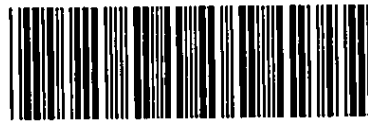


Registered number OC335225

**WARGAMING.NET LLP**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

TUESDAY



\*A30JT0Q1\*

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28/01/2014

#158

COMPANIES HOUSE

Kounnis And Partners Ltd  
Chartered Certified Accountants  
& Statutory Auditors  
Sterling House  
Fulbourne Road  
Walthamstow  
London  
E17 4EE

# WARGAMING.NET LLP

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## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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# WARGAMING.NET LLP

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## DESIGNATED MEMBERS AND OTHER OFFICERS

<b>Designated members.</b>	Lunarbell Management Inc Sandrix Business Inc Ockster Financial Corp Kloyster Systems Corp
<b>Registered address:</b>	Sterling House Fulbourne Road Walthamstow London E17 4EE
<b>Senior statutory auditor</b>	Mr C A Joannou BSc, MSc, FCCA
<b>Auditors.</b>	Kounnis And Partners Ltd Chartered Certified Accountants & Statutory Auditors Sterling House Fulbourne Road Walthamstow London E17 4EE
<b>Banker</b>	Nordea Bank Denmark A/S International Branch PO Box 850, DK 0900 Copenhagen C Denmark
<b>Registration number</b>	OC335225

# WARGAMING.NET LLP

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## REPORT OF THE MEMBERS FOR THE YEAR ENDED 31 MARCH 2013

The members present their report with the consolidated financial statements of the LLP and its subsidiaries for the year ended 31 March 2013

### GROUP STRUCTURE

Wargaming net LLP is a limited liability partnership, registered in England and Wales with partnership number OC335225 Wargaming net LLP Group comprises of Wargaming net LLP and its following subsidiaries as at the year end

Name	Country of Origin	Holdings
Wargaming Australia Pty Ltd	Australia	100% subsidiary
BigWorld Pty Ltd	Australia	100% sub-subsiary

### PRINCIPAL ACTIVITY

The principal activity of the LLP Group in the year under review was that of sales of games related software and other contents In addition, the Group engages in the design, integration, installation and maintenance of communication and development software designed primarily for the Massively Multiplayer Online Games (MMOGs) industry

### REVIEW OF BUSINESS

Activity levels remain strong and together with the acquisition of subsidiaries in activities enhancing the group position the group has demonstrated its commitment to invest in its future by innovation and growth The Partnership Group development to date, financial results and position as presented in the financial statements are considered satisfactory

### EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements

### DESIGNATED MEMBERS

The designated members during the year under review were

Kloyster Systems Corp  
Lunarbell Management Inc  
Ockster Financial Corp  
Sandrix Business Inc

### RESULTS FOR THE YEAR AND ALLOCATION TO MEMBERS

The Group profit for the year before members' remuneration and profit shares was \$197,156,550 (2012 - \$97,645,033 profit)

### MEMBERS' INTERESTS

Members are remunerated from the profits of the Partnership Group Members draw a proportion of their profit shares during the year Profits are allocated and divided between members after finalisation of the financial statements and drawn subsequently subject to the cash requirements of the business

### FINANCING AND CAPITAL

The firm is financed primarily through partners' capital and current accounts, structured in the form of a single facility made available to the LLP with resource to undistributed profits No interest is paid on the fixed capital or current account balance

### FINANCIAL RISK MANAGEMENT

#### Financial risk factors

The Partnership Group is exposed to market price risk, interest rate risk, credit risk, liquidity risk, currency risk, operational risk, litigation risk, reputation risk and capital risk management arising from the financial instruments it holds The risk management policies employed by the Partnership Group to manage these risks are discussed below

#### Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices The Group's financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments The Partnership Group's market price risk is managed through diversification of the investment portfolio

## REPORT OF THE MEMBERS FOR THE YEAR ENDED 31 MARCH 2013

### **Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Partnership Group's income and operating cash flows are substantially independent of changes in market interest rates as the Partnership Group has no significant interest-bearing assets. Borrowings issued at variable rates expose the Partnership Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Partnership Group to fair value interest rate risk. The Partnership Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

### **Credit risk**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Partnership Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Partnership Group has policies to limit the amount of credit exposure to any financial institution.

### **Liquidity risk**

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Partnership Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

### **Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Partnership Group's measurement currency. The Partnership Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro, the Vietnamese Dong and the Ukrainian Hryvnia. The Partnership Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

### **Operational risk**

Operational risk is the inherent risk arising from fraud, unauthorised activities, error, omission, inefficiency, systems failure, high dependence on key suppliers and any failure of suppliers or external events.

The Partnership Group recognises that the control of operational risk is concerned fundamentally with good management practices. To that effect, the overall Partnership Group strategy is geared towards risk prevention. The Partnership's operational risk policy aims primarily at managing operational risk in an effective and proactive manner and secondly at assessing and quantifying this risk. Moreover, the Partnership Group monitors its business relationship with its key suppliers and implements mechanisms to ensure the adherence to the contracts governing their business relationship.

### **Litigation risk**

Litigation risk is the risk of financial loss, interruption of the Partnership Group's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Partnership Group to execute its operations.

### **Reputation risk**

The risk of loss of reputation arising from the negative publicity relating to the Partnership Group's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Partnership Group. The Partnership Group applies procedures to minimize this risk.

### **Capital risk management**

The Partnership Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Partnership Group's overall strategy remains unchanged from last year.

### **Fair value estimation**

The fair values of the Partnership Group's financial assets and liabilities approximate their carrying amounts at the reporting date.

# WARGAMING.NET LLP

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## REPORT OF THE MEMBERS FOR THE YEAR ENDED 31 MARCH 2013

### STATEMENT OF MEMBERS' RESPONSIBILITIES

The members are responsible for preparing the Report of the Members and the financial statements in accordance with applicable law and regulations

Legislation applicable to limited liability partnerships requires the members to prepare consolidated financial statements for each financial year. Under that law the members have elected to prepare the consolidated financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under legislation applicable to limited liability partnerships the members must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Partnership Group and of the profit or loss of the Partnership Group for that period. In preparing these financial statements, the members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Partnership Group will continue in business

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership Group's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership Group and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to Partnership Group's by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the Partnership Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the members are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Partnership Group's auditors are unaware, and each member has taken all the steps that he ought to have taken as a member in order to make himself aware of any relevant audit information and to establish that the Partnership Group's auditors are aware of that information.

### AUDITORS

The auditors, Kounnis And Partners Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

### ON BEHALF OF THE MEMBERS



Ockster Financial Corp - Designated Member

Date

24/1/14

# WARGAMING.NET LLP

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WARGAMING NET LLP FOR THE YEAR ENDED 31 MARCH 2013

We have audited the Group and LLP financial statements (the "financial statements") of Wargaming net LLP for the year ended 31 March 2013 which comprise the Group Profit and Loss Account, the Group Balance Sheet, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of members and auditors

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

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the limited liability partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the members, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Members to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and limited liability partnership's affairs as at 31 March 2013 and of its group's profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and where applicable as applied to the Group and the limited liability partnership by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

### Matters on which we are required to report by exception

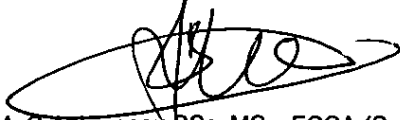
We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to the group and limited liability partnership requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit.

# WARGAMING.NET LLP

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WARGAMING.NET LLP FOR THE YEAR ENDED 31 MARCH 2013



Mr C A Joannou BSc, MSc, FCCA (Senior Statutory Auditor)  
for and on behalf of Kounnis And Partners Ltd  
Chartered Certified Accountants  
& Statutory Auditors  
Sterling House  
Fulbourne Road  
Walthamstow  
London  
E17 4EE

Date 24 January 2014

### **Note**

The maintenance and integrity of the Wargaming net LLP website is the responsibility of the members, the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website



# WARGAMING.NET LLP

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## GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 US\$	2012 US\$
Turnover	2	308,699,111	191,186,189
Cost of sales		<u>60,199,377</u>	<u>83,539,367</u>
Gross profit		248,499,734	107,646,822
Administrative expenses		<u>48,215,342</u>	<u>10,543,222</u>
		200,284,392	97,103,600
Other operating income		<u>627,571</u>	<u>597,839</u>
Operating profit	3	200,911,963	97,701,439
Interest payable and similar charges		<u>(3,109,807)</u>	<u>(56,406)</u>
Group profit for the financial year before taxation		197,802,156	97,645,033
Taxation	5	(645,606)	-
Profit for the financial year before members' remuneration and profit shares available for discretionary division among members		<u>197,156,550</u>	<u>97,645,033</u>

### CONTINUING OPERATIONS

None of the Group's activities were discontinued during the current year or previous year. However, during the year the Group acquired an Australian subsidiary.

### TOTAL RECOGNISED GAINS AND LOSSES

The Group has no recognised gains or losses other than the profits for the current year or previous year.

The notes to the Group accounts form part of these financial statements.

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# WARGAMING.NET LLP

## GROUP BALANCE SHEET AS AT 31 MARCH 2013

	Notes	2013		2012	
		US\$	US\$	US\$	US\$
<b>FIXED ASSETS</b>					
Intangible assets	6		13,922,013		-
Tangible assets	8		1,071,000		-
Investments	9		<u>7,489,300</u>		-
			<u>22,482,313</u>		-
<b>CURRENT ASSETS</b>					
Debtors	11	183,514,335		70,472,651	
Cash at bank		<u>124,052,567</u>		<u>67,460,568</u>	
		<u>307,566,902</u>		<u>137,933,219</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	13	<u>24,868,785</u>		<u>39,602,178</u>	
<b>NET CURRENT ASSETS</b>			<u>282,698,117</u>		<u>98,331,041</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>305,180,430</u>		<u>98,331,041</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	14		<u>9,809,128</u>		-
<b>TOTAL ASSETS LESS LIABILITIES and NET ASSETS ATTRIBUTABLE TO MEMBERS</b>			<u>295,371,302</u>		<u>98,331,041</u>
<b>LOANS AND OTHER DEBTS DUE TO MEMBERS</b>	17		<u>295,485,601</u>		<u>98,329,051</u>
<b>MEMBERS' OTHER INTERESTS</b>					
Capital accounts	16		1,990		1,990
Other reserves	19		<u>(116,289)</u>		-
			<u>295,371,302</u>		<u>98,331,041</u>
<b>TOTAL MEMBERS' INTERESTS</b>					
Loans and other debts due to members	17		<u>295,485,601</u>		<u>98,329,051</u>
Members' other interests	16		1,990		1,990
Other reserves	19		<u>(116,289)</u>		-
			<u>295,371,302</u>		<u>98,331,041</u>

The financial statements were approved by the members of the LLP on signed by



Ockster Financial Corp – Designated member

24/1/14

and were

The notes to the group accounts form part of these financial statements

# WARGAMING.NET LLP

## WARGAMING.NET LLP BALANCE SHEET 31 MARCH 2013 (REGISTERED NUMBER OC335225)

	Notes	2013		2012	
		US\$	US\$	US\$	US\$
<b>FIXED ASSETS</b>					
Intangible assets	7		-		-
Investments	10		<u>23,840,792</u>		<u>-</u>
			23,840,792		-
<b>CURRENT ASSETS</b>					
Debtors	11	183,478,600		70,472,651	
Cash at bank		<u>123,545,003</u>		<u>67,460,568</u>	
		307,023,603		137,933,219	
<b>CREDITORS</b>					
Amounts falling due within one year	13	<u>30,951,253</u>		<u>39,602,178</u>	
<b>NET CURRENT ASSETS</b>			<u>276,072,350</u>	<u>98,331,041</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>299,913,142</u>	<u>98,331,041</u>	
<b>CREDITORS</b>					
Amounts falling due after more than one year	14		6,069,000		-
<b>TOTAL ASSETS LESS LIABILITIES and NET ASSETS ATTRIBUTABLE TO MEMBERS</b>			<u>293,844,142</u>	<u>98,331,041</u>	
<b>LOANS AND OTHER DEBTS DUE TO MEMBERS</b>					
MEMBERS' OTHER INTERESTS					
Capital accounts	16		<u>1,990</u>		<u>1,990</u>
			<u>293,844,142</u>	<u>98,331,041</u>	
<b>TOTAL MEMBERS' INTERESTS</b>					
Loans and other debts due to members	18		293,842,152		98,329,051
Members' other interests	16		<u>1,990</u>		<u>1,990</u>
			<u>293,844,142</u>	<u>98,331,041</u>	

The financial statements were approved by the members of the LLP on signed by

24/1/14

and were



Ockster Financial Corp – Designated member

The notes to the accounts form part of these financial statements

# WARGAMING.NET LLP

## GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 US\$	2012 US\$
Net cash inflow from operating activities	1	100,994,201	63,475,383
Returns on investments and servicing of finance	2	-	(56,406)
Capital expenditure and financial investment	2	(44,402,202)	-
Transactions with members	2	-	-
		<u>56,591,999</u>	<u>63,418,977</u>
Financing	2	-	(286,311)
Increase in cash in the period		<u>56,591,999</u>	<u>63,132,666</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		56,591,999	63,132,666
Cash outflow from decrease in debt		-	<u>286,311</u>
Change in net debt resulting from cash flows		56,591,999	63,418,977
Non-cash change in loans and other debts due to members		<u>(197,156,550)</u>	<u>(97,636,223)</u>
Movement in net debt in the period		(140,564,551)	(34,217,246)
Net (debt)/funds at 1 April		<u>(30,868,483)</u>	<u>3,348,763</u>
Net debt at 31 March		<u>(171,433,034)</u>	<u>(30,868,483)</u>

The notes to the group accounts form part of these financial statements

# WARGAMING.NET LLP

## 1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013 US\$	2012 US\$
Operating profit	200,911,963	97,701,439
Depreciation / amortisation charges	2,336,023	154,193
Impairment charge	29,797,367	-
Exchange difference arising from foreign currencies	(3,109,807)	-
Fair value loss on financial assets (net)	(1,420,300)	-
Increase in debtors	(112,721,119)	(65,111,637)
(Decrease)/increase in creditors	<u>(14,799,926)</u>	<u>30,731,388</u>
<b>Net cash inflow from operating activities</b>	<b><u>100,994,201</u></b>	<b><u>63,475,383</u></b>

## 2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2013 US\$	2012 US\$
<b>Returns on investments and servicing of finance</b>		
Interest paid	-	<u>(56,406)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<u>-</u>	<u>(56,406)</u>
<b>Capital expenditure and financial investment</b>		
Purchase of property, plant and equipment	(786,300)	-
Acquisition of subsidiary	<u>(43,615,902)</u>	-
<b>Net cash outflow for capital expenditure and financial investment</b>	<b><u>(44,402,202)</u></b>	<b><u>-</u></b>
<b>Transactions with members</b>		
Payments to members	-	(8,810)
Contributions by members	-	<u>8,810</u>
<b>Net cash outflow from transactions with members</b>	<u>-</u>	<u>-</u>
<b>Financing</b>		
Loan repayments in year	-	<u>(286,311)</u>
<b>Net cash outflow from financing</b>	<u>-</u>	<u>(286,311)</u>

# WARGAMING.NET LLP

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## 3 ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.12 US\$	Cash flow US\$	Other non-cash changes US\$	At 31.3.13 US\$
Net cash				
Cash at bank	<u>67,460,568</u>	<u>56,591,999</u>		<u>124,052,567</u>
	<u>67,460,568</u>	<u>56,591,999</u>		<u>124,052,567</u>
Debt				
Loans and other debts due to members	<u>(98,329,051)</u>	<u>-</u>	<u>(197,156,550)</u>	<u>(295,485,601)</u>
	<u>(98,329,051)</u>	<u>-</u>	<u>(197,156,550)</u>	<u>(295,485,601)</u>
Total	<u>(30,868,483)</u>	<u>56,591,999</u>	<u>(197,156,550)</u>	<u>(171,433,034)</u>

The notes to the group accounts form part of these financial statements

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 1 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below

#### Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP) on Accounting by Limited Liability Partnerships (LLPs), accounting standards applicable in the United Kingdom and the Companies Act 2006, as applied to Limited Liability Partnerships

#### Basis of preparation

The consolidated financial statements have been prepared in accordance with UK GAAP. The consolidated financial statements have been prepared under the historical cost convention

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

The consolidated financial statements incorporate the financial statements of the Partnership and entities (including special purpose entities) controlled by the Partnership (its subsidiaries). Control is achieved where the Partnership has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the Members and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

#### Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Partnership and entities controlled by the Partnership (its subsidiaries). Control is achieved where the Partnership has power to govern the financial and operating policies of any entity so as to obtain benefits from its subsidiaries.

No individual profit and loss account is presented for Wargaming.net LLP, as permitted by Section 408 of the Companies Act 2006.

#### Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners and the equity interests issued by the Group in exchange for control of the at acquisition. Acquisition-related costs are generally recognised in profit or loss as incurred.

#### Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 1. Accounting Policies (continued)

#### Segmental reporting

The Group has only one operating segment, which is the distribution of the rights of the online game. As a result, the revenue, expenses, assets and liabilities which are shown on the statements of comprehensive income and financial position, belong to the aforesaid operating segment which is considered to be the sole operating segment in which the Group is engaged.

#### Turnover and revenue recognition

Group's turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for products or services provided in the normal course of business, net of discounts and sales related taxes. Turnover represents net invoiced value of consideration receivable, excluding value added tax.

Turnover is recognised to the extent it is probable that the economic benefits will flow to the Partnership Group or the Partnership Group has obtained the right to consideration and can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

##### (i) Sale of software

Revenue is recognised when significant risks and rewards of ownership of products have passed to the buyer and the cost incurred or to be incurred in respect of the transaction can be measured reliably. Risk and rewards of ownership are considered passed to the buyer at the time of delivery of the products to the customer.

##### (ii) Interest income

Revenue is recognised as interest accrues.

Turnover relates to the trade made outside the UK.

#### Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in United States Dollars, which is the functional currency of the Partnership, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income and then in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income and then in equity.

#### Taxation

LLP is transparent for tax purposes and therefore taxation paid is allocated to the partners in the share consistent with the ratios agreed for a basis of distribution of profit and losses for the year. Taxation on profits of the subsidiary companies represents the sum of the corporation tax currently payable and deferred tax.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the consolidated statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 1. Accounting policies (continued)

profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

#### Leasing and hire purchase contracts

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the period of the lease. Benefits received and receivable as an incentive to enter into an operating lease, including capital inducements, are similarly spread in equal amounts over the lease terms or until the first rent review if shorter.

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at their estimated fair value at the date of inception of each lease or contract. The total finance charge is allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

#### Staff Pensions

The partnership does not have any staff and does not operate a members pension scheme.

The subsidiary companies operate a defined contribution staff benefit scheme. Contributions to defined contribution schemes are charged to profit and loss account for the year when they become payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### Fixed Assets

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Leasehold improvements	3%
Plant and machinery	25-50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

#### Computer software (including intellectual property)

Costs directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently, computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, between a period of one to five years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

Intangible assets are derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognising of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 1. Accounting policies (continued)

#### **Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

#### **Financial instruments**

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

#### Trade debtors

Trade debtors are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

#### Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

#### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

#### Trade creditors

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

#### **Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

#### **Deferred income from government grants**

Government grants on non-current assets acquisitions are recorded as deferred income and recognised as income on a systematic and rational basis over the useful life of the asset. Grants are recognised when there is reasonable assurance that the Partnership will comply with the conditions attaching to them and that the grants will be received. Government grants that relate to expenses are recognised in profit or loss as revenue.

# WARGAMING.NET LLP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 2 Turnover

The turnover and profit for the financial year before members' remuneration and profit shares are attributable to the one principal activity of the LLP

An analysis of turnover by geographical market is given below

	2013		2012	
	Group	LLP	Group	LLP
	US\$	US\$	US\$	US\$
America	11,136	11,136	8,598,019	8,598,019
Asia	40,071,242	40,071,242	17,173,644	17,173,644
Russia and CIS	84,796,146	84,796,146	125,509,846	125,509,846
Europe ( Excluding UK )	183,608,146	183,608,146	39,904,680	39,904,680
Other ( Excluding UK )	212,441	58,518	-	-
	<u>308,699,111</u>	<u>308,545,188</u>	<u>191,186,189</u>	<u>191,186,189</u>

Turnover of the partnership group and of the LLP is all generated outside the UK

### 3. Operating profit

Operating profit is stated after charging the following items

	2013		2012	
	Group	LLP	Group	LLP
	US\$	US\$	US\$	US\$
Amortisation of intangibles	2,232,671	-	154,193	154,193
Depreciation of property, plant and equipment	103,352	-	-	-
Staff costs	3,059,746	-	-	-
Auditors' remuneration for the statutory audit of annual accounts	96,500	96,500	36,000	36,000

### 4 Staff costs Group

	2013 group US\$	2012 US\$
Wages and salaries	2,601,579	-
Other employer contributions	236,521	-
Pension contributions	221,646	-
	<u>3,059,746</u>	-
Average number of employees	<u>32</u>	-

The partnership did not employ any staff during the year or for the comparative year

# WARGAMING.NET LLP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 5. Taxation

	2013 group US\$	2012 US\$
Current tax		
Corporation tax	1,353,380	-
Deferred tax	(707,774)	-
<b>Charge for the year</b>	<b>645,606</b>	<b>-</b>

The partnership is transparent for taxation and any tax suffered in the jurisdiction in which the LLP operates is included in cost of sales for the year

### 6. Intangible fixed assets – Group

	Goodwill US\$	Computer software (including intellectual property) US\$	Development costs US\$	Total US\$
<b>Cost</b>				
At 1 April 2012	-	-	319,953	319,953
Additions from acquisitions of subsidiaries	29,797,367	19,754,055	-	49,551,422
Impairment charge	(29,797,367)	-	-	(29,797,367)
Exchange differences	-	(152,593)	-	(152,593)
<b>At 31 March 2013</b>	<b>-</b>	<b>19,601,462</b>	<b>319,953</b>	<b>19,921,415</b>
<b>Amortisation</b>				
At 1 April 2012	-	-	319,953	319,953
Additions from acquisitions of subsidiaries	-	3,472,862	-	3,472,862
Amortisation for the year	-	2,232,671	-	2,232,671
Exchange differences	-	(26,084)	-	(26,084)
<b>At 31 March 2013</b>	<b>-</b>	<b>5,679,449</b>	<b>319,953</b>	<b>5,999,402</b>
<b>Net book amount</b>				
At 31 March 2013	-	13,922,013	-	13,922,013
At 31 March 2012	-	-	-	-

### 7 Intangible fixed assets – LLP

	Development costs US\$	Total US\$
<b>Cost</b>		
At 1 April 2012	319,953	319,953
At 31 March 2013	319,953	319,953
<b>Amortisation</b>		
At 1 April 2012	319,953	319,953
At 31 March 2013	319,953	319,953
<b>Net book amount</b>		
At 31 March 2013	-	-
At 31 March 2012	-	-

# WARGAMING.NET LLP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 8 Tangible fixed assets Group

	Leasehold improvements US\$	Plant and machinery US\$	Total US\$
<b>Cost</b>			
At 1 April 2012	-	-	-
Acquisitions through business combinations	368,037	450,422	818,459
Additions	567,448	218,852	786,300
Exchange differences	(2,843)	(3,479)	(6,322)
<b>At 31 March 2013</b>	<b>932,642</b>	<b>665,795</b>	<b>1,598,437</b>
<b>Depreciation</b>			
At 1 April 2012	-	-	-
Acquisitions through business combinations	127,102	299,994	427,096
Charge for the year	32,017	71,335	103,352
Exchange differences	(893)	(2,118)	(3,011)
<b>At 31 March 2013</b>	<b>158,226</b>	<b>369,211</b>	<b>527,437</b>
<b>Net book amount</b>			
At 31 March 2013	<b>774,416</b>	<b>296,584</b>	<b>1,071,000</b>
At 31 March 2012	-	-	-

### 9. Fixed asset investments – Group

	Investments US\$	Totals US\$
<b>COST</b>		
Additions	10,539,000	10,539,000
Impairments	(3,049,700)	(3,049,700)
<b>NET BOOK VALUE</b>		
At 31 March 2013	<b>7,489,300</b>	<b>7,489,300</b>

Market value of listed investments at 31 March 2013 - \$7,489,300

## WARGAMING.NET LLP

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

#### 10. Fixed asset investments – LLP

	Shares in group undertakings US\$	Listed investments US\$	Totals US\$
<b>COST</b>			
Additions	46,148,859	10,539,000	56,687,859
Impairments	(29,797,367)	(3,049,700)	(32,847,067)
<b>NET BOOK VALUE</b>			
At 31 March 2013	<u>16,351,492</u>	<u>7,489,300</u>	<u>23,840,792</u>

Market value of listed investments at 31 March 2013 - \$7,489,300

The LLP's investments at the balance sheet date in the share capital of companies include the following

Name	Country of incorporation	Principal activities	Holding % 2013	2012	Investment Cost	
					2013 US\$	2012 US\$
Wargaming Australia Pty Limited (formerly Micro Forte Pty Limited)	Australia	Development and holding of intellectual property	100	-	46,148,859	-
					<u>46,148,859</u>	<u>-</u>

#### *Wargaming Australia Pty Limited*

On 6 July 2012, the Group acquired 100% of the share capital of Wargaming Australia Pty Limited (formerly Micro Forte Pty Limited)

No goodwill arose on consolidation as the difference between the purchase consideration and fair value of assets acquired has already been written off in the accounts of the holding LLP as an impairment charge on investment

# WARGAMING.NET LLP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

The assets and liabilities acquired were as follows

	Subsidiary's carrying amount before combination US\$	Fair value US\$
Intangible assets (intellectual property)	883,510	16,281,193
Property, plant and equipment	391,363	391,363
Deferred tax assets	411,268	411,268
Refundable taxes	1,651,939	1,651,939
Deposits	27,567	27,567
Trade debtors and prepayments	241,806	241,806
Cash and bank balances	4,166,737	4,166,737
Trade creditors and accruals	(1,690,267)	(1,690,267)
Accruals	(212,886)	(212,886)
Provisions	(31,296)	(31,296)
Deferred tax liabilities	(266,627)	(4,885,932)
<b>Net assets</b>	<b>5,573,114</b>	<b>16,351,492</b>

### 11 Debtors

	2013		2012	
	Group	LLP	Group	LLP
	US\$	US\$	US\$	US\$
Trade debtors	7,289,717	7,257,037	49,046,892	49,046,892
Other Debtors	175,675,211	176,221,563	21,425,759	21,425,759
Prepayments	228,842	-	-	-
Corporation tax	320,565	-	-	-
	<u>183,514,335</u>	<u>183,478,600</u>	<u>70,472,651</u>	<u>70,472,651</u>

The prepayments of US\$228,842 as well as an amount of US\$11,436 included in other debtors are both recoverable after more than one year

### 12 Deferred tax liability - Group

The movement on the deferred taxation account is as follows

	Temporary tax differences 2013	
	US\$	US\$
Charged/(credited) to	-	-
Group profit and loss account	(707,774)	-
Exchange differences	(26,762)	-
Additions from acquisitions of subsidiaries	4,474,664	-
<b>Balance at 31 March 2013</b>	<b>3,740,128</b>	<b>-</b>

There is no deferred taxation relating to the LLP as being transparent for tax purposes all tax is attached to the member of the partnership personally

# WARGAMING.NET LLP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 13 Creditors – amounts falling due within one year

	2013		2012	
	Group	LLP	Group	LLP
	US\$	US\$	US\$	US\$
Trade creditors	23,310,926	22,993,994	35,362,004	35,362,004
Amounts owed to group undertakings	-	7,131,007	-	-
Other creditors	403,182	-	-	-
Accruals	1,154,677	826,252	4,240,174	4,240,174
	<b>24,868,785</b>	<b>30,951,253</b>	<b>39,602,178</b>	<b>39,602,178</b>

### 14 Creditors – amounts falling due after more than one year

	2013		2012	
	Group	LLP	Group	LLP
	US\$	US\$	US\$	US\$
Accruals and deferred Income	6,069,000	6,069,000	-	-
Deferred Tax Liability (Note 15)	3,740,128	-	-	-
	<b>9,809,128</b>	<b>6,069,000</b>	<b>-</b>	<b>-</b>

### 15 Provision for liabilities

	Deferred tax 2013		Deferred tax 2012	
	Group	LLP	Group	LLP
	US\$	US\$	US\$	US\$
Charged/(credited) to Group profit and loss account	(707,774)	-	-	-
Exchange differences	(26,762)	-	-	-
Additions from acquisitions of subsidiaries	4,474,664	-	-	-
<b>Balance at 31 March 2013</b>	<b>3,740,128</b>	<b>-</b>	<b>-</b>	<b>-</b>



# WARGAMING.NET LLP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 16. Members' capital

	Lunarbelle Management Inc US\$	Sandrix Business Inc US\$	Ockster Financial Corp US\$	Kloyster Systems Corp US\$	Total US\$
Balance at 1 April 2011	796	398	398	398	1,990
At 1 April 2012	796	398	398	398	1,990
At 31 March 2013	796	398	398	398	1,990

### 17 Members' other interests - Group

	Lunarbelle Management Inc US\$	Sandrix Business Inc US\$	Ockster Financial Corp US\$	Kloyster Systems Corp US\$	Total US\$
At 1 April 2011	277,131	138,566	138,566	138,566	692,829
Drawings	(8,810)	-	-	-	(8,810)
Share of profit for the year	39,058,014	19,529,006	19,529,006	19,529,006	97,645,032
At 1 April 2012	39,326,335	19,667,572	19,667,572	19,667,572	98,329,051
Share of profit for the year	78,862,620	39,431,310	39,431,310	39,431,310	197,156,550
At 31 March 2013	118,188,955	59,098,882	59,098,882	59,098,882	295,485,601

### 18 Members' other interests - LLP

	Lunarbelle Management Inc US\$	Sandrix Business Inc US\$	Ockster Financial Corp US\$	Kloyster Systems Corp US\$	Total US\$
At 1 April 2011	277,131	138,566	138,566	138,566	692,829
Drawings	(8,810)	-	-	-	(8,810)
Share of profit for the year	39,058,014	19,529,006	19,529,006	19,529,006	97,645,032
At 1 April 2012	39,326,335	19,667,572	19,667,572	19,667,572	98,329,051
Share of profit for the year	78,205,241	39,102,620	39,102,620	39,102,620	195,513,101
At 31 March 2013	117,531,576	58,770,192	58,770,192	58,770,192	293,842,152

### 19 Other reserves

	Translation reserve US\$	Total US\$
Balance at 1 April 2011	-	-
At 1 April 2012	-	-
Exchange difference arising on the translation and consolidation of foreign companies' financial statements	(116,289)	(116,289)
At 31 March 2013	(116,289)	(116,289)

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. United States Dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

# WARGAMING.NET LLP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 20. MEMBERS' INTERESTS - Group

#### Members' other interests

	Members' capital (classified as equity) US\$	Reserves US\$	Other reserves US\$	Total US\$	Loans and other debts due to members US\$	Total US\$
Balance at 1 April 2012	1,990	-		1,990	98,329,051	98,331,04
Profit for the financial year available for discretionary division among members		197,156,550	(116,289)	197,040,261		197,040,26
Members' interests after profit for the year	1,990	197,156,550	(116,289)	197,042,251	98,329,051	295,371,30
Other divisions of profit	-	(197,156,550)	-	(197,156,550)	197,156,550	
Balance at 31 March 2013	<u>1,990</u>	<u>-</u>	<u>(116,289)</u>	<u>(114,299)</u>	<u>295,485,601</u>	<u>295,371,30</u>

### 21 MEMBERS' INTERESTS - LLP

#### Members' other interests

	Members' capital (classified as equity) US\$	Reserves US\$	Total US\$	Loans and other debts due to members US\$	Total US\$
Balance at 1 April 2012	1,990	-	1,990	98,329,051	98,331,04
Profit for the financial year available for discretionary division among members		195,513,101	195,513,101		195,513,10
Members' interests after profit for the year	1,990	195,513,101	195,515,491	98,329,051	293,844,14
Other divisions of profit	-	(195,513,101)	(195,513,101)	195,513,101	
Balance at 31 March 2013	<u>1,990</u>	<u>-</u>	<u>1,990</u>	<u>293,842,152</u>	<u>293,844,14</u>

# WARGAMING.NET LLP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 22 Related parties

#### GamesStream Limited

A company which is under common control with the LLP

The LLP paid US\$ nil (2012 US\$2,900,000) to the company which is included in purchases as cost of sales. As at the year end no amounts were outstanding or payable to/by the company.

#### Wargaming Public Company Limited

A Company which is under common control with the LLP

Included in other debtors are amounts due from Wargaming Public Company Limited. The amounts are repayable on demand on which interest is charged on a commercial rate agreed on a third party basis. The balance receivable as at 31 March 2013 amounted to US\$12,617,741 (2012 US\$12,765,735). During the year loan interest income credited to the profit and loss account amounted to US\$355,666 (2012 US\$91,726).

During the year ended 31 March 2013, the Partnership entered into an agreement under which rights have been assigned relating to title and interest in certain patents for a consideration of US\$3,200,000. Wargaming Public Company Limited has provided an irrevocable and unconditionally guaranteed relating to the performance by the Partnership of each and every obligation under the agreement.

#### Wargaming America Inc

A Company which is under common control with the LLP

Included in other debtors are amounts due from Wargaming America Inc. The amounts are repayable on demand on which interest is charged on a commercial rate agreed on a third party basis. The balance receivable as at 31 March 2013 amounted to US\$3,540,034. During the year US\$218,838 was credited to the profit and loss account (2012 US\$99,405). The balance was repaid in full subsequent to the year end.

The Partnership under an agreement with Wargaming America Inc receives customer support and marketing services. These services are billed at cost plus 12% mark up. An amount of US\$167,226 was charged to the profit & loss for the year ended 31 March 2013 (2012 US\$885,439).

#### Other related party transactions

Included in other debtors are amounts due from companies under the control of the partners of the LLP. The amounts are repayable on demand on which interest is charged on a commercial rate agreed on a third party basis. The balance receivable as at 31 March 2013 amounted to US\$4,119,853 (US\$3,278,493). During the year interest income credited to the profit and loss account amounted to US\$9,655 (2012 US\$4,062).

#### Guarantees provided by related parties

During the year ended 31 March 2013, the Group entered into a Patent Assignment Agreement with International Business Machines Corporation "IBM" whereby IBM has assigned all rights, title and interest in certain patents (the "Assigned Patents") for a consideration of US\$3,200,000. In connection with the above Patent Assignment Agreement, Wargaming Public Company Limited irrevocably and unconditionally guaranteed the performance by the Group of each and every obligation under the agreement.

### 23. Commitments

#### Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows

	2013	2012
	US\$	US\$
Within one year	290,773	-
Between one and five years	930,473	-
After five years	174,464	-
	<u>1,395,710</u>	<u>-</u>

### 24 Post balance sheet events

On 30 April 2013 the Group has exercised its right deriving from the above licensing agreement and acquired 120,000,000 ordinary shares of KongZong Corporation at the exercise price of US\$0.1485 per share.

## WARGAMING.NET LLP

### COST OF SALES AND ADMINISTRATION EXPENSES FOR THE YEAR ENDED 31 MARCH 2013

	2013 US\$	2012 US\$
<b>Cost of sales</b>		
<b>Direct costs</b>		
Purchases	50,166,714	77,698,789
Amortisation development costs	-	154,193
Conferences and shows	3,367,896	2,362,669
Consultancy fees	6,664,767	3,323,716
	<u>60,199,377</u>	<u>83,539,367</u>
	2013 US\$	2012 US\$
<b>Administration expenses</b>		
Rent	83,961	-
Electricity	15,597	-
Water supply and cleaning	6,479	-
Insurance	19,665	-
Repairs and maintenance	3,255	-
Sundry expenses	58,388	-
Telephone, postage, printing and stationery	65,434	-
Staff training and other costs	35,078	-
Auditors' remuneration	96,500	36,000
Accounting fees	-	16,180
Legal and professional fees	1,696,478	265,142
Travelling	319,362	42,009
Advertising	5,658,787	10,171,745
Entertaining	38,843	-
Sundry expenses	393	-
Marketing and sponsorship	4,934,032	-
Fairvalue adjustment to investment	32,847,067	-
Amortisation	2,336,023	-
Bank charges	-	12,146
	<u>48,215,342</u>	<u>10,543,222</u>