

**SOVUN GRAIN MILL PRODUCTS  
DISTRIBUTION LIMITED (FORMERLY  
SOVUN DISTILLERIES LIMITED)  
FINANCIAL STATEMENTS  
31 DECEMBER 2006**

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**SOVUN GRAIN MILL PRODUCTS DISTRIBUTION LIMITED  
(FORMERLY SOVUN DISTILLERIES LIMITED)**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2006**

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**SOVUN GRAIN MILL PRODUCTS DISTRIBUTION LIMITED  
(FORMERLY SOVUN DISTILLERIES LIMITED)**

**OFFICERS AND PROFESSIONAL ADVISERS**

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<b>The director</b>	M Olshanetsky
<b>Company secretary</b>	Taylor Wessing Secretaries Limited
<b>Registered office</b>	Carmelite 50 Victoria Embankment London EC4Y0DX
<b>Auditors</b>	Blick Rothenberg Chartered Accountants 12 York Gate Regent's Park London, NW1 4QS

# **SOVUN GRAIN MILL PRODUCTS DISTRIBUTION LIMITED (FORMERLY SOVUN DISTILLERIES LIMITED)**

## **THE DIRECTOR'S REPORT**

### **YEAR ENDED 31 DECEMBER 2006**

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The director presents his report and the audited financial statements of the company for the year ended 31 December 2006

#### **Principal activity**

The principal activity of the company during the year was the distribution of alcohol fermented materials

Subsequent to the year end the principal activity changed to the distribution of grain mill products. On 13 February 2007 the company changed its name to Sovun Grain Mill Products Distribution Limited

#### **Director**

The director who served the company during the year is as follows

M Olshanetsky

#### **Director's responsibilities**

The director is responsible for preparing the Annual Report and 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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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,

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He 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

So far as the director of the company at the date this report is approved is aware, there is no relevant audit information of which the company's auditors are unaware and the director hereby confirms that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

#### **Auditors**

A resolution to reappoint Blick Rothenberg as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

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**SOVUN GRAIN MILL PRODUCTS DISTRIBUTION LIMITED  
(FORMERLY SOVUN DISTILLERIES LIMITED)**

**THE DIRECTOR'S REPORT *(continued)***

**YEAR ENDED 31 DECEMBER 2006**

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**Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Signed by



M Olshanetsky  
Director

Approved by the director on . .

11/03/08

# **SOVUN GRAIN MILL PRODUCTS DISTRIBUTION LIMITED (FORMERLY SOVUN DISTILLERIES LIMITED)**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOVUN GRAIN MILL PRODUCTS DISTRIBUTION LIMITED (FORMERLY SOVUN DISTILLERIES LIMITED)**

**YEAR ENDED 31 DECEMBER 2006**

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We have audited the financial statements of Sovun Grain Mill Products Distribution Limited (formerly Sovun Distilleries Limited) for the year ended 31 December 2006 on pages 6 to 12, which have been prepared on the basis of 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 director and auditors**

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of director's responsibilities

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 whether in our opinion the information given in the director's report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **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 director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, 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

**SOVUN GRAIN MILL PRODUCTS DISTRIBUTION LIMITED  
(FORMERLY SOVUN DISTILLERIES LIMITED)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOVUN  
GRAIN MILL PRODUCTS DISTRIBUTION LIMITED (FORMERLY  
SOVUN DISTILLERIES LIMITED) *(continued)***

**YEAR ENDED 31 DECEMBER 2006**

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**Opinion**

In our opinion

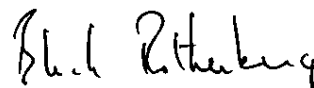
the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the director's report is consistent with the financial statements

12 York Gate  
Regent's Park  
London, NW1 4QS

4 April 2008



**BLICK ROTHENBERG**  
Chartered Accountants and  
Registered Auditors

**SOVUN GRAIN MILL PRODUCTS DISTRIBUTION LIMITED  
(FORMERLY SOVUN DISTILLERIES LIMITED)**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31 DECEMBER 2006**

	Note	Year to 31 Dec 06 £	Period from 28 Sep 04 to 31 Dec 05 £
Turnover		901,480	250,252
Cost of sales		(971,913)	(241,115)
<b>Gross (loss)/profit</b>		<b>(70,433)</b>	<b>9,137</b>
Administrative expenses		(181,480)	(100,993)
Other operating income	2	506,391	—
<b>Operating profit/(loss)</b>	3	<b>254,478</b>	<b>(91,856)</b>
Interest receivable		101	—
Interest payable and similar charges		(29)	—
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>254,550</b>	<b>(91,856)</b>
Tax on profit/(loss) on ordinary activities	4	(32,657)	—
<b>Profit/(loss) for the financial year</b>		<b>221,893</b>	<b>(91,856)</b>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above



**SOVUN GRAIN MILL PRODUCTS DISTRIBUTION LIMITED  
(FORMERLY SOVUN DISTILLERIES LIMITED)**

**BALANCE SHEET**

**31 DECEMBER 2006**

	Note	£	2006 £	£	2005 £
<b>Current assets</b>					
Debtors	5	267,618		700	
Cash at bank		147,895		1,379	
		<u>415,513</u>		<u>2,079</u>	
<b>Creditors: Amounts falling due within one year</b>	6	<u>(285,475)</u>		<u>(93,934)</u>	
<b>Net current assets/(liabilities)</b>			<u>130,038</u>		<u>(91,855)</u>
<b>Total assets less current liabilities</b>			<u>130,038</u>		<u>(91,855)</u>
<b>Capital and reserves</b>					
Called-up equity share capital	9		1		1
Profit and loss account	10		<u>130,037</u>		<u>(91,856)</u>
<b>Shareholders' funds/(deficit)</b>	11		<u>130,038</u>		<u>(91,855)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These financial statements were approved and signed by the director and authorised for issue on

11/03/08

M Olshanetsky  
Director



# **SOVUN GRAIN MILL PRODUCTS DISTRIBUTION LIMITED (FORMERLY SOVUN DISTILLERIES LIMITED)**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2006**

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### **1. Accounting policies**

#### **1.1 Basis of accounting and change in accounting policy**

The financial statements have been prepared on the going concern basis and under the historical cost convention

#### **1.2 Cash flow statement**

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

#### **1.3 Turnover**

Turnover represents amounts receivable for goods and services, net of VAT and trade discounts

#### **1.4 Fixed assets**

All fixed assets are initially recorded at cost.

#### **1.5 Leases**

Operating lease rentals are charged to the profit and loss account in equal instalments over the lease term

#### **1.6 Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### **1.7 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

#### **1.8 Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

**SOVUN GRAIN MILL PRODUCTS DISTRIBUTION LIMITED  
(FORMERLY SOVUN DISTILLERIES LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2006**

**2. Other operating income**

	Year to 31 Dec 06 £	Period from 28 Sep 04 to 31 Dec 05 £
Other operating income	<u>506,391</u>	<u>-</u>

Other operating income represents monies awarded by a court following a claim against a supplier for the non-completion of a contract.

**3. Operating profit/(loss)**

Operating profit/(loss) is stated after charging.

	Year to 31 Dec 06 £	Period from 28 Sep 04 to 31 Dec 05 £
Director's emoluments	108,000	72,000
Auditors' remuneration	4,661	6,500
Operating lease costs - land and buildings	<u>48,748</u>	<u>43,010</u>

**4. Taxation on ordinary activities**

**(a) Analysis of charge in the year**

	Year to 31 Dec 06 £	Period from 28 Sep 04 to 31 Dec 05 £
Current tax		
UK Corporation tax based on the results for the year at 30% (2005 30%)	<u>32,657</u>	<u>-</u>
Total current tax	<u>32,657</u>	<u>-</u>

**SOVUN GRAIN MILL PRODUCTS DISTRIBUTION LIMITED  
(FORMERLY SOVUN DISTILLERIES LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2006**

**4. Taxation on ordinary activities (continued)**

**(b) Factors affecting current tax charge**

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 30%)

	Year to 31 Dec 06 £	Period from 28 Sep 04 to 31 Dec 05 £
Profit/(loss) on ordinary activities before taxation	<u>254,550</u>	(91,856)
Profit/(loss) on ordinary activities by rate of tax	76,365	(27,557)
Utilisation of losses brought forward	(27,557)	27,557
Small companies relief	(16,151)	-
Total current tax (note 4(a))	<u>32,657</u>	-

**5. Debtors**

	2006 £	2005 £
Trade debtors	265,903	-
Other debtors	<u>1,715</u>	<u>700</u>
	<u>267,618</u>	<u>700</u>

**6. Creditors: Amounts falling due within one year**

	2006 £	2005 £
Bank loans and overdrafts	-	960
Trade creditors	11,685	10,074
Amounts owed to group undertakings	8,356	50,093
Corporation tax	32,657	-
Other taxation and social security	35,664	8,376
Other creditors	<u>197,113</u>	<u>24,431</u>
	<u>285,475</u>	<u>93,934</u>

**SOVUN GRAIN MILL PRODUCTS DISTRIBUTION LIMITED  
(FORMERLY SOVUN DISTILLERIES LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2006**

**7. Commitments under operating leases**

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as set out below

	<b>Land &amp; buildings</b>	
	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Operating leases which expire:		
Within one year	<u><b>6,568</b></u>	<u><b>2,466</b></u>

**8. Related party transactions and controlling party**

In the opinion of the directors, as at 31 December 2006 the immediate and ultimate controlling party was F I F Resources Limited, a company incorporated in Israel

Subsequent to the year end, the immediate and ultimate controlling party is Milling Company, Mlado, a company incorporated in Ukraine

Transactions with related parties are as follows

<b>Name (Relationship) Transaction</b>	<b>Amount</b>	<b>2005</b>	<b>Amount due (to)/from related parties</b>	
			<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
F I F Resources Limited (Parent company)      Loan	<b>(41,737)</b>	<b>50,093</b>	<b>(8,356)</b>	<b>(50,093)</b>

**9. Share capital**

	<b>2006</b>		<b>2005</b>	
	<b>No</b>	<b>£</b>	<b>No</b>	<b>£</b>
<b>Authorised share capital:</b>				
Ordinary	<u><b>1,000</b></u>	<u><b>1,000</b></u>	<u><b>1,000</b></u>	<u><b>1,000</b></u>
<b>Called up, allotted and fully paid:</b>				
Ordinary	<u><b>1</b></u>	<u><b>1</b></u>	<u><b>1</b></u>	<u><b>1</b></u>
<b>Equity shares:</b>				
Ordinary	<u><b>1</b></u>	<u><b>1</b></u>	<u><b>1</b></u>	<u><b>1</b></u>

**SOVUN GRAIN MILL PRODUCTS DISTRIBUTION LIMITED  
(FORMERLY SOVUN DISTILLERIES LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2006**

**10. Profit and loss account**

	Year to 31 Dec 06 £	Period from 28 Sep 04 to 31 Dec 05 £
Balance brought forward	(91,856)	—
Profit/(loss) for the financial year	221,893	(91,856)
Balance carried forward	<u>130,037</u>	<u>(91,856)</u>

**11 Reconciliation of movements in shareholders' funds**

	2006 £	2005 £
Profit/(loss) for the financial year	221,893	(91,856)
New ordinary share capital subscribed	—	1
Net addition/(reduction) to shareholders' deficit	221,893	(91,855)
Opening shareholders' deficit	<u>(91,855)</u>	—
Closing shareholders' funds/(deficit)	<u>130,038</u>	<u>(91,855)</u>

**12. Post balance sheet events**

The company passed a special resolution on 13 February 2007 to change its trading name from Sovun Distilleries Limited to Sovun Grain Mill Products Distribution Limited

**13. Parent undertaking**

At 31 December 2006 the immediate and ultimate parent undertaking was F.I.F. Resources Limited, a company incorporated in Israel. No group financial statements were prepared

Since 28 September 2007 the immediate and ultimate parent undertaking is Milling Company, Mlado, a company incorporated in Ukraine. No group financial statements are prepared