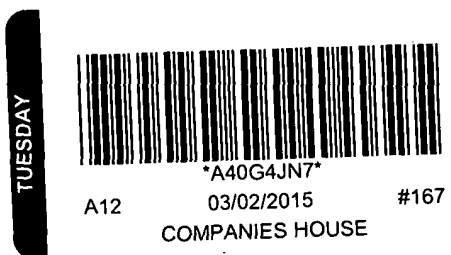


Registered number OC335225

**WARGAMING.NET LLP**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**



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

# **WARGAMING.NET LLP**

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## **CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

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# WARGAMING.NET LLP

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## DESIGNATED MEMBERS AND OTHER OFFICERS

<b>Designated members:</b>	Lunarbelle Management Inc. Sandrix Business Inc. Ockster Financial Corp. Kloyster Systems Corp.
<b>Registered address:</b>	Sterling House Fulbourne Road London E17 4EE United Kingdom
<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 London E17 4EE United Kingdom
<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 2014

The members present their report with the consolidated financial statements of the LLP and its subsidiaries for the year ended 31 March 2014.

### 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 yearend:

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 (MMOG's) industry.

### REVIEW OF BUSINESS

The group activity levels remains strong as the group consolidates its position and continues to demonstrate its commitment to invest in its future by innovation and growth. The Partnership Group's 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 are 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 Groups profit for the year before members' remuneration and profit shares was \$230,217,707 (2013 - \$197,156,550).

### MEMBERS' INTERESTS

Members are remunerated from the profits of the Partnership Group. 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 2014

### **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 a given security or asset cannot be traded quickly to prevent a loss (or make a required profit). The LLP 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, Chinese Yuan Renminbi 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.

## REPORT OF THE MEMBERS FOR THE YEAR ENDED 31 MARCH 2014

### 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.

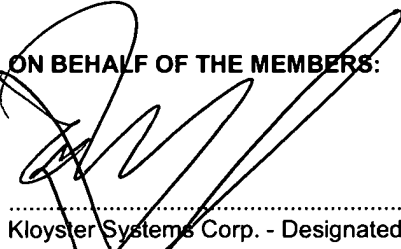
### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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:**



.....  
Kloyster Systems Corp. - Designated Member

Date: 27<sup>th</sup> January 2015

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WARGAMING.NET LLP FOR THE YEAR ENDED 31 MARCH 2014

We have audited the Group and LLP financial statements (the "financial statements") of Wargaming.Net LLP for the year ended 31 March 2014 which comprises of 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 2014 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
WARGAMING.NET LLP  
FOR THE YEAR ENDED 31 MARCH 2014**

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  
London  
E17 4EE  
United Kingdom

Date: 28<sup>th</sup> January 2015

**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

## GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 US\$	2013 US\$
Turnover	2	309,453,155	308,699,111
Cost of sales		<u>78,126,248</u>	<u>60,199,377</u>
Gross profit		231,326,907	248,499,734
Administrative expenses		<u>8,320,292</u>	<u>48,215,342</u>
		223,006,615	200,284,392
Other operating income	3	<u>5,793,272</u>	<u>627,571</u>
Operating profit	4	228,799,887	200,911,963
Interest payable and similar charges		<u>-</u>	<u>(3,109,807)</u>
		228,799,887	197,802,156
Group profit for the financial year before taxation			
Taxation	6	1,417,820	(645,606)
Profit for the financial year before members' remuneration and profit shares available for discretionary division among members		<u>230,217,707</u>	<u>197,156,550</u>

### PROFIT DISTRIBUTION BETWEEN PARTNERS

	2014 Percentage	2013 Percentage	2014 US\$	2013 US\$
Lunarbell Management Inc.	40%	40%	92,087,084	78,862,620
Sandrix Business Inc.	20%	20%	46,043,541	39,431,310
Ockster Financial Corp.	20%	20%	46,043,541	39,431,310
Kloyster Systems Corp.	20%	20%	46,043,541	39,431,310
			<u>230,217,707</u>	<u>197,156,550</u>

### CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year or previous year.

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

**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MARCH 2014**

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		<b>2014</b>	<b>2013</b>
		<b>US\$</b>	<b>US\$</b>
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>	<b>15</b>	<b>230,217,707</b>	<b>197,156,550</b>
Gains on investments		<b>20,252,000</b>	-
Unrealised exchange gains		<b>7,534,572</b>	-
Translation reserve		<b>(1,882,363)</b>	<b>(116,289)</b>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<b><u>256,121,916</u></b>	<b><u>197,040,261</u></b>

**GROUP BALANCE SHEET  
AS AT 31 MARCH 2014**

		2014		2013	
	Notes	US\$	US\$	US\$	US\$
<b>FIXED ASSETS</b>					
Intangible assets	7		9,367,306		13,922,013
Tangible assets	8		1,000,046		1,071,000
Investments	9		48,611,000		7,489,300
			<u>58,978,352</u>		<u>22,482,313</u>
<b>CURRENT ASSETS</b>					
Debtors	10	346,261,654		183,514,335	
Cash at bank		<u>172,659,528</u>		<u>124,052,567</u>	
		<u>518,921,182</u>		<u>307,566,902</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	11	<u>20,906,107</u>		<u>24,868,785</u>	
<b>NET CURRENT ASSETS</b>			<u>498,015,075</u>		<u>282,698,117</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>556,993,427</u>		<u>305,180,430</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	12		<u>5,500,209</u>		<u>9,809,128</u>
<b>TOTAL ASSETS LESS LIABILITIES and NET ASSETS ATTRIBUTABLE TO MEMBERS</b>			<u>551,493,218</u>		<u>295,371,302</u>
<b>LOANS AND OTHER DEBTS DUE TO MEMBERS</b>	15		525,703,308		295,485,601
<b>MEMBERS' OTHER INTERESTS</b>					
Capital accounts	14		1,990		1,990
Other reserves	16		<u>25,787,920</u>		<u>(116,289)</u>
	17		<u>551,493,218</u>		<u>295,371,302</u>
<b>TOTAL MEMBERS' INTERESTS</b>					
Loans and other debts due to members	15		525,703,308		295,485,601
Members' other interests	14 & 16		<u>25,789,910</u>		<u>(114,299)</u>
	17		<u>551,493,218</u>		<u>295,371,302</u>

The financial statements were approved by the members of the LLP on 27<sup>th</sup> January 2015 and were signed by:

.....  
Kloyster Systems Corp. – Designated member

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

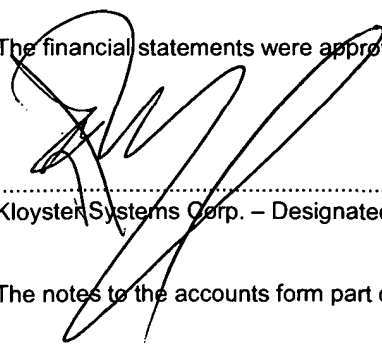
# WARGAMING.NET LLP

## WARGAMING.NET LLP BALANCE SHEET

31 MARCH 2014 (REGISTERED NUMBER: OC335225)

		2014		2013	
	Notes	US\$	US\$	US\$	US\$
<b>FIXED ASSETS</b>					
Intangible assets	7		-		-
Investments	9		<u>64,062,492</u>		<u>23,840,792</u>
			<b>64,062,492</b>		<b>23,840,792</b>
<b>CURRENT ASSETS</b>					
Debtors	10	<b>345,928,717</b>		183,478,600	
Cash at bank		<u>171,484,322</u>		<u>123,545,003</u>	
		<b>517,413,039</b>		<b>307,023,603</b>	
<b>CREDITORS</b>					
Amounts falling due within one year	11	<u>26,705,450</u>		<u>30,951,253</u>	
<b>NET CURRENT ASSETS</b>			<u><b>490,707,589</b></u>		<u><b>276,072,350</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>554,770,081</b>		<b>299,913,142</b>
<b>CREDITORS</b>					
Amounts falling due after more than one year	12		<u>3,346,000</u>		<u>6,069,000</u>
<b>TOTAL ASSETS LESS LIABILITIES and NET ASSETS ATTRIBUTABLE TO MEMBERS</b>			<u><b>551,424,081</b></u>		<u><b>293,844,142</b></u>
<b>LOANS AND OTHER DEBTS DUE TO MEMBERS</b>	15		<b>523,635,519</b>		<b>293,842,152</b>
<b>MEMBERS' OTHER INTERESTS</b>					
Capital accounts	14		1,990		1,990
Revaluation reserve	16		<u>27,786,572</u>		<u>-</u>
	17		<u><b>551,424,081</b></u>		<u><b>293,844,142</b></u>
<b>TOTAL MEMBERS' INTERESTS</b>					
Loans and other debts due to members	15		<b>523,635,519</b>		<b>293,842,152</b>
Members' other interests	14 & 16		<u>27,788,562</u>		<u>1,990</u>
	17		<u><b>551,424,081</b></u>		<u><b>293,844,142</b></u>

The financial statements were approved by the members of the LLP on 27<sup>th</sup> January 2015 and were signed by:

  
Kloyster Systems 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 2014

Notes		2014 US\$	2013 US\$
<b>Net cash inflow from operating activities</b>	1	67,085,227	100,994,201
<b>Returns on investments and servicing of finance</b>	2	(119,351)	-
<b>Capital expenditure and financial investment</b>	2	(18,358,915)	(44,402,202)
<b>Transactions with members</b>	2	-	-
		48,606,961	56,591,999
<b>Financing</b>	2	-	-
<b>Increase in cash in the period</b>		<u>48,606,961</u>	<u>56,591,999</u>
<b>Reconciliation of net cash flow to movement in net debt</b>	3		
Increase in cash in the period		48,606,961	56,591,999
Cash outflow from decrease in debt		-	-
Change in net debt resulting from cash flows		48,606,961	56,591,999
Non-cash change in loans and other debts due to members		<u>(230,217,707)</u>	<u>(197,156,550)</u>
<b>Movement in net debt in the period</b>		<b>(181,610,746)</b>	<b>(140,564,551)</b>
<b>Net (debt)/funds at 1 April</b>		<b><u>(171,433,034)</u></b>	<b><u>(30,868,483)</u></b>
<b>Net debt at 31 March</b>		<b><u>(353,043,780)</u></b>	<b><u>(171,433,034)</u></b>

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

	2014 US\$	2013 US\$
Operating profit	228,799,887	200,911,963
Depreciation / amortisation charges	3,281,097	2,336,023
Impairment charge	54,647	29,797,367
Exchange difference arising from foreign currencies	(1,333,027)	(3,109,807)
Fair value loss on financial assets (net)	(3,049,700)	(1,420,300)
Loss on disposal of fixed assets	236,427	-
Increase in debtors	(154,855,800)	(112,721,119)
Decrease in creditors	(6,048,304)	(14,799,926)
<b>Net cash inflow from operating activities</b>	<b>67,085,227</b>	<b>100,994,201</b>

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

	2014 US\$	2013 US\$
<b>Returns on investments and servicing of finance</b>		
Tax paid	(119,351)	-
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(119,351)</b>	
<b>Capital expenditure and financial investment</b>		
Purchase of property, plant and equipment	(538,915)	(786,300)
Acquisition of subsidiary	-	(43,615,902)
Purchase of shares	(17,820,000)	-
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(18,358,915)</b>	<b>(44,402,202)</b>
<b>Transactions with members</b>		
Payments to members	-	-
Contributions by members	-	-
<b>Net cash outflow from transactions with members</b>	<b>-</b>	<b>-</b>
<b>Financing</b>		
Loan repayments in year	-	-
<b>Net cash outflow from financing</b>	<b>-</b>	<b>-</b>

## 3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.13 US\$	Cash flow US\$	Other non-cash changes US\$	At 31.3.14 US\$
<b>Net cash:</b>				
Cash at bank	124,052,567	48,606,961		172,659,528
	<u>124,052,567</u>	<u>48,606,961</u>		<u>172,659,528</u>
<b>Debt:</b>				
Loans and other debts due to members	(295,485,601)	-	(230,217,707)	(525,703,308)
	<u>(295,485,601)</u>	<u>-</u>	<u>(230,217,707)</u>	<u>(525,703,308)</u>
<b>Total</b>	<b>(171,433,034)</b>	<b>48,606,961</b>	<b>(230,217,707)</b>	<b>(353,043,780)</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 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 as modified by the revaluation of certain assets 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 and 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.

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 (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.

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 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.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Business Combinations above) less accumulated impairment losses, if any. An impairment loss recognised for goodwill is not reversed in a subsequent period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 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.

LLP's turnover comprises of revenue generated from sale of games related content that requires LLP's hosting support to provide enhanced gaming experience. This primarily consists of entitlements to content of massively multi player online (MMO) games that are delivered through hosting services (e.g. micro transactions for Internet based games). In addition, revenue is also generated through reseller agreements entered into with related parties.

The turnover is recognised when significant risks and rewards of ownership have been transferred to the customer, which is usually when the LLP has sold or delivered the products, or provided the service to the customer, the customer has accepted the products or service and collectability of the related receivable is reasonably assured. Sales are presented net of commissions paid to the aggregator companies.

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 are 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 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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014****1. Accounting policies (continued)****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 member's pension scheme.

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

**Fixed Assets**

Fixed assets are stated at historical cost less accumulated amortisation / depreciation and any accumulated impairment losses. Amortisation / 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 amortisation / depreciation rates used are as follows:

	%
Leasehold improvements	10%
Plant and machinery	25%

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

**Computer software (including intellectual property)**

Costs directly associated with identifiable and unique computer software products controlled by the Group 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.

**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).

**Deferred income**

Deferred income represents income receipts which relates to future periods.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014****1. Accounting policies (continued)****Research and development**

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the LLP can demonstrate the technical feasibility of completing the intangible assets so that it will be available for use or sale, its intention to complete and its ability; to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulate amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

**Repairs and maintenance of property, plant and equipment**

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.

**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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 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:

	2014		2013	
	Group	LLP	Group	LLP
	US\$	US\$	US\$	US\$
America	13,110	13,110	11,136	11,136
Asia	36,964,679	36,964,679	40,071,242	40,071,242
Russia and other CIS	11,637	11,637	84,796,146	84,796,146
Europe ( Excluding UK )	271,856,107	271,856,107	183,608,146	183,608,146
Other ( Excluding UK )	607,622	259,433	212,441	58,518
	<b>309,453,155</b>	<b>309,104,966</b>	<b>308,699,111</b>	<b>308,545,188</b>

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

### 3. Other income

	2014		2013	
	Group	LLP	Group	LLP
	US\$	US\$	US\$	US\$
Interest receivable	218,604	216,288	627,571	584,933
Foreign exchange gains	2,524,968	1,874,921	-	-
Reversal of impairment	3,049,700	3,049,700	-	-
<b>At 31 March 2014</b>	<b>5,793,272</b>	<b>5,140,909</b>	<b>627,571</b>	<b>584,933</b>

### 4. Operating profit

Operating profit is stated after charging the following items:

	2014		2013	
	Group	LLP	Group	LLP
	US\$	US\$	US\$	US\$
Amortisation of intangibles	3,024,146	-	2,232,671	-
Loss on disposal of property, plant and equipment	236,427	-	-	-
Impairment charge property, plant and equipment	54,647	-	-	32,847,067
Depreciation of property, plant and equipment	256,951	-	103,352	-
Staff costs	6,739,132	-	3,059,746	-
Foreign exchange losses	-	-	-	3,006,617
Reversal of write offs	3,049,700	3,049,700	-	-
Auditors' remuneration for the statutory audit of annual accounts	139,182	100,000	96,500	96,500

# WARGAMING.NET LLP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 5. Staff costs Group

	2014 group US\$	2013 US\$
Wages and salaries	6,009,053	2,601,579
Other employer contributions	307,516	236,521
Pension contributions	422,563	221,646
	<u>6,739,132</u>	<u>3,059,746</u>
Average number of employees	<u>64</u>	<u>32</u>

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

### 5a Information in relation to members

	2014 Group US\$	LLP US\$	2013 Group US\$	LLP US\$
The amount of profit attributable to the member with the largest entitlement was	<u>92,087,084</u>	<u>91,917,345</u>	<u>78,862,621</u>	<u>78,205,240</u>

### 6. Taxation

	2014 group US\$	2013 US\$
Current tax:		
Corporation tax	-	1,353,380
Overprovision in previous years	(237,596)	-
Deferred tax	<u>(1,180,224)</u>	<u>(707,774)</u>
Charge for the year	<u>1,417,820</u>	<u>645,606</u>

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

### 7. Intangible fixed assets – Group

	Goodwill US\$	Computer software (including intellectual property) US\$	Development costs US\$	Total US\$
<b>Cost</b>				
At 1 April 2013	29,797,367	19,601,462	319,953	49,718,782
Disposal	-	-	-	-
Impairment charge	-	-	-	-
Exchange differences	-	(1,952,053)	-	(1,952,053)
At 31 March 2014	<u>29,797,367</u>	<u>17,649,409</u>	<u>319,953</u>	<u>47,766,729</u>
<b>Amortisation / Impairment</b>				
At 1 April 2013	29,797,367	5,679,449	319,953	35,796,769
Amortisation for the year	-	3,024,146	-	3,024,146
Eliminated on impairment	-	-	-	-
Exchange differences	-	(421,492)	-	(421,492)
At 31 March 2014	<u>29,797,367</u>	<u>8,282,103</u>	<u>319,953</u>	<u>38,399,423</u>
<b>Net book amount</b>				
At 31 March 2014	<u>-</u>	<u>9,367,306</u>	<u>-</u>	<u>9,367,306</u>
At 31 March 2013	<u>-</u>	<u>13,922,013</u>	<u>-</u>	<u>13,922,013</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**
**7. Intangible fixed assets – LLP**

	Development costs US\$	Total US\$
<b>Cost</b>		
At 1 April 2013	319,953	319,953
At 31 March 2014	<u>319,953</u>	<u>319,953</u>
<b>Amortisation / Impairment</b>		
At 1 April 2013	319,953	319,953
At 31 March 2014	<u>319,953</u>	<u>319,953</u>
<b>Net book amount</b>		
At 31 March 2014 & 31 March 2013	<u>-</u>	<u>-</u>

**8. Tangible fixed assets Group**

	Leasehold improvements US\$	Plant and machinery US\$	Total US\$
<b>Cost</b>			
At 1 April 2013	932,642	665,795	1,598,437
Additions	241,650	297,265	538,915
Disposal	(323,995)	-	(323,995)
Exchange differences	(105,216)	(75,112)	(180,328)
Impairment	-	(54,647)	(54,647)
At 31 March 2014	<u>745,081</u>	<u>833,301</u>	<u>1,578,382</u>
<b>Depreciation</b>			
At 1 April 2013	158,226	369,211	527,437
Charge for the year	94,218	162,733	256,951
Eliminated on disposal	(144,293)	-	(144,293)
Exchange differences	(18,678)	(43,081)	(61,759)
At 31 March 2014	<u>89,473</u>	<u>488,863</u>	<u>578,336</u>
<b>Net book amount</b>			
At 31 March 2014	<u>655,608</u>	<u>344,438</u>	<u>1,000,046</u>
At 31 March 2013	<u>774,416</u>	<u>296,584</u>	<u>1,071,000</u>

**9. Fixed asset investments – Group**

	Listed Investments US\$	Totals US\$
<b>COST</b>		
At 1 April 2013	7,489,300	7,489,300
Additions	17,820,000	17,820,000
Revaluation	20,252,000	20,252,000
Reversal of impairments	3,049,700	3,049,700
<b>NET BOOK VALUE</b>		
At 31 March 2014	<u>48,611,000</u>	<u>48,611,000</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

### 9. Fixed asset investments – Group (continued)

#### Listed investments

Listed investments relates to shares and warrants held by the LLP in Kong Zhong Corporation an online game developer and operator in China listed on NASDAQ. The shares were acquired during the year by exercising the warrants issued as consideration of extension of licenses granted for the distribution of an online game in China. The warrants held as at the yearend were also issued for consideration of licences relating to games which are exercisable by the LLP within 3 years after the commercial launch of the relevant games. The share and warrants are valued by the members as at the yearend based on the quoted price of the shares.

Market value of listed investments at 31 March 2014 - \$48,611,000.

#### 9. Fixed asset investments – LLP

	Shares in undertakings US\$	Listed investments US\$	Totals US\$
<b>COST</b>			
At 1 April 2013	16,351,492	7,489,300	23,840,792
Additions	-	17,820,000	17,820,000
Revaluation	-	20,252,000	20,252,000
Impairments	(900,000)		(900,000)
Reversal of impairments	-	3,049,700	3,049,700
At 31 March 2014	<u>15,451,492</u>	<u>48,611,000</u>	<u>64,062,492</u>

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 %		Investment Cost	
			2014	2013	2014 US\$	2013 US\$
Wargaming Australia Pty Limited	Australia	Development and holding of intellectual property	100	100	46,148,859	46,148,859
					<u>46,148,859</u>	<u>46,148,859</u>

#### Listed investments

Listed investments relates to shares and warrants held by the LLP in Kong Zhong Corporation an online game developer and operator in China listed on NASDAQ. The shares were acquired during the year by exercising the warrants issued as consideration of extension of licenses granted for the distribution of an online game in China. The warrants held as at the yearend were also issued for consideration of licences relating to games which are exercisable by the LLP within 3 years after the commercial launch of the relevant games. The share and warrants are valued by the members as at the yearend based on the quoted price of the shares.

Market value of listed investments at 31 March 2014 - \$48,611,000.

### 10. Debtors

	2014		2013	
	Group	LLP	Group	LLP
	US\$	US\$	US\$	US\$
Trade debtors	183,429,479	183,380,414	7,289,717	7,257,037
Other Debtors	161,875,008	162,548,303	175,675,211	176,221,563
Prepayments	279,655	-	228,842	-
Corporation tax	677,512	-	320,565	-
	<u>346,261,654</u>	<u>345,928,717</u>	<u>183,514,335</u>	<u>183,478,600</u>

Included in prepayment is US\$279,655 is amounts recoverable after more than one year (2013: US\$144,855).

# WARGAMING.NET LLP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

### 11. Creditors – amounts falling due within one year

	2014		2013	
	Group	LLP	Group	LLP
	US\$	US\$	US\$	US\$
Trade creditors	17,178,132	16,318,241	23,310,926	22,993,994
Amounts owed to group undertakings	-	7,293,990	-	7,131,007
Other creditors	-	-	403,182	-
Accruals and deferred income	3,727,975	3,093,219	1,154,677	826,252
	<b>20,906,107</b>	<b>26,705,450</b>	<b>24,868,785</b>	<b>30,951,253</b>

### 12. Creditors – amounts falling due after more than one year

	2014		2013	
	Group	LLP	Group	LLP
	US\$	US\$	US\$	US\$
Accruals and deferred Income	3,346,000	3,346,000	6,069,000	6,069,000
Deferred Tax Liability (Note 13)	2,154,209	-	3,740,128	-
	<b>5,500,209</b>	<b>3,346,000</b>	<b>9,809,128</b>	<b>6,069,000</b>

### 13. Provision for liabilities

	Deferred tax 2014		Deferred tax 2013	
	Group	LLP	Group	LLP
	US\$	US\$	US\$	US\$
Balance at 1 April 2013	3,740,128	-	-	-
Charged/(credited) to:				
Group profit and loss account	(1,180,224)	-	(707,774)	-
Foreign exchange differences	(405,695)	-	(26,762)	-
Additions from acquisitions of subsidiaries	-	-	4,474,664	-
<b>Balance at 31 March 2014</b>	<b>2,154,209</b>	<b>-</b>	<b>3,740,128</b>	<b>-</b>

### 14. Members' capital

	Lunarbell Management Inc. US\$	Sandrix Business Inc. US\$	Ockster Financial Corp. US\$	Kloyster Systems Corp. US\$	Total US\$
At 1 April 2013	796	398	398	398	1,990
At 31 March 2014	<b>796</b>	<b>398</b>	<b>398</b>	<b>398</b>	<b>1,990</b>

# WARGAMING.NET LLP

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 15. Members' other interests - Group

	Lunarbell Management Inc. US\$	Sandrix Business Inc. US\$	Ockster Financial Corp. US\$	Kloyster Systems Corp. US\$	Total US\$
At 1 April 2013	118,188,955	59,098,882	59,098,882	59,098,882	295,485,601
Share of profit for the year	92,087,084	46,043,541	46,043,541	46,043,541	230,217,707
	<b>210,276,039</b>	<b>105,142,423</b>	<b>105,142,423</b>	<b>105,142,423</b>	<b>525,703,308</b>
Other reserve	10,315,168	5,157,584	5,157,584	5,157,584	25,787,920
At 31 March 2014	<b>220,591,207</b>	<b>110,300,007</b>	<b>110,300,007</b>	<b>110,300,007</b>	<b>551,491,228</b>

### 15. Members' other interests - LLP

	Lunarbell Management Inc. US\$	Sandrix Business Inc. US\$	Ockster Financial Corp. US\$	Kloyster Systems Corp. US\$	Total US\$
At 1 April 2013	117,531,576	58,770,192	58,770,192	58,770,192	293,842,152
Share of profit for the year	91,917,345	45,958,674	45,958,674	45,958,674	229,793,367
	<b>209,448,921</b>	<b>104,728,866</b>	<b>104,728,866</b>	<b>104,728,866</b>	<b>523,635,519</b>
Other reserve	11,114,630	5,557,314	5,557,314	5,557,314	27,786,572
At 31 March 2014	<b>220,563,551</b>	<b>110,286,180</b>	<b>110,286,180</b>	<b>110,286,180</b>	<b>551,422,091</b>

### 16. Other reserves

	2014		2013	
	Group	LLP	Group	LLP
	US\$	US\$	US\$	US\$
Balance at 1 April 2013	(116,289)	-	-	-
Unrealised revaluation reserves	20,252,000	20,252,000	-	-
Unrealised foreign exchange gains (losses)	7,534,572	7,534,572	-	-
Exchange differences arising on consolidation	(1,882,363)	-	(116,289)	-
Balance at 31 March 2014	<b>25,787,920</b>	<b>27,786,572</b>	<b>(116,289)</b>	<b>-</b>

Foreign 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. Foreign 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



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**
**17. Members' other interests– Group**

	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 2013	1,990	-	(116,289)	(114,299)	295,485,601	295,371,302
Profit for the financial year available for discretionary division among members		<u>230,217,707</u>	<u>25,904,209</u>	<u>256,121,916</u>	<u>-</u>	<u>256,121,916</u>
Members' interests after profit for the year	1,990	230,217,707	25,787,920	256,007,617	295,485,601	551,493,218
Other divisions of profit	<u>-</u>	<u>(230,217,707)</u>	<u>-</u>	<u>(230,217,707)</u>	<u>230,217,707</u>	<u>-</u>
Balance at 31 March 2014	<u>1,990</u>	<u>-</u>	<u>25,787,920</u>	<u>25,789,910</u>	<u>525,703,308</u>	<u>551,493,218</u>

**17. Members' other interests — LLP**

	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 2013	1,990	-	-	1,990	293,842,152	293,844,142
Profit for the financial year available for discretionary division among members	<u>-</u>	<u>229,793,367</u>	<u>27,786,572</u>	<u>257,579,939</u>	<u>-</u>	<u>257,579,939</u>
Members' interests after profit for the year	1,990	229,793,367	27,786,572	257,581,929	293,842,152	551,424,081
Other divisions of profit	<u>-</u>	<u>(229,793,367)</u>	<u>-</u>	<u>(229,793,367)</u>	<u>229,793,367</u>	<u>-</u>
Balance at 31 March 2014	<u>1,990</u>	<u>-</u>	<u>27,786,572</u>	<u>27,788,562</u>	<u>523,635,519</u>	<u>551,424,081</u>

**18. Related parties**

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 no interest is charged. The balance receivable as at 31 March 2014 amounted to US\$4,425,711 (2013: US\$4,119,853).

**WGVC Limited**

A company which is under common control with the LLP

Included in other debtors are amounts due from WGVC Limited. The amounts are repayable on demand on which no interest is charged. The balance receivable as at 31st March 2014 amounted to US\$1,124,610 (2013: \$nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014****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 which are payable on demand. The balance receivable as at 31 March 2014 amounted to US\$155,302,160 (2013: US\$155,302,160).

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 2014 amounted to US\$nil (2013: US\$12,617,741). During the year loan interest income credited to the profit and loss account amounted to US\$88,857 (2013: US\$355,666).

During the year ended 31 March 2013, the LLP 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 unconditional guarantee relating to the performance by the LLP of each and every obligation under the agreement.

The company also recharged the LLP during the year US\$ 29,247,169 (2013: US\$ 21,450,786). These expenses are paid on behalf of the LLP and recharged accordingly under various agreements.

**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 2014 amounted to US\$ nil (2013: US\$3,540,034). During the year US\$110,949 was credited the profit and loss account (2013: US\$218,838).

The LLP 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\$ nil was charged to the profit & loss for the year ended 31 March 2014 (2013: US\$167,226).

**Lesta Co. Limited**

A subsidiary company of Wargaming Public Company Limited.

During the year the LLP was party to an agreement with Lesta Co. Ltd for a software product project relating to the "World of Warships" under which US\$ 7,079,379 were charged by the company.

**19. Commitments****Operating lease commitments**

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

	2014 US\$	2013 US\$
Within one year	257,969	290,773
Between one and five years	825,502	930,473
After five years	154,782	174,464
	<u>1,238,253</u>	<u>1,395,710</u>

**20. Post balance sheet events**

On 21<sup>st</sup> October 2014 the LLP exercised its right deriving from the licensing agreement to acquire 40 million ordinary shares of KongZong Corporation at the exercise price of US\$0.1485 per share.

**21. Ultimate Controlling Party**

The group and the limited liability partnership is controlled by the members and no one member is considered to be a controlling party.