larger scale than those already acquired by the Company and subject to the availability of finance, may be pursued in joint venture with other parties. The Baltic markets also continue to present attractive investment opportunities which meet the Company's stated investment criteria.

As a result, the Company is now strongly positioned to establish itself as one of the leading western investors in this dynamic and developing region for the benefit of the Company's shareholders.

Consolidated Income Statement

For the period from 18 September 2006 to 30 June 2007

| | Note | 30 June 2007 Group €'000 |
|--|------|-----------------------------------|
| Gross rental income | | 42 |
| Service charge expense | | (28) |
| Net Rental and related income | | <u>14</u> |
| Administrative expenses | 3 | (1,573) |
| Excess of fair value of acquisitions over purchase price | | 7,681 |
| Foreign Currency gains/ (loss) | | 440 |
| Net operating profit before tax and finance income | | <u>6,562</u> |
| Finance Income | 4 | 725 |
| Profit before tax | | <u>7,287</u> |
| Tax charge | 5 | (1) |
| Profit for the period | | <u>7,286</u> |
| Basic earnings per share (cents) | 6 | <u>27.8</u> |
| Diluted earnings per share (cents) | 6 | 27.3 |

Consolidated Statement of Changes in Equity
For the period from 18 September 2006 to 30 June 2007

| | Share Capital €'000 | Share Premium €'000 | Retained Earnings €'000 | Minority Interest €'000 | Total €'000 |
|-----------------------------|---------------------------|---------------------------|-------------------------------|-------------------------------|----------------|
| At 18 September 2006 | - | - | - | - | - |
| Issue of share capital | 262 | 38,513 | - | - | 38,775 |
| Cost of issue of shares | - | (2,327) | - | - | (2,327) |
| Acquisition of subsidiaries | - | - | - | 160 | 160 |
| Profit for the period | - | - | 7,286 | - | 7,286 |
| Total | 262 | 36,186 | 7,286 | 160 | 43,894 |

Company Statement of Changes in Equity
For the period from 18 September 2006 to 30 June 2007

| | Share Capital €'000 | Share Premium €'000 | Retained Earnings €'000 | Minority Interest €'000 | Total €'000 |
|-----------------------------|---------------------------|---------------------------|-------------------------------|-------------------------------|----------------|
| At 18 September 2006 | - | - | - | - | - |
| Issue of share capital | 262 | 38,513 | - | - | 38,775 |
| Cost of issue of shares | - | (2,327) | - | - | (2,327) |
| Acquisition of subsidiaries | - | - | - | - | - |
| Profit for the period | - | - | 1,004 | - | 1,004 |
| Total | 262 | 36,186 | 1,004 | - | 37,452 |

Consolidated Balance Sheet
As at 30 June 2007

| | Note | 30 June 2007 Group €'000 |
|-----------------------------|------|-----------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Development property | 7 | 52,608 |
| Goodwill | | 835 |
| Other Assets | | 2 |
| | | <hr/> |
| | | 53,445 |
| | | |
| Current Assets | | |
| Trade and other receivables | 8 | 150 |
| Cash and cash equivalents | 9 | 25,639 |
| | | <hr/> |
| | | 25,789 |
| | | |
| TOTAL ASSETS | | <hr/> 79,234 <hr/> |

Consolidated Balance Sheet

As at 30 June 2007

| | Note | 30 June 2007 Group €'000 |
|---|------|-----------------------------------|
| EQUITY | | |
| Issued capital | 14 | 262 |
| Share Premium | 15 | 36,186 |
| Retained earnings | | 7,286 |
| <hr/> | | |
| Total equity attributable to equity holders of the parent | | 43,734 |
| Minority Interest | | 160 |
| <hr/> | | |
| TOTAL EQUITY | | 43,894 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Bank Loans | 10 | 3,459 |
| Loan certificates | 11 | 10,772 |
| Deferred tax liabilities | 12 | 8,205 |
| <hr/> | | |
| Total non-current liabilities | | 22,436 |
| Current Liabilities | | |
| Bank Loans | 10 | 2,200 |
| Trade and other payables | 13 | 10,704 |
| <hr/> | | |
| Total current liabilities | | 12,904 |
| TOTAL LIABILITIES | | 35,340 |
| <hr/> | | |
| TOTAL EQUITY AND LIABILITIES | | 79,234 |
| <hr/> | | |
| Net Asset Value per ordinary share – basic (cents) | 16 | 166.9 |
| Net Asset Value per ordinary share – diluted (cents) | 16 | 163.7 |

Company Balance Sheet
As at 30 June 2007

| | Note | 30 June 2007 Company €'000 |
|-------------------------------------|------|-------------------------------------|
| ASSET | | |
| Non-current assets | | |
| Investments in subsidiaries | 7 | 12,623 |
| Current Assets | | |
| Trade and other receivables | 8 | 113 |
| Cash and cash equivalents | 9 | 24,748 |
| | | <hr/> |
| | | 24,861 |
| | | <hr/> |
| TOTAL ASSETS | | 37,484 |
| EQUITY | | |
| Issued capital | 14 | 262 |
| Share Premium | 15 | 36,186 |
| Retained Earnings | | 1,004 |
| | | <hr/> |
| TOTAL EQUITY | | 37,452 |
| LIABILITIES | | |
| Current Liabilities | | |
| Trade and other payables | 13 | 32 |
| | | <hr/> |
| TOTAL LIABILITIES | | 32 |
| | | <hr/> |
| TOTAL EQUITY AND LIABILITIES | | <u>37,484</u> |

Consolidated Cash Flow Statement

For the period from 18 September 2006 to 30 June 2007

| | Note | 30 June 2007 Group €'000 |
|--|------|-----------------------------------|
| Cash flows from operating activities | 17 | 134 |
| Net cash flows from operating activities | | <hr/> 134 |
| Cash flows from investing activities | | |
| Interest received | | 710 |
| Acquisition/ Investment in subsidiaries | | (10,372) |
| Net cash used in investing activities | | <hr/> (9,662) |
| Cash flows from financing activities | | |
| Proceeds from issue of shares, net of issuance costs | | 36,448 |
| Repayments from borrowings | | (1,281) |
| Net cash flows from financing activities' | | <hr/> 35,167 |
| Net increase in cash and cash equivalents | | <hr/> 25,639 |
| Cash and cash equivalents at the beginning of the period | | - |
| Exchange gains/ (losses) on cash and cash equivalents | | - |
| Cash and cash equivalents at the end of the period | 9 | <hr/> <hr/> 25,639 |

Company Cash Flow Statement

For the period from 18 September 2006 to 30 June 2007

| | Note | 30 June 2007 Group €'000 |
|--|------|-----------------------------------|
| Cash flows from operating activities | 17 | 220 |
| Net cash flows from operating activities | | 220 |
| Cash flows from investing activities | | |
| Interest received | | 704 |
| Loans to subsidiaries | | (12,624) |
| Net cash used in investing activities | | (11,920) |
| Cash flows from financing activities | | |
| Proceeds from issue of shares, net of issuance costs | | 36,448 |
| Net cash flows from financing activities' | | 36,448 |
| Net increase in cash and cash equivalents | | 24,748 |
| Cash and cash equivalents at the beginning of the period | | - |
| Exchange gains/ (losses) on cash and cash equivalents | | - |
| Cash and cash equivalents at the end of the period | 9 | 24,748 |

Notes to the consolidated financial statements

For the period ended 30 June 2007

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 invests in and develops property in the Baltic states and in the St. Petersburg area of Russia.

The interim report of the Company for the period from incorporation to 30 June 2007 comprises the Company and its subsidiaries (together referred to as the "Group"). This report does not constitute the Company's statutory accounts.

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 11 December 2006. The Company raised approximately €38.7 million (before costs)

2. Principal Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below:

2.1 Basis of Preparation and Accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards adopted for use in the European Union ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the special purpose vehicles 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.

Where necessary, adjustments are made to the financial results of SPVs to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS as adopted for use in the EU as it applies to the financial statements of the Group for the period ended 30 June 2007. In preparing the financial statements, the accounting policies applied reflect the amendments to IFRS and the adoption of those new IFRS which were in effect at 1 January 2006.

IFRS issued but not yet effective

The Group has not adopted the following standards, interpretations and amendments in the preparation of financial statements as they were either not effective at 31 March 2007 or not applicable to the Group's business:

- IAS 1 (para 124A–124C) - Presentation of Financial Statements Periods commencing on or after 1 January 2007
- IFRS 7 - Financial Instruments Disclosures Periods commencing on or after 1 January 2007
- IFRS 8 - Operating Segments Periods commencing on or after 1 January 2009
- IFRIC 9 - Reassessment of embedded derivatives Periods commencing on or after 1 June 2006
- IFRIC 10 - Interim Financial Reporting and Impairment Periods commencing on or after 1 November 2006
- IFRIC 11 IFRS 2 - Group and Treasury Shares Periods commencing on or after 1 March 2007
- IFRIC 12 - Service Concession Arrangements Periods commencing on or after 1 January 2008

The Group is still evaluating the impact that these standards will have on the Group's financial statements, if any, but expect that there will be no material impact when implemented.

2.3 Revenue recognition

Rental revenues are accounted for on an accruals basis. Rent is billed in advance and then allocated to the appropriate period. Therefore, deferred revenue generally represents advance payments from tenants. 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. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.4 Investment and development property and property under construction

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 comprises freehold land, freehold buildings and land held under operating leases. 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 income statement.

Property under construction or for development is also carried at the revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses.

The Group has appointed Colliers as property valuers to prepare valuations on a semi-annual basis. Valuations will be undertaken in accordance with International Valuation Standards published by the International Valuations Standards Committee.

Gains or losses arising from changes in the fair value of investment property are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of property under construction or for development are included in the revaluation reserve.

2.5 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.

Transaction costs directly attributable to the purchase of the investment properties are included within the cost of the property. Development costs of investment property are also included within the cost of the property. Borrowing costs that are directly attributable to the construction of investment property are capitalised as incurred.

All other administration expenses are charged through the income statement.

2.6 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.

2.7 Tax and Deferred Tax

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 Directors conduct the Group's affairs such that the management and control is not exercised in the United Kingdom and so that neither the Company nor any of its subsidiaries carries on any trade in the United Kingdom. Accordingly, the Company and its subsidiaries will not be liable for UK taxation.

The Group is exempt from Guernsey taxation on income derived outside of Guernsey and bank interest earned in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. A fixed annual fee of £600 is payable to the States of Guernsey in respect of this exemption. No charge to Guernsey taxation will arise on capital gains.

The Group is liable to Cypriot tax arising on the activities of its Cypriot operations.

The Group is liable to Dutch tax arising on the activities of its Dutch operations.

The Group is liable to Russian tax arising on the activities of its Russian operations.

The Group is liable to Latvian tax arising on the activities of its Latvian operations.

The Group is liable to Estonian tax arising on the activities of its Estonian operations.

The tax expense represents an accrual for tax which may become payable at the end of the financial year, tax currently payable and deferred tax arising on gains and losses recorded through the income statement.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally

recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2.8 Business Combinations

The acquisition of subsidiaries is accounted for using the purchase 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 of control of the acquiree, plus any contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date.

Goodwill arising on consolidation is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Subsequently, goodwill carried on the balance sheet is assessed for impairment on an annual basis and any impairment charge is recognised in the income statement.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the combination, the excess is recognised immediately in the profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

2.9 Foreign currency translation

a) 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"). The consolidated financial statements are presented in Euro which is the Groups functional and presentation currency.

b) 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 income statement.

c) Group companies

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 for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) income and expenses for each income statement are translated at the average exchange rate prevailing in the period.

2.10 Segmental reporting

The Directors consider that the group is at present engaged in a single segment of business being the property investment and development business and that the region in which the Company operates is sufficiently homogenous both geographically and economically so as to make a segmental analysis unnecessary.

2.11 Estimates

In the process of applying the Company's accounting policies described above, management is required to make certain judgements and estimates to arrive at fair carrying values for its assets and liabilities. Significant areas requiring managements judgement include assessment of the fair value of investment properties and properties under construction described above.

3. Administrative Expenses

Administrative expenses include the following

| | 30 June 2007 |
|--|---------------------|
| | Group |
| | €'000 |
| Investment Management Fees | 300 |
| Performance Fees | 874 |
| Directors Remuneration | 44 |
| Auditors Remuneration – audit services | 51 |
| Other administrative expenses | 304 |
| | <hr/> |
| | 1,573 |
| | ===== |

Management fees are 1.5% per annum of gross assets under management in Russia and 1% per annum of all other gross assets. The management fees are calculated and charged quarterly based on the gross assets of the Company at the end of the quarter.

Performance fees are calculated based on the audited net asset value at 31 December each year and are payable annually. The performance fee is calculated as 25% of the increase in the net asset value of the Company in excess of a hurdle rate of 12% over the period.

The Performance fee included above is an accrual based on the amount that would be payable to the Manager if the Performance Fee was paid to 30 June 2007. This amount may therefore not become payable.

Fees of €99,000 were also paid to the auditors for their work as reporting accountants on the launch of the Company. These costs are included within the cost of the issue of shares.

4. Finance Income

| | 30 June 2007 Group €'000 |
|--|---|
| Interest received on short term deposits | 725 |
| Finance Income | <u>725</u> ===== |

5. Tax Charge

| | 30 June 2007 Group €'000 |
|----------------------------|---|
| Accrued income tax expense | 1 |
| Tax charge for the period | <u>1</u> ===== |

6. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2007 was based on the profit attributable to shareholders of €7,286,000 and on the weighted average number of ordinary shares in issue during the period ended 30 June 2007 of 26,200,270.

| | 30 June 2007 Group €'000 |
|---|---|
| Basic earnings per share | |
| Profit attributable to ordinary shareholders | 7,286 |
| Weighted average number of ordinary shares in issue during the period | <u>26,200,270</u> |
| Basic earnings per share (expressed as cents per share) | 27.8 |
| Diluted earnings per share | |
| Weighted average number of ordinary shares in issue during the period | 26,200,270 |
| Maximum shares which may be issued to Metro Frontier Ltd in respect of their success fee based on the net asset value at 30 June 2007 | <u>509,192</u> |
| Diluted weighted average number of ordinary shares in issue | 26,709,462 |
| Diluted earnings per share (expressed as cents per share) | 27.3 |

7. Investments

| Development Property | 30 June 2007 Group €'000 | 30 June 2007 Company €'000 |
|----------------------------|--------------------------------|----------------------------------|
| At 18 September 2006 | - | - |
| Acquired with subsidiaries | 52,608 | - |
| Total Development Property | <u>52,608</u> ===== | <u>-</u> ===== |

There is no fair value movement as the properties were acquired at or close to the period end and valuations were done at the date of acquisition.

| Investments in subsidiaries | 30 June 2007 Company €'000 |
|-----------------------------------|----------------------------------|
| Loans to subsidiaries | 12,623 |
| Equity investment | - |
| Total investments in subsidiaries | <u>12,623</u> ===== |

8. Trade and other receivables

| | 30 June 2007 Group €'000 | 30 June 2007 Company €'000 |
|-----------------------------------|--------------------------------|----------------------------------|
| Accrued interest income | 14 | 14 |
| Interest due from group companies | - | 99 |
| Prepayments | 127 | - |
| Other trade receivables | 9 | - |
| Total trade and other receivables | <u>150</u> ===== | <u>113</u> ===== |

9. Cash and cash equivalents

| | 30 June 2007 Group €'000 | 30 June 2007 Company €'000 |
|---------------------------------|--------------------------------|----------------------------------|
| Sterling cash | 22 | 22 |
| Euro cash | 202 | - |
| Sterling deposits | 1,635 | 1,635 |
| Euro deposits | 23,780 | 23,091 |
| Total cash and cash equivalents | <u>25,639</u> ===== | <u>24,748</u> ===== |

10. Bank Loans

| | 30 June 2007 Group €'000 | 30 June 2007 Company €'000 |
|---|--------------------------------|----------------------------------|
| At 18 September 2006 | - | - |
| Bank loans acquired as part of acquisitions | 5,659 | - |
| At 30 June 2007 | <u>5,659</u> | <u>-</u> |
| | ===== | ===== |

Group interest bearing and non-interest bearing loans at 30 June 2007

Current

| Loan | Interest Rate | Maturity | Amount |
|------------------------------|----------------|-----------|--------------|
| SEB Latvijas Unibanka - Euro | Euribor +1.95% | 15/6/2008 | 1,300 |
| Sampo Banka - Euro | Euribor +1.95% | 15/6/2008 | 900 |
| | | | <u>2,200</u> |

Non-current

| Loan | Interest Rate | Maturity | Amount |
|------------------------------|----------------|-----------|--------------|
| SEB Latvijas Unibanka - Euro | Libor +1.9% | 31/8/2008 | 264 |
| Hansabank - Euro | Euribor +1.75% | 10/7/2008 | 3,195 |
| | | | <u>3,459</u> |
| | | | <u>5,659</u> |

11. Loan Certificates

The loan certificates outstanding at 30 June 2007 relate to loans due to the vendors of 80% of SIA D.Tilts Holdings and the remaining 20% minority interests in the entity. Since the balance sheet date the loan certificates attributable to the vendors, representing 80% of the total, have been redeemed.

12. Deferred Tax

| | 30 June 2007 Group €'000 | 30 June 2007 Company €'000 |
|----------------------------|-----------------------------------|-------------------------------------|
| At 18 September 2006 | - | - |
| Acquired with subsidiaries | 8,205 | - |
| Total Deferred Tax | <u>8,205</u> | <u>-</u> |

The deferred tax liability of €8,205,000 represents a deferred tax liability acquired through the acquisition of shares of subsidiaries.

13. Trade and other payables

| | 30 June 2007 Group €'000 | 30 June 2007 Company €'000 |
|---|---|---|
| Management fees | 300 | - |
| Performance fees | 874 | - |
| Tax liabilities | 46 | - |
| Other trade payables | 3,003 | 32 |
| Due to vendors in respect of acquisitions | 6,481 | - |
| Total trade and other payables | <u>10,704</u> | <u>32</u> |

14. Issued Capital

| | Number of shares | 30 June 2007 €'000 |
|-----------------------------|-------------------------|-------------------------------|
| Authorised | | |
| Ordinary shares of €0.01 | 250,000,000 ===== | 2,500 ===== |
| Issued and fully paid | | |
| Ordinary shares of €0.01 | 26,200,270 ===== | 262 ===== |

2 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. 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.

15. Share Premium

| | |
|---|------------------------|
| Share premium on ordinary shares issued | €'000 38,513 |
| Issue costs paid on ordinary shares issued | (2,327) |
| At 30 June 2007 | <u>36,186</u> ===== |

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

16. Net Asset Value per share

| | 30 June 2007 Group €'000 |
|---|---|
| Net Asset Value attributable to ordinary shareholders | 43,734 |
| Deferred tax | 8,205 |
| | <hr/> |
| Net Asset Value excluding deferred tax | 51,939 |
| | ===== |
| Net Asset Value per share (cents per share) | 166.9 |
| Diluted Net Asset Value per share (cents per share) | 163.7 |
| Net Asset Value excluding deferred tax (cents per share) | 198.2 |
| Ordinary shares in issue at the end of the period | 26,200,270 |
| Diluted ordinary shares in issue at the end of the period | 26,709,462 |

17. Notes to the cash flow statement

| | 30 June 2007 Group €'000 | 30 June 2007 Company €'000 |
|--|---|---|
| Cash generated from operations | | |
| Operating profit for the period | 6,562 | 188 |
| Adjustment for: | | |
| Changes in Creditors | 1,348 | 32 |
| Changes in Debtors | (8) | - |
| FX gain on land and investment property | (87) | - |
| Excess of fair value of acquisitions over purchase price | (7,681) | - |
| | <hr/> | <hr/> |
| Cash flow from operations | 134 | 220 |
| | ===== | ===== |

18. Financial Instruments and Property

The Group holds cash and liquid resources as well as having debtors and creditors that arise directly from its operations.

The main risks arising from the Group's financial instruments and properties are market price risk, credit risk, liquidity risk, foreign exchange risk and interest risk.

The board regularly reviews and agrees policies for managing each of these risks and these are summarised below.

Market Price Risk

The Group's exposure to market price risk is comprised mainly of movements in the value of the Group's investment in property. Properties are inherently difficult to value due to the individual nature of each property. As a result valuations are subject to uncertainty. There is no assurance that the estimates resulting from the valuation

process will reflect the actual sales price even where a sale occurs shortly after the valuation date.

Rental income and the market value for properties are generally affected by overall conditions in the local economy, such as growth in gross domestic product, employment trends, inflation and changes in interest rates. Changes in gross domestic product may also impact employment levels or levels of commercial activity, which in turn may impact the demand for premises. Furthermore, movements in interest rates may also affect the cost of financing for real estate companies.

Both rental income and property values may also be affected by other factors specific to the real estate market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of the properties, the inability to collect rents because of the bankruptcy or the insolvency of tenants or otherwise, the periodic need to renovate, repair and release space and the cost thereof, the costs of maintenance and insurance, and increased operating costs. The Directors monitor market value by having independent valuations carried out semi annually.

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 occupational tenant, the group will suffer a rental income shortfall and incur additional costs including legal expenses in maintaining, insuring and re-letting the property.

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, however, the Group has tried to mitigate this risk by investing in properties in good locations. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of long term borrowing to finance the acquisition of properties.

Foreign Exchange Risk

In all of the regions in which the Group operates with the exception of Russia assets and liabilities are denominated in 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 Company has decided not to engage in foreign currency hedging or other derivative instruments to further reduce this risk.

Interest Rate Risk

The interest rate profile of the Group at 30 June 2007 was as follows:

| | Total | Fixed | Variable | Non interest | Weighted |
|---|---------------|--------------|-----------------|---------------------|------------------|
| | €'000 | Rate | Rate | Bearing | Avg. Rate |
| | | €'000 | €'000 | €'000 | % |
| Development Properties | 52,608 | - | - | 52,608 | - |
| Goodwill | 835 | - | - | 835 | - |
| Debtors | 152 | - | - | 152 | - |
| Cash and equivalents | 25,639 | - | 25,639 | - | 3.9% |
| Total Assets as per Balance Sheet | 79,234 | - | 25,639 | 53,595 | |
| | ===== | ===== | ===== | ===== | |
| | Total | Fixed | Variable | Non interest | Weighted |
| | €'000 | Rate | Rate | Bearing | Avg. Rate |
| | | €'000 | €'000 | €'000 | % |
| Bank Loans | 5,659 | - | 5,659 | - | 5.8% |
| Loan Certificates | 10,772 | - | - | 10,772 | - |
| Creditors | 10,704 | - | - | 10,704 | - |
| Deferred Tax | 8,205 | - | - | 8,205 | - |
| Total Liabilities as per Balance Sheet | 35,340 | - | 5,659 | 29,681 | |
| | ===== | ===== | ===== | ===== | |

19. Subsidiaries

The following were the companies in the Group at 30 June 2007:

| Name | Securities in Issue | Principle activity | Country of incorporation | Beneficial Interest |
|------------------------------|----------------------------|------------------------------|---------------------------------|----------------------------|
| Metro Baltic Guernsey Ltd | 2 shares of €1 each | Intermediate holding company | Guernsey | 100% |
| Pedragon Investments Ltd | 2,000 shares of €1 each | Intermediate holding company | Cyprus | 100% |
| Metro Baltic Netherlands B.V | 18,000 shares of €1 each | Non trading | Netherlands | 100% |
| Goldbrick Investments Ltd. | 2,000 shares of €1 each | Non trading | Cyprus | 100% |
| Dante Invest OU | 1 share of EEK 40,000 | Intermediate holding company | Estonia | 100% |
| Focus Kinnisvara OU | 1 share of EEK 40,000 | Development company | Estonia | 100% |
| OOO Gruppa Kub | 1 share of RUB 10,000 | Development company | Russia | 100% |
| SIA D Tilts Holdings | 100 shares of LVL 27 each | Intermediate holding company | Latvia | 80% |
| SIA EI Mart | 20 shares of LVL 100 each | Development company | Latvia | 80% |

20. Acquisitions of subsidiaries

The Group has made three significant acquisitions during the period:

| Company acquired | Percentage acquired | Date Acquired |
|-------------------------|----------------------------|----------------------|
| OOO Gruppa KUB | 100% | 29 May 2007 |
| Focus Kinnisvara | 100% | 30 June 2007 |
| SIA D Tilts Holdings | 80% | 30 June 2007 |

These transactions have been accounted for using the purchase method of accounting.

| | Book Value | Fair Value | Fair Value |
|---|-------------------|--------------------|-------------------|
| | €'000 | Adjustments | €'000 |
| | | €'000 | €'000 |
| Net Assets Acquired: | | | |
| Development Property | 28,026 | 24,582 | 52,608 |
| Trade and other receivables | 122 | - | 122 |
| Cash and bank balances | 343 | - | 343 |
| Bank loans | (5,659) | - | (5,659) |
| Other loans | (1,301) | - | (1,301) |
| Deferred tax | (2,427) | (5,778) | (8,205) |
| Trade and other payables | (2,934) | - | (2,934) |
| Loan certificates | (10,772) | - | (10,772) |
| | <hr/> | <hr/> | <hr/> |
| | 5,398 | 18,804 | 24,202 |
| | ===== | ===== | |
| Minority interest | | | (160) |
| Fair value of assets acquired | | | <hr/> 24,042 |
| Goodwill | | | (6,846) |
| | | | <hr/> |
| Total consideration | | | 17,196 |
| | | | ===== |
| Satisfied by: | | | |
| Due to Vendor | | | 6,481 |
| Cash | | | 10,605 |
| Directly attributable transaction costs | | | 110 |
| | | | <hr/> |
| | | | 17,196 |
| | | | ===== |
| Net cash outflow arising on acquisition | | | |
| Cash consideration | | | 10,715 |
| Less cash acquired | | | (343) |
| | | | <hr/> |
| Net cash consideration | | | 10,372 |
| Cash and cash equivalents | | | - |
| | | | <hr/> |
| | | | 10,372 |
| | | | ===== |

As the acquisitions were made at the period end, the Directors consider that no impairment of goodwill has arisen at the period end.

21. Employees

At 30 June the Group had 42 employees. The average number of employees for the period from incorporation to 30 June 2007 was seven.

22. Related party transactions

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

As disclosed in note 3 the Investment Managers management fee from incorporation to 30 June 2007 was €300k. There is a further amount of €874k for performance fees which is accrued but is not yet payable. The Investment Manager has the option to take some or all of the performance fee when payable in ordinary shares of the Company. At a minimum 25% of the performance fee will be satisfied through the issue of ordinary shares in the Company (or in certain circumstances through the acquisition of the shares in the market by the Investment Manager). In addition two of the acquisitions completed by the Company during the period related to properties which a company connected to the Investment Manager was managing on behalf of third party investors. These acquisitions were negotiated and completed on the basis of independent market valuations prepared by Colliers International for the Board. Both of the acquisitions were in line with the Company's stated investment criteria.

23. Commitments

The Group had an undertaking to redeem 80% of the loan certificates held by the vendors of SIA D Tilts Holdings, this amounted to a further commitment of €8,618,000. This amount has also been paid since the balance sheet date.

24. Subsequent events

Since the balance sheet date the Group has agreed to the acquisition of an 80% interest in an Estonian company which holds a 1.3 hectare plot of land in Tallinn which the company intends to use for development.

With the sanction of an order of the High Court of the Isle of Man made on 13 August 2007 the amount standing to the credit of the share premium account was transferred to a distributable reserve and the share premium was cancelled.