

CJSC «O1PropertiesFinance»

**Financial statements prepared in accordance
with International Financial Reporting
Standards (IFRS) for the year ended
31 December 2012**

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Statement of Management's responsibilities and approval of the financial statements

The following statement, which should be read in conjunction with the report of independent auditors that is presented on the pages, is made for the purpose of distinguishing the respective responsibilities of management and those of the independent auditors in respect of the financial statements of CJSC «O1PropertiesFinance».

The management is responsible for preparation of the financial statements for the period from 01 January to 31 December 2012 that fairly present in all material respects the Company's financial position, its performance, its changes in equity and its cash flows in compliance with International Financial Reporting Standards.

In preparing the annual financial statements, the management is responsible for:

- selecting suitable accounting principles and applying them consistently;
- making judgements and measurements that are reasonable and prudent;
- stating that IFRS have been followed and all material misstatements (if any) have been explained in the notes to the financial statements; and
- preparing the financial statements on a going concern basis and presuming that the Company will conduct its business in the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound internal control system throughout the Company;
- maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and which ensure that the Company's financial statements comply with IFRS.
- maintaining accounting records and procedures in compliance with the legislation and accounting standards of the Russian Federation.
- taking steps that are reasonably available in order to guard the Company's assets; and
- preventing and detecting frauds and other abuses.

The financial statements for the year ended 31 December 2012 were approved by management of CJSC «O1PropertiesFinance» on 28.08 2013 and signed on behalf of the Company's management.

Barinov A.V.

General director



Международная
ассоциация
независимых
аудиторских и
бухгалтерских
компаний



ФИНЭКСПЕРТИЗА
АУДИТОРСКО-КОНСАЛТИНГОВАЯ ГРУППА

Уч. № 916-08113
от 30.08.13

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Independent Auditor's Report

To management of CJSC «O1PropertiesFinance»

We have audited the accompanying financial statements of «O1PropertiesFinance» (hereinafter referred to as the «Company»), which comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and summary of significant accounting policies and other explanatory notes.

Management responsibility

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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 and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the financial statements.

An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of «O1PropertiesFinance» as at 31 December 2012, its financial performance and its cash flows for the year ended 31 December 2012 in accordance with International Financial Reporting Standards.


Nataliya Tarabarina
IFRS Department, Head
OOO FinExpertiza

Moscow, Russian Federation
30.08 2013



Auditee: CJSC «O1PropertiesFinance»

Independent auditor: OOO FinExpertiza

Registered by Moscow Registration Chamber.

Registered by Moscow Registration Chamber. Certificate of 05 May 1997 No 937341

Registered in the National Public Register of Legal Entities by Inter-district Inspectorate of Federal Tax Services No 46 of Moscow with registration number 1097746593394 of 20 December 2012; Certificate No 015320878 (series 77)

Registered in the National Public Register of Legal Entities by Inter-District Inspectorate of the RF Ministry of Revenue No 39 of Moscow No 1027739127734 of 29 August 2002. Certificate No 0007636962 (series 77)

Legal address: Russia, 109052, Moscow, Nizhegorodskaya ul., 104 bldg 3

Legal address: Russian Federation, 129110, Moscow, Prospekt Mira, 69 bldg 1

A member of the Self-regulating organization of auditors Non-Profit Partnerships Russian Audit Chamber
Registration number in the audit firms register (ORNZ) 10201028038

CJSC «O1PropertiesFinance»
Statement of Financial Position as at 31 December 2012
(in thousands of Russian Roubles)

	Notes	31 December 2012	31 December 2011	1 January 2011
Assets				
Non-current assets				
Deferred tax assets	8	17	-	-
Total non-current assets		17	-	-
Current assets				
Accounts receivable	9	-	-	6
Prepaid income tax		1	1	-
Cash and cash equivalents	10	35	23	34
Loans to customers	11	-	-	122 695
Other current assets	12	11	9	-
Total current assets		47	33	112 735
TOTAL ASSETS		64	33	112 735
EQUITY AND LIABILITIES				
Equity				
Share capital	13	12	12	12
Retained earnings		52	21	(149)
Total equity		64	33	(137)
Current liabilities				
Current borrowings	14	-	-	122 872
Total current liabilities		-	-	122 872
Total liabilities		-	-	122 872
TOTAL EQUITY AND LIABILITIES		64	33	112 735

The financial statements were approved by management of CJSC «O1PropertiesFinance» on 28.08 2013 and signed on behalf of the Company's management.



 Barinov A.V.

General director

The statement of financial position is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 8 to 23.

CJSC «O1PropertiesFinance»
Statement of Comprehensive Income for the year ended 31 December 2012
(in thousands of Russian Roubles)

	Notes	2012 RUB'000	2011 RUB'000
Other income	5	100	-
General and administrative expenses	6	(74)	(12)
Operating income/(loss)		26	(12)
Finance income	7	-	6 529
Finance costs	7	(12)	(6 340)
Income before taxes		14	177
Income tax expense	8	17	(7)
Net income for the period		31	170
Total comprehensive income for the period		31	170

The financial statements were approved by management of CJSC «O1PropertiesFinance» on 28.08 2013 and signed on behalf of the Company's management.



Barinov A.V.

General director

CJSC «O1PropertiesFinance»
Statement of Changes in Equity for the year ended 31 December 2012
(in thousands of Russian Roubles)

RUB'000	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance as at 1 January 2011	<u>12</u>	<u>(149)</u>	<u>(137)</u>
Income for the year 2011	-	170	170
Balance as at 31 December 2011	<u>12</u>	<u>21</u>	<u>33</u>
Income for the year 2012	-	31	31
Balance as at 31 December 2012	<u>12</u>	<u>52</u>	<u>64</u>

The statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 8 to 23.

CJSC «O1PropertiesFinance»
Statement of Cash Flows for the year ended 31 December 2012
(in thousands of Russian Roubles)

	2012	2011
	RUB'000	RUB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash payments on operating activity		
Cash paid to suppliers and advances paid	(76)	(14)
Income tax expense	-	(8)
Bank services expense	(12)	(12)
	<u>(88)</u>	<u>(34)</u>
Cash flows from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Settlement of loans to customers	-	118 380
Interest received on loans to customers	-	10 843
	<u>-</u>	<u>129 223</u>
Cash flows used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Settlement of current borrowings	-	(129 200)
Cash contributed by Company participants	100	-
	<u>100</u>	<u>(129 200)</u>
Cash flows used in financing activities		
Net increase/(decrease) in cash and cash equivalents	<u>12</u>	<u>(11)</u>
Cash and cash equivalents at the beginning of the year	<u>23</u>	<u>34</u>
Cash and cash equivalents at the end of the year	<u><u>35</u></u>	<u><u>23</u></u>

The statement of cash flows is to be read in conjunction with the notes to, and forming part of, the financial statements set out on pages 8 to 23.

1 Background

Business environment

Organizational structure and operations

CJSC «O1PropertiesFinance» (hereinafter referred to as the «Company») is registered in the Russian Federation.

Legal address of the Company is Moscow, 109052, Nizhegorodskaya st., 104, building 3.

The Company's main activities are investment in securities, steam and hot water raising, transfer and distribution, maintenance of boiler- houses and heat networks. In December 2012, the name of the company was changed from «Modern Heat Supply Technologies» into «O1 PropertiesFinance» in accordance with the decision made by the shareholder.

The Company's sole executive body that determines the strategy of the Company's development and management is Mr. Barinov A.V.

2 Basis of preparation

The Company maintains accounting in Russian Roubles (RUB) and prepares its financial statements in accordance with the laws and regulations of the Russian Federation applicable for accounting and financial statements. These financial statements have been prepared on the basis of the accounting information adjusted to comply with the requirements of International Financial Reporting Standards.

Statement of compliance

These financial statements are prepared in accordance with, and comply with, International Financial Reporting Standards («IFRS»), issued by International Accounting Standards Board (IASB) and related Interpretations (SIC and IFRIC) issued by International Financial Reporting Interpretation Committee (IFRIC) with IASB.

Basis of measurement

These financial statements are prepared on the historical cost basis convention. Russian economy ceased to be hyperinflationary for IFRS purposes as at 01 January 2003.

Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble («RUB»), which is the Company's functional currency and the currency in which these financial statements are presented. All financial information presented in RUB has been rounded to the nearest thousand.

Use of judgements, estimates and assumption

Management has made a number of judgments, estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRSs. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3 First-time IFRS application

These financial statements for the year ended 31 December 2012 are the Company's first financial statements prepared in compliance with IFRS. The Company's financial statements for the previous periods up to the year ended 31 December 2011 had been prepared in compliance with Russian accounting principles (Russian AP). The Company prepared these financial statements in compliance with IFRSs that are effective for the reporting periods ended 31 December 2012 or after that date, including comparative information as at 31 December 2011 and the year then ended. In these financial statements the opening statement of financial position is prepared as at 1 January 2011 that is the IFRS transition date. This note explains the basic adjustments made by the Company to the statement of the financial position prepared as at 1 January 2011 in accordance with Russian AP and the financial statements as at 31 December 2011 and the year then ended, prepared and published in accordance with Russian AP.

Estimates and judgments

Estimates and judgments as at 1 January 2011 and 31 December 2011 correspond to estimates and judgments accepted under Russian AP (after adjustments made in respect of accounting policy differences).

Company's equity reconciliation as at 1 January 2011 (IFRS transition date)

	Notes	Russian AP	Revaluation/ reclassification	IFRS as at 1 January 2011
Assets				
Current assets				
Accounts receivable	A	4 321	(4 315)	6
Cash and cash equivalents		34	-	34
Loans to customers	A	118 380	4 315	122 695
Total current assets		112 735	-	112 735
TOTAL ASSETS		112 735	-	112 735
EQUITY AND LIABILITIES				
Equity				
Share capital		12	-	12
Retained earnings		(149)	-	(149)
Total equity		(137)	-	(137)
Current liabilities				
Current borrowings		122 872	-	122 872
Total current liabilities		122 872	-	122 872
Total liabilities		122 872	-	122 872
TOTAL EQUITY AND LIABILITIES		122 872	-	122 735

Company's equity reconciliation as at 31 December 2011

	Notes	Russian AP	Revaluation/ reclassification	IFRS as at 31 December 2011
Assets				
Current assets				
Accounts receivable		1	-	1
Cash and cash equivalents		23	-	23
Other current assets		9	-	9
Total current assets		33	-	33
TOTAL ASSETS		33	-	33
EQUITY AND LIABILITIES				
Equity				
Share capital		12	-	12
Retained earnings		21	-	21
Total equity		33	-	33
TOTAL EQUITY AND LIABILITIES		33	-	33

Company's comprehensive income reconciliation for the year 2011

	Notes	Russian AP	Revaluation/ reclassification	IFRS 2011
General and administrative expenses	B	(6)	(6)	(12)
Operating income/(loss)		(6)	(6)	(12)
Finance income		6 529	-	6 529
Finance costs	B	(6 328)	(12)	(6 340)
Other expenses	B	(18)	18	-
Income before taxes		177	-	177
Income tax expense	C	(37)	30	(7)
Net income for the period		140	30	170
Total comprehensive income for the period		140	30	170

Notes to the Company's equity reconciliation as at 1 January 2011 and 31 December 2011 and the Company's comprehensive income reconciliation for the year 2011

A) Interest accrued on loans to customers

Interest accrued on loans to customers is excluded from accounts receivable and classified to loans to customers.

B) Reclassification of other expenses

Other expenses are classified as general and administrative expenses and finance costs in accordance with their economic substance.

C) Accounting for an adjustment related to correction of errors in the financial statements prepared in compliance with Russian AP

In accordance with Russian AP, the recovery of a negative change in deferred tax assets for the year 2011 is reflected as a correction of prior year errors in the statement of changes in equity for the year 2012. In the financial statements prepared in accordance with IFRS the adjustment is accounted for in comprehensive income for the year 2011.

4 Significant accounting policies

The significant accounting policies applied in the preparation of the financial statements are disclosed below. These accounting policies have been consistently applied.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising in translation are recognised in the statement of comprehensive income, except for differences arising on the translation of available-for-sale equity instruments.

Financial instruments**(i) Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances, bank accounts and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Held-to-maturity financial assets

If the Company has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

The Company's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the statement of comprehensive income.

Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in the statement of comprehensive income when

incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the statement of comprehensive income.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses. Investments in equity securities that are not quoted on a stock exchange are principally valued using valuation techniques such as discounted cash flow analysis, option pricing models and comparisons to other transactions and instruments that are substantially the same. Where fair value cannot be estimated on a reasonable basis by other means, investments are stated at cost less impairment losses.

(ii) Derivative financial instruments

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of comprehensive income when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised immediately in the statement of comprehensive income.

Fair value of financial instruments

The estimated fair value of the Company's financial assets and liabilities in compliance with IFRS 7 «Financial instruments: Disclosures» is calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the balance sheet date.

Discounted cash flow techniques imply the calculation of future estimated cash flows based on the management's best estimate and discount rates for similar instruments at the balance sheet date.

Intangible assets

i) Recognition of intangible assets

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of comprehensive income as incurred.

iii) Amortisation

Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods were individual for each group of assets.

Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are

classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the statement of financial position of the Company.

Trade, other receivables and prepayments

Trade and other receivables are carried at historical cost indicated in the invoices less allowance for doubtful debts that is recognised if the collectability of the debt is not probable on the basis of objective evidence.

Bad accounts receivable are written off to the provision over the period when they are revealed.

Impairment

i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of comprehensive income. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the statement of comprehensive income. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the «cash-generating unit»).

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the statement of comprehensive income. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Revenue

Revenue from ordinary activity is recognised when the contract result may be reliably measured, i.e. if the following conditions are met:

- the revenue can be measured reliably;
- the transaction's economic benefits will probably flow to the Company;
- the costs incurred or to be incurred can be measured reliably.

In case of uncertainty as for collecting the amount that has been recognized as revenue, the amount due or the amount unlikely to be collected is charged as an expense.

Revenue is recognised respectively when services are provided during a reporting period.

Expenses

Lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Finance income and costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and foreign currency gains. Interest income is recognised as it accrues in the statement of comprehensive income, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date that the Company's right to receive payment is established.

Finance expenses comprise interest expense on borrowings, bank commissions, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in the statement of comprehensive income using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or

substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

New standards and interpretations not yet adopted

A number of new Standards, amendments to Standards and Interpretations are not yet effective as at 31 December 2012 and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Company's operations. The Company plans to adopt these pronouncements when they become effective. The Company has not yet analysed the likely impact of these new standards on its financial statements.

Amendments to IAS 1 «Presentation of Financial Statements» (issued in June 2011 and effective for annual periods beginning on or after 1 July 2012), change the disclosure of items presented in other comprehensive income. The amendments require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. Additionally, the amendment changes a title of the statement of comprehensive income to «the statement of profit and loss and other comprehensive income». However, the use of other titles is acceptable.

IFRS 9 «Financial instruments: Classification and measurement». IFRS 9, issued in November 2009, replaces those parts of IAS 39 relating to the classification and measurement of financial assets. IFRS 9 was further amended in October 2010 to address the classification and measurement of financial liabilities and in December 2011 to a) change its effective date to annual periods beginning on or after 1 January 2015 and b) add transition disclosures. Key distinctions of the standard from IAS 39 are as follows:

- Financial assets must be classified into two measurement categories: those to be measured subsequently at fair value and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both (a) the objective of the entity's business model is to hold the asset to collect the contractual cash flows; and (b) the asset's contractual cash flows represent payments of principal and interest only (that is, it has only «basic loan features»). All other debt instruments are to be measured at fair value through profit or loss.

- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an

irrevocable election can be made at initial recognition, to recognise unrealized and realised fair value gains and losses through other comprehensive income rather than through profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

While adoption of IFRS 9 is mandatory from 1 January 2015, earlier adoption is permitted.

IFRS 13 «Fair Value Measurement» is applied for annual periods beginning on or after 1 January 2013. The new standard replaces fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It provides a revised definition of fair value, establishes a framework for measuring fair value, and sets out disclosure requirements for fair value measurement. IFRS 13 does not introduce new requirements for measurement of assets and liabilities at fair value nor does it eliminate the exceptions to fair value measurement currently applicable to certain standards. The standard is applied prospectively with an early application permitted. Comparative information for the periods preceding IFRS 13 application is not required.

«Disclosures – Offsetting Financial Assets and Financial Liabilities» is an amendment to IFRS 7 issued in December 2011 and effective for annual periods beginning on or after 1 January 2013. The amendment requires disclosures for financial statement users to assess the effect or potential effect of offsetting agreements, the settlement right included. The amendment will have an impact on disclosures, but it will have no effect on the measurement and recognition of financial instruments.

Offsetting of Financial Assets and Financial Liabilities is an amendment to IAS 32 issued in December 2011 and effective for annual periods beginning on or after 1 January 2014. The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of «currently has a legally enforceable right of set-off» and that some gross settlement systems may be considered equivalent to net settlement.

Other revised standards and interpretations - the amendments to IFRS 1 «First – time Adoption of IFRS», relating to severe hyperinflation, and eliminating references to fixed dates for certain exceptions and exemptions, the amendment to IAS 12 «Income Taxes», which introduces a rebuttable presumption that an investment property carried at fair value is recovered entirely through sale, IFRIC 20 «Stripping Costs in the Production Phase of a Surface Mine», amendments to IAS 19 «Employee Benefits» related to a revised approach to recognition and measurement of defined benefit pension expense, and to the disclosures of all employee benefits, IFRS 10 «Consolidated financial statements», IFRS 11 «Joint Arrangements», IFRS 12 «Disclosure of Interests in Other Entities», revised IAS 27 «Separate Financial Statements», and the amendment to IAS 28 «Investments in Associates and Joint Ventures» will not affect these financial statements.

5 Other income

	2012	2011
Contribution of cash, property and services, free of charge	100	-
Total	100	-

6 General and administrative expenses

	<u>2012</u>	<u>2011</u>
Consulting, legal and information services	60	-
Software and database maintenance expenses	14	6
Other expenses	-	6
Total	<u>74</u>	<u>12</u>

7 Finance income and costs

	<u>2012</u>	<u>2011</u>
Interest income on loans to customers	-	6 529
Total	<u>-</u>	<u>6 529</u>
Interest expense on borrowings	-	(6 328)
Bank services expense	(12)	(12)
Total	<u>(12)</u>	<u>(6 340)</u>

8 Income tax expense. Deferred tax assets and liabilities

	<u>2012</u>	<u>2011</u>
Current tax	-	(7)
Current income tax for the reporting period		
Deferred tax	17	-
Deferred tax: temporary differences	17	(7)
Total	<u>17</u>	<u>(7)</u>

Reconciliation of effective tax rate:

	<u>2012</u>	<u>%</u>	<u>2011</u>	<u>%</u>
Income before taxes	14	100%	177	100%
Income tax at applicable rate	(3)	(20%)	(35)	(20%)
Non-taxable income and non-deductible expenses (permanent differences)	20	143%	28	16%
Total	<u>17</u>	<u>121%</u>	<u>(7)</u>	<u>(4%)</u>

In 2012 and 2011 financial statements deferred tax is shown as «Deferred tax assets» netted.

Recognised deferred tax assets and liabilities:

	Assets		Liabilities		Net	
	31 December 2012	01 January 2012	31 December 2012	01 January 2012	31 December 2012	01 January 2012
Accounts receivable	17	-	-	-	17	-
Total deferred tax assets/(liabilities)	17	-	-	-	17	-

Movement in temporary differences during the year

	As at 01 January 2012	Recognised in profit/(loss)	As at 31 December 2012
Accounts receivable	-	17	17
Total deferred tax assets	-	17	17
Total	-	17	17

9 Accounts receivable

	31 December 2012	31 December 2011	1 January 2011
State duty settlements	-	-	6
Total	-	-	6

As at 1 January 2011 no impairment loss was recognised in respect of accounts receivable. Information on the Company's credit and currency risks is disclosed in the Note 16.

10 Cash and cash equivalents

	31 December 2012	31 December 2011	1 January 2011
Current accounts in Russian banks	35	23	34
Total	35	23	34

11 Loans to customers

	agreement currency	maturity date	31 December 2012	31 December 2011	1 January 2011
Loans provided to Russian companies	roubles	02.09.2011	-	-	122 695
Total			-	-	122 695

Information on the Company's credit, currency and interest rate risks is disclosed in the Note 16.

12 Other current assets

	31 December 2012	31 December 2011	1 January 2011
VAT on valuables acquired	2	1	-
Subscription services	-	1	-
Intangible assets (licenses, software rights of use)	9	7	-
Total	11	9	-

Information on the Company's credit and currency risks is disclosed in the Note 16.

13 Share capital

The Company's share capital formed in 2009 comprises RUB 12 thousand. The share capital is divided into 120 ordinary shares with a nominal value of RUB 100 each.

14 Current borrowings

	agreement currency	maturity date	31 December 2012	31 December 2011	1 January 2011
Short-term loans provided by Russian companies	roubles	05.09.2011	-	-	122 872
Total			-	-	122 872

Information on the Company's currency and interest rate risks is disclosed in the Note 16.

15 Related party transactions

Control relationships

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by the International Financial Reporting Standard IAS 24 «Related Party Disclosures». The related parties can enter into transaction which would not be between unrelated parties, prices and/or conditions of such transactions may differ from prices and conditions of transactions between independent parties.

In 2012 and 2011 the Company did not distribute or pay dividends and it paid no remuneration to its sole executive body.

16 Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company's sole executive body has overall responsibility for the establishment and oversight of the Company's risk management framework.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure equals to the amount of assets that can be no more available for the Company.

Credit risk exposes cash and cash equivalents, derivative financial statements, deposits and placements in banks and financial institutes as well as the open position with regard to clients including outstanding receivables and contractual obligations.

Instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents, loans to customers and receivables. The management of the Company regularly reviews the credit exposure of receivables considering the financial position of counterparties, their credit history and other facts.

The Company also analyses the receivables by its aging and considers the analysis when calculating the provision for impairment of receivables. Credit risk exposure mainly depends on individual features of counterparties, namely on their failure to fulfill obligations and country risk.

The Company places cash and cash equivalents in the banks with minimal risk of bankruptcy in the Company's opinion.

The Company is not exposed to credit risk by investing due to no investment made as at 31 December 2012.

Notes to the Financial Statements for the year ended 31 December 2012 (in thousands of Russian Roubles)

Exposure to credit risk

The carrying amount of financial assets represents the Company's maximum credit exposure. The maximum exposure to credit risk as at the reporting date was:

RUB'000	Carrying amount		
	31 December 2012	31 December 2011	1 January 2011
Accounts receivable	-	-	6
Cash and cash equivalents	35	23	34
Loans to customers	-	-	122 695
Total	35	23	122 735

As at 1 January 2011 there were no overdue accounts receivable and loans to customers.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk management includes maintaining sufficient cash and availability of financial resources. Liquidity risk is managed by the management that regularly reviews the estimated cash inflows and payments.

The managements supports a flexible structure of raising financial funds together with the possibility to use credit lines. The management believes sufficient financing of the liabilities through credit lines is available for the Company.

The table below presents financial liabilities grouped by maturity based on the period to contractual maturity. The amounts in the table are balance sheet values and contractual not discounted cash flows.

1 January 2011 RUB'000	0-6 months	6-12 months	1-2 years	2-3 years	Total
Current borrowings – carrying amount	-	122 872	-	-	122 872
Current borrowings – undiscounted cash flow	-	129 200	-	-	129 200

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company monitors the market environment with the purposes of market risk management.

(i) Currency risk

Currency risk relates to assets, liabilities, financing and operations denominated in a foreign currency. In 2012, 2011 and 2010 the Company placed and raised no financial instruments. Currency risk is not substantial for the Company.

(ii) Interest rate risk**Profile**

Fluctuations of the interest rate have an impact on the Company's financial position and cash flows. In 2012, 2011 and 2010 the Company did not raise loans and borrowings with variable interest rates. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

RUB'000	Carrying amount		
	31 December 2012	31 December 2011	1 January 2011
Fixed rate instruments			
Financial assets	-	-	122 695
Financial liabilities	-	-	(122 872)
Total	-	-	(177)

The Company is not exposed to interest risk, so the Company does not exercise a formal regulation with regard to estimating the acceptable risk related to variable and fixed interest rates. However the Company regularly analyses current interest rates and the management makes decision whether variable or fixed interest rates are more profitable for a certain period.

17 Contingencies**Litigations**

According to the management opinion, there are no actual litigations which could materially effect the results of financial activity or financial position of the Company and which wouldn't be disclosed in the financial statements.

Taxation contingencies**Taxation contingencies in the Russian Federation**

The taxation system in the Russian Federation is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions.

However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

18 Event subsequent to the balance sheet date

In June 2013 under a sale and purchase agreement 120 shares of CJSC «O1PropertiesFinance» (100% of the share capital) were transferred to MISTORELLA TRADING LIMITED (a Cyprus resident). Starting that date, MISTORELLA TRADING LIMITED is the sole participant in CJSC «O1PropertiesFinance» share capital.

From 31 December 2012 to the date of the financial statements' approval, no events that could significantly influence the Company's financial statements took place.



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Действует на основании Доверенности
031-01/12 от 31.01.12 действует до 30.06.15
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