

Registered no.: 4027711

FP Advisory Russia Limited
Annual Report
For the year ended 31 March 2002



	Page
Directors' report	3
Independent auditor's report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

Directors' report for the year ended 31 March 2002

The directors present their report and the audited financial statements of the company for the year ended 31 March 2002.

Principal activities

The principal activity during the period was that of a corporate advisory operation.

Review of business and future developments

The Company was incorporated in England on 5 July 2000 and a Moscow representative office was established shortly thereafter. While the company incurred a small loss for the period under review it is envisaged that at least a break even result will be achieved in the future.

In December 2001 the authorised share capital of the company was increased by £0.5 million. At the same time the parent company subscribed for an additional 54,998 shares raising an additional £54,498 of capital. The directors have received an undertaking from the parent that they will support the business to maintain it as a going concern for next financial year.

Results and dividends

In the period under review, the group recorded an operating loss of £0.1 million on gross revenues of £1.0 million and a retained loss of £0.2 million after interest and (Russian) tax.

No dividend has been declared in the period.

Directors and their interests

The directors who held office during the period are given below:

Roderick Fleming	appointed 1 September 2000
Mark Garber	appointed 1 September 2000
Iain Rawlinson	appointed 1 September 2000
Dennis Sukanov	appointed 1 September 2000
Gavin Rochussen	appointed 3 April 2002

No director held shares in the company.

Table of shareholdings in ultimate parent undertaking

	Beneficial		Non-beneficial	
	Ordinary	Preferred	Ordinary	Preferred
Roderick Fleming	72,000,000	24,000,000	-	-
Mark Garber	28,800,000	9,600,000	-	-
Iain Rawlinson	9,000,000	-	-	-
Denis Sukhanov	750,000	-	-	-
Gavin Rochussen	-	-	9,000,000	-

Employees

FP Advisory Russia Limited currently has 10 employees based in its Moscow representative office

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 period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 8 under Note 1 'Accounting policies'. They also confirm that reasonable and prudent judgments and estimates have been made in preparing the financial statements for the year ended 31 March 2002 and that applicable accounting standards have been followed.

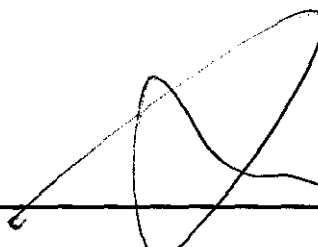
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the safeguarding of the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

A. Benns
Secretary



1/8/2002

Independent auditors' report to the members of FP Advisory Russia Limited

We have audited the financial statements in pages 6 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report. As described on page 4 this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 of information specified by law regarding directors' remuneration and transaction 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.

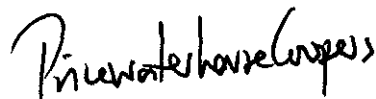
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit included 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 opinions 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

1 July 2002

Profit and Loss Account for the year ended 31 March 2002

	Note	2002 £'000	2001 (9 months) £'000
Turnover	3	952	510
Administration Costs	4	(1,070)	(487)
Operating Profit/(Loss)		(118)	23
Interest receivable and similar income		-	-
Interest payable and similar charges		0	(2)
Profit/(Loss) before taxation		(118)	21
Taxation	7	(52)	(20)
Profit/(Loss) for the financial year		(170)	1
Dividends - including non-equity	8	-	-
Retained Profit/(Loss) for the financial year		(170)	1

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.

Balance Sheet as at 31 March 2002

	Note	2002 £'000	2001 £'000
Fixed Assets			
Tangible Assets	9	26	33
Current assets			
Trade debtors & other	10	152	7
Cash at bank and in hand		15	45
Creditors - amount falling due within one year	11	(306)	(84)
Net current assets		(140)	(32)
Total assets less current liabilities		(114)	1
Net assets		(114)	1
Capital and reserves			
Called up share capital	12	55	-
Profit & Loss account	13	(169)	1
Total shareholder's funds	14	(114)	1

The financial statements on pages 6 to 12 were approved by the board of directors on 1 July 2002 and were signed on its behalf by:



Roderick Fleming
Chairman

The accounting policies and notes to the accounts on pages 8 to 12 form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2002.

1. Accounting policies

These financial statements are prepared under the historical cost convention in accordance with applicable accounting standards. This is the first period of trading and therefore no comparative figures have been presented.

Fixed Assets, Depreciation and amortisation

Fixed assets (comprising motor vehicles) are being depreciated on a straight-line basis over four years

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. The company currently has limited exposure to foreign currencies as substantially all the group's business is transacted in the UK.

2. Exemptions

As permitted by FRS1 FP Advisory (Russia) Limited's cash flow statement has not be included as it is a wholly owned subsidiary of Fleming Family & Partners Limited and it's cash flow appears as part of the consolidated cash flow in the group's accounts.

FP Advisory (Russia) Limited also takes advantage 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. Turnover

This comprises fee income received for the provision of advisory services to Russian corporate clients.

4. Operating loss

	2002 £'000	2001 (9 months) £'000
Operating loss is stated after charging		
Wages and salaries	(254)	(24)
Social security costs	(4)	(2)
Other pension costs	(17)	(6)
Staff Costs	(275)	(32)
Auditor's remuneration		
Audit services	(7)	(6)
Non-audit services	(7)	-
Other operating costs	(781)	(449)
	(1,070)	(487)

All auditor's remuneration has been paid by FFP Services, another subsidiary within the Group.

5. Directors' emoluments

There were no directors' emoluments paid during the period under review.

6. Employee information

There were 10 employees employed during the period under review, all of whom were based in the Moscow branch office.

7. Tax on profit on ordinary activities

£52,000 has been provided for tax payable in Russia. There were no other charges for taxation made in the period under review.

8. Dividends

No dividends have been declared.

9. Tangible Assets

	Vehicles	Furniture, Fixtures & Fittings £'000	Computer Equipment £'000	Leasehold Improvements £'000	Total £'000
Cost or valuation					
As at 1 April 2001	22	-	11	-	33
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As at 31 March 2002	22	-	11	-	33
Accumulated depreciation					
As at 1 April 2001	-	-	-	-	-
Charge for the period	(5)	-	(2)	-	(7)
Disposals	-	-	-	-	-
As at 31 March 2002	(5)	-	(2)	-	(7)
Net book value					
As at 1 April 2001	22	-	11	-	33
As at 31 March 2002	17	-	9	-	26

10. Debtors

	2002 £'000	2001 £'000
Trade debtors	144	7
Prepayments and accrued income	7	-
VAT debtor	1	-
	152	7

11. Creditors – Amounts falling due within one year

	2002 £'000	2001 £'000
Trade creditors	7	84
Amounts owed to Group undertakings	5	-
Accrued expenses	294	-
	306	84

12. Called up share capital

	2002 £
Authorised	
As at April 1 2001	
100 ordinary shares of £1 each	100
Increased authorised share capital by:	
499,900 ordinary shares of £1 each	499,900
	500,000

Allotted and fully paid

As at April 1 2001	
2 ordinary shares of £1 each, fully paid	2
Alloted and paid during the period under review	
54,998 ordinary shares of £1 each, fully paid	54,998
	55,000

In March 2002 the authorised share capital of the Company was increased by £0.5 million in order to facilitate additional funding from the parent. At this time 54,998 ordinary shares with a nominal value of £54,998 were issued at par for cash.

13. Reserves

	2002 £'000	2001 (9 months) £'000
As at April 01 2001	1	-
Retained loss for the financial year	(170)	1
As at 31 March 2002	(169)	1

14. Reconciliation of movement in shareholders' funds

Total shareholders' funds

Opening balance of shareholders' funds	1	-
Net proceeds of issue of equity shares	55	0
Profit and loss appropriation	(170)	1
Closing shareholders' funds	(114)	1

15. Contingent Liabilities

The company had no contingent liabilities as at 31 March 2002.

16. Ultimate Parent Undertaking

The company is a wholly owned subsidiary of 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.