

Registered Number: 4027711

FLEMING FAMILY & PARTNERS (RUSSIA) LIMITED

Annual Report and Accounts

31 March 2005



DIRECTORS

R J Fleming (Chairman)
M R Garber
R A Hill
G M Rochussen
D M Sukhanov

SECRETARY

Mrs C E S Stone

REGISTERED OFFICE

Ely House
37 Dover Street
London
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INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Southwark Towers
32 London Bridge Street
London SE1 9SY

REGISTERED NUMBER

4027711

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2005

The directors present their report and the audited financial statements of the company for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES

The principal activity during the period was providing support for various Group companies under consulting service agreements and corporate advice for certain Russian clients.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

In the year under review, the Company advised various Group entities on a number of projects. It also advised local Russian clients on their international development. The Company also assisted the Group in the management and development of the Russian Real Estate Fund. The office is actively engaged in sourcing new clients, on a selective basis, and is engaged in pursuing investment opportunities in the region.

RESULTS AND DIVIDENDS

For the year ended 31 March 2005, the Company recorded an operating profit of £55,000 (2004: £10,000 loss) on gross revenues of £2,218,000 (2004: £2,198,000), and a retained loss of £1,000 (2004: £33,000 loss) after interest and tax.

No dividend has been declared in the period (2004: nil).

DIRECTORS

The directors of the Company are listed on page 1. D I Rawlinson resigned as a director of the Company with effect from 1 May 2004. R A Hill was appointed a director of the Company with effect from 1 November 2004.

DIRECTORS' INTERESTS

During the year no director has any interest in the share capital of the Company. Directors of the holding company and their interests in its shares are disclosed in that Company's report. The interests of the directors, other than directors of the holding company, in the ordinary shares of the holding company were as follows: -

	Ordinary shares at 31 March 2005	Ordinary shares at 31 March 2004 or date of appointment if later
	Beneficial	Beneficial
D M Sukhanov	4,000,000	4,000,000
R A Hill	900,000	500,000

EMPLOYEES

Fleming Family & Partners (Russia) Limited currently has 27 employees based in its Moscow representative office (2004: 25).

POLICY & PRACTICE ON PAYMENT OF CREDITORS

It is the company's intention to be a timely payer of bills where the aim is to settle all invoices within 30 days of receipt.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that 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 judgements and 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; and

- 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 that 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.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

COMPANIES ACT 1985

An elective resolution under section 379A of the Companies Act 1985 is in force dispensing with the requirement for the holding of annual general meetings, laying of accounts before shareholders at general meetings and the annual re-election of auditors.

By order of the Board



C E S Stone
Secretary
23 June 2005

Independent auditors' report to the members of Fleming Family & Partners (Russia) Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2005 and of its ^{loss}~~profit~~ for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

23 June 2005

Fleming Family & Partners (Russia) Limited

Profit and Loss Account for the year ended 31 March 2005

	Note	2005 £'000	2004 £'000
Turnover		2,218	2,198
Administrative expenses	3	(2,169)	(2,208)
Operating profit/(loss)	3	49	(10)
Interest receivable and similar income		29	5
Profit/(loss) on ordinary activities before taxation		78	(5)
Tax on profit/(loss) on ordinary activities	7	(85)	(28)
Retained loss for the financial year		(7)	(33)

All turnover is attributable to continuing operations.

The Company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss before taxation and the retained loss for the financial year stated above and their historical cost equivalents.

Fleming Family & Partners (Russia) Limited

Balance Sheet as at 31 March 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	8	116	145
Current assets			
Debtors	9	399	926
Cash at bank and in hand		749	71
		1,148	997
Creditors – amounts falling due within one year	10	(640)	(511)
Net current assets		508	486
Total assets less current liabilities		624	631
Net assets		624	631
Capital and reserves			
Called up share capital	11	750	750
Profit & loss account	12	(126)	(119)
Total shareholder's funds	13	624	631

The financial statements on pages 7 to 14 were approved by the board of directors on 23 June 2005 and were signed on its behalf by:



Gavin Rochussen
Director

The accounting policies and notes to the accounts on pages 9 to 14 form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2005.

1. Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below.

Turnover – Turnover comprises fee income received for the provision of advisory services to Russian corporate clients and FFP Services, a company within the same Group. Turnover is recognised on an accruals basis.

Leases – Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Foreign currencies – All foreign currency transactions have been converted into Sterling at the mid-market rate prevailing on the date that the transaction is booked.

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling on the balance sheet date. Overseas profits and losses are translated into sterling at average rates of exchange for the year. Exchange differences arising from the application of closing rates of exchange to the opening net assets held overseas, to the retranslation of the result for the year from the average rate to the closing rate are taken directly to reserves. All other exchange profits and losses, which arise from normal trading activities, are included in the profit and loss account.

Depreciation and amortisation – Computers and related information technology equipment including, where considered appropriate, cabling and infrastructure costs have been capitalised and are being depreciated on a straight-line basis over two years.

All other fixed assets including vehicles, furniture, fixtures and fittings and leasehold improvements are being depreciated on a straight-line basis over four years.

Pensions – The pension cost recognised in the profit and loss account represents the contributions payable to the pension scheme.

Fixed assets – Assets with a unit value of less than £1,000 have not been capitalised but have been written off directly to the profit and loss account.

2. Cash flow statement and related party disclosures

As permitted by FRS1 (revised 1996) the Company's cash flow statement has not been included as it is a wholly owned subsidiary of Fleming Family & Partners Limited and its cash flow appears as part of the Group consolidated cash flow in the Group's accounts.

The Company has taken advantage of the provisions of FRS8, which exempts it from disclosing related party transactions where the related party is part of the Fleming Family & Partners Group or is an investor in the Group.

3. Operating profit

	2005 £'000	2004 £'000
Operating profit/(loss) is stated after charging		
Wages and salaries	1,237	1,324
Social security costs	11	78
Other pension costs (Note 14)	48	64
Staff costs	1,296	1,466
Depreciation of tangible fixed assets		
Owned assets	38	28
Operating lease charges		
Land and buildings	141	194
Other	9	-
Auditor's remuneration		
Audit services	13	8
Non-audit services	1	18

4. Operating leases

	2005 £'000	2004 £'000
Land and buildings		
Within one year	141	-
In more than one year, but not more than five years	-	194
After five years	-	-
Other		
Within one year	9	-
In more than one year, but not more than five years	-	-
After five years	-	-
	150	194

5. Directors' emoluments

	2005 £'000	2004 £'000
Aggregate emoluments	346	238
Company contributions to pension scheme	4	-
	350	238

Fleming Family & Partners (Russia) Limited

	2005 £'000	2004 £'000
Highest paid director		
Aggregate emoluments	181	166
Company contributions to pension scheme	-	-
	181	166

Retirement benefits are accruing to 3 (2004: 2) directors under a money purchase pension scheme.

6. Employee information

The average monthly number of persons (including executive directors) employed by the Company during the year was 27 (2004: 25)

7. Tax on profit on ordinary activities

	2005 £'000	2004 £'000
Current tax:		
UK corporation tax on profits of the year	22	28
Foreign corporation tax on profits of the year	63	-
Tax on profit/(loss) on ordinary activities	85	28

The tax assessed for the period is higher (2004: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

Profit/(loss) on ordinary activities before tax	78	(5)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	23	(2)
Effects of:		
Expenses not deductible for tax purposes	62	-
Relief for double taxation	(22)	2
Overseas taxation	22	28
Current tax charge for the year	85	28

8. Tangible assets

	Vehicles £'000	Furniture, Fixtures & Fittings £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 April 2004	132	24	38	194
Additions	-	9	16	25
Disposals	(3)	(6)	(11)	(20)
As at 31 March 2005	129	27	43	199
Accumulated depreciation				
At 1 April 2004	(27)	(6)	(16)	(49)
Charge for the year	(22)	(4)	(12)	(38)
Disposals	1	1	2	4
As at 31 March 2005	(48)	(9)	(26)	(83)
Net book value				
At 1 April 2004	105	18	22	145
At 31 March 2005	81	18	17	116

9. Debtors

	2005 £'000	2004 £'000
Trade debtors	28	231
Amounts owed by group undertakings	80	695
Other tax receivable	1	-
Other debtors	265	-
Prepayments and accrued income	25	-
	399	926

10. Creditors – amounts falling due within one year

	2005 £'000	2004 £'000
Trade creditors	62	-
Amounts owed to group undertakings	260	33
Corporation tax	26	-
Other creditors	4	-
Accrued expenses	288	478
	640	511

11. Called up share capital

	2005 £'000	2004 £'000
Authorised		
500,000 ordinary shares of £1 each	500	500
1,500,000 8% non-cumulative preference shares of £1 each	1,500	1,500
	2,000	2,000
Allotted, called up and fully paid		
Ordinary shares of £1 each		
At 1 April – 55,000 (2004: 55,000)	55	55
At 31 March – 55,000 (2004: 55,000)	55	55
8% non-cumulative preference shares of £1 each, fully paid		
At 1 April – 695,000 (2004: 695,000)	695	695
At 31 March – 695,000 (2004: 695,000)	695	695
Total share capital	750	750

The principle rights attached to the preference shares are as follows:-

- (i) Non-cumulative dividend of 8% per annum payable in priority to dividends on the ordinary shares
- (ii) No entitlement to vote at general meetings
- (iii) Redeemable at par plus any accrued dividend at the option of the Company
- (iv) On a winding up the holders have priority before all other classes of shares to receive repayment of capital plus any accrued dividend.

12. Profit and loss account

	2005 £'000
At 1 April 2004	(119)
Retained loss for the financial year	(7)
At 31 March	(126)

13. Reconciliation of movement in shareholders' funds

	2005 £'000	2004 £'000
Loss for the year	(7)	(33)
Net proceeds of issue of ordinary share capital	-	695
Net change in shareholder's funds	(7)	662
Opening shareholder's funds	631	(31)
Closing shareholders' funds	624	631

14. Pension commitments

During the year, the Company made total contributions of £48,000 (2004: £64,000) to the Russian state pension scheme.

15. Contingent liabilities

The company had no contingent liabilities as at 31 March 2005 (2004: none).

16. Other related party transactions

The Company has no other related party transactions that require disclosure (2004: none).

17. Ultimate parent undertaking

The immediate and ultimate parent undertaking and controlling party is Fleming Family & Partners Limited, a company incorporated in England (registered number 4006741). Copies of the Group's consolidated financial statements can be obtained from the Company Secretary at 37 Dover Street, London W1S 4NJ.