MARINA CAPE MANAGEMENT EOOD

Interim Financial Report

30th September 2012

Report for the financial condition

	Notes	30.09.2012 '000 BGN	31.12.2011 '000 BGN
Assets			
Non-current assets			
Property, machinery, equipment and facilities	5	877	976
Intangible assets	6	11	14
Financial assets	7	10	10
Non-current assets		**898**	**1 000**
Deferred tax assets	11.1	**18**	**18**
		916	**1 018**
Current Assets			
Materials	8	575	483
Goods	9	243	249
Trade receivables - advance payments	10	687	663
- incl. receivables from related parties		406	608
Tax receivables	11	15	15
Other receivables	12	12	11
Cash and cash equivalents	13	832	824
Current assets		**2 364**	**2 245**
Total assets		**3 280**	**3 263**

Accountant: ____________________
/ Optima Audit AD/

Manager: ____________________
/Vesselin Terziev/

The explanatory notes to the financial report are an integral part of it.

Report for the financial condition

	Notes	30.09.2012 '000 BGN	31.12.2011 '000 BGN
Shareholders' equity	14		
Share capital	14.1	5	5
Undistributed profit / (uncovered loss)		(461)	(326)
Current profit / (loss)	14.2	(102)	(135)
Total shareholders' equity		**(558)**	**(456)**
Liabilities			
Non-current liabilities			
Liabilities toward financial institutions	15	100	100
Other non-current liabilities	15.1 15.2	1095	855
Total non-current liabilities		**1195**	**955**
Current liabilities			
Liabilities toward suppliers and customers	16	1 724	1 960
- Advance payments		333	236
- Current liabilities toward related parties		1 077	1 457
Tax payables	18	120	71
Social security payables and salaries payables	17	638	571
Other liabilities	19	161	162
Total current liabilities		**2 643**	**2 764**
Total liabilities		**3 838**	**3 719**
Total shareholders' equity and liabilities		**3 280**	**3 263**

Accountant: ____________
/ Optima Audit AD/

Manager: ____________
/ Vesselin Terziev /

Comprehensive Income Statement

	Notes	30.09.2012 '000 BGN	30.09.2011 '000 BGN
Revenues from the sale of:	23	**1 484**	**1 577**
Finished goods		328	268
Goods for sale		197	115
Services		873	1 071
Others		86	123
Cost of goods sold:		**1 539**	**1 444**
Expenses for materials	20	379	392
Expenses for external services	21	267	284
Expenses for depreciation		140	
Expenses for salaries	17	329	363
Expenses for impairment of assets		49	52
Other expenses		69	102
Book value of assets sold	19	155	76
Change in the inventories of finished goods and work in progress		151	175
Profit/ (loss) from operations		**(55)**	**133**
Financial expenses		50	39
Financial income			4
Extraordinary costs/ revenues		3	7
Changes in the fair value of investment property			
Profit / (loss) before tax		**(102)**	**105**
Net tax expenses			
Net profit / (loss)		**(102)**	**105**
Earnings per share			
Total annual comprehensive income		**(102)**	**105**

Accountant: ____________
/ Optima Audit AD/

Manager: ____________
/ Vesselin Terziev /

Statement of changes in equity

All amounts are in thousand BGN	Share Capital	Premium Reserves	Other Reserves	Retained Earnings	Total Equity
Balance as of 01 January 2011	5	0	0	**(301)**	**(296)**
Comprehensive Income					
Errors				(25)	(25)
Profit/Loss				(135)	(135)
Other comprehensive income					
Profit / Loss from revaluation					
Total comprehensive income					
Transactions with owners					
Dividends for 2010					
Total transactions with owners					
Balance as of 31 December 2011	5			**(461)**	**(456)**

All amounts are in thousand BGN	Share Capital	Premium Reserves	Other Reserves	Retained Earnings	Total Equity
Balance as of 01 January 2011	5			**(461)**	**(456)**
Comprehensive Income					
Errors					
Profit/Loss				(102)	(102)
Other comprehensive income					
Profit / Loss from revaluation					
Total comprehensive income					
Transactions with owners					
Dividends for 2010					
Total transactions with owners					
Balance as of 30 September 2012	5			**(563)**	**(558)**

Accountant: ____________________
/ Optima Audit AD/

Manager: ____________________
/Vesselin Terziev /

Cash flow statement

	Notes	30.09.2012 '000 BGN	30.09.2011 '000 BGN
Cash flow from operating activities			
Cash receipts from customers		1 859	2 230
Cash paid to suppliers		(1 746)	(2 009)
Cash paid to employees and social security		(236)	
Taxes paid		(58)	(80)
Other payments from operational activity		134	287
Net cash flow from operating activities		**(47)**	**428**
Cash flow from investing activities			
Purchase of property, plant and equipment			
Sale of investments in subsidiaries			
Net cash flow from investing activities		**-**	**-**
Cash flow from financing activities			
Proceeds on bank loans			
Payments of bank loans		(27)	(697)
Payments on leasing contracts			
Proceeds on loans		82	668
Interest paid			
Other proceeds/payments on financing activities			
Net cash flow from financing activity		**55**	**(29)**
Net change in cash and cash equivalents		8	399
Cash and cash equivalents as of the beginning of the period		824	392
Foreign exchange rate differences			
Cash and cash equivalents as of the end of the period		**832**	**791**

Accountant: ____________________
/ Optima Audit AD/

Manager: ____________________
/ Vesselin Terziev /

Notes

1. General information

The company "Marina Cape Management" EOOD is registered in compliance with the Trade Law as an Entity with limited liability. The Company's main activity is related to management and maintenance of properties, renting real estates, consulting and intermediary activity.

The Company is registered as an entity with limited liability and is entered in the Commercial Registry in the Sofia City Court; company case No 12083/ 2006, batch No. 109422, volume 1476, and page 149. The Bulstat Code is 175158218. The legal seat and address of the Company is: 7a Aksakov Str., Sofia.

Managers of the Company are Nicolay Rossenov Handjiev and Vesselin Todorov Terziev.

2. Basis for financial statements preparation

The Company organizes and performs the current accounting in compliance with the requirements of the Bulgarian legislation regarding accounting, taxation and trade.

The financial statements of the Company are prepared in compliance with IFRS approved by the European Commission. They include the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and SIC - IFRS interpretations. IFRS also include the subsequent changes and complements of these standards and their interpretation, as well as the future standards and their interpretations elaborated by the International Accounting Standards Board (IASB).

3. Comparative data

In the present report a comparative data as of the previous period for 2011 is presented.

4. Accounting policy

4.1. General provisions

The most important accounting policies applied to the preparation of financial statements are presented below.

The financial reports are prepared in compliance with the valuation principles concerning any type of assets, liabilities, revenues, and expenses according to IFRS. The valuation bases are announced in detail in the following points of this accounting policy. The financial statements are prepared in compliance with the going concern principle.

It must be pointed out that the presented financial statements are based on certain accounting estimates and assumptions. Although they are based on the information provided to the management by the date of preparation of the financial statements, the actual results may vary due to the estimates and assumptions made.

No substantial effects in the current, previous and future periods resulting from the initial implementation of the above mentioned standards and interpretations regarding presentation, recognition and estimation of the amounts have occurred.

4.2. Transactions in foreign currency

The elements of the financial statements of the Company are valuated in the currency of the general economic environment in which the Company performs its activity ("functional currency"). The financial statements of the Company are prepared in BGN which is the functional and presenting currency of the Company.

The transactions in foreign currency are accounted for when they are initially recognized in the accounting currency of the Company at the official foreign exchange rate for the transaction date, (the fixing announced by the Bulgarian National Bank). The gains and losses from foreign exchange operations, arising when arranging those transactions and revaluating the positions in foreign currency at the end of the period, are reflected in the Income Statement.

The Currency Board in Bulgaria was introduced on 1 July 1997 in accordance with the recommendations of the International Monetary Fund (IMF) and initially the BGN was fixed to Deutsche Mark in proportion 1:1. When the Euro was introduced, the BGN was fixed to the Euro in proportion 1EUR = 1.95583 BGN.

4.3. Revenues and expenses

The revenues include revenues from sales of finished goods, goods for sale, services and other sales.

The revenues shall be valuated at fair value of the received or receivable compensation, provided that all the commercial discounts and quantity rabats, made by the Company, have been taken into account. In case of an exchange of similar assets with similar price, the exchange is not counted as a revenue generating transaction. The revenues shall be recognized at the moment of their realization while the expenses shall be recorded in compliance with the principle of matching with the realized revenue.

In case of a sale of finished goods and goods for sale the revenue is recognized if the following criteria are met:

- Substantial risks and rewards of the ownership of goods have been transferred to the buyer;
- The seller retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- The amount of the revenue can be measured reliably;
- It is probable that the economic benefits of the transaction will flow to the entity;
- The costs (both incurred to date and expected future costs) are identified and can be measured reliably;
- When there is a completed stage of the building (contracted with the client) as well as when the respective certificate of use is received;

To summarize, the main principle in the accounting policy of the Company is the Matching principle of the revenues to the expenses. That is, only after the final delivery of the finished goods or the goods for sale and the completion of all the expenses related to producing and packing those goods the revenues shall be recognized.

The revenue related to a service providing transaction shall be recognized when the result of the transaction can be measured reliably.

The operating expenses shall be recorded in the Income Statement at the moment of using the service or on the date of their emergence. The dividends received, excluding those coming from investments in associated entities, shall be recognized at the moment of their distribution.

The gains and losses from foreign exchange operations shall be recognized currently as the transactions are performed and the related foreign exchange differences are realized.

The revenues from fees and commissions are classified as operating revenues.

The revenues from interests shall be recognized on a proportionate time base by using the method of the effective interest rate.

When a receivable is questionable the Company shall reduce its book value to its realizable value - the expected future cash inflow discounted at the initial effective interest rate of the instrument – and continue to unfold the discount in the form of interest revenues.

4.4. Loan expenses

The loan expenses are mainly interest paid on the loans received by the Company. All the loan expenses, including those which can be directly attributed to the purchase of an asset responding to the requirements, shall be recognized as expenses for the period in which they have arisen as part of the "financial expenses" in the Income Statement. In the Comprehensive Income Statement are reported additionally paid bank fees related to renegotiating loan relationships.

4.5. Intangible assets

The intangible assets shall be initially valuated at their cost. In case of independent acquisition the cost is equal to the purchase amount plus all non-recoverable taxes and the direct expenses made in relation to the preparation of the asset for exploitation.

The subsequent valuation shall be performed at acquisition cost less the accumulated amortization and impairment losses. The impairments shall be reported as an expense and are recognized in the Income Statement for the respective reporting period.

The subsequent expenses arising in relation to the intangible assets after the initial recognition shall be recognized in the Income Statement for the period in which they arose unless there is a possibility to help the asset generate more than the initially expected future economic benefits, and when these expenses can be measured reliably and assigned to the asset. If these two conditions are fulfilled the expenses shall be added to the cost of the asset.

The amortization is included in "Expenses for amortization and impairment of non-financial assets".

The trade brands and licenses are reported at historical price. They have limited useful life and are recorded at their cost less the accumulated amortization.

The Company performs a careful estimation when determining whether the criteria for initial recognition of the expenses as an asset are met. The estimation of the management is based on all the existing information by the date of the Balance Sheet. In addition, all the activities related to the development of a non-current intangible asset are observed and controlled by the management.

The chosen threshold of significance of the non-current intangible assets owned by the Company is BGN 700.

4.6. Property, machines, facilities and equipment (non-current tangible assets)

The property, machines, facilities and equipment are initially valuated at their cost, including the cost of acquisition as well as all the directly attributable costs needed to bring the asset in working statement.

The subsequent valuation shall be performed at acquisition cost less the accumulated depreciation and impairment losses. The impairments shall be reported as an expense and are recognized in the Income Statement for the respective reporting period.

The subsequent expenses related to a certain asset from Property, machines, facilities and equipment shall be added to the book value of the asset when it is probable that the asset generates more than the initially expected future economic benefits. Any other subsequent expenses shall be recognized as expenses for the period in which they have occurred.

The Company applies the alternative approach for further valuation of land and buildings, and the recommended approach for all the other non-current tangible assets.

The results from the disposal of non-current assets are determined by comparing the inflows to the book value and are assigned to the financial result for the period.
If the book value of a certain non-current asset is higher than its realizable value, this asset shall be impaired to its realizable value.

Property, machines, facilities and equipment acquired under the conditions of a financial lease shall be depreciated based on their expected useful duration determined by comparing the asset to similar assets, or based on the lease value if the latter has a shorter duration.

The depreciation of property, machines, facilities and equipment is recorded by using the linear method of depreciation on the estimated useful life of the different groups of assets as follows:

- Buildings 25 years
- Machinery and equipment 3,3 years
- Vehicles 4 years
- Office fittings 6,67 years
- Computers 2 years
- Others 6,67 years

The chosen threshold of significance of the property, machines, facilities and equipment owned by the Company is BGN 700.

The management of the company revises the useful life of the amortized assets at the end of every reported period. As of 31st December 2011, the management has determined the useful life of the assets, which represents the expected period of their use by the Company. The book value of the assets is analyzed in Note 5. The actual useful life could be differentiated from the valuation made due to technical and moral wear-off, mainly of the software products and computer equipment.

4.7. Tests for impairment of intangible assets and property, machines, facilities and equipment

To calculate the impairment the Company defines the smallest distinctive group of assets for which independent cash flows can be determined – a unit generating cash flows. As a result, some of the assets need to be tested for impairment on an individual basis and others on a unit basis, generating cash flows.

All the assets and units, generating cash flows, shall be tested for impairment when events or a change in the circumstances indicate that their book value cannot be reintegrated.

When the realizable value of certain asset or a unit, generating cash flows, is lower than the respective book value, the latter shall be reduced to the amount of the asset's realizable value. This reduction is an impairment loss. In order to determine the realizable value the Company's management calculate the expected future cash flows for each unit, generating cash flows, and determine a suitable discount factor to compute the present value of these cash flows. The data, used to test for impairment are directly related to the last approved forecast budget of the Company, which is corrected if necessary in order to exclude the influence of future reorganizations and substantial improvements of the assets. The discount factors are determined separately for any distinct unit, generating cash flows, and reflect the risk profile estimated by the Company's management.

The impairment losses per unit, generating cash flows, shall be distributed in reduction of the book value of the assets from this unit proportionately to their book value. The Company's management subsequently estimates if indications exist showing that the impairment loss recorded in previous years is reduced or does not exist anymore. An impairment recorder in a previous period shall be reintegrated if the realizable value of the unit, generating cash flows, is more than its book value.

4.8. Financial assets

The financial assets include the following financial asset categories:

- Credits and receivables;
- Investments in subsidiaries

The financial assets are distributed between the distinct categories according to the objective of acquiring them. The category of a given financial instrument determines the valuation method and whether the revenues and expenses shall be reported in the Income Statement or directly in the Company's equity.

When initially recognizing a financial asset, the Company valuates it at fair value. The expenses related to the transaction, which can be directly assigned to its acquisition or the issue of a financial asset, shall be assigned to the amount of the financial asset or liability, excluding the financial assets and liabilities reported at fair value in the profit or loss.

A financial asset shall be written off when the Company loses control over the contract rights constituting the financial asset, i.e. when the rights to receive cash flows have expired or a substantial part of the risks and benefits concerning the ownership has been transferred. The impairment tests shall be performed by the date of the Balance Sheet in order to determine whether there is objective evidence on the presence of impairment of specific financial assets or groups of financial assets.

The interest payments and other cash flows related to the ownership of financial instruments shall be reported in the Income Statement at the moment of their receiving regardless of the way of valuating the book value of the financial asset to which they refer.

The credits and receivables are non-derivative financial instruments with fixed payments, which are not traded on an active market. The credits and receivables shall be subsequently valuated at depreciating value by using the method of the effective interest rate.

Substantial receivables shall be tested for impairment separately when they are overdue by the date of the Balance Sheet, or when objective evidence exist showing that the counterparty will not fulfill its obligations. All the other receivables shall be tested for impairment in groups determined according to the counterparty's industry or region as well as according to other credit risks if such risks exist. In this case the percentage of impairment is determined based on historical data about the non-paid liabilities for each specific group.

Investments in subsidiaries are reported at fair value. They are reported as held for sale financial assets, according to IAS 39 Financial Instruments, Recognition and Measurement.

4.9. Inventories

The inventories include materials and finished goods. In the cost of inventories shall be included the purchase cost and other directly attributable costs related to the delivery. The financial expenses shall not be included in the cost of inventories. By the end of each reporting period the inventories shall be valuated at the lower of their cost and net realizable value. The amount of any impairment of inventories to their net realizable value shall be reported as an expense for the period of the impairment.

The net realizable value is the expected selling price of the inventories less the expected costs associated with the sale. In case that the inventories have already been impaired to their net realizable value and in a subsequent reporting period the impairment indications do not hold anymore, the new net realizable value shall be taken. The reintegrated amount can be only up to the book value of the inventories before the impairment. This reintegrated amount shall be reported as a decrease in the expenses for materials for the period in which the reintegration has occurred.

The Company determines the expenses for inventories by using the weighted average method.

In case of a sale of inventories, their book value shall be recognized as an expense for the period in which the respective revenue has been recognized.

4.10. Income taxes

The Company's financial result is subject to taxation with a corporate tax in compliance with Art. 92 of the Corporate Income Tax Act (CITA).

4.11. Cash and cash equivalents

The Company reports as cash and cash equivalents the money held in cash and in bank accounts.

4.12. Equity and dividend payments

The Company's shareholders' equity is completely paid in.

The retained earnings include the current financial result reported in the Income Statement as well as the undistributed profit and uncovered loss from previous years.

4.13. Pensions and other liabilities to the personnel

The short-term liabilities to the personnel include wages, salaries and social contributions.

The Company has not elaborated and does not apply any plans for remuneration of employees after they leave or other long-term remunerations and plans for remuneration of employees after they leave, or in the form of compensations with stocks or shares of the equity.

4.14. Financial liabilities

The financial liabilities include bank loans, commercial and other liabilities as well as financial lease payables.

Financial liabilities shall be recognized when there is a contracted obligation to pay a certain money amount or other financial assets to the counterparty. All the expenses related to interest payments shall be recognized as financial expenses in the Income Statement.

Bank loans are reported in the Company's Balance Sheet, net from the expenses associated with receiving the credit. Financial expenses such as premium payable when settling the debt or its buy-back, and directly attributable to the transaction expenses shall be reported in the Income Statement in accordance with the accruing principle and the effective interest rate method, and shall be added to the carrying value of the financial liability to the extend to which they have not been settled by the end of the period in which they have occurred.

Trade payables shall be initially recognized at nominal value and consequently valuated at their depreciating value less any payments associated with settling the liability.

4.15. Provisions, conditional assets and conditional liabilities

Provisions shall be recognized when there is likelihood that present liabilities, as a result of past events, bring about an outflow of resources of the Company and the amount of the liability can be measured reliably. It is possible that the duration or the amount of the cash outflow is not reliable. The current liability rises from the presence of a legal or constructive obligation in consequence of past events. Provisions for restructuring shall be recognized if a detailed restructuring plan is elaborated and applied or if the management has announced the main points of the restructuring plan to the affected persons. Provisions for future losses from the activity shall not be recognized.

The amount recognized as a provision shall be computed based on the most reliable estimation of the expenses necessary to settle the current liability by the end of the reporting period provided that the risk and uncertainty are taken into account, including those related to the current liability. The provisions shall be discounted when the effect of the time differences in the value of money is substantial.

Compensations by third persons in relation to a given liability of the Company shall be recognized as a different asset. This asset, however, cannot be more than the amount of the respective provision.

The provisions shall be revised by any Balance Sheet date and their amount shall be corrected so that it reflects the best approximate estimate by the Balance Sheet date. In the cases in which it is assumed that a resource outflow as a result of a current liability is not likely to occur, such a liability shall not be recognized. The Company does not recognize any conditional assets since recognizing them may result in recognizing an income which may never be realized.

4.16. Significant estimations of the management when applying the accounting policy

The significant estimations of the Management when applying the accounting policies of the Company, which have the most essential influence on the financial statements, are described below. The main sources of uncertainty when using the approximate accounting estimates are described in point 4.17.

4.17. Uncertainty of the approximate accounting estimates

Preparing the financial report the management makes a number of suppositions, estimations, and assumptions associated with the recognition and valuation of assets, liabilities, revenues and expenses.

The actual results may differ from the suppositions, estimations, and assumptions made by the management and very rarely correspond to the results estimated in advance.

Information about the existing suppositions, estimations, and assumptions which have the most essential influence on the recognition and valuation of assets, liabilities, revenues and expenses is presented below.

4.17.1. Impairment

As impairment loss shall be recognized the amount by which the book value of a given asset or a unit generating cash flows exceeds its realizable value. In order to determine the realizable value the Company's management calculates the expected future cash flows for each unit generating cash flows and determines the suitable discount factor to compute the net present value of these cash flows. To calculate the expected future cash flows the management makes suppositions on the future gross income. These assumptions are associated to future events and circumstances. The actual results may vary and impose substantial corrections in the Company's assets for the next reporting year.

In most cases determining the applicable discount factor includes performing suitable corrections due to market risk and risk factors which are specific for the different assets.

4.17.2. Deferred tax assets

The deferred profit taxes are determined by the application of the liabilities' method, on the basis of the temporary differences arising between the tax basis of the assets and the liabilities and their book values in the financial report. Deferred taxes however are not acknowledged if they arise from initial recognition of an asset or a liability in a transaction other than a business combination and which on the date of the transaction does not have an effect neither on the accounting nor on the taxable profit or loss. The deferred taxes are determined through the application of those tax rates and regulations which are enacted or essentially enacted as of the date of the financial report and it is expected to be applied when the deferred tax assets or the deferred tax liabilities arise retroactively.

The deferred tax assets are acknowledged up to the amount to which it is possible profits to be realized in the future which shall allow the use of the temporary differences.

In compliance with the current legislation profits are levied with a corporate income tax in the amount of 10%. For the calculation of the amount of the deferred taxes a tax rate of 10% is used which is expected to be valid for the reversal.

For the calculation of the amount of the deferred taxes a tax rate of 10% is applied due to lack of reliable information about forthcoming changes in the rate of the corporate income tax.

5. Property, machines, facilities and equipment (tangible assets)

The book value of the property, machines, facilities and equipment can be presented as follows:

Tangible Assets	**Fixtures and fittings**	**Buildings – investment properties**	**Machines and equipment**	**Vehicles**	**Total**
	'000 BGN	**'000 BGN**	**'000BGN**	**'000 BGN**	**'000 BGN**
Carrying value					
Balance as of 1st January 2012	237	570	333	527	1667
Newly acquired assets	26		4	7	37
Written-off assets					
Balance as of 30th September 2012	**263**	**570**	**337**	**534**	**1704**
Depreciation					
Balance as of 1st January 2012	132	45	220	294	691
Written-off assets					
Depreciation	26	18	62	30	136
Balance as of 30th September 2012	**158**	**63**	**282**	**324**	**827**
Revaluation of tangible assets					
Balance as of 30th September 2012	**105**	**507**	**55**	**210**	**877**

The Company owns property – 2 buildings. They are acquired through a purchase contract with the mother company. In the buildings are located 2 commercial objects – Snack bar "Antika" and Pizzeria "Antika".

Assets owned by "Marina Cape Management" EOOD given as collateral for credits received by the Company.

Assets owned by **"Marina Cape Management" EOOD** given as collateral for credits received by the Company:

1. Towards "UniCredit Bulbank" AD

1.1 Contract for an investment bank credit № 21/2009, concluded on 24.03.2009 for the amount of 100 000 BGN (one hundred BGN) to finance the Company's operating activity. On 23.05.2012, the Company signs an Annex to the contract with maturity date 25.03.2013.

With regard to the contract for the bank credit there is established a pledge on all current and future receivables of the borrower and the third parties in national and foreign currency of which they are titulars in UniCredit Bulbank AD under the Law on the contracts for financial security in the amount of BGN 120 000.

A first in line marine mortgage is established on the following motor boats which are owned by "Marina Cape Management" EOOD with total market value – BGN 237 000 pursuant to an expert appraisal and deeds – Sailing permits and invoice EUE/08/000016.

- Mortgage contract № 493/2009 of Motor yacht 858 "Marina Cape" with permit for navigation 21-3689-08.
- Mortgage contract № 493/2009 of Motor yacht 859 "Marina Cape" with permit for navigation 21-3690-08.
- Mortgage contract № 493/2009 of Motor yacht 860 "Marina Cape" with permit for navigation 21-3725-08.
- Mortgage contract № 493/2009 of Motor yacht 861 "Marina Cape" with permit for navigation 21-3726-08.

The Company is a joint debtor on a credit limit amounting to 2 562 682.48 Euro, according to contract № 0010-0940-00000000254 between "Intercapital Property Development" ADSIC and "Piraeus Bank Bulgaria" AD.

6. Intangible non-current assets

The intangible assets of the Company include acquired software licenses. Their book value for the current reporting period can be presented as follows:

Intangible Assets	**Licenses '000 BGN**	**Total '000 BGN**
Carrying value		
Balance as of 1st January 2012	49	49
Newly acquired assets	1	1
Written-off assets		
Balance as of 30th September 2012	**50**	**50**
Depreciation and impairment		
Balance as of 1st January 2012	35	35
Written-off assets		
Depreciation	4	4
Balance as of 30th September 2012	**39**	**39**
Total Balance as of 30th September 2012	**11**	**11**

7. Financial assets – investments in subsidiaries

The Company has the following investments in subsidiaries:

Name of the subsidiary	30.09.2012 '000 лв.	% ownership	31.12.2011 '000 лв.	% ownership
Marina Cape Tours EOOD	10	100	10	100
Total	**10**	**100**		

The Resolution of the Board of Directors of "Intercapital Property Development" ADSIC, as a private owner of the capital of "Marina Cape Tours" EOOD, to sell all the shares of "Marina Cape Tours" EOOD to "Marina Cape Management" EOOD was taken on 28.10.2009. The Resolution of the Board of Directors of "Intercapital Property Development" ADSIC, as a private owner of the capital of "Marina Cape Management" EOOD, to purchase the shares was taken on 29.10.2009.

The Contract for transferring the company's shares was signed on 02.11.2009 and the change of the private equity owner was registered in the Commercial Register on 04.11.2009 under No. 20091104123740.

8. Materials

	30.09.2012 '000 BGN	31.12.2011 '000 BGN
Fuel greasing	**6**	**5**
Basic materials	**518**	**446**
Materials Snack bar	**28**	**9**
Materials Pizzeria	**23**	**23**

The basic materials form the contents of the product of labor or play a main role in the exploitation activity. These are materials with a low useful duration which shall be calculated directly in the cost of the tourist service. These are beddings, electrical devices, folding temporary beds, curtains for the serviced apartments, spare parts, metal trash containers, sanitary materials etc.

9. Goods for sale

	30.09.2012 '000 BGN	31.12.2011 '000 BGN
Warehouse goods – furniture	226	229
General warehouse - production	2	
Groceries store	2	
Supermarket	13	19
Bowling bar		1

The Company maintains a high level of warehouse goods. These are mostly purchased furniture – pieces of furniture, electronic devices, and sanitary faience. The same goods are being realized through a direct sale to the company's clients. The goods in the Supermarket and the Bowling bar are mostly foodstuffs and are being sold without any processing.

When writing off the goods the weighted average method shall be applied – a weighted average price shall be calculated for each reporting groups of goods.

10. Trade receivables – advance payments to suppliers

	30.09.2012 '000 BGN	31.12.2011 '000 BGN
Suppliers' receivables	46	20
Clients' receivables	641	643

The suppliers' receivables consist of the advance payments for future delivery of goods and services. The receivables' extent of executability is within one year. The Company does not expect any of the suppliers not to fulfill their obligations in compliance with the contracts concluded beforehand.

The clients' receivables consist of concluded Contracts for management and maintenance and representation of real estates with the owners and the associated non-paid installments. The receivables' extent of executability is within one year.

All the commercial and other receivables of the Company have been tested for impairment indications.

The clients' receivables are non-paid amounts due to "Marina Cape Management" EOOD for performed services.

The trade receivables' book value is assumed to be a reasonable approximate estimation of their fair value.

The Company has clients' receivables which are current with a term of executability between 180 and 360 days. There is only a small part of the Client receivables that are with term of executability more than 360 days – those are BGN 60 thousand.

The Company does not expect any of the clients not to pay in compliance with the contracts concluded beforehand.

All the commercial receivables are subject to credit risk. The Company's management does not identify any specific credit risks as the commercial receivables consist of a large number of different clients.

Related parties receivables

The Company's receivable from "Intercapital Property Development" ADSIC amounts to BGN 376 000. Part of it, BGN 134 000 is formed according to a Contract for management of real estate properties that are owned by "Intercapital Property Development ADSIC. The rest, BGN 242 000 is formed according to a contract with Intercapital Property Development ADSIC for the management of the properties owned by them.

The receivable of "Marina Cape Management" EOOD from "Marina Cape Tours" EOOD is in the amount of BGN 30 000. The amount is due to services rendered.

11. Tax receivables	30.09.2012	31.12.2011

	'000 BGN	'000 BGN
Advance payments CITA	15	15

11.1.	**30.09.2012**	**31.12.2011**
	'000 BGN	**'000 BGN**
Deferred taxes	18	18

12. Other receivables	**30.09.2012**	**31.12.2011**
	'000 BGN	**'000 BGN**
Guarantees	12	11

The other receivables represent the guarantees of contracts with EVN Bulgaria for BGN 10 000 and with the Ministry of Regional Development and Public Works for beach concession in Aheloy town for BGN 1 000.

13. Cash and cash equivalents

The cash funds of the Company are kept in the following banks – CIBANK AD, UNICREDIT BULBANK AD AND PIRAEUS BANK AD. Due to the specificity of the sales and the client structure most of the cash is kept in currency (Euro).

The Company's bank accounts are as follows:

"Unicredit Bulbank" AD	7 Sveta Nedelya Sq., Sofia	BG03UNCR70001502123586	BGN
"Unicredit Bulbank" AD	7 Sveta Nedelya Sq., Sofia	BG08UNCR70001502123593	GBP
"Unicredit Bulbank" AD	7 Sveta Nedelya Sq., Sofia	BG62UNCR70001502123591	EUR
"CIBANK" AD	2 Slavyanska Str., Sofia	BG83BUIB98881095615700	BGN
"CIBANK" AD	2 Slavyanska Str., Sofia	BG65BUIB98881495615700	EUR
"PIRAEUS BANK" AD	3 Vitosha Blvd., Sofia	BG15PIRB71721602845417	EUR
"PIRAEUS BANK" AD	3 Vitosha Blvd., Sofia	BG15PIRB71721602845382	BGN
Municipal Bank AD	6 Vrabcha str., Sofia	BG68SOMB91301052773501	BGN
Municipal Bank AD	6 Vrabcha str., Sofia	BG50SOMB91301452773501	EUR

The cash funds include the following components:

	30.09.2012	**31.12.2011**
	'000 BGN	**'000 BGN**
Cash and cash in banks :	832	824
- BGN	831	824
- EUR	1	

14. Shareholders' equity

14.1. Share capital

The Company's share capital amounts to BGN 5 000 and 100% of it is owned by "Intercapital Property Development" ADSIC.

14.2. Current profit

	30.09.2012 '000 BGN	31.12.2011 '000 BGN
Current profit / (loss)	**(102)**	**(135)**

The most significant revenues and expenses are disclosed in the following table:

Revenues	30.09.2012	(%)	Expenses	30.09.2012	(%)
Finished Goods	328	22.10	Energy	198	12.87
Goods for Sale	197	13.27	Materials	379	24.63
Accommodation	389	26.21	Rental Management	55	3.57
Maintenance	305	20.55	Maintenance	140	9.10
Recreation	102	6.87	Salaries	279	18.13
Joint Activity	44	2.96	Social Securities	50	3.25

15. Non-current liabilities

15.1. Liabilities due to financial institutions

	30.09.2012 '000 BGN	31.12.2011 '000 BGN
Bank loans	**100**	**100**
incl. Long-term liabilities		
incl. Short-term (up to 1 year) liabilities	100	100

The main details on the credits received by the Company are presented in the following table:

Name of the credit institution	Interest rate	Maturity	Currency of the payments
"UniCredit Bulbank" AD	12.25%	25.03.2013	BGN

On 24.03.2009 a Contract for an overdraft credit between "Marina Cape Management" EOOD and "UniCredit Bulbank" AD was concluded. The disposable amount is up to BGN 100 000. The interest of the loan is 12.25% - due monthly and is calculated based on the used amount. The initial maturity date of the principal was 24.03.2010. With Annex dated 23.05.2012 the term for the repayment of the loan is extended to 25.03.2013.

15.2. Other non-current liabilities

	30.09.2012 '000 BGN	31.12.2011 '000 BGN
Borrowed funds from Midia AD	450	450
Deposited Funds	600	390
Borrowed funds from Cibalab	8	15
Borrowed Funds from VEI Project AD	37	
incl. Long-term liabilities	**1 095**	**855**
incl. Short-term (up to 1 year) liabilities		

The borrowed capital from "Titan Bulgaria" OOD is in fact borrowed cash which was granted and now has been paid off pursuant to Loan contracts.

On 24.08.2010 a trilateral agreement was concluded between "Titan Bulgaria" OOD, "Midia" AD and "Marina Cape Management" EOOD. Pursuant to it, the three parties agree that the debt of "Titan Bulgaria" OOD to "Midia" AD shall be assumed by "Marina Cape Management" EOOD up to the amount of the debt of "Marina Cape Management" EOOD to "Titan Bulgaria" OOD – BGN 500 000. The Company has paid off to "Midia" AD the first installment in the amount of BGN 50 000.

The deposited funds represent the acquired funds under a contract for assigning some of the claims of Marina Cape Management EOOD to Intercapital EOOD with residual value amounting to BGN 243 000 and a contract for brokerage services with Intercapital Property Development ADSIC for BGN 136 000.

16. Suppliers and clients payables

These liabilities have risen in relation to concluded contracts for services provided by suppliers, which have not been paid off by 30.06.2012. The liabilities' extent of executability is one year.

Related parties payables	30.09.2012 '000 BGN	31.12.2011 '000 BGN
Intercapital Property Development ADSIC	1 069	1 449
Marina Cape Tours EOOD	8	8

The liabilities result from transactions with the Company's private owner - "Intercapital Property Development" ADSIC. The Company owes the sum of BGN 87 000 according to a Contract for purchase of two fully equipped commercial properties from 2008 – Snack bar "Antika" and Pizzeria "Antika".

The Company owes BGN 982 000 under a contract for management of commercial properties in vacation complex Marina Cape for 2009, 2010, and 2011. "Marina Cape Management" EOOD performs the management of commercial properties, owned by "Intercapital Property Development" ADSIC and transfers the revenues generated from it into the owner's account.

The liability towards "Marina Cape Tours" EOOD, amounting to BGN 8 000 is due to a contract for maintenance of the beach in 2011, concerning all necessary requirements for necessities for its exploitation by clients on the vacation complex Marina Cape.

Trade Payables to Suppliers and Clients	**30.09.2012 '000 BGN**	**31.12.2011 '000 BGN**
	314	267

The amounts owed to suppliers (i.e. the trade accounts payables) amount to BGN 314 000. They are formed due to non-paid supplies of materials and services.

The most significant trade payables are disclosed in the following table:

Trade Payables to Suppliers and Clients	**30.09.2012 '000 BGN**	**31.12.2011 '000 BGN**
BELINA EKO-DONKA YANEVA ET	1	10
OPTIMA AUDIT AD	110	138
EVN BULGARIA	33	19
BRUS EOOD	32	28
A AND Z EOOD		30
VENTENERGY EOOD	18	8
SUN OUT-OF-HOME MEDIA OOD	18	18

Advance payments	**30.06.2012 '000 BGN**	**31.12.2011 '000 BGN**
	333	236

The received advance payments by the Company are in the amount of BGN 333 000. They are formed due to Contracts for management and maintenance with individuals who own properties.

17. Salaries and social security payables

The salaries payables for pensions, wages, and non-used leaves included in the Balance Sheet consist of the following amounts:

	30.09.2012 '000 BGN	**31.12.2011 '000 BGN**
Salaries payables	489	414
Social security payables	149	157
Salaries and social security payables	**638**	**571**

The current part of the salaries payables towards the personnel are liabilities towards current and ex employees of the Company from 2010, 2011, and 2012, which shall be settled in 2012.

18. Tax payables

The tax payables included in the Balance Sheet are formed by taxes due to the Law on taxation of the individuals' income, currently accrued as of September 2012 – BGN 55 000, VAT as of September 2012- BGN 64 000, and tourist tax as of 30th September 2012 – BGN 1 000.

	30.09.2012 '000 BGN	**31.12.2011 '000 BGN**
Tax Payables	120	71

19. Book value of sold assets

In the item "Book value of sold assets" the Company reports the book value of the goods sold.

The Company applies the criteria under IAS 18 for recognizing the revenues from the sale of goods or takes into account the respective direction in the IAS 18 Supplement.

The revenues from finished goods sold are generated in two commercial objects, property of the Company – Snack bar and Pizzeria, and their trading activity is related to offering meals to guests. The revenues from goods sold are generated in four commercial objects – Supermarket, Bowling bar, Groceries store and Spa bar.

The Company generates revenues from the sale of packet services to clients on the territory of the complex – spa procedures, bowling hall entertainments, squash, fitness hall, beautician and hairdresser services, entertainments for children in a kids' center. The Company also receives revenues pursuant to Contracts for management, maintenance and representation concluded with owners of real estate properties.

The revenues from other sources include amounts due to Contracts for joint activity with outer companies – "Brus" EOOD and "Teokom" EOOD. Pursuant to these contracts the commercial objects "Marina grill" and "Pool bar" are being jointly exploited. The revenues from services related to electronic payments with clients of the complex are also included here.

20. Expenses for materials

The expenses for materials as of the end of the first quarter of 2012 are presented in the following table:

Type of expense	Amount of the expense in '000 BGN	% of total expenses for materials
Stationery	1	0.26
Materials below the threshold value	1	0.26
Electric power	198	52.24
Spare parts for operating activities	87	22.96
Sanitary products	9	2.37
Utilities	27	7.12
Fuel greasing materials	52	13.72
Others	4	1.07

21. Expenses for outside services

The expenses for outside services as of the end of the third quarter of 2011 are presented in the following table:

Type of expense	Amount of the expense in '000 BGN	% of total expenses for external services
Taxes and fees	15	5.62
Commissions	38	14.23
Communication services	15	5.62

Subscription services	12	4.49
Maintenance and management	107	40.07
Sanitary services	31	11.61
Accounting services	2	0.75
Other external services for operations	47	17.60

22. Policy and procedures for capital management

The Company's objectives related to the capital management are as follows:

- to ensure capacity so that the Company to continue to exist in compliance with the going concern principle; and
- to ensure adequate profitability to the Private equity owner by setting the price of its products and services in accordance with the risk factor.

The Company manages the capital structure and makes the necessary corrections in compliance with the changes in the economic environment and the risk characteristics of the respective assets. In order to maintain or correct the capital structure the Company may change the amount of the dividends distributed to the Private equity owner, and to sell assets in order to reduce its liabilities.

23. Revenues from sales of current and non-current assets

Revenues from sales	**30.09.2012 '000 BGN**	**30.09.2011 '000 BGN**
Of finished goods	328	268
Of goods for sale	197	115
Of management and maintenance services	873	1 071
Other revenues	86	123
Total	**1 484**	**1 577**

24. Risk management policy of the Company

24.1 Financial risk management

In its operating activity the Company is exposed to various financial risks: market risk (including currency risk, price risk, interest rate risk), credit risk, liquidity risk and risk from changes in the future cash flows. The Company's program for complete risk management is focused on the unpredictability of the financial markets and seeks to minimize the potential adverse effects on the Company's financial result. As of the end of the reporting period the Company has not used derivative financial instruments in order to hedge particular risk exposures.

Market risk

Currency risk

The Company operates in Bulgaria and due to the fact that the Bulgarian currency is effectively pegged to the Euro, it is exposed to currency risk due to borrowing and purchases and sales denominated in currencies other than BGN and EUR. The Company carefully observes the currency risks in order to ensure effective risk management.

Price risk

In the conditions of extremely high competition on the Bulgarian tourist market the Company is exposed to significant price risk and that's why it leads active policy management which includes two main areas, namely, reducing the expenses and increasing the revenues by broadening the range of the offered services and reducing the prices.

Firstly, the Company seeks to minimize the fixed costs as well as to exert strict control over the variable costs (incl. active management of the number of the employed personnel through the different seasons of the year and of the expenses for salaries). In order to make up for the increased overhead costs in the complex (mainly due to the higher prices of the utility services), the Company took a decision to increase the maintenance fee paid by the owners of apartments in the complex. In order to achieve higher utilization of the Company's assets, part of the commercial properties in the complex have been rented out for management to big retail chains which offer high quality end products. The Company has concluded a contract with a third party for mutual managing of the seaside in front of the complex which reduces the additional costs for the maintenance of the beach. The Company maintains a dynamic pricing policy depending on the occupancy of the vacation complex during the relevant tourist seasons aiming to improve the work with its suppliers and subcontractors.

In order to ensure a greater predictability of the revenues as well as in order to optimize the Company's assets and personnel, the Company has been actively working on the organization of conference type events. This is part of the Company's measures to make up for the competitive advantages that the traditional hotels working with tour operators have and which can rely on higher regularity and predictability of the revenues.

The policy of the Company to increase the revenues from tourist services includes: reducing the prices; conducting an active marketing strategy and offering accommodations at price levels that are more attractive than those in the hotels of the most serious competitor of the Bulgarian tourist markets – Turkey; broadening of the range of the offered services and enhancing the quality; conducting an aggressive price policy with regard to the facilities outside the complex to retain customers within the complex (e.g. by issuing a "cash cards", which on one side allow the clients to avail themselves of price discounts and on the other side – improve the financial accountability and reduce the expenses related to the documentation).

Interest rate risk

As the Company does not own a substantial quantity of interest-bearing assets, the income and the operating cash flows are not significantly influenced by changes in the market interest rates.

The interest rate risk results from the loans received. The loans with a floating interest rate expose the Company to an interest rate risk related to changes in the future cash flows. The loans with a fixed interest rate expose the Company to an interest rate risk related to fluctuations in determining fair values in the future.
The Company's policy is to conclude loan contracts with an interest rate which is fixed to the market one, for example EURIBOR, and the expositions to be regularly observed.

Credit risk

The credit risk results from cash and cash equivalents, derivative financial instruments and deposits in banks and other financial institutions, as well as from credit expositions of wholesalers and retailers, including non-paid receivables and contracted economic operations. For banks and other financial institutions can be accepted only independently assessed institutions with a high credit rating. When performing sales of goods and services and granting credits to clients the Company focuses on the contractors' credit reputation.

Liquidity risk

The cautious liquidity risk management involves maintaining a large enough quantity of money and liquid securities as well as options for additional credit financing and closing open market positions. Due to the dynamic nature of the main types of business the Company's financial department aims at flexibility in financing through maintaining enough non-used authorized credit lines.

25. Subsequent events

No correcting or substantial non-correcting events have occurred after the date of the financial report.