

Registered Number 4027711

FLEMING FAMILY & PARTNERS (RUSSIA) LIMITED

Annual Report and Accounts

For the year ended 31 March 2011



Fleming Family & Partners (Russia) Limited

DIRECTORS

M R Garber
D F Fletcher
D M Sukhanov
R D Schuster

COMPANY SECRETARY

K D Munday

REGISTERED OFFICE

15 Suffolk Street
London
SW1Y 4HG

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

REGISTERED NUMBER

4027711

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2011

PRINCIPAL ACTIVITY

The principal activity of the Company during the year was providing support to various Fleming Family & Partners Limited Group companies under consulting service agreements and providing corporate advice for certain Russian clients of the Group. The Company intends to continue to operate with this principal activity during 2012.

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 Limited 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 annual report and accounts of Fleming Family & Partners Limited include a review of the Group's principal business risks and uncertainties and business development, performance and key performance indicators, including this Company.

RESULTS AND DIVIDENDS

In the year under review, the Company recorded an operating loss of £877,000 (2010 £159,000 profit) on turnover of £4,780,000 (2010 £5,277,000). At 31 March 2011, the Company had net liabilities of £1,963,000 (2010 £1,020,000).

The Directors do not recommend the payment of any dividend for the year ended 31 March 2011 (2010 nil).

DIRECTORS

The Directors of the Company are listed on page 1. R A Hill resigned as a Director of the Company with effect from 10 November 2010. D F Fletcher was appointed a Director of the Company with effect from 10 November 2010. C E S Scott resigned as Company Secretary of the Company with effect from 14 September 2010. K D Munday was appointed as Company Secretary of the Company with effect from 14 September 2010.

There have been no changes in Directors since the year end.

EMPLOYEES

Fleming Family & Partners (Russia) Limited has 43 (2010 49) employees based in its Moscow representative office. The Company had no other direct employees but is recharged by FFP Services Limited for the cost of staff carrying out work on its behalf.

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.

Fleming Family & Partners (Russia) Limited

As the majority of the Company's costs are charged to the Company to FFP Services Limited, a fellow subsidiary within the Fleming Family & Partners Limited Group, the number of creditor days is disclosed in the Group accounts

GOING CONCERN

The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

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
- Income for services provided to Group companies

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

The Directors are responsible for preparing the Annual report 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 prepared the Company financial statements in accordance with UK GAAP. 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 year. In preparing these financial statements, the Directors are required to

Fleming Family & Partners (Russia) Limited

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK GAAP has been followed, subject to any material departures disclosed and explained in the accounts, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors confirms that, to the best of each person's knowledge and belief

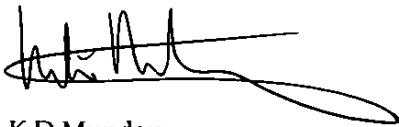
- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- They have each taken all the steps that ought to have been taken by them as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

COMPANIES ACTS 1985 & 2006

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. This elective resolution remains in force under the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf by



K D Munday
Company Secretary
30 June 2011

Fleming Family & Partners (Russia) Limited
Registered Number 4027711

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 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 and 4 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

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 Annual Report and Accounts to identify material inconsistencies with the audited financial statements. 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 March 2011 and of its loss 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.

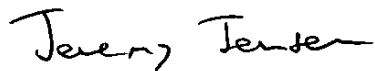
Opinion on other matter prescribed by the Companies Act 2006

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

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



Jeremy Jensen (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 June 2011

Fleming Family & Partners (Russia) Limited

Profit and Loss Account for the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Turnover		4,780	5,277
Administrative expenses		(5,657)	(5,436)
Operating loss	3	(877)	(159)
Interest receivable and similar income		-	-
Loss on ordinary activities before taxation		(877)	(159)
Tax (charge)/credit on loss on ordinary activities	7	(59)	46
Loss for the financial year		(936)	(113)

The above results are all attributable to continuing operations

The Company has no recognised gains and losses other than as disclosed above and therefore no separate statement of total recognised gains and losses has been presented

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

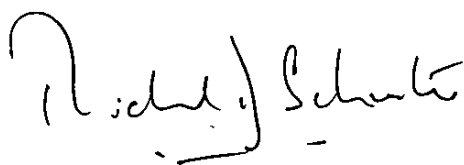
The notes on pages 9 to 16 form an integral part of these financial statements

Fleming Family & Partners (Russia) Limited

Balance Sheet as at 31 March 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	8	35	230
Investments	9	-	-
		35	230
Current assets			
Debtors	10	1,334	1,567
Cash at bank and in hand		546	688
		1,880	2,255
Creditors – amounts falling due within one year	12	(3,183)	(2,700)
Provisions for liabilities and charges	13	-	(110)
Net current liabilities		(1,303)	(555)
Total assets less current liabilities		(1,268)	(325)
Creditors – amounts falling due after more than one year	14	(695)	(695)
Net liabilities		(1,963)	(1,020)
Capital and reserves			
Called up share capital	15	55	55
Profit & loss account	16	(2,018)	(1,075)
Total shareholder's deficit	17	(1,963)	(1,020)

The financial statements on pages 7 to 16 were approved by the Board of Directors on 30 June 2011 and were signed on its behalf by



R D Schuster
Director

The notes on pages 9 to 16 form an integral part of these financial statements

Notes to the financial statements for the year ended 31 March 2011

1. Accounting policies

Basis of preparation - These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below and are consistently applied.

Going concern - The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the annual report and accounts of Fleming Family & Partners Limited. The Directors' Report on pages 2 to 4 describes the financial position of the Company and its financial risk management objectives.

The Company meets its day to day working capital requirements through its cash resources and with the support of intercompany loans.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash with the support of intercompany loans.

The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover - Turnover comprises fee income receivable for the provision of advisory services to Russian corporate clients and fee income receivable from fellow subsidiaries of Fleming Family & Partners Limited. 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 - Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Depreciation - Depreciation is provided on all tangible fixed assets, other than antiques, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life. Computer equipment including, where considered appropriate, cabling and infrastructure costs are being depreciated on a straight-line basis over two years. All other fixed assets including furniture, fixtures and fittings, motor vehicles and leasehold improvements (but excluding antiques which are not depreciated) are being depreciated on a straight-line basis over four years. In the opinion of the Directors any depreciation charge in connection with these antiques would be immaterial.

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

Investments - Fixed asset investments are shown at cost less provision for impairment. Impairment provisions are reviewed annually. Current asset investments are stated at the lower of cost and net realisable value

Tangible fixed assets – Tangible fixed assets are restated at cost or valuation, net of depreciation and any provision for impairment. 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

Deferred taxation – Provision for deferred taxation is recognised on all timing differences between profits stated in the financial statements and profits as computed for tax purposes, where transactions or events that result in an obligation to pay more tax in the future on a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax is recognised at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Provisions – Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be readily estimated

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small

Critical accounting estimates and judgements – The preparation of financial statements requires management to make estimates and assumption based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual experience could differ from those estimates

2. Cash flow statement and related party disclosures

As permitted by FRS1 (revised 1996), the Cash Flow Statement, 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, Related Party Disclosures, 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)/profit

	2011 £'000	2010 £'000
Operating (loss)/profit is stated after charging		
Wages and salaries	2,314	2,332
Social security costs	121	144
Other pension costs (Note 18)	19	31
Share-based remuneration	5	38
Staff costs	2,459	2,545
Depreciation of tangible fixed assets		
Owned assets	189	333
Operating lease charges		
Land and buildings	973	788
Auditors' remuneration		
Audit services – statutory reporting	22	32
Tax services	-	4
Other services	1	-

FFP Services Limited charges the Company for staff costs incurred in the UK and central services. This includes audit costs in respect of the Company. Total charges for the year amounted to £940,812 (2010: £462,004).

The cost of share-based employee remuneration, whereby Executive Directors and employees may receive conditional awards of deferred shares in Fleming Family & Partners Limited, is not borne by the Company but is charged to the Company by Fleming Family & Partners Limited. Total charges for the year amounted to £4,940 (2010: £38,415).

4. Operating leases

	2011 £'000	2010 £'000
Land and buildings		
Within one year	629	490
In more than one year, but not more than five years	-	470
	629	960

5. Directors' emoluments

	2011 £'000	2010 £'000
Aggregate emoluments including costs in respect of Long Term Incentive Plan awards	311	297
Company contributions to defined contribution pension scheme	7	2
	318	299
	2011 £'000	2010 £'000
Highest paid director		
Aggregate emoluments including costs in respect of Long Term Incentive Plan awards	157	164
Company contributions to defined contribution pension scheme	3	-
	160	164

Retirement benefits are accruing to 2 Director (2010 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 43 (2010 49)

7. Tax on loss on ordinary activities

	2011 £'000	2010 £'000
Current tax:		
UK corporation tax on losses of the year	-	-
Foreign corporation tax charge on losses of the year	35	104
Total current tax charge for the year	35	104
Origination and reversal of timing differences	24	(150)
Total deferred tax (Note 11)	24	(150)
Current tax charge/(credit) for the year	59	(46)

The tax assessed for the period is higher than (2010 higher than) the standard rate of corporation tax in the UK of 28% (2010 28%) The differences are explained below

Factors affecting current and future tax charges

	2011 £'000	2010 £'000
Loss on ordinary activities before tax	(877)	(159)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010 28%)	(246)	(45)
Effects of		
Double tax relief	-	(52)
Expenses not deductible for tax purposes	15	7
Depreciation in excess of capital allowances	40	79
Surrender of group relief	205	-
Overseas taxation	35	104
Credit in respect of the market value of vested LTIP awards	(15)	-
Disallowable recharge of LTIP	1	11
Current tax charge for the year	35	104

The standard rate of Corporation Tax in the UK is 28% Accordingly, the Company's profits for this accounting period are taxed at 28%

8. Tangible assets

	Motor vehicles £'000	Furniture, fixtures & fittings £'000	Computer equipment £'000	Leasehold improvements £'000	Total £'000
Cost or valuation					
At 1 April	265	115	59	646	1,085
Additions	-	-	1	-	1
Disposals	-	-	(2)	-	(2)
Exchange adjustments	(12)	(5)	(3)	-	(20)
Fully depreciated assets written-off	(141)	(58)	(33)	-	(232)
At 31 March	112	52	22	646	832
Accumulated depreciation					
At 1 April	(192)	(77)	(50)	(536)	(855)
Charge for period	(61)	(11)	(7)	(110)	(189)
Disposals	-	-	1	-	1
Exchange adjustments	8	2	4	-	14
Fully depreciated assets written-off	141	58	33	-	232
At 31 March	(104)	(28)	(19)	(646)	(797)
Net book value					
At 1 April	73	38	9	110	230
At 31 March	8	24	3	0	35

9. Investment

There is an interest in a joint venture of 51% in Fleming Family & Partners Asset Management Holdings Limited. The principal activity of Fleming Family & Partners Asset Management Holdings Limited is asset management. It is incorporated in Cyprus and its country of principal operations is Russia. In view of certain reserved matters in the shareholders agreement of Fleming Family & Partners Asset Management Holdings Limited the results of the company are not consolidated.

10 Debtors

	2011 £'000	2010 £'000
Trade debtors	-	-
Amounts owed by group undertakings	865	986
Corporation tax receivable	90	-
Deferred tax	81	101
Other debtors	71	72
Prepayments and accrued income	227	408
	1,334	1,567

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

11. Deferred tax asset

	2011	2010
	£'000	£'000
Timing differences	81	101
Deferred tax asset	81	101
At 1 April	101	(49)
Deferred tax charge/(credit) in profit and loss account (Note 7)	(24)	150
Foreign exchange adjustment	4	-
31 March	81	101

12. Creditors – amounts falling due within one year

	2011	2010
	£'000	£'000
Trade creditors	-	5
Amounts owed to group undertakings	2,671	1,993
Other creditors	143	198
Other tax payable	-	24
Accruals and deferred income	369	480
	3,183	2,700

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

13. Provisions for liabilities and charges

Onerous lease provision

	2011	2010
	£'000	£'000
At 1 April	110	-
Charged to the profit and loss account	(110)	110
31 March	-	110

The above provision reflects amounts in connection with an onerous lease, following the Group's decision to vacate an office building. This provision was fully utilised by January 2011.

14. Creditors – amounts falling due after one year

	2011	2010
	£'000	£'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

15. Called up share capital

	2011	2010
	£'000	£'000
Authorised		
500,000 (2010 500,000) ordinary shares of £1 each	500	500
	500	500
Allotted and fully paid		
55,000 (2010 55,000) ordinary shares of £1 each	55	55
	55	55

16. Profit and loss account

	2011	2010
	£'000	£'000
At 1 April	(1,075)	(896)
Foreign exchange reserve movement	(7)	(66)
Loss for the financial year	(936)	(113)
At 31 March	(2,018)	(1,075)

17. Reconciliation of movement in shareholders' deficit

	2011	2010
	£'000	£'000
Loss for the financial year	(936)	(113)
Foreign exchange reserve movement	(7)	(66)
Net change in shareholder's deficit	(943)	(179)
Opening shareholder's deficit	(1,020)	(841)
Closing shareholders' deficit	(1,963)	(1,020)

Analysis of shareholder's deficit

	2011	2010
	£'000	£'000
Non-equity – preference shares	695	695
Equity – ordinary shares	(2,658)	(1,715)
Closing shareholder's funds	(1,963)	(1,020)

18. Pension commitments

During the year, the Company made total contributions of £19,099 (2010 £18,707) to the Russian state pension scheme and £nil (2010. £12,000) 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

19. Contingent liabilities

The Company can from time to time be party to legal and other claims in the ordinary course of its business. The Directors assess all claims carefully and make provision and/or disclosure as appropriate. In the Board's opinion no provisions or disclosures are necessary in these financial statements (2010 none)

20. Related party transactions

The Company has no related party transactions that require disclosure (2010 none)

21. Ultimate parent undertaking

The immediate and ultimate parent undertaking and controlling party of the Company 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 15 Suffolk Street, London SW1Y 4HG.