Apex Investments SIA

Condensed Consolidated Interim Financial Information

for the six months ended 30 June 2008

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Report of the Management

Type of operations

Core activities of Apex Investments SIA (hereinafter - 'the Company') and its subsidiaries (hereinafter - 'the Group') are operation and management of rental real estates (offices and retail) in Latvia.

Performance of the Group during the reporting period

During the six months ended 30 June 2008, Apex Investments Group successfully completed an acquisition of real estate anchored by a RIMI grocer store. The property was acquired in an indirect manner via the purchase of 100% of the shares of TC Purvciems Holdings SIA. The properties were purchased at competitive market rates, and the acquisition will serve as a diversification tool.

The Company raised debt capital in the fourth quarter of 2006 in a private placement corporate bond into the Baltic investment community. The bond issue was listed publicly on the Riga Stock Exchange on 26 October 2007. The corporate bond now qualifies for certain Latvian public institutional investors, giving Apex a greater range of potential investors.

On 2 January 2008 Rēznas Centrs SIA, was fully merged into Apex Investments SIA.

Post balance sheet events

During the period between the last day of the reporting period and the date of signing of this report there have been no significant events that would have a material effect on the period end results.

Future prospects

In late 2007 and early 2008 the worldwide economy started to experience a significant slow down and a contraction of credit. Additionally Latvian legislation was introduced to reduce speculation in the residential and land sectors of the real estate market. These separate occurrences have had a major negative impact on the Latvian residential real estate market and a minor negative impact on the commercial real estate market.

The contraction in credit has resulted in an active sellers market. Apex currently sees significant opportunity to expand the portfolio with quality cash flow assets. We believe that the months ahead will provide buying opportunities in the 8% to 9% capitalization rate range, possibly higher. Regardless, we are remaining patient in seeking the right opportunities to expand the portfolio.

Gerald Allen Wirth
Chairman of the Board

David Allen DeRousse
Member of the Board

Riga, 28 August 2008

Statement of Directors' Responsibility

The Board of Directors of Apex Investments SIA is responsible for the preparation of the interim financial statements of the Group.

The interim financial statements on pages 5 to 16 are prepared in accordance with the accounting records and source documents and present fairly the financial position of the Group as of 30 June 2008 and the results of its operations and cash flows for the 6 months period ended 30 June 2008.

The interim financial statements are prepared in accordance with International Financial Reporting Standards as adopted in the European Union on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgments and estimates have been made by the Board of Directors in the preparation of the interim financial statements.

The Board of Directors of Apex Investments SIA is responsible for the maintenance of proper accounting records, the safeguarding of the Group's assets and the prevention and detection of fraud and other irregularities in the Group. The Board of Directors is also responsible for operating the Group in compliance with the legislation of the Republic of Latvia.

Gerald Allen Wirth
Chairman of the Board

David Allen DeRousse
Member of the Board

Riga, 28 August 2008

Balance Sheet

	Note	30.06.2008. LVL (unaudited)	31.12.2007. LVL (unaudited)	30.06.2008. EUR (unaudited)	31.12.2007. EUR (unaudited)
ASSETS					
Non-current assets					
Investment property	6	11,729,615	9,145,354	16,689,833	13,012,666
Property, plant and equipment		35,676	15,917	50,763	22,648
Goodwill		324,958	324,958	462,374	462,374
Loans and other receivables		3,066,517	2,846,734	4,363,285	4,050,538
		15,156,766	**12,332,963**	**21,566,255**	**17,548,226**
Current assets					
Loans and other receivables		463,005	553,156	658,800	787,070
Derivative financial instruments		388,607	125,306	552,941	178,294
Current income tax assets		-	710	-	1,010
Cash and cash equivalents		2,112,946	953,523	3,006,468	1,356,741
		2,964,558	**1,632,695**	**4,218,209**	**2,323,115**
Total assets		**18,121,324**	**13,965,658**	**25,784,464**	**19,871,341**
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		238,659	238,659	339,581	339,581
Accumulated deficit		(175,992)	(290,065)	(250,413)	(412,725)
Total equity		**62,667**	**(51,406)**	**89,168**	**(73,144)**
LIABILITIES					
Non-current liabilities					
Borrowings	12	12,184,365	13,132,707	17,336,888	18,686,159
Deferred income tax liabilities		432,955	384,790	616,043	547,507
		12,617,320	**13,517,497**	**17,952,931**	**19,233,666**
Current liabilities					
Trade and other payables		278,487	254,625	396,249	362,299
Current income tax liabilities		26,266	11,604	37,373	16,510
Borrowings	12	5,136,585	233,338	7,308,743	332,010
		5,441,338	**499,567**	**7,742,365**	**710,819**
Total liabilities		**18,058,658**	**14,017,064**	**25,695,296**	**19,944,485**
Total equity and liabilities		**18,121,324**	**13,965,658**	**25,784,464**	**19,871,341**

The notes on pages 9 to 16 are an integral part of this condensed interim consolidated financial information.

Gerald Allen Wirth Chairman of the Board	David Allen DeRousse Member of the Board

Riga, 28 August 2008

Income Statement

	Note	6 months to 30 June 2008 LVL (unaudited)	6 months to 30 June 2007 LVL (unaudited)	6 months to 30 June 2008 EUR (unaudited)	6 months to 30 June 2007 EUR (unaudited)
Revenue		892,270	729,120	1,269,593	1,037,450
Cost of sales		(600,991)	(456,284)	(855,138)	(649,237)
Gross profit		**291,279**	**272,836**	**414,455**	**388,213**
Distribution costs		(1,591)	(1,440)	(2,263)	(2,049)
Administrative expenses		(16,682)	(8,477)	(23,736)	(12,061)
Other operating income		359,914	12,758	512,114	18,153
Other operating expenses		(29,861)	(22,229)	(42,489)	(31,629)
Operating profit		**603,059**	**253,448**	**858,081**	**360,627**
Finance income		-	6,346	-	9,030
Finance costs		(462,721)	(251,645)	(658,396)	(358,060)
Finance costs – net		**(462,721)**	**(245,299)**	**(658,396)**	**349,030**
Profit before income tax		**140,338**	**8,149**	**199,685**	**11,597**
Income tax expense		(26,266)	(12,082)	(37,373)	(17,193)
Profit/(loss) for the period		**114,073**	**(3,933)**	**162,312**	**(5,596)**
Attributable to:					
Equity holders of the Company		**114,073**	**(3,933)**	**162,312**	**(5,596)**

The notes on pages 9 to 16 are an integral part of this condensed interim consolidated financial information.

Gerald Allen Wirth
Chairman of the Board

David Allen DeRousse
Member of the Board

Riga, 28 August 2008

Statement of Changes in Equity

	Attributable to the equity holders of the Company			Attributable to the equity holders of the Company		
	Share capital	**Accumulated deficit**	**Total equity**	**Share capital**	**Accumulated deficit**	**Total equity**
	LVL	**LVL**	**LVL**	**EUR**	**EUR**	**EUR**
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Balance at 31 December 2006	180,000	(105,779)	**74,221**	256,117	(150,510)	**105,607**
Loss for six months ended 30 June 2007	-	(3,933)	**(3,933)**	-	(5,596)	**(5,596)**
Balance at 30 June 2007	**180,000**	**(109,712)**	**70,288**	**256,117**	**(156,106)**	**100,011**
Merger result*	58,659	(58,659)	**-**	83,464	(83,464)	**-**
Loss for six months ended 31 December 2007	-	(121,694)	**(121,694)**	-	(173,155)	**(173,155)**
Balance at 31 December 2007	**238,659**	**(290,065)**	**(51,406)**	**339,581**	**(412,725)**	**(73,144)**
Profit for six months ended 30 June 2008	-	114,073	**114,073**	-	162,312	**162,312**
Balance at 30 June 2008	**238,659**	**(175,992)**	**62,667**	**339,581**	**(250,413)**	**89,168**

* In 2007 Klavinvest SIA was merged with Apex Investments SIA. Apex Investments SIA acquired 100% of shares of Klavinvest SIA in 2006. The transaction was accounted for as acquisition of assets (see Note 24). At merger the share capital of Apex Investments SIA was increased by the amount of share capital of Klavinvest SIA. The new share capital of Apex Investments SIA was registered with the Enterprise Register on 18 July 2007.

The notes on pages 9 to 16 are an integral part of this condensed interim consolidated financial information.

Gerald Allen Wirth
Chairman of the Board

David Allen DeRousse
Member of the Board

Riga, 28 August 2008

Cash Flow Statement

	Note	6 months to 30 June 2008 LVL (unaudited)	6 months to 30 June 2007 LVL (unaudited)	6 months to 30 June 2008 EUR (unaudited)	6 months to 30 June 2007 EUR (unaudited)
Cash flows from operating activities					
Profit before income tax		140,338	8,149	199,685	11,597
Adjustments for:					
– Depreciation		272,269	148,740	387,332	211,639
- Gains on derivative financial instruments		(263,301)	-	(374,646)	-
– Interest income		(85,787)	(12,758)	(122,065)	(18,153)
– Interest expenses		215,681	167,125	306,888	237,799
Changes in working capital					
– Trade and other receivables		8,548	(20,803)	12,163	(29,600)
– Trade and other payables		(62,621)	85,754	(89,102)	122,018
Cash generated from operations		225,127	376,207	320,256	535,299
Interest paid		(114,607)	(100,409)	(163,072)	(142,870)
Income tax paid			-		-
Net cash generated from operating activities		**110,520**	**275,798**	**157,184**	**392,429**
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	24	(1,047,553)	-	(1,490,542)	-
Purchases of investment property and property, plant and equipment		(12,362)	(4,873)	(17,590)	(6,934)
Loans granted		(196,042)	(457,649)	(278,944)	(651,180)
Loan repayments received		149,759	141,598	213,089	201,477
Interest received		26,868	-	38,230	-
Net cash used in investing activities		**(1,079,330)**	**(320,924)**	**(1,535,757)**	**(456,636)**
Cash flows from financing activities					
Proceeds from borrowings		2,284,113	-	3,250,018	-
Repayments of borrowings		(155,880)	(228,017)	(221,719)	(324,361)
Net cash generated from financing activities		**2,128,233**	**(228,017)**	**3,028,300**	**(324,361)**
Net (decrease)/increase in cash and cash equivalents		**1,159,423**	**(273,143)**	**1,649,727**	**(388,568)**
Cash and cash equivalents at the beginning of the year		953,523	1,394,983	1,356,741	1,984,893
Cash and cash equivalents at the end of the year	9	**2,112,946**	**1,121,840**	**3,006,468**	**1,596,325**

The notes on pages 9 to 16 are an integral part of this condensed interim consolidated financial information.

Notes to the Interim Financial Information

1. General information

Core activities of Apex Investments SIA ('the Company') and its subsidiaries (together 'the Group') are operation and management of rental retail real estates and rental office real estates in Latvia.

The Company is a limited liability company incorporated and domiciled in the Republic of Latvia. The address of its registered office is A. Pumpura Street 3, Riga, Latvia.

The Company's bonds issued during initial private placement were listed on Riga Stock Exchange Baltic bond list on 26 October 2007.

This condensed consolidated interim financial information was authorised for issue by the Board of Directors on 28 August 2008.

The Company has the following participating interest in subsidiaries:

Name	Country	Participating interest in share capital of subsidiaries	
		30.06.2008..	31.12.2007.
Rēznas centrs SIA	Latvia	-	100%
TC Purvciems Holdings SIA	Latvia	100%	-
Tukuma Projekts SIA	Latvia	100%	100%

In 2008 Rēznas Centrs SIA was merged with Apex Investments SIA. Rēznas Centrs SIA ceased to exist as a separate legal entity on 2 January 2008. In 2008 the Company acquired TC Purvciems SIA.

2. Basis of preparation

This condensed consolidated financial information for the six months ended 30 June 2008 has been prepared in accordance with IAS 34, "Interim Financial Reporting". The condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements of Apex Investments SIA for the year ended 31 December 2007, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in EU.

3. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2007, as described in those annual consolidated financial statements.

Taxes in income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the Group:

- IFRIC 11, "IFRS 2 – Group and treasure share transactions";
- IFRISC 12, "Service concession agreements";
- IFRIC 14, "IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction".

Notes to the Interim Financial Information (continued)

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

- *IFRS 8, Operating Segments* (effective for annual periods beginning on or after 1 January 2009). The Standard applies to entities whose debt or equity instruments are traded in a public market or that file, or are in the process of filing, their financial statements with a regulatory organisation for the purpose of issuing any class of instruments in a public market. IFRS 8 requires an entity to report financial and descriptive information about its operating segments and specifies how an entity should report such information. The Group does not expect the amendment to affect its consolidated financial statements.
- *IAS 23, Borrowing Costs* (revised March 2007; effective for annual periods beginning on or after 1 January 2009). The revised IAS 23 was issued in March 2007. The main change to IAS 23 is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalise such borrowing costs as part of the cost of the asset. The revised Standard applies prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. The Group does not expect the amendment to affect its consolidated financial statements.
- IFRS 3, *Business combinations (revised on 10 January 2008; effective for annual periods beginning on or after 1 July 2009).* The standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently remeasured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed.
- *IAS 1, Presentation of Financial Statements* (revised September 2007; effective for annual periods beginning on or after 1 January 2009). The main change in IAS 1 is the replacement of the income statement by a statement of comprehensive income which will also include all non-owner changes in equity, such as the revaluation of available-for-sale financial assets. Alternatively, entities will be allowed to present two statements: a separate income statement and a statement of comprehensive income. The revised IAS 1 also introduces a requirement to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors. The Group expects the revised IAS 1 to affect the presentation of its financial statements but to have no impact on the recognition or measurement of specific transactions and balances.
- *Puttable financial instruments and obligations arising on liquidation—IAS 32 and IAS 1 Amendment* (effective from 1 January 2009). The amendment requires classification as equity of some financial instruments that meet the definition of a financial liability. The Group is currently assessing the impact of the amended standard on its financial statements.
- *IAS 27, Consolidated and separate financial statements* (revised on 10 January 2008; effective for annual periods beginning on or after1 July 2009). IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in profit or loss. The Group is currently assessing the impact of the amended standard on its financial statements.
- IFRIC 13, *Customer Loyalty Programmes* (effective for annual periods beginning on or after 1 July 2008);

Notes to the Interim Financial Information (continued)

3 Financial risk management (continued)

(a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. As at 30 June 2008 the Group's current liabilities exceeded its current assets by LVL 2,476,780 or EUR 3,524,161 (as at 31 December 2007 the Group's current assets exceeded its current liabilities by LVL 1,133,128 or EUR 1,612,296).

The volume of wholesale financing has significantly reduced since August 2007. Such circumstances may affect the ability of the Group to obtain new borrowings and re-finance its existing borrowings at terms and conditions that applied to similar transactions in recent periods.

The table below analyses the Group's financial liabilities and net settled derivatives into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed are contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	LVL	LVL	LVL	LVL
At 31 December 2007				
Borrowings	795,035	795,035	11,103,829	**12,693,899**
Bonds	171,483	3,594,002	-	**3,765,485**
Trade and other payables	254,625	-	-	**254,625**
	1,221,143	**4,389,037**	**11,103,829**	**16,714,009**
At 30 June 2008				
Borrowings	2,762,481	1,010,624	14,458,268	**18,231,372**
Bonds	3,682,379	-	-	**3,682,379**
Trade and other payables	278,487	-	-	**278,487**
	6,723,347	**1,010,624**	**14,458,268**	**22,192,239**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	EUR	EUR	EUR	EUR
At 31 December 2007				
Borrowings	1,131,233	1,131,233	15,799,325	**18,061,791**
Bonds	243,998	5,113,804	-	**5,357,802**
Trade and other payables	362,299	-	-	**362,299**
	1,737,530	**6,245,037**	**15,799,325**	**23,781,892**
At 30 June 2008				
Borrowings	3,930,678	1,437,996	20,572,379	**25,941,053**
Bonds	5,239,583	-	-	**5,239,583**
Trade and other payables	396,249	-	-	**396,249**
	9,566,510	**1,437,996**	**20,572,379**	**31,576,885**

Notes to the Interim Financial Information (continued)

3 Financial risk management (continued)

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the return on assets (ROA). Return on assets is calculated as net operating income divided by cost of investment property. The Group's internal target is 6-7%.

The return on assets as at 30 June 2008 and 31 December 2007 were as follows:

	2008 6 months LVL	2007 12 months LVL	2008 6 months EUR	2007 12 months EUR
Operating profit	603,059	405,382	858,081	576,807
Add: depreciation	272,269	363.281	387,332	516,902
Net operating income	875,328	768,663	1,245,413	1,093,709
Cost of investment property (Note 4)	13,070,078	10,213,548	18,597,151	14,532,570
ROA	**6.70%**	**7.53%**	**6.70%**	**7.53%**

Notes to the Interim Financial Information (continued)

4 Investment property

	LVL	EUR
6 months ending 30 June 2007		
Net book value as at 01.01.2007	7,251,428	10,317,852
Depreciation	(148,069)	(210,683)
Ndet book value as at 30.06.2007	**7,103,359**	**10,107,169**
6 months ending 30 June 2008		
Net book value as at 01.01.2008	9,145,354	13,012,666
Acquisitions (Note 5)	2,856,530	4,064,499
Depreciation	(272,269)	(387,332)
Net book value as at 30.06.2008	**11,729,615**	**16,689,833**

The Group has signed mortgage agreements with a commercial bank registered in the Republic of Latvia. The subject of the mortgage agreements is all investment property owned by the Group to secure:

1. the Group's bank borrowings. The maximum amount of claims secured by the mortgage is LVL 1 190 000, LVL 4,723,000 and LVL 6,000,000;
2. the bank borrowings of two related companies registered in the Republic of Latvia. The mortgage agreements were signed on 15 February 2006 stating the maximum amount of claims secured by the mortgages of LVL 3,680,750 and LVL 8,618,245.

Carrying amount of the investment property pledged as at 30 June 2008 amounts to LVL 7,057,919 (31.12.2007: LVL 7,122,422).

5 Borrowings

	30.06.2008. LVL	31.12.2007. LVL	30.06.2008. EUR	31.12.2007. EUR
Non-current				
Bank borrowings:				
- payable between 2 and 5 years	12,184,365	9,849,023	17,336,888	14,013,897
Bonds - payable between 2 and 5 years	-	3,283,684	-	4,672,262
	12,184,365	**13,132,707**	**17,336,888**	**18,686,159**
Current				
Bank borrowings	1,751,827	233,338	2,492,639	332,010
Bonds	3,384,758	-	4,816,104	-
	5,136,585	**233,338**	**7,308,743**	**332,010**
Total borrowings	**17,320,950**	**13,366,045**	**24,645,631**	**19,018,169**

Notes to the Interim Financial Information (continued)

5 Borrowings (continued)

Bank borrowings

On 28 September 2007 Apex Investments SIA singed the amendments in the loan agreement of 5 March 2004 with a commercial bank registered in the Republic of Latvia. The outstanding loan amount as at 30 June 2008 is EUR 8,713,207 or LVL 6,123,642, translated at the exchange rate set by the Bank of Latvia as at 30 June 2008 (31.12.2007: EUR 5,604,771 or LVL 3,939,055, translated at the exchange rate set by the Bank of Latvia as at 31 December 2007) repayable till 15 September 2012; interest rate is 3 months EURIBOR + 1.15% per annum payable on monthly basis.

On 28 September 2007 Apex Investments SIA signed the amendments to the loan agreement of 18 September 2006 with a commercial bank registered in the Republic of Latvia for financing the acquisition of subsidiaries. The outstanding loan amount as at 30 June 2008 is EUR 4,543,263 or LVL 3,193,005, translated at the exchange rate set by the Bank of Latvia as at 30 June 2008 (31.12.2007: EUR 4,590,916 or LVL 3,226,514, translated at the exchange rate set by the Bank of Latvia as at 31 December 2007) repayable till 15 September 2012; interest rate is 3 months EURIBOR + 1.15% per annum payable on monthly basis.

On 28 September 2007 Apex Investments SIA signed the amendments to the loan agreement of 5 March 2004 with a commercial bank registered in the Republic of Latvia. According to the amendments Apex Investments SIA formally took over the loan previously issued by the bank to its former subsidiary Klavinvest SIA that was merged with Apex Investments SIA in July 2007. The outstanding loan amount as at 30 June 2008 is EUR 1,011,683 or LVL 711,011, translated at the exchange rate set by the Bank of Latvia as at 30 June 2008 (31.12.2007: EUR 1,022,963 or LVL 718,942, translated at the exchange rate set by the Bank of Latvia as at 31 December 2007) repayable till 15 September 2012; interest rate is 3 months EURIBOR + 1.15% per annum payable on monthly basis.

On 20 December 2007 Apex Investments SIA signed the loan agreement with a commercial bank registered in the Republic of Latvia for financing the acquisition of subsidiary. The outstanding loan amount as at 30 June 2008 is EUR 3,068,735 or LVL 2,156,707, translated at the exchange rate set by the Bank of Latvia as at 30 June 2008 (31.12.2007: EUR 3,090,018 or LVL 2,171,678, translated at the exchange rate set by the Bank of Latvia as at 31 December 2007) repayable till 15 December 2012; interest rate is 3 months EURIBOR + 1.15% per annum payable on monthly basis.

Bank borrowings are secured by the land and buildings of the Group (see Note 4).

As at 30 June 2008 the subsidiary company TC Purvciems Holdings SIA had a loan amount payable to a commercial bank registered in the Republic of Latvia in the amount of EUR 2,492,682 or LVL 1,751,857, translated at the exchange rate set by the Bank of Latvia as at 30 June 2008. The loan will be repaid from the amounts paid into escrow account after the formalities related to the acquisition of TC Purvciems Holdings SIA will be settled with the bank.

Bonds

On 30 October 2006 in a closed emission Apex Investments SIA issued 4,730 bonds for price EUR 871.69 per bond. In 2007 additional 300 bonds were purchased by investors. Nominal value per bond is EUR 1,000. Maturity of bonds is 30 April 2009. Interest rate is 5% per annum payable on semi-annual basis. According to Share Pledge Registration Agent agreement the issue of the bonds is secured by the shares of related parties Tuhkatriinu SIA and O.P.M.1 SIA.

Notes to the Interim Financial Information (continued)

6 Acquisition of subsidiaries

On 20 December 2007 the Group acquired the net assets owned by Tukuma Projekts SIA. The transaction was structured by acquiring 100% of the share capital of Tukuma Projekts SIA that operates and leases out retail premises in Tukums (Latvia). The transaction was accounted for as acquisition of assets.

Cost paid by the Group to acquire the net assets of Tukuma Projekts SIA was allocated between the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition as follows:

	Acquisition cost LVL	Acquisition cost EUR
Cash and cash equivalents	61,039	86,851
Investment property	2,255,132	3,208,764
Trade and other receivables	36,349	51,720
Trade and other payables	(12,009)	(17,087)
Borrowings	(1,319,106)	(1,876,919)
Deferred tax liabilities	(13,952)	(19,852)
Net assets acquired	**1,007,453**	**1,433,476**

On 31 May 2008 the Group acquired the net assets owned by TC Purvciems Holdings SIA. The transaction was structured by acquiring 100% of the share capital of TC Purvciems Holdings SIA that operates and leases out retail premises in Riga (Latvia). The transaction was accounted for as acquisition of assets.

Cost paid by the Group to acquire the net assets of TC Purvciems Holdings SIA was allocated between the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition as follows:

	Acquisition cost LVL	Acquisition cost EUR
Cash and cash equivalents	1,406,088	2,000,694
Investment property (Note 4)	2,856,530	4,064,499
Trade and other receivables	39,665	56,438
Trade and other payables	(67,319)	(95,786)
Borrowings	(1,729,875)	(2,461,404)
Deferred tax liabilities	(51,448)	(73,204)
Net assets acquired	**2,453,641**	**3,491,237**

Notes to the Interim Financial Information (continued)

7 Related-party transactions

Related parties are defined as the shareholders of the Company, the members of the Board, their close relatives and the companies in which they have a significant influence or control.
The following transactions were carried out with related parties:

	30.06.2008. LVL	31.12.2007. LVL	30.06.2008. EUR	31.12.2007. EUR
Loans to shareholders	446,862	442,292	635,831	629,325
Loans to related parties	2,952,361	2,867,376	4,200,855	4,079,908
	3,399,223	**3,309,668**	**4,836,686**	**4,709,233**

The effective interest rates on non-current receivables are as follows:

Loans to related parties (Note 25 d)	4.3 – 5.5%
Loans to shareholders (Note 25 c)	2.7 – 3.2%