

Company Registration No. 4953215 (England and Wales)

**AB FINANCIAL HOLDING LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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**AB FINANCIAL HOLDING LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2008**

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**AB FINANCIAL HOLDING LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
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**COMPANY INFORMATION**

**Directors**

Andriy Glavatskyy  
Sophia Ioannou

**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**

Sedley Richard Laurence Voulters  
1 Conduit Street  
London  
W1S 2XA

**AB FINANCIAL HOLDING LIMITED**  
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**DIRECTORS' REPORT**

The Directors present their report and financial statements of AB Financial Holding Limited for the year ended 31 December 2008.

**Principal activity**

The principal activities of the Company are the provision of consultancy services to related parties and the holding of investments.

**Review of business, future developments**

The Company made a loss of US\$465,298 during the year ended 31 December 2008 (2007: restated loss of US\$421,865). As at 31 December 2008, the total liabilities of the company exceeded its assets by US\$879,633.

**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 2008:

Andriy Glavatskyy  
Sophia Ioannou

**Principal place of business**

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

**Statement of directors' responsibilities**

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit and loss for that period. In preparing those financial statements, the Directors are 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

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**DIRECTORS' REPORT**

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

The Directors are responsible for keeping proper accounting records, which 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 requirements of the Companies Act 1985. They are 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 Directors are 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**

- (a) So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) They have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

Sedley Richard Laurence Voulters are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Approved by the Board on 2<sup>nd</sup> October 2009  
and signed on its behalf by:

  
Andriy Glavatsky  
**Director**

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**INDEPENDENT AUDITORS' REPORT**

We have audited the financial statements of AB Financial Holding Limited for the year ended 31 December 2008 which comprises the income statement, the balance sheet, the cash flow statement, the statement of changes in equity and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 described in the statement of directors' responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS), as adopted by the EU.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained within the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements

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**INDEPENDENT AUDITORS' REPORT**


**Opinion**

In our opinion, the financial statements:

- give a true and fair view in accordance with IFRSs as adopted by the EU, of the state of affairs of the Company as at 31 December 2008 and of the loss for the period then ended ;
- the information given in the Director's report is consistent with the financial statements; and
- have been properly prepared in accordance with the Companies Act 1985.

**Emphasis of matter: going concern**

In forming our opinion, 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 made a loss of US\$465,298 for the year ended 31 December 2008 and as at this date, the Company's total liabilities exceeded its assets by US\$879,633. These conditions indicate the existence of uncertainty which may cast significant doubt on 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. 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.

  
**Sedley Richard Laurence Voulters**  
Chartered Accountants and Registered Auditors  
1 Conduit Street  
London  
W1S 2XA

29<sup>th</sup> October 2009

**AB FINANCIAL HOLDING LIMITED**  
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**INCOME STATEMENT**

	<b>Note</b>	<b>2008 US\$</b>	<b>2007 As restated US\$</b>
<b>Revenue</b>			
Consultancy fees		-	-
		-	-
Administrative expenses	3	(30,623)	(25,354)
<b>Profit / (loss) from operations</b>		<b>(30,623)</b>	<b>(25,354)</b>
Finance income	4	-	5,394
Finance costs		(434,675)	(404,015)
<b>Profit / (loss) before tax</b>		<b>(465,298)</b>	<b>(423,975)</b>
Taxation	5	-	2,110
<b>Profit / (loss) for the year</b>		<b>(465,298)</b>	<b>(421,865)</b>

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



**AB FINANCIAL HOLDING LIMITED****DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008****BALANCE SHEET AS AT 31 DECEMBER 2008**

	Note	2008 US\$	2007 As restated US\$
<b>Non-current assets</b>			
Investment in subsidiaries and associates	6	6,078,894	6,078,894
<b>Current assets</b>			
Current tax asset	7	5,812	5,812
Cash and cash equivalents	8	1,490	911
<b>Total current assets</b>		<b>7,302</b>	<b>6,723</b>
<b>Total assets</b>		<b>6,086,196</b>	<b>6,085,617</b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Current liabilities</b>			
Interest bearing borrowings	9	6,900,437	7,844,833
Trade and other payables	10	65,392	57,485
<b>Total current liabilities</b>		<b>6,965,829</b>	<b>7,902,318</b>
<b>Non-current liabilities</b>		-	-
<b>Total non-current liabilities</b>		-	-
<b>Total liabilities</b>		<b>6,965,829</b>	<b>7,902,318</b>
<b>Capital and reserves</b>			
Share capital	11	8,380	8,380
Translation reserve		609,144	(793,222)
Retained earnings		(1,497,157)	(1,031,859)
<b>Total shareholders' equity</b>		<b>(879,633)</b>	<b>(1,816,701)</b>
<b>Total liabilities &amp; equity</b>		<b>6,086,196</b>	<b>6,085,617</b>

Approved by the Board on <sup>28</sup> October 2009 and signed on its behalf by:

  
Andriy Glavatskyy  
**Director**

**AB FINANCIAL HOLDING LIMITED****DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2008****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 2007 (restated)	8,380	-	(609,994)	(601,614)
Loss for the year (restated)	-	-	(421,865)	(421,865)
Effect of translation	-	(793,222)	-	(793,222)
<b>Balance at 31 December 2007 (restated)</b>	<b>8,380</b>	<b>(793,222)</b>	<b>(1,031,859)</b>	<b>(1,816,701)</b>
Loss for the year	-	-	(465,298)	(465,298)
Effect of translation	-	1,402,366	-	1,402,366
<b>Balance at 31 December 2008</b>	<b>8,380</b>	<b>609,144</b>	<b>(1,497,157)</b>	<b>(879,633)</b>

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**CASH FLOW STATEMENT**

	<b>2008</b>	<b>2007</b>
	<b>US\$</b>	<b>As restated US\$</b>
<b>Operating activities</b>		
Income before taxation from continuing operations	(465,298)	(423,975)
<b>Adjustments for:</b>		
Interest income	-	(3)
Interest expense	416,673	404,015
Foreign exchange losses on borrowings	18,002	(5,391)
Operating cash generated before working capital changes	(30,623)	(25,354)
Increase/(decrease) in trade and other payables	9,399	4,915
Cash generated by operations	(21,224)	(20,439)
Tax paid	-	(2,000)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(21,224)</b>	<b>(22,439)</b>
<b>Investing activities</b>		
Subscription to capital of subsidiary	-	-
Interest received	-	3
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>-</b>	<b>3</b>
<b>Financing activities</b>		
Proceeds from borrowings	21,803	22,400
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>21,803</b>	<b>22,400</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>579</b>	<b>(36)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>911</b>	<b>947</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>1,490</b>	<b>911</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 1985 applicable to companies reporting under IFRS.

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 Directors have not made any critical accounting judgements, estimates or assumptions about the carrying amount of assets and liabilities which they believe introduce a significant risk of estimation uncertainty.

**1.2. Restatement of comparative**

In order for the financial statements to comply with IAS 21 'The Effects of Changes in Foreign Exchange Rates' which requires that the Company's functional currency is the currency of the primary economic environment in which the company operates, the comparatives have been restated on the basis that Russian Roubles is the functional currency.

**1.3. Individual financial statements**

The Company is exempt from the requirement to prepare consolidated accounts in accordance with IAS 27 'Consolidated and separate financial statements' as the Company and its subsidiary are included in the consolidated financial statements of its parent company, ABH Financial Limited. ABH Financial limited is incorporated in the British Virgin Islands and prepares financial statements in accordance with International Financial Reporting Standards which are available for public use. These consolidated financial statements can be obtained from the registered office of ABH Financial Limited at Geneva Pl, 333 Waterfront Drive, Road Town, Tortola, British Virgin Islands.

These financial statements therefore present information about the Company as an individual undertaking rather than as a group.

**1.4. Going concern**

The Directors have 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.

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**1.5. 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.

**1.6. Revenue recognition**

Sales of services are recognised at the fair value of the consideration receivable for the transaction, by reference to the stage of completion of services rendered at the balance sheet, as a proportion of the total services to be rendered.

Interest income is recognised on a time proportion basis using the effective interest method.

**1.7. 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.

**1.8. Share capital**

Ordinary shares are classified as equity.

**1.9. Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events where it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

**1.10. Cash and cash equivalents**

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

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**NOTES TO THE FINANCIAL STATEMENTS**

**1.11. 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.

**1.12. 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.

**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.

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**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**

	2008 US\$	2007 US\$
Directors fees	2,423	500
Auditors remuneration (in respect of audit services)	8,266	9,467
Professional fees	18,457	14,858
Bank charges	1,477	529
	<u>30,623</u>	<u>25,354</u>

**4. FINANCE INCOME / COSTS**

	2008 US\$	2007 US\$
Interest receivable	-	3
Net foreign exchange transaction gain	-	5,391
	<u>-</u>	<u>5,394</u>

	2008 US\$	2007 US\$
Interest expense - borrowings	416,673	404,015
Net foreign exchange transaction losses	18,002	-
	<u>434,675</u>	<u>404,015</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**5. TAXATION**

The tax (credit)/expense recognised in the income statement :

	2008 US\$	2007 US\$
Current tax	-	-
Prior year tax adjustment	-	(2,110)
Deferred tax	-	-
	<u>-</u>	<u>(2,110)</u>

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

	2008 US\$	2007 US\$
Profit / (loss) before tax	(465,298)	(421,865)
Tax at applicable income tax rate of 10% (2007: 10%)	(46,529)	(42,186)
Tax effect of:		
Non-deductable expenses	43,467	39,583
Tax losses carried forward	3,062	2,603
Tax expense for the period	<u>-</u>	<u>-</u>

**6. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES**

	2008 US\$	2007 US\$
Brought forward	6,078,894	6,078,894
	<u>6,078,894</u>	<u>6,078,894</u>

The details of subsidiary undertakings are as follows:

<b>Undertaking:</b>	<b>% holding</b>	<b>Country of Incorporation</b>	<b>Principal activity</b>
OOO-Alfa Park Centre	100	Russian federation	Construction



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**7. CURRENT TAX ASSET**

	2008 US\$	2007 US\$
Current tax asset	5,812	5,812
(Payments made on account)		
	<u>5,812</u>	<u>5,812</u>

**8. CASH AND CASH EQUIVALENTS**

	2008 US\$	2007 US\$
Bank balances	1,490	911
	<u>1,490</u>	<u>911</u>

**9. INTEREST BEARING BORROWINGS**

	2008 US\$	2007 US\$
Dalemont Limited	6,856,234	7,822,433
ABH Financial Limited	44,203	22,400
Note 12(b)		
	<u>6,900,437</u>	<u>7,844,833</u>

**10. TRADE AND OTHER PAYABLES**

	2008 US\$	2007 US\$
Trade payables	3,958	-
Payable to related parties	44,480	43,547
Other payables and accruals	16,954	13,938
Note 12(a)		
	<u>65,392</u>	<u>57,485</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**11. SHARE CAPITAL**

	No of ordinary shares	UK£	US\$
<b>Authorised share capital:</b>			
At 1 January and 31 December 2008 (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

**12. RELATED PARTY TRANSACTIONS**

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

	2008 US\$	2007 US\$
Alfa Capital Holdings (Cyprus) Limited (company under common control)	44,480	43,547
	<u>44,480</u>	<u>43,547</u>

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

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

	2007 US\$	2006 US\$
<b>Dalemont Limited:</b>		
Opening balance	7,822,433	7,423,809
Advanced during the year	-	-
Foreign exchange loss/(gain)	18,002	-5,391
Re-translation difference	(1,400,874)	-
Interest added to balance	416,673	404,015
	<u>6,856,234</u>	<u>7,822,433</u>
<b>ABH Financial Limited:</b>		
Opening balance	22,400	-
Advanced during the year	21,803	22,400
Interest added to balance	-	-
	<u>44,203</u>	<u>22,400</u>

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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 U\$10,000,000. At the balance sheet date, US\$44,203 had been drawn down. The loan is repayable by demand on or after 31 December 2008.

**13. POST BALANCE SHEET EVENTS**

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

**14. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The controlling party is the ultimate parent company – ABH Holding Corp, a company incorporated in the British Virgin Islands.