

AS Pro Kapital Grupp

CONSOLIDATED INTERIM REPORT FOR II QUARTER AND
6 MONTHS OF 2013 (UNAUDITED)

PROKAPITAL



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AS Pro Kapital Grupp in brief

Established in 1994 AS Pro Kapital Grupp AS (hereinafter as „the Company“ and/or „Pro Kapital“) is a leading Estonian real estate company with a focus on development, management and sale of modern large-scale retail and residential real estate in the capitals of Estonia, Latvia and Lithuania. The Company also owns and manages three hotels in Tallinn, Riga and Bad Kreuznach, Germany.

Since its establishment in 1994, Pro Kapital has completed 20 development projects with ca 180 000 square meters of total saleable area.

Pro Kapital's operating strategy is to develop prime residential and retail real estate in all three Baltic capitals. The Company adds value through the entire life cycle of the development process, taking a long-term approach. Pro Kapital follows a conservative policy in financing the projects – a high proportion of equity and low leverage compared to the industry average enables the Company to develop the most profitable sales and decrease the effect of real estate market fluctuations

The estimated value of the investments in Pro Kapital's current real estate portfolio is approximately 180.03 million euros: 64% residential developments, 24% commercial premises and 12% hotels. (Newsec, July 2012).

Key Figures and Main events, January 1 – June 30, 2013 and after the reporting period

- Total revenue for the first six months was 6,5 million EUR, a decrease of 34% compared to the reference period. During the second quarter, total revenue was 3,5 mln EUR and has increased by 25% compared to the second quarter of 2012.
- Net operating loss during the first half of the year decreased by 1 260 th. EUR (56%), totalling to loss of 1,0 mln EUR. Net operating result for the second quarter of 2013 was 32 th. EUR, which is 102% increase as compared to the second quarter of 2012.
- Net operating result for the first half of 2013 has increased by 1 490 th. EUR (51%) compared to the reference period (2013 H1: - 1 395 th. EUR; 2012 H1: - 2 885 th. EUR). Net result for the second quarter has increased by 1 767 th. EUR and was -484 th. EUR (2012 Q2: -2 251 th. EUR)
- Cash flow from operations for the first half of 2013 was negative of 1 277 th. EUR (2012 H1: -3 158 th. EUR). Cash flows from operations for the second quarter of 2013 was negative of 608 th. EUR (2012 Q2: -1 914 th. EUR).
- Net assets per share totalled 1,24 EUR (2012 H1: 1,30 EUR).
- Agreements were concluded among others with operators for Cinema and Entertainment centre areas in the entertainment complex of the St. Peterburg street shopping centre
- A settlement agreement was reached on 18.03.2013 in the dispute with Dutch company Aprisco B.V.(see Note 13 Legal disputes)
- Sari Aitokallio, member of Pro Kapital Grupp Council, resigned from duty as of March 31, 2013 based on her application due to time constraints and a possible conflict of interest in the future
- The presales were started for new residential development in Tondi Quarter, Tallinn.
- The duration of loan agreements of Pro Kapital Eesti AS and AS Tondi Kvartal with Swedbank have been prolonged
- Maturity of PKG1 convertible bonds in the total amount of 3 261 460 EUR was prolonged by two years. New redemption date is August 13, 2015.
- The shareholders meeting of 5th of April 2013 decided to conditionally increase the share capital of Pro Kapital by issuing up to 1 400 000 new shares of the Company. The offering of new shares of AS Pro Kapital Grupp took place from 26th of April 2013 until 10th of May 2013, during of which in total 921 153 shares were subscribed for gross proceeds of 1 658 075 Euros. As a result, the share capital of Pro Kapital starting from May 15, 2013 is 10 821 315 EUR.
- General meeting of shareholders, held on June 19, 2013, has decided to appoint Ernesto Achille Preatoni member of the Council starting from July 5, 2013. Term in office of Emanuele Bozzzone was prolonged and Pertti Huuskonen and Petri Olkinuora continue their service as PKG Council members. Since July 5, 2013 council members Renato Bullani and Giuseppe Prevosti term in office expired. The general meeting appointed AS Deloitte Audit Eesti the Company's auditor for the year 2013.

Key Financial Figures

	2013 H1	2012 H1	2013 Q2	2012 Q2
Revenue, th. EUR	6 541	9 932	3 525	2 824
Gross profit, th. EUR	1 632	1 862	1 318	493
Gross profit, %	25,0%	18,8%	37,4%	17,5%
Operating result, th. EUR	-976	-2 236	32	-1 911
Operating result, %	-14,9%	-22,5%	1,0%	-67,7%
Net result, th. EUR	-1 395	-2 889	-484	-2 251
Net result, %	-21,3%	-29,1%	-13,7%	-79,7%

30.06.2013 31.12.2012

Total Assets, th. EUR	98 993	100 262
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Total Liabilities, th. EUR	32 546	34 135		
Total Equity, th. EUR	66 447	66 127		
Debt/Equity	0,49	0,52		
Return on Assets, %	-1,4%	-0,60%		
Return on Equity, %	-2,1%	-1,68%		
Earnings per share, EUR	-0,03	-0,05	-0,01	-0,04
Net asset value/share, EUR	1,24	1,24		

CEO Review

During the first half of 2013 Pro Kapital continued the preparations of the real estate development projects planned for the upcoming years. The technical projecting was continued for 3 new projects, Peterburg road shopping centre in Tallinn and first part of new stage in Tondi Quarter in Tallinn and Tallinnas Residential Complex in Riga alongside with the preparations for establishing the detail plannings for Kalaranna and Kliversala residential areas in Tallinn and in Riga. In connection with the Shopping Centre project the Company signed number on new lease agreements including agreements with operators for Cinema and Entertainment centre areas in the entertainment complex of the shopping centre and on June 7, 2013 the building permit to prolong tram line Nr 4 up to Peterburi road shopping center was released .

For the activity of the Company and development of new projects the Company will seek to attain attractive mix of financing through combining acceptable level of borrowings from financial institutions, expanding its investor base and attracting additional private equity. The arranging of the short-term financing to strengthen Company's working capital remains a top priority of the management.

During the reporting period the Company carried through the issuing of its 921 153 new shares with the price of 1,8 euro per share, which increased the Company's share capital up to 10 821 315 EUR. The new share capital invested shall be used for finalizing the preparation works needed for the launch of the new development projects and for strengthening its financial position. The Company has prolonged the duration of AS Tondi Kvartal and AS Pro Kapital Eesti loan agreements.

After the end of the reporting period the Company issued 74 unsecured non- convertible bonds with face value of 10 000 EUR, 5 year maturity and 5% coupon rate. Therefore, the amount of bonds issued totaled to 740 000 EUR. The Company prolonged the maturity of its PKG1 convertible bonds in the total amount of 3 261 460 EUR by two years, with new redemption date being August 13, 2015. The other terms of bonds remained unchanged.

At the end of the reporting period the Company recorded net revenue 6,5 mln EUR, -34% compared to the same period in 2012 (2013 Q2: 3,5 mln EUR; 2012 Q2: 2,8 mln EUR). Recorded net loss of -1,4 mln EUR for the first half (2013 Q2: -0,5 mln EUR; 2012 Q2: -2,3 mln EUR) of 2013 was caused mainly by low stock for sales base and low net sales volume.

Overall loan from financial institutions was 12,6 mln EUR as of June 30, 2013.

The Company as of June 30, 2013 had 11,272 mln EUR worth convertible bonds.

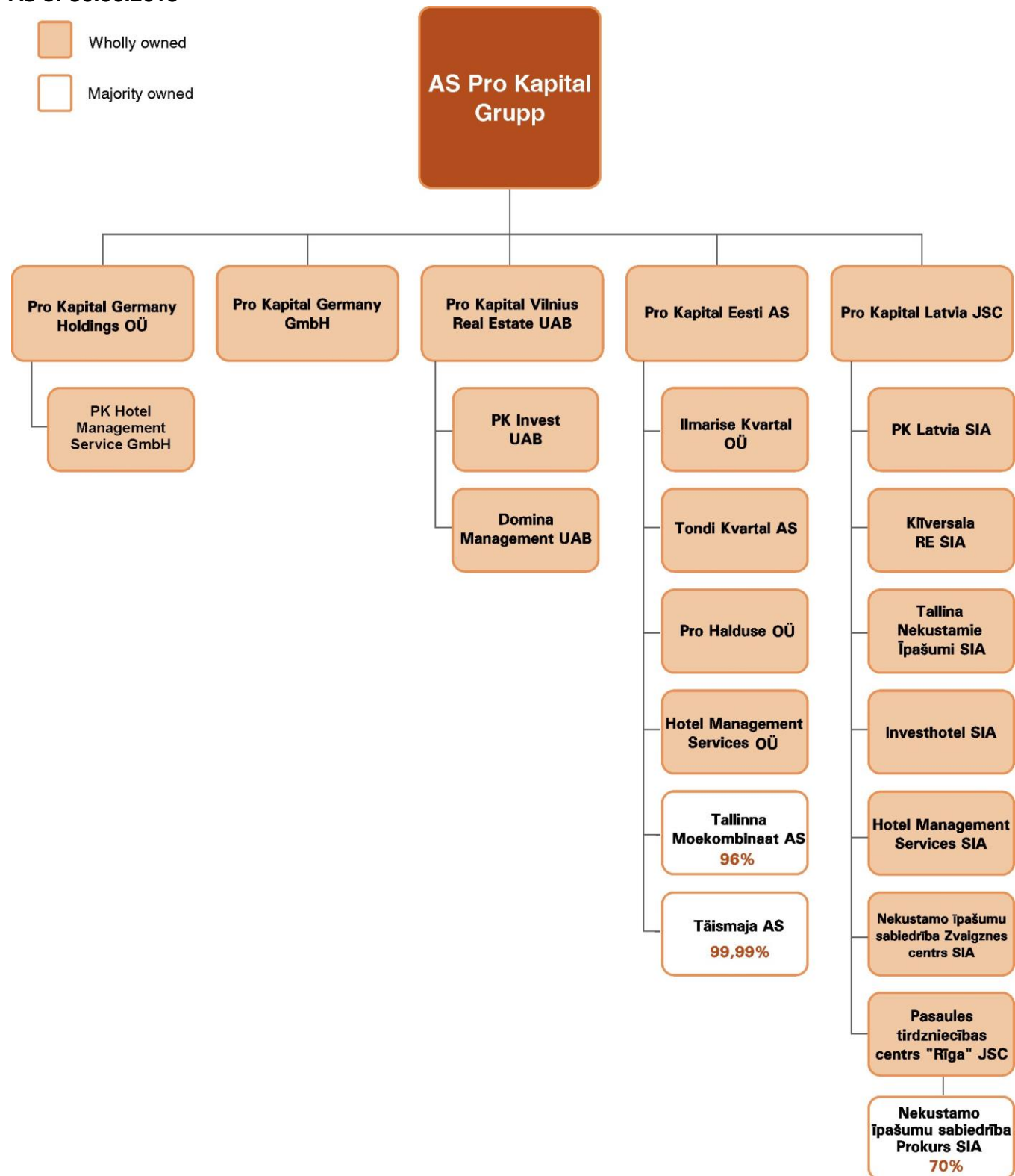
As of June 30, 2013 there were 98 employees working in the Company, 78 of them were employed in hotel and property maintenance business.

Paolo Michelozzi
CEO
AS Pro Kapital Grupp

August 27, 2013

Group Structure

As of 30.06.2013



Overview of development projects

<u>Project name</u>	<u>Type</u>	<u>Location</u>	<u>Ownership</u>	<u>Planned Volume</u>	<u>Classification</u>
Peterburi road shopping centre	Retail	Tallinn	96%	GLA 55 000 m ²	Investment property
Ülemiste 5	Offices	Tallinn	100%	GLA 22 880 m ²	Investment property
Tondi Quarter	Residential	Tallinn	100%	NSA 83 462 m ² 71 280 m ² resid. 12 182 m ² comm.	Inventories
Kalaranna District	Residential	Tallinn	100%	NSA 33 013 m ² 27 600 m ² resid. 5 413 m ² comm.	Inventories
Tallinas Quarter	Residential	Riga	100%	NSA 18 845 m ² 17 650 m ² resid. 1 195 m ² comm.	Inventories
Kliversala District	Residential	Riga	100%	NSA 49 920 m ² 31 600 m ² resid. 7 920 m ² comm. 10 400 m ² hotel	Inventories
Zvaigznes Quarter	Residential	Riga	100%	NSA 17 949 m ² 11 277 m ² resid. 6 672 m ² comm.	Inventories
Šaltinių Namai	Residential	Vilnius	100%	NSA 22 086 m ² 20 343 m ² resid. 2 713 m ² comm.	Inventories

NSA – Net Sellable Area, GLA – Gross Leasable Area, resid.- residential, comm.- commercial

Status of the projects:

Peterburi road shopping centre	Building licence obtained
Ülemiste 5	Detail plan adopted. Project not started
Tondi Quarter	Building license for the 2nd stage obtained, Presale started.
Kalaranna District	Detailed plan approval in process
Tallinas Quarter	Projecting works in process in order to apply for the building licence
Kliversala District	Detail plan works in process
Zvaigznes Quarter	Building licence for reconstruction of the existing building issued

Šaltinių Namai

1st stage completed and on sale with an exception of two more buildings what have received the building licence. 2nd stage is being projected in order to apply for the building licence

Segments and Key Performance Indicators

The Company's operations are spread across four geographical segments: Estonia, Latvia, Lithuania, and Germany. In addition, the Company monitors its activities amongst business lines of real estate (sales), rental activities, hotel operations, maintenance of real estate and other services.

Revenue structure, th. EUR, 01.01 – 30.06.2013

	EST 2013 H1	EST 2012 H1	LV 2013 H1	LV 2012 H1	LT 2013 H1	LT 2012 H1	GER 2013 H1	GER 2012 H1	TOTAL 2013 H1	TOTAL 2012 H1
Real Estate	754	290	395	105	897	5 256	-	-	2 046	5 651
Rent	44	47	471	418	46	35	-	-	561	500
Hotels	617	681	761	590	-	-	1 349	1 538	2 727	2 809
Other	1 126	697	35	249	46	26	-	-	1 207	972
TOTAL	2 541	1 715	1 662	1 362	989	5 317	1 349	1 538	6 541	9 932

Revenue structure, th. EUR, 01.04 – 30.06.2013

	EST 2013 Q2	EST 2012 Q2	LV 2013 Q2	LV 2012 Q2	LT 2013 Q2	LT 2012 Q2	GER 2013 Q2	GER 2012 Q2	TOTAL 2013 Q2	TOTAL 2012 Q2
Real Estate	9	40	395	0	545	433	-	-	949	473
Rent	19	24	236	212	24	16	-	-	279	252
Hotels	392	415	457	254	-	-	737	814	1 586	1 483
Other	675	375	13	228	23	13	-	-	711	616
TOTAL	1 095	854	1 101	694	592	462	737	814	3 525	2 824

The Company's operations in **Estonia** mainly consist of the development and sales of apartments in premium residential real estate properties, development and lease of premises in office properties and management of cash flow generating office and hotel properties.

The share of the Estonian segment as a percentage of total revenues of the Company during the reporting period amounted 38,8% compared to 17,3% of the comparable period last year, mainly due to stronger sales of real estate during the first half of 2013.

During the first six months, total of 8 flats, 8 parking lots (Q2 2013: 1 parking lot) were sold and number of new lease agreements were signed. At the end of reporting period stock consisting of 5 apartments and office premises and several parking lots was yet available for sale in Tallinn.

Tallinn's PK Ilmarine Hotel booking have decreased by 9,3% during the first six months of 2013 as compared to the same period in 2012. During the second quarter of 2013 Tallinn hotel occupancy started showing positive trend.

The Company's operations in **Latvia** mainly consist of the development and sales of apartments in premium residential real estate properties, development and lease of office properties, and management of cash flow generating hotel properties.

The share of the Latvian segment as a percentage of total revenues of the Company during the reporting period amounted 25,4% compared to 13,7% of the comparable period last year.

In Latvia, the Company has continued leasing out its rental office spaces. There are still 1 flat in stock in Latvia as for the end of reporting period. PK Riga Hotel has improved its gross operating margin by 13,2% as compared to the same period of 2012.

On June 18, 2013 Riga municipality has accepted amendments to Riga historical center and its protective zone plan, which specify all the demands and restrictions for detail plans. After they come into force in September 2013, elaboration of Kliversala's new detail plan can be started.

The Company's operations in **Lithuania** mainly consist of the development and sales of apartments in premium residential real estate properties.

The share of the Lithuanian segment as a percentage of total revenues of the Company during the reporting period amounted to 15,1% compared to 53,5% of the comparable period last year. The reason of such drop was a bulk sale of 27 flats and 13 parking places at the beginning of 2012.

In Lithuania 4 flats, 1 business premises and 3 parking lots were sold during the first half of the year (Q2 2013: 2 flats, 1 business premises and 1 parking lot). There were still 19 flats, 9 cottages, 16 business premises and 100 parking lots in stock in Vilnius at the end of the reporting period.

The Company's operations in **Germany** consist of the development and management of PK Parkhotel Kurhaus located in Bad Kreuznach, Germany.

The share of the German segment as a percentage of total revenues of the Company during the reporting period amounted to 20,6% compared to 15,5% of the comparable period last year. The occupancy of PK Parkhotel Kurhaus hotel has dropped by 5,4% during the first six months of the year as compared to the same period in 2012.

Other operative data, 01.01 - 30.06.2013

	EST 2013 H1	EST 2012 H1	LV 2013 H1	LV 2012 H1	LT 2013 H1	LT 2012 H1	GER 2013 H1	GER 2012 H1	TOTAL 2013 H1	TOTAL 2012 H1
M ² sold	570	117	266	60	316	2 356	-	-	1 152	2 533
Average price/m ² , EUR	1 213	1 363	1 369	1 583	2 321	2 151	-	-	1 553	2 101
M ² under maintenance management	42 685	42 685	15 002	15 013	10 236	7 826	-	-	67 923	65 524
Occupancy rate, hotels, %	59,9	66,1	76,1	78,2	-	-	45,8	48,4	59,1	62,7

Other operative data, 01.04 - 30.06.2013

	EST 2013 Q2	EST 2012 Q2	LV 2013 Q2	LV 2012 Q2	LT 2013 Q2	LT 2012 Q2	GER 2013 Q2	GER 2012 Q2	TOTAL 2013 Q2	TOTAL 2012 Q2
M ² sold	0	0	150	0	154	93	-	-	304	93
Average price/m ² , EUR	0	0	1 482	0	2 563	2 232	-	-	1 553	2 101
M ² under maintenance management	42 685	42 685	15 002	15 013	10 236	7 826	-	-	67 923	65 524
Occupancy rate, hotels, %	56,0	62,0	73,0	76,22	-	-	43,0	46,1	55,8	59,9

Financing sources and policies

Pro Kapital pursues conservative financing policy, targeting for high ratio of equity in its projects, as compared to the industry standards. Company's goal is to use external financing in a manner to avoid interest and loan covenant related risk during low economic periods and to have sufficient additional external financing capacity in case attractive business opportunities occur. The Company seeks to maintain such long term debt levels that are in reasonable proportion to growth in operations and which preserve Company's credit standing.

During the first half of 2013 the Company has borrowed additional 2,43 mln EUR for short term in order to enhance its working capital and has repayed 1,4 mln EUR of bank loans.

Total amount borrowed from banks was 12,6 mln EUR as of 30 June, 2013.

As of June 30, 2013 the Company had 11 272 thousand EUR convertible bonds (current portion: 1 070 thousand EUR; long term portion: 10 202 thousand EUR).

Bank loans are predominantly of middle- term duration, maturing within one to three years. Repayment schedule is mixed, both fixed for some loans and floating in dependence on sales volumes for others.

Shares and shareholders

As of 30.06.2013 Pro Kapital has issued total 54 106 575 shares with the nominal value 0,2 euros. The registered share capital of the company is 10 821 315 EUR.

On May 15, 2013 AS Pro Kapital Grupp registered 921 153 new shares with the nominal value of 0,2 euros, thus increasing its share capital by 184 231 euros and forming paid in capital of 1 473 845 euros.

As of 30.06.2013 there are 61 shareholder registered in the shareholders register. Many of the shareholders registered in the shareholders register are nominee companies, which represent many bigger and smaller non-resident investors.

Shareholders holding over 5% of the shares as of 30.06.2013:

		Number of shares	Participation in %
	Shareholders		
1	Clearstream Banking Luxembourg S.A. Clients	12 086 443	22,34
2	Eurofiduciaria S.R.L.	7 164 873	13,24
3	Svalbork Invest OÜ	6 840 368	12,64
4	Sueno Latino AG	4 528 531	8,37
5	A.F.I. American Financial Investments Ltd.	4 365 985	8,07
6	Anndare Ltd.	3 366 198	6,22
7	UNICREDIT BANK AUSTRIA AG	2 987 801	5,52

Participation of Member of the Management Board and the Council Members as of 30.06.2013:

Name	Position	Number of shares	Participation in %	Number of convertible bonds
Paolo Vittorio Michelozzi	CEO	87 500	0,16	0
Allan Remmelkoor	COO	0	0,00	0
Emanuele Bozzone	Chairman of the Council	0	0,00	22 224
Petri Olkinuora	Council Member	0	0,00	0
Pertti Huuskonen	Council Member	0	0,00	0
Giuseppe Prevosti	Council Member	4 447 597*	8,36	0
Renato Lorenzo Bullani	Council Member	133 000	0,25	0

* participation directly and through (a) UNICREDIT BANK AUSTRIA AG nominees account, (b) Zunis S.A and (c) wife Donatella Grigioni

Earnings per share

Earnings per share have dropped in the second quarter of 2013 by 0,01 EUR TO -0,03 EUR/share for the period. Last year's earnings per share for the same period have been -0,05 EUR/share.

On November 23, 2012 the Company's shares started trading on the secondary list of Tallinn's stock exchange. During the period of January 1- June 30, 2013 the shares were trading at the price range of 2,090- 2,58 EUR, with the closing price of 2,25 EUR/share on 30 June, 2013. During the period, 368 th. of the Company's shares were traded, with their turnover amounting to 0,83 mln EUR.

Trading price range and trading amounts of Pro Kapital Grupp shares, January 1- June 30, 2013



Legal overview and developments

As of the end of the reporting period AS Pro Kapital Grupp and its subsidiaries had in total 3 pending court litigation disputes where the group company is either a plaintiff or the defendant. During the reporting period no litigations disputes were resolved and no new disputes were initiated.

You can find more detailed information about the legal disputes in Note 13 of this interim report.

People

As of June 30, 2013 the Company employed 98 people compared to 142 people as of June 30, 2012. 78 of them were engaged in hotel and property maintenance services (102 as of June 30, 2012).

Risks

Market risk, liquidity risk and risk of financing are of the most significant influence on the Company. While real estate market has demonstrated some significant fluctuations during last five years, due to its long-term orientation in business model the Company has successfully survived the turbulence. The Company is further pursuing long term strategic approach, enabling it to acquire properties for development when market is low and sell the developed properties at the peak of business circle, thus naturally capitalising on market opportunities and hedging market risk.

Liquidity risk is managed on ongoing basis, with increased focus on working capital dynamics and needs. Both careful roll-on basis cash planning, monitoring of development project cash flow and flexibility in everyday cash needs contribute to effective management of liquidity risk.

Risk of financing might prolong the Company's schedule of property development and causing the slow-down of realization of its real estate portfolio. The risk is managed through the maintaining of continuity of funding and flexibility through the use of bank overdrafts, bank loans, bonds and other debentures as well as expanding its investor base and attracting additional private equity.

Asset risks are covered by effective insurance contracts.

Management Board's confirmation of the management report

The Management Board confirms that the management report presents a true and fair view of any significant event, development of business activities and financial position as well as includes a description of the main risks and doubts.

Paolo Michelozzi	Chief Executive Officer and Chairman of the Management Board	27. August 2013
Allan Remmelkoor	Chief Operating Officer and Member of the Management Board	27. August 2013

Consolidated interim statement of financial position

(Th. EUR)	Notes	30.06.2013	31.12.2012
ASSETS			
Current Assets			
Cash and cash equivalents		1 443	707
Current receivables		3 030	3 198
Inventories		46 720	48 191
Total Current Assets		51 193	52 096
Non-Current Assets			
Non-current receivables		172	164
Deferred tax assets		464	464
Property, plant and equipment	4	20 791	21 161
Investment property	5	26 089	26 089
Intangible assets		284	288
Total Non-Current Assets		47 800	48 166
TOTAL ASSETS		98 993	100 262

The accompanying notes are an integral part of these consolidated interim financial statements.

Consolidated interim statement of financial position

	Notes	30.06.2013	31.12.2012
LIABILITIES AND EQUITY			
Current Liabilities			
Current debt	6	6 492	11 692
Customer advances		287	652
Current payables		1 650	1 926
Taxes payable		153	102
Short-term provisions		555	2 035
Total Current Liabilities		9 137	16 407
Non-Current Liabilities			
Long-term debt	6	21 424	15 706
Other long-term liabilities		41	33
Deferred income tax liability		1 801	1 858
Long-term provisions		143	131
Total Non-Current Liabilities		23 409	17 728
TOTAL LIABILITIES		32 546	34 135
Equity attributable to equity holders of the parent			
TOTAL LIABILITIES AND EQUITY			
Share capital in nominal value		10 821	10 637
Paid in capital		1 474	0
Statutory reserve		1 064	0
Revaluation reserve		11 330	11 330
Foreign currency differences		-1 100	-1 064
Accumulated profits		42 608	49 624
Profit (loss) for the period		-1 407	-5 952
Total equity attributable to equity holders of the parent		64 790	64 575
Non-controlling interest		1 657	1 552
TOTAL EQUITY		66 447	66 127
		98 993	100 262

The accompanying notes are an integral part of these consolidated interim financial statements.

Consolidated interim statement of comprehensive income

(Th. EUR)	Notes	2013 H1	2012 H1	2013 Q2	2012 Q2
Operating income					
Revenue	3,7	6 541	9 932	3 525	2 824
Cost of goods sold	8	-4 909	-8 070	-2 207	-2 331
Gross profit		1 632	1 862	1 318	493
Marketing expenses		-201	-289	-129	-181
Administrative expenses	9	-2 396	-2 707	-1 177	-1 426
Other income		111	118	30	58
Other expenses		-122	-1 220	-10	-855
Operating profit (loss)		-976	-2 236	32	-1 911
Financial income	10	427	16	0	8
Financial expense	10	-850	-679	-507	-331
Profit (loss) before income tax		-1 399	-2 899	-475	-2 234
Income tax	3	4	14	-9	-17
Net profit (loss) for the period		-1 395	-2 885	-484	-2 251
<i>Exchange differences</i>		-36	0	-42	0
Equity holders of the parent		-1 443	-2 889	-541	-2 255
Non-controlling interest		12	4	15	4
Earnings per share (EUR)	11	(0,03)	(0,05)	(0,01)	(0,04)
Diluted earnings per share (EUR)	11	(0,03)	(0,05)	(0,01)	(0,04)

The accompanying notes are an integral part of these consolidated interim financial statements.

Consolidated interim statement of cash flows

Th. EUR	Note	2013 H1	2012 H1	2013 Q2	2012 Q2
Cash flows from operating activities					
Profit (loss) for the year		-1 395	-2 885	-484	-2 249
Adjustments for:					
Depreciation and amortisation of non-current assets	3	406	654	212	485
Change in fair value of investment property	5	100	230	57	180
Finance income and costs, net		807	663	476	307
Net foreign exchange gain / loss		36	0	30	0
Other non-monetary changes (net amounts)		-848	614	-1 421	3 846
Movements in working capital:					
Change in trade receivables and prepayments		168	8	385	1 696
Change in inventories		1 471	3 791	744	454
Change in liabilities and prepayments		-554	-6 776	862	-7 163
Change in provisions		-1 468	543	-1 469	530
Net cash generated by operating activities		-1 277	-3 158	-608	- 1 914
Cash flows from investing activities					
Payments for property, plant and equipment	4	-31	-66	-23	-50
Proceeds from disposal of property, plant and equipment		4	0	2	0
Payments for investment property	5	-100	-230	-57	-188
Net cash outflow on acquisition of subsidiaries		0	-9	0	0
Interest received		10	16	3	16
Net cash (used in) / generated by investing activities		-117	-289	-75	-214
Cash flows from financing activities					
Proceeds- increase of share capital		184	0	184	0
Proceeds- increase of paid- in capital		1 474	0	1 474	0
Proceeds from borrowings		2 430	0	0	3 443
Repayment of borrowings		-1 373	-2 369	-606	0
Interest paid		-585	-679	96	120
Net cash used in financing activities		2 130	-3 048	956	3 563
Net change in cash and cash equivalents		736	-6 495	273	1 435
Cash and cash equivalents at the beginning of the period		707	8 637	1 170	707
Cash and cash equivalents at the end of the period		1 443	2 142	1 443	2 142

The accompanying notes are an integral part of these consolidated interim financial statements.

Consolidated interim statement of changes in equity

<i>in thousands of euros</i>	Share capital	Share premium	Statutory reserve	Properties revaluation reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity owners of the parent	Non-controlling interests	Total equity
1 January 2011	33 992	45 089	2 938	0	-1 157	24 382	105 244	34 660	139 904
Share capital conversion into EUR	-2 081	0	0	0	0	2 081	0	0	0
Net assets allocated during demerger	0	0	0	0	126	-74 867	-74 741	-5 011	-79 752
Decrease in share capital to cover the negative equity	-21 274	-45 089	-2 938	0	0	69 301	0	0	0
Increase of share capital in subsidiaries	0	0	0	0	0	0	0	4	4
Acquisition of holdings from non-controlling interests in subsidiary	0	0	0	0	0	607	607	- 56 279	-55 672
Change in non-controlling interest due to the sale of operating activities	0	0	0	0	0	0	0	158	158
Comprehensive profit for the year	0	0	0	11 330	-99	28 120	39 351	28 065	67 416
31 December 2011	10 637	0	0	11 330	-1 130	49 624	70 461	1 597	72 058
Acquisitions of holdings from non-controlling interests and other changes in subsidiaries	0	0	0	0	0	0	0	-48	-48
Comprehensive loss for the year	0	0	0	0	83	-5 869	-5 952	3	-5 949
31 December 2012	10 637	0	0	11 330	-1 064	43 672	64 575	1 552	66 127
Increase of share capital, 15.05.2013	184	1 474	0	0	0	0	1 658	0	1 658
Allocation of funds to statutory reserve	0	0	1 064	0	0	-1 064	0		
Acquisitions of holdings from non-controlling interests and other changes in subsidiaries	0	0	0	0	0	0	0	93	93
Comprehensive loss for the year	0	0	0	0	-36	-1 407	-1 443	12	-1 431
30 June 2013	10 821	1 474	1 064	11 330	-1 100	41 201	64 790	1 657	66 447

Note 1. General information

AS Pro Kapital Grupp (hereinafter also referred to as “the Ultimate Parent Company”) is a holding company incorporated and operating in the Republic of Estonia. The main shareholders of the Ultimate Parent Entity are the following:

Shareholder	Country of incorporation	Share of ownership 30.06.2013	Share of ownership 31.12.2012
Clearstream Banking Luxembourg S.A.	Luxembourg	22,34%	22,23%
Eurofiduciaria S.r.l.	Italy	13,24%	12,84%
Svalbork Invest OÜ	Estonia	12,64%	12,86%
Sueno Latino AG	Liechtenstein	8,37%	8,51%
A.F.I. American Financial Investments Ltd.	Liechtenstein	8,07%	8,20%
Anndare Ltd.	Ireland	6,22%	6,27%

For the purpose of comparative financial figures of these interim financial statements as at 30 June 2013, Pro Kapital is a holding company, which owns subsidiary groups in Estonia (Pro Kapital Eesti AS), Latvia (Pro Kapital Latvia PJSC), Lithuania (Pro Kapital Vilnius Real Estate UAB), and Germany (Pro Kapital Germany GmbH) (hereinafter also referred to as „the Group”) and whose main fields of activity are to coordinate and control the development and implementation of the subsidiaries’ business strategies, to administrate the Group’s financial management, business reporting, and to forward information to investors.

For the comparative period of six months of 2013, these interim financial statements represent the consolidated assets, liabilities, equity, results of operations and cash flows of the Ultimate Parent Company and its subsidiaries (hereinafter also referred together to as “the Group”).

Note 2. Basis of preparation

Basis of preparation

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34 „Interim Financial Reporting“ as adopted by the European Union. The consolidated interim financial statements do not include all of the information required by complete set of financial statements and should be read in conjunction with annual consolidated financial statements of the Company as at and for the year ended 31 December 2012.

The accounting policies applied by the Company in these consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended 31 December 2012.

Note 3. Segment reporting

(Th. EUR)	Estonia	Latvia	Lithuania	Germany	Total
2013 H1					
Revenue	2 541	1 662	989	1 349	6 541
Other operating income	13	15	0	83	111
Segment operating profit (loss)	-715	-81	21	-201	-976
Financial income and expense (net)	-299	-62	-61	-1	-423
Profit (loss) before income tax	-1 014	-143	-40	-202	-1 399
Income tax	0	6	-2	0	4
Non-controlling interest	-3	15	0	0	12
Net profit (loss) for the financial year attributable to equity holders of the parent	-1 011	-152	-42	-202	-1 407
30.06.2013					
Assets	51 820	25 282	13 825	8 066	98 993
Liabilities	21 000	5 349	4 958	1 239	32 546
Acquisition of non-current assets	11	11	0	9	31
Depreciation and amortisation	-83	-123	-15	-185	-402
2012 H1					
Revenue	1 715	1 362	5 317	1 538	9 932
Other operating income	14	24	2	79	119
Segment operating profit (loss)	-2 511	-622	948	-51	-2 236
Financial income and expense (net)	-212	-101	-285	-65	-663
Profit (loss) before income tax	-2 723	-723	663	-116	-2 899
Income tax	0	22	-8	0	14
Non-controlling interest	3	-7	0	0	-4
Net profit for the financial year attributable to equity holders of the parent	-2 720	-708	655	-116	-2 889
31.12.2012					
Assets	51 085	25 926	14 427	8 824	100 262
Liabilities	21 621	5 772	5 526	1 216	34 135
Acquisition of non-current assets	53	7	4	2	66
Depreciation and amortisation	-164	-291	-13	-186	-654

Note 4. Property, plant and equipment

As of 31 December 2011 Pro Kapital's land and buildings was valued into their fair value based on the valuation of independent expert. The valuation, which conforms to International Valuation Standards, was performed by independent real estate appraiser SIA Newsec Valuation LV and was determined by reference to discounted cash flow method. Current market conditions (at the moment the valuation was performed) were used as assumptions for the valuations performed.

Independent real estate appraiser Newsec Valuations EE has carried out property valuations on January, 2013. However, as the values determined by independent appraiser have not been significantly (over 3% different) from the balance sheet value of properties, no upward fair value adjustment has been deemed necessary by the Company's management.

As of 30 June 2013 Company's management estimates the value of the properties remains unchanged and no adjustments to property values reflected in the balance sheet are deemed necessary.

(Th. EUR)	Land and buildings	Machinery and equipment	Other tangible assets	Prepay- ments	Total
Cost 01.01.2012	21 897	1 324	2 389	0	25 610
Additions:					
Acquired	0	19	51	3	73
Disposals:					
Sold	0	-17	0	0	-17
Written off	0	-43	-73	-3	-119
Other changes:					
Reclassified to/from inventories	0	0	45	0	45
Reclassified to/from investment property	0	-65	65	0	0
Cost 31.12.2012	21 897	1 218	2 477	0	25 592
Additions:					
Acquired	0	6	13	12	31
Disposals:					
Sold	0	-4	-2	0	-6
Written off	0	-9	-2	0	-11
Cost 30.06.2013	21 897	1 211	2 486	12	25 606

Accumulated depreciation				
01.01.2012	828	776	2 143	3 747
Additions:				
Depreciation charge for the period	620	150	41	811
Disposals:				
Sold		-12		-12
Written off		-42	-73	-115
Other changes:				
Reclassified within PPE		-57	57	0

Accumulated depreciation				
31.12.2011	1 448	815	2 168	4 431
Additions:	309	74	19	402
Depreciation charge for the period				
Disposals:				
Sold	0	-5	-2	-7
Written off		-9	-2	-11
Accumulated depreciation				
30.06.2013	1 757	875	2 183	4 815

Note 5. Investment property

(Th. EUR)	30.06.2013	31.12.2012
Investment property held for increase in value	26 001	26 001
Investment property held for earning rentals	88	88
Total	26 089	26 089

	Investment property held for increase in value	Investment property held for earning rentals	Total
NBV 01.01.2012	26 023	88	26 111
Additions:			
Acquired	1 025	0	1 025
Disposals:			
Written off	-22	0	-22
Changes in fair value:			
Gain/loss from change in fair value	-1 025	0	-1 025
NBV 31.12.2012	26 001	88	26 089
Additions:			
Acquired	100	0	100
Disposals:			
Written off	0	0	0
Changes in fair value:			
Gain/loss from change in fair value	-100	0	-100
NBV 30.06.2013	26 001	88	26 089

As of 31 December 2011 assessing the fair value of investment property the management of the Company was based on valuation reports of independent real estate appraisers. The valuation, which confirms to International Valuation Standards, was in majority determined by reference to recent market transactions and arms' length

term. In few instances where appropriate also discounted cash flow method was used in determination of fair value of Group's investment property.

On January 2013 Pro Kapital's investment properties were upraised by independent real estate expert Newsec Valuations EE. The appraiser determined no significant changes in the value of investment properties, consequently, the management of the Company decided to state the value of investment properties unchanged as of 30 June 2013.

Fair value adjustment of 100 th. EUR comes from capitalised costs that were expensed at the year end in order to retain balance value of investment properties that matches fair value determined in the valuation report.

The rental income and the corresponding direct expenses from the described investment property were the following:

(Th. EUR)	2013 H1	2012 H1
Rental income	0	5
Direct operating costs	78	45

Note 6. Loans

(Th. EUR)	30.06.2013	31.12.2012
Current debt, financial institutions	1 478	4 237
Non-current debt, financial institutions	11 122	7 695
Non- current debt, related parties	4 044	4 153
Convertible debt	11 272	11 272
Total	27 916	27 357

Shortly after the end of the reporting period the Company issued 74 non- secured non- convertible bonds with nominal value of 10 000 EUR, 5 year maturity and 5% coupon rate. Therefore, non- convertible debt to bondholders constitutes 740 th. EUR.

Creditor	30.06.2013	31.12.2012	CCY	Interest %
Swedbank AS (EE)	3 528	1 731	EUR	2,65% + 6m Euribor
Swedbank AS (EE)	189	605	EUR	2,65% + 6m Euribor
Swedbank AS (EE)	565	565	EUR	2,65%+ 6m Euribor
AS Swedbank (LV)	4 122	4 284	EUR	3,0% + 3m Euribor
"Swedbank" AB (LT)	4 192	4 736	EUR	2,4% + 6m Euribor
Volksbank Bad Kreusnach	4	10	EUR	5,1%
Svalbork Invest, related party	4 044	4 153	EUR	5,0%
Convertible debt- various shareholders	11 272	11 272	EUR	7%
Total	27 916	27 357		

(Th. EUR)	30.06.2013	31.12.2012
Due within 1 year	6 492	13 500
Due between 2 to 5 years	21 424	13 857

Due after 5 years	0	0
Total	27 916	27 357

(Th. EUR)		Carrying value of the pledged assets	
Beneficiary	Collateral description	30.06.2012	31.12.2012
Swedbank AS (Estonia)	Tondi str. 51, Tallinn	1 410	1 781
Swedbank AS (Estonia)	Põhja Avenue. 21, 21a, 21 b-1, Tallinn	5 933	5 975
Swedbank AS (Estonia)	Põhja Avenue 21, 23, Tallinn	768	761
AS Swedbanka (Latvia)	Pulkveza Brieza St. 11, Riga	5 862	5 929
AS Swedbanka (Latvia)	Trijadibas St.5, Riga	8 869	8 869
Swedbank AB (Lithuania)	Aguonu str.10, Vilnius	13 023	11 900
Total		35 865	35 215

In addition to guarantee letters related to loans of the Group, AS Pro Kapital Grupp has issued guarantee letters as follows:

- To AS Swedbank (Latvia) to assure the potential liability of Klīversala RE SIA, an entity belonging to Pro Kapital Latvia subsidiary group, in the amount of 8 089 Th. EUR (5 681 334 LVL), as AS Swedbank (Latvia) has issued a guarantee letter in the same amount to VAS „Privatizācijas aģentūra” to assure the investment liabilities related to contract concluded between Klīversala RE SIA and VAS „Privatizācijas aģentūra” (30 June 2013).
- To Swedbank AS (Latvia) to assure loan liabilities of SIA Investhotel in the amount of 4 122 th. EUR as of 30 June 2013.
- Guarantee letter to Kristiine Keskus OÜ to secure (jointly with Pro Kapital Eesti AS) possible claims against Tāismaja AS arising from a loan contract concluded between Pro Kapital Eesti and Tāismaja AS on 9 March 2004. The guarantee letter is limited to maximum amount of potential claim. The guarantee is effective for 72 months from concluding sales- purchase agreement, i.e. until 2 May 2017.
- As AS Swedbank (Estonia) to assure loan liabilities of AS Tondi Kvartal that amounted to 3 528 th. EUR as of 30 June 2013.
- To Swedbank AB (Lithuania) to assure loan liabilities of UAB PK Invest in the amount of 4 192 th. EUR as of 30 June 2013.

Note 7. Revenue

(Th. EUR)	2013 H1	2012 H1	2013 Q2	2012 Q2
Revenue from sales of real estate	2 046	5 661	949	473
Rental revenue	561	500	279	252
Hotel operating revenue	2 727	2 808	1 586	1 483
Other services	1 207	963	711	616
Total	6 541	9 932	3 525	2 824

Note 8. Cost of goods sold

(Th. EUR)	2013 H1	2012 H1	2013 Q2	2012 Q2
Cost of real estate sold	1 643	4 419	657	575
Cost of providing rental services	453	490	220	273
Cost of hotel operations	2 249	2 076	1 149	1 080
Cost of other services	564	1 085	181	403
Total	4 909	8 070	2 207	2 331

(Th. EUR)	2013 H1	2012 H1	2013 Q2	2012 Q2
Staff costs	560	881	285	544
Depreciation charge	300	516	136	258
Inventory write-offs	11	0	11	-1
Maintenance costs	265	244	140	86
Other	3 773	6 429	1 635	1 444
Total	4 909	8 070	2 207	2 331

Note 9. Administrative expenses

Administrative expenses (Th. EUR)	2013 H1	2012 H1	2013 Q2	2012 Q2
Staff costs	1 078	995	372	521
Depreciation charge	98	53	71	27
Amortisation charge	4	4	1	2
Other	1 216	1 655	733	876
Total	2 396	2 707	1 177	1 426

Note 10. Financial income and expenses

Financial income (Th. EUR)	2013 H1	2012 H1	2013 Q2	2012 Q2
Interest income	10	15	3	18
Gain from foreign currency translation	8	0	5	-2
Other financial income	409	1	-8	-8
Total	427	16	0	8

Other financial income for the first quarter of 2013 contains 409 th. EUR income arising from the reversal of provision formed for the court case with Aprisco B.V. The parties have reached mutual agreement in March 2013,

according to which the Company paid the settlement fee of 1,0 mln EUR for the counterparty and closed the courtcase.

Financial expenses (Th. EUR)	2013 H1	2012 H1	2013 Q2	2012 Q2
Interest expenses	818	2 129	480	308
Foreign currency loss	4	0	2	-3
Other financial expenses	28	26	25	26
Total	850	2 155	507	331

Note 11. Earnings per share and shareholder meetings

Earnings per share are calculated by dividing the net profit (loss) for the period with the weighted average number of shares in the period:

Average number of shares:

In period 01.01.2013 - 30.06.2013 $(53\,185\,422 * 134/181) + (54\,106\,577 * 47/181) = 53\,424\,617$

In period 01.04.2013 - 30.06.2013 $(53\,185\,422 * 44/91) + (54\,106\,577 * 47/91) = 53\,661\,183$

Indicative earnings per share (in EUR):

01.01- 30.06.2013 $(1\,463\,thousand) / 53\,424\,617 = (0,03)$

01.04- 30.06.2012 $(561\,thousand) / 53\,661\,183 = (0,01)$

The convertible bonds issued did not have a dilutive effect on earnings in 2013 and 2012, therefore they have not been included in the calculation of the diluted net gain (loss) per share and the diluted gain (loss) per share equals the net gain (loss) per share indicator.

Shareholder meetings

05.04.2013 extraordinary shareholders meeting

The extraordinary shareholders meeting of AS Pro Kapital Grupp (hereinafter referred to as the Company) took place on 05th of April 2013 starting at 11.00. As per the registration list of the meeting 11 shareholders were present and represented at the meeting, whereas the shares held by them represent 32 310 280 votes, which constitutes in total 60,75% of the votes represented by the shares.

The reason for calling the meeting was to decide on the increase of share capital of the Company and take for information the resignation of one Council member. The proposal to call the extraordinary shareholders meeting was made by the Management Board of the Company.

The shareholders meeting decided on conditional increase of the share capital of the Company and issue of new shares as follows:

Increase conditionally the share capital of the Company in accordance with the § 351'2 of Commercial Code on the following conditions:

(a) Due to the planned offering of the Company's shares to increase conditionally the share capital of the Company by 280 000 euro. The Management Board of the Company has the right to issue up to 1 400 000 new shares of the Company, with nominal value 0,2 euro.

(b) Each person (hereinafter "Investor") is entitled to participate in the conditional increase of the share capital on the following conditions:

(1) Offering the shares to the Investor or subscribing the shares by Investor shall not result in Company's obligation to register a prospectus in any country or other similar obligation which the Company has not fulfilled;

(2) Investor shall subscribe at least 55 556 new shares;

(3) Subscribing the shares by the Investor shall not result in breach of any legislation by such Investor.

(c) The issue price of each new share of the Company shall be 1,80 euro, including the share premium of 1,60 euro;

- (d) New shares shall be paid for by monetary contribution;
- (e) The pre-emptive right to subscribe the new shares by the current shareholders shall be excluded in accordance with the § 345 section 1 of the Commercial Code;
- (f) The term to exercise the right to subscribe for the new shares shall be 10 business days as from announcement of the subscription by the Management Board.
- (g) New shares shall give the shareholder the right to dividends which are decided and paid since 1st of January 2013;
- (h) As of the date of this decision the share capital of the Company is 10 637 084,40 euro and conditional share capital 19 442 236 euro. As of the date of this decision the Company, based on the registered conditional share capital, can issue 4 025 758 new shares in connection to the conversion of same amount of convertible bonds of the Company and increase the share capital of the Company by 805 151,60 euro. Based on the aforementioned the conditional share capital of the Company is amended in a way that the new conditional share capital is 11 722 236 euro.
- (i) To subscribe for the new shares the Investor should have the securities account in Estonian Central Securities Depository and/or arrangements to use on nominees account in Estonian Central Securities Depository and the Investor shall submit the subscription application through the custodian of such securities account. The Management Board of the Company shall publish the exact instructions for subscription of new shares before the beginning of the subscription period.
- (j) In case of oversubscription of the shares the Council of the Company has the right to:
 - (1) As per the Council discretion decide the allocation of the shares to the investors who have placed the subscriptions;
 - (2) Cancel the oversubscribed new shares.
- (k) if all new shares are not subscribed for during the subscription period the Management Board of the Company has the right in 15 days since the end of the subscription period to:
 - (1) prolong the subscription period by up to 10 business days;
 - (2) cancel the shares, which were not subscribed during the subscription period.

The shareholders meeting took for information the resignation of the Company's Council member Sari Aitokallio

Company's council member Sari Aitokallio informed the Company in January 2013 of her resignation as of 31.03.2013. As she explained the resignation is due to time constraints and a possible conflict of interest in the future, emphasizing that as for now such conflict doesn't exist.

As per Commercial Code § 319 section 7 a member of the supervisory board may resign from the supervisory board regardless of the reason notifying thereof the general meeting or his or her appointer.

The meeting took for information the resignation of council member Sari Aitokallio.

Minutes of the extraordinary shareholders meeting are published on AS Pro Kapital Grupp web page www.prokapital.com.

19.06.2013 annual general meeting of shareholders

The annual general meeting of AS Pro Kapital Grupp shareholders (hereinafter referred to as the Company) took place on Wednesday, 19th of June 2013 starting at 10.00. As per the registration list of the meeting 10 shareholders were present at the meeting, who represented in total 32 612 731 votes, which form 60,27 % of all votes attached to the shares.

The reason for calling the annual general meeting of shareholders was to decide on approval of the annual report for the financial year of 2012, allocation of the loss, formation of the statutory reserve capital, election of the auditor and prolongation of the term in office of one Council member and election of a new Council member. The proposal to call the annual general meeting of shareholders was made by the Management Board of the Company. The shareholders meeting decided to Approve the audited annual report of the Company for the financial year of 2012, Cover the net loss for the financial year which ended 31 December 2012 with retained earnings of previous periods, transfer 1 063 708,44 Euros from retained earnings of previous periods to the statutory reserve of the Company, elect AS Deloitte Audit Eesti as the auditor of the Company for the financial year of 2013, prolong the term in office of Council member Emanuele Bozzone since 06.07.2013 until 05.07.2016 and elect Ernesto Achille Preatoni as a new Council member starting from 06.07.2013 until 05.07.2016.

Shareholders meeting decided to approve the audited annual report of the Company for the financial year of 2012.

Shareholders meeting decided to cover the net loss for the financial year which ended 31 December 2012 with retained earnings of previous periods.

Shareholders meeting decided to transfer 1 063 708,44 Euros from retained earnings of previous periods to the statutory reserve of the Company.

Shareholders meeting decided to elect AS Deloitte Audit Eesti as the auditor of the Company for the financial year of 2013 and to approve the principles for remuneration of the auditor as per the agreement to be signed with the auditor. Approve the fee payable to the auditor for the audit of Company and its subsidiaries for the financial year of 2013 in the amount of 52 000 Euros (net of VAT).

Shareholders meeting decided to prolong the term in office of Council member Emanuele Bozzone since 06.07.2013 until 05.07.2016 and elect Ernesto Achille Preatoni as a new Council member starting from 06.07.2013 until 05.07.2016.

Minutes of the annual general meeting of shareholders are published on AS Pro Kapital Grupp web page <http://www.prokapital.com>.

Note 12. Transactions with related parties

Transactions with related parties are considered to be transactions between the entities within the consolidated Group, its shareholders, the members of the Supervisory Council and the Management Board, their families and the companies in which they hold majority interest or have significant influence.

Transactions with related parties

(Th. EUR)	2013 H1	2012 H1
Significant owners and owner related companies		
Interest income	17	7
Issued loans	475	330
Granted claims	19 931	23 412
Interest expense	101	77
Paid interest	0	0
Acquisition of shares in subsidiaries	0	9
Salaries and bonuses paid to management	548	442

Receivables from related parties

(Th. EUR)	30.06.2013	31.12.2012
Significant owners and owner related companies		
Current receivables from related parties	492	492
Total	492	492

Payables to related parties

(Th. EUR)	30.06.2013	31.12.2012
Significant owners and owner related companies		
Payables to related parties	4 044	4 153
Total	4 044	4 153

Holdings in the Ultimate Parent Company

	30.06.2013	31.12.2012
Members of the Council and individuals related them	8,77%	8,61%

Furthermore, 22 224 convertible bonds are held by the members of the council.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

No expense has been recognized in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties. The Group has been provided loans to related parties at rates comparable to the average commercial rate of interest. The loans to related parties are unsecured.

Note 13. Lawsuits

Ultimate parent company

	As of 30.06.2013	As of 31.03.2013
Pending disputes:	0	0
Resolved disputes:	0	2
New disputes:	0	0

As of 31.03.2013 AS Pro Kapital Grupp did not have any pending court cases. Two court cases were settled during the reporting period.

As of 30.06.2013 AS Pro Kapital Grupp as the ultimate parent company did not have any pending court cases.

Pro Kapital Estonia sub-group

	As of 30.06.2013	As of 31.03.2013
Pending disputes:	0	0
Resolved disputes:	0	0
New disputes:	0	0

As of 31.03.2013 the parent company of Pro Kapital Estonia sub-group and its subsidiaries did not have any pending court cases. Sub-group subsidiary AS Tāismaja was involved in one lawsuit as a third party.

As of 30.06.2013 the parent company of Pro Kapital Estonia sub-group and its subsidiaries did not have any pending court cases. Sub-group subsidiary AS Tāismaja is involved in one lawsuit as a third party.

Pro Kapital Latvia sub-group

	As of 30.06.2013	As of 31.03.2013
Pending disputes:	1	0
Resolved disputes:	0	1
New disputes:	0	1

As of 31.03.2013 the Pro Kapital Latvia sub-group had one pending court case and one court case in which the sub-group subsidiary is involved as third party. During the reporting period one court case reached a final decision, also one additional court case was initiated.

As of 30.06.2013 Pro Kapital Latvia sub-group had one pending court case. During the reporting period sub-group company was withdrawn by the court from the third party procedural status of one dispute.

Italian citizen Mr. Antonio Sugaroni Ziemelu started litigation against maintenance company (not belonging to Pro Kapital group of companies) claiming personal damages in amount of LVL 4'945,09 on the basis that he was walking through the street near the building at Pulkveza Brieza 11, Riga and was injured by the snow and ice falling from the roof of the building. Group company LLC Hotel Management Services was involved in the

proceeding as a third party (not defendant). On 23rd of April 2013 the court decided to withdraw the procedural status of SIA „Hotel Management Services” as a third party. SIA „Hotel Management Services” is not involved in the respective court case anymore.

Pending disputes:

On 30.07.2012 the Property department of Riga's City Council issued a decision according to which buildings belonging to SIA „Nekustamo īpašumu sabiedrība „Zvaigznes centrs”” at 193 Brīvības Street, in Riga are classified as degrading the environment and endangering the security of people. On the basis of this decision the company would have to pay an increased real estate tax. The company appealed against the mentioned decision to the chairman of the Riga City Council, however the chairman decided to reject the claim. The company has on 14.02.2013 appealed against the decision to the Administrative District Court asking for revocation of the decision. The proceedings are currently pending.

Pro Kapital Vilnius sub-group

	As of 30.06.2013	As of 31.03.2013
Pending disputes:	2	2
New disputes:	0	0
Resolved disputes:	0	0

As of 31.03.2013 the entities of Pro Kapital Vilnius sub-group had two pending court cases.

As of 30.06.2013 the entities of Pro Kapital Vilnius sub-group had the same two pending court cases.

Pending disputes:

UAB „Natalex” has filed a claim in the amount of 166 thousand Lithuanian litas (approx. 48 thousand Euros), plus interest 6% for return of the prepayment under an apartment sale contract. Group company PK Invest UAB found that UAB „Natalex” had breached the contract and the prepayment has been set-off with the penalty against UAB „Natalex”. In April 2012 the court rejected UAB „Natalex” claim. UAB „Natalex” has appealed court decision.

In February 2012, UAB "Gatvių statyba" submitted the claim to the Vilnius district court requesting for LTL 197 thousand Lithuanian litas (approx. 57 thousand Euros), plus 8,06 % interest, for the performed works in Saltiniu Namai. Group company PK INVEST UAB did not agree with the claim because the works were performed unduly and the deficiencies were recorded by the parties in writing. The case was heard at Vilnius district court. The claim of the contractor and the counter-claim of PK INVEST UAB had been upheld partially. PK INVEST UAB has filed an appeal on the basis that the court refused to lower the price of the works that were performed partially and with deficiencies. Appeal proceeding are ongoing.

Pro Kapital German sub-group

	As of 30.06.2013	As of 31.03.2013
Pending disputes:	0	0
New disputes:	0	0
Resolved disputes:	0	0

As of 31 March 2013 Pro Kapital German sub- group had no pending court cases.

As of 30 June 2013 Pro Kapital German sub- group had no pending court cases.

Management Board's confirmation of the financial statements

The Management Board confirms the correctness and completeness of AS Pro Kapital Grupp consolidated interim report for the first quarter of 2013.

The consolidated interim report has been prepared in accordance with the International Financial Reporting Standards and gives a true and fair view of the company's financial position, its results of the operations and cash flows. AS Pro Kapital Group is a going concern.

Paolo Michelozzi	Chief Executive Officer and Chairman of the Management Board	27 August 2013
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Allan Remmelkoor	Chief Operating Officer and Member of the Management Board	27 August 2013
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