

Metro Baltic Horizons plc

Metro Baltic Horizons plc  
Annual Report  
31 December 2016

# Metro Baltic Horizons plc

Financial statements for the year ended 31 December 2016

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# Metro Baltic Horizons plc

Financial statements for the year ended 31 December 2016

Directors, Officers and Advisors

<b>Directors</b>	Ronan Reid Brendan Murphy Tim Crowley
<b>Company Secretary</b>	Philip Scales
<b>Registered Agent</b>	FIM Capital IOMA House Hope Street Douglas Isle of Man
<b>Auditors</b>	Grant Thornton Chartered Accountants and Statutory Audit Firm Molyneux House Bride Street Dublin 8 Ireland
<b>Legal Advisers (UK)</b>	Jones Day 21 Tudor Street London EC4Y 0DJ
<b>Legal Advisers (Isle of Man)</b>	Gough Advocates 5 <sup>th</sup> Floor Anglo International House Bank Hill North Quay IM1 4QE
<b>Bankers</b>	Royal Bank of Scotland Royal Bank Place 1 Glatigny Esplanade St Peter Port Guernsey GY1 4BQ  Barclays Bank Barclays House Victoria Street Douglas Isle of Man IM99 3ZX

# Metro Baltic Horizons plc

Financial statements for the year ended 31 December 2016

## Overview

- Net asset value per share (NAV) as of year end decreased by 1% to €0.057 (31 December 2015: €0.058). The NAV is derived from the Group's cash holdings.
- The directors completed the 2014 distribution to shareholders. The distributions resulted in a further purchase of the Company's own equity instruments in the amount of €296k (2015: €80k).
- Group income after tax was €272k (2015: loss of €710k).
- Default judgment was received from Isle of Man courts in regard of the remaining defendants in 2017 and the focus on the Company is now on enforcement of this judgment, the wind down of subsidiaries and the distribution of cash proceeds remaining in the Company.

# Metro Baltic Horizons plc

Financial statements for the year ended 31 December 2016

## Chairman's statement

Dear Shareholders,

In the past year your Board continued to work to recover shareholder value in the Company. A settlement agreement was reached in June 2016 between the Company and its former investment advisers in relation to all disputes between them on the basis of there being no admission of liability, impropriety or wrongdoing by any party. The agreement is regarded by the Company as being in the best interests of shareholders, taking into consideration the potential cost and duration of the legal proceedings and an assessment of the potential outcome thereof.

The settlement terms are the subject of confidentiality but the Board is happy to inform you that during Q1 2018 the Company intends to make a further and possibly final distribution. It should be of the order of €0.05 per share. This may be in the form of share buy-back or distribution and we may offer Euro and GBP alternatives. There will therefore be no requirement for a grey market.

Judgement was granted by the High Court in the Isle of Man on 23 June 2017 against the remaining defendants being Mr Paul Mc Guinness, MG Capital Ltd and Mc Guinness Investments OU and we are considering the best means of enforcement of this judgement.

Our focus is now on enforcement of this judgement, winding up the remaining subsidiary companies and making a likely final distribution of €0.05 during H1 2018.

I would like to take this opportunity to thank my fellow directors for their dedication in helping recover and return monies for all investors.

Ronan Reid  
Chairman

Metro Baltic Horizons Plc

Date: 19 December 2017

# Metro Baltic Horizons plc

Financial statements for the year ended 31 December 2016

## Directors' report

The Directors present their annual report and audited financial statements for the year ended 31 December 2016.

### **Principal activities**

The principal activity of the Group was investing in and developing land and buildings in the Baltic States and in the St. Petersburg area of Russia. Following the deconsolidation of the Group's Estonian subsidiary, OU Piritä Tee 26, and the sale of the Company's shareholding in Pedragon Limited, the Company does not intend to make further property investments and during the year, the Company continued to pursue legal action against its former professional advisors which was settled on 7 June 2016. The Company cancelled its admission to trading on the AIM Market on 10 September 2014 and has re-registered the Company as a company under the Isle of Man Companies Act 2006.

### **Business review**

A review of the business during the year is contained in the Chairman's Statement.

### **Results for the period**

The net income attributable to the shareholders in the Group for the year ended 31 December 2016 was €272k (2015: loss of €710k). The results for the year are set out in the consolidated statement of comprehensive income on page 11. The profit for the year has been transferred to reserves.

### **Basis of preparation**

The Board have considered and reviewed the current financial status and the cash-flow projections of the Group. Having completed this review and given consideration to the other factors detailed in Note 2.2 to the financial statements, the Directors are of the opinion that there are adequate financial resources available to enable the Company and Group to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. Accordingly, although the Group disposed of its last remaining investment property, the Group will continue in operational existence for the foreseeable future and the financial statements have therefore been prepared on a Going Concern basis.

### **Dividend**

The Directors do not recommend payment of a dividend during the year (2015: €458k).

### **Directors**

The Directors who served during the year were Ronan Reid, Brendan Murphy and Tim Crowley.

### **Auditors**

Grant Thornton, Chartered Accountants & Statutory Audit Firm have indicated their willingness to continue in office.

# Metro Baltic Horizons plc

Financial statements for the year ended 31 December 2016

Directors' report (cont'd.)

## Directors remuneration

Remuneration to Directors during each of the financial years ending 31 December 2016 and 31 December 2015 consisted entirely of Directors' fees and can be analysed as follows;

	2016	2015
	€	€
Ronan Reid	25,000	25,000
Brendan Murphy	25,000	25,000
Tim Crowley	<u>17,500</u>	<u>17,500</u>
	<u>67,500</u>	<u>67,500</u>

## Secretary

The Secretary who served during the year was Philip Scales.

## Substantial holdings

The following entities had substantial holdings in the share capital of the Group at 31 December 2016:

	Shares held	% of total
Pershing International Nominees Limited	13,627,424	59.28
Fitel Nominees Limited	2,010,547	8.75
Halb Nominees Limited	1,500,000	6.53
Chase Nominees Limited	1,314,963	3.26

## The Board and subcommittees

The Board considers all Directors, including the Chairman, to be independent. All the Directors are non-executive. The Group and Company has an audit committee consisting of all the Board members.

# Metro Baltic Horizons plc

Financial statements for the year ended 31 December 2016

Directors' report (cont'd.)

## **Directors' responsibility statement**

The Directors are responsible for preparing the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Directors are required to prepare financial statements for each financial period which present fairly the financial position of the Group and Company and the financial performance and cash flows of the Group for that period. In preparing those financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether all applicable accounting standards have been followed; and,
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Company or Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board

P Scales  
Secretary

Date: 19 December 2017



# Metro Baltic Horizons plc

Financial statements for the year ended 31 December 2016

## **Independent auditors' report to the members of Metro Baltic Horizons plc**

We have audited the financial statements of Metro Baltic Horizons plc for the year ended 31 December 2016 which comprise the Consolidated Statement of Total Comprehensive Income, the Company Statement of Total Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and, the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

# Metro Baltic Horizons plc

Financial statements for the year ended 31 December 2016

## **Independent auditors' report to the members of Metro Baltic Horizons plc (cont'd)**

### **Opinion on financial statements**

In our opinion:

- The financial statements give a true and fair view of the state of the Group's affairs in accordance with IFRS as at 31 December 2016 and of its profit for the year then ended;
- The parent company statement of total comprehensive income, statement of financial position and cash flow statement give a true and fair view in accordance with IFRS of the state of the parent company's affairs as at 31 December 2016

### **Grant Thornton**

Chartered Accountants & Statutory Audit Firm  
Molyneux House  
Bride Street  
Dublin 8  
Ireland

Date: 19 December 2017

# Metro Baltic Horizons plc

## Consolidated statement of total comprehensive income for the year ended 31 December 2016

		31 December 2016 €'000	31 December 2015 €'000
	Note		
Other Income	3	<u>723</u>	=
Administrative expenses	4	(267)	(802)
Net foreign currency (loss)/gain		<u>(184)</u>	<u>92</u>
Income/(loss) before tax		272	(710)
Income tax	5	<u>-</u>	<u>-</u>
Income/(loss) for the financial year		<u>272</u>	<u>(710)</u>
<b>Total comprehensive income/(loss)</b>		<u><b>272</b></u>	<u><b>(710)</b></u>
		<b>31 December 2016 €'000</b>	<b>31 December 2015 €'000</b>
<b><i>Basic and diluted earnings per share</i></b>			
Earnings/(loss) per share	6	<u>1.18</u>	<u>(3.07)</u>

There was no other comprehensive income for 2016 (2015: €nil).

The notes on pages 19 to 38 form part of these financial statements.

# Metro Baltic Horizons plc

## Company statement of total comprehensive income for the year ended 31 December 2016

	Note	31 December 2016 €'000	31 December 2015 €'000
Other Income	3	<u>723</u>	=
Administrative expenses	4	(315)	(803)
Net foreign currency (loss)/gain		<u>(184)</u>	<u>92</u>
Income/(loss) before tax		224	(711)
Income tax	5	<u>-</u>	<u>-</u>
Income/(loss) for the financial year		<u>224</u>	<u>(711)</u>
<b>Total comprehensive income/(loss)</b>		<u><b>224</b></u>	<u><b>(711)</b></u>

There was no other comprehensive income for 2016 (2015: €nil).

The notes on pages 19 to 38 form part of these financial statements.

# Metro Baltic Horizons plc

## Consolidated statement of financial position as at 31 December 2016

	Note	31 December 2016 €'000	31 December 2015 €'000
<b>Assets</b>			
<b>Current assets</b>			
Restricted cash	9	6	1,288
Cash and cash equivalents	8	<u>1,431</u>	<u>464</u>
Current assets		<u>1,437</u>	<u>1,752</u>
<b>Total assets</b>		<b><u>1,437</u></b>	<b><u>1,752</u></b>
<b>Equity</b>			
Issued capital	11	230	231
Treasury shares	13	(252)	-
Distributable reserve	13	29,809	29,852
Retained deficit		<u>(28,464)</u>	<u>(28,736)</u>
<b>Total equity attributable to equity holders of the parent</b>		<b><u>1,323</u></b>	<b><u>1,347</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	<u>114</u>	<u>405</u>
<b>Total liabilities</b>		<b><u>114</u></b>	<b><u>405</u></b>
<b>Total equity and liabilities</b>		<b><u>1,437</u></b>	<b><u>1,752</u></b>
Net asset value per ordinary share – basic (cents)	12	5.76	5.82

The financial statements were approved by the Board and authorised for issue on 19 December 2017.

*Ronan Reid*  
Director

*Brendan Murphy*  
Director

The notes on pages 19 to 38 form part of these financial statements.

# Metro Baltic Horizons plc

Company statement of financial position  
as at 31 December 2016

	Note	31 December 2016 €'000	31 December 2015 €'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	15	-	-
<b>Current assets</b>			
Restricted cash	9	6	1,288
Cash and cash equivalents	8	<u>1,431</u>	<u>463</u>
Total current assets		<u>1,437</u>	<u>1,751</u>
<b>Total assets</b>		<b><u>1,437</u></b>	<b><u>1,751</u></b>
<b>Equity</b>			
Issued capital	11	230	231
Treasury shares	13	(252)	-
Distributable reserves	13	29,809	29,852
Retained deficit		<u>(28,400)</u>	<u>(28,624)</u>
<b>Total equity</b>		<b><u>1,387</u></b>	<b><u>1,459</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	<u>50</u>	<u>292</u>
<b>Total liabilities</b>		<b><u>50</u></b>	<b><u>292</u></b>
<b>Total equity and liabilities</b>		<b><u>1,437</u></b>	<b><u>1,751</u></b>

The financial statements were approved by the Board and authorised for issue on 19 December 2017.

*Ronan Reid*  
Director

*Brendan Murphy*  
Director

The notes on pages 19 to 38 form part of these financial statements.

# Metro Baltic Horizons plc

## Consolidated statement of changes in equity for the year ended 31 December 2016

	Issued capital	Treasury shares	Distributable reserves	Retained deficit	Total
	€'000	€'000	€'000	€'000	€'000
1 January 2015	234	-	30,387	(28,026)	2,595
Total comprehensive loss for year	-	-	-	(710)	(710)
Dividends paid	-	-	(458)	-	(458)
Share repurchase	<u>(3)</u>	<u>-</u>	<u>(77)</u>	<u>-</u>	<u>(80)</u>
31 December 2015	<u>231</u>	<u>-</u>	<u>29,852</u>	<u>(28,736)</u>	<u>1,347</u>
Total comprehensive income for year	-	-	-	272	272
Share repurchase /cancellation	<u>(1)</u>	<u>(252)</u>	<u>(43)</u>	<u>-</u>	<u>(296)</u>
<b>31 December 2016</b>	<b><u>230</u></b>	<b><u>(252)</u></b>	<b><u>29,809</u></b>	<b><u>(28,464)</u></b>	<b><u>1,323</u></b>

The notes on pages 19 to 38 form part of these financial statements.

# Metro Baltic Horizons plc

Company statement of changes in equity  
for the year ended 31 December 2016

	<b>Issued capital</b>	<b>Treasury shares</b>	<b>Distributable reserves</b>	<b>Retained deficit</b>	<b>Total</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
At 1 January 2015	234	-	30,387	(27,913)	2,708
Total comprehensive loss	-	-	-	(711)	(711)
Dividends	-	-	(458)	-	(458)
Share repurchase	<u>(3)</u>	<u>-</u>	<u>(77)</u>	<u>-</u>	<u>(80)</u>
At 31 December 2015	<u>231</u>	<u>-</u>	<u>29,852</u>	<u>(28,624)</u>	<u>1,459</u>
Total comprehensive income for the year	-	-	-	224	224
Share repurchase /cancellation	<u>(1)</u>	<u>(252)</u>	<u>(43)</u>	<u>-</u>	<u>(296)</u>
At 31 December 2016	<u>230</u>	<u>(252)</u>	<u>29,809</u>	<u>(28,400)</u>	<u>1,387</u>

The notes on pages 19 to 38 form part of these financial statements.



# Metro Baltic Horizons plc

Consolidated statement of cash flows  
for the year ended 31 December 2016

	Note	2016 €'000	2015 €'000
<b>Cash flows from operating activities</b>			
Income/(loss) before tax		272	(710)
<i><u>Non-cash adjustment to reconcile (loss)/profit before tax to net cash flows</u></i>			
Foreign exchange loss/(gain)		184	(6)
Return and cancellation of shares in form of litigation settlement	3	(296)	-
<i><u>Working capital adjustments</u></i>			
Decrease/(increase) in restricted cash		1,163	(228)
(Decrease)/increase in trade and other payables		(291)	228
Net cash provided by/(used in) operating activities		<u>1,032</u>	<u>(716)</u>
<b>Cash flows from financing activities</b>			
Dividend payment	12	-	(458)
Share repurchase	12	-	(80)
Net cash flows used in financing activities		<u>-</u>	<u>(538)</u>
Effect of changes in foreign exchange rate on cash and cash equivalents		<u>(65)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		967	(1,254)
Cash and cash equivalents at the beginning of the year	9	<u>464</u>	<u>1,718</u>
Cash and cash equivalents at the end of the year	9	<u>1,431</u>	<u>464</u>

The notes on pages 19 to 38 form part of these financial statements.

# Metro Baltic Horizons plc

Company statement of cash flows  
for the year ended 31 December 2016

	Note	31 December 2016 €'000	31 December 2015 €'000
<b>Cash flows from operating activities</b>			
Income / (loss) before tax		224	(711)
<i>Non-cash adjustment to reconcile (loss)/profit before tax to net cash flows</i>			
Foreign exchange loss/(gain)		184	(6)
Net impairment adjustment	16	101	351
Return and cancellation of shares in form of litigation settlement	3	(296)	
<i>Working capital adjustments</i>			
Decrease/(increase) in restricted cash		1,163	(228)
(Decrease)/increase in trade and other payables		(242)	228
Net cash provided by/(used in) operating activities		<u>1,134</u>	<u>(366)</u>
<b>Cash flows from investing activities</b>			
Contributions to subsidiaries	16	<u>(101)</u>	<u>(351)</u>
Net cash used in investing activities		<u>(101)</u>	<u>(351)</u>
<b>Cash flows from financing activities</b>			
Dividend payment	12	-	(458)
Share repurchase	12	-	(80)
Net cash flows from financing activities		<u>-</u>	<u>(538)</u>
Effect of changes in foreign exchange rate on cash and cash equivalents		<u>(65)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		968	(1,255)
Cash and cash equivalents at the beginning of the year	9	<u>463</u>	<u>1,718</u>
Cash and cash equivalents at the end of the year	9	<u><u>1,431</u></u>	<u><u>463</u></u>

The notes on pages 19 to 38 form part of these financial statements

Notes to the financial statements  
for the year ended 31 December 2016

**1. General information**

The Company was incorporated in the Isle of Man on 18 September 2006 as Metro Baltic Hermitage plc. On 13 November 2006 the Company passed a special resolution to change its name to Metro Baltic Horizons plc. The Company was established to invest in and develop property in the Baltic States and in the St. Petersburg area of Russia.

This report of the Company for the year ended 31 December 2016 comprises the Company and its subsidiaries (together referred to as the “Group”).

The Company’s registered address is IOMA House, Hope Street, Douglas, Isle of Man. On 10 September 2014 the Company de-listed from the AIM market of the London Stock Exchange and on the same date re-registered the Company as a company under the Isle of Man Companies Act 2006.

**2. Principal accounting policies**

A summary of the principal accounting policies, all of which have been applied consistently throughout the periods presented, is set out below.

***2.1 Statement of compliance***

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The IFRS applied are those effective for accounting periods beginning on or after 1 January 2016.

***2.2 Basis of preparation***

The consolidated financial statements have been prepared on a historical cost basis.

Previously, the primary purpose of the Group was the investment in and development of property in the Baltic States and the St. Petersburg area of Russia. During the 2013 financial year the last of these properties was disposed of.

The Board has considered and reviewed the current financial status and the cash-flow projections of the Group. Having completed this review and given consideration to the other factors detailed above, the Directors are of the opinion that there are adequate financial resources available to enable the Company and Group to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. The Group is in the process of undertaking legal action and as such, will continue in operational existence for the foreseeable future and the financial statements have therefore been prepared on a Going Concern basis.

# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 2. Principal accounting policies (cont'd)

### *2.3 Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and the subsidiaries controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at the carrying amounts at the date when control is lost;
- Derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them);
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control;
- Recognises any investment retained in the former subsidiary at its fair value at the date that control is lost; and
- Recognises any resulting difference as a gain or loss in profit or loss attributable to parent.

# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 2. Principal accounting policies (cont'd)

### *2.4 Changes in accounting policy and disclosures*

The IASB and IFRIC have issued additional standards and interpretations which are effective for periods starting after January 1, 2016. The following standards and interpretations have yet to be adopted by the Group. Information on those standards expected to be relevant to the Group's financial statements is provided below.

The Group does not anticipate that the adoption of these standards and interpretations will have a material effect on its financial statements on initial adoption.

<b>International Financial Reporting Standards (IFRS/IAS)</b>		<b>Effective date</b>
IAS 7	Statement of Cash Flows (Amendment)	1 January 2017
IAS 12	Income Taxes (Amendment)	1 January 2017
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 2	Share-based Payments – Classification and Measurement of Share-based Payment Transactions	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 9	Financial Instruments – Classification and Measurement	1 January 2018

# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 2. Principal accounting policies (cont'd)

### *2.5 Summary of significant accounting policies*

#### a) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably.

#### b) Expenses

Expenses are accounted for on an accruals basis. All administration expenses are charged through the Consolidated Statement of Total Comprehensive Income.

#### c) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and short-term deposits which are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### d) Restricted cash

In the previous years, restricted cash balances relate primarily to amounts held by the High Court of Isle of Man for on-going legal cases, cash held on account for the defendants of the legal actions currently being pursued, and cash held by legal advisers. In the current year, the restricted cash relates to amounts held by the Company's UK and Isle of Man legal advisers.

#### e) Income tax and deferred tax

##### *Income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

##### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 2. Principal accounting policies (cont'd)

### *2.5 Summary of significant accounting policies (cont'd)*

#### e) Income tax and deferred tax (cont'd)

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates, tax laws, and tax plans that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised in other comprehensive income. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Where evidence is available that a deferred tax liability will not crystallise, the liability is reversed.

# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 2. Principal accounting policies (cont'd)

### *2.5 Summary of significant accounting policies (cont'd)*

#### g) Foreign currency translation

The consolidated financial statements are presented in Euro which is the Company's functional currency and the presentation currency of the Company and Group.

#### *Functional and presentation currency*

Items included in the financial statements of each of the Group entities are measured in the currency of the primary economic environment in which the entity operates (the "functional currency"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing rate at the date of the statement of financial position;
- (ii) income and expenses are translated at the average exchange rate prevailing in the period and gains or losses are dealt with in the Consolidated Statement of Total Comprehensive Income as part of the profit or loss for the period.

Any gains or losses that arise on consolidation from the retranslation of the subsidiary entity from its functional currency to the presentation currency of the Group are taken directly to other comprehensive income and included within the foreign currency exchange reserve.

On disposal or de-recognition of a foreign entity, the related cumulative translation differences recognised in equity are reclassified to profit and loss and are recognised as part of the gain or loss on disposal or de-recognition.

#### *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 the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Total Comprehensive Income as part of the profit or loss for the period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.



# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 2. Principal accounting policies (cont'd)

### *2.5 Summary of significant accounting policies (cont'd)*

#### h) Operating segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed regularly by the chief operating decision maker in order to allocate resources and to assess their performance.

#### i) Financial assets

All financial assets are recognised initially at fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### j) Investments in subsidiaries and associate undertakings

All investments in subsidiary companies and associate undertakings are recorded at cost less provision for any permanent diminution in value.

#### k) Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities within the scope of IAS 39 are classified as accounts payable, accruals and other liabilities, loans or borrowings and are initially recorded at fair value and subsequently at amortised cost. The Group determines the classification of its financial liabilities at initial recognition.

##### *Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

##### *Loans and borrowings*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Consolidated Statement of Total Comprehensive Income as part of the profit or loss for the period.

##### *De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged, 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Total Comprehensive Income as part of the profit or loss for the period.

# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 2. Principal accounting policies (cont'd)

### *2.5 Summary of significant accounting policies (cont'd)*

l) Non – current assets and disposal Groups classified as held for sale and profit or loss from discontinued operations

Non-current assets and disposal Groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal Groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal Group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A discontinued operation is a component that is disposed of or classified as held for sale. In the Consolidated Statement of Total Comprehensive Income of the reporting period, and of the comparative period, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the Consolidated Statement of Total Comprehensive Income.

m) Judgements

In the preparation of the Group's consolidated financial statements, management is required to make certain judgements and estimates that affect the reported amounts of its assets and liabilities, revenues and expenses at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities. Significant areas requiring management's judgement include assessment of the fair value of investment properties and properties under construction and also the determination of deferred tax balances.

#### *Deferred tax assets / liabilities*

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

n) Fair values

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: valuation techniques for which the lowest level of inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: valuation techniques for which the lowest level of inputs that have a significant effect on the recorded fair value are not based on observable market data

# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 3. Other Income – Group and Company

The Company reached a final settlement with former Company advisors, Tolmain Advisory Services Limited, Ou Vernon Holding, Mr. Mart Habakuuk, and Mr. James Kenny (together, the "Defendants") in June 2016. In entering this settlement the Defendants have neither admitted liability nor wrongdoing. Under the terms of the settlement agreement, the Company has agreed to dismiss all claims against the Defendants. The Company received €301k in July 2016. As part of the settlement agreement, the Defendants forfeited their rights to receive payment in regard of the June 2014 dividend distribution amounting to €126k.

Further, under the terms of the settlement agreement, the former advisors have agreed to transfer their shareholdings in Metro Baltic Horizons plc, back to the Company to a value of €296k.

The proceeds from the settlement of the cases, value of returned shares, and forfeited dividends payable were recognized as Other Income in the statement of comprehensive income.

Amounts held by the High Court of Isle of Man for on-going legal cases in relation to the above case were also returned to the Company following the settlement.

## 4. Administrative expenses

Administrative expenses comprise the following:

	<b>31 December 2016 Group €'000</b>	<b>31 December 2015 Group €'000</b>
Legal and other professional fees	113	635
Administrators fees	22	27
Directors' remuneration	68	68
Auditors' remuneration – audit services	19	25
Accountancy Services	11	17
Other administrative expenses	<u>34</u>	<u>30</u>
	<u>267</u>	<u>802</u>

# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 4. Administrative expenses (cont'd)

	31 December 2016 Company €'000	31 December 2015 Company €'000
Legal and other professional fees	61	284
Administrators fees	22	27
Directors' remuneration	68	68
Auditors' remuneration – audit services	19	25
Accountancy Services	11	17
Write-off of loans to subsidiary	101	351
Other administrative expenses	<u>33</u>	<u>31</u>
	<u>315</u>	<u>803</u>

## 5. Income tax – Group and Company

The Company is resident in the Isle of Man. Its activities in the Isle of Man are liable to tax at a 0% tax rate.

The Group has significant accumulated tax deductible losses which are available for offset against future taxable profits. No deferred tax asset has been recognised in respect of these losses on the basis that there is uncertainty as to whether or not there will be suitable taxable profits against which these losses can be utilised.

# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 6. Earnings per share

The calculation of basic earnings per share at 31 December 2016 was based on the net income attributable to shareholders of €272k, (2015: loss of €710k). The weighted average number of ordinary shares in issue during the year ended 31 December 2016 was 23,068,498 and 31 December 2015 was 23,091,894.

Diluted earnings per share amounts are calculated by dividing the net income attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares. There were no potentially dilutive shares at 31 December 2016 or 31 December 2015.

	<b>31 December 2016 Group €'000</b>	<b>31 December 2015 Group €'000</b>
<b>Basic and diluted earnings per share</b>		
Income / (loss) attributable to equity holders of the parent	<u>272</u>	<u>(710)</u>
	<b>31 December 2016 Group €'000</b>	<b>31 December 2015 Group €'000</b>
Weighted average number of ordinary shares in issue during the year	23,068,498	23,091,894
	€' cents	€' cents
Income / (loss) per share	<u>1.18</u>	<u>(3.07)</u>

# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 7. Operating segment information

As there is only one operating segment, there is no need for detailed operating segment disclosures or reconciliations as required by IFRS 8. All other disclosures required by IFRS 8 in respect of the Group are included within Note 15.

## 8. Cash and cash equivalents

	31 December 2016 Group €'000	31 December 2015 Group €'000
Sterling cash	1,035	460
Euro cash	<u>396</u>	<u>4</u>
Total cash and cash equivalents	<u>1,431</u>	<u>464</u>

	31 December 2016 Company €'000	31 December 2015 Company €'000
Sterling cash	1,035	460
Euro cash	<u>396</u>	<u>3</u>
Cash and cash equivalents	<u>1,431</u>	<u>463</u>

## 9. Restricted Cash

Consequential to the settlement of the final case against the Company's former advisors as discussed in Note 3, the Group and the Company's restricted cash amounting to €1,282k (€1,288k balance as at 31 December 2015) had been released from restriction in 2016. This balance was made up of €1,018k held by the High Court of the Isle of Man, €36k relates to amounts held by the Group's UK and Isle of Man legal advisers, and €228k held by the Company against the account of the current defendants in the legal cases being pursued. The remaining €6k is still held by the legal advisers.

# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 10. Trade and other payables

	31 December 2016 Group €'000	31 December 2015 Group €'000
Directors' fees	50	38
Other trade payables and accruals	64	139
Dividend payments withheld	—	<u>228</u>
Total trade and other payables	<u>114</u>	<u>405</u>

	31 December 2016 Company €'000	31 December 2015 Company €'000
Other trade payables and accruals	50	64
Dividend payments withheld	—	<u>228</u>
Total trade and other payables	<u>50</u>	<u>292</u>

The net carrying amount of trade and other payables is considered to be a reasonable approximation of fair value.

### *Terms and conditions of the above financial liabilities:*

Directors' fees are non-interest bearing and are normally settled on 30-90 day terms. Other trade payables and accruals are non-interest bearing and are normally settled on 30-day terms. Dividend payments withheld pertains to final dividend distribution to the former shareholders of Company of which the Group had an ongoing legal case against these shareholders. As part of the settlement agreement, the Defendants (former shareholders) forfeited their rights to receive payment in regard of the dividend distribution owed to them in the amount of €126k and the remaining dividends withheld were settled in July 2016.

# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 11. Issued Capital

	31 December 2016		31 December 2015	
	Number of shares	€'000	Number of shares	€'000
Authorised:				
Ordinary shares of €0.01	<u>250,000,000</u>	<u>2,500</u>	<u>250,000,000</u>	<u>2,500</u>
Issued and fully paid:				
Ordinary shares of €0.01	<u>22,986,831</u>	<u>230</u>	<u>23,126,831</u>	<u>231</u>

Two shares were issued on 18 September 2006 on incorporation. 26,200,268 shares were issued on 11 December 2006 for total proceeds of €38,775,000. Share issue expenses associated with the issue totalled €2,327,000. The ordinary shares carry the right to receive, and shall participate in, any dividends or other distributions out of the profits of the Company available for dividend and resolved to be distributed in respect of any accounting period.

On 18 September 2014 the board voted to commence a distribution to shareholders whereby the shareholder could receive the distribution either as a return of capital or a dividend payment. In 2014, the Company repurchased and cancelled 2,762,676 ordinary shares for a total of €704k and paid a dividend of €5,123k. In 2015, the Company repurchased and cancelled 310,761 ordinary shares for a total of €80k and paid a dividend of €458k.

On 25 July 2016, as part of the settlement agreement discussed in Note 3, 140,000 ordinary shares in issue were transferred back to the Company and were subsequently cancelled in accordance with the Article 13.1(g) of the Company's Articles of Incorporation.

## 12. Net asset value per share

	31 December 2016	31 December 2015
	Group €'000	Group €'000
Net asset value attributable to ordinary shareholders	<u>1,323</u>	<u>1,347</u>
Ordinary shares in issue at the end of the period	<u>22,986,831</u>	<u>23,126,831</u>
Net asset value per share (cents per share)	5.76	5.82



# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 13. Share premium, distributable reserves, and treasury shares

By virtue of a special resolution passed on 5 December 2006 with confirmation of the High Court of the Isle of Man on 13 August 2007, the amount standing to the credit of the Share Premium Account of €36,186,377 was transferred to a Distributable Reserve and the share premium account was cancelled.

During 2015, the Company made a distribution by way of capital reduction whereby 310,763 ordinary shares were repurchased for consideration of €80k, resulting in a reduction in distributable reserves of €77k. Additionally during 2015, the Company made a distribution by way of a dividend, resulting in a reduction in distributable reserves of €458k.

During 2016, as part of the settlement agreement discussed in Note 3, a total of 940,872 ordinary shares were transferred back to the Company. 140,000 of these shares with a value of €44k were subsequently cancelled as discussed in Note 11, resulting in a reduction in distributable reserves of €43k. The remaining 800,872 shares with a value of €252k have not been cancelled at the balance sheet date and are held as Treasury shares at the balance sheet date.

## 14. Financial instruments

The Group holds cash, restricted cash and trade and other payables.

### *Risk Management*

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign exchange risk and interest rate risk. The Board regularly reviews and agrees policies for managing each of these risks and these are summarised in the succeeding pages.

### *Capital management*

The Group is not subject to any external capital management requirements. The Group is primarily focused on its Net Asset Value per share to manage its equity and as a key measure of performance.

	31 December 2016 Group €'000	31 December 2015 Group €'000
Total assets	1,437	1,752
Total liabilities	(114)	(405)

Working capital is managed in each subsidiary on a standalone basis.

### *Credit risk*

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group. In the event of a default by an issuer or counterparty the Group may suffer losses.

The Group is also exposed to credit risk on deposits with banks. Barclays Bank held the majority of the Group's cash at year end. Barclays Bank was rated by S&P as having a credit rating on short term deposits of "A-1".

# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 14. Financial instruments (cont'd.)

The Company is exposed to credit risk on its capital contributions to subsidiaries. Credit risk is managed through monitoring changes in the Net Asset Value of its subsidiaries.

The maturity profile of the Group's liabilities is as follows:

### *Maturity Profile*

2016	< 3 Months €'000	3-12 Months €'000	1-5 Years €'000	>5Years €'000	Total €'000
Trade and other payables	114	-	-	-	<u>114</u>
					<u>114</u>
2015	< 3 Months €'000	3-12 Months €'000	1-5 Years €'000	>5Years €'000	Total €'000
Trade and other payables	405	-	-	-	<u>405</u>
					<u>405</u>

### *Foreign exchange risk*

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument or cash balances denominated in foreign currencies will fluctuate because of changes in foreign exchange rates. The Group's main exposure is for Sterling balances. To mitigate the foreign exchange risk the Group will typically monitor the Euro/Sterling exchange rate on a regular basis and reviews the Sterling balance held to ensure exposure is not excessive. At this point the Group has decided not to engage in foreign currency hedging or other derivative instruments to further reduce this risk.

### Change in GBP£/Euro Rate

	% change	Effect on profit before tax €'000
2016	+10%	19
	-10%	(19)
2015	+10%	(9)
	-10%	9

# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 14. Financial instruments (cont'd.)

### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the cash and cash equivalents balances held.

The interest rate profile of the Group at 31 December 2016 was as follows:

	<b>Total</b>	<b>Fixed</b>	<b>Variable</b>	<b>Non-interest</b>	<b>Weighted</b>
	<b>€'000</b>	<b>rate</b>	<b>rate</b>	<b>bearing</b>	<b>avg. rate</b>
		<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>%</b>
Cash and cash equivalents	1,431	-	1,431	-	0.1%

The interest rate profile of the Group at 31 December 2015 was as follows:

	<b>Total</b>	<b>Fixed</b>	<b>Variable</b>	<b>Non-interest</b>	<b>Weighted</b>
	<b>€'000</b>	<b>rate</b>	<b>rate</b>	<b>bearing</b>	<b>avg. rate</b>
		<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>%</b>
Cash and cash equivalents	464	-	464	-	0.1%

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 1%.

	<b>% change</b>	<b>Effect on profit</b>
		<b>Before tax</b>
		<b>€'000</b>
2016	+1%	-
	- 1%	-
2015	+1%	-
	- 1%	-

# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 14. Financial instruments (cont'd.)

### *Fair Values*

The table below sets out the Group's classification of each class of financial assets/liabilities and their fair values:

	<i>Note</i>	<b>Loans and receivables</b>	<b>Liabilities amortised cost</b>	<b>Total carrying amount</b>	<b>Fair Value</b>
		<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>2016</b>					
Cash and cash equivalents	8	1,431	-	1,431	1,431
Restricted cash	9	6	-	6	6
Trade and other payables	10	-	(114)	(114)	(114)
		<u>1,437</u>	<u>(114)</u>	<u>1,323</u>	<u>1,323</u>

At 31 December 2016 all items are valued using Level 1 inputs. Valuation methods for Levels 1, 2 and 3 are described in the "fair value hierarchy" section of the accounting policies, see Note 2.5(n).

	<i>Note</i>	<b>Loans and receivables</b>	<b>Liabilities amortised cost</b>	<b>Total carrying amount</b>	<b>Fair Value</b>
		<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>2015</b>					
Cash and cash equivalents	8	464	-	464	464
Restricted cash	9	1,288	-	1,288	1,288
Trade and other payables	10	-	(405)	(405)	(405)
		<u>1,752</u>	<u>(405)</u>	<u>1,347</u>	<u>1,347</u>

At 31 December 2015 all items are valued using Level 1 inputs. Valuation methods for Levels 1, 2 and 3 are described in the "fair value hierarchy" section of the accounting policies, see Note 2.5(n).

# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 15. Subsidiaries and non-controlling interest

Investments in subsidiaries

	31 December 2016 Company €'000	31 December 2015 Company €'000
Capital contributions to subsidiaries	101	351
Impairment of capital contributions to subsidiaries	<u>(101)</u>	<u>(351)</u>
Total investments in subsidiaries	<u>    -</u>	<u>    -</u>

The Company has made capital contributions to subsidiaries whose net asset values have fallen below the value of the loans granted. The Board has decided therefore to write down the value of the capital contributions to bring the value into line with the cash that would be available to repay them if the assets of the subsidiaries were disposed of at their book value and their existing liabilities repaid. This was completed through an impairment charge totalling €101k (2015: €351k).

The following were the companies in the Group at 31 December 2016:

Name	Securities in issue	Principal activity	Country of incorporation	Beneficial interest 2016	2015
Metro Baltic Guernsey Ltd.	2 shares of €1 each	Intermediate holding co.	Guernsey	100%	100%
Metro Baltic Netherlands B.V.	18,000 shares of €1 each	Non-trading	Netherlands	100%	100%

As the parent has 100% share ownership of the two entities listed above, they are both judged to be fully controlled by the parent entity and as such are treated as subsidiaries and are fully consolidated. As noted above, Metro Baltic Netherlands B.V. is non trading and as such carries little risk and has little effect on the financials of the Group.

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves €'000	Profit/ (loss) €'000
Metro Baltic Guernsey Ltd.	(64)	48
Metro Baltic Netherlands B.V.	-	-

# Metro Baltic Horizons plc

Notes to the financial statements  
for the year ended 31 December 2016 (cont'd.)

## 16. Related party and key management transactions

Transactions between the Company and its subsidiaries which are related parties have been eliminated on consolidation and are not disclosed in this note.

Key management personnel refers to the directors that are remunerated by the Company. Directors' fees for the year ended 31 December 2016 amounted to €68k (2015: €68k). Directors' fees payable at the year ended 31 December 2016 amounted to €50k (2015: €38k).

## 17. Commitments and Contingencies

The Group and the Company have no commitments as at 31 December 2016 and 2015.

## 18. Investment policy

The Company is approved to invest in and develop high quality property assets spread across the capital cities of the three Baltic States (although principally Tallinn in Estonia and Riga in Latvia) and St Petersburg, Russia.

In the unlikely event that the Company were to consider future investment, the Company could only consider a focus on prime office, residential and retail development and investment opportunities which the Company would believe could generate a target minimum internal rate of return of 25%. The Company could also invest selectively in land acquisition and in joint ventures with reputable developers. In such circumstances the Company would expect to immediately dispose of any completed residential developments but could lease out and keep any developed commercial properties as cash yielding part of an investment portfolio. But as stated, the Company is unlikely to make any further property investments

## 19. Ultimate controlling party

The ultimate controlling party is Pershing International Nominees Limited, which is incorporated in the Republic of Ireland, and has a registered address of Riverside Two, Sir John Rogerson's Quay, Grand Canal Dock, Dublin 2, Ireland.

## 20. Events after the year end

There have been no significant events affecting the Company since the year end.

## 21. Approval of financial statements

The financial statements were approved by the Board of Directors on 19 December 2017.