

BROADREACH ADVISORS LIMITED

(formerly ST Advisors (UK) Limited)

FINANCIAL STATEMENTS

31 DECEMBER 2005



BROADREACH ADVISORS LIMITED

FINANCIAL STATEMENTS

PERIOD ENDED 31 DECEMBER 2005

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BROADREACH ADVISORS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Sir Roger Hurn Sir David Scholey
Company secretary	EIS Haines Watts Limited
Registered office	3rd Floor 7 - 10 Chandos Street London W1G 9DQ
Auditor	Deloitte & Touche LLP Chartered Accountants London
Bankers	Barclays Bank Plc 38 Hans Crescent London SW1X 0LZ
Solicitors	Cameron McKenna Mitre House 160 Aldersgate Street London EC1A 4DD

BROADREACH ADVISORS LIMITED

THE DIRECTORS' REPORT

PERIOD ENDED 31 DECEMBER 2005

The directors present their report and the financial statements of the company for the period ended 31 December 2005.

PRINCIPAL ACTIVITIES

The company was incorporated on 14 February 2005 as ST Advisors (UK) Limited, began trading on 13 July 2005, and changed its name to Broadreach Advisors Limited on 12 September 2005.

The principal activity of the company during the year was the provision of strategic business advice.

FUTURE DEVELOPMENTS

On 22 March 2006, the company issued 249,999 ordinary £1 shares at par to its shareholder. These funds provided working capital so that the company could meet its financial obligations and continue trading, until it could support itself financially and begin trading at a profit, which it achieved in 2006.

DIRECTORS

The directors who served the company during the period were as follows:

Sir Roger Hurn	(Appointed 30 August 2005)
Sir David Scholey	(Appointed 30 August 2005)
Mr M Peters	(Served from 15 February 2005 to 30 August 2005)
Mr C G Malet de Carteret	(Served from 19 July 2005 to 30 August 2005)
Mr M R Aucott	(Served from 14 February 2005 to 15 February 2005)
Mr M R Edmunds	(Served from 15 February 2005 to 19 July 2005)

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 or loss of the company for that period.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described in note 1, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue 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 that the financial statements comply with the Companies Act 1985. The directors 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.

BROADREACH ADVISORS LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD ENDED 31 DECEMBER 2005

AUDITOR

Deloitte & Touche LLP was appointed first auditor of the company by the directors. A resolution to reappoint them as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 285 of the Companies Act 1985.

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.

Registered office:
3rd Floor
7 - 10 Chandos Street
London
W1G 9DQ

Signed by order of the directors

EIS HAINES WATTS LIMITED



Authorised Signatory

EIS HAINES WATTS LIMITED
Company Secretary

Approved by the directors on 26/01/06

BROADREACH ADVISORS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF BROADREACH ADVISORS LIMITED

PERIOD ENDED 31 DECEMBER 2005

We have audited the financial statements of Broadreach Advisors Limited for the period ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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, in accordance with the relevant financial reporting framework, 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, 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 directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 judgments made by the directors 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.

BROADREACH ADVISORS LIMITED

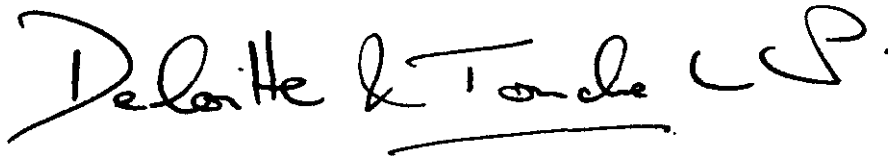
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
BROADREACH ADVISORS LIMITED (continued)**

PERIOD ENDED 31 DECEMBER 2005

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 2005 and of its loss for the period then ended; and
- the financial statements have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

A large, stylized handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style with a horizontal line underneath the name.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

Date

16 October 2006

BROADREACH ADVISORS LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD ENDED 31 DECEMBER 2005

	Note	2005 £
TURNOVER	2	589,518
Administrative expenses		<u>(727,801)</u>
OPERATING LOSS	3	(138,283)
Interest receivable		<u>816</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(137,467)
Tax on loss on ordinary activities		<u>(13,755)</u>
LOSS FOR THE FINANCIAL PERIOD	10	<u>(123,712)</u>

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 period as set out above.

The notes on pages 8 to 11 form part of these financial statements.

BROADREACH ADVISORS LIMITED

BALANCE SHEET

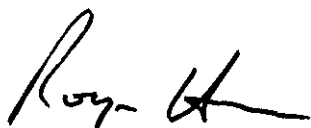
31 DECEMBER 2005

	Note	£	2005 £
FIXED ASSETS			
Tangible assets	4		7,156
CURRENT ASSETS			
Debtors	5	105,207	
Cash at bank		<u>207,975</u>	
		313,182	
CREDITORS: Amounts falling due within one year	7	<u>444,049</u>	
NET CURRENT LIABILITIES			<u>(130,867)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(123,711)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	9		1
Profit and loss account			<u>(123,712)</u>
SHAREHOLDERS' DEFICIT	10		<u>(123,711)</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 by the directors on the 26/11/06 and are signed on their behalf by:

Sir R Hurn
Director



The notes on pages 8 to 11 form part of these financial statements.

BROADREACH ADVISORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

Cash flow statement

The directors have 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.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office equipment - 20% straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

BROADREACH ADVISORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES *(continued)*

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.

2. TURNOVER

Turnover arises solely in the United Kingdom.

3. OPERATING LOSS

Operating loss is stated after charging:

	2005 £
Directors' emoluments	230,000
Staff pension contributions	3,088
Depreciation of owned fixed assets	146
Auditor's fees	7,500
Operating lease costs:	
Other	9,001
Net loss on foreign currency translation	<u>8,039</u>

4. TANGIBLE FIXED ASSETS

	Equipment £
COST	
Additions	<u>7,302</u>
At 31 December 2005	<u>7,302</u>
DEPRECIATION	
Charge for the period	<u>146</u>
At 31 December 2005	<u>146</u>
NET BOOK VALUE	
At 31 December 2005	<u>7,156</u>

BROADREACH ADVISORS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2005

5. DEBTORS

	2005 £
Other debtors	91,452
Deferred taxation (note 6)	13,755
	<u>105,207</u>

6. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	2005 £
Included in debtors (note 5)	13,755

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2005 £
Excess of taxation allowances over depreciation on fixed assets	(835)
Tax losses available	14,590
	<u>13,755</u>

7. CREDITORS: Amounts falling due within one year

	2005 £
Trade creditors	20,285
Amounts owed to related party	335,828
Other taxation and social security	35,177
Other creditors	52,759
	<u>444,049</u>

The amount shown as due to a related party will only be repaid to the extent that the company has funds available to do so.

8. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings £
Operating leases which expire:	
Within 1 year	<u>121,125</u>

BROADREACH ADVISORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31 DECEMBER 2005

9. SHARE CAPITAL

Authorised share capital:

	2005 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>

Allotted, called up and fully paid:

	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>
Equity shares		
Ordinary shares of £1 each	<u>1</u>	<u>.1</u>

One ordinary share was issued at par on incorporation.

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2005 £
Loss for the financial period	(123,712)
New ordinary share capital subscribed	<u>1</u>
Net reduction to shareholder's funds	(123,711)
Closing shareholder's deficit	<u>(123,711)</u>

11. POST BALANCE SHEET EVENTS

On 22 March 2006 the company issued 249,999 ordinary shares of £1 each at par, to provide working capital for the company.

12. ULTIMATE PARENT COMPANY

The ultimate parent company is Sercial Limited which acts as a trustee for a settlement for the benefit of Sergey Popov and his family.

The company's total turnover for the year represents services invoiced to Sercial Limited, and the balance due to Sercial Limited at the balance sheet date is disclosed in note 7 as amounts due to related party.