

Registered Number: 4027711

FLEMING FAMILY & PARTNERS (RUSSIA) LIMITED

Annual Report and Accounts

31 March 2008

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COMPANIES HOUSE

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Fleming Family & Partners (Russia) Limited

DIRECTORS

R J Fleming (Chairman) (resigned 1 March 2008)
M R Garber
R A Hill
G M Rochussen
D M Sukhanov

SECRETARY

Ms C E S Stone

REGISTERED OFFICE

Ely House
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London
W1S 4NJ

Telephone 020 7409 5600
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INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London SE1 2RD

REGISTERED NUMBER

4027711

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

The directors present their report and the audited financial statements of the company for the year ended 31 March 2008

PRINCIPAL ACTIVITIES

The principal activity during the year was providing support to 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 provided services to fellow subsidiaries of Fleming Family & Partners in respect of the management and development of the FF&P Russian Real Estate Fund and the FF&P Russia Real Estate Development Fund. The office is actively engaged in sourcing new clients, on a selective basis, and is engaged in pursuing investment opportunities in the region.

The consolidated financial statements of Fleming Family & Partners Limited include a review of the Group's principal business risks and uncertainties and business development and performance.

RESULTS AND DIVIDENDS

For the year ended 31 March 2008, the Company recorded an operating loss of £699,000 (2007: £441,000 loss) on gross revenues of £3,048,000 (2007: £3,038,000), and a retained loss of £381,000 (2007: £234,000 loss) after interest and tax. At 31 March 2008, the Company had net liabilities of £810,000 (2007: £477,000).

No dividend has been declared in the period (2007: nil).

DIRECTORS

The directors of the Company are listed on page 1.

EMPLOYEES

Fleming Family & Partners (Russia) Limited has 39 employees based in its Moscow representative office (2007: 38).

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.

FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risk predominantly through the operation of its bank accounts. Balances on such accounts are generally held on short term notice and are therefore subject to short term variations in interest rates.

Currency risk

Substantially all of the Company's income and expenses, assets and liabilities are denominated in foreign currency, predominantly US dollars. The Company ensures that the exposure to net assets held in foreign currency is monitored and managed as appropriate.

Market risk

The Company's income comprises primarily of

- Advisory fees charged to third parties
- Services provided to Group companies These are largely on a cost-plus basis

Accordingly, the Company's income is largely not subject to market risk

Credit risk

The majority of the Company's assets comprises debtors and cash at bank It is the Company's policy to hold cash with a small number of high quality institutions Debtors are monitored regularly

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

So far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware 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 auditor is aware of that information

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 United Kingdom 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

4 August 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FLEMING FAMILY & PARTNERS (RUSSIA) LIMITED

We have audited the financial statements of Fleming Family & Partners (Russia) Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications 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 (UK and Ireland) 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
4 August 2008

Fleming Family & Partners (Russia) Limited

Profit and Loss Account for the year ended 31 March 2008

	Note	2008 £'000	2007 £'000
Turnover		3,048	3,038
Administrative expenses		(3,747)	(3,479)
Operating loss	3	(699)	(441)
Interest receivable and similar income		3	4
Loss on ordinary activities before taxation		(696)	(437)
Tax on loss on ordinary activities	7	315	203
Loss for the financial year		(381)	(234)

The above results are all 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

The notes on pages 8 to 13 form an integral part of these financial statements

Fleming Family & Partners (Russia) Limited

Balance Sheet as at 31 March 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	8	429	540
Current assets			
Debtors	9	1,111	937
Cash at bank and in hand		302	284
		1,413	1,221
Creditors – amounts falling due within one year	11	(1,957)	(1,543)
Net current liabilities		(544)	(322)
Total assets less current liabilities		(115)	218
Creditors – amounts falling due after more than one year	12	(695)	(695)
Net liabilities		(810)	(477)
Capital and reserves			
Called up share capital	13	55	55
Profit & loss account	14	(865)	(532)
Total shareholder's funds	15	(810)	(477)

The financial statements on pages 6 to 13 were approved by the board of directors on 4 August 2008 and were signed on its behalf by



Gavin Rochussen
Director

The notes on pages 8 to 13 form an integral part of these financial statements

Notes to the financial statements for the year ended 31 March 2008

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 as the Company becomes contractually entitled to such income.

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 loss

	2008 £'000	2007 £'000
Operating loss is stated after charging		
Wages and salaries	1,842	1,604
Social security costs	118	125
Other pension costs (Note 16)	98	92
Share-based remuneration	65	54
Staff costs	2,123	1,875
Depreciation of tangible fixed assets		
Owned assets	166	167
Operating lease charges		
Land and buildings	341	368
Auditor's remuneration		
Audit services	11	11

4. Operating leases

	2008 £'000	2007 £'000
Land and buildings		
Within one year		-
In more than one year, but not more than five years	565	368
After five years		-
	565	368

5. Directors' emoluments

	2008 £'000	2007 £'000
Aggregate emoluments and benefits under Long Term Incentive Plan		
Company contributions to defined contribution pension scheme	439	390
	6	5
	445	395
Highest paid director		
Aggregate emoluments and benefits under Long Term Incentive Plan	166	148
Company contributions to defined contribution pension scheme	-	-
	166	148

Retirement benefits are accruing to 2 (2007: 3) 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 39 (2007 38)

7. Tax on profit on ordinary activities

	2008 £'000	2007 £'000
Current tax:		
UK corporation tax on losses of the year	(374)	(195)
Foreign corporation tax charge on losses of the year	97	79
Total current tax	(277)	(116)
Origination and reversal of timing differences	(38)	(87)
Total deferred tax (Note 10)	(38)	(87)
Tax on loss on ordinary activities	(315)	(203)

The tax assessed for the period is higher (2007 higher) than the standard rate of corporation tax in the UK (30%) The differences are explained below

Loss on ordinary activities before tax	(696)	(437)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2007 30%)	(209)	(131)
Effects of		
Expenses not deductible for tax purposes	60	44
Depreciation in excess of capital allowances	32	28
Surrender of group relief for payment at 100%	(277)	(136)
Overseas taxation	97	79
Disallowable recharge of LTIP	20	-
Current tax charge for the year	(277)	(116)

8. Tangible assets

	Motor vehicles £'000	Furniture, fixtures & fittings £'000	Computer equipment £'000	Leasehold improvements £'000	Total £'000
Cost or valuation					
At 1 April 2007	307	197	39	396	939
Additions	40	3	30	-	73
Disposals	(28)	(1)	-	-	(29)
Exchange adjustments	10	(4)	(13)	(2)	(9)
Fully depreciated assets written-off	(50)	(101)	7	1	(143)
At 31 March 2008	279	94	63	395	831
Accumulated depreciation					
At 1 April 2007	(93)	(144)	(15)	(147)	(399)
Charge for period	(20)	(27)	(20)	(99)	(166)
Disposals	20	-	-	-	20
Fully depreciated assets written-off	50	101	(7)	(1)	143
At 31 March 2008	(43)	(70)	(42)	(247)	(402)
Net book value					
At 1 April 2007	214	53	25	250	540
At 31 March 2008	236	24	21	148	429

9. Debtors

	2008 £'000	2007 £'000
Trade debtors	39	5
Amounts owed by group undertakings	444	316
Corporation tax receivable	42	244
Deferred tax	125	87
Other debtors	131	109
Prepayments and accrued income	330	176
	1,111	937

Amounts owed by group undertakings, being inter-company loans, are unsecured, interest free and have no fixed dates of repayment

10. Deferred tax asset

	2008 £'000	2007 £'000
Timing differences	125	87
Deferred tax asset	125	87
At 1 April 2007	87	-
Deferred tax credit in profit and loss account (Note 7)	38	87
31 March 2008	125	87

Fleming Family & Partners (Russia) Limited**11. Creditors – amounts falling due within one year**

	2008 £'000	2007 £'000
Amounts owed to group undertakings	1,637	1,206
Other tax payable	-	25
Other creditors	83	34
Accrued expenses	237	278
	1,957	1,543

Amounts owed to group undertakings, being inter-company loans, are unsecured, interest free and have no fixed dates of repayment

12. Creditors – amounts falling due after one year

	2008 £'000	2007 £'000
695,000 8% non-cumulative preference shares of £1 each	695	695
	695	695

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

13. Called up share capital

	2008 £'000	2007 £'000
Authorised		
500,000 ordinary shares of £1 each	500	500
	500	500
Allotted, called up and fully paid		
Ordinary shares of £1 each		
At 1 April – 55,000 (2007 55,000)	55	55
At 31 March – 55,000 (2007 55,000)	55	55

14. Profit and loss account

	2008 £'000
At 1 April 2007	(532)
Exchange adjustments	48
Loss for the financial year	(381)
At 31 March	(865)

15. Reconciliation of movement in shareholders' funds

	2008	2007
	£'000	£'000
Loss for the year	(381)	(234)
Exchange adjustments	48	(12)
Net change in shareholder's funds	(333)	(246)
Opening shareholder's funds	(477)	(231)
Closing shareholders' funds	(810)	(477)

Analysis of shareholder's funds

	2008	2007
	£'000	£'000
Non-equity – preference shares	695	695
Equity – ordinary shares	(1,505)	(1,172)
Closing shareholder's funds	(810)	(477)

16. Pension commitments

During the year, the Company made total contributions of £98,000 (2007 £92,000) to the Russian state pension scheme and £6,765 (2007 £2,000) to the Fleming Family & Partners Group Personal Pension Plan through a charge from FFP Services Limited, a fellow subsidiary within the Fleming Family & Partners Limited Group

17. Contingent liabilities

The company had no contingent liabilities as at 31 March 2008 (2007 none)

18. Other related party transactions

The Company has no other related party transactions that require disclosure (2007 none)

19. 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