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## Auditors' report

To the Shareholders and Board of Directors of ABH Financial Limited:

We have audited the accompanying consolidated balance sheet of ABH Financial Limited and its subsidiaries (the "Group" as defined in Note 1 to the consolidated financial statements) as at 31 December 2003, and the related consolidated statements of income, of cash flows and of changes in shareholders' equity for the year then ended. These consolidated financial statements are the responsibility of the Group's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2003 and the consolidated results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Moscow, Russian Federation  
20 April 2004

**ABH Financial Limited**  
**Consolidated Balance Sheet**  
**as at 31 December 2003**

(expressed in thousands of US dollars - Note 3)

	Note	2003	2002
<b>Assets</b>			
Cash and cash equivalents	5	923 191	382 234
Mandatory cash balances with the Central Bank of the Russian Federation and other local central banks		293 294	214 252
Trading securities	6	694 575	416 238
Due from other banks	7	131 621	211 342
Loans and advances to customers	8	3 440 680	2 440 366
Investments	9	65 443	95 776
Other assets and receivables	10	185 609	222 054
Premises and equipment	11	149 721	135 928
<b>Total assets</b>		<b>5 884 134</b>	<b>4 118 190</b>
<b>Liabilities</b>			
Due to other banks	12	796 301	672 120
Customer accounts	13	3 400 406	1 997 416
Promissory notes issued		594 940	644 976
Other borrowed funds	14	323 917	212 684
Other liabilities and payables	15	201 517	146 011
Deferred tax liability	21	13 448	10 312
<b>Total liabilities</b>		<b>5 330 529</b>	<b>3 683 519</b>
<b>Minority interest</b>		<b>6 635</b>	<b>3 485</b>
<b>Shareholders' equity</b>			
Share capital	16	160 800	160 800
Fair value reserve for investments available for sale	9	22 798	62 657
Revaluation reserve for premises and equipment	11	5 195	6 267
Retained earnings		358 177	201 462
<b>Total shareholders' equity</b>		<b>546 970</b>	<b>431 186</b>
<b>Total liabilities and shareholders' equity</b>		<b>5 884 134</b>	<b>4 118 190</b>

Approved for issue by the Board of Directors and signed on its behalf on 20 April 2004

Deputy Chief Executive Officer  
 Mr. Oleg Tumanov

Chief Financial Officer  
 Mr. Teijo Pankko

**ABH Financial Limited**  
**Consolidated Balance Sheet**  
**as at 31 December 2003**

(expressed in thousands of US dollars - Note 3)

	Note	2003	2002
Interest income	17	477 475	367 125
Interest expense	17	(242 490)	(177 132)
<b>Net interest income</b>		<b>234 985</b>	<b>189 993</b>
Provision for loan impairment	7, 8	(42 069)	(38 021)
<b>Net interest income after provision for loan impairment</b>		<b>192 916</b>	<b>151 972</b>
Fee and commission income	18	135 818	91 300
Fee and commission expense	18	(41 150)	(39 800)
Gains less losses arising from trading securities		18 987	19 742
Gains less losses arising from investments available for sale	9	31 054	43 684
Gains less losses arising from trading in foreign currencies		38 908	26 638
Foreign exchange translation gains less losses		(15 968)	854
Other provisions	9, 10, 24	(4 450)	(3 978)
Other operating income	19	65 244	46 150
<b>Operating income</b>		<b>421 359</b>	<b>336 562</b>
Operating expenses	20	(305 553)	(245 945)
Monetary gain		—	17 582
<b>Profit from operations</b>		<b>115 806</b>	<b>108 199</b>
Share of results of associated company after tax		920	—
<b>Profit before tax</b>		<b>116 726</b>	<b>108 199</b>
Income tax expense	21	(11 011)	(3 573)
<b>Profit after tax</b>		<b>105 715</b>	<b>104 626</b>
Minority interest		(96)	(36)
<b>Net profit</b>		<b>105 619</b>	<b>104 590</b>

**ABH Financial Limited**  
**Consolidated Balance Sheet**  
**as at 31 December 2003**

(expressed in thousands of US dollars - Note 3)

	Note	2003	2002
<b>Cash flows from operating activities</b>			
Interest received		495 426	340 437
Interest paid		(222 764)	(156 590)
Fees and commissions received		138 417	88 701
Fees and commissions paid		(39 011)	(39 800)
Income received from trading in securities		24 566	15 573
Income received from trading in foreign currencies		36 595	26 091
Other operating income received		37 246	39 465
Operating expenses paid		(272 190)	(230 236)
Income tax paid		(6 162)	(2 453)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>192 123</b>	<b>81 188</b>
<b>Changes in operating assets and liabilities</b>			
Net increase in mandatory cash balances with the Central Bank of the Russian Fed-		(59 818)	(84 526)
Net increase in trading securities		(288 031)	(267 041)
Net decrease / (increase) in due from other banks		85 985	(93 190)
Net increase in loans and advances to customers		(961 752)	(1092 620)
Net increase in other assets and receivables		(27 303)	(15 536)
Net increase in due to other banks		102 211	356 639
Net increase in customer accounts		1302 254	623 786
Net (decrease) / increase in promissory notes issued		(94 326)	202 956
Net increase / (decrease) in other liabilities and payables		17 090	(18 345)
<b>Net cash from / (used in) operating activities</b>		<b>268 433</b>	<b>(306 689)</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of investments available for sale, net		87 487	48 634
Acquisition of investments available for sale		(2 047)	(3 469)
Additional acquisition of investment in associated company		(8 210)	—
Acquisition of premises and equipment, net		(24 917)	(30 714)
Proceeds from disposal of subsidiary, net		4 000	—
Dividend income received		14,86	1862
<b>Net cash from investing activities</b>		<b>57 799</b>	<b>16 313</b>

	Note	2003	2002
<b>Cash flows from financing activities</b>			
Contribution from shareholder		73 000	56 400
Proceeds from other borrowed funds		132 318	200 625
Repayment of other borrowed funds		(24 034)	(40 533)
<b>Net cash from financing activities</b>		<b>181 284</b>	<b>216 492</b>
Effect of exchange rate changes on cash and cash equivalents		33 441	59 817
Effect of inflation on cash and cash equivalents		-	(62 473)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>540 957</b>	<b>(76 540)</b>
Cash and cash equivalents as at the beginning of the year		382 234	458 774
<b>Cash and cash equivalents as at the end of the year</b>		<b>923 191</b>	<b>382 234</b>

**ABH Financial Limited**  
**Consolidated Balance Sheet**  
**as at 31 December 2003**

(expressed in thousands of US dollars - Note 3)

	Share capital	Fair value investments sale	Revaluation premises and equipment	Retained	Total shareholders' equity
<b>Balance as at 1 January 2002</b>	<b>112 800</b>	<b>45 678</b>	<b>7 339</b>	<b>112 207</b>	<b>278 024</b>
Net fair value gains arising on investments available for sale (Note 9)	—	34 947	—	—	34 947
Transfer of net fair value gains arising on investments available for sale to net profit (Note 9)	—	(17 968)	—	—	(17 968)
Translation movement	—	—	—	(16 407)	(16 407)
Transfer of realised revaluation of premises and equipment	—	—	(1072)	1072	—
Net profit	—	—	—	104 590	104 590
Share issue (Note 16)	48 000	—	—	—	48 000
<b>Balance as at 31 December 2002</b>	<b>160 800</b>	<b>62 657</b>	<b>6 267</b>	<b>201 462</b>	<b>431 186</b>
Net fair value gains arising on investments available for sale (Note 9)	—	7 104	—	—	7 104
Transfer of net fair value gains arising on investments available for sale to net profit (Note 9)	—	(12 503)	—	—	(12 503)
Effect of change in accounting treatment of investment in associated company (Note 9)	—	(34 460)	—	—	(34 460)
Translation movement	—	—	—	25 024	25 024
Transfer of realised revaluation of premises and equipment	—	—	(1072)	1072	—
Net profit	—	—	—	105 619	105 619
Contribution from the shareholder (Note 26)	—	—	—	25 000	25 000
<b>Balance as at 31 December 2003</b>	<b>160 800</b>	<b>22 798</b>	<b>5 195</b>	<b>358 177</b>	<b>546 970</b>

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