

NBI INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2012

NBI INVESTMENTS LIMITED

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31 December 2012

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NBI INVESTMENTS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Anna Matyushina (Appointed on 7/03/2012)
Sergey Pronyakin (Appointed on 7/03/2012 and resigned on 1/12/2012)
Dmitry Tsyarkin
Petros Nakouzi (Appointed on 7/03/2012)
Irina Sedova (Appointed on 1/12/2012)

Company Secretary:

Andreas Petrou
Lakedaimonias 15
Strovolos, 2028
Nicosia, Cyprus

Independent Auditors:

CosmoCo Services Limited
Certified Public Accountants and Registered Auditors
6, Neoptoleμου Street
1087, Nicosia, Cyprus

Registered office:

Constantinou Paparigopoulou 9
Frema House, Office M01
3106, Limassol
Cyprus

Bankers:

Bank of Cyprus Public Company Ltd
Open Joint Stock Company Nomos Bank
Russian Commercial Bank (Cyprus) Ltd

Registration number:

289258

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2012.

Principal activities

The principal activities of the Company are the investment services which are the reception and transmission of orders in relation to one or more financial instruments and execution of orders on behalf of clients and the ancillary services which are the safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management, portfolio management, the granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction, and the foreign exchange services where these are connected to the provision of investment services. The Company is regulated from the Cyprus Securities and Exchange Commission (CYSEC) under authorisation number 162/12 issued on 4 January 2012 by which it is licensed to provide the above mentioned services. The Company did not activate the portfolio management authorisation during the year ended 31 December 2012.

Review of current position, future developments and significant risks

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

The Board of Directors expects certain changes in the operations of the Company in the foreseeable future connected with potential decrease of activity of existing clients, which could be partly compensated by new clients to be attracted. The international sovereign debt crisis, stock market volatility and other risks could have a negative effect on the financial and corporate sectors and can adversely impact the Company's financial position and performance. The Board of Directors is unable to predict developments which could have an impact on the economy and consequently what effect, if any, they could have on the financial position of the Company, but believes it is taking all the necessary measures to support the sustainability and growth of the Company's business in the current circumstances.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 3 of the financial statements.

Results and Dividends

The Company's results for the year are set out on page 6. The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital

Authorised capital

During the year ended 31 December 2012, the Company increased its authorised share capital by 95.000 ordinary shares of nominal value of €1 each. As at 31 December 2012, the authorised share capital of the Company consists of 302.000 ordinary shares of nominal value of €1 each.

Issued capital

During the year ended 31 December 2012, the Company increased its issued share capital by 95.000 ordinary shares of nominal value of €1 each. As at 31 December 2012, the issued share capital of the Company consists of 302.000 ordinary shares of nominal value of €1 each.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2012 and at the date of this report are presented on page 1. Ms. Anna Matyushina, Mr. Sergey Pronyakin and Mr. Petros Nakouzi were appointed as directors on 7 March 2012. Mr. Sergey Pronyakin resigned on 1 December 2012 and on the same date Mrs. Irina Sedova was appointed in his place.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

NBI INVESTMENTS LIMITED

REPORT OF THE BOARD OF DIRECTORS

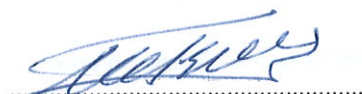
Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 23 to the financial statements.

Independent Auditors

The Independent Auditors, CosmoCo Services Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,



Andreas Petrou
Secretary

Nicosia, Cyprus, 30 January 2013

Independent auditor's report

To the Members of NBI Investments Limited

Report on the financial statements

We have audited the accompanying financial statements of NBI Investments Limited (the "Company") on pages 6 to 26 which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independent auditor's report (continued)

To the Members of NBI Investments Limited

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of NBI Investments Limited as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Report on other legal requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Stelios Ioannou
Certified Public Accountant and Registered Auditor
for and on behalf of
CosmoCo Services Limited
Certified Public Accountants and Registered
Auditors

Nicosia, Cyprus, 30 January 2013

NBI INVESTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

| | Note | 2012 € | 23/06/2011- 31/12/2011 € |
|-------------------------------------------------------|------|------------------------|--------------------------------|
| Revenue | 5 | 1,216,770 | - |
| Administration expenses | | (314,415) | (9,568) |
| Other expenses | 6 | <u>-</u> | <u>(2,875)</u> |
| Operating profit/(loss) | 7 | 902,355 | (12,443) |
| Finance income | 9 | 1,041 | - |
| Finance costs | 9 | <u>(17,283)</u> | <u>(89)</u> |
| Profit/(loss) before tax | | 886,113 | (12,532) |
| Tax | 10 | <u>(88,295)</u> | <u>-</u> |
| Net profit/(loss) for the year/period | | 797,818 | (12,532) |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive income for the year/period | | <u>797,818</u> | <u>(12,532)</u> |

The notes on pages 10 to 26 form an integral part of these financial statements.

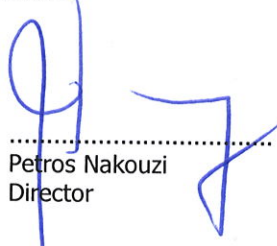
NBI INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2012

| | Note | 2012 € | 2011 € |
|-----------------------------------------|------|------------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 13,762 | - |
| Intangible assets | 12 | 16,220 | - |
| | | <u>29,982</u> | - |
| Current assets | | | |
| Trade and other receivables | 13 | 57,683 | - |
| Refundable taxes | 18 | 8,242 | - |
| Cash at bank and in hand | 14 | 1,034,321 | 205,912 |
| | | <u>1,100,246</u> | <u>205,912</u> |
| Total assets | | <u>1,130,228</u> | <u>205,912</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 15 | 302,000 | 207,000 |
| Retained earnings /(accumulated losses) | | 785,286 | (12,532) |
| Total equity | | <u>1,087,286</u> | <u>194,468</u> |
| Current liabilities | | | |
| Trade and other payables | 17 | 42,942 | 11,444 |
| | | <u>42,942</u> | <u>11,444</u> |
| Total equity and liabilities | | <u>1,130,228</u> | <u>205,912</u> |

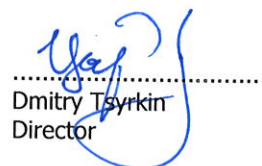
On 30 January 2013 the Board of Directors of NBI Investments Limited authorised these financial statements for issue.



 Petros Nakouzi
 Director



 Irina Sedova
 Director



 Dmitry Tsyarkin
 Director

The notes on pages 10 to 26 form an integral part of these financial statements.

NBI INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2012

| | Note | Share capital € | Retained earnings/(ac- cumulated losses) € | Total € |
|----------------------------------------------------|------|-----------------------|--------------------------------------------------------|-------------------------|
| Issue of share capital | 15 | 207,000 | - | 207,000 |
| Total comprehensive expense for the period | | - | (12,532) | (12,532) |
| Balance at 31 December 2011/ 1 January 2012 | | 207,000 | (12,532) | 194,468 |
| Issue of share capital | 15 | 95,000 | - | 95,000 |
| Total comprehensive income for the year | | - | 797,818 | 797,818 |
| Balance at 31 December 2012 | | <u>302,000</u> | <u>785,286</u> | <u>1,087,286</u> |

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (up to 31 August 2011 the rate was 15% and was increased to 17% for the period thereafter to 31 December 2011) will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

NBI INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2012

| | | 2012 | 23/06/2011- 31/12/2011 |
|----------------------------------------------------------------------------|------|------------------|---------------------------|
| | Note | € | € |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit/(loss) before tax | | 886,113 | (12,532) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 11 | 2,965 | - |
| Unrealised exchange loss | | 3,154 | - |
| Amortisation of computer software | 12 | 8,109 | - |
| Interest income | 9 | (1,041) | - |
| Interest expense | 9 | 1,092 | 1 |
| Cash flows from/(used in) operations before working capital changes | | 900,392 | (12,531) |
| Increase in trade and other receivables | | (57,683) | - |
| Increase in trade and other payables | | 31,498 | 11,444 |
| Cash flows from/(used in) operations | | 874,207 | (1,087) |
| Tax paid | | (96,537) | - |
| Net cash flows from/(used in) operating activities | | 777,670 | (1,087) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payment for purchase of intangible assets | 12 | (24,329) | - |
| Payment for purchase of property, plant and equipment | 11 | (16,727) | - |
| Interest received | | 1,041 | - |
| Net cash flows used in investing activities | | (40,015) | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of share capital | | 95,000 | 207,000 |
| Repayments of borrowings | | (53,000) | - |
| Proceeds from borrowings | | 53,000 | - |
| Unrealised exchange (loss) | | (3,154) | - |
| Interest paid | | (1,092) | (1) |
| Net cash flows from financing activities | | 90,754 | 206,999 |
| Net increase in cash and cash equivalents | | 828,409 | 205,912 |
| Cash and cash equivalents: | | | |
| At beginning of the year/period | | 205,912 | - |
| At end of the year/period | 14 | 1,034,321 | 205,912 |

The notes on pages 10 to 26 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

1. Incorporation and principal activities

Country of incorporation

The Company NBI Investments Limited (the "Company") was incorporated in Cyprus on 23 June 2011 as a private limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at Constantinou Paparigopoulou 9, Frema House, Office M01, 3106, Limassol, Cyprus.

Principal activities

The principal activities of the Company are the investment services which are the reception and transmission of orders in relation to one or more financial instruments and execution of orders on behalf of clients and the ancillary services which are the safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management, portfolio management, the granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction, and the foreign exchange services where these are connected to the provision of investment services. The Company is regulated from the Cyprus Securities and Exchange Commission (CYSEC) under authorisation number 162/12 issued on 4 January 2012 by which it is licensed to provide the above mentioned services. The Company did not activate the portfolio management authorisation during the year ended 31 December 2012.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

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

Initial application of new standards, interpretations and amendments to published standards

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are effective for accounting periods beginning on 1 January 2012:

- IFRS 7 Financial Instruments: Disclosures (Amended) - Enhanced Derecognition Disclosure Requirements
- IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012)
- IAS 12 Income Taxes (Amended) – Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. Accounting policies (continued)

Standards, interpretations and amendments to published standards that are not yet effective

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

Standards issued by the IASB and adopted by the EU

- *IAS 19 Employee Benefits (Amended) (effective for annual periods beginning on or after 1 January 2013)*
- *IAS 27 Separate Financial Statements (Revised) (effective for annual periods beginning on or after 1 January 2013)*
- *IAS 28 Investments in Associates and Joint Ventures (Revised) (effective for annual periods beginning on or after 1 January 2013)*
- *IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014)*
- *IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013)*
- *IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)- note (i)*
- *IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1 January 2013) – note (i)*
- *IFRS 12 Disclosures of Involvement with Other Entities (effective for annual periods beginning on or after 1 January 2013) – note (i)*
- *IFRS 13 Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)*
- *IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine*

Note (i) – As per the endorsement publication, each company shall apply IFRS 10, IFRS 11, IFRS 12, the amended IAS 27, the amended IAS 28 and the consequential amendments at the latest, as from the commencement of its financial year starting on or after 1 January 2014.

Standards issued by the IASB but not yet adopted by the EU

- *IFRS 9 Financial Instruments - Classification and Measurement (effective for annual periods beginning on or after 1 January 2015)*
- *Improvements to IFRSs (2009-2011)*
- *Amendments to IFRS10, IFRS11 and IFRS12 - Transition Guidance (effective for annual periods beginning on or after 1 January 2013)*
- *Amendments to IFRS10, IFRS12 and IAS27 - Investment Entities (effective for annual periods beginning on or after 1 January 2014)*

The above are not expected to have a significant impact on the Company's financial statements when they become effective.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Company and the revenue can be reliably measured.

• Fee and commission income

- (a) Brokerage commissions: Brokerage commissions are recognised when the ownership of the securities is transferred.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. Accounting policies (continued)

Revenue recognition (continued)

- **Interest income**

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

- **Dividend income**

Dividend income is recognised when the right to receive payment is established.

Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Finance income

Finance income includes interest income which is recognised based on an accrual basis.

Finance costs

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

Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(2) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

| | % |
|------------------------------------------|----|
| Furniture, fixtures and office equipment | 10 |
| Computer hardware | 20 |

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. Accounting policies (continued)

Financial instruments (continued)

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Financial assets

(1) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Company's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months from the reporting date.

- Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

- Held-to-maturity investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity, that do not meet the definition of loans and receivables. During the year, the Company did not hold any investments in this category.

- Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless management intends to dispose of the investment within twelve months of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(2) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

In respect of available for sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade payables

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

Derivatives

Derivative financial instruments are initially accounted for at cost and subsequently measured at fair value. Fair value is calculated using the current values, discounted cash flow analysis or option valuation methods. Derivatives are recorded as assets when their fair value is positive and as liabilities when their fair value is negative. The adjustments on the fair value of derivatives held at fair value through profit or loss are transferred to profit or loss.

Derecognition of financial assets and liabilities

Financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. Accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

Financial liabilities

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

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

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Offsetting financial instruments

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

Share capital

Ordinary shares are classified as equity.

Off Balance sheet arrangements

In order to render investment services to clients, the Company holds assets on behalf of clients. The assets are kept in the Company's name on behalf of its clients in a fiduciary capacity and are not included as part of the Company's assets and liabilities in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

3. Financial risk management

Financial risk factors

The Company's activities expose it to market price risk, interest rate risk, credit risk, liquidity risk, currency risk and capital risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below. The primary objectives of the financial risk management are to establish risk limits and then ensure that exposure to the risks stays within these limits.

3.1 Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. As at 31 December 2012, the Company did not hold any available-for-sale financial assets and financial assets at fair value through profit or loss in order to be susceptible to market price risk arising from uncertainties about future prices of the investments. The Company will manage any market risk arising in the future from holding available-for-sale financial assets and financial assets at fair value through profit or loss, through diversification of its investment portfolio.

3.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. As at 31 December 2012, the Company did not have any borrowings. The Company as at 31 December 2012 had fixed rate deposits as per table below. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

| | 2012 € | 2011 € |
|-------------------------------|-----------------------|-----------|
| Fixed rate instruments | | |
| Financial assets | <u>601,452</u> | - |
| | <u>601,452</u> | - |

3.3 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with various medium to high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution both in Cyprus and abroad.

As at 31 December 2012, there were no impaired financial assets (2011: € Nil)

3.4 Liquidity risk

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

As at 31 December 2012 the management of the Company does not believe the current maturity profile of the Company exposes itself to any material liquidity risk, taking into account the level of cash at year end.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

NBI INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

3. Financial risk management (continued)

3.4 Liquidity risk (continued)

| 31 December 2012 | Carrying amounts | Contractual cash flows | 3 months or less | Between 3-12 months | Between 1-5 years | More than 5 years |
|--------------------------|---------------------|---------------------------|---------------------|------------------------|----------------------|----------------------|
| | € | € | € | € | € | € |
| Trade and other payables | 22,298 | 22,298 | - | 22,298 | - | - |
| | 22,298 | 22,298 | - | 22,298 | - | - |
| 31 December 2011 | Carrying amounts | Contractual cash flows | 3 months or less | Between 3-12 months | Between 1-5 years | More than 5 years |
| | € | € | € | € | € | € |
| Trade and other payables | 4,890 | 4,890 | - | 4,890 | - | - |
| | 4,890 | 4,890 | - | 4,890 | - | - |

3.5 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Russian Rouble. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

| | Liabilities | | Assets | |
|-----------------------|--------------------|----------|----------------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| | € | € | € | € |
| Russian Roubles | - | - | 735,274 | - |
| United States Dollars | - | - | 155,406 | - |
| | - | - | 890,680 | - |

At 31 December 2012, if the Euro had weakened/strengthened by 10% relative to the US dollar and Russian Rouble with all other variables held constant, post-tax profit for the year would have been €80.971 higher/lower. (2011: € Nil).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

3. Financial risk management (continued)

3.6 Capital risk management

Capital risk is the risk that the Company may lose value on its capital. When managing capital, the Company's objectives are to safeguard the Company's ability to continue as a going concern in order to provide terms for shareholders and for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Management of the Company carries out regular risk reviews and based on the identified level of risks ensures the adequate relation of the risk profile of the Company to its capital.

The legal and regulatory framework under which the Company operates, the Cyprus Securities and Exchange Commission ("CySEC"), stipulates that the Company must maintain a minimum capital adequacy ratio of 8%. The method of calculation is set up by the regulatory authority based on the International Basel II capital adequacy standards. The Company aims to always maintain a high capital adequacy ratio well above the required minimum. As at 31 December 2012 and 31 December 2011, Management believes that the Company's activities are strongly supported by shareholders' funds, with capital adequacy in excess of 30%.

According to the requirements of Cyprus Securities and Exchange Commission Directive DI144-2007-05 – Capital Requirements of Investment Firms more detailed information related to risks and risk management of the Company is disclosed on the Company's website www.nbinvest.com.

The capital risk management is currently considered by Management as one of the priority directions for the development of a risk management function and it is evolving together with the increasing business requirements.

Fair value estimation

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

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Provision for bad and doubtful debts**

The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NBI INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

4. Critical accounting estimates and judgments (continued)

- Impairment of intangible asset**

Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

5. Revenue

| | 2012 | 23/06/2011- 31/12/2011 |
|---------------------------|------------------|---------------------------|
| | € | € |
| Fee and commission income | 1,216,770 | - |
| | 1,216,770 | - |

6. Other expenses

| | 2012 | 23/06/2011- 31/12/2011 |
|------------------------|------|---------------------------|
| | € | € |
| Incorporation expenses | - | 2,875 |
| | - | 2,875 |

7. Operating profit/(loss)

| | 2012 | 23/06/2011- 31/12/2011 |
|-------------------------------------------------------------------------------------|----------------|---------------------------|
| | € | € |
| Operating profit/(loss) is stated after charging the following items: | | |
| Amortisation of computer software (included in "Administration expenses") (Note 12) | 8,109 | - |
| Depreciation of property, plant and equipment (Note 11) | 2,965 | - |
| Staff costs including Directors in their executive capacity (Note 8) | 191,436 | - |
| Auditors' remuneration | 6,500 | 1,053 |

8. Staff costs

| | 2012 | 23/06/2011- 31/12/2011 |
|-------------------------------------------------------------------------------|----------------|---------------------------|
| | € | € |
| Wages and salaries | 174,114 | - |
| Social insurance costs and other funds | 13,892 | - |
| Social cohesion fund | 3,430 | - |
| | 191,436 | - |
| Average number of employees (including Directors in their executive capacity) | 5 | - |

NBI INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

9. Finance income/cost

| | 2012 € | 23/06/2011- 31/12/2011 € |
|-----------------------------------------|-----------------|--------------------------------|
| Interest income | <u>1,041</u> | - |
| Finance income | <u>1,041</u> | - |
| Net foreign exchange transaction losses | (10,979) | - |
| Interest expense | (1,092) | (1) |
| Sundry finance expenses | <u>(5,212)</u> | (88) |
| Finance costs | <u>(17,283)</u> | (89) |
| Net finance costs | <u>(16,242)</u> | (89) |

10. Tax

| | 2012 € | 23/06/2011- 31/12/2011 € |
|---------------------------------------------|---------------|--------------------------------|
| Corporation tax - current year /period | 88,282 | - |
| Defence contribution - current year /period | <u>13</u> | - |
| Charge for the year | <u>88,295</u> | - |

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

| | 2012 € | 23/06/2011- 31/12/2011 € |
|--------------------------------------------------------|----------------|--------------------------------|
| Profit/(loss) before tax | <u>886,113</u> | (12,532) |
| Tax calculated at the applicable tax rates | 88,611 | (1,253) |
| Tax effect of expenses not deductible for tax purposes | 1,849 | 288 |
| Tax effect of allowances and income not subject to tax | (1,212) | - |
| Tax effect of tax losses brought forward | (966) | - |
| Tax effect of tax loss for the year /period | - | 965 |
| Defence contribution current year | <u>13</u> | - |
| Tax charge | <u>88,295</u> | - |

The corporation tax rate is 10%.

Under certain conditions interest income may be subject to defence contribution at the rate of 15% (10% to 30 August 2011). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (up to 31 August 2011 the rate was 15% and was increased to 17% for the period thereafter to 31 December 2011).

NBI INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

11. Property, plant and equipment

| | Furniture, fixtures and office equipment € | Computer hardware € | Total € |
|------------------------------------|-----------------------------------------------|------------------------|---------------|
| Cost | | | |
| Additions | 3,801 | 12,926 | 16,727 |
| Balance at 31 December 2012 | 3,801 | 12,926 | 16,727 |
| Depreciation | | | |
| Charge for the year | 380 | 2,585 | 2,965 |
| Balance at 31 December 2012 | 380 | 2,585 | 2,965 |
| Net book amount | | | |
| Balance at 31 December 2012 | 3,421 | 10,341 | 13,762 |
| Balance at 31 December 2011 | - | - | - |

12. Intangible assets

| | Computer software € |
|------------------------------------|------------------------|
| Cost | |
| Additions | 24,329 |
| Balance at 31 December 2012 | 24,329 |
| Amortisation | |
| Amortisation for the year (Note 7) | 8,109 |
| Balance at 31 December 2012 | 8,109 |
| Net book amount | |
| Balance at 31 December 2012 | 16,220 |

13. Trade and other receivables

| | 2012 € | 2011 € |
|--------------------------|---------------|-----------|
| Trade receivables | 2,884 | - |
| Deposits and prepayments | 46,414 | - |
| Accrued income | 953 | - |
| Other receivables | 7,432 | - |
| | 57,683 | - |

The Company does not hold any collateral over the trading balances.

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

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

NBI INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

14. Cash at bank and in hand

Cash balances are analysed as follows:

| | 2012 € | 2011 € |
|---------------|------------------|----------------|
| Cash at bank | 432,869 | 205,912 |
| Bank deposits | 601,452 | - |
| | <u>1,034,321</u> | <u>205,912</u> |

Included in bank balances there is an amount of €5.610 that has been pledged as a security for the issue of six letters of guarantee in favour of the Cyprus Chief Immigration officer needed for the foreign employees of the Company under the local laws and regulations.

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3 of the financial statements.

15. Share capital

| | 2012 Number of shares | 2012 € | 2011 Number of shares | 2011 € |
|-------------------------------|-----------------------------|----------------|-----------------------------|----------------|
| Authorised | | | | |
| Ordinary shares of €1 each | <u>302,000</u> | <u>302,000</u> | <u>207,000</u> | <u>207,000</u> |
| Issued and fully paid | | | | |
| Balance at 1 January/23 June | 207,000 | 207,000 | - | - |
| Issue of shares | <u>95,000</u> | <u>95,000</u> | <u>207,000</u> | <u>207,000</u> |
| Balance at 31 December | <u>302,000</u> | <u>302,000</u> | <u>207,000</u> | <u>207,000</u> |

Authorised capital

During the year ended 31 December 2012, the Company increased its authorised share capital by 95.000 ordinary shares of nominal value of €1 each. As at 31 December 2012, the authorised share capital of the Company consists of 302.000 ordinary shares of nominal value of €1 each.

Issued capital

During the year ended 31 December 2012, the Company increased its issued share capital by 95.000 ordinary shares of nominal value of €1 each. As at 31 December 2012, the issued share capital of the Company consists of 302.000 ordinary shares of nominal value of €1 each.

16. Borrowings

| | 2012 € | 2011 € |
|-------------------------------|--------------|-----------|
| Balance at 1 January/23 June | - | - |
| Additions | 53,000 | - |
| Repayments | (54,080) | - |
| Interest charged | <u>1,080</u> | <u>-</u> |
| Balance at 31 December | <u>-</u> | <u>-</u> |

NBI INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

17. Trade and other payables

| | 2012 | 2011 |
|------------------------------------------------------------|---------------|---------------|
| | € | € |
| VAT | 7,387 | - |
| Shareholders' current accounts - credit balances (Note 19) | 9,390 | 5,500 |
| Accruals | 3,867 | 1,054 |
| Other creditors | 22,298 | 4,890 |
| | <u>42,942</u> | <u>11,444</u> |

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

18. (Refundable) taxes/current tax liabilities

| | 2012 | 2011 |
|-----------------|----------------|----------|
| | € | € |
| Corporation tax | (8,242) | - |
| | <u>(8,242)</u> | <u>-</u> |

19. Related party transactions

The following transactions were carried out with related parties:

19.1 Directors' remuneration

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

| | 2012 | 23/06/2011- 31/12/2011 |
|--------------------------------|---------------|---------------------------|
| | € | € |
| Non -Executive Directors' fees | 2,616 | - |
| Directors' remuneration | 86,652 | - |
| | <u>89,268</u> | <u>-</u> |

19.2 Shareholders' current accounts - credit balances (Note 17)

| | 2012 | 2011 |
|-------------------|--------------|--------------|
| | € | € |
| Mr. Nikita Yurkov | 9,390 | 5,500 |
| | <u>9,390</u> | <u>5,500</u> |

The shareholders' current accounts are interest free, and have no specified repayment date. During the year ended 31 December 2012, Mr. Yurkov has provided a loan to the Company for the amount of €53,000. The loan carried interest of 3% per annum. During the year ended 31 December 2012, the Company has repaid the loan balance plus outstanding interest.

20. Off Balance sheet arrangements

The Company in its ordinary course of business which primarily involves investment services holds on behalf of clients cash and securities. These assets are not included in these financial statements (off balance sheet items). The clients cash balances and fair value of securities as at 31 December 2012 were €474,183 (2011: €Nil) and €26,305,347 (2011: € Nil) respectively.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

21. Contingent liabilities and operating risks

Off balance sheet risk

In the normal course of business, the Company enters into agreements to hold funds and assets of clients. As a common practice, according to those agreements, the Company has no potential liability in respect of any losses and damage suffered by the clients as the result of common risks of investing and owning of the securities, except if resulting from gross negligence or willful default of the Company. Moreover, the Company does not provide any guaranteed returns to its clients from the assets that the Company holds on behalf of them.

Operating environment of the Company

The Russian Federation displays certain characteristics of an emerging market. Tax, currency and customs legislation is subject to varying interpretations and contributes to the challenges faced by companies operating in the Russian Federation. The international sovereign debt crisis, stock market volatility and other risks could have a negative effect on the Russian financial and corporate sectors. The future economic development of the Russian Federation is dependent upon external factors and internal measures undertaken by the government to sustain growth, and to change the tax, legal and regulatory environment. Management believes it is taking all necessary measures to support the sustainability and development of the Company's business in the current business and economic environment. Management is unable to predict all developments in the economic environment which could have an impact on the Company's operations and consequently what effect, if any, they could have on the future financial position of the Company, although considerable capital surplus (capital adequacy ratios well above required minimums) accumulated in 2012 could help to limit any temporary negative consequences.

The Company had no other contingent liabilities as at 31 December 2012.

22. Commitments

The Company has issued six letters of guarantee in favour of the Cyprus Chief Immigration officer needed for the foreign employees of the Company under the local laws and regulations for the amount of €5.610. The amount is repayable upon demand subject to the local laws and regulations.

The Company had no any other capital or other commitments as at 31 December 2012.

23. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 4 and 5

NBI INVESTMENTS LIMITED

DETAILED INCOME STATEMENT

Year ended 31 December 2012

| | | 2012 | 23/06/2011- |
|---------------------------------------------------------|------|-------------------------|-----------------|
| | | € | 31/12/2011 |
| | Page | | € |
| Revenue | | | |
| Fee and commission income | | 1,216,770 | - |
| Operating expenses | | | |
| Administration expenses | 28 | <u>(314,415)</u> | <u>(9,568)</u> |
| | | 902,355 | (9,568) |
| Other operating expenses | | | |
| Incorporation expenses | | <u>-</u> | <u>(2,875)</u> |
| Operating profit/(loss) | | 902,355 | (12,443) |
| Finance income | 29 | 1,041 | - |
| Finance costs | 29 | <u>(17,283)</u> | <u>(89)</u> |
| Net profit/(loss) for the year/period before tax | | <u>886,113</u> | <u>(12,532)</u> |

NBI INVESTMENTS LIMITED

OPERATING EXPENSES

Year ended 31 December 2012

| | 2012 € | 23/06/2011- 31/12/2011 € |
|-----------------------------------|----------------|--------------------------------|
| Administration expenses | | |
| Directors' remuneration | 86,652 | - |
| Directors' fees | 2,616 | - |
| Staff salaries | 84,846 | - |
| Social insurance etc. | 13,892 | - |
| Social cohesion fund | 3,430 | - |
| Rent | 15,950 | - |
| Common expenses | 774 | - |
| Municipality taxes | 509 | - |
| Electricity | 2,667 | - |
| Water supply and cleaning | 88 | - |
| Repairs and maintenance | 756 | - |
| Sundry expenses | 2,510 | - |
| Telephone and postage | 3,680 | - |
| Courier expenses | 2,523 | - |
| Stationery and printing | 4,703 | - |
| Staff training | 804 | - |
| Computer supplies and maintenance | 2,497 | - |
| Auditors' remuneration | 6,500 | 1,053 |
| Accounting fees | 1,170 | - |
| Other professional fees | 36,561 | 2,015 |
| Fines | 310 | - |
| Special levy | 350 | - |
| Internal audit fees | 8,155 | - |
| Fee and commission expense | 18,108 | - |
| CYSEC fees | 3,290 | 6,500 |
| Amortisation of computer software | 8,109 | - |
| Depreciation | 2,965 | - |
| | 314,415 | 9,568 |

NBI INVESTMENTS LIMITED

FINANCE INCOME/COST

Year ended 31 December 2012

| | 2012 € | 23/06/2011- 31/12/2011 € |
|------------------------------------------------|---------------|--------------------------------|
| Finance income | | |
| Bank interest | <u>1,041</u> | - |
| | <u>1,041</u> | - |
| Finance costs | | |
| Interest expense | | |
| Loan interest | 1,080 | - |
| Bank overdraft interest | 12 | 1 |
| Sundry finance expenses | | |
| Bank charges | 4,008 | 88 |
| Other finance expenses | 1,204 | - |
| Net foreign exchange transaction losses | | |
| Realised exchange loss | 7,825 | - |
| Unrealised exchange loss | <u>3,154</u> | - |
| | <u>17,283</u> | 89 |