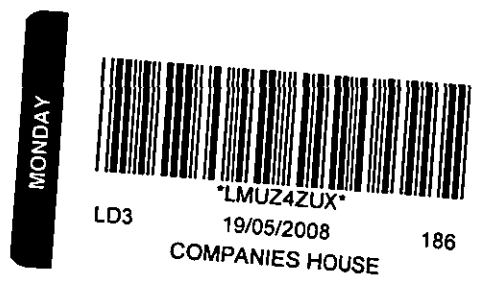


Report of the Director and
Unaudited Financial Statements for the Year Ended 31 July 2007
for
Panally Limited

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Panally Limited

**Contents of the Financial Statements
for the Year Ended 31 July 2007**

	Page
Company Information	1
Report of the Director	2
Chartered Accountants' Report	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6
Profit and Loss Account	11

Panally Limited

Company Information
for the Year Ended 31 July 2007

DIRECTOR	G Avakyan
SECRETARY	R Shahlo
REGISTERED OFFICE	48 Queen Anne Street London W1G 9JJ
REGISTERED NUMBER.	5193074 (England and Wales)
ACCOUNTANTS:	S H Landes LLP 5th Floor Walmar House 288 Regent Street London W1B 3AL
BANKERS:	AS AIZKRAUKLES BANKA Elizabetes iela 23. Riga. LV 1010 Latvija

Panally Limited

Report of the Director
for the Year Ended 31 July 2007

The director presents her report with the financial statements of the company for the year ended 31 July 2007

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of acting as agent for the supply of sugar and holding of the shares in companies in Uzbekistan

DIRECTOR

G Avakyan held office during the whole of the period from 1 August 2006 to the date of this report

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable her to ensure that the financial statements comply with the Companies Act 1985. She 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD

 
R Shahlo - Secretary

Date 12/5/08

Chartered Accountants' Report to the Director
on the Unaudited Financial Statements of
Panally Limited

In accordance with the engagement letter dated 17 August 2007, and in order to assist you to fulfil your duties under the Companies Act 1985 we have compiled the financial statements of the company for the year ended 31 July 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes from the accounting records and information and explanations you have given to us

This report is made to the company's director, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the company's director that we have done so and state those matters that we have agreed to state to them in this 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 director, as a body for our work or for this report

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England & Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements

You have acknowledged on the Balance Sheet as at 31 July 2007 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year

We have not been instructed to carry out an audit of the financial statements. For this reason we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not therefore, express any opinion on the financial statements



S H Landes LLP
5th Floor
Walmar House
288 Regent Street
London
W1B 3AL

Date 16/5/08

Panally Limited

Profit and Loss Account
for the Year Ended 31 July 2007

	Notes	31 7 07 \$	\$	31 7 06 \$	\$
TURNOVER			28 000		36 890
Administrative expenses			221 908		30 683
			<u>(193.908)</u>		<u>6 207</u>
Other operating income			348,643		52 682
OPERATING PROFIT	2		154,735		58,889
Income from shares in group undertakings		75 970		-	
Interest receivable and similar income		<u>101</u>		<u>172</u>	
			76.071		172
			<u>230 806</u>		<u>59 061</u>
Interest payable and similar charges	3		15 072		12,867
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			215 734		46 194
Tax on profit on ordinary activities	4		69 953		10 536
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			<u>145,781</u>		<u>35 658</u>

The notes form part of these financial statements

Panally Limited

Balance Sheet
31 July 2007

	Notes	31 7 07 \$	\$	31 7 06 \$	\$
FIXED ASSETS					
Tangible assets	5		190,675		-
Investments	6		451,000		451,000
Investment property	7		224,954		74,181
			<u>866,629</u>		<u>525,181</u>
CURRENT ASSETS					
Debtors	8	4,814		847,353	
Cash at bank		184,940		51,023	
		<u>189,754</u>		<u>898,376</u>	
CREDITORS					
Amounts falling due within one year	9	874,940		1,387,895	
NET CURRENT LIABILITIES					
			<u>(685,186)</u>		<u>(489,519)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>181,443</u>		<u>35,662</u>
CAPITAL AND RESERVES					
Called up share capital	10		4		4
Profit and loss account	11		181,439		35,658
SHAREHOLDERS' FUNDS					
			<u>181,443</u>		<u>35,662</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 July 2007

The members have not required the company to obtain an audit of its financial statements for the year ended 31 July 2007 in accordance with Section 249B(2) of the Companies Act 1985

The director acknowledges her responsibilities for

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007)

The financial statements were approved by the director on 12/5/08 and were signed by


G Avakyan - Director

The notes form part of these financial statements

Panally Limited

Notes to the Financial Statements
for the Year Ended 31 July 2007

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007)

The financial statements are expressed in US Dollars

Going concern

The financial statements have been prepared on a going concern basis even though at the balance sheet date the company had net current liabilities amounting to \$685 186

The sole shareholder will continue to support the company to enable it to trade for at least the next twelve months from the date of the approval of the financial statements

Exemption from preparing consolidated financial statements

The financial statements contain information about Panally Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirements to prepare consolidated financial statements

Turnover

Turnover represents net invoiced sales of services excluding value added tax

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Motor vehicles - 25% on cost

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Foreign currencies

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

Investments

Investment in subsidiaries are stated at cost less any provision for impairment

Other operating income

Other operating income represents rental income from investment properties which is accounted for on accruals basis

Panally Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2007**

2 OPERATING PROFIT

The operating profit is stated after charging

	31 7 07	31 7 06
	\$	\$
Depreciation - owned assets	63,558	-
Foreign exchange differences	5,930	-
	<u> </u>	<u> </u>
Director's emoluments and other benefits etc	10 510	4 800
	<u> </u>	<u> </u>

3 INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges includes the following

	31 7 07	31 7 06
	\$	\$
Loan interest payable	15,072	12 867
	<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 7 07	31 7 06
	\$	\$
Current tax		
Foreign withholding tax	69,953	10,536
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	69,953	10,536
	<u> </u>	<u> </u>

5 TANGIBLE FIXED ASSETS

		Motor vehicles \$
COST		
Additions		254 233
		<u> </u>
At 31 July 2007		254,233
		<u> </u>
DEPRECIATION		
Charge for year		63 558
		<u> </u>
At 31 July 2007		63 558
		<u> </u>
NET BOOK VALUE		
At 31 July 2007		190 675
		<u> </u>

Panally Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2007**

6 FIXED ASSET INVESTMENTS

	Shares in group undertakings \$
COST	
At 1 August 2006 and 31 July 2007	<u>451 000</u>
NET BOOK VALUE	
At 31 July 2007	<u><u>451,000</u></u>
At 31 July 2006	<u><u>451 000</u></u>

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

JV "ASIA RIANTA"

Country of incorporation. Uzbekistan
Nature of business Duty Free shop

	%		
Class of shares	holding	31 12 07	31 12 05
Ordinary	51 00	\$	\$
Aggregate capital and reserves		1 754,961	646 173
Profit for the year		<u>933,642</u>	<u>86,776</u>

OJSC "ACICFRU"

Country of incorporation Uzbekistan
Nature of business Clothing manufacture

	%		
Class of shares	holding	31 12 07	31 12 05
Ordinary	96 89	\$	\$
Aggregate capital and reserves		184,543	173 673
Profit for the year		<u>938</u>	<u>14 872</u>

FLLC "ASKLEPIY"

Country of incorporation Unknown
Nature of business Distributor of pharmaceutical products

	%		
Class of shares	holding	31 12 07	31 12 05
Ordinary	50 00	\$	\$
Aggregate capital and reserves		955,298	658,129
Profit for the year		<u>100 243</u>	<u>75,396</u>

Panally Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2007**

7 INVESTMENT PROPERTY

	Total \$
COST	
At 1 August 2006	74 181
Additions	150 773
At 31 July 2007	<u>224 954</u>
NET BOOK VALUE	
At 31 July 2007	<u>224 954</u>
At 31 July 2006	<u>74 181</u>

Investment property was valued at 31 July 2007 by G Avakyan at its open market value which equated to cost

8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 7 07	31 7 06
	\$	\$
Trade debtors	4,814	7 353
Other debtors	-	840.000
	<u>4,814</u>	<u>847.353</u>

9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 7 07	31 7 06
	\$	\$
Amounts owed to group undertakings	814,427	1 377.665
Taxation and social security	885	1 471
Other creditors	59,628	8,759
	<u>874,940</u>	<u>1 387.895</u>

10 CALLED UP SHARE CAPITAL

Authorised				
Number	Class	Nominal value	31 7 07	31 7 06
			£	£
1,000	Ordinary	£1	<u>1 000</u>	<u>1,000</u>
Allotted, issued and fully paid				
Number	Class	Nominal value	31 7 07	31 7 06
			\$	\$
2	Ordinary	£1	<u>4</u>	<u>4</u>

Panally Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2007**

11 RESERVES

	Profit and loss account \$
At 1 August 2006	35,658
Profit for the year	145,781
At 31 July 2007	<u>181,439</u>

12 ULTIMATE PARENT COMPANY

The company's ultimate parent company is Takilant Limited, a company incorporated in Gibraltar. There is no legal requirement for this entity to prepare consolidated financial statements.

13 RELATED PARTY DISCLOSURES

Included in creditors due within one year are the following balances due to related party

	2007 \$	2006 \$
Takilant Limited	814,427	1,377,665

During the year, the company received loans totalling \$20,000 (2006 \$551,220) from Takilant Limited.

During the year, the company was charged interest of \$15,072 (2006 \$12,867) by Takilant Limited in respect of the above loans.

During the year, the company purchased a motor vehicle for \$150,000 from its parent company, Takilant Limited.

The above company is a related party due to being the company's holding entity.

The company provided rental services to FLLC "ASKLEPIY" to the value of \$20,161 (2006 \$12,364) on normal commercial terms. At the balance sheet date, the amount due to the company was \$3,360 (2006 \$5,299).

The above company is a related party due to being the company's subsidiary.

14 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Ms G Avakyan by virtue of her interest in the issued share capital of the parent company.