

Company Number: 4320617

**COMPANIES
HOUSE**

KIFINO TRADING LIMITED
REPORT AND FINANCIAL STATEMENTS
31 December 2007

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COMPANIES HOUSE

KIFINO TRADING LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2007

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KIFINO TRADING LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Ivo Robertus Edward Maria Muijser
Company Secretary:	Charoulla Neofytou
Independent Auditors:	Dinos Antoniou & Co Ltd Chartered Certified Accountants & Registered Auditors Karatza 1, Thelma court, 2nd floor, office 202 3021 Limassol, Cyprus
Registered office:	2, Athenaeum road, Prospect House, London N20 9YU, United Kingdom
Bankers:	Bank of Cyprus Public Company Ltd
Registration number:	4320617

KIFINO TRADING LIMITED

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2007.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the investing activities.

Review of current position, future developments and significant risks

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

The most significant risks faced by the Company and the steps taken to manage these risks, are described in note 3 of the financial statements.

Results and Dividends

The Company's results for the year are set out on page 5. The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital

There were no changes in the share capital of the Company during the year.

Board of Directors

The members of the Board of Directors as at 31 December 2006 and at the date of this report are shown on page 1. The sole director was a member of the board throughout the year ended 31 December 2007.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

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 or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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. 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.

Basis of preparation

In preparing the above report, the directors have taken advantage of the special provisions of part VII of the Companies Act 1985 relating to small companies.

Post balance sheet events

There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Independent Auditors

The independent auditors, Dinos Antoniou & Co Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,



Ivo Robertus Edward Maria Muijser
Director

Limassol, Cyprus, 21 October 2008

Dinos Antoniou & Co Ltd
Chartered Certified Accountants & Registered Auditors

**Report of the Independent Auditors to the Shareholders of
KIFINO TRADING LIMITED**

We have audited the financial statements of the parent company Kifino Trading Limited for the year ended 31 December 2007 on pages 5 to 13. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), under the historical cost convention and 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 that we are required to state to them in an auditor's 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 on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Companies Act 1985.

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 Report of the Directors 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 transactions with the company is not disclosed.

We read the Report of the Directors and consider the implication 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. 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 explanation 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.

Opinion

In our opinion, the financial statements give a true and fair view, of the state of the company's affairs as at 31 December 2007 and of its profit for the year ended 31 December 2007 and have been properly prepared in accordance with the Companies Act 1985.

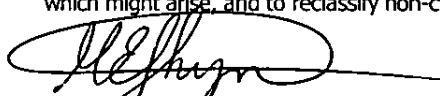
Dinos Antoniou & Co Ltd

Chartered Certified Accountants & Registered Auditors

Report of the Independent Auditors to the Shareholders of KIFINO TRADING LIMITED (continued)

Emphasis of Matter – Going concern

Without qualifying our opinion we draw attention to the fact that the financial statements have been prepared on a going concern basis. This basis may not be appropriate because the Company has made a loss after tax of US\$ 52,768 for the year ended 31 December 2007, and, as of at that date its current liabilities exceeded its current assets by US\$ 11,926. These factors indicate that, unless the Company continues to receive financial support from its creditors as well as from its bankers, may be unable to continue operating. Should the Company be unable to continue operating adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and liabilities.



Dinos Antoniou & Co Ltd
Chartered Certified Accountants & Registered Auditors

Limassol, 21 October 2008

KIFINO TRADING LIMITED

INCOME STATEMENT

Year ended 31 December 2007

	Note	2007 US\$	2006 US\$
Revenue	4	-	13.556
Administration expenses		<u>(5.163)</u>	<u>(4.948)</u>
Operating (loss) / profit	5	<u>(5.163)</u>	8.608
Net finance costs	6	(575.267)	(576.297)
Net profit from investing activities	7	<u>527.662</u>	<u>587.124</u>
Net (loss) / profit for the year		<u><u>(52.768)</u></u>	<u><u>19.435</u></u>

The notes on pages 9 to 13 form an integral part of these financial statements.

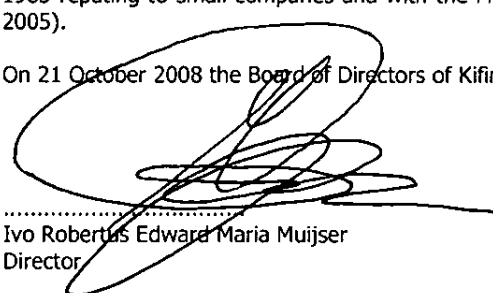
KIFINO TRADING LIMITED

BALANCE SHEET 31 December 2007

	Note	2007 US\$	2006 US\$
ASSETS			
Non-current assets			
Investments in subsidiaries	8	<u>7.856.158</u>	<u>7.128.382</u>
		<u>7.856.158</u>	<u>7.128.382</u>
Current assets			
Cash at bank and in hand	9	<u>1.608</u>	<u>1.881</u>
		<u>1.608</u>	<u>1.881</u>
Total assets		<u>7.857.766</u>	<u>7.130.263</u>
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	10	<u>1.676</u>	<u>1.676</u>
Other reserves	11	<u>537.914</u>	<u>337.800</u>
Accumulated (losses)		<u>(592.847)</u>	<u>(540.079)</u>
		<u>(53.257)</u>	<u>(200.603)</u>
Non-current liabilities			
Borrowings	12	<u>7.897.489</u>	<u>7.322.493</u>
		<u>7.897.489</u>	<u>7.322.493</u>
Current liabilities			
Trade and other payables	13	<u>13.534</u>	<u>8.373</u>
		<u>13.534</u>	<u>8.373</u>
Total liabilities		<u>7.911.023</u>	<u>7.330.866</u>
Total equity and liabilities		<u>7.857.766</u>	<u>7.130.263</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standards for Smaller Entities (Effective January, 2005).

On 21 October 2008 the Board of Directors of Kifino Trading Limited authorised these financial statements for issue.



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Ivo Robertus Edward Maria Muijser
Director

The notes on pages 9 to 13 form an integral part of these financial statements.

KIFINO TRADING LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2007

	Note	Share capital US\$	Other reserves US\$	Accumulated (losses) US\$	Total US\$
Balance - 1 January 2006		1.676	184.532	(559.514)	(373.306)
Fair value gains - net of tax	11	-	153.268	-	153.268
Net profit for the year		-	-	19.435	19.435
At 31 December 2006/ 1 January 2007		1.676	337.800	(540.079)	(200.603)
Fair value gains - net of tax	11	-	200.114	-	200.114
Net gains and losses recognised directly in equity		-	200.114	-	200.114
Net (loss) for the year		-	-	(52.768)	(52.768)
At 31 December 2007		1.676	537.914	(592.847)	(53.257)

The notes on pages 9 to 13 form an integral part of these financial statements.

KIFINO TRADING LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2007

	Note	2007 US\$	2006 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/ profit before tax		(52.768)	19.435
Adjustments for:			
Unrealised exchange (profit)		(527.662)	(587.124)
Interest expense	6	<u>574.995</u>	<u>574.995</u>
Cash flows (used in) / from operations before working capital changes		(5.435)	7.306
Increase / (decrease) in trade and other payables		<u>5.161</u>	<u>(7.153)</u>
Net cash (used in) / from operating activities		(274)	153
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Proceeds from borrowings		574.996	574.995
Interest paid		<u>(574.995)</u>	<u>(574.995)</u>
Net cash from financing activities		1	-
Net (decrease) / increase in cash and cash equivalents		(273)	153
Cash and cash equivalents:			
At beginning of the year	9	<u>1.881</u>	<u>1.728</u>
At end of the year	9	<u>1.608</u>	<u>1.881</u>

The notes on pages 9 to 13 form an integral part of these financial statements.

KIFINO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

1. Incorporation and principal activities

Country of incorporation

The Company Kifino Trading Limited (the "Company") was incorporated in the United Kingdom on 12 November 2001 as a private company with limited liability under the Companies Act 1985. Its registered office is at 2, Athenaeum road, Prospect House, London N20 9YU, United Kingdom.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the investing activities.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Companies Act 1985.

The Company is not required by Section 248 of the Companies Act 1985, to prepare consolidated financial statements because the Company and its subsidiaries constitute a small sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2007.

The European Commission has concluded that since parent companies are required by the EU 4th Directive to prepare their separate financial statements and since the Companies Act 1985, requires the preparation of such financial statements in accordance with IFRS as adopted by the EU, the provisions in IAS 27 "Consolidated and Separate Financial Statements" requiring the preparation of consolidated financial statements in accordance with IFRS do not apply.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised IFRSs and International Accounting Standards (IAS), which are relevant to its operations and are effective for accounting periods commencing on 1 January 2007.

The adoption of these Standards did not have a material effect on the financial statements.

At the date of authorisation of these financial statements some Standards were in issue but not yet effective. The Board of Directors expects that the adoption of these Standards in future periods will not have a material effect on the financial statements of the Company.

Subsidiary companies

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Revenue recognition

Revenue comprises the invoiced amount for the sale of goods and services net of Value Added Tax, rebates and discounts. Revenues earned by the Company are recognised on the following bases:

- **Rendering of services**

Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

KIFINO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

2. Accounting policies (continued)

Revenue recognition (continued)

- **Interest income**

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

Finance costs

Interest expense and other borrowing costs are charged to the income statement as incurred.

Foreign currency translation

(1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States Dollars (US\$), which is the Company's functional and presentation currency.

(2) Transactions and balances

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.

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 substantively enacted, by the balance sheet date.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Share capital

Ordinary shares are classified as equity.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the balance sheet date.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

KIFINO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

3. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, liquidity risk, currency risk and share ownership risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

(1.1) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

(1.2) 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 such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

(1.3) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro and British Pound. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(1.4) Share ownership risk

The risk of share ownership arises from the investment in shares/participation of The Company and is a combination of credit, price and operational risk as well as the risk of compliance and loss of reputation. The Company applies procedures of analysis, measurement and evaluation of this risk in order to minimize it.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the balance sheet date.

4. Revenue

	2007 US\$	2006 US\$
Rendering of services	-	13,556
	<u>-</u>	<u>13,556</u>

5. Operating (loss) / profit

	2007 US\$	2006 US\$
Operating (loss) / profit is stated after charging the following items:		
Auditors' remuneration	<u>3,682</u>	<u>3,300</u>

6. Finance costs

	2007 US\$	2006 US\$
Net foreign exchange transaction losses	-	1,014
Interest expense	574,995	574,995
Other finance expenses	<u>272</u>	<u>288</u>
	<u>575,267</u>	<u>576,297</u>

KIFINO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

7. Profit from investing activities

	2007	2006
	US\$	US\$
Exchange profit	<u>527.662</u>	<u>587.124</u>
	<u>527.662</u>	<u>587.124</u>

8. Investments in subsidiaries

	2007	2006
	US\$	US\$
On 1 January	<u>7.128.382</u>	<u>6.387.990</u>
Exchange difference	<u>527.662</u>	<u>587.124</u>
Revaluation	<u>200.114</u>	<u>153.268</u>
At 31 December	<u>7.856.158</u>	<u>7.128.382</u>

The details of the subsidiaries are as follows:

Name	Country of incorporation	Holding %
LLC Lolend	Russia	100
LLC Invest Forum-Pro	Russia	100

9. Cash and cash equivalents

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

	2007	2006
	US\$	US\$
Cash at bank and in hand	<u>1.608</u>	<u>1.881</u>
	<u>1.608</u>	<u>1.881</u>

10. Share capital

	2007 Number of shares	2007 GBP	2006 Number of shares	2006 GBP
Authorised				
Ordinary shares of GBPE1 each	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
		US\$		US\$
Issued and fully paid				
On 1 January	<u>1.000</u>	<u>1.676</u>	<u>1.000</u>	<u>1.676</u>
At 31 December	<u>1.000</u>	<u>1.676</u>	<u>1.000</u>	<u>1.676</u>

11. Other reserves

	Fair value reserve - available-for-sale financial assets US\$	Total US\$
Balance 1 January 2006	<u>184.532</u>	<u>184.532</u>
Revaluation	<u>153.268</u>	<u>153.268</u>
At 31 December 2006	<u>337.800</u>	<u>337.800</u>
At 31 December 2006/ 1 January 2007	<u>337.800</u>	<u>337.800</u>
Revaluation	<u>200.114</u>	<u>200.114</u>
At 31 December 2007	<u>537.914</u>	<u>537.914</u>

KIFINO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

12. Borrowings

	2007 US\$	2006 US\$
Non current borrowings		
Other loans	<u>7.897.489</u>	<u>7.322.493</u>
Total	<u>7.897.489</u>	<u>7.322.493</u>

The loans carry interest at 8,5% - 10%.

13. Trade and other payables

	2007 US\$	2006 US\$
Shareholders' current accounts - credit balances (Note 14)	1.625	1.625
Accruals	<u>11.909</u>	<u>6.748</u>
	<u>13.534</u>	<u>8.373</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

14. Related party transactions

The following transactions were carried out with related parties:

14.1 Shareholders' current accounts - credit balances (Note 13)

	2007 US\$	2006 US\$
Amount due to shareholders	<u>1.625</u>	<u>1.625</u>
	<u>1.625</u>	<u>1.625</u>

The shareholders' current accounts are interest free, and have no specified repayment date.

15. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2007.

16. Commitments

The Company had no capital or other commitments as at 31 December 2007.

17. Post balance sheet events

There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Independent Auditors' Report pages 3 and 4

KIFINO TRADING LIMITED

DETAILED INCOME STATEMENT

Year ended 31 December 2007

	Page	2007 US\$	2006 US\$
Revenue			
Rendering of services		-	13.556
Operating expenses			
Administration expenses	15	<u>(5.163)</u>	<u>(4.948)</u>
Operating (loss)/ profit		(5.163)	8.608
Finance income	16	527.662	587.124
Finance costs	16	<u>(575.267)</u>	<u>(576.297)</u>
Net (loss)/ profit for the year before tax		<u>(52.768)</u>	<u>19.435</u>

KIFINO TRADING LIMITED

OPERATING EXPENSES

Year ended 31 December 2007

	2007 US\$	2006 US\$
Administration expenses		
Auditors' remuneration	3.682	3.300
Accounting fees	1.481	1.037
Other professional fees	-	611
	<u>5.163</u>	<u>4.948</u>

KIFINO TRADING LIMITED

FINANCE INCOME / COST

Year ended 31 December 2007

	2007 US\$	2006 US\$
Finance income		
Unrealised exchange profit	<u>527.662</u>	<u>587.124</u>
	<u>527.662</u>	<u>587.124</u>
 Finance costs		
Interest expense		
Loan interest	574.995	574.995
Other finance expenses		
Bank charges	272	288
Net foreign exchange transaction losses		
Realised exchange loss	<u>-</u>	<u>1.014</u>
	<u>575.267</u>	<u>576.297</u>

KIFINO TRADING LIMITED

COMPUTATION OF CORPORATION TAX

For the year ended 31 December 2007

Net (loss) per detailed income statement	Page 14	US\$	US\$ (52.768)
<u>Add:</u>			
Unrealised exchange profit		<u>527.662</u>	<u>(527.662)</u>
Net (loss) for the year			<u><u>(580.430)</u></u>
Converted into GBPE at US\$ 1,9591 = CY£1			GBP (296.274)
(Loss) brought forward			<u>(611.040)</u>
Net (loss) at 31 December 2007 carried forward			<u><u>(907.314)</u></u>