

Company Registration No. 4953215 (England and Wales)

AB FINANCIAL HOLDING LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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**AB FINANCIAL HOLDING LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**AB FINANCIAL HOLDING LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

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 ENDED 31 DECEMBER 2012**

DIRECTOR'S REPORT

The director presents her report and financial statements of AB Financial Holding Limited for the year ended 31 December 2012

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\$3,843,968 during the year ended 31 December 2012 (2011: loss of US\$177,986). As at 31 December 2012, the total liabilities of the company exceeded its assets by US\$5,399,286 (2011 US\$1,588,475)

Going concern

Subsequent to the year end the company sold its investment in its subsidiary. As a result of this sale, the company no longer holds any income-generating assets.

The director is evaluating the opportunities available to the company

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 director has held office since 1 January 2012

Gianna Markantoni

Principal place of business

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

**AB FINANCIAL HOLDING LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
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DIRECTOR'S REPORT

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,
- 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.

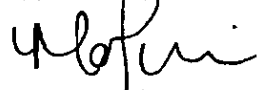
Statement of disclosure to auditors

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 26 September 2013 and signed on its behalf by:



Gianna Markantoni
Director

**AB FINANCIAL HOLDING LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of AB Financial Holding Limited for the year ended 31 December 2012 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 company's affairs at 31 December 2012 and of the loss 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

**AB FINANCIAL HOLDING LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
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INDEPENDENT AUDITORS' REPORT

Emphasis of matter: going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure at note 1.3 to the financial statements concerning the company's ability to continue as a going concern. As a result of the company selling its sole investment subsequent to the year end, the company no longer holds an income generating asset. These conditions, along with other matters explained in note 1.3 to the financial statements, indicate the existence of a material uncertainty, which may cast significant doubt about the company's ability to 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.

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



Marc Vouters (Senior Statutory Auditor)
for and on behalf of SRLV
Chartered Accountants and Statutory Auditor
89 New Bond Street
London
W1S 1DA

27/9/13
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Date

AB FINANCIAL HOLDING LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

STATEMENT OF TOTAL COMPREHENSIVE INCOME

| | Note | 2012 | 2011 |
|--|-------------|--------------------|------------------|
| | | US\$ | US\$ |
| Administrative expenses | 4 | (3,415,381) | (42,557) |
| Profit / (loss) from operations | | (3,415,381) | (42,557) |
| Finance costs | 5 | (428,587) | (135,429) |
| Profit / (loss) before tax | | (3,843,968) | (177,986) |
| Taxation | 6 | - | - |
| Profit / (loss) for the year | | (3,843,968) | (177,986) |
| Exchange differences on translation | | 33,158 | 389,804 |
| Total comprehensive income for the year | | (3,810,810) | 211,818 |

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

AB FINANCIAL HOLDING LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2012

BALANCE SHEET AS AT 31 DECEMBER 2012

| | Note | 2012 US\$ | 2011 US\$ |
|---|------|--------------------|--------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Investment in subsidiaries and associates | 7 | 2,275,974 | 5,661,040 |
| Current assets | | | |
| Current tax asset | 9 | 5,795 | 5,021 |
| Cash and cash equivalents | 9 | 3,977 | 4,728 |
| Total current assets | | 9,772 | 10,549 |
| Total assets | | 2,285,746 | 5,671,589 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 12 | 8,380 | 8,380 |
| Translation reserve | | 1,261,483 | 1,228,325 |
| Retained earnings | | (6,669,149) | (2,825,180) |
| Total shareholders' equity | | (5,399,286) | (1,588,475) |
| Current liabilities | | | |
| Interest bearing borrowings | 10 | 7,676,579 | 7,036,876 |
| Trade and other payables | 11 | 8,453 | 12,147 |
| Total current liabilities | | 7,685,032 | 7,049,023 |
| Non-current liabilities | | | |
| Interest bearing borrowings | 10 | - | 211,041 |
| Total non-current liabilities | | - | 211,041 |
| Total liabilities | | 7,685,032 | 7,260,064 |
| Total equity and liabilities | | 2,285,746 | 5,671,589 |

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 26 September 2013 and signed on its behalf by.



Gianna Markantoni
Director

Company registration number 04953215

AB FINANCIAL HOLDING LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2012

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| | Share capital US\$ | Translation reserve US\$ | Retained earnings US\$ | Total US\$ |
|--|-----------------------------------|---|---------------------------------------|-----------------------|
| Balance at 1 January 2011 | 8,380 | 838,521 | (2,647,194) | (1,800,293) |
| Total comprehensive income | - | 389,804 | (177,986) | 211,818 |
| Balance at 31 December 2011 | 8,380 | 1,228,325 | (2,825,180) | (1,588,475) |
| Total comprehensive income | - | 33,158 | (3,843,969) | (3,810,811) |
| Balance at 31 December 2012 | 8,380 | 1,261,483 | (6,669,149) | (5,399,286) |

AB FINANCIAL HOLDING LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2012

STATEMENT OF CASH FLOWS

| | 2012 US\$ | 2011 US\$ |
|--|----------------------|----------------------|
| Operating activities | | |
| Income before taxation from continuing operations | (3,843,968) | (177,986) |
| Adjustments for: | | |
| Impairment loss on investment in subsidiary | 3,385,066 | - |
| Interest expense | 6,299 | 123,463 |
| Foreign exchange losses | 422,288 | 11,966 |
| Operating cash generated before working capital changes | (30,315) | (42,557) |
| (Decrease)/increase in trade and other payables | (3,096) | 19 |
| Decrease/(increase) in trade and other receivables | 26 | - |
| Cash generated by operations | | (42,538) |
| Tax paid | - | - |
| NET CASH GENERATED FROM OPERATING ACTIVITIES | (33,385) | (42,538) |
| Financing activities | | |
| Proceeds from borrowings | 32,634 | 40,233 |
| NET CASH GENERATED FROM FINANCING ACTIVITIES | 32,634 | 40,233 |
| NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS | (751) | (2,305) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 4,728 | 7,033 |
| CASH AND CASH EQUIVALENTS AT THE END OF YEAR | 3,977 | 4,728 |

**AB FINANCIAL HOLDING LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

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. The company chooses to present its financial statements in United States Dollars instead of its functional currency (Russian Roubles) because the group consolidated accounts are also presented in United States Dollars.

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

Subsequent to the year end, the company sold its investment in its subsidiary and as a result of this no longer holds an income-generating asset. The director is currently exploring the opportunities available to the company.

The director has also 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.

**AB FINANCIAL HOLDING LIMITED
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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.

AB FINANCIAL HOLDING LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
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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.

AB FINANCIAL HOLDING LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

NOTES TO THE FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

- i. New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2012 and relevant to the Company:

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning 1 January 2012 that would be expected to have a material impact on the Company

- ii New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2012 but not currently relevant to the Company

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing the financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

- Amendments of IFRS 1, 'First time adoption' on fixed dates and hyperinflation. The first amendment replaces references to a fixed date of 1 January 2004 with "the date of transition to IFRSs", thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting Financial Information in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.
- IFRS 7, 'Financial instruments: Disclosures' was amended in October 2012 for the transfer of financial assets. These amendments are as part of the IASB's comprehensive review of off Statement of Financial Position activities. The amendments promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial asset.
- Amendments of IAS 12, 'Income Taxes' on deferred tax. Currently IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn.

AB FINANCIAL HOLDING LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") (CONTINUED)

- iii New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted are as follows.

Unless otherwise stated, the Directors are assessing the possible impact of the following standards on the Company

- IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics for the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.
- IFRS 10 "Consolidated Financial Statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated Financial Information of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard is effective for periods beginning on or after 1 January 2013,
- IFRS 11 "Joint Arrangements" provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. This standard is effective for periods beginning on or after 1 January 2013,
- IFRS 12 "Disclosure of Interests in Other Entities" is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is effective for periods beginning on or after 1 January 2013,
- Amendments to IFRS 10, 'Consolidated Financial Statements', IFRS 11, 'Joint Arrangements' and IFRS 12, 'Disclosure of Interests in Other Entities', provide additional transition relief to IFRSs 10, 11 and 12 by limiting the requirement to provide adjusted comparative information to only the preceding comparative period.

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NOTES TO THE FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") (CONTINUED)

For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Company is yet to assess the full impact of these amendments and intends to adopt the amended standards no later than the accounting period beginning on or after 1 January 2013

- IFRS 13 "Fair Value Measurement" improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. It does not extend the use of fair value accounting, but provides guidance on how it should be applied where its use is already required or permitted by other standards. This standard is effective for periods beginning on or after 1 January 2013,
- Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" require that first-time adopters apply the requirement in IFRS 9 "Financial Instruments" and IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" prospectively to government loans existing at the date of transition to IFRSs. Entities may choose to apply the requirements retrospectively if the information needed to do so had been obtained at the time of initially accounting for the loan. This standard is effective for annual periods beginning on or after 1 January 2013
- IAS 27 "Separate Financial Statements" replaces the current version of IAS 27 "Consolidated and Separate Financial Statements" as a result of the issue of IFRS 10 (see above). This revised standard is effective for periods beginning on or after 1 January 2013,
- IAS 28 "Investments in Associates and Joint Ventures" replaces the current version of IAS 28 "Investments in Associates" as a result of the issues of IFRS 11 (see above). This revised standard is effective for periods beginning on or after 1 January 2013,
- Amendments of IAS 19 "Employment Benefits" eliminate the option to defer the recognition of gains and losses, known as the "corridor method"; streamline the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income, and enhance the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans. This standard is effective for annual periods beginning on or after 1 January 2013,
- Amendments to IAS 32 "Financial Instruments Presentation" add application guidance to address inconsistencies identified in applying some of the criteria when offsetting financial assets and financial liabilities. This includes clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. This standard is effective for annual periods beginning on or after 1 January 2014,

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NOTES TO THE FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") (CONTINUED)

- Amendments to IAS 36 "Recoverable Amount Disclosures" restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognised or reverses. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal
- Amendments to IAS 39 "Novation of Derivatives" allows the continuation of hedge accounting (under IAS 39 and the forthcoming chapter on hedge accounting in IFRS 9) when a derivative is novated to a clearing counterparty and certain conditions are met. The amendment is a response to changes in laws and regulations in some jurisdictions for over-the-counter derivatives, requiring many of them to be transacted with a central counterparty or entity acting in a similar capacity
- 'Annual Improvements 2009 – 2011 Cycle' sets out amendments to various IFRSs as follows
 - An amendment to IFRS 1, 'First-time Adoption' clarifies whether an entity may apply IFRS 1:
 - a) If the entity meets the criteria for applying IFRS 1 and has applied IFRS 1 in a previous reporting period, or
 - b) If the entity meets the criteria for applying IFRS 1 and has applied IFRSs in a previous reporting period when IFRS 1 did not exist.
 - The amendment to IFRS 1 also addresses the transitional provisions for borrowing costs relating to qualifying assets for which the commencement date for capitalization was before the date of transition to IFRSs.
 - An amendment to IAS 1, 'Presentation of Financial Statements' clarifies the requirements for providing comparative information
 - a) For the opening Statement of Financial Position when an entity changes accounting policies, or makes retrospective restatements or reclassifications, and
 - b) When an entity provides Financial Statements beyond the minimum comparative information requirements.
 - An amendment to IAS 16, 'Property, Plant and Equipment' addresses a perceived inconsistency in the classification requirements for servicing equipment
 - An amendment to IAS 32, 'Financial Instruments Presentation' addresses perceived inconsistencies between IAS 12, 'Income Taxes' and IAS 32 with regard to recognising the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction
 - An amendment to IAS 34, 'Interim Financial Reporting' clarifies the requirements on segment information for total assets and liabilities for each reportable segment

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NOTES TO THE FINANCIAL STATEMENTS

4. ADMINISTRATIVE EXPENSES

| | 2012 US\$ | 2011 US\$ |
|--|----------------------|----------------------|
| Impairment loss on investment in subsidiary | 3,385,066 | - |
| Auditors remuneration (in respect of audit services) | 12,333 | 13,053 |
| Professional fees | 16,109 | 29,244 |
| Bank charges | 334 | 1,093 |
| Sundry (income)/expenses | 1,539 | (833) |
| | <u>3,415,381</u> | <u>42,557</u> |

5. FINANCE COSTS

| | 2012 US\$ | 2011 US\$ |
|---------------------------------|----------------------|----------------------|
| Interest expense on borrowings | 6,299 | 123,463 |
| Foreign exchange (gains)/losses | 422,288 | 11,966 |
| | <u>428,587</u> | <u>135,429</u> |

6. TAXATION

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

| | 2012 US\$ | 2011 US\$ |
|---|----------------------|----------------------|
| Profit / (loss) before tax | <u>(3,843,968)</u> | <u>(177,986)</u> |
| Tax at applicable income tax rate of 10% (2011 10%) | (384,397) | (17,798) |
| Tax effect of | | |
| Non-deductable expenses | 383,163 | 16,493 |
| Tax losses carried forward | 1,234 | 1,305 |
| Tax expense for the period | <u>-</u> | <u>-</u> |

AB FINANCIAL HOLDING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

| | 2012 US\$ | 2011 US\$ |
|----------------------|----------------------|----------------------|
| Cost brought forward | 5,661,040 | 5,661,040 |
| Impairment loss | (3,385,066) | - |
| | <u>2,275,974</u> | <u>5,661,040</u> |

The details of subsidiary undertakings are as follows

| Undertaking: | % holding | Capital and reserves | Profit for period | Principal activity |
|--|----------------------|---------------------------------|------------------------------|-------------------------------|
| OOO-Socinvestproject (Russian Federation) | <u>100</u> | <u>\$2,288,284</u> | <u>(\$3,262,562)</u> | <u>Construction</u> |

8. CURRENT TAX ASSET

| | 2012 US\$ | 2011 US\$ |
|-------------------------|----------------------|----------------------|
| Tax payments on account | 5,795 | 5,821 |
| | <u>5,795</u> | <u>5,821</u> |

9. CASH AND CASH EQUIVALENTS

| | 2012 US\$ | 2011 US\$ |
|---------------|----------------------|----------------------|
| Bank balances | 3,977 | 4,728 |
| | <u>3,977</u> | <u>4,728</u> |

10. INTEREST BEARING BORROWINGS

| | | 2012 US\$ | 2011 US\$ |
|----------------------------|------------|----------------------|----------------------|
| Aequilibrium Group Limited | Note 13(b) | 7,676,579 | 7,247,917 |
| | | <u>7,676,579</u> | <u>7,247,917</u> |

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11. TRADE AND OTHER PAYABLES

| | | 2012 US\$ | 2011 US\$ |
|-----------------------------|------------|----------------------|----------------------|
| Trade payables | | - | - |
| Payable to related parties | Note 13(a) | - | 4,874 |
| Other payables and accruals | | 8,453 | 7,273 |
| | | <u>8,453</u> | <u>12,147</u> |

12. SHARE CAPITAL

| | No of ordinary shares | UK£ | US\$ |
|--|--------------------------------------|------------|-------------|
| Authorised share capital: | | | |
| At 1 January and 31 December 2012 (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 |

13. RELATED PARTY TRANSACTIONS

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

| | 2012 US\$ | 2011 US\$ |
|--|----------------------|----------------------|
| Aequilibrium Group Limited (company under common control) | - | 4,874 |
| | <u>-</u> | <u>4,874</u> |

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

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

| | 2012 US\$ | 2011 US\$ |
|------------------------------|----------------------|----------------------|
| Dalemont Limited | | |
| Opening balance | - | 7,296,840 |
| Advanced during the year | - | - |
| Foreign exchange loss/(gain) | - | - |
| Interest added to balance | - | - |
| Re-assigned during the year | - | (7,296,840) |
| | <u>-</u> | <u>-</u> |

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| 13. RELATED PARTY TRANSACTIONS (CONTINUED) | 2012 US\$ | 2011 US\$ |
|---|----------------------|----------------------|
| Aequilibrium Group Limited | | |
| Opening balance | 7,247,917 | 160,141 |
| Advanced during the year | 32,634 | 7,296,840 |
| Foreign exchange loss/(gain) | 389,729 | (332,527) |
| Interest added to balance | 6,299 | 123,463 |
| | <u>7,676,579</u> | <u>7,247,917</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\$221,053 and RUR44,080 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 terms were amended during the year and it now bears interest at 0% (2011 2%) per annum and is repayable on demand.

14. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the company sold its investment in its subsidiary. The result of which, is that the company no longer holds an income-generating asset.

15. 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.