

**O1 PROPERTIES LIMITED (FORMERLY
TONEBOL LIMITED)**

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

For the period From 24 August 2010 to 31
December 2010

O1 PROPERTIES LIMITED (FORMERLY TONEBOL LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the period From 24 August 2010 to 31 December 2010

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O1 PROPERTIES LIMITED (FORMERLY TONEBOL LIMITED)

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Theodoulos Montis (resigned 1 July 2011)
Dmitriy Mints (appointed 1 July 2011)
Tomasz Zamara (appointed 1 July 2011)
Michael Stanton (appointed 1 July 2011)
Alexander Ostrovskiy (appointed 1 July 2011)
Norbert Kickum (appointed 1 July 2011)
Timothy Fenwick (appointed 1 July 2011)

Company Secretary:

Panglobe Secretarial Limited

Independent Auditors:

PricewaterhouseCoopers Limited
Chartered accountants

Registered office:

18 Spyrou Kyprianou
Office/flat 301
1075 Nicosia
Cyprus

Banker:

Nomos Bank

Registration number:

272334

O1 PROPERTIES LIMITED (FORMERLY TONEBOL LIMITED)

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of O1 Properties Limited (formerly Tonebol Limited) "The Company" presents its first report and audited financial statements of the Company for the period From 24 August 2010 to 31 December 2010.

Incorporation

The Company O1 Properties Limited (formerly Tonebol Limited) was incorporated in Cyprus on 24 August 2010 as a limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

Change of name

On 30 May 2011 the Company's name was changed to O1 Properties Limited.

Principal activities

The principal activities of the Company are the holding and financing of investments.

Review of the development and current position of the Company and description of the major risks and uncertainties

The Company's development to date, financial results and position as presented in the financial statements are not considered satisfactory and the Board of Directors is making an effort to reduce the Company losses.

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

The Company's results for the period are set out on page 6. The net loss for the period is carried forward.

Share capital

Authorised capital

Under its Memorandum the Company fixed its share capital at 1,000 ordinary shares of nominal value of EUR 1 each. On 9 November 2010 and 1 December 2010 the authorised share capital of the Company was increased to 10,000 shares and then 13,000 shares respectively, of a nominal value of EUR 1 each.

Issued capital

Upon incorporation on 24 August 2010 the Company issued to the subscribers of its Memorandum of Association 1,000 ordinary shares of EUR 1 each at par. On the 9 November 2010, the Company issued 9,000 shares of EUR 1 each at premium of EUR 32,049.45 each. On the 1 December 2010, the Company issued 3,000 shares of EUR 1 each at premium of EUR 25,930.39 each.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2010 and at the date of this report are presented on page 1. Mr. Theodoros Montis was the sole director and a member of the Board of Directors throughout the period from 24 August 2010 to 31 December 2010. On 1 July 2011 the sole director of the Company Mr. Theodoros Montis resigned and new directors were appointed by unanimous resolution of the shareholders of the Company pursuant to the Articles of Association of the Company. The current directors of the Company with effect from 1 July 2011 are:

Mr. Dmitriy Mints
Mr. Tomasz Zamiara
Mr. Michael Stanton
Mr. Alexander Ostrovskiy
Mr. Norbert Kickum
Mr. Timothy Fenwick

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

Significant events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 21 to the financial statements.

O1 PROPERTIES LIMITED (FORMERLY TONEBOL LIMITED)

REPORT OF THE BOARD OF DIRECTORS

Existence of branches

During the period From 24 August 2010 to 31 December 2010 the Company did not operate any branches.

Independent Auditors

The Independent Auditors, PricewaterhouseCoopers 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,


Panglobe Secretarial Limited
Secretary

, 22 December 2011



Independent auditor's report To the Members of O1 Properties Limited (formerly Tonebol Limited)

Report on the financial statements

We have audited the accompanying financial statements of parent company O1 Properties Limited (formerly Tonebol Limited) (the "Company"), which comprise the statement of financial position as at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flows for the period from 24 August 2010 (date of incorporation) to 31 December 2010, 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 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.

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PricewaterhouseCoopers Ltd, Julia House, 3 Themistocles Dervis Street, CY-1066 Nicosia, Cyprus
P O Box 21612, CY-1591 Nicosia, Cyprus
T: +357 - 22 555 000, F: +357 - 22 555 001, www.pwc.com/cy

PricewaterhouseCoopers Ltd is a member firm of PricewaterhouseCoopers International Ltd, each member firm of which is a separate legal entity. PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No. 143594). A list of the company's directors including for individuals the present name and surname, as well as any previous names and for legal entities the corporate name, is kept by the Secretary of the company at its registered office at 3 Themistocles Dervis Street, 1066 Nicosia and appears on the company's web site. Offices in Nicosia, Limassol, Larnaca and Paphos.



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of parent company O1 Properties Limited (formerly Tonebol Limited) as at 31 December 2010, and of its financial performance and its cash flows for the period from 24 August 2010 (date of incorporation) to 31 December 2010 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 matters

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.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the period from 24 August 2010 (date of incorporation) to 31 December 2010.

Christakis K Santis
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Ltd
Certified Public Accountants and Registered Auditors

22 December 2011

O1 PROPERTIES LIMITED (FORMERLY TONEBOL LIMITED)

STATEMENT OF COMPREHENSIVE INCOME

For the period From 24 August 2010 to 31 December 2010

	Note	From 24 August 2010 to 31 December 2010 US\$
Other income	5	116,927
Net profit from Investing activities	6	128
Administration expenses		<u>(65,772)</u>
Operating profit	7	51,283
Finance costs	8	<u>(2,666,400)</u>
Loss before tax		(2,615,117)
Tax	9	<u>(7,115)</u>
Net loss for the period		(2,622,232)
Other comprehensive income		-
Total comprehensive loss for the period		<u>(2,622,232)</u>

The notes on pages 10 to 24 form an integral part of these financial statements.


O1 PROPERTIES LIMITED (FORMERLY TONEBOL LIMITED)


STATEMENT OF FINANCIAL POSITION

31 December 2010

	Note	2010 US\$
ASSETS		
Non-current assets		
Investments in subsidiaries	10	419,200,211
Non-current loans receivable	11	<u>87,618,855</u>
		<u>506,819,066</u>
Current assets		
Trade and other receivables	12	62,101,450
Cash at bank and in hand	13	<u>3,662,435</u>
		<u>65,763,885</u>
Total assets		<u>572,582,951</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	14	17,764
Share premium	14	504,583,507
Shareholders contribution	15	61,359,526
Accumulated (losses)		<u>(2,622,232)</u>
Total equity		<u>563,338,565</u>
Current liabilities		
Trade and other payables	16	9,237,271
Current tax liabilities	17	<u>7,115</u>
		<u>9,244,386</u>
Total liabilities		<u>9,244,386</u>
Total equity and liabilities		<u>572,582,951</u>

On 22 December 2011 the Board of Directors of O1 Properties Limited (formerly Tonebol Limited) authorised these financial statements for issue.


Dmitry Mints
Director


Tomasz Zamiara
Director

The notes on pages 10 to 24 form an integral part of these financial statements.

01 PROPERTIES LIMITED (FORMERLY TONEBOL LIMITED)

STATEMENT OF CHANGES IN EQUITY

For the period From 24 August 2010 to 31 December 2010

	Note	Share capital US\$	Share premium US\$	Shareholders contribution US\$	Accumulated (losses) US\$	Total US\$
Total comprehensive income for the period		-	-	-	(2,622,232)	(2,622,232)
Transactions with owners						
Issue of share capital	14	17,764	-	-	-	17,764
Issue of share premium	14	-	504,583,507	-	-	504,583,507
Shareholder contribution	15	-	-	61,359,526	-	61,359,526
Balance at 31 December						
2010		17,764	504,583,507	61,359,526	(2,622,232)	563,338,565

Share premium is not available for distribution.

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 15% 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.

The notes on pages 10 to 24 form an integral part of these financial statements.

01 PROPERTIES LIMITED (FORMERLY TONEBOL LIMITED)

STATEMENT OF CASH FLOWS

For the period From 24 August 2010 to 31 December 2010

	Note	From 24 August 2010 to 31 December 2010 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax		(2,615,117)
Adjustments for:		
Unrealised exchange loss		208
Interest income		(116,927)
Cash flows used in operations before working capital changes		(2,731,836)
Increase in trade and other receivables		(132)
Decrease in shareholders' current accounts		(1,318)
Increase in trade and other payables		2,718,676
Net cash flows used in operating activities		(14,610)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of investments in subsidiaries	10	(260,681,871)
Loans granted		(26,142,402)
Net cash flows used in investing activities		(286,824,273)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital		290,501,318
Net cash flows from financing activities		290,501,318
Net increase in cash and cash equivalents		3,662,435
Cash and cash equivalents:		
At beginning of the period		-
At end of the period	13	3,662,435

Non cash transactions:

1. The purchase price for the shares in Discovery Russian Realty Paveletskaya Project Limited is not included in the statement of cash flows as this was paid by assigning promissary notes amounting to USD 108,000,000 issued to the company by Salastar Investments Limited. The promissary notes were contributed by Salastar Investments Limited to the share premium of the Company.

2. A portion of purchase price for the shares in Wallasey Limited and Longmoor Limited is not included in the statement of cash flows, as this was paid by assigning promissary notes amounting to USD 44,000,000 issued to the company by Salastar Investments Limited. The promissary notes were contributed by Salastar Investments Limited to the share premium of the Company.

3. The purchase of Talisia Limited for USD 51,400,000 and the sale of Talisia Limited and Dawson International Inc has not been included in the statement of cash flows as these transactions were completed by assignment of promissary notes. The promissary notes were contributed by Salastar Investments Limited to the share premium of the Company.

4. USD 61,359,526 included in shareholders contribution was settled by the assignment of loans receivable from Dawson International Inc. and CJSC "Stroypromplast".

The notes on pages 10 to 24 form an integral part of these financial statements.

O1 PROPERTIES LIMITED (FORMERLY TONEBOL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

For the period From 24 August 2010 to 31 December 2010

1. Incorporation and principal activities

Country of incorporation

The Company O1 Properties Limited (formerly Tonebol Limited) (the "Company") was incorporated in Cyprus on 24 August 2010 as a private limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at 18 Spyrou Kyprianou, Office/flat 301, 1075 Nicosia, Cyprus.

Change of Company name

On 30 May 2011, the Company changed its name from Tonebol Limited to O1 Properties Limited.

Principal activities

The principal activities of the Company are the holding and financing of investments.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of preparation

The Company has prepared these parent's separate financial statements for compliance with the requirements of the Cyprus Income Tax Law.

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 Company has also prepared consolidated financial statements in accordance with IFRSs for the Company and its subsidiaries (the "Group"). The consolidated financial statements can be obtained from 2 Michail Karaoli, Egkomi, 2404 Nicosia, Cyprus.

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the period From 24 August 2010 to 31 December 2010 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgement 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.

Adoption of new and revised IFRSs

During the current period the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 24 August 2010.

O1 PROPERTIES LIMITED (FORMERLY TONEBOL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

For the period From 24 August 2010 to 31 December 2010

2. Accounting policies (continued)

Adoption of new and revised IFRSs (continued)

At the date of approval of these financial statements the following accounting standards were issued by the International Accounting Standards Board but were not yet effective:

(i) Standards and Interpretations adopted by the EU

New standards

- *IAS 24 (revised): "Related Party Disclosures" (effective for annual periods beginning on or after 1 January 2011).*

Amendments

- *Amendments to IAS 32 "Financial Instruments: Presentation: Classifications of Rights Issues" (effective for annual periods beginning on or after 1 February 2010).*
- *Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First Time Adopters" (effective for annual periods beginning on or after 1 July 2010).*
- *Annual Improvements 2010 (effective for annual periods beginning on or after 1 July 2010 to 1 January 2011).*
- *Amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement" (effective for annual periods beginning on or after 1 January 2011).*

New IFRICs

- *IFRIC 19: "Extinguishing Financial Liabilities with Equity Instruments" (effective from 1 July 2010).*

(ii) Standards and Interpretations not adopted by the EU

New standards

- *IFRS 9 "Financial Instruments" (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).*
- *IFRS 11, "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2013).*
- *IFRS 12, "Disclosure of Interests in Other entities" (effective for annual periods beginning on or after 1 January 2013).*
- *IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013).*

Amendments

- *Amendments to IAS 1, Presentation of Financial Statements (effective for annual periods beginning on or after 1 July 2012).*
- *IAS 27 "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013).*
- *IAS 28 "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2013).*
- *Amendment to IAS 12 "Income Taxes" on deferred tax relating to recovery of underlying assets (effective for annual periods beginning on or after 1 January 2012).*
- *Amendments to IFRS 1 "First Time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 July 2011).*
- *Amendment to IFRS 7 "Financial Instruments: Disclosures" on derecognition of financial instruments (effective for annual periods beginning on or after 1 July 2011).*
- *Amendment to IAS 19 "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013).*

The Board of Directors of O1 Properties Limited (formerly Tonebol Limited) "The Company" expects that the adoption of these standards or interpretations in future periods will not have a material effect on the financial statements of the Company.

O1 PROPERTIES LIMITED (FORMERLY TONEBOL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

For the period From 24 August 2010 to 31 December 2010

2. Accounting policies (continued)

Consolidated financial statements

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting.

Subsidiary companies

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Revenue recognition

Revenues of the Company are recognized on an accrual basis.

• Interest income

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

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 United States Dollars (US\$), 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated in the basis of the tax laws enacted or substantively enacted at the reporting date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

O1 PROPERTIES LIMITED (FORMERLY TONEBOL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

For the period From 24 August 2010 to 31 December 2010

2. Accounting policies (continued)

Current and deferred tax (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

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.

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.

Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. This is defined as the fair value of cash consideration given to originate those loans as is determined by reference to market prices at origination date. All loans are recognised when cash is advanced to the borrower.

An allowance for loan impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

Trade payables

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

Financial guarantees

Financial guarantees are irrevocable contracts that require the Company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because of a specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantees are initially recognised at the fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the obligation at the end of the reporting period.

01 PROPERTIES LIMITED (FORMERLY TONEBOL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

For the period From 24 August 2010 to 31 December 2010

2. Accounting policies (continued)

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).

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

3. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 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. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

3.2 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. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

3.3 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.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

31 December 2010	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$	Between 3-12 months US\$	Between 1-5 years US\$	More than 5 years US\$
Trade and other payables	9,213,773	9,213,773	5,845,931	3,367,842	-	-
Payables to related companies	23,498	23,498	23,498	-	-	-
	<u>9,237,271</u>	<u>9,237,271</u>	<u>5,869,429</u>	<u>3,367,842</u>	<u>-</u>	<u>-</u>

3.4 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 Euro and the Russian Rouble. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

01 PROPERTIES LIMITED (FORMERLY TONEBOL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

For the period From 24 August 2010 to 31 December 2010

3. Financial risk management (continued)

The Company's exposure to foreign currency risk was as follows:
31 December 2010

	Euro	Russian Rouble
Assets		
Cash at bank	-	218
Loans receivable	-	46,278,842
	-	46,279,060
Liabilities		
Creditors and accruals	(96,386)	-
	(96,386)	-
Net exposure	(96,386)	46,279,060

Sensitivity analysis

A 10% strengthening of the United States Dollars against the following currencies at 31 December 2010 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the United States Dollars against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	Profit or loss
	2010
	US\$
Euro	9,639
Russian Rouble	(4,627,906)
	(4,618,267)

3.5 Capital risk management

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash at bank. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt. As at 31 December 2010 the Company had no borrowings and the capital, as defined by the management, consists of equity.

Fair value estimation

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

O1 PROPERTIES LIMITED (FORMERLY TONEBOL LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

For the period From 24 August 2010 to 31 December 2010

4. Critical accounting estimates and judgements

Estimates and judgements 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:

- **Income taxes**

Significant judgement 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.

- **Functional currency**

Significant judgement was required in determining the functional currency of the Company. The functional currency of the Company was determined to be US Dollar on the basis that the Company raised its capital in US Dollars and most investments were purchased using US Dollars.

5. Other income

	From 24 August 2010 to 31 December 2010 US\$
Group Interest(Note 18)	<u>116,927</u>
	<u>116,927</u>

6. Profit from investing activities

	From 24 August 2010 to 31 December 2010 US\$
Profit from sale of investments in subsidiaries	<u>128</u>
	<u>128</u>

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For the period From 24 August 2010 to 31 December 2010

7. Operating profit

From 24
August 2010
to 31
December
2010
US\$

Operating profit is stated after charging the following items:

Auditors' remuneration

65,772

The Company's statutory audit firm has not charged any other fees to the Company.

8. Finance costs

From 24
August 2010
to 31
December
2010
US\$

Finance costs

Other finance expenses

Bank charges

Sundry finance expenses

13,289

2,652,903

Net foreign exchange transaction losses

Realised exchange loss

Unrealised exchange loss

127

81

2,666,400

9. Tax

9.1 Tax recognised in profit or loss

From 24
August 2010
to 31
December
2010
US\$

Corporation tax - current period

7,115

Charge for the period

7,115

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9. Tax (continued)

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

	From 24 August 2010 to 31 December 2010 US\$
Loss before tax.	<u>(2,615,117)</u>
Tax calculated at the applicable tax rates	(261,512)
Tax effect of expenses not deductible for tax purposes	268,691
Tax effect of allowances and income not subject to tax	<u>(64)</u>
Tax charge	<u>7,115</u>

The Company is subject to corporation tax on taxable profits at the rate of 10%.

Up to 31 December 2008, under certain conditions interest may be subject to defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax thus having an effective tax rate burden of approximately 15%.

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and only subject to defence contribution at the rate of 10%.

In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 15%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

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For the period From 24 August 2010 to 31 December 2010

10. Investments in subsidiaries

	2010 US\$
On 24 August	-
Additions	470,600,211
Disposals	(51,400,000)
Balance at 31 December	419,200,211

The details of the subsidiaries are as follows:

Name	Country of Incorporation	Principal activities	Holding %	2010 US\$
Wallasey Ltd	Cyprus	Financing	100	1,710
Longmoor Ltd	Cyprus	Holding and financing of Investments	100	241,352,501
Discovery Russian Realty Paveletskaya Project Ltd	Caymen Islands	Holding	99.94	108,000,000
Effusive Holding Ltd & Flybase Investments Ltd	Cyprus	Holding and financing of Investments	100	69,810,198
Sandix Group B.V	The Netherlands	Holding	100	33,242
Celera Corporation	BVI	Holding	100	1
CJSC Horus Capital	Russia	Holding	0.0009	2,559
				419,200,211

The Company purchased 100% of the share capital in Wallasey Ltd on 29 October 2010 from Horus International B.V. for the nominal value of USD 1,710.

The Company purchased 100% of the share capital in Longmoor Ltd on 29 October 2010 from Horus International B.V. for a total consideration of USD 241,352,501.

The Company purchased 0.0009% of the share capital of CSJC Horus Capital on 24 November 2010 from Mr. Dmitry Alexandrovich Rodin for a total consideration of RUB 80,000.

The Company purchased 99.94% of the share capital of Discovery Russian Realty Paveletskaya Project Ltd on 30 November 2010 from Saraju Financial Corp. for a total consideration of USD 108,000,000.

The Company purchased 100% of the share capital of Effusive Holding Ltd and Flybase Investments Ltd on 10 December 2010 from Horus International B.V. for a total consideration of USD 69,810,198.

The Company purchased 100% of the share capital of Sandix Group B.V. on 17 December 2010 from H&P Trust Company (Netherlands) B.V. for a total consideration of EUR 25,256.

The Company purchased 100% of the share capital of Celera Corporation on 27 December 2010 from Poly Monti for a total consideration of USD 1.

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For the period From 24 August 2010 to 31 December 2010

The Company purchased 100% of the share capital of Dawson International Inc. on 29 October 2010 from Kyriakos Papasozomenos for a total consideration of USD 1. The Company purchased 100% of the share capital of Talisia Investments Ltd on 8 November 2010 from Primestone Holdings Ltd for a total consideration of USD 51,400,000. Both these investments were sold to Celera Corporation on 28 December 2010 for the consideration of USD 51,400,000 at no gain or loss.

The Company purchased 50% of the share capital of Nikolemia Trading Limited on 1 November 2010 from Tasos Pantell for a total consideration of EUR 1. The Company purchased 50% of the share capital of Nikolemia Trading Ltd on 1 November 2010 from Nikoletta Poulidou for a total consideration of EUR 1. This investment was sold to Theodoulos Montis on 31 December 2010 for the consideration of EUR 100.

11. Non-current loans receivable

	2010 US\$
Loans to own subsidiaries (Note 18)	26,259,329
Loans to related companies (Note 18)	<u>61,359,526</u>
	<u>87,618,855</u>

The fair values of non-current receivables approximate to their carrying amounts as presented above.

12. Trade and other receivables

	2010 US\$
Trade receivables	132
Receivables from own subsidiaries (Note 18)	51,400,000
Shareholders' current accounts - debit balances (Note 18)	6,501,318
Deferred expenses	<u>4,200,000</u>
	<u>62,101,450</u>

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

13. Cash at bank and in hand

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

	2010 US\$
Cash at bank and in hand	<u>3,662,435</u>
	<u>3,662,435</u>

Non-cash transactions

The principal non-cash transactions are disclosed in the statement of cash flows. The Company periodically reviews the credit rating of financial institutions with which it has deposits.

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For the period From 24 August 2010 to 31 December 2010

14. Share capital

	2010 Number of shares	2010 €
Authorised		
Ordinary shares of €1 each	<u>13,000</u>	<u>13,000</u>
		US\$
Issued and fully paid		
Issue of shares	<u>13,000</u>	<u>17,764</u>
Balance at 31 December	<u>13,000</u>	<u>17,764</u>

Authorised capital

Under its Memorandum the Company fixed its share capital at 1,000 ordinary shares of nominal value of EUR 1 each. On 9 November 2010 and 1 December 2010 the authorised share capital of the Company was increased to 10,000 shares and then 13,000 shares respectively, of a nominal value of EUR 1 each.

Issued capital

Upon Incorporation on 24 August 2010 the Company issued to the subscribers of its Memorandum of Association 1,000 ordinary shares of EUR 1 each at par. On the 9 November 2010, the Company issued 9,000 shares of EUR 1 each at premium of EUR 32,049.45 each. On the 1 December 2010, the Company issued 3,000 shares of EUR 1 each at premium of EUR 25,930.39 each.

15. Shareholders contribution

	2010 US\$
On 24 August	-
Proceeds for the period	<u>61,359,526</u>
Balance at 31 December	<u>61,359,526</u>

Shareholder's contribution was recognised when the shareholder contributed assets for which the Company has no repayment obligations.

16. Trade and other payables

	2010 US\$
Accruals	65,773
Other creditors	9,148,000
Payables to own subsidiaries (Note 18)	<u>23,498</u>
	<u>9,237,271</u>

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

17. Current tax liabilities

	2010 US\$
Corporation tax	<u>7,115</u>
	<u>7,115</u>

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18. Related party transactions

The Company is controlled by Salastar Investments Limited, incorporated in Cyprus, which owns 99.99% of the Company's shares. The Company's ultimate controlling party is Mr Boris Mints, who owns 100% of the Company's shares.

The following transactions were carried out with related parties:

18.1 Receivables from subsidiaries (Note 12)

<u>Name</u>	<u>Nature of transactions</u>	2010 US\$
Celera Corporation	Finance	51,400,000
		<u>51,400,000</u>

The receivable from Celera Corporation relates to the consideration receivable from the sale of Dawson International Inc. and Tallsia Limited.

18.2 Loans to related parties (Note 11)

		2010 US\$
Loan with Flybase Investments Ltd	Principal	2,000,000
	Interest	4,383
Assignment with Flybase Investments Ltd-	Principal	23,340,000
	Interest	914,946
Loan with Dawson Int'l Inc.	Principal	15,003,000
	Interest	77,684
Novation with Stroypromplast		<u>46,278,842</u>
		<u>87,618,855</u>

The loan to Flybase Investments Ltd was provided at an interest of 8%, and is repayable by 20 December 2015. The Assignment with Flybase Investments Ltd was assigned at an interest of 8% and is repayable by 15 June 2015.

The Novation deed with Dawson International Inc. was assigned from Thaletta S.A. on the 31 December 2010. The original loan agreement, dated 10 Decemeber 2010, has an interest rate of 9%, and is repayable by 9 December 2011.

The Novation deed with Stroyplomplast was assigned from Thaletta S.A. on the 31 December 2010 which consist of a principal balance of RUB 1,157,005,699 and interest accrued of RUB 253,418,582.94. The loans assigned are payable on demand.

18.3 Payables to related parties (Note 16)

<u>Name</u>	<u>Nature of transactions</u>	2010 US\$
Sandix Group B.V.	Finance	23,498
		<u>23,498</u>

18.4 Shareholders' current accounts - debit balances (Note 12)

	2010 US\$
Amounts owed for share capital	6,501,318
	<u>6,501,318</u>

The USD6,501,318 relates to a balance due for the issue of shares plus the share premium.

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For the period From 24 August 2010 to 31 December 2010

19. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2010.

20. Commitments

Operating environment of the Company. The Russian Federation displays certain characteristics of an emerging market, including relatively high inflation and high interest rates. The recent global financial crisis has had a severe effect on the Russian economy and the financial situation in the Russian financial and corporate sectors significantly deteriorated since mid-2008. In 2010, the Russian economy experienced a moderate recovery of economic growth. The recovery was accompanied by a gradual increase of household incomes, lower refinancing rates, stabilisation of the exchange rate of the Russian Rouble against major foreign currencies, and increased liquidity levels in the banking sector.

The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory and political developments.

Management determined impairment provisions by considering the economic situation and outlook at the end of the reporting period. Provisions for trade receivables are determined using the 'incurred loss' model required by applicable accounting standards. These standards require recognition of impairment losses that could arise from future events, no matter how likely those future events are.

Management is unable to predict all developments which could have an impact on the Russian economy and consequently what effect, if any, they could have on the future financial position of the Company. Management believes it is taking all the necessary measures to support the sustainability and development of the Company's business.

Guarantees. Guarantees and other securities (including shares pledged for third parties liabilities and referred to above under shares pledged) are irrevocable assurances that the Company will make payments in the event that another party cannot meet its obligations. The Company has guaranteed the following obligations:

In thousands of US Dollars	Guaranteed obligations	Due dates of guaranteed obligations
	85 000	22 November 2013
	34 200	26 November 2012
	24 000	13 December 2012
	24 000	27 July 2012
Total guarantees	167 200	

Apart of amounts of guarantees mentioned above, the Company might be obliged to repay the accrued interests and other penalties. Management is of an opinion that the provision for these guarantees should not be created in these financial statements.

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Shares pledged As at 31 December 2010 under the loan facilities from banks the Company has pledged the shares of the Company and subsidiaries:

31 December 2010

	Number of Shares	Percentage of Ownership
In thousands of US Dollars		
Longmoor Limited	2,000	100%
Wallasey Limited	1,000	100%
Discovery Russian Realty Paveletskaya Project Limited	132,927	99.94%

21. Significant events after the reporting period

On 27 May 2011 the Company's immediate shareholder Salastar Investments Ltd, Cyprus transferred 617 shares or 4.7462% of the ordinary share capital of O1 Properties Ltd (former Tonebol Limited) to Company's immediate shareholder Coniston Management Limited, BVI. At the date of this report the shares of immediate shareholders Salastar Investments Ltd, Cyprus and Coniston Management Limited, BVI in the ordinary share capital of the Company were 95.25% and 4.75% respectively.

On 30 May 2011 the Company's name was changed to O1 Properties Limited.

On 1 June 2011 the Group acquired 2,500 shares or 50% of the ordinary share capital of Taavo Enterprises Limited for USD 9,583 thousand.

Since 1 July 2011 the Company's ultimate parent company is Velessa Investments Inc., BVI.

On 19 September 2011 the obligations under the Loan Agreement in the amount of 24,000 thousand USD with the due date 27 July 2012 for which the Company acted as a guarantor have been discharged.

During the year 2011 the Company entered into a sale and purchase agreement to acquire an entity holding investment property in Russia for a total consideration of US\$73 million.

Independent Auditor's report on pages 4 and 5