Company Registration No. 4953215 (England and Wales)

AB FINANCIAL HOLDING LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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COMPANY INFORMATION

Director
Gianna Markantoni

Secretaries
Abacus Secretarial Limited
Jordan Cosec Limited

Company number
4953215

Country of incorporation
England and Wales

Registered office
21 St Thomas Street
Bristol
BS1 6JS

Auditors
SRLV
89 New Bond Street
London
W1S 1DA

AB FINANCIAL HOLDING LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

DIRECTOR'S REPORT

The director presents her report and financial statements of AB Financial Holding Limited for the year ended 31 December 2010.

Principal activity

The principal activity of the company is the holding of investments

Review of business, future developments

The company made a loss of US$384,697 during the year ended 31 December 2010 (2009 loss of US$765,340). As at 31 December 2010, the total liabilities of the company exceeded its assets by US$1,800,293.

Results and dividends

The results for the year are set out on page 6

The company is in a net liability position, therefore it is not in a position to make a dividend distribution.

Directors

The following directors have held office since 1 January 2010

Andriy Glavatskyy (resigned 15 April 2010)
Sophia Ioannou (resigned 24 September 2010
Gianna Markantoni (appointed 24 September 2010)

Principal place of business

The Company's principal place of business is Cyprus. The company is subject to Cyprus corporate taxation

Statement of director's responsibilities

The director is responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare financial statements in accordance with International Generally Accepted Accounting Practice (International Financial Reporting Standards, as adopted by the EU). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent;

DIRECTOR'S REPORT

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

- prepare financial accounts on the going concern basis unless it is inappropriate to assume the company will continue to be in business

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure the financial statements comply with the Companies Act 2006 She is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The director is also responsible for maintenance and integrity of the corporate and financial information included on the company's website. It is important to bear in mind that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ in other jurisdictions

Statement of disclosure to auditors

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, she has taken all the steps she ought to have taken as director in order to make herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

SRLV are deemed to be reappointed under section 487(2) of the Companies Act 2006

Approved by the Board on 22 September 2011 and signed on its behalf by

Gianna Markantoni
Director

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of AB Financial Holding Limited for the year ended 31 December 2010 which comprise the statement of total comprehensive income, the balance sheet, the cash flow statement, the statement of changes in equity and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs), as adopted by the European Union and in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the company's director is 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 parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs at 31 December 2010 and of the group's profit for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter: going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 3 of the financial statements concerning the company's ability to continue as a going concern The company incurred a loss of US$396,520 for the year ended 31 December 2010 and, at that date, the company's total liabilities exceeded its assets by US$1,800,293 These conditions indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to

INDEPENDENT AUDITORS' REPORT

continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. The future viability of the company depends on the financial support of its shareholders, who have confirmed that they will support the company for the foreseeable future. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

SRLV

Marc Voulters (Senior Statutory Auditor)
for and on behalf of SRLV
Chartered Accountants
Statutory Auditor

30th September 2011

89 New Bond Street
London
W1S 1DA

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	2010	2009
		US$	US$
Administrative expenses	3	(37,470)	(427,416)
Profit / (loss) from operations		**(37,470)**	**(427,416)**
Finance costs	4	(347,227)	(337,924)
Profit / (loss) before tax		**(384,697)**	**(765,340)**
Taxation	5	-	-
Profit / (loss) for the year		**(384,697)**	**(765,340)**
Exchange differences on translation		68,811	160,566
Total comprehensive income for the year		**(315,886)**	**(604,774)**

This statement has been prepared on the basis that all operations are continuing.

BALANCE SHEET AS AT 31 DECEMBER 2010

	Note	2010 US$	2009 US$
Non-current assets			
Investment in subsidiaries and associates	6	5,661,040	5,661,040
Current assets			
Current tax asset	7	5,802	5,812
Cash and cash equivalents	8	7,033	15,414
Total current assets		**12,835**	**21,226**
Total assets		**5,673,875**	**5,682,266**
LIABILITIES & EQUITY			
Current liabilities			
Interest bearing borrowings	9	7,296,840	7,109,679
Trade and other payables	10	16,496	56,994
Total current liabilities		**7,313,336**	**7,166,673**
Non-current liabilities			
Interest bearing borrowings	9	160,832	-
Total non-current liabilities		**160,832**	**-**
Total liabilities		**7,474,168**	**7,166,673**
Capital and reserves			
Share capital	11	8,380	8,380
Translation reserve		838,521	769,710
Retained earnings		(2,647,194)	(2,262,497)
Total shareholders' equity		**(1,800,293)**	**(1,484,407)**
Total liabilities & equity		**5,673,875**	**5,682,266**

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006

Approved by the Board on 22 September 2011 and signed on its behalf by

Gianna Markantoni
Director

Company registration number 4953215

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital US$	Translation reserve US$	Retained earnings US$	Total US$
Balance at 1 January 2009	8,380	609,144	(1,497,157)	(879,633)
Total comprehensive income		160,566	(765,340)	(604,774)
Balance at 31 December 2009	**8,380**	**769,710**	**(2,262,497)**	**(1,484,407)**
Total comprehensive income		68,811	(384,697)	(315,886)
Balance at 31 December 2010	**8,380**	**838,521**	**(2,647,194)**	**(1,800,293)**

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STATEMENT OF CASH FLOWS

	2010+ US$	2009 US$
Operating activities		
Income before taxation from continuing operations	(384,697)	(765,340)
Adjustments for:		
Impairment loss on investment in subsidiary	-	417,854
Interest expense	346,716	334,874
Foreign exchange losses on borrowings	511	3,051
Operating cash generated before working capital changes	(37,470)	(9,561)
(Decrease)/increase in trade and other payables	(40,497)	(8,392)
Cash generated by operations	(77,967)	(17,953)
Tax paid	-	-
NET CASH GENERATED FROM OPERATING ACTIVITIES	**(77,967)**	**(17,953)**
Financing activities		
Proceeds from borrowings	69,586	31,877
NET CASH GENERATED FROM FINANCING ACTIVITIES	**69,586**	**31,877**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(8,381)**	**13,924**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**15,414**	**1,490**
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**7,033**	**15,414**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations endorsed by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS They have been presented in United States Dollars, translated from the company's functional currency of Russian Roubles.

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

In preparing these financial statements, the Director has not made any critical accounting judgements, estimates or assumptions about the carrying amount of assets and liabilities which she believes introduce a significant risk of estimation uncertainty

1.2. Individual financial statements

The company has taken the exemption afforded under the Companies Act 2006 from preparation of consolidated financial statements, on the grounds that it and its subsidiary are a small group

1.3. Going concern

The Director has considered the balance sheet deficit and the requirements of The Insolvency Act 1986 This condition indicates the existence of uncertainty, which may cast significant doubt as to the company's ability to continue as a going concern. The future viability of the company depends on the financial support of its shareholders, who have confirmed that they will support the company for the foreseeable future and hence the financial statements are prepared on a going concern basis.

1.4. Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

1.5. Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, or temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax assessment is realised or the deferred tax liability is settled

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.6. Share capital

Ordinary shares are classified as equity

1.7. Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks.

1.8. Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised at cost less provision for impairment. The cost of an investment includes all costs directly attributable to the acquisition

1.9. Interest bearing loans and borrowings

Interest-bearing loans and borrowings are initially measured at fair value, net of direct issue costs, and subsequently measured at amortised cost, using the effective interest method

Interest-bearing loans and borrowings are classified as non-current liabilities where there is an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. All other borrowings are classified as current liabilities.

2. FINANCIAL RISK MANAGEMENT

The company's activities expose it to interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments in holds. The risk management policies employed by the company to manage these risks are discussed below

2.1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate due to changes in market interest rates. The company's income and operating cash flows are substantially independent of changes in market interest rates as the company has no significant interest bearing assets. The company is exposed to interest rate risk in relation to its borrowings, to the extent that it must periodically renew its fixed rate borrowings at a market rate. The company does not account for any financial instruments at fair value and thus is not exposed to fluctuations caused by interest rate changes.

2.2. Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date The company has no significant concentrations of credit risk Cash balances are held with high credit quality financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

2.3. 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 company has procedures with the object of minimising such losses

2.4. Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Russian Rouble The company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly

2.5. Fair value estimation

The nominal value less any estimated credit adjustments of financial assets and liabilities with a maturity of less than one year are assumed to approximate to their fair values

3. ADMINISTRATIVE EXPENSES

	2010 US$	2009 US$
Impairment loss on investment in subsidiary	-	417,854
Auditors remuneration (in respect of audit services)	14,979	-
Professional fees	20,621	9,585
Bank charges	1,870	2,192
Sundry (income)/expenses	-	(2,215)
	37,470	427,416

4. FINANCE COSTS

	2010 US$	2009 US$
Interest expense on borrowings	346,716	334,874
Foreign exchange losses	511	3,051
	347,227	434,675

NOTES TO THE FINANCIAL STATEMENTS

5. TAXATION

The current tax charge for the year can be reconciled to the results as follows

	2009 US$	2009 US$
Profit / (loss) before tax	(384,697)	(765,340)
Tax at applicable income tax rate of 10% (2009 10%)	(38,469)	(76,534)
Tax effect of:		
Non-deductable expenses	36,971	66,972
Tax losses carried forward	1,498	9,562
Tax expense for the period	-	-

6. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

	2010 US$	2009 US$
Cost brought forward	5,661,040	6,078,894
Impairment loss	-	(417,854)
	5,661,040	5,661,040

The details of subsidiary undertakings are as follows

Undertaking:	% holding	Capital and reserves	Profit for period	Principal activity
OOO-Alfa Park Centre (Russian federation)	100	$5,661,040	$297	Construction

7. CURRENT TAX ASSET

	2010 US$	2009 US$
Tax payments on account	5,802	5,812
	5,812	5,812

NOTES TO THE FINANCIAL STATEMENTS

8. CASH AND CASH EQUIVALENTS

	2010 US$	2009 US$
Bank balances	7,033	15,414
	7,033	15,414

9. INTEREST BEARING BORROWINGS

		2010 US$	2009 US$
Dalemont Limited		7,296,840	7,023,923
ABH Financial Limited	Note 12(b)	-	85,756
Aequilibrium Group Limited		160,832	-
		7,457,672	7,109,679

10. TRADE AND OTHER PAYABLES

		2010 US$	2009 US$
Trade payables		-	2,062
Payable to related parties	Note 12(a)	4,908	51,197
Other payables and accruals		11,588	3,735
		16,496	56,994

11. SHARE CAPITAL

	No of ordinary shares	UK£	US$
Authorised share capital:			
At 1 January and 31 December 2010 (UK£1 per ordinary share)	5,000	5,000	8,380
Issued and paid up:		UK£	US$
Ordinary shares of UK£1 each	5,000	5,000	8,380

NOTES TO THE FINANCIAL STATEMENTS

12. RELATED PARTY TRANSACTIONS

(a) Included within Trade and other payables is the following balance:

	2010 US$	2009 US$
Alfa Capital Holdings (Cyprus) Limited (company under common control)	-	51,197
Aequilibrium Group Limited (company under common control)	4,908	-
	4,908	51,197

The above balance does not bear any interest and is repayable on demand.

(b) Included within Interest-bearing borrowings are the following balances

	2010 US$	2009 US$
Dalemont Limited		
Opening balance	7,023,923	6,856,234
Advanced during the year		-
Foreign exchange loss/(gain)	(65,593)	(157,509)
Interest added to balance	338,510	325,198
	7,296,840	7,023,923
ABH Financial Limited		
Opening balance	85,756	44,203
Advanced during the year	-	31,877
Interest added to balance	6,480	9,676
Repayment during the year	(92,236)	-
	-	85,756
Aequilibrium Group Limited		
Opening balance	-	-
Advanced during the year	144,691	-
Interest added to balance	16,141	-
	160,832	-

During 2005, the company obtained a borrowing from Dalemont Limited (a company under common control) of RUR50,000,000 which bears interest at 4.1% per annum and is repayable on demand.

During 2006, the company obtained a borrowing from Dalemont Limited (a company under common control) of RUR121,536,000 which bears interest at 6 7% per annum and is repayable on demand.

During 2007 the company obtained a borrowing facility from ABH Financial Limited (the parent company) of up to US$10,000,000. At the balance sheet date, the full balance had been transferred to the Aequilibrium Group detailed below.

During 2010 the company obtained a borrowing facility from Aequilibrium Group Limited (a company under common control) of up to US$10,000,000, RUR10,000,000 or EUR10,000,000 which bears interest at 3% per annum At the balance sheet date,

NOTES TO THE FINANCIAL STATEMENTS

US$144,283 and RUR20,000 had been drawn down The loan is repayable on 1 September 2013

13. POST BALANCE SHEET EVENTS

There have been no relevant events since the balance sheet date.

14. PARENT COMPANY AND CONTROLLING PARTY

At the year end the company's parent company was ABH Financial Limited, a company incorporated in Cyprus

Subsequent to the year end, the shareholding transferred to Countryisle Assets Limited, a company incorporated in the British Virgin Isles, who became the company's parent.

The ultimate controlling party is ABH Holdings S A , a company incorporated in Luxembourg.