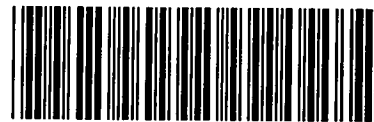


Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2013
for
General Satellite Research & Development
Limited

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**General Satellite Research & Development
Limited (Registered number: 04502930)**

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for the Year Ended 31 December 2013**

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**General Satellite Research & Development
Limited**

Company Information
for the Year Ended 31 December 2013

DIRECTORS:

P Chumakov
M C Smith

REGISTERED OFFICE:

3rd Floor, Fairgate House
78 New Oxford Street
London
WC1A 1HB

REGISTERED NUMBER:

04502930

AUDITORS:

S H Landes LLP
Statutory Auditors
3rd Floor
Fairgate House
78 New Oxford Street
London
WC1A 1HB

**General Satellite Research & Development
Limited**

**Strategic Report
for the Year Ended 31 December 2013**

The directors present their strategic report for the year ended 31 December 2013.

REVIEW OF BUSINESS

During the year 2013 the company continued with financial support of the branch office in Saint-Petersburg. The business continued to trade with its main business partners in the design and development of software and hardware for digital satellite receivers. The quality of software was improved and new features have been added in response to customers demand. The company has met all targets that were established at the beginning of the year and set up new prospects for some Asian projects.

PRINCIPAL RISKS AND UNCERTAINTIES

The company has some risks regarding new projects due to current political and economical environment. However the company has created a competitive range of software for different models of digital satellite receivers to avoid these risks. The company needs constantly to monitor market demands and prepare a strategic policy for new projects.

ON BEHALF OF THE BOARD:


.....
M C Smith - Director

Date: 23/4/14

**General Satellite Research & Development
Limited (Registered number: 04502930)**

**Report of the Directors
for the Year Ended 31 December 2013**

The directors present their report with the financial statements of the company for the year ended 31 December 2013.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2013.

DIRECTORS

P Chumakov has held office during the whole of the period from 1 January 2013 to the date of this report.

Other changes in directors holding office are as follows:

M C Smith was appointed as a director after 31 December 2013 but prior to the date of this report.

W Perry ceased to be a director after 31 December 2013 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 these financial statements, the directors are required to:

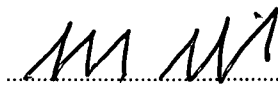
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director 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.

ON BEHALF OF THE BOARD:


.....
M C Smith - Director

Date: 23/4/14

**Report of the Independent Auditors to the Members of
General Satellite Research & Development
Limited**

We have audited the financial statements of General Satellite Research & Development Limited for the year ended 31 December 2013 on pages six to fourteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page three, the directors are 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of
General Satellite Research & Development
Limited

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Steven Landes (Senior Statutory Auditor)
for and on behalf of S H Landes LLP
Statutory Auditors
3rd Floor
Fairgate House
78 New Oxford Street
London
WC1A 1HB

Steven Landes

Date: 23/4/14

**General Satellite Research & Development
Limited (Registered number: 04502930)**

**Profit and Loss Account
for the Year Ended 31 December 2013**

	Notes	31.12.13 €	31.12.12 €
TURNOVER		3,104,015	1,536,751
Cost of sales		2,537,128	1,845,482
GROSS PROFIT/(LOSS)		566,887	(308,731)
Administrative expenses		757,442	378,249
		(190,555)	(686,980)
Other operating income		-	663,033
OPERATING LOSS	3	(190,555)	(23,947)
Interest receivable and similar income		503,014	38,781
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		312,459	14,834
Tax on profit on ordinary activities	4	-	2,967
PROFIT FOR THE FINANCIAL YEAR		312,459	11,867

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

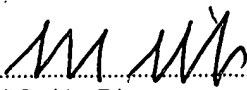
The company has no recognised gains or losses other than the profits for the current year or previous year.

**General Satellite Research & Development
Limited (Registered number: 04502930)**

**Balance Sheet
31 December 2013**

	Notes	31.12.13 €	31.12.12 €
FIXED ASSETS			
Investments	5	1,800	1,800
CURRENT ASSETS			
Stocks	6	499,599	490,368
Debtors	7	727,461	628,119
Investments	8	-	15,000,000
Cash at bank		415,169	203,967
		<u>1,642,229</u>	<u>16,322,454</u>
CREDITORS			
Amounts falling due within one year	9	<u>1,076,138</u>	<u>16,105,077</u>
NET CURRENT ASSETS		<u>566,091</u>	<u>217,377</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>567,891</u></u>	<u><u>219,177</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Translation reserve	11	36,255	-
Profit and loss account	11	531,635	219,176
SHAREHOLDERS' FUNDS	14	<u><u>567,891</u></u>	<u><u>219,177</u></u>

The financial statements were approved by the Board of Directors on 23/1/14 and were signed on its behalf by:


M C Smith - Director

The notes form part of these financial statements

**General Satellite Research & Development
Limited (Registered number: 04502930)**

**Cash Flow Statement
for the Year Ended 31 December 2013**

	Notes	31.12.13 €	€	31.12.12 €	€
Net cash (outflow)/inflow from operating activities	1		(15,288,845)		14,833,377
Returns on investments and servicing of finance	2		503,014		420
Taxation			(2,967)		(19,128)
			(14,788,798)		14,814,669
Management of liquid resources	2		15,000,000		(15,000,000)
Increase/(decrease) in cash in the period			211,202		(185,331)
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
Increase/(decrease) in cash in the period		211,202		(185,331)	
Cash (inflow)/outflow from (decrease)/increase in liquid resources		(15,000,000)		15,000,000	
Change in net funds resulting from cash flows			(14,788,798)		14,814,669
Movement in net funds in the period			(14,788,798)		14,814,669
Net funds at 1 January			15,203,967		389,298
Net funds at 31 December			415,169		15,203,967

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2013**

1. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	31.12.13 €	31.12.12 €
Operating loss	(190,555)	(23,947)
Provision for bad debts	-	244,816
Creditors payable written off	-	(663,033)
Unrealised forex translation difference	36,255	-
Increase in stocks	(9,231)	(182,808)
(Increase)/decrease in debtors	(99,342)	66,047
(Decrease)/increase in creditors	(15,025,972)	15,392,302
Net cash (outflow)/inflow from operating activities	(15,288,845)	14,833,377

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.12.13 €	31.12.12 €
Returns on investments and servicing of finance		
Interest received	503,014	420
Net cash inflow for returns on investments and servicing of finance	503,014	420
 Management of liquid resources		
Investment in bank deposit	15,000,000	(15,000,000)
Net cash inflow/(outflow) from management of liquid resources	15,000,000	(15,000,000)

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.13 €	Cash flow €	At 31.12.13 €
Net cash:			
Cash at bank	203,967	211,202	415,169
	<u>203,967</u>	<u>211,202</u>	<u>415,169</u>
 Liquid resources:			
Current asset investments	15,000,000	(15,000,000)	-
	<u>15,000,000</u>	<u>(15,000,000)</u>	<u>-</u>
 Total	<u>15,203,967</u>	<u>(14,788,798)</u>	<u>415,169</u>

**Notes to the Financial Statements
for the Year Ended 31 December 2013**

1. ACCOUNTING POLICIES

Accounting convention

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

The financial statements are presented in Euro.

Preparation of consolidated financial statements

The financial statements contain information about General Satellite Research & Development Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, General Satellite Corporation Limited, a company registered in the UK.

Turnover

Turnover represents the total invoice value, excluding value added tax. Turnover is recognised when the service is provided to the customer.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, 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 taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

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

Fixed asset investments

The fixed asset investments are valued at lower of cost or net realisable value.

2. STAFF COSTS

	31.12.13	31.12.12
	€	€
Wages and salaries	229,873	50,396

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2013**

2. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	31.12.13	31.12.12
Technical	10	-
Administrative	2	2
	<u>12</u>	<u>2</u>

3. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	31.12.13	31.12.12
	€	€
Auditors' remuneration	9,500	5,505
Auditors' remuneration for non audit work	23,131	21,064
Foreign exchange differences	<u>72,153</u>	<u>(6,469)</u>
Directors' remuneration	<u>-</u>	<u>-</u>

4. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.13	31.12.12
	€	€
Current tax:		
UK corporation tax	<u>-</u>	<u>2,967</u>
Tax on profit on ordinary activities	<u>-</u>	<u>2,967</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.13	31.12.12
	€	€
Profit on ordinary activities before tax	<u>312,459</u>	<u>14,834</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.250% (2012 - 24.500%)	72,647	3,634
Effects of:		
Adjustment for marginal relief	-	(667)
Group relief	(72,636)	-
Other adjustment	<u>(11)</u>	<u>-</u>
Current tax charge	<u>-</u>	<u>2,967</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2013**

5. FIXED ASSET INVESTMENTS

	Shares in group undertakings €
COST	
At 1 January 2013 and 31 December 2013	1,800
NET BOOK VALUE	
At 31 December 2013	1,800
At 31 December 2012	1,800

The company's investments at the balance sheet date in the share capital of companies include the following:

National Development Centre Limited

Country of incorporation: Russian Federation

Nature of business: Development of software and consultancy

	% holding	31.12.13 €	31.12.12 €
Class of shares:			
Ordinary	90.00		
Aggregate capital and reserves		125,061	(56,830)
Profit for the year		51,811	69,111

6. STOCKS

	31.12.13 €	31.12.12 €
Work-in-progress	305,500	490,086
Finished goods	194,099	282
	499,599	490,368

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.13 €	31.12.12 €
Trade debtors	644,084	589,758
Other debtors	19,894	38,361
VAT receivable	17,930	-
Prepayments	45,553	-
	727,461	628,119

8. CURRENT ASSET INVESTMENTS

	31.12.13 €	31.12.12 €
Investment in bank deposit	-	15,000,000

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2013**

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.13	31.12.12
	€	€
Trade creditors	711,919	408,498
Corporation tax	-	2,967
Other creditors	6,302	15,214,978
VAT payable	-	65,400
Shareholder's loan	1,800	1,800
Accruals	101,794	61,630
Deferred income	254,323	349,804
	<u>1,076,138</u>	<u>16,105,077</u>

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.13	31.12.12
			€	€
1	Ordinary	£1	<u>1</u>	<u>1</u>

11. RESERVES

	Profit and loss account €	Translation reserve €	Totals €
At 1 January 2013	219,176	-	219,176
Profit for the year	312,459		312,459
Movement during the year	-	36,255	36,255
At 31 December 2013	<u>531,635</u>	<u>36,255</u>	<u>567,890</u>

12. ULTIMATE PARENT COMPANY

General Satellite Holdings Company Limited, incorporated in the Jersey, Channel Islands is regarded by the directors of the company as the company's ultimate parent company. General Satellite Holdings Limited is controlled by Andrey Tkachenko and is considered by General Satellite Research & Development to be the ultimate controlling party. The company's immediate parent company is General Satellite Corporation Limited, a company registered in the UK. The largest group in which the results of the company are consolidated is that of which General Satellite Holdings Company Limited is the parent company. The consolidated accounts of General Satellite Holdings Company Limited may be obtained from La Motte Chambers St. Helier, Jersey JE1 1PB. The smallest such group is that of which General Satellite Corporation Limited is the parent company, whose consolidated accounts may be obtained from 3rd Floor, Fairgate House, 78 New Oxford Street, London WC1A 1HB.

13. RELATED PARTY TRANSACTIONS

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year, the company invoiced to the following related parties:

Relationship	2013	2012
	€	€

**General Satellite Research & Development
Limited (Registered number: 04502930)**

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2013**

Mega Service LLC	Common control	Nil	357,246
Cifra LLC	Common control	461,892	260,000
VLV LLC	Common control	231,228	191,512
GS Nanotech Public Company	Common control	7,185	Nil

At the year end €141,595 of these sales were included in deferred income.

At the balance sheet date, the following amounts were receivable/(payable) from/to related parties:

		2013 €	2012 €
Mega Service LLC	Common control	Nil	357,246
VLV LLC	Common control	198,000	191,512
Downridge Select Ltd	Common control	(360,954)	(376,011)
Cifra LLC	Common control	276,173	Nil
Neotion SA	Common control	(273,813)	Nil
Cifra LLC	Common control	(24,933)	Nil
IK Satprof	Common control	(35,448)	Nil
GS Nanotech Public Company	Common control	7,185	Nil

During the year, the company made purchases from the following related parties:

		2013 €	2012 €
Neotion SA	Common control	747,625	500,000
Cifra LLC	Common control	24,933	Nil
IK Satprof	Common control	173,722	Nil
OOO Consult-Technologiya	Common control	60,000	Nil

At the year end €15,705 of these purchases were included in prepayments and €67,421 in accruals. Other creditors include an amount of € 2,056 (2012: €2,056) payable to a director, P Chumakov.

During the year the company has paid trade association subscription of €172,446 to Association of Producers and Traders of Radio-Electronic Equipment of Kaliningrad Region "General Satellite Corporation", an association registered in Russia. Andrey Tkachenko is the president of General Satellite Corporation.

The above companies are related parties under the definition of FRS 8.

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.13 €	31.12.12 €
Profit for the financial year	312,459	11,867
Translation reserve	36,255	-
Net addition to shareholders' funds	348,714	11,867
Opening shareholders' funds	219,177	207,310
Closing shareholders' funds	567,891	219,177