

REGISTRAR OF COMPANIES

EASTLEIGH TRADING LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2013

Not for official use

EASTLEIGH TRADING LIMITED

REPORT AND FINANCIAL STATEMENTS 31 December 2013

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EASTLEIGH TRADING LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors: Centaur Fiduciaries (Cyprus) Limited (Appointed 7 October 2013)
Demetris Papaprodromou (Resigned 7 October 2013)
Constantinos Constantinides (Resigned 7 October 2013)

Company Secretary: Centaur Secretarial (Cyprus) Limited

Independent Auditors: HMI & Partners Ltd
CHARTERED ACCOUNTANTS
12 Menandrou Street
Eliona Tower
1st Floor
1066, Nicosia

Registered office: Apostolos Varnavas 2
CENTAUR HOUSE
2571 Nisou
Nicosia, Cyprus

Banker: Bank of Cyprus Public Company Ltd

Registration number: HE182376

EASTLEIGH TRADING LIMITED

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2013.

Incorporation

The Company Eastleigh Trading Limited was incorporated in Cyprus on 21 August 2006 as a private limited liability Company under the Cyprus Companies Law, Cap. 113.

Principal activities

The principal activities of the Company is that of a holding company and the purchase, reconstruction and rendering of real estate in Belarus.

Review of current position, future developments and significant risks

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

Additional details that relate to the operating environment of the Company as well as other risks and uncertainties are described in notes 3 and 18 of the financial statements.

Results

The Company's results for the year are set out on page 5. The net loss for the year is carried forward.

Share capital

There were no changes in the share capital of the Company during the year under review.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2013 and at the date of this report are presented on page 1.

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

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


Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 22 to the financial statements.

Independent Auditors

The Independent Auditors, HMI & Partners Ltd, 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,



Centaur Secretarial (Cyprus) Limited
Secretary

Nicosia, 23 June 2015

Independent auditor's report

To the Members of Eastleigh Trading Limited

Report on the financial statements

We have audited the financial statements of parent company Eastleigh Trading Limited (the "Company") on pages 5 to 20 which comprise the statement of financial position as at 31 December 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of parent company Eastleigh Trading Limited as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Emphasis of matter

We draw attention to note 2 to the financial statements which indicates that the Company incurred a loss of US\$2,821,232 during the year ended 31 December 2013, and, as at that date its liabilities exceeded its assets by US\$10,848,131. These conditions, along with other matters as set forth in note 2 indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Independent auditor's report (continued)

To the Members of Eastleigh Trading Limited


Report on other legal requirements

Pursuant to the additional 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, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

Other matter

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


Michael Hadjipantela
Certified Public Accountant and Registered Auditor
for and on behalf of
HMI & Partners Ltd
CHARTERED ACCOUNTANTS

Nicosia, 23 June 2015

EASTLEIGH TRADING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	Note	2013 US\$	2012 US\$
Revenue			
Interest income	5	55,856	272,109
Other operating income		-	18,627
		<u>42,745</u>	<u>62,867</u>
Other income	6	-	16
Administration expenses	7	(697,573)	(2,080,490)
Other expenses	8	<u>(1,200,627)</u>	<u>(157)</u>
Operating loss	9	(1,799,599)	(1,727,028)
Finance income	10	17,493	17,551
Finance costs	10	<u>(937,084)</u>	<u>(926,971)</u>
Loss before tax		(2,719,190)	(2,636,448)
Tax	11	<u>(102,042)</u>	<u>(48,899)</u>
Net loss for the year		(2,821,232)	(2,685,347)
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(2,821,232)</u>	<u>(2,685,347)</u>

The notes on pages 9 to 20 form an integral part of these financial statements.

EASTLEIGH TRADING LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2013

	Note	2013 US\$	2012 US\$
ASSETS			
Non-current assets			
Investment properties	12	11,726,340	-
Investments in subsidiaries	13	2	13,244,273
		11,726,342	13,244,273
Current assets			
Trade and other receivables	14	429,263	708,688
Cash at bank		219,158	358,603
		648,421	1,067,291
Total assets		12,374,763	14,311,564
EQUITY AND LIABILITIES			
Equity			
Share capital	15	1,328	1,328
Accumulated losses		(10,849,459)	(8,028,227)
Total equity		(10,848,131)	(8,026,899)
Non-current liabilities			
Borrowings	16	20,807,846	19,919,548
		20,807,846	19,919,548
Current liabilities			
Trade and other payables	17	2,415,048	2,418,915
		2,415,048	2,418,915
Total liabilities		23,222,894	22,338,463
Total equity and liabilities		12,374,763	14,311,564

On 23 June 2015 the Board of Directors of Eastleigh Trading Limited authorised these financial statements for issue.

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Director

The notes on pages 9 to 20 form an integral part of these financial statements.

EASTLEIGH TRADING LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Share capital US\$	Accumulated losses US\$	Total US\$
Balance at 1 January 2012	1,328	(5,342,880)	(5,341,552)
Net loss for the year	-	(2,685,347)	(2,685,347)
Balance at 31 December 2012/ 1 January 2013	1,328	(8,028,227)	(8,026,899)
Comprehensive income			
Net loss for the year	-	(2,821,232)	(2,821,232)
Balance at 31 December 2013	1,328	(10,849,459)	(10,848,131)

The notes on pages 9 to 20 form an integral part of these financial statements.

EASTLEIGH TRADING LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2013

	Note	2013 US\$	2012 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(2,719,190)	(2,636,448)
Adjustments for:			
Depreciation of property, plant and equipment		331,593	555,589
Unrealised exchange loss		43,581	15,682
Impairment charge - investments in subsidiaries	13	1,200,627	157
Interest income	10	(14,387)	(18,627)
Interest expense	10	888,298	890,027
Cash flows used in operations before working capital changes		(269,478)	(1,193,620)
Decrease in trade and other receivables		279,425	1,210,453
Decrease in trade and other payables		(3,867)	(5,526)
Cash flows from operations		6,080	11,307
Interest received		-	18,627
Tax paid		(102,042)	(64,734)
Net cash flows used in operating activities		(95,962)	(34,800)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investment property	12	(12,057,933)	-
Payment for purchase of investments in subsidiaries	13	-	(6,000)
Reduction of investments in subsidiary undertakings		12,043,644	-
Interest received		14,387	-
Net cash flows from/(used in) investing activities		98	(6,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		888,298	794,994
Unrealised exchange (loss)		(43,581)	(15,682)
Interest paid		(888,298)	(890,027)
Net cash flows used in financing activities		(43,581)	(110,715)
Net decrease in cash and cash equivalents		(139,445)	(151,515)
Cash and cash equivalents:			
At beginning of the year		358,603	510,118
At end of the year		219,158	358,603

The notes on pages 9 to 20 form an integral part of these financial statements.

EASTLEIGH TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

1. Incorporation and principal activities

Country of incorporation

The Company Eastleigh Trading Limited (the "Company") was incorporated in Cyprus on 21 August 2006 as a private international business company with limited liability under the Cyprus Companies Law, Cap. 113. Its registered office is at Apostolos Varnavas 2, CENTAUR HOUSE, 2571 Nisou, Nicosia, Cyprus. The objects of the Company are restricted to business carried on wholly outside Cyprus and its shares are held exclusively by non-residents.

Principal activities

The principal activities of the Company is that of a holding company and the purchase, reconstruction and rendering of real estate in Belarus.

2. Accounting policies

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

Going concern basis

The Company incurred a loss of US\$2,821,232 for the year ended 31 December 2013, and, as at that date its liabilities exceeded its assets by US\$10,848,131. These conditions, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Basis of preparation

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

The Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a small sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2013.

The European Union has concluded that since its 4th Directive requires parent companies to prepare separate financial statements, and since the Cyprus Companies Law, Cap. 113, requires the preparation of such financial statements in accordance with IFRS as adopted by the European Union, the provisions of International Accounting Standard 27 "Consolidated and separate financial statements" that require the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

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

Adoption of new and revised IFRSs

During the current year 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 1 January 2013. This adoption did not have a material effect on the accounting policies of the Company.

EASTLEIGH TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

2. Accounting policies (continued)

Adoption of new and revised IFRSs (continued)

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

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 earned by the Company are recognised on the following bases:

- **Income from investments in securities**

Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to profit or loss. Interest from investments in securities is recognised on an accruals basis.

Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to profit or loss.

The difference between the fair value of investments at fair value through profit or loss as at 31 December 2013 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in profit or loss as fair value gains or losses on investments, taking into account any amounts charged or credited to profit or loss in previous periods.

- **Rental income**

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

- **Interest income**

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

Finance income

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

Finance costs

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

EASTLEIGH TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

2. Accounting policies (continued)

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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

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

Investment properties

Investment property, principally comprising shops and office buildings, is held for long-term rental yields and/or for capital appreciation and is not occupied by the Company. Investment property is treated as a non-current asset and is stated at historical cost less depreciation. Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rate used is 3%.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Financial instruments

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

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.

Cash and cash equivalents

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

EASTLEIGH TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

2. Accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

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

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

Financial liabilities

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

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

Impairment of assets

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

Offsetting financial instruments

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

Share capital

Ordinary shares are classified as equity.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

EASTLEIGH TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

3. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit 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. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

3.3 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 BYR. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

3.4 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Fair value estimation

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

4. Critical accounting estimates and judgments

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

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

- **Provision for bad and doubtful debts**

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

EASTLEIGH TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

4. Critical accounting estimates and judgments (continued)

- **Income taxes**

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

- **Fair value of investment property**

The fair value of investment property is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the investment property has been estimated based on the fair value of their individual assets.

- **Impairment of investments in subsidiaries**

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

5. Revenue

	2013 US\$	2012 US\$
Rental income	<u>55,856</u>	<u>272,109</u>
	<u>55,856</u>	<u>272,109</u>

6. Other income

	2013 US\$	2012 US\$
Bad debts recovered	<u>-</u>	<u>16</u>
	<u>-</u>	<u>16</u>

EASTLEIGH TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

7. Administration expenses

	2013 US\$	2012 US\$
Rent	9,624	8,987
Common expenses	-	12,380
Licenses and taxes	2,198	-
Annual levy	465	450
Insurance	1,021	1,894
Repairs and maintenance	4,283	6,357
Sundry expenses	4,797	2,946
Telephone and postage	1,083	974
Stationery and printing	129	404
Staff training	-	444
Staff uniforms	77	274
Sundry staff costs	120,033	124,863
Computer supplies and maintenance	1,563	-
Auditors' remuneration - current year	4,095	5,885
Auditors' remuneration - prior years	-	(267)
Accounting fees	3,604	3,904
Other professional fees	146,365	92,754
Overseas travelling	7,151	9,268
Irrecoverable VAT	-	1,175,424
Motor vehicle running costs	2,158	-
Utilities	56,679	77,960
Bad debts written off	553	-
Advertising	102	-
Depreciation	331,593	555,589
	697,573	2,080,490

8. Other expenses

	2013 US\$	2012 US\$
Impairment charge - investments in subsidiaries	1,200,627	157
	1,200,627	157

9. Operating loss

	2013 US\$	2012 US\$
Operating loss is stated after charging the following items:		
Depreciation of property, plant and equipment	-	2,562
Depreciation of investment property (Note 12)	331,593	553,027
Auditors' remuneration - current year	4,095	5,885
Auditors' remuneration - prior years	-	(267)

EASTLEIGH TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

10. Finance income/cost

	2013 US\$	2012 US\$
Interest income	14,387	-
Exchange profit	3,106	17,551
Finance income	17,493	17,551
Net foreign exchange transaction losses	(46,569)	(34,072)
Interest expense	(888,298)	(890,027)
Sundry finance expenses	(2,217)	(2,872)
Finance costs	(937,084)	(926,971)
Net finance costs	(919,591)	(909,420)

11. Tax

	2013 US\$	2012 US\$
Overseas tax	102,042	64,734
Deferred tax - (credit)	-	(15,835)
Charge for the year	102,042	48,899

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

	2013 US\$	2012 US\$
Loss before tax	(2,719,190)	(2,636,448)
Tax calculated at the applicable tax rates	(339,899)	(263,645)
Tax effect of expenses not deductible for tax purposes	197,807	176,572
Tax effect of allowances and income not subject to tax	(41,768)	(2,012)
Tax effect of tax loss for the year	183,860	89,085
Deferred tax	-	(15,835)
Overseas tax in excess of credit claim used during the year	102,042	64,734
Tax charge	102,042	48,899

Due to tax losses sustained in the year, no tax liability arises on the Company in Cyprus. Under current legislation in Cyprus, tax losses may be carried forward and be set off against taxable income of the five succeeding years

12. Investment properties

	2013 US\$	2012 US\$
Cost		
Balance at 1 January	-	15,529,915
Additions	12,057,933	(15,529,915)
Balance at 31 December	12,057,933	-
Depreciation		
Balance at 1 January	-	1,738,616
Charge for the year	331,593	553,027
Contribution in kind to subsidiary company	-	(2,291,643)

EASTLEIGH TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

12. Investment properties (continued)

Balance at 31 December	331,593	-
Net book amount		
Balance at 31 December	11,726,340	-

On 17 October 2012 the Company transferred all investment property to its subsidiary company Buildsky Private Unitary Service Enterprise as capital contribution. During 2013, the investment properties were transferred back from the subsidiary to the Eastleigh Trading Ltd.

13. Investments in subsidiaries

	2013	2012
	US\$	US\$
Balance at 1 January	13,244,273	158
Additions	-	13,244,272
Deductions	(12,043,644)	-
Impairment charge	(1,200,627)	(157)
Balance at 31 December	2	13,244,273

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2013	2012	2013	2012
			Holding	Holding	US\$	US\$
			%	%		
Tatershall Enterprises Ltd	Cyprus	Holding of investments	100	100	1	1
Buildsky Private Unitary Service Enterprise	Belarus	Owning property in Belarus	100	100	1	13,244,272
					2	13,244,273

14. Trade and other receivables

	2013	2012
	US\$	US\$
Trade receivables	276,602	541,845
Shareholders' current accounts - debit balances (Note 19)	24,641	24,641
Deposits and prepayments	67,319	4,803
Other receivables	60,701	137,399
	429,263	708,688

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

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

EASTLEIGH TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

15. Share capital

	2013 Number of shares	2013 US\$	2012 Number of shares	2012 US\$
Authorised				
Ordinary shares of €1 each	<u>1,000</u>	<u>1,328</u>	<u>1,000</u>	<u>1,328</u>
Issued and fully paid				
Balance at 1 January	<u>1,000</u>	<u>1,328</u>	<u>1,000</u>	<u>1,328</u>
Balance at 31 December	<u>1,000</u>	<u>1,328</u>	<u>1,000</u>	<u>1,328</u>

16. Borrowings

	2013 US\$	2012 US\$
Non current borrowings		
Loans from shareholders (Note 19)	<u>20,807,846</u>	<u>19,919,548</u>

Maturity of non-current borrowings:

	2013 US\$	2012 US\$
Between two and five years	<u>20,807,846</u>	<u>19,919,548</u>

17. Trade and other payables

	2013 US\$	2012 US\$
Accruals	<u>10,076</u>	<u>13,854</u>
Other creditors	<u>2,404,972</u>	<u>2,405,061</u>
	<u>2,415,048</u>	<u>2,418,915</u>

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

18. Operating Environment of the Company

The Cyprus economy has been adversely affected over the last few years by the international credit crisis and the instability in the financial markets. During 2012 there was a considerable tightening of financing availability from Cypriot financial institutions, mainly resulting from financial instability in relation to the Greek sovereign debt crisis, including the impairment of Greek Government Bonds, and its impact on the Cyprus economy. In addition, following its credit downgrades, the ability of the Republic of Cyprus to borrow from international markets has been significantly affected. The Cyprus government entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund, in order to obtain financial support.

The negotiations of the Cyprus Government with the European Commission, the European Central Bank and the International Monetary Fund (the 'Troika'), in order to obtain financial support, resulted in an agreement and decision of the Eurogroup on 25 March 2013 on the key elements necessary for a future macroeconomic adjustment programme which includes the provision of financial assistance to the Republic of Cyprus of up to €10 billion. The programme aims to address the exceptional economic challenges that Cyprus is facing, and to restore the viability of the financial sector, with a view to restoring sustainable economic growth and sound public finances in the coming years.

EASTLEIGH TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

18. Operating Environment of the Company (continued)

The Eurogroup decision on Cyprus includes plans for the restructuring of the financial sector and safeguards deposits below €100.000 in accordance with European Union legislation. In addition, the Cypriot authorities have reaffirmed their commitment to step up efforts in the areas of fiscal consolidation, structural reforms and privatizations. Following the Eurogroup request the Cypriot authorities and the European Commission, in liaison with the European Central Bank, and the International Monetary Fund, finalised the relevant Memorandum of Understanding in April 2013 which was then followed by the formal approval of the Board of Directors of the European Stability Mechanism as well as by the ratification by Eurozone member states through national parliamentary (or equivalent) approval.

On 12 April 2013 the Eurogroup welcomed the agreement that has been reached between Cyprus and the Troika institutions regarding the macroeconomic adjustment programme for Cyprus, and stated that the necessary elements were in place to launch the relevant national procedures required for the formal approval of the European Stability Mechanism financial assistance facility agreement.

On 22 March 2013 legislation was enacted by the House of Representatives of the Republic of Cyprus concerning restrictive measures in respect of transactions executed through the banking institutions operating in Cyprus. The extent and duration of the restrictive measures are decided by the Minister of Finance and the Governor of the Central Bank of Cyprus and they were enforced on 28 March 2013. The Company's management is monitoring the developments in relation to these capital controls and is assessing the implications on the Company's operations.

The uncertain economic conditions in Cyprus, the unavailability of financing, the impairment loss incurred on bank deposits and the imposition of the above mentioned capital controls together with the current instability of the banking system and the anticipated overall economic recession, could affect:

- the ability of the Company to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions
- the ability of the Company's trade and other debtors to repay the amounts due to the Company
- the ability of the Company to enter into contracts for the development of new property units
- the cash flow forecasts of the Company's management in relation to the impairment assessment for financial and non-financial assets

The economic conditions disclosed above together with the impact of the results of the Eurogroup decision of 25 March 2013 for Cyprus may have an adverse impact on the Company's debtors (inability to meet their obligations towards the Company), suppliers (inability to continue trading), valuation of real estate, bankers (inability to provide adequate finance), revenue (decreased demand for the Company's products or services due to decreased purchasing power by consumers).

The Company's management has assessed:

- (1) whether any impairment provisions are deemed necessary for the Company's financial assets carried at amortised cost 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 the applicable accounting standards. These standards require recognition of impairment losses for receivables that arose from past events and prohibit recognition of impairment losses that could arise from future events, no matter how likely those future events are.
- (2) the ability of the Company to continue as a going concern (Note 2).

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

The above conditions, along with other matters as set forth in note 2 indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary.

EASTLEIGH TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

18. Operating Environment of the Company (continued)

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

The Company's cash held with banks affected from the above measures were below €100.000 as at the relevant date for implementation of the decisions, and hence are not affected.

19. Related party transactions

The Company is controlled by Centaur Trustees (Cyprus) Ltd, incorporated in Cyprus, which owns 100% of the Company's shares.

The following transactions were carried out with related parties:

19.1 Shareholders' current accounts - debit balances (Note 14)

	2013	2012
	US\$	US\$
Shareholders' current accounts - debit balances	<u>24,641</u>	<u>24,641</u>
	<u>24,641</u>	<u>24,641</u>

The shareholders' current accounts are interest free, and have no specified repayment date.

19.2 Shareholders' current accounts - credit balances (Note 16)

	2013	2012
	US\$	US\$
Loan from shareholder	<u>20,807,846</u>	<u>19,919,548</u>
	<u>20,807,846</u>	<u>19,919,548</u>

The loan from shareholder bears interest 6% per annum, and the repayment date is on 31 December 2016.

20. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2013.

21. Commitments

The Company had no capital or other commitments as at 31 December 2013.

22. Events after the reporting period

Significant events that occurred after the end of the reporting period are described in note 18 to the financial statements.

Independent auditor's report on pages 3 and 4

EASTLEIGH TRADING LTD

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ΕΚΘΕΣΗ ΚΑΙ ΟΙΚΟΝΟΜΙΚΕΣ ΚΑΤΑΣΤΑΣΕΙΣ

Η έκθεση Διοικητικού Συμβουλίου και Ελεγκτών και οι οικονομικές καταστάσεις για την περίοδο που έληξε στις 31 Δεκεμβρίου 2013 αποτελούν πιστό αντίγραφο των κατατεθέντων ενώπιον της Ετήσιας Γενικής Συνέλευσης.

Υπογραφή Σύμβουλος
Centaur Fiduciaries (Cyprus) Ltd

Υπογραφή Γραμματέας
Centaur Secretarial (Cyprus) Ltd

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