

**DAIREWA PLC (FORMER DAIREWA
PROPERTIES LIMITED)**

REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2012

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2012

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DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Julius Zubor (appointed on 16 August 2012) Eleftheria Kyriakou
Company Secretary:	PA.TY. Secretarial Limited
Independent Auditors:	KPSA CHARTERED ACCOUNTANTS 15 Themistokli Dervi Street 1st floor, P.O. Box 27040 1641 Nicosia Cyprus
Registered office:	Akropoleos, 59-61 SAVVIDES CENTER, 1st floor, Flat/Office 102 2012, Nicosia Cyprus
Banker:	J&T Banka, a.s.
Registration number:	HE271773

DAIREWA PLC (FORMER DAIREWA PROPERTIES 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 2012.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments and the provision of financing.

Change of Company name

On 28 August 2012, the Company has changed its name from Dairewa Properties Limited to Dairewa PLC.

Review of current position, future developments and significant risks

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

On 28 August 2012, the Company has changed its status from a private limited liability Company to a public limited liability Company.

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

Results and Dividends

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

Share capital

Authorised capital

On 16 August 2012, the Company increased its authorised share capital from 1.000 ordinary shares of nominal value of €1 each to 25.630 ordinary shares of nominal value of €1 each.

Issued capital

On 16 August 2012, the Company issued 24.630 ordinary shares of €1 each at par.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2012 and at the date of this report are presented on page 1. On 16 August 2012, Mr. Julius Zubor was appointed director.

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 23 to the financial statements.

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

REPORT OF THE BOARD OF DIRECTORS

Independent Auditors

The Independent Auditors, KPSA, 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,


PA.TY. SECRETARIAL LIMITED
PA.TY. Secretarial Limited
Secretary

Nicosia, 23 April 2013

KPSA

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Independent auditor's report

To the Members of Dairewa PLC (Former Dairewa Properties Limited)

Report on the financial statements

We have audited the accompanying financial statements of Dairewa PLC (Former Dairewa Properties Limited) (the "Company"), which comprise the balance sheet as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Independent auditor's report (continued)

To the Members of Dairewa PLC (Former Dairewa Properties Limited)

Opinion

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

Report on other legal requirements

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

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

Other matter

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

Stelios Saphiris 
Certified Public Accountant and Registered Auditor
for and on behalf of

KPSA
CHARTERED ACCOUNTANTS

Nicosia, 23 April 2013

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Note	2012 CZK	10/08/2010 - 31/12/2011 CZK
Revenue	5	60.286.670	25.344.392
Profit from investing activities	6	50.791.942	6.824.239
Administration expenses		(7.001.017)	(9.025.948)
Other expenses	7	-	(51.512)
Operating profit	8	104.077.595	23.091.171
Finance costs	9	(100.963.588)	(15.970.464)
Profit before tax		3.114.007	7.120.707
Tax	10	(1.391.953)	(127.213)
Net profit for the year/period		1.722.054	6.993.494
Other comprehensive income		-	-
Total comprehensive income for the year/period		1.722.054	6.993.494

The notes on pages 10 to 29 form an integral part of these financial statements.

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

STATEMENT OF FINANCIAL POSITION

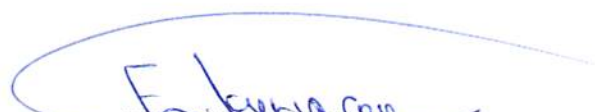
31 December 2012

	Note	2012 CZK	2011 CZK
ASSETS			
Non-current assets			
Investments in subsidiaries	12	-	17.606
Non-current loans receivable	13	<u>465.153.336</u>	<u>365.450.646</u>
		<u>465.153.336</u>	<u>365.468.252</u>
Current assets			
Trade and other receivables	14	<u>3.207.672</u>	193.318
Loans receivable	13	<u>310.310.279</u>	147.950.213
Refundable taxes	19	<u>2.292.139</u>	-
Cash at bank and in hand	15	<u>-</u>	<u>2</u>
		<u>315.810.090</u>	<u>148.143.533</u>
Total assets		<u>780.963.426</u>	<u>513.611.785</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	16	<u>638.308</u>	24.775
Accumulated losses		<u>(419.069)</u>	<u>(2.141.123)</u>
Total equity		<u>219.239</u>	<u>(2.116.348)</u>
Non-current liabilities			
Borrowings	17	<u>387.128.877</u>	-
		<u>387.128.877</u>	-
Current liabilities			
Trade and other payables	18	<u>38.177.134</u>	146.776.929
Borrowings	17	<u>355.437.395</u>	368.832.477
Current tax liabilities	19	<u>781</u>	<u>118.727</u>
		<u>393.615.310</u>	<u>515.728.133</u>
Total liabilities		<u>780.744.187</u>	<u>515.728.133</u>
Total equity and liabilities		<u>780.963.426</u>	<u>513.611.785</u>

On 23 April 2013 the Board of Directors of Dairewa PLC (Former Dairewa Properties Limited) authorised these financial statements for issue.



.....
Julius Zubor
Director



.....
Eleftheria Kynakou
Director

The notes on pages 10 to 29 form an integral part of these financial statements.

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2012

	Note	Share capital CZK	Accumulated losses CZK	Total CZK
Comprehensive income				
Net profit for the period		-	6.993.494	6.993.494
Transactions with owners				
Issue of share capital	16	24.775	-	24.775
Dividends	11	<u>-</u>	<u>(9.134.617)</u>	<u>(9.134.617)</u>
Balance at 31 December 2011/ 1 January 2012		24.775	(2.141.123)	(2.116.348)
Comprehensive income				
Net profit for the year		-	1.722.054	1.722.054
Transactions with owners				
Issue of share capital	16	<u>613.533</u>	<u>-</u>	<u>613.533</u>
Balance at 31 December 2012		<u>638.308</u>	<u>(419.069)</u>	<u>219.239</u>

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

The notes on pages 10 to 29 form an integral part of these financial statements.

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

CASH FLOW STATEMENT

Year ended 31 December 2012

	Note	2012 CZK	10/08/2010 - 31/12/2011 CZK
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3.114.007	7.120.707
Adjustments for:			
Unrealised exchange loss		57.552	37.942
Dividend income	5	-	(9.255.240)
Interest income	6	(58.704.945)	(10.000.430)
Interest expense	9	50.111.273	7.974.330
Cash flows used in operations before working capital changes		(5.422.113)	(4.122.691)
Increase in trade and other receivables		(3.014.354)	(193.318)
(Decrease)/increase in trade and other payables		(108.941.807)	146.098.920
Cash flows (used in)/from operations		(117.378.274)	141.782.911
Interest received		56.885.672	7.608.795
Dividends received		-	9.255.240
Tax paid		(3.799.171)	(8.486)
Net cash flows (used in)/from operating activities		(64.291.773)	158.638.460
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans granted		(477.991.628)	(529.822.472)
Loans repayments received		210.594.640	25.412.344
Proceeds from sale of investments in subsidiary undertakings		17.606	-
Interest received		1.146	904
Net cash flows used in investing activities		(267.378.236)	(504.409.224)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		613.533	24.775
Unrealised exchange profit/(loss)		6.427.377	(6.637.942)
Interest paid		(47.116.799)	(7.313.927)
Dividends paid		-	(9.134.617)
Proceeds from the issue of debentures		387.793.440	-
Net cash flows from/(used in) financing activities		347.717.551	(23.061.711)
Net increase/(decrease) in cash and cash equivalents		16.047.542	(368.832.475)
Cash and cash equivalents:			
At beginning of the year/period		(368.832.475)	-
At end of the year/period	15	(352.784.933)	(368.832.475)

The notes on pages 10 to 29 form an integral part of these financial statements.

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

1. Incorporation and principal activities

Country of incorporation

The Company Dairewa PLC (Former Dairewa Properties Limited) (the "Company") was incorporated in Cyprus on 10 August 2010 as a private limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at Akropoleos, 59-61, SAVVIDES CENTER, 1st floor, Flat/Office 102, 2012, Nicosia, Cyprus.

On 28 August 2012, the Company has changed its status from a private limited liability Company to a public limited liability Company.

Change of Company name

On 28 August 2012, the Company has changed its name from Dairewa Properties Limited to Dairewa PLC.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments and the provision of financing.

2. Accounting policies

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

Basis of preparation

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

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

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 2012. This adoption did not have a material effect on the accounting policies of the Company.

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.

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. Accounting policies (continued)

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 2012 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.

- **Interest income**

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

- **Dividend income**

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

Finance income

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

Finance costs

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

Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Czech korunas (CZK), 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.

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. Accounting policies (continued)

Dividends

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

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet 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. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Financial assets

(1) Classification

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

- Loans and receivables

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

(2) Recognition and measurement

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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

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

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

Borrowings

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

Trade payables

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

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.

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

2. Accounting policies (continued)

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet 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 balance sheet.

Share capital

Ordinary shares are classified as equity.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

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. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that services are rendered 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 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 and by having available an adequate amount of committed credit facilities.

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

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

3. Financial risk management (continued)

3.3 Liquidity risk (continued)

31 December 2012	Carrying amounts CZK	Contractual cash flows CZK	3 months or less CZK	Between 3-12 months CZK	Between 1-5 years CZK	More than 5 years CZK
Debentures	389.781.339	389.781.339	-	2.652.462	387.128.877	-
Bank overdrafts	352.784.933	352.784.933	-	-	352.784.933	-
Trade and other payables	4.761.448	4.761.448	4.196.658	564.790	-	-
	747.327.720	747.327.720	4.196.658	3.217.252	739.913.810	-
31 December 2011	Carrying amounts CZK	Contractual cash flows CZK	3 months or less CZK	Between 3-12 months CZK	Between 1-5 years CZK	More than 5 years CZK
Bank overdrafts	368.832.477	368.832.477	368.832.477	-	-	-
Trade and other payables	2.591.961	2.591.961	-	2.591.961	-	-
	371.424.438	371.424.438	368.832.477	2.591.961	-	-

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 Czech koruna, US Dollar and the Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

3.5 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.

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

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.

• Impairment of investments in subsidiaries

The Company periodically evaluates the recoverability of investments in subsidiaries/associates 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/associates may be impaired, the estimated future undiscounted 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

	2012	10/08/2010 - 31/12/2011
	CZK	CZK
Dividend income	-	9,255,240
Loan interest income	58,703,799	9,999,526
Services rendered	1,582,871	6,089,626
	<u>60,286,670</u>	<u>25,344,392</u>

6. Profit from investing activities

	2012	10/08/2010 - 31/12/2011
	CZK	CZK
Interest income	1,146	904
Exchange profit	50,790,796	6,823,335
	<u>50,791,942</u>	<u>6,824,239</u>

Interest revenue is analysed as follows:

	2012	10/08/2010 - 31/12/2011
	CZK	CZK
Bank current accounts	1,146	904
	<u>1,146</u>	<u>904</u>

7. Other expenses

	2012	10/08/2010 - 31/12/2011
	CZK	CZK
Incorporation expenses	-	51,512
	<u>-</u>	<u>51,512</u>

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Year ended 31 December 2012

8. Operating profit

	2012	10/08/2010 - 31/12/2011
	CZK	CZK
Operating profit is stated after charging the following items:		
Directors' fees	23.336	21.955
Auditors' remuneration for the statutory audit of annual accounts	414.810	425.700
Auditors' remuneration - prior years	72.327	-
Incorporation expenses	-	51.512

9. Finance costs

	2012	10/08/2010 - 31/12/2011
	CZK	CZK
Finance costs		
Interest expense		
Bank overdraft interest	38.672.542	5.447.227
Interests on bills of exchange	8.786.269	2.527.103
Debenture interest	2.652.462	-
Other finance expenses		
Bank charges	4.882	4.756
Bank overdraft fees	-	1.100.000
Net foreign exchange transaction losses		
Realised exchange loss	-	232.809
Unrealised exchange loss	50.847.433	6.658.569
	100.963.588	15.970.464

10. Tax

	2012	10/08/2010 - 31/12/2011
	CZK	CZK
Corporation tax - current year /period	26.559	126.754
Overseas tax	1.365.224	7
Defence contribution - current year /period	170	452
Charge for the year	1.391.953	127.213

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Year ended 31 December 2012

10. Tax (continued)

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

	2012	10/08/2010 - 31/12/2011
	CZK	CZK
Profit before tax	<u>3.114.007</u>	<u>7.120.707</u>
Tax calculated at the applicable tax rates	311.401	712.071
Tax effect of expenses not deductible for tax purposes	5.085.674	991.608
Tax effect of allowances and income not subject to tax	(5.079.194)	(1.587.677)
10% additional charge	2.414	10.752
Defence contribution current year	170	452
Overseas tax in excess of credit claim used during the year	<u>1.071.488</u>	<u>7</u>
Tax charge	<u>1.391.953</u>	<u>127.213</u>

The corporation tax rate is 10%.

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

11. Dividends

	2012	10/08/2010 - 31/12/2011
	CZK	CZK
Interim dividend paid	-	9.134.617
	<u>-</u>	<u>9.134.617</u>

On 01 June 2011 the Board of Directors approved the payment of an interim dividends of CZK9.134.617.

Dividends are subject to a deduction of special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (up to 31 August 2011 the rate was 15% and was increased to 17% for the period thereafter to 31 December 2011) for individual shareholders that are residents of Cyprus.

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Year ended 31 December 2012

12. Investments in subsidiaries

	2012 CZK	2011 CZK
Balance at 1 January 2012 / 10 August 2010	17.606	-
Additions	-	17.606
Disposals	<u>(17.606)</u>	<u>-</u>
Balance at 31 December 2012 / 2011	<u>-</u>	<u>17.606</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2012 Holding %	2011 Holding %	2012 CZK	2011 CZK
Uttam Consulting Ltd	British Virgin Islands	Holding of investments	-	100	<u>-</u>	<u>17.606</u>
					<u>-</u>	<u>17.606</u>

On 11 December 2010, the Company entered into a "Contract on Transfer of Business Share" with Ruble Trade Management Anstalt ("Transferor"), for the purchase of 1.000 shares of nominal value of US\$1 each in Uttam Consulting Ltd for a purchase price of US\$ 1.000.

On 30 March 2012, the Company entered into a "Contract on Transfer of Shares" with Equity Management Anstalt ("Purchaser"), for the disposal of 1.000 shares of nominal value of US\$ 1 each in Uttam Consulting Ltd for the total consideration of US\$ 1.000.

13. Non-current loans receivable

	2012 CZK	2011 CZK
Balance at 1 January 2012 / 10 August 2010	513.400.859	-
New loans granted	477.991.628	529.822.472
Repayments	(267.480.313)	(33.021.139)
Interest charged	58.703.799	9.999.526
Exchange differences	<u>(7.152.358)</u>	<u>6.600.000</u>
Balance at 31 December 2012 / 2011	<u>775.463.615</u>	<u>513.400.859</u>

	2012 CZK	2011 CZK
Loans receivable	<u>775.463.615</u>	<u>513.400.859</u>
Less current portion	<u>(310.310.279)</u>	<u>(147.950.213)</u>
Non-current portion	<u>465.153.336</u>	<u>365.450.646</u>

The loans are repayable as follows:

	2012 CZK	2011 CZK
Within one year	310.310.279	147.950.213
Between one and five years	<u>465.153.336</u>	<u>365.450.646</u>
	<u>775.463.615</u>	<u>513.400.859</u>

The exposure of the Company to credit risk is reported in note 3 of the financial statements.

The fair value of receivable loans approximates to their carrying amounts as presented above.

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Year ended 31 December 2012

13. Non-current loans receivable (continued)

(A) During the period ended 31 December 2011, the Company concluded the following agreements:

(1) On 10 March 2011, the Company ("Lender") entered into a "Mid Term Loan Facility Agreement", with Profi Credit Czech, a.s. ("Borrower"), for the provision of a loan up to the amount of CZK 500.000.000. The purpose of the loan, is the provision of funds to the Borrower, in order to finance its business of providing loans to individuals ("Receivables").

According to the agreement, the Borrower is obliged to pay interest at 8,50% per annum, as well as a loan fee of 0,5% on the Maximum Facility Amount (one off payment) and a commitment fee of 0,5% per annum on the difference between the Maximum Facility Amount and the aggregate of all Utilisations.

The Borrower shall repay the principal and interest accrued by means of regular monthly instalments, the amount of which is to be determined by the Lender based on a formula agreed between the parties, subject to the rule that each Utilisation shall be repaid no later than three years following the end of the calendar month following the calendar month in which such Utilisation is made available.

However, according to Amendment No.1 concluded on 30 March 2011, the Company agreed with Profi Credit Slovakia, s.r.o. ("Proficredit SK"), to conclude two further loan agreements for the provision of additional funds to Proficredit SK of EUR 11.000.000 and EUR 9.000.000 accordingly.

Furthermore, in relation to the above, the parties wish to determine the joint loan facility limit to the maximum amount of CZK 530.000.000.

On 10 March 2011, the Company entered into an "Agreement on establishment of pledge over receivables from bank account contracts", according to which the parties have agreed on the creation of the pledge over the Receivables of the Borrower, including all monetary receivables up to the maximum amount of CZK 750.000.000.

On the same date, the Company entered into an "Agreement on application of the blank promissory note", according to which Profi Credit Czech, a.s., has issued a Blank Promissory Note to the Company to secure the repayment of the Receivables stated above.

(2) On 31 October 2011, the Company ("Lender") entered into a "Mid Term Loan Facility Agreement (Existing Production)", with Profi Credit Slovakia, s.r.o. ("Borrower"), (according to the terms of the Amendment No.1 mentioned in (1) above) for the provision of a loan up to the amount of EUR 11.000.000. The purpose of the loan, is the provision of funds to the Borrower, in order to finance its business of providing loans to individuals ("Receivables").

According to the agreement, the Borrower is obliged to pay interest at 9,4444% per annum, as well as a loan fee of 0,35% per annum on the Maximum Facility Amount (one off payment), a commitment fee of 0,5% per annum on the difference between the Maximum Facility Amount and the aggregate of all Utilisations.

The Borrower shall repay the principal and interest accrued by means of regular monthly instalments, the amount of which is to be determined by the Lender based on a formula agreed between the parties, within forty four months following the end of the calendar month following the calendar month in which such Utilisation is made available.

On 31 October 2011, the Company entered into an "Agreement on establishment of pledge over receivables from bank account contracts", according to which the parties have agreed on the creation of the pledge over the Receivables of the Borrower, including all monetary receivables up to the maximum amount of EUR 16.500.000.

On the same date, the Company entered into an "Agreement on application of the blank promissory note", according to which Profi Credit Slovakia, s.r.o., has issued a Blank Promissory Note to the Company to secure the repayment of the Receivables stated above.

(3) On 27 October 2011, the Company ("Lender") entered into a "Mid Term Loan Facility Agreement (New Production)", with Profi Credit Slovakia, s.r.o. ("Borrower"), (according to the terms of the Amendment No.1 mentioned in (1) above) for the provision of a loan up to the amount of EUR 9.000.000. The purpose of the loan, is the provision of funds to the Borrower, in order to finance its business of providing loans to individuals ("Receivables").

According to the agreement, the Borrower is obliged to pay interest at 9,4444% per annum, as well as a loan fee of 0,35% per annum on the Maximum Facility Amount (one off payment) and a commitment fee of 0,5% per annum on

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Year ended 31 December 2012

13. Non-current loans receivable (continued)

the difference between the Maximum Facility Amount and the aggregate of all Utilisations.

The Borrower shall repay the principal and interest accrued by means of regular monthly instalments, the amount of which is to be determined by the Lender based on a formula agreed between the parties, subject to the rule that each Utilisation shall be repaid no later than three years following the end of the calendar month following the calendar month in which the relevant Utilisation is made available.

On 31 October 2011, the Company entered into an "Agreement on establishment of pledge over receivables from bank account contracts", according to which the parties have agreed on the creation of the pledge over the Receivables of the Borrower, including all monetary receivables up to the maximum amount of EUR 13.500.000.

On the same date, the Company entered into an "Agreement on application of the blank promissory note", according to which Profi Credit Slovakia, s.r.o., has issued a Blank Promissory Note to the Company to secure the repayment of the Receivables stated above.

(B) During 2012, the Company concluded the following agreements:

(1) On 4 April 2012, the Company ("Lender") entered into Amendment No.1 to the Mid Term Loan Facility Agreement (New Production) with Profi Credit Slovakia, s.r.o. ("Borrower") for the cancelation of the joint loan limit and newly to adjust a separate loan limit for the Borrower in the amount of EUR 20.000.000 which will enable the Borrower to further utilise up to EUR 9.000.000 under Loan Agreement II dated 27 October 2011 and the extension of the repayment date to 30 September 2012.

(2) On 17 April 2012, the Company entered into Amendment No.2 to the Mid Term Loan Facility Agreement dated 10 March 2011 with Profi Credit Czech, a.s. ("Borrower") for the cancelation of the joint loan limit and newly to adjust a separate loan limit for the Borrower in the amount of CZK 500.000.000, and the extension of the availability period until 30 September 2012.

(3) On 7 November 2012, the Company entered into Amendment No.3 to the Mid Term Loan Facility Agreement with Profi Credit Czech, a.s. for the extension of the availability period to 31 March 2013.

(4) On 7 November 2012, the Company entered into Amendment No.4 to the Mid Term Loan Facility Agreement with Profi Credit Czech, a.s., according to which the Borrower agreed that the Lender may, at its own discretion, establish a pledge under Czech law over the Contract Receivables to secure the Lender's obligations associated with the anticipated issue of bonds (the entire issue is anticipated to amount to CZK 195.000.000 while there exists an option to issue additional bonds up to the total nominal value of CZK 292.500.000). Therefore, the Company will secure the receivables from the loans granted due to the bond holders for the repayment of the outstanding amount plus the bond yield by, inter alia, a pledge over the Contract Receivables.

(5) On 12 December 2012, the Company entered into Amendment No.5 to the Mid Term Loan Facility Agreement with Profi Credit Czech, a.s., for the change of the utilisation condition precedent for utilisation and the execution of the Pledge Agreement over the To-Be-Pledged Receivables, so that the Borrower's receivables due from its Natural Persons Agreements with due dates of more than 36 months can be To-Be-Pledged Receivables.

The effective interest rates on receivables (current and non current) were as follows:

	2012	2011
Loans receivable	8,50% - 9,4444%	8,50% - 9,4444%

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Year ended 31 December 2012

14. Trade and other receivables

	2012	2011
	CZK	CZK
Trade receivables	136.764	167.518
Shareholders' current accounts - debit balances (Note 20)	-	25.800
Accrued income	50.280	-
Deferred expenses	94.482	-
Other receivables	2.926.146	-
	<u>3.207.672</u>	<u>193.318</u>

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

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

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

On 31 December 2012, the balance of Other receivables relate to the balance of an Escrow Account held with J&T Banka, a.s., to which the Company transferred during the year the amount of CZK 2.925.000 as an obligation arising from the issuance of long term debentures.

15. Cash at bank and in hand

	2012	2011
	CZK	CZK
Cash at bank and in hand	-	2
	<u>-</u>	<u>2</u>

For the purposes of the cash flow statement, the cash and cash equivalents include the following

	2012	2011
	CZK	CZK
Cash at bank and in hand	-	2
Bank overdrafts (Note 17)	(352.784.933)	(368.832.477)
	<u>(352.784.933)</u>	<u>(368.832.475)</u>

Currency:

	2012	2011
	CZK	CZK
Czech korunas	(167.201.503)	(74.891.057)
Euro	(184.569.157)	(291.529.716)
Accrued interest on bank overdraft	(1.014.273)	(2.411.704)
Accrued interest receivable	-	2
	<u>(352.784.933)</u>	<u>(368.832.475)</u>

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

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Year ended 31 December 2012

16. Share capital

	2012 Number of shares	2012 CZK	2011 Number of shares	2011 CZK
Authorised				
Ordinary shares of €1 each	<u>25.630</u>	<u>638.308</u>	<u>1.000</u>	<u>24.775</u>
Issued and fully paid				
Balance at 1 January 2012 / 10 August 2010	1.000	24.775	-	-
Issue of shares	<u>24.630</u>	<u>613.533</u>	<u>1.000</u>	<u>24.775</u>
Balance at 31 December 2012 / 2011	<u>25.630</u>	<u>638.308</u>	<u>1.000</u>	<u>24.775</u>

Authorised capital

On 16 August 2012, the Company increased its authorised share capital from 1.000 ordinary shares of nominal value of €1 each to 25.630 ordinary shares of nominal value of €1 each.

Issued capital

On 16 August 2012, the Company issued 24.630 ordinary shares of €1 each at par.

17. Borrowings

	2012 CZK	2011 CZK
Balance at 1 January 2012 / 10 August 2010	-	-
Additions	387.793.440	-
Interest for the year/period	2.652.462	-
Exchange differences	<u>(664.563)</u>	-
Balance at 31 December 2012 / 2011	<u>389.781.339</u>	-
	2012 CZK	2011 CZK
Current borrowings		
Bank overdrafts (Note 15)	352.784.933	368.832.477
Debentures	<u>2.652.462</u>	-
	<u>355.437.395</u>	<u>368.832.477</u>
Non current borrowings		
Debentures	<u>387.128.877</u>	-
	<u>387.128.877</u>	-
Total	<u>742.566.272</u>	<u>368.832.477</u>
Maturity of non-current borrowings:		
Between one to two years	<u>387.128.877</u>	-
	<u>387.128.877</u>	-

The weighted average effective interest rates at the reporting date were as follows:

	2012	2011
Bank overdrafts	1month Euribor +	3month Pribor
	6,10%	+ 5,25%
Debentures	6,00%	-

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

17. Borrowings (continued)

(A) During the period ended 31 December 2011, the Company concluded the following agreements.

On 04 April 2011, the Company ("Debtor") entered into a "Bank Overdraft Contract" with J&T Banka, a.s. ("Bank") for the provision of a Bank Overdraft for the amount of CZK 440.000.000.

According to the Agreement, the parties agreed the following:

- (a) Bank Overdraft shall be provided to the maximum amount of CZK 440.000.000,
- (b) the Bank Overdraft bears interest at the rate of the 3 month Pribor plus a margin of 5,25% per annum and is payable monthly on the first day of the following month, and
- (c) the repayment date of the Bank Overdraft is until 15 July 2015 at the latest.

However, according to various amendments concluded, the maximum amount of the Bank Overdraft was amended to CZK 415.000.000.

The above Bank Overdraft is secured as follows:

- (1) By a Blank Promissory Note,
- (2) By a pledge of 100% shares of the Company, and
- (3) By a pledge on the receivable amount (i.e. CZK 550.000.000) from Profi Credit Czech, a.s. according to the "Mid Term Loan Facility Agreement" (mentioned in Note 13).

On 02 November 2011, the Company ("Client") entered into an "Agreement on Bank Overdraft" with J&T Banka, a.s. ("Bank") for the provision of a Bank Overdraft for the amount of EUR 13.000.000.

According to the Agreement, the parties agreed the following:

- (a) Bank Overdraft shall be provided to the maximum amount of EUR 13.000.000,
- (b) the Bank Overdraft bears interest at the rate of the monthly Euribor reference rate plus a margin of 5,25% per annum which is payable monthly on the first day of the following month, and
- (c) the repayment date of the Bank Overdraft is until 15 July 2015.

The above Bank Overdraft is secured as follows:

- (1) By a Blank Bill of Exchange,
- (2) By a pledge on the amount of receivables from a Bank account, and
- (3) By a pledge on the receivable amount (i.e. EUR 11.000.000) from Profit Credit Slovakia, s.r.o. according to the "Mid Term Loan Facility Agreement", (mentioned in Note 13).

(B) During 2012, the Company concluded the following agreements:

- (1) On 28 March 2012, the Company entered into Amendment No.2 to the "Bank Overdraft Contract" with J&T Banka, a.s. for the change of the interest rate to 3 month Pribor plus a margin of 4,25% per annum and 1% per annum of the Bank Overdraft framework as the reservation fee.

On 19 October 2012, the Company entered into Amendment No.3 to the "Bank Overdraft Contract" with J&T Banka, a.s. for the change of the Bank Overdraft maximum amount to CZK 190.000.000, the change of the interest rate to 3 month Pribor plus a margin of 6,10% per annum and extension of the repayment date to 30 April 2016.

The above Bank Overdraft is secured as follows:

- (1) By a Blank Bill of Exchange,
- (2) By a pledge of 25.630 shares of the Company,
- (3) By a pledge to the receivable (from account of debt services) towards J&T Banka, a.s., and
- (4) By a pledge to the receivables (from all accounts kept by the Debtor in the Bank) towards J&T Banka, a.s.

However, on 19 October 2012, the Company also entered into an Agreement for the Termination of Contract on Securing Assignment of Receivable, according to which the pledge on the receivable amount from Profi Credit Czech, a.s. has been terminated.

- (2) On 17 April 2012, the Company entered into Amendment No.2 to the Agreement on Bank Overdraft dated 02 November 2012 with J&T Banka, a.s. for the change of bank overdraft up to EUR 20.000.000.

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Year ended 31 December 2012

17. Borrowings (continued)

On 05 December 2012, the Company entered into Amendment No.3 to the Agreement on Bank Overdraft dated 02 November 2012 with J&T Banka, a.s. for the change of bank overdraft up to EUR 9.000.000 and the change of the interest rate to monthly Euribor plus a margin of 6,10% per annum. However, the bank overdraft interest cannot be lower than 9,10% per annum.

(3) On 14 November 2012, the Company entered into a Subordination Agreement with J&T Banka, a.s. according to which the parties agreed that in the event of (i) a continuing breach or (ii) restructuring, the claims of the bank according to (1) and (2) above (subordinated claims) shall be junior to the preferential claims (all claims of the owners of the bonds); and in such cases, the subordinated claims shall be satisfied by the Company or from the Company's property, only after the preferential claims have been fully satisfied. Preferential claims relate to the bonds issued by the Company in both CZK and EUR.

(4) On 17 September 2012, the Company ("Issuer") entered into a Special Arrangement to Contract for Placement of Bonds with J&T Banka, a.s. ("Manager") for the issuance of Czech Republic book-entry Bonds with a fixed interest income of 6,00% per annum in the estimated volume of CZK 195.000.000 with the nominal value of each bond amounting to CZK 3.000.000. The issue date was set at 19 November 2012 and the maturity date is during 2014. Also, the Company has the option to issue additional bonds up to the total nominal value of CZK 292.500.000.

On 12 November 2012, the Company ("Issuer") entered into a Security Agent Contract with J&T IB and Capital Markets, a.s. ("Security Agent") to secure the Issuer's obligations from the Issue by security contracts between the Issuer as the pledgor and the Security Agent as the security party, by way of lien established over the Credit Claims and the Escrow Account Claims.

On 23 November 2012, the Company ("Pledgor") entered into an Agreement on the Establishment of a Lien to Receivables from the Escrow Account with J&T IB and Capital Markets, a.s. ("Pledgee"), according to which the Pledgor has undertaken to establish a lien to receivables from the Escrow account in favour of the Pledgee serving as collateral for claims of the Bond holders.

On 26 November 2012, the Company ("Lien Grantor") entered into a Contract Establishing Lien on Claims to secure the claims of the Bond Owners vis-a-vis the Lien Grantor from the issued Bonds, according to which the Lien Grantor agreed in the Security Agent Contract to grant the Security Agent lien on the claims under the mid-term loan contracts entered into between the Company and Profit Credit Czech, s.r.o. on 10 March 2011.

(5) On 05 November 2012, the Company entered into a Special Arrangement to Contract for Placement of Bonds with J&T Banka, a.s. for the issuance of Czech Republic book-entry Bonds with a fixed interest income of 6,00% per annum in the estimated volume of EUR 8.000.000 with the nominal value of each bond amounting to EUR 100.000. The issue date was set at 03 December 2012 and the maturity date is during 2014. Also, the Company has the option to issue additional bonds up to the total nominal value of EUR 12.000.000.

On 28 November 2012, the Company ("Issuer") entered into a Security Agent Contract with J&T IB and Capital Markets, a.s. ("Security Agent") to secure the Issuer's obligations from the Issue by security contracts between the Issuer as the pledgor and the Security Agent as the security party, by way of lien established over the Credit Claims and the Escrow Account Claims.

On 10 December 2012, the Company ("Lien Grantor") entered into a Contract Establishing Lien on Claims to secure the claims of the Bond Owners vis-a-vis the Lien Grantor from the issued Bonds, according to which the Lien Grantor agreed in the Security Agent Contract to grant the Security Agent lien on the claims under the mid-term loan contracts entered into between the Company and Profi Credit Slovakia, s.r.o. on 02 November 2011.

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

18. Trade and other payables

	2012	2011
	CZK	CZK
Trade payables	10.000	19.940
Bills of exchange payable	32.742.012	143.262.403
VAT	120.177	409.485
Accruals	553.497	513.080
Other creditors	4.751.448	2.572.021
	<u>38.177.134</u>	<u>146.776.929</u>

On 02 August 2011, the Company ("Issuer") entered into an "Agreement on Cooperation in the Note Program" with J&T Banka, a.s. for the issue of Promissory Notes for the value of CZK 500.000.000.

According to the agreement, the Notes have to be for the sum of at least CZK 3.000.000 or EUR 100.000, and bears interest at 5,25% per annum.

In addition, according to the Agreement, the Company is obliged to pay to the Bank the fee of 2,95% per annum of the Issue Price for each issued Note.

On 29 June 2012, the Company entered into Amendment No.3 to the "Agreement on Cooperation in the Note Program" with J&T Banka, a.s. for the extension of the repayment date of promissory notes to 31 December 2012.

On 29 October 2012, the Company entered into Amendment No.4 to the "Agreement on Cooperation in the Note Program" with J&T Banka, a.s. for the change of the interest rate on promissory notes to 4,50% per annum.

The bills of exchange have been repaid in full by 25 January 2013.

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

19. (Refundable) taxes/current tax liabilities

	2012	2011
	CZK	CZK
Corporation tax	(2.292.139)	118.275
Special contribution for defence	610	452
Overseas tax	171	-
	<u>(2.291.358)</u>	<u>118.727</u>

20. Related party transactions

The Company is controlled by Berg Nominees Limited, incorporated in Cyprus, which owns 99,766% of the Company's shares (25.570 shares) and the remaining 0,234% is held by six other parties.

The shares are held on behalf of a non resident individual.

The following transactions were carried out with related parties:

20.1 Directors' remuneration

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

	2012	10/08/2010 - 31/12/2011
	CZK	CZK
Directors' fees	23.336	21.955
	<u>23.336</u>	<u>21.955</u>

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

20. Related party transactions (continued)

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

	2012 CZK	2011 CZK
Issue of share capital	-	<u>25.800</u>
	<u>-</u>	<u>25.800</u>

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

21. Contingent liabilities

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

22. Commitments

The Company had no capital or other commitments as at 31 December 2012, except from the following.

Following the issuance of long term debentures, the Company has committed to the amount of CZK 2.925.000, already transferred to the Escrow account held with J&T Banka, a.s.

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

23. Events after the reporting period

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

Until 25 January 2013, the Company has repaid in full all bills of exchange which were outstanding on 31 December 2012.

On 8 March 2013, the Company ("Debtor") entered into "Bank Overdraft Contract" with J&T Banka, a.s. ("Bank") for the provision of a Bank Overdraft for the amount of EUR 5.800.000.

According to the agreement, the parties agreed the following:

(a) Bank Overdraft shall be provided to the maximum amount of EUR 5.800.000,

(b) the Bank Overdraft bears interest at the rate of the 3 month Euribor plus a margin of 3,75% per annum and 1% per annum of the Bank Overdraft framework as the reservation fee and are both payable monthly on the first day of the following month, and

(c) the repayment date of the Bank Overdraft is until 31 January 2017 at the latest.

On 8 March 2013, the Company ("Debtor") entered into another "Bank Overdraft Contract" with J&T Banka, a.s. ("Bank") for the provision of a Bank Overdraft for the amount of CZK 380.000.000.

According to the agreement, the parties agreed the following:

(a) Bank Overdraft shall be provided to the maximum amount of CZK 380.000.000,

(b) the Bank Overdraft bears interest at the rate of the 3 month Pribor plus a margin of 3,75% per annum and 1% per annum of the Bank Overdraft framework as the reservation fee and are both payable monthly on the first day of the following month, and

(c) the repayment date of the Bank Overdraft is until 31 January 2017 at the latest.

On 8 March 2013, the Company has paid the coupon of CZK 2.925.000 relating to the CZK bonds.

On 10 April 2013, the Company has paid the coupon of EUR 120.000 relating to the EUR bonds.

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

23. Events after the reporting period (continued)

On 12 March 2013, the Company ("Lender") entered into a "Mid Term Loan Facility Agreement", with Profi Credit Czech, a.s. ("Borrower"), for the provision of a loan up to the amount of CZK 425.000.000. The purpose of the loan, is the provision of funds to the Borrower, in order to finance its business of providing loans to individuals ("Receivables").

According to the agreement, the Borrower is obliged to pay interest at 8,00% per annum, as well as a loan fee of 0,35% on the Maximum Facility Amount (one off payment) and a commitment fee of 0,5% per annum on the difference between the Maximum Facility Amount and the aggregate of all Utilisations.

The Borrower shall repay the principal and interest accrued by means of regular monthly instalments, the amount of which is to be determined by the Lender based on a formula agreed between the parties. The first installment shall be due by the end of the calendar month following the calendar month in which the first Utilisation is made available. The last installment shall be due within three years following the calendar month in which the last Utilisation is made available.

On 12 March 2013, the Company ("Lender") entered into a "Mid Term Loan Facility Agreement", with Profi Credit Slovakia, s.r.o. ("Borrower"), for the provision of a loan up to the amount of EUR 6.000.000. The purpose of the loan, is the provision of funds to the Borrower, in order to finance its business of providing loans to individuals ("Receivables").

According to the agreement, the Borrower is obliged to pay interest at 8,8888% per annum, as well as a loan fee of 0,35% on the Maximum Facility Amount (one off payment) and a commitment fee of 0,5% per annum on the difference between the Maximum Facility Amount and the aggregate of all Utilisations.

The Borrower shall repay the principal and interest accrued by means of regular monthly instalments, the amount of which is to be determined by the Lender based on a formula agreed between the parties. The first installment shall be due by the end of the calendar month following the calendar month in which the first Utilisation is made available. The last installment shall be due within three years following the calendar month in which the last Utilisation is made available.

On 29 March 2013, the Company's main shareholder, Berg Nominees Limited, has resolved to increase the share capital of the Company by EUR 10.000 in the form of capital contribution, which will be paid within two months from the resolution, i.e. by 29 May 2013.

Independent auditor's report on pages 4 and 5

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

DETAILED INCOME STATEMENT

Year ended 31 December 2012

	Page	2012 CZK	10/08/2010 - 31/12/2011 CZK
Revenue			
Dividend income		-	9.255.240
Loan interest income		58.703.799	9.999.526
Services rendered		1.582.871	6.089.626
Other operating income			
Interest income		1.146	904
Exchange profit		50.790.796	6.823.335
		111.078.612	32.168.631
Operating expenses			
Administration expenses	31	(7.001.017)	(9.025.948)
		104.077.595	23.142.683
Other operating expenses			
Incorporation expenses		-	(51.512)
Operating profit		104.077.595	23.091.171
Finance costs	32	(100.963.588)	(15.970.464)
Net profit for the year/period before tax		3.114.007	7.120.707

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

OPERATING EXPENSES

Year ended 31 December 2012

	2012 CZK	10/08/2010 - 31/12/2011 CZK
Administration expenses		
Annual levy	8.930	9.030
Sundry expenses	1.405	-
Courier expenses	5.583	6.947
Certification and legalisation expenses	39.194	50.383
Auditors' remuneration for the statutory audit of annual accounts	414.810	425.700
Auditors' remuneration - prior years	72.327	-
Accounting fees	237.650	44.505
Other professional fees	403.636	291.145
Translation fees	-	5.534
Legal and professional	340.204	2.022.299
Directors' fees	23.336	21.955
Fines	373	2.493
Broker fees and administration expenses	4.329.512	2.103.501
Mediatory services	1.124.057	4.042.456
	7.001.017	9.025.948

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

FINANCE COSTS

Year ended 31 December 2012

	2012 CZK	10/08/2010 - 31/12/2011 CZK
Finance costs		
Interest expense		
Bank overdraft interest	38.672.542	5.447.227
Interests on bills of exchange	8.786.269	2.527.103
Debenture interest	2.652.462	-
Other finance expenses		
Bank charges	4.882	4.756
Bank overdraft fees	-	1.100.000
Net foreign exchange transaction losses		
Realised exchange loss	-	232.809
Unrealised exchange loss	50.847.433	6.658.569
	<u>100.963.588</u>	<u>15.970.464</u>

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

COMPUTATION OF DEFENCE CONTRIBUTION

Year ended 31 December 2012

	Income CZK	Income €	Rate	Defence € c
INTEREST				
Interest from overseas	1.146	46		
Deemed interest receivable on debit balances of directors and shareholders	<u>1.131</u>	<u>45</u>		
	<u>2.277</u>	<u>91</u>	15%	<u>13,65</u>
				13,65
Double tax credit claimed				<u>(6,90)</u>
DEFENCE CONTRIBUTION DUE TO IRD	CZK			<u>6,75</u>
	170			

DAIREWA PLC (FORMER DAIREWA PROPERTIES LIMITED)

COMPUTATION OF CORPORATION TAX

Year ended 31 December 2012

Net profit per detailed statement of comprehensive income	Page 30	CZK	CZK
			3.114.007
<u>Add:</u>			
Unrealised exchange loss		50.847.433	
Annual levy		8.930	
Fines		<u>373</u>	
			<u>50.856.736</u>
			53.970.743
<u>Less:</u>			
Interest income		1.146	
Unrealised exchange profit		50.789.881	
Realised exchange profit on the disposal of subsidiary		<u>915</u>	
			<u>(50.791.942)</u>
Chargeable income for the year			<u><u>3.178.801</u></u>
			€
Converted into € at CZK 25,140000 = €1			<u>126.444</u>

<u>Calculation of corporation tax</u>	Income €	Rate %	Total € c	Total CZK
Tax at normal rates:				
Chargeable income as above	<u>126.444</u>	10	12.644,40	317.880
Credit claimed in respect of foreign tax			<u>(11.684,00)</u>	<u>(293.736)</u>
			960,40	24.144
10% additional charge			<u>96,04</u>	<u>2.414</u>
TAX PAYABLE			<u>1.056,44</u>	<u>26.558</u>