

Company Registration No. 4953215 (England and Wales)

**AB FINANCIAL HOLDING LIMITED**  
**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

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**AB FINANCIAL HOLDING LIMITED**  
**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED 31 DECEMBER 2011**

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**AB FINANCIAL HOLDING LIMITED  
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**COMPANY INFORMATION**

**Director**

Gianna Markantoni

**Secretaries**

Abacus Secretarial Limited  
Jordan Cossec 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  
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**DIRECTOR'S REPORT**

The director presents her report and financial statements of AB Financial Holding Limited for the year ended 31 December 2011.

**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\$177,986 during the year ended 31 December 2011 (2010 loss of US\$384,697). As at 31 December 2011, the total liabilities of the company exceeded its assets by US\$1,588,475 (2010 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 2011

Gianna Markantoni

**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,

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**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 24<sup>th</sup> August 2012 and signed on its behalf by



Gianna Markantoni  
**Director**

**AB FINANCIAL HOLDING LIMITED  
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**INDEPENDENT AUDITORS' REPORT**

We have audited the financial statements of AB Financial Holding Limited for the year ended 31 December 2011 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 2011 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\$177,986 for the year ended 31 December 2011 and, at that date, the company's total liabilities exceeded its assets by US\$1,588,475. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to

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**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

*30<sup>th</sup> August 2012*

89 New Bond Street  
London  
W1S 1DA

**AB FINANCIAL HOLDING LIMITED**  
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**STATEMENT OF TOTAL COMPREHENSIVE INCOME**

	<b>Note</b>	<b>2011</b>	<b>2010</b>
		<b>US\$</b>	<b>US\$</b>
Administrative expenses	3	(42,557)	(37,470)
<b>Profit / (loss) from operations</b>		<b>(42,557)</b>	<b>(37,470)</b>
Finance costs	4	(135,429)	(347,227)
<b>Profit / (loss) before tax</b>		<b>(177,986)</b>	<b>(384,697)</b>
Taxation	5	-	-
<b>Profit / (loss) for the year</b>		<b>(177,986)</b>	<b>(384,697)</b>
Exchange differences on translation		389,804	68,811
<b>Total comprehensive income for the year</b>		<b>211,818</b>	<b>(315,886)</b>

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



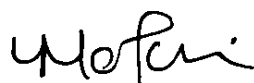
**AB FINANCIAL HOLDING LIMITED**  
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**DECEMBER 2010**

**BALANCE SHEET AS AT 31 DECEMBER 2011**

	Note	2011 US\$	2010 US\$
<b>Non-current assets</b>			
Investment in subsidiaries and associates	6	5,661,040	5,661,040
<b>Current assets</b>			
Current tax asset	7	5,821	5,802
Cash and cash equivalents	8	4,728	7,033
<b>Total current assets</b>		<b>10,549</b>	<b>12,835</b>
<b>Total assets</b>		<b>5,671,589</b>	<b>5,673,875</b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Current liabilities</b>			
Interest bearing borrowings	9	7,036,876	7,296,840
Trade and other payables	10	12,147	16,496
<b>Total current liabilities</b>		<b>7,049,023</b>	<b>7,313,336</b>
<b>Non-current liabilities</b>			
Interest bearing borrowings	9	211,041	160,832
<b>Total non-current liabilities</b>		<b>211,041</b>	<b>160,832</b>
<b>Total liabilities</b>		<b>7,260,064</b>	<b>7,474,168</b>
<b>Capital and reserves</b>			
Share capital	11	8,380	8,380
Translation reserve		1,228,325	838,521
Retained earnings		(2,825,180)	(2,647,194)
<b>Total shareholders' equity</b>		<b>(1,588,475)</b>	<b>(1,800,293)</b>
<b>Total liabilities &amp; equity</b>		<b>5,671,589</b>	<b>5,673,875</b>

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 24<sup>th</sup> August 2012 and signed on its behalf by:



Gianna Markantoni  
**Director**

**Company registration number 04953215**

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**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	<b>Share capital US\$</b>	<b>Translation reserve US\$</b>	<b>Retained earnings US\$</b>	<b>Total US\$</b>
Balance at 1 January 2010	8,380	769,710	(2,262,497)	(1,484,407)
Total comprehensive income		68,811	(384,697)	(315,886)
<b>Balance at 31 December 2010</b>	<b>8,380</b>	<b>838,521</b>	<b>(2,647,194)</b>	<b>(1,800,293)</b>
Total comprehensive income	-	389,804	(177,986)	(211,818)
<b>Balance at 31 December 2011</b>	<b>8,380</b>	<b>1,228,325</b>	<b>2,825,180</b>	<b>(2,012,111)</b>

**AB FINANCIAL HOLDING LIMITED**  
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**STATEMENT OF CASH FLOWS**

	<b>2011 US\$</b>	<b>2010 US\$</b>
<b>Operating activities</b>		
Income before taxation from continuing operations	(177,986)	(384,697)
<b>Adjustments for:</b>		
Impairment loss on investment in subsidiary	-	-
Interest expense	123,463	346,716
Foreign exchange losses on borrowings	11,966	511
Operating cash generated before working capital changes	(42,557)	(37,470)
(Decrease)/increase in trade and other payables	19	(40,497)
Cash generated by operations	(42,538)	(77,967)
Tax paid	-	-
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(42,538)</b>	<b>(77,967)</b>
<b>Financing activities</b>		
Proceeds from borrowings	40,233	69,586
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>40,233</b>	<b>69,586</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,305)</b>	<b>(8,381)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>7,033</b>	<b>15,414</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>4,728</b>	<b>7,033</b>

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**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.

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**NOTES TO THE FINANCIAL STATEMENTS**

**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.

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.

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**NOTES TO THE FINANCIAL STATEMENTS**

**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 it 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.

**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.

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**NOTES TO THE FINANCIAL STATEMENTS**

**3. ADMINISTRATIVE EXPENSES**

	2011 US\$	2010 US\$
Impairment loss on investment in subsidiary	-	-
Auditors remuneration (in respect of audit services)	13,053	14,979
Professional fees	29,244	20,621
Bank charges	1,093	1,870
Sundry (income)/expenses	(833)	-
	<u>42,557</u>	<u>37,981</u>

**4. FINANCE COSTS**

	2011 US\$	2010 US\$
Interest expense on borrowings	123,463	346,716
Foreign exchange (gains)/losses	11,966	511
	<u>135,429</u>	<u>347,227</u>

**5. TAXATION**

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

	2011 US\$	2010 US\$
Profit / (loss) before tax	<u>(177,986)</u>	<u>(384,697)</u>
Tax at applicable income tax rate of 10% (2010: 10%)	(17,798)	(38,469)
Tax effect of:		
Non-deductable expenses	16,493	36,971
Tax losses carried forward	1,305	1,498
Tax expense for the period	<u>-</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**6. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES**

	2011 US\$	2010 US\$
Cost brought forward	5,661,040	5,661,040
Impairment loss	-	-
	<u>5,661,040</u>	<u>5,661,040</u>

The details of subsidiary undertakings are as follows

<b>Undertaking:</b>	% holding	Capital and reserves	Profit for period	Principal activity
OOO-Alfa Park Centre (Russian Federation)	100	\$5,323,716	(\$2,768)	Construction

**7. CURRENT TAX ASSET**

	2011 US\$	2010 US\$
Tax payments on account	5,821	5,802
	<u>5,821</u>	<u>5,802</u>

**8. CASH AND CASH EQUIVALENTS**

	2011 US\$	2010 US\$
Bank balances	4,728	7,033
	<u>4,728</u>	<u>7,033</u>

**9. INTEREST BEARING BORROWINGS**

		2011 US\$	2010 US\$
Dalemont Limited	Note 12(b)	-	7,296,840
Aequilibrium Group Limited	Note 12 (b)	7,247,917	160,832
		<u>7,247,917</u>	<u>7,457,672</u>



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**NOTES TO THE FINANCIAL STATEMENTS**

**10. TRADE AND OTHER PAYABLES**

		2011 US\$	2010 US\$
Trade payables		-	-
Payable to related parties	Note 12(a)	4,874	4,908
Other payables and accruals		7,273	11,588
		<u>12,147</u>	<u>16,496</u>

**11. SHARE CAPITAL**

	No of ordinary shares	UK£	US\$
<b>Authorised share capital:</b>			
At 1 January and 31 December 2011 (UK£1 per ordinary share)	5,000	5,000	8,380
<b>Issued and paid up:</b>		UK£	US\$
Ordinary shares of UK£1 each	5,000	5,000	8,380

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**NOTES TO THE FINANCIAL STATEMENTS**

**12. RELATED PARTY TRANSACTIONS**

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

	2011 US\$	2010 US\$
Aequilibrium Group Limited (company under common control)	4,874	4,908
	<u>4,874</u>	<u>4,908</u>

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

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

	2011 US\$	2010 US\$
Dalemont Limited		
Opening balance	7,296,840	7,023,923
Advanced during the year	-	-
Foreign exchange loss/(gain)	-	(65,593)
Interest added to balance	-	338,510
Re-assigned during the year	(7,296,840)	-
	<u>-</u>	<u>7,296,840</u>
Aequilibrium Group Limited		
Opening balance	160,141	-
Advanced during the year	7,296,840	144,691
Foreign exchange loss/(gain)	(332,527)	-
Interest added to balance	123,463	16,141
	<u>7,247,917</u>	<u>160,141</u>

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, US\$188,553 and RUR40,000 had been drawn down. The loan is repayable on 1 September 2013.

During 2011 the company re-assigned the total borrowing of RUR171,536,000 from Dalemont Limited to Aequilibrium Group Limited (a company under common control). The loan bears interest at 2% per annum and is repayable on demand.

**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 Countryisle Assets Limited, a company incorporated in the British Virgin Isles.

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