JSC OPIN and Subsidiaries

Independent Auditors' Report

Consolidated Interim Financial Statements
For the Six Months Ended 30 June 2008

JSC OPIN AND SUBSIDIARIES

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditors' report set out on pages 2-3, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the consolidated interim financial statements of Joint Stock Company Open Investments ("JSC OPIN") and its subsidiaries (the "Group").

Management is responsible for the preparation of the consolidated interim financial statements that present fairly the financial position of the Group as of 30 June 2008 and the consolidated results of its operations, cash flows and changes in equity for the six months then ended, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated interim financial statements, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Stating whether IFRS have been followed, subject to any material departures disclosed and explained in the consolidated interim financial statements; and
- Preparing the consolidated interim financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining proper accounting records that disclose, with reasonable accuracy at any time, the consolidated financial position of the Group, and which enable them to ensure that the consolidated interim financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with the legislation and accounting standards of the Russian Federation and other jurisdictions in which the Group operates;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

On behalf of Group's management, the consolidated interim financial statements for the six months ended 30 June 2008 were authorized for issue on 22 August 2008 by:

Sergey V. Bachin

General Director of JSC OPIN

Moscow
22 August 2008

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and the Board of Directors of JSC OPIN:

Report on the consolidated interim financial statements

We have audited the accompanying consolidated interim financial statements of JSC OPIN and subsidiaries (the "Group"), which comprise the consolidated interim balance sheet as of 30 June 2008, and the related consolidated statements of income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated interim financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated interim financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated interim financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated interim financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated interim financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated interim financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 30 June 2008, and of its financial performance and its cash flows for the six months then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

22 August 2008
Moscow

JSC OPIN AND SUBSIDIARIES

CONSOLIDATED INTERIM BALANCE SHEET
AS OF 30 JUNE 2008

	Notes	30 June 2008 '000 USD	31 December 2007 '000 USD
ASSETS			
NON-CURRENT ASSETS:			
Goodwill	4	8,601	633
Intangible assets	5	2,748	565
Property, plant and equipment	6	245,947	122,906
Capital advances	7	1,097,774	863,832
Investment property	8	162,706	102,656
Investment property under development	9	1,001,498	1,350,810
Inventories	11	1,067,228	-
Deferred tax assets	20	16,321	14,313
Other non-current assets	10	61,134	50,657
		3,663,957	2,506,372
CURRENT ASSETS:			
Inventories	11	600,672	482,732
Advances paid		40,408	18,752
Receivables from customers under construction contracts	35	61,382	31,500
Trade accounts receivable		4,774	2,508
Other receivables and prepaid expenses	12,35	15,127	9,005
Loans to third parties	13	5,703	20,473
Cash and cash equivalents	14,35	459,826	427,092
		1,187,892	992,062
TOTAL ASSETS		**4,851,849**	**3,498,434**
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	15	565,736	494,316
Additional paid-in-capital	16	1,895,742	1,472,101
Revaluation reserve	17	756,456	612,605
Retained earnings		287,486	191,028
Currency translation adjustment		137,088	-
Equity attributable to the shareholders of the parent company		3,642,508	2,770,050
Minority interest	18	17,487	-
		3,659,995	2,770,050
NON-CURRENT LIABILITIES:			
Deferred income tax liabilities	20	555,492	351,340
Long-term finance lease payable		-	12,341
Long-term loans	21,35	295,874	92,193
		851,366	455,874
CURRENT LIABILITIES:			
Short-term loans and accrued interest	22	108,505	103,882
Short-term finance lease payable		-	409
Trade and other accounts payable	23	50,843	37,222
Tax liability	24	7,784	7,371
Advances received from customers for inventories	35	173,356	123,626
		340,488	272,510
TOTAL EQUITY AND LIABILITIES		**4,851,849**	**3,498,434**

The notes on pages 9 to 49 form an integral part of these consolidated interim financial statements. The statement of management's responsibilities for the preparation and approval of the consolidated interim financial statements is presented on page 1. The independent auditors' report is presented on pages 2-3.

CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Notes	Six months ended 30 June 2008 '000 USD	Six months ended 30 June 2007 '000 USD
REVENUE			
Revenue under construction contracts	25, 35	86,053	45,593
Revenue from sale of goods		26,613	-
Land sold	35	19,897	24,387
Hotel revenue		14,494	10,952
Rental income from investment property		2,118	1,814
Revenue from rendering other services	35	2,060	709
		151,235	83,455
COST OF SALES			
Cost of construction contracts	26	(55,099)	(31,324)
Cost of goods sold		(20,584)	-
Cost of land sold		(14,877)	(16,408)
Cost of hotel services	27	(8,193)	(5,888)
Cost of rental services	28	(351)	(320)
Cost of other services	29	(727)	(350)
		(99,831)	(54,290)
GROSS PROFIT		51,404	29,165
Selling, general and administrative expenses	30, 35	(29,266)	(13,820)
Expense under share-based payment program	16	(2,286)	(1,756)
Interest income	31, 35	25,453	10,947
Interest expense	32, 35	(10,901)	(5,328)
Gain on change in fair value of investment property	8	83,348	21,805
Net gain on foreign currency operations		10,143	1,688
Other income		71	125
Other expenses		(635)	(68)
PROFIT BEFORE INCOME TAX		127,331	42,758
INCOME TAX	20	(36,965)	(4,933)
NET PROFIT		**90,366**	**37,825**
Attributable to:			
Shareholders of the parent company		90,658	37,825
Minority interest	18	(292)	-
		90,366	**37,825**
EARNINGS PER SHARE:			
Basic, for profit attributable to shareholders of the parent company, US Dollars	33	6.53	3.73
Diluted, for profit attributable to shareholders of the parent company, US Dollars	33	6.47	3.63

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JSC OPIN AND SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2008

'000 USD	Share capital	Additional paid-in-capital	Revaluation reserve	Retained earnings	Currency translation adjustment	Equity attributable to the shareholders of the parent company	Minority interest	Total equity
Balance as of 31 December 2006	**338,035**	**713,172**	**113,232**	**97,282**	-	**1,261,721**	-	**1,261,721**
							-	
Net profit	-	-	-	37,825	-	37,825	-	37,825
Revaluation surplus (Note 17)	-	-	280,410	-	-	280,410	-	280,410
Release of revaluation surplus on disposed assets (Note 17)	-	-	(1,507)	1,507	-	-	-	-
Issue of shares	69,776	255,955	-	-	-	325,731	-	325,731
Decrease in deferred tax liability due to change in tax base of assets (Note 20)	-	-	-	1,504	-	1,504	-	1,504
Expense under share-based payment program (Note 19)	-	1,756	-	-	-	1,756	-	1,756
Balance as of 30 June 2007	**407,811**	**970,883**	**392,135**	**138,118**	**-**	**1,908,947**	**-**	**1,908,947**
Balance as of 31 December 2007	494,316	1,472,101	612,605	191,028	-	2,770,050		2,770,050
Net profit	-	-	-	90,658	-	90,658	(292)	90,366
Revaluation surplus (Note 17)	-	-	149,651	-	-	149,651	-	149,651
Release of revaluation surplus on disposed assets (Note 17)	-	-	(5,800)	5,800	-	-	-	-
Issue of shares (Note 15, Note 16)	71,420	421,355	-	-	-	492,775	-	492,775
Minority interest arising on acquisition of subsidiaries (Note 18)	-	-	-	-	-	-	18,497	18,497
Expense under share-based payment program (Note 19)	-	2,286	-	-	-	2,286	-	2,286
Currency translation adjustment	-	-	-	-	137,088	137,088	(718)	136,370
Balance as of 30 June 2008	**565,736**	**1,895,742**	**756,456**	**287,486**	**137,088**	**3,642,508**	**17,487**	**3,659,995**

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CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Notes	Six months ended 30 June 2008 000'USD	Six months ended 30 June 2007 000'USD
OPERATING ACTIVITIES:			
Profit before income tax		127,331	42,758
Adjustments for:			
Depreciation and amortization expense		4,381	1,402
Gain on property, plant and equipment disposal		(23)	(6)
Interest income		(25,453)	(10,947)
Interest expense		10,901	5,328
Expense under share-based payment program		2,286	1,756
Gain on change in fair value of investment property		(83,348)	(21,805)
Operating cash flow before movements in working capital		**36,075**	**18,486**
Decrease in land held for sale		13,200	16,408
Increase in property under development held for sale		(56,255)	(36,720)
Increase in work in progress and finished goods		(4,131)	-
Increase in other assets		(1,000)	(526)
Increase in receivables from customers under construction contracts		(27,683)	(24,923)
(Increase)/decrease in other receivables and prepaid expenses		(1,844)	906
Increase in trade accounts receivable		(1,422)	(19,536)
Increase in value added tax recoverable		(7,943)	(9,461)
Increase in advances paid		(20,363)	(5,053)
(Decrease)/increase in trade and other accounts payable		(3,413)	8,732
Increase in advances received from customers for property under development held for sale		33,119	16,537
Increase in advances received from customers for land plots		9,819	3,173
Increase in tax liability		1,534	294
Cash used in operations		(30,307)	(31,683)
Interest paid		(6,921)	(5,917)
Income tax paid		(15,626)	(5,316)
Net cash used in operating activities		**(52,854)**	**(42,916)**
INVESTING ACTIVITIES:			
Acquisition of subsidiaries, net of cash acquired	34	(358,409)	145
Loans issued		-	(796)
Loans repaid		13,654	54
Interest received		13,594	6,148
Purchase of investment property		(3,068)	(63)
Proceeds from sale of property, plant and equipment		345	120
Purchase of property, plant and equipment and other non-current assets		(214,623)	(339,464)
Purchase of land and property under development		(45,925)	(47,033)
Net cash used in investing activities		**(594,432)**	**(380,889)**

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Notes	Six months ended 30 June 2008 000'USD	Six months ended 30 June 2007 000'USD
FINANCING ACTIVITIES:			
Proceeds from issuance of shares		492,775	325,731
Reduction of finance lease liability		(13,071)	(165)
Loans received		207,474	-
Repayment of loans		(17,866)	(3,794)
Net cash from financing activities		**669,312**	**321,772**
EFFECT OF FOREIGN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS		10,708	43
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		32,734	(101,990)
CASH AND CASH EQUIVALENTS, beginning of the period	**14**	**427,092**	**313,400**
CASH AND CASH EQUIVALENTS, end of the period	**14**	**459,826**	**211,410**

Interest expense capitalized by the Group during the six months ended 30 June 2008 amounted to USD 2,165 thousand. Capitalized interest amounting to USD 586 thousand was unpaid as of 30 June 2008.

Interest expense capitalized by the Group during the six months ended 30 June 2007 amounted to USD 5,524 thousand. Capitalized interest amounting to USD 1,536 thousand was unpaid as of 30 June 2007.

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1. NATURE OF THE BUSINESS

JSC OPIN (the "Company") is a Moscow-based real estate development, management and investment company. It was incorporated in Moscow, Russian Federation, on 4 September 2002 as an Open Joint Stock Company under the laws of the Russian Federation. The Company's business strategy focuses on developing, managing and disposing of investment grade Class A and Class B office buildings, residential housing, and commercial real estate. The principal operating office of the Company is located in 23 Novoslobodskaya str., Moscow, 127055, Russian Federation.

The Company is the parent company of a group of entities consolidated within these financial statements (the "Group").

The principal activities and countries of incorporation of the major entities of the Group as of 30 June 2008 and 31 December 2007 are as follows:

Operating entity	Project	Principal activity	% held as of 30 June 2008	% held as of 31 December 2007	Country of incorpo-ration
Growth Technologies (Russia) Limited	Group's projects	Providing consulting services in connection with investment in real estate market; Co-investing in real estate projects	100%	100%	Cyprus
Pavlovo LLC	Pavlovo	Investing in, developing, managing and disposing Pavlovo project assets	100%	100%	Russia
Pavlovo Podvorye LLC	Pavlovo Podvorye	Investing in, developing, managing and disposing Pavlovo Podvorye project assets	100%	100%	Russia
Stroy Invest Group LLC	Pavlovo II	Investing in, developing, managing and disposing Pavlovo II project assets	100%	100%	Russia
Sakharova Business Plaza LLC	Domnikov Class A Business Centre	Land lease holding company. Investing in, developing, managing and disposing Domnikov project assets	100%	100%	Russia
Estate Management LLC	Group's project	Development, sale and property management of projects assets	100%	100%	Russia
OI Management Company LLC	Group's projects	Investing in, developing, managing and disposing of future projects assets	100%	100%	Russia
Pestovo LLC	Pestovo	Investing in, developing, managing and disposing of Pestovo project assets	100%	100%	Russia

Operating entity	Project	Principal activity	% held as of 30 June 2008	% held as of 31 December 2007	Country of incorpo-ration
JSC Hotel Novoslobodskaya	Novotel Moscow Center Hotel	Providing hotel services	100%	100%	Russia
Stroy Group LLC	Pavlovo II	Investing in, developing, managing and disposing Pavlovo II project assets	100%	100%	Russia
Martemianovo LLC	Martemianovo	Investing in, developing, managing and disposing Martemianovo project assets	100%	100%	Russia
OPIN Plaza LLC	OPIN Plaza	Investing in, developing, managing and disposing of a Class A Office Center's assets	100%	100%	Russia
Belyi Parus LLC	Sochi Hotel and Residential Complex	Investing in, developing, managing and disposing Sochi Hotel and Residential Complex assets	100%	100%	Russia
Lukino LLC	Lukino	Investing in, developing, managing and disposing Lukino project assets	100%	100%	Russia
CP Martemianovo LLC	Martemianovo	Investing in, developing, managing and disposing Martemianovo project assets	100%	100%	Russia
Onigomati Investment Limited	Group's project	Realisation of the employee share-based payments program	100%	100%	Cyprus
Eko-Center LLC	Gorki-10	Investing in, developing, managing and disposing Gorki-10 project assets	100%	100%	Russia
Lukino-Invest LLC	Lukino	Investing in, developing, managing and disposing Lukino project assets	100%	100%	Russia
Instroy LLC	Pavlovo II	Investing in, developing, managing and disposing Pavlovo II project assets	100%	100%	Russia
Istok LLC	Large Pestovo	Investing in, developing, managing and disposing Large Pestovo project assets	100%	100%	Russia
Regional development LLC	Zavidovo	Investing in, developing, managing and disposing of Zavidovo project assets in Tver region	100%	100%	Russia
Extern LLC	Sochi Hotel and Residential Complex	Investing in, developing, managing and disposing Sochi Hotel and Residential Complex assets	100%	100%	Russia

Operating entity	Project	Principal activity	% held as of 30 June 2008	% held as of 31 December 2007	Country of incorpo-ration
Invest Service LLC	Zavidovo	Investing in, developing, managing and disposing of Zavidovo project assets in Tver region	100%	100%	Russia
Agrosistema LLC	Large Pestovo	Investing in, developing, managing and disposing Large Pestovo project assets	100%	100%	Russia
Timonino LLC	Group's project	Investing in, developing, managing and disposing of future project assets	100%	100%	Russia
Viceroy Homes Limited	Group's project	Production and distribution of fabricated homes	61.08%	-	Canada
Roza vetrov LLC	Group's project in Klinsky district, Moscow area	Investing in, developing, managing and disposing of future project Group's assets in Klinsky district, Moscow area	100%	-	Russia
Agroindustry LLC	Group's project in Dmitrovsky district, Moscow area	Investing in, developing, managing and disposing of future project Group's assets in Dmitrovsky district, Moscow area	100%	-	Russia
Russkaya zemlya LLC	Group's project in Klinsky district, Moscow area	Investing in, developing, managing and disposing of future project Group's assets in Klinsky district, Moscow area	100%	-	Russia
Volzhskie prostory LLC	Group's project in Tver region	Investing in, developing, managing and disposing of future project Group's assets in Tver region	100%	-	Russia
Farafonovka LLC	Group's project in Tver region	Investing in, developing, managing and disposing of future project Group's assets in Tver region	100%	-	Russia
Solar coast LLC	Group's project in Klinsky district, Moscow area	Investing in, developing, managing and disposing of future project Group's assets in Klinsky district, Moscow area	100%	-	Russia

As 30 June 2008 and 31 December 2007 the shareholders' structure of the Company was as follows:

Shareholder	30 June 2008	31 December 2007
ING Bank (Eurasia) CJSC (nominee)	14.68%	12.02%
Motherlane Properties Limited	9.31%	37.97%
Depository Clearing Company CJSC (nominee)	20.94%	12.30%
Rosbank JSCB OJSC (nominee)	51.20%	1.40%
KM Invest JSC	-	19.87%
Treasury stock	0.87%	0.98%
Others	3.00%	15.46%
Total	**100.00%**	**100.00%**

The ultimate owners of the Group are Mr. Vladimir O. Potanin and Mr. Mikhail D. Prokhorov.

2. PRESENTATION OF FINANCIAL STATEMENTS

Statement of compliance – The consolidated interim financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of preparation **-** The consolidated interim financial statements of the Group are prepared on the historical cost basis, except for:

- Fair value of subsidiaries acquired in accordance with IFRS No. 3 "Business Combinations" ("IFRS 3");
- Valuation of investment property under development in accordance with IAS No. 16 "Property, Plant and Equipment" ("IAS 16");
- Valuation of investment property in accordance with IAS No. 40 "Investment property" ("IAS 40");
- Valuation of financial instruments in accordance with IAS No. 39 "Financial Instruments: Recognition and Measurement".

Statutory accounting principles and procedures in the countries where the Group's subsidiaries are incorporated differ substantially from those generally accepted under IFRS. Accordingly, these consolidated interim financial statements, which have been prepared from the local statutory accounting records for the entities of the Group domiciled in the Russian Federation and Canada, reflect adjustments necessary for such financial statements to be presented in accordance with IFRS. These adjustments include certain reclassifications to reflect the economic substance of underlying transactions, including reclassifications of certain assets and liabilities, income and expenses to appropriate financial statement captions.

These consolidated interim financial statements are presented in thousands of United States Dollars ("USD"), except for earnings per share amounts and elsewhere where indicated.

Functional and presentation currencies – Prior to 1 January 2008, it was determined that USD was the functional currency of all of the Group's entities.

Effective 1 January 2008, the functional currency of the Group's entities except Growth Technologies (Russia) Limited, Onigomati Investment Limited, OPIN CAPITAL INC. and Viceroy Homes Limited, was changed by the Group's management from USD to Russian Rubles ("RUB") because of significant changes in economic facts and circumstances of the Group's operations. This change in functional currency was applied on a prospective basis. The functional currency of Growth Technologies (Russia), Onigomati Investment Limited and OPIN CAPITAL INC. is USD. The functional currency of Viceroy Homes Limited is Canadian Dollar ("CAD").

Transactions in foreign currencies in each subsidiary of the Group are initially recorded in the functional currency at the rate ruling at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All resulting differences are taken to the income statement.

The presentation currency of the Group is USD because the presentation in USD is convenient for the major current and potential users of the consolidated financial statements.

The translation into USD of the financial statements of the Group's subsidiaries with a functional currency other than USD is made as follows:

- All assets and liabilities, both monetary and non-monetary, are translated at the closing exchange rates at each reporting date;
- All items included in the consolidated shareholders' equity, other than net income, are translated at historical exchange rates;
- All income and expenses in the interim consolidated income statement are translated at exchange rates in effect when the transactions occur. For those transactions that occur evenly over the period an average exchange rate for the period is applied;
- Resulting exchange differences are included in the interim consolidated equity statement as "Currency translation adjustment"; and
- In the interim consolidated statement of cash flows, cash balances at the beginning and end of each period presented are translated at exchange rates at the respective dates of the beginning and end of each period. All cash flows are translated at exchange rates in effect when the cash flows occur. For those cash flows that occur evenly over the period, an average exchange rate for the period is applied. Resulting exchange differences are presented separately from cash flows from operating, investing and financing activities as "Effect of exchange rate changes on cash and cash equivalents".

As of 30 June 2008 and 31 December 2007, exchange rates of 23.46 RUB and 24.55 RUB to 1 USD, respectively, have been used for translation purposes. The weighted average exchange rates for the six months ended 30 June 2008 and 2007 were 23.94 RUB and 26.08 RUB to 1 USD, respectively.

The RUB is not a readily convertible currency outside the territory of the Russian Federation. Accordingly, translation of amounts recorded in RUB into USD should not be construed as a representation that RUB amounts have been, could be, or will in the future be converted into USD at the exchange rate shown or at any other exchange rate.

Use of estimates and assumptions – The preparation of consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Due to the inherent uncertainty in making those estimates, actual results reported in future periods could differ from such estimates.

In compliance with the accounting policies, the Group is required to recognize investment property and investment property under development at fair values, which partially are based on market prices and partially are derived from estimates. These estimates are based on valuation techniques which require considerable judgment in predicting future cash flows and developing other assumptions. The fair value amounts based on these estimations, include:

	30 June 2008 '000 USD
Investment property (Note 8)	162,706
Land under development (Note 9)	815,964

The date of the latest appraisal was 30 June 2008 except for appraisal of Zavidovo project land that was performed as at 15 April 2008.

Critical judgment in applying the Group's accounting policies – In the process of applying the Group's accounting policies, which are described in Note 3, management has made the following judgment that has the most significant effect on the amounts recognized in the consolidated interim financial statements (apart from those involving estimations, which are dealt with above):

Revenue recognition: Note 26 describes the expenditures incurred by the Group with respect to construction contracts concluded with the Group's customers for the construction of houses on land owned by the Group. Title to those houses and the land has not been transferred to the Group's customers as of the date of these consolidated interim financial statements. Following negotiation of the terms of these construction contacts, a schedule of work was agreed, which will involve additional Group expenditure until 2009. In light of the specifics attributable to construction contracts, management was required to consider whether it was appropriate to recognize revenue from these transactions of USD 66,045 thousand in the current period, in line with the Group's general policy of recognizing revenue from construction contracts.

In making its judgment, management considered the detailed criteria for the recognition of revenue from construction contracts set out in IAS No. 11 "Construction Contracts" and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the houses and the land. Following a detailed review of the Group's construction contracts, the directors are satisfied that recognition of the revenue in the current reporting period is appropriate, in conjunction with recognition of attributable construction costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation – The consolidated interim financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The ownership interest of the Company in the subsidiaries as of 30 June 2008 and 31 December 2007 is presented in Note 1.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the consolidated interim income statement in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognized. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interest of the parent.

The results of subsidiaries acquired or disposed of during the six months period are included in the consolidated interim income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Goodwill – Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is recognized as an asset and reviewed for impairment annually. Any impairment is recognized immediately in the consolidated interim income statement and is not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets – Intangible assets are measured initially at purchase cost and are amortized on a straight-line basis over their estimated useful lives, which is in a range of 2-5 years.

Property, plant and equipment – Property, plant and equipment is carried at historical cost, except for owner-occupied property transferred from investment property, less accumulated depreciation and any accumulated impairment loss. Capitalized cost includes major expenditures for improvements and replacements that extend the useful lives of the assets or increase their revenue generating capacity. Repairs and maintenance expenditures that do not meet the foregoing criteria for capitalization are charged to the consolidated interim income statement as incurred.

Construction in progress comprises costs directly related to the construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction. Depreciation of these assets, on the same basis as for other property assets, commences when the assets are put into operation.

Depreciation of property, plant and equipment is designed to write off assets over their useful economic lives and is calculated on a straight line basis at the following annual prescribed rates:

Buildings	2.5%
Fittings and fixtures	6.7-10%
Machinery and equipment	5-20%
Transport	20%
Furniture and office equipment	14-33%

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount. An impairment is recognized in the respective period and is included in operating expenses. After the recognition of an impairment loss, the depreciation charge for property, plant and equipment is adjusted in future periods to allocate the assets' revised carrying value, less its residual value (if any), on a systematic basis over its remaining useful life.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated interim income statement.

Leasehold improvements are amortized over the life of the related leased asset. Expenses related to repairs and renewals are charged when incurred and included in operating expenses unless they qualify for capitalization.

Impairment loss – If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable value. The difference, being an impairment loss, is recognized as an expense in the consolidated interim income statement for the year in which it arises.

Capital advances – Capital advances represent amounts paid to vendors for capital construction, acquisition of property, plant and equipment, land plots and investment property. They are carried at cost.

Investment property – Investment property is a property (land or building – or part of a building – or both) held by the Group to earn rentals or for capital appreciation or both, as well as property held for a currently undetermined future use. Investment property is originally recorded at cost. Subsequent expenditure relating to an investment property is added to the carrying amount of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the enterprise. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

The Group elected to use the fair value model allowed by IAS 40 to measure investment property subsequent to initial recognition. Therefore investment property is stated at fair value.

For a transfer from investment property carried at fair value to owner-occupied property or property held for sale in the ordinary course of business, the property's fair value at the date of transfer is considered as deemed cost for subsequent accounting in accordance with IAS 16 and IAS 2.

Investment property under development – Investment property under development includes land under development and property under development, treated as follows.

Land under development represents land, which is in the process of development by the Group for future use as investment property, and also land under physical transformation (radical improvement) or change in legal status (including change of category of authorized use) with undetermined future use. Management elected to follow the alternative treatment allowed by IAS 16 and, subsequent to initial recognition, such land is carried at a revalued amount determined by independent appraisal, being its fair value at the date of the revaluation. Management plans to perform a revaluation of land under development with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

When an asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to equity as a revaluation reserve. However, the increase is recognized in the consolidated interim income statement to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized directly in the consolidated interim income statement. However, the decrease is debited directly to the revaluation reserve in equity to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

If, after or in the course of the development process, management's intentions relating to a certain land parcel is changed, such parcel is transferred to the land held for sale category or to the property, plant and equipment and its carrying amount at the date of transfer is considered as its cost as of that date.

Property under development represents buildings that are being constructed for future use as investment property. Property under development is accounted for at cost in accordance with IAS 16. When the construction is completed, such buildings are transferred to investment property.

If, after or in the course of the development process, management's intentions relating to a certain property is changed, such properties are transferred to property under development held for sale or property, plant and equipment and its carrying amount at the date of transfer is considered as its cost as of that date.

Taxation – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated interim income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date in accordance with the laws of the Russian Federation, Canada, USA and Cyprus.

Deferred taxes, if any, are provided on items recognized in different periods for financial reporting purposes and income tax purposes, using the balance sheet liability method at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax liabilities, if any, which result from temporary differences, are provided for in full. Deferred tax assets are recorded to the extent that there is a reasonable expectation that these assets will be realized.

Deferred tax assets and deferred tax liabilities are offset when:

- The Group has a legally enforceable right to set off current tax assets against current tax liabilities;
- The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

Inventories – Inventories comprise land held for sale, property under development held for sale, raw materials and spare parts, work in progress and finished goods.

Inventories are recorded at the lower of cost and net realisable value.

Land held for sale represents land parcels containing houses constructed under contracts, accounted as property under development held for sale and also other land parcels with the intention of being sold in the ordinary course of business.

Property under development held for sale represent cottages, apartments in low-rise buildings, town houses and other property in the process of construction and development with the intention of being sold in the ordinary course of business.

The cost of finished goods and work in progress includes an appropriate share of production overheads based on normal operating capacity, but excluding borrowing costs.

Trade and other accounts receivable – Trade and other accounts receivable are stated at their net realizable value after deducting impairment provisions (if any).

Loans to third parties – Loans originated by the Group are financial assets that are created by the Group by providing money to a borrower or by participating in a loan facility, other than those that are originated with the intent to be sold immediately or in the short term, which are classified as held-for-trading. Originated loans are carried at amortized cost, less any provision for impairment losses.

Loans originated by the Group at rates below market are discounted to fair value using the effective interest method.

Cash and cash equivalents – Cash include petty cash, cash held on current bank accounts and short-term deposits with banks. Cash equivalents include short-term investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

***Share capital and additional paid-in-capital* -** Share capital is recognized at cost. Share capital contributions made in the form of assets other than cash are stated at their fair value at the date of contribution. Treasury stock is recorded at cost. Gains and losses on sales of treasury stock are charged or credited to share premium.

External costs directly attributable to the issue of new shares, other than in a business combination, are deducted from equity net of any related income taxes.

Dividends on ordinary shares are recognized in shareholders' equity as a reduction in the period in which they are declared. Dividends that are declared after the balance sheet date are treated as a subsequent event under IAS No. 10 "Events after the Balance Sheet Date" and disclosed accordingly.

Share-based payments – The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at the fair value of the equity instrument at the date of grant (being the fair value of the share less the purchase price). The fair value of the share is determined based on the market prices. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Leasing – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as lessor – Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Group as lessee – Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated interim balance sheet as a finance lease payable.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred. In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

Borrowings – All loans are initially recorded at the amount of the proceeds received, net of direct transaction costs. Subsequently loans and borrowings are measured at amortized cost, which is calculated by taking into account any discount or premium on settlement.

Borrowing costs – Management elected to follow the alternative treatment allowed by IAS No.23 "Borrowing Costs". Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

Trade and other accounts payable – Liabilities for trade and other accounts payable are stated at cost.

Provisions – Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

Revenue recognition – Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of revenue can be measured reliably. Sales are recognized net of value added tax.

Hotel and associated revenues are recognized when the rooms are occupied and the services are performed.

Revenue from the sales of land is recognized when legal title passes to the buyer.

Revenue from the sales of town houses and apartments in low-rise buildings is recognized when the construction is completed and the property is transferred to the buyer upon signing the act of acceptance.

The Group concludes contracts with its clients for construction of houses and communal infrastructure on land owned by the Group. A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use. The Group concludes fixed price contracts in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

Contract revenue comprises the initial amount of revenue agreed in the construction contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

Contract costs comprise costs that relate directly to the specific construction contract; costs that are attributable to contract activity in general and can be allocated to the contract; and other costs as are specifically chargeable to the customer under the terms of the construction contract**.**

When the outcome of a construction contract can be estimated reliably, contract revenue and associated contract costs are recognized as revenue and expenses, respectively, by reference to the stage of completion of the contract activity at the balance sheet date, measured as the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. An expected loss on the construction contract is recognized as an expense immediately.

Interest income and expense – Interest income and expense are recognized on an accrual basis using the effective interest rate method. Loan origination fees, if significant, are deferred (together with related direct costs) and recognized as an adjustment to the loan's effective yield.

Retirement and other benefit obligations – The Group does not have any pension arrangements separate from the State pension system of the Russian Federation, which requires current contributions by the employer to be calculated as a percentage of current gross salary payments; such expense is charged in the same period in which the related salaries are earned. In addition, the Group has no post-retirement benefits or significant other compensated benefits requiring accrual.

Contingencies – Contingent liabilities are not recognized in the consolidated interim financial statements unless it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. A contingent asset is not recognized in the consolidated interim financial statements but disclosed when an inflow of economic benefits is probable.

Recognition and measurement of financial instruments – The Group recognizes financial assets and liabilities on its consolidated interim balance sheet when it becomes a party to the contractual obligation of the instrument. Regular way purchase and sale of financial assets and liabilities are recognized using settlement date accounting. Regular way purchases of financial instruments that will be subsequently measured at fair value between trade date and settlement date are accounted for in the same way as for acquired instruments.

Financial assets and liabilities are initially recognized at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to acquisition or issue of the financial asset or financial liability. The accounting policies for subsequent re-measurement of these items are disclosed in the respective accounting policies set out below.

Offset of financial assets and liabilities – Financial assets and liabilities are offset and reported net on the consolidated interim balance sheet when the Group has a legally enforceable right to set off the recognized amounts and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognizing, the Group does not offset the transferred asset and the associated liability.

Business and geographic segments – For management purposes, the Group is organized into six major business segments: land holdings, residential property, fabricated homes, commercial property development, commercial property and hotel operations. The operations are based in the Russian Federation, Canada, USA and Japan.

Inter-segment transactions: segment revenue, segment expenses and segment performance include transfers between business segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar services. Those transfers are eliminated in consolidation.

Adoption of new and revised standards effective after the reporting date – The Group has carried out an assessment of the effect on its consolidated financial position and results of operations reported under IFRS of new and revised standards which became effective for annual periods beginning after 1 January 2008.

In accordance with the provisions of Revised IFRS No. 3 "Business Combinations" effective from 1 July 2009, the accounting treatment for business combinations will be changed significantly, but the extent of such impact can only be determined once the detail of future business combination transactions is known. The Group has assessed the impact of requirements under IFRS 3 and has developed a plan to introduce systems to provide the appropriate level of disclosures.

In accordance with the provisions of IFRS No. 8 "Operating Segments" ("IFRS 8") effective from 1 January 2009, the Group should present additional information regarding operating segments in its consolidated interim financial statements. The Group has assessed the impact of requirements under IFRS 8 and has developed a plan to introduce systems to provide the appropriate level of disclosures.

In accordance with the provisions of Revised IAS No. 1 "Presentation of Financial Statements" effective from 1 January 2009, the Group should present additional information regarding comprehensive income and non-mandatory changes of the titles of the financial statements. The Group has assessed the impact of requirements under IAS 1 and has developed a plan to introduce systems to provide the appropriate level of disclosures.

In accordance with the provisions of Revised IAS No. 27 "Consolidated and Separate Financial Statements" ("IAS 27") effective from 1 July 2009, the accounting treatment for transactions that result in changes in a parent's interest in a subsidiary will be changed significantly, but the extent of such impact will depend on the detail of the transactions, which cannot be anticipated. The Group has assessed the impact of requirements under IAS 27 and has developed a plan to introduce systems to provide the appropriate level of disclosures.

At the date of authorization of these consolidated interim financial statements, the following Standards and Interpretations were in issue but not yet effective:

Standards and Interpretations	Effective date
Revised IFRS No. 2 "Share-based Payment"	Effective for annual periods beginning on or after 1 January 2009
Revised IFRS No. 5 "Non-current Assets Held for Sale and Discontinued Operations"	Effective for annual periods beginning on or after 1 January 2009
Revised IAS No. 23 "Borrowing Costs"	Effective for annual periods beginning on or after 1 January 2009
IFRIC No. 12 "Service Concession Arrangements"	Effective for annual periods beginning on or after 1 January 2008
IFRIC No. 13 "Consumer Loyalty Programmes"	Effective for annual periods beginning on or after 1 July 2008
IFRIC No. 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"	Effective for annual periods beginning on or after 1 January 2008
IFRIC No. 15 "Agreements for the Construction of Real Estate"	Effective for annual periods beginning on or after 1 January 2009
IFRIC No. 16 "Hedges of a Net Investment in a Foreign Operation"	Effective for annual periods beginning on or after 1 October 2008

The Group anticipates that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the consolidated interim financial statements of the Group.

4. GOODWILL

	'000 USD
At 31 December 2006	633
Change for the period	-
At 30 June 2007	633
At 31 December 2007	633
Acquisition of subsidiaries (Note 34)	7,938
Currency translation adjustment	30
At 30 June 2008	**8,601**

5. INTANGIBLE ASSETS

Intangible assets as of 30 June 2008 and 2007 and 31 December 2007 consisted of the following:

'000 USD	Computer software	Trademarks, licences and logotypes	Total
Cost			
At 31 December 2006	102	58	160
Additions	312	1	313
At 30 June 2007	414	59	473
At 31 December 2007	1,044	104	1,148
Acquisition of subsidiaries (Note 34)	2,373	23	2,396
Additions	226	48	274
Currency translation adjustment	(37)	5	(32)
At 30 June 2008	3,606	180	3,786
Accumulated amortization			
At 31 December 2006	33	5	38
Charge for the period	113	6	119
At 30 June 2007	146	11	157
At 31 December 2007	574	9	583
Charge for the period	415	7	422
Currency translation adjustment	32	1	33
At 30 June 2008	1,021	17	1,038
Carrying amount			
At 30 June 2007	**268**	**48**	**316**
At 31 December 2007	**470**	**95**	**565**
At 30 June 2008	**2,585**	**163**	**2,748**

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of 30 June 2008 and 2007 and 31 December 2007 consisted of the following:

'000 USD	Land and buildings	Fittings and fixtures	Transport, machinery and equipment	Furniture and office equipment	Construc-tion in progress	Total
Cost						
At 31 December 2006	63,613	4,726	2,701	1,319	26,178	98,537
Additions	1,396	27	291	405	9,848	11,967
Transfer to investment property (Note 8)	(293)	-	-	-	-	(293)
Transfer to property under development (Note 9)	-	(75)	-	-	-	(75)
Transfer to property under development held for sale (Note 11)	-	(91)	-	-	-	(91)
Disposals	-	(3)	(124)	(40)	-	(167)
At 30 June 2007	64,716	4,584	2,868	1,684	36,026	109,878
At 31 December 2007	64,771	4,639	3,265	2,402	54,898	129,975
Additions	13,968	24	1,410	389	20,757	36,548
Acquisition of subsidiaries (Note 34)	14,526	-	21,531	1,087	988	38,132
Assets put into operation	404	-	21	-	(425)	-
Disposals	(290)	-	(32)	(2)	-	(324)
Transfer to investment property (Note 8)	24,493	-	-	-	-	24,493
Transfer from land under development (Note 9)	4,275	-	-	-	-	4,275
Transfer from land held for development and sale (Note 11)	17,659	-	-	-	-	17,659
Transfer from property under development held for sale (Note 11)	-	-	-	-	297	297
Currency translation adjustment	3,703	217	(136)	85	2,341	6,210
At 30 June 2008	143,509	4,880	26,059	3,961	78,856	257,265
Accumulated depreciation						
At 31 December 2006	2,518	502	1,155	395	-	4,570
Charge for the period	823	139	182	139	-	1,283
Transfer to property under development (Note 9)	-	(36)	-	-	-	(36)
Disposals	-	-	(38)	(14)	-	(52)
At 30 June 2007	3,341	605	1,299	520	-	5,765
At 31 December 2007	4,164	680	1,492	733	-	7,069
Charge for the period	1,260	152	2,203	344	-	3,959
Disposals	(4)	-	(11)	-	-	(15)
Currency translation adjustment	213	65	(26)	53		305
At 30 June 2008	5,633	897	3,658	1,130	-	11,318
Net Book Value						
At 30 June 2007	**61,375**	**3,979**	**1,569**	**1,164**	**36,026**	**104,113**
At 31 December 2007	**60,607**	**3,959**	**1,773**	**1,669**	**54,898**	**122,906**
At 30 June 2008	**137,876**	**3,983**	**22,401**	**2,831**	**78,856**	**245,947**

Construction in progress principally includes construction of the A. I. Raikin Retail and Entertainment Center and the infrastructure of the Pavlovo and Pavlovo II Cottage Communities.

As of 30 June 2008, a building with a net book value of USD 35,337 thousand had been pledged as collateral for the loan received from JSCB Savings Bank of the Russian Federation (Note 21).

During the six months ended 30 June 2008, no interest was capitalized in construction in progress.

During the six months ended 30 June 2007, the Group capitalized interest of USD 107 thousand in construction in progress.

7. CAPITAL ADVANCES

Capital advances as of 30 June 2008 and 31 December 2007 consisted of the following:

	30 June 2008 '000 USD	31 December 2007 '000 USD
Advance payment for the acquisition of land plots	975,011	759,693
Other capital advances	122,763	104,139
Total	**1,097,774**	**863,832**

Advances paid for the acquisition of land plots are for the purpose of implementation of the following programs:

Pestovo land acquisition – In September 2006 the Board of Directors approved the Group's participation in the Bolshoye Pestovo project, which includes the acquisition of up to approximately 1,000 hectares of land in the Moscow region near Pestovo reservoir. The Group had already acquired subsidiaries for USD 77 million holding approximately 352 hectares of land. For the remaining land, advances were paid amounting USD 130 million as of 30 June 2008.

New land acquisition program – In December 2006, the Board of Directors approved the Group's participation in a new land acquisition program. Total approved spending for land acquisition in the Moscow, Tver and Yaroslavl regions approximates USD 1,300 million. The Group acquired subsidiaries for USD 59.6 million in 2007 and USD 336.6 million in 2008 (Note 34) holding approximately 3,244 and 6,414 hectares of land, respectively. For the remaining land, advances were paid amounting USD 842 million as of 30 June 2008.

During the six months ended 30 June 2008, the Group capitalized interest of USD 1,194 thousand in advances paid for capital expenses.

During the six months ended 30 June 2007, the Group capitalized interest of USD 2,516 thousand in advances paid for capital expenses.

8. INVESTMENT PROPERTY

'000 USD	Buildings	Land plots	Land plots with buildings	Total
At 31 December 2006	22,550	72,999	45,500	141,049
Additions	-	-	63	63
Transfer to land held for sale (Note 11)	-	(11,300)	-	(11,300)
Transfer from property, plant and equipment (Note 6)	293	-	-	293
Change in fair value	4,567	101	17,137	21,805
At 30 June 2007	**27,410**	**61,800**	**62,700**	**151,910**

'000 USD	Buildings	Land plots	Land plots with buildings	Total
At 31 December 2007	38,561	-	64,095	102,656
Additions	-	-	3,068	3,068
Transfer to property, plant and equipment (Note 6)	(24,493)	-	-	(24,493)
Transfer from land under development (Note 9)	-	25,044	-	25,044
Transfer to finished goods (Note 11)	-	-	(25,219)	(25,219)
Disposal	-	-	(7,586)	(7,586)
Change in fair value	1,460	80,243	1,645	83,348
Currency translation adjustment	1,311	2,185	2,392	5,888
At 30 June 2008	**16,839**	**107,472**	**38,395**	**162,706**

The fair value of Group's investment property has been determined on the basis of a valuation carried out by independent appraisers. The valuation, which conforms to International Valuation Standards, was arrived at primarily by applying the income capitalization method.

9. INVESTMENT PROPERTY UNDER DEVELOPMENT

Investment property under development as of 30 June 2008 and 31 December 2007 consisted of the following:

	30 June 2008 '000 USD	31 December 2007 '000 USD
Land under development with undetermined future use	-	731,361
Land under development for commercial purpose use	815,964	483,685
Property under development	185,534	135,764
Total	**1,001,498**	**1,350,810**

As of 30 June 2008 and 2007, land under development with undetermined future use consisted of:

	2008 '000 USD	2007 '000 USD
At 1 January	731,361	176,608
Revaluation surplus (Note 17)	-	206,227
Additions	55	9,280
Acquisition of subsidiaries	-	301,735
Transfer to property, plant and equipment (Note 6)	(4,263)	-
Transfer to investment property (Note 8)	(25,044)	-
Transfer to land under development for commercial purpose use	(72,007)	-
Transfer to land held for development and sale (Note11)	(648,496)	-
Transfer to land held for sale in the ordinary course of business (Note 11)	-	(25,046)
Currency translation adjustment	18,394	-
At 30 June	**-**	**668,804**

As of 30 June 2008 and 2007 land under development for commercial purpose use consisted of:

	2008 '000 USD	2007 '000 USD
At 1 January	483,685	227,745
Revaluation surplus (Note 17)	196,910	164,106
Additions	1,495	83
Acquisition of subsidiaries (Note 34)	35,136	-
Transfer from land under development with undetermined future use	72,007	-
Transfer to property, plant and equipment (Note 6)	(12)	-
Transfer from/(to) land held for development and sale (Note 11)	1,963	(10,000)
Transfer to land held for sale in the ordinary course of business (Note 11)	-	(71)
Currency translation adjustment	24,780	-
At 30 June	**815,964**	**381,863**

Land is recorded at revalued amount on the basis of a valuation carried out by independent appraisers. The valuation, which conforms to International Valuation Standards, was determined at primarily by applying the income capitalization method.

During the six months ended 30 June 2008 no interest was capitalized in land under development with undetermined future use and in land under development for commercial purposes.

During the six months ended 30 June 2007 the Group capitalized interest in land under development with undetermined future use and in land under development for commercial purposes of USD 1,966 thousand and USD 63 thousand, respectively.

As of 30 June 2008 and 2007, property under development consisted of:

	2008 '000 USD	2007 '000 USD
At 1 January	135,764	121,550
Additions	48,520	71,237
Acquisition of subsidiaries	-	273
Transfer to cost of construction contracts	-	(31,324)
Transfer from property, plant and equipment (Note 6)	-	39
Transfer to property under development held for sale (Note 11)	(5,937)	(2,407)
Currency translation adjustment	7,187	-
At 30 June	**185,534**	**159,368**

During the six months ended 30 June 2008, the Group capitalized interest in property under development of USD 393 thousand.

During the six months ended 30 June 2007, the Group capitalized interest in property under development of USD 872 thousand.

10. OTHER NON-CURRENT ASSETS

Other non-current assets as of 30 June 2008 and 31 December 2007 consisted of the following:

	30 June 2008 '000 USD	31 December 2007 '000 USD
Value added tax recoverable	60,600	50,657
Long-term capital investment	534	-
Total	**61,134**	**50,657**

11. INVENTORIES

Inventories, at cost, as of 30 June 2008 and 31 December 2007 consisted of the following:

	30 June 2008 '000 USD	31 December 2007 '000 USD
Land held for sale in the ordinary course of business	186,010	94,645
Land held for development and sale, non-current	1,056,435	96,875
Land held for development and sale, current	144,192	126,513
Property under development held for sale, non-current	10,793	1,585
Property under development held for sale, current	200,181	162,126
Raw materials and spare parts	6,001	-
Work in progress	37,743	-
Finished goods	25,742	-
Other inventories	851	988
	1,667,948	482,732
Allowance for obsolete and slow-moving items	(48)	-
Total	**1,667,900**	**482,732**

Land held for sale in the ordinary course of business as of 30 June 2008 and 2007 consisted of the following:

	2008 '000 USD	2007 '000 USD
At 1 January	94,645	-
Additions	125	-
Acquisition of subsidiaries (Note 34)	90,306	-
Transfer from land under development (Note 9)	-	25,117
Transfer from investment property (Note 8)	-	11,300
Transfer to cost of land sold	(3,798)	(11,300)
Currency translation adjustment	4,732	-
At 30 June	**186,010**	**25,117**

Land held for development and sale as of 30 June 2008 and 2007 consisted of the following:

	2008 '000 USD	2007 '000 USD
At 1 January	223,388	34,419
Additions	1,552	-
Acquisition of subsidiaries (Note 34)	333,142	-
Transfer to property, plant and equipment (Note 6)	(17,659)	-
Transfer (to) /from land under development (Note 9)	(1,963)	10,000
Transfer to cost of land sold	(11,080)	(5,108)
Transfer from land for undetermined future use (Note 9)	648,496	-
Currency translation adjustment	24,751	-
At 30 June	**1,200,627**	**39,311**

Property under development held for sale as of 30 June 2008 and 2007 consisted of the following:

	2008 '000 USD	2007 '000 USD
At 1 January	163,711	-
Additions	111,354	34,222
Acquisition of subsidiaries (Note 34)	621	-
Transfer (to) /from property, plant and equipment (Note 6)	(297)	91
Transfer from property under development (Note 9)	5,937	2,407
Transfer to cost of construction contracts (Note 26)	(55,099)	-
Transfer to work in progress	(23,645)	-
Currency translation adjustment	8,392	-
At 30 June	**210,974**	**36,720**

During the six months ended 30 June 2008, the Group capitalized interest in land held for development and sale of USD 578 thousand.

During the six months ended 30 June 2007, no interest was capitalized in inventories.

As of 30 June 2008, finished goods and property under development held for sale of USD 16,558 thousand had been pledged as collateral for the loan received from JSCB Rosbank (Note 21).

12. OTHER RECEIVABLES AND PREPAID EXPENSES

Other receivables and prepaid expenses as of 30 June 2008 and 31 December 2007 consisted of the following:

	30 June 2008 '000 USD	31 December 2007 '000 USD
Prepaid expenses	4,817	457
Other receivables	4,009	4,964
Value added tax recoverable	3,321	2,638
Prepaid current income tax	2,769	767
Other taxes prepaid	211	179
Total	**15,127**	**9,005**

13. LOANS TO THIRD PARTIES

Unsecured loans issued as of 30 June 2008 and 31 December 2007 consisted of:

	Interest rate	Currency	30 June 2008 '000 USD	31 December 2007 '000 USD
Nekommercheskoe Partnyorstvo "Blagoustroystvo Kottedzhnogo posyolka "Pestovo"	7.0%-7.5%	RUR	3,617	18,545
Agroreserve LLC	7.3%	RUR	2,086	1,928
Total			**5,703**	**20,473**

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of 30 June 2008 and 31 December 2007 consisted of the following:

	30 June 2008 '000 USD	31 December 2007 '000 USD
Short-term bank deposits	400,759	409,538
Cash in banks, in RUR	54,531	16,991
Cash in banks, in other currencies	4,513	553
Petty cash	23	10
Total	**459,826**	**427,092**

15. SHARE CAPITAL

	30 June 2008	31 December 2007	31 December 2006
Authorized			
Ordinary shares at par value of RUR 1,000 each	**15,280,221**	**13,587,969**	**9,750,976**
Including:			
Treasury shares			
Ordinary shares at par value of RUR 1,000 each	**133,000**	**133,000**	**266,000**

Issued and fully paid	**'000 USD**
31 December 2006: 9,484,976 ordinary shares at par value of RUR 1,000 each	338,035
Issue of shares: 1,798,063 ordinary shares at par value of RUR 1,000 each	69,776
30 June 2007: 11,283,039 ordinary shares at par value of RUR 1,000 each	**407,811**
31 December 2007: 13,454,969 ordinary shares at par value of RUR 1,000 each	494,316
Issue of shares: 1,692,252 ordinary shares at par value of RUR 1,000 each	71,420
30 June 2008: 15,147,221 ordinary shares at par value of RUR 1,000 each	**565,736**

The extraordinary general meeting of shareholders held on 14 November 2005 approved a capital increase, whereby up to 1,285,488 new ordinary shares each with a nominal value of RUR 1,000 would be issued through an open subscription. The offering price was equal to the Ruble equivalent of USD 70 per share at the exchange rate of the Central Bank of the Russian Federation as of the date of placement. Shareholders were granted pre-emptive rights of purchase, pro rata to their existing shareholdings. On 26 January 2006, the Company registered a prospectus for the additional issue of shares with the Federal Financial Markets Services ("FFMS"). On 24 March 2006, the Company summarized the results of the pre-emptive rights participation and placed 1,251,424 ordinary shares to existing shareholders. The remaining 34,064 shares were placed through an open subscription. The proceeds from the additional issue of shares were USD 90 million. The issue was registered with the FFMS on 27 April 2006.

On 3 May 2007, the Company completed the distribution of 1,798,063 additional shares with a nominal value of RUR 1,000 each and submitted a notice on the results of the additional release of securities to the FFMS. Shareholders in the Company were given a pre-emptive right of purchase, pro rata to their existing shareholdings. The offering price was not to exceed the Ruble equivalent of USD 180.75 per share at the exchange rate of the Central Bank of the Russian Federation at the date on which the Board of Directors decided on the share price. The proceeds from the additional issue of shares were USD 325,731 thousand.

On 10 October 2007, the Company completed the distribution of 2,038,930 additional ordinary shares with a nominal value of RUR 1,000 each. Shareholders in the Company were given a pre-emptive right of purchase, pro rata to their existing shareholdings. The offering price was RUR 7,238.95 per share. The proceeds from the additional issue of shares were USD 591,206 thousand.

On 6 June 2008, the Company completed the distribution of 1,692,252 additional shares with a nominal value of RUR 1,000 each. Shareholders in the Company were given a pre-emptive right of purchase, pro rata to their existing shareholdings. The offering price was set by the Company's Board of Directors upon expiration of the pre-emptive rights period at its meeting on May 16, 2008, at RUR 6,915.97 per ordinary share, which represents approximately USD 289.99 per share at the exchange rate of the Central Bank of the Russian Federation at the date of the meeting. The proceeds from the additional issue of shares were USD 492,775 thousand.

Treasury shares represent the cost of shares held by the Group to satisfy the Group's share-based payment program (Note 19).

16. ADDITIONAL PAID-IN-CAPITAL

Additional paid-in-capital as of 30 June 2008 and 2007 consisted of the following:

'000 USD	**Share premium**	**Under-writing fees**	**Legal and consulting services**	**Share-based payment**	**Total**
At 31 December 2006	725,355	(15,186)	(2,012)	5,015	713,172
Issue of new shares	255,972	-	(17)	-	255,955
Recognition of expense under share-based payment program (note 19)	-	-	-	1,756	1,756
At 30 June 2007	**981,327**	**(15,186)**	**(2,029)**	**6,771**	**970,883**

'000 USD	**Share premium**	**Under-writing fees**	**Legal and consulting services**	**Share-based payment**	**Total**
At 31 December 2007	1,492,645	(25,165)	(3,534)	8,155	1,472,101
Issue of new shares	422,519	(421)	(743)	-	421,355
Recognition of expense under share-based payment program (Note 19)	-	-	-	2,286	2,286
At 30 June 2008	**1,915,164**	**(25,586)**	**(4,277)**	**10,441**	**1,895,742**

17. REVALUATION RESERVE

	2008 '000 USD	2007 '000 USD
At 1 January	612,605	113,232
Revaluation surplus on land (Note 9)	196,910	370,333
Deferred tax liabilities arising on revaluation of land (Note 20)	(47,259)	(89,923)
Release of revaluation reserve on disposed assets	(7,632)	(1,983)
Release of deferred tax liability on revaluation reserve of disposed assets	1,832	476
At 30 June	**756,456**	**392,135**

18. MINORITY INTEREST

	2008 '000 USD	2007 '000 USD
At 1 January	-	-
Minority interest in net loss from subsidiary for the six months	(292)	-
Minority interest arising on acquisition of subsidiaries	18,497	-
Effect of exchange rate changes	(718)	-
At 30 June	**17,487**	**-**

19. SHARE-BASED PAYMENT PROGRAM

The Group has established a share-based payment program. The Group grants an annual opportunity to certain employees to purchase the Company's ordinary shares at a fixed price equal to USD 49.75 per share exercisable on the condition that the employee remains in the Group's employ for at least one year after the exercise date. Fair value at grant date was USD 75.93 per share. The number of share that can be purchased by employees during 2008 amounts to 133,000.

	30 June 2008 Shares
Outstanding at the beginning of the six months	**133,000**
Outstanding at the end of the six months	**133,000**
Exercisable at the end of the six months	**-**

The Group recognized a total share-based payment cost of USD 2,286 thousand and USD 1,756 thousand for the six months ended 30 June 2008 (Note 16) and 2007, respectively. The shares outstanding at 30 June 2008 were sold to employees in July 2008.

20. INCOME TAXES

The Group's income was subject to tax at the following tax rates:

	Six months ended 30 June 2008 '000 USD	Six months ended 30 June 2007 '000 USD
Russian Federation	24%	24%
Cyprus	10%	10%
USA	35%	-
Canada	31.23%	-

The Group provides for taxes based on the statutory tax accounts maintained and prepared in accordance with statutory tax regulations which may differ from IFRS.

The Group is subject to certain permanent tax differences due to the fact that certain expenses are not deductible and certain income is not taxable under local tax regulations.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as of 30 June 2008 and 31 December 2007 relate mostly to different methods of income and expense recognition as well as to the recorded values of certain assets.

Temporary differences as of 30 June 2008 and 31 December 2007 comprised:

	30 June 2008 '000 USD	31 December 2007 '000 USD
Deductible differences:		
Loss carry forward	8,699	20,271
Property, plant and equipment	25,217	13,394
Other payables and accrued expenses	967	1,721
Receivables and prepaid expenses	13,030	1,318
Effect of foreign currency remeasurement of other assets	99,287	101,519
Total deductible differences	**147,200**	**138,223**
Taxable differences:		
Land under development and land held for sale	2,135,761	1,389,966
Payable to customers under construction contracts	25,792	33,049
Receivables and prepaid expenses	8,624	39,209
Investment property	192,848	79,437
Property, plant and equipment	25,939	842
Effect of foreign currency remeasurement of other assets	915	-
Total taxable differences	**2,389,879**	**1,542,503**
Net taxable differences	(2,242,679)	(1,404,280)
Deferred income tax liability (at tax rate)	(555,492)	(351,340)
Deferred income tax asset (at tax rate)	16,321	14,313
Net deferred income tax liability	**(539,171)**	**(337,027)**

The relationship between the income tax expense and the Group's accounting profit for the six months ended 30 June 2008 and 2007 is as follows:

	Six months ended 30 June 2008 '000 USD	Six months ended 30 June 2007 '000 USD
Profit before income taxes	**127,331**	**42,758**
At the Russian statutory income tax rate of 24%	30,559	10,262
Effect of the difference in tax rates in countries other than the Russian Federation	(237)	-
Tax effect of permanent differences	6,643	(5,329)
Income tax expense	**36,965**	**4,933**
Income tax expense		
Deferred income tax (credit)/expense	23,730	(622)
Current income tax expense	13,235	5,555
Total	**36,965**	**4,933**

Deferred income tax liabilities	Six months ended 30 June 2008 '000 USD	Six months ended 30 June 2007 '000 USD
At the beginning of the period	351,340	112,212
Increase in the deferred income tax liability charged to consolidated interim income statement	25,046	2,460
Increase in deferred income tax liability charged to equity (Note 17)	47,259	89,923
Disposal of subsidiaries	-	(1,504)
Acquisition of subsidiaries (Note 34)	114,670	68,828
Currency translation adjustment	17,177	-
At the end of the period	**555,492**	**271,919**

Deferred income tax assets	Six months ended 30 June 2008 '000 USD	Six months ended 30 June 2007 '000 USD
At the beginning of the period	14,313	6,836
Increase in deferred income tax assets credited to consolidated interim income statement	1,316	3,082
Currency translation adjustment	692	-
At the end of the period	**16,321**	**9,918**

21. LONG-TERM LOANS

Long-term loans as of 30 June 2008 and 31 December 2007 consisted of the following:

	Currency	Interest Rate	30 June 2008 '000 USD	31 December 2007 '000 USD
JSCB ROSBANK	USD	11%	22,460	22,460
JSCB Savings bank of the Russian Federation	USD	11%	16,000	17,750
ING Bank N.V.	USD	9.75%-10.45%	199,900	50,000
ZAO RAIFFEISENBANK	USD	libor+5.3%	50,000	-
Agrorezerv LLC	RUR	9.0%	2,155	1,983
Minuet LLC	RUR	-	5,842	-
TD Bank "Commercial Demand Loan - Floating"	CAD	4.75%	42	-
Unamortized debt issue costs	USD		(525)	-
Total			**295,874**	**92,193**

As of 30 June 2008, finished goods and property under development held for sale with a book value of USD 16,558 thousand had been pledged as collateral for the loan from JSCB Rosbank (Note 11).

As of 30 June 2008, the shares of JSC Hotel Novoslobodskaya and a building with a net book value of USD 35,337 thousand had been pledged as collateral for the loan received from JSCB Savings Bank of the Russian Federation (Note 6).

JSC OPIN subsidiaries act as guarantors for the loan received from ING Bank N.V.

Long-term loans as of 30 June 2008 and 31 December 2007 are repayable as follows:

	30 June 2008 '000 USD	31 December 2007 '000 USD
Within one year	103,250	103,000
In the second year	116,000	67,750
In the third to fifth years inclusive	178,244	22,460
Later than five years	2,155	1,983
Unamortized debt issue costs	(756)	-
Less: current portion of long-term loans (Note 22)	(103,019)	(103,000)
Total	**295,874**	**92,193**

22. SHORT-TERM LOANS AND ACCRUED INTEREST

Short-term loans and accrued interest as of 30 June 2008 and 31 December 2007 consisted of the following:

	Interest rate	30 June 2008 '000 USD	31 December 2007 '000 USD
Current portion of long-term loan from JSCB Savings bank of the Russian Federation (Note 21)	11%	3,250	3,000
ING Bank N.V.	libor+2%	100,000	100,000
Accrued interest on long-term and short-term loans		5,486	882
Unamortized debt issue costs		(231)	-
Total		**108,505**	**103,882**

23. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable as of 30 June 2008 and 31 December 2007 consisted of the following:

	30 June 2008 '000 USD	31 December 2007 '000 USD
Trade payables to suppliers and service providers	15,155	6,067
Accounts payable to employees	7,291	8,048
Advances received	11,836	1,493
Other accounts payable and accrued expenses	16,561	21,614
Total	**50,843**	**37,222**

24. TAX LIABILITY

Tax liability as of 30 June 2008 and 31 December 2007 consisted of the following:

	30 June 2008 '000 USD	31 December 2007 '000 USD
Current income tax liability	5,427	6,611
Other taxes payable	2,357	760
Total	**7,784**	**7,371**

25. REVENUE UNDER CONSTRUCTION CONTRACTS

Revenue under construction contracts for the six months ended 30 June 2008 and 2007 consisted of the following:

	Six months ended 30 June 2008 '000 USD	Six months ended 30 June 2007 '000 USD
Revenue under contracts for construction of houses	66,045	29,793
Revenue under contracts for construction of infrastructure and other assets	20,008	15,800
Total	**86,053**	**45,593**

26. COST OF CONSTRUCTION CONTRACTS

Cost of construction contracts for the six months ended 30 June 2008 and 2007 consisted of the following:

	Six months ended 30 June 2008 '000 USD	Six months ended 30 June 2007 '000 USD
Cost of contracts for construction of houses (Note 11)	35,182	15,568
Cost of contracts for construction of infrastructure and other assets (Note 11)	19,917	15,756
Total	**55,099**	**31,324**

27. COST OF HOTEL SERVICES

Cost of hotel services for the six months ended 30 June 2008 and 2007 consisted of the following:

	Six months ended 30 June 2008 ‘000 USD	Six months ended 30 June 2007 ‘000 USD
Payroll	2,031	1,630
Management fees	1,203	714
Materials	942	695
Depreciation	754	721
Property tax	490	459
Payroll taxes	446	361
Repairs and maintenance	342	175
Commissions	300	214
Bank fees for processing credit cards	254	181
Security expenses	207	86
Laundry expenses	168	129
Insurance	140	125
Communication and TV expenses	88	56
Consulting services	46	28
Decoration expenses	19	22
Other	763	292
Total	**8,193**	**5,888**

28. COST OF RENTAL SERVICES

Cost of rental services for the six months ended 30 June 2008 and 2007 consisted of the following:

	Six months ended 30 June 2008 ‘000 USD	Six months ended 30 June 2007 ‘000 USD
Property tax	111	110
Rent expense	104	34
Public utilities	88	47
Repairs and maintenance	2	66
Other	46	63
Total	**351**	**320**

29. COST OF OTHER SERVICES

Cost of other services for the six months ended 30 June 2008 and 2007 consisted of the following:

	Six months ended 30 June 2008 ‘000 USD	Six months ended 30 June 2007 ‘000 USD
Payroll	323	126
Security expenses	120	35
Rent expense	69	44
Depreciation	19	6
Repairs and maintenance	7	42
Property tax	-	18
Other	189	79
Total	**727**	**350**

30. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for six months ended 30 June 2008 and 2007 consisted of the following:

	Six months ended 30 June 2008 '000 USD	Six months ended 30 June 2007 '000 USD
Payroll	13,334	6,917
Depreciation and amortization	3,608	675
Advertising	2,050	1,357
Audit and other consulting services	1,649	418
Payroll taxes	1,449	733
Brokerage fees	1,380	462
Security expenses	746	255
Property tax	606	228
Other operating taxes	598	484
Public utilities	497	46
Travel expenses	491	122
Repairs and maintenance	422	311
Landscaping	326	130
Bank charges	305	273
Insurance	259	141
Communications expenses	181	130
Rent expense	179	75
Representation expenses	61	79
Management fees	49	84
Other expenses	1,076	900
Total	**29,266**	**13,820**

31. INTEREST INCOME

Interest income for the six months ended 30 June 2008 and 2007 consisted of the following:

	Six months ended 30 June 2008 '000 USD	Six months ended 30 June 2007 '000 USD
Interest on bank deposits	11,378	6,147
Interest on loans issued	469	847
Other interest income	13,606	3,953
Total	**25,453**	**10,947**

32. INTEREST EXPENSE

Interest expense for the six months ended 30 June 2008 and 2007 consisted of the following:

	Six months ended 30 June 2008 '000 USD	**Six months ended 30 June 2007 '000 USD**
Interest on bank loans	12,081	9,399
Interest on financial lease	674	763
Cost of maintenance of credit accounts	190	573
Interest on other loans	121	117
Total borrowing costs	13,066	10,852
Less: amounts included in the cost of qualifying assets (Notes 6, 7 and 9)	(2,165)	(5,524)
Total	**10,901**	**5,328**

33. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Basic			**Diluted**		
	Weighted average number of shares outstanding during the period	**Net profit for the period attributable to shareholders of the parent company ('000 USD)**	**Earnings per share (in USD)**	**Weighted average number of shares outstanding during the period**	**Net profit for the period attributable to shareholders of the parent company ('000 USD)**	**Earnings per share (in USD)**
Six months ended 30 June 2008	13,886,329	90,658	6.53	14,019,329	90,658	6.47
Six months ended 30 June 2007	10,150,809	37,825	3.73	10,416,809	37,825	3.63

34. ACQUISITION OF SUBSIDIARIES

Acquisition of Viceroy Homes Limited

On 27 February 2008, the Group acquired all of the outstanding Class A Subordinate Voting Shares of Viceroy Homes Limited – a Canadian producer of fabricated homes, comprising 61.08% ownership interest, for an aggregate purchase price of approximately CAD 33.7 million, paid in cash.

As a result, the financial position and the results of operations of Viceroy Homes Limited were included in the Group's interim consolidated financial statements beginning 27 February 2008.

At the date of the acquisition:

'000 USD	**27 February 2008**
Intangible assets (Note 5)	2,396
Property, plant and equipment (Note 6)	38,132
Inventories	6,433
Trade accounts receivable	695
Other receivables and prepaid expenses	4,196
Cash and cash equivalents	15,012
Total assets	**66,864**
Deferred tax liability (Note 20)	(7,579)
Trade and other accounts payable	(11,763)
Total liabilities	**(19,342)**
Net assets, at fair value	**47,522**
Fair value of net assets attributable to 61.08% ownership interest	29,026
Satisfied by cash	36,964
Goodwill	**7,938**
Net cash inflow arising on acquisition:	
Cash consideration	(36,964)
Cash and cash equivalents acquired	15,012
Cash received, net of cash paid on acquisition of subsidiaries	**(21,952)**
The revenue and the financial result included in the consolidated financial statements:	
Revenue from sale of goods	15,044
Cost of goods sold	(12,535)
Other expenses, including income taxes	(3,255)
Net loss	**(746)**

Acquisition of land holding companies in Moscow and Tver regions

On 9 June 2008, the Group acquired a 100% interest in Prospect LLC and Gorizont LLC together with their 100% subsidiaries: Roza vetrov LLC, Agroindustry LLC, Russkaya zemlya LLC, Volzhskie prostory LLC, Farafonovka LLC, Solar coast LLC, Urozhay LLC, Niva LLC for USD 336.6 million, paid in cash.

At the date of the acquisition:

'000 USD	9 June 2008
Land held for sale in the ordinary course of business (Note 11)	90,306
Land under development for commercial purpose use (Note 9)	35,136
Land held for development and sale (Note 11)	333,142
Property under development held for sale, non-current (Note 11)	621
Value added tax recoverable	44
Trade and other receivables	15
Cash and cash equivalents	163
Total assets	**459,427**

'000 USD	9 June 2008
Deferred tax liability (Note 20)	(107,091)
Short-term loans and accrued interest	(15,712)
Trade and other accounts payable	(4)
Total liabilities	**(122,807)**
Net assets, at fair value	**336,620**
Fair value of net assets attributable to 100% ownership interest	336,620
Satisfied by cash	(336,620)
Goodwill	**-**
Net cash inflow arising on acquisition:	
Cash consideration	(336,620)
Cash and cash equivalents acquired	163
Cash received, net of cash paid on acquisition of subsidiaries	**(336,457)**

The revenue and the financial result of the acquired land holding subsidiaries in Moscow and Tver regions included in the consolidated financial statements since their dates of acquisition to the reporting date were not significant.

Disclosure of other information in respect of acquisition of subsidiaries

As the acquired subsidiaries did not prepare financial statements in accordance with IFRS before the acquisition, it is impracticable to determine revenues and net profit of the Group on the assumption that all acquisitions effected during the period had occurred at the beginning of the period.

35. TRANSACTIONS WITH RELATED PARTIES

Related parties or transactions with related parties, as defined by IAS 24 “Related party disclosures”, represent:

(a) Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group (includes holding companies, subsidiaries and fellow subsidiaries);

(b) Associates – enterprises in which the Group has significant influence and which are neither a subsidiary nor a joint venture of the investor;

(c) Individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group;

(d) Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors and officers of the Group (also non-executive directors and close members of the families of such individuals);

(e) Enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the Group and enterprises that have a member of key management in common with the Group;

(f) Parties with joint control over the Group;

(g) Joint ventures in which the Group is a venture; and

(h) Post-employment benefit plans for the benefit of employees of the Group, or of any entity that is a related party to the Group.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Group had the following transactions outstanding with related parties as of 30 June 2008 and 31 December 2007:

‘000 USD	30 June 2008		31 December 2007	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Receivables from customers under construction contracts (key management personnel of the entity or its parent)	-	61,382	-	31,500
Other receivables and prepaid expenses (entities with joint control or significant influence over the entity)	73	15,127	1,545	9,005
Long-term loans (entities with joint control or significant influence over the entity)	22,460	295,874	22,460	92,193
Accrued interest (entities with joint control or significant influence over the entity)	523	5,486	-	882
Advances received from customers for inventories (key management personnel of the entity or its parent)	21,891	173,356	32,618	123,626
Accounts payable to employees (key management personnel of the entity)	3,368	7,291	5,963	8,048
Cash and cash equivalents (entities with joint control or significant influence over the entity	154,210	459,826	110,386	427,092

Included in the consolidated interim income statement for the six months ended 30 June 2008 and 2007 are the following amounts which arose due to transactions with related parties:

'000 USD	30 June 2008		30 June 2007	
	Related party transactions	**Total category as per financial statements caption**	**Related party transactions**	**Total category as per financial statements caption**
Revenue under construction contracts	2,507	86,053	3,368	45,593
Thereof entities with joint control or significant influence over the entity	-	-	60	-
Thereof key management personnel of the entity or its parent	2,507	-	3,308	-
Revenue from land sold (key management personnel of the entity or its parent)	779	19,897	450	24,387
Revenue from rendering other services (entities with joint control or significant influence over the entity)	591	2,060	-	709
Bank charges (entities with joint control or significant influence over the entity)	223	305	240	273
Interest income (entities with joint control or significant influence over the entity)	2,432	25,453	4,996	10,947
Interest expense (entities with joint control or significant influence over the entity)	1,209	10,901	159	5,328
Cost of hotel services (entities with joint control or significant influence over the entity)	181	8,193	120	5,888
Key management personnel compensation:				
Payroll and related taxes	5,500	17,583	1,977	9,767
Insurance	6	399	19	266
	5,506	**17,982**	**1,996**	**10,033**

During the six months ended 30 June 2008, the Group accrued an interest of USD 1,209 thousand on a loan received from a related party, recorded as interest expense. During the six months ended 30 June 2008, the Group paid interest to a related party of USD 685 thousand.

During the six months ended 30 June 2007, the Group accrued loan interest of USD 1,277 thousand of which USD 159 thousand is recorded as interest expense and USD 1,118 are capitalized in the cost of long-term assets. During six months ended 30 June 2007, the Group paid interest to a related party of USD 657 thousand.

36. BUSINESS SEGMENTS

Financial information relating to the Group's consolidated segments is as follows for the six months ended 30 June 2008 and 2007:

'000 USD	Land holdings	Residential property	Commercial property development	Commercial property	Hotel operations	Fabricated homes	Others	Eliminations	Group total Six months ended 30 June 2008
REVENUE									
External sales	4,391	110,931	-	1,879	14,494	15,044	4,496	-	151,235
Inter-segment sales	-	2	-	403	-	-	11	(416)	-
Total revenue	**4,391**	**110,933**	**-**	**2,282**	**14,494**	**15,044**	**4,507**	**(416)**	**151,235**
RESULT									
Segment profit before income tax	80,838	34,148	-	3,525	5,811	(3,153)	580	-	121,749
Unallocated income, net									5,582
Profit before income tax									**127,331**
Segment capital additions	205,593	-	92,645	3,239	11,998	1,063	678	-	315,216
Unallocated capital additions									1,868
Capital additions									**317,084**
Segment depreciation expense	-	352	5	-	754	2,290	63	-	3,464
Unallocated depreciation expense									495
Depreciation expense									**3,959**

'000 USD	Land holdings	Residential property	Commercial property development	Commercial property	Hotel operations	Others	Eliminations	Group total Six months ended 30 June 2007
REVENUE								
External sales	19,048	50,739	-	1,814	10,952	902	-	83,455
Inter-segment sales	-	29	-	389	5	-	(423)	-
Total revenue	**19,048**	**50,768**	**-**	**2,203**	**10,957**	**902**	**(423)**	**83,455**
RESULT								
Segment profit before income tax	7,641	10,392	-	21,841	3,328	220	-	43,422
Unallocated expenses, net								(664)
Profit before income tax								**42,758**
Segment capital additions	391,043	78,852	38,308	140	1,339	199	-	509,881
Unallocated capital additions								720
Capital additions								**510,601**
Segment depreciation expense	-	283	-	-	721	16	-	1,020
Unallocated depreciation expense								263
Depreciation expense								**1,283**

Financial information relating to the Group's consolidated segments is as follows as of 30 June 2008 and 31 December 2007:

'000 USD	Land holdings	Residential property	Commercial property development	Commercial property	Hotel operations	Fabricated homes	Others	Group total 30 June 2008
OTHER INFORMATION								
Segment assets	1,918,842	1,042,216	1,084,348	58,026	65,212	115,667	9,698	4,294,009
Unallocated assets								558,092
Eliminations								(252)
Total assets								**4,851,849**
Segment liabilities	232,947	555,672	152,446	17,422	13,094	22,510	240	994,331
Unallocated liabilities								197,775
Eliminations								(252)
Total liabilities								**1,191,854**

'000 USD	Land holdings	Residential property	Commercial property development	Commercial property	Hotel operations	Others	Group total 31 December 2007
OTHER INFORMATION							
Segment assets	1,340,853	863,371	693,912	87,202	60,859	342	3,046,539
Unallocated assets							452,105
Eliminations							(210)
Total assets							**3,498,434**
Segment liabilities	133,832	246,463	119,694	16,898	24,455	7,098	548,440
Unallocated liabilities							180,154
Eliminations							(210)
Total liabilities							**728,384**

37. GEOGRAPHIC SEGMENTS

Financial information relating to the Group's consolidated segments is as follows for the six months ended 30 June 2008 and 2007:

'000 USD	Russian Federation	Canada	USA	Japan	Group total Six months ended 30 June 2008
Segment revenue	136,236	5,764	1,844	7,391	**151,235**
Segment capital additions	316,021	1,063	-	-	**317,084**

'000 USD	Russian Federation	Canada	USA	Japan	Group total Six months ended 30 June 2007
Segment revenue	83,455	-	-	-	**83,455**
Segment capital additions	510,601	-	-	-	**510,601**

Financial information relating to the Group's consolidated segments is as follows as of 30 June 2008 and 31 December 2007:

'000 USD	Russian Federation	Canada	USA	Japan	Group total 30 June 2008
Segment assets	4,785,550	55,284	10,629	386	**4,851,849**
Segment liabilities	1,170,567	21,287	-	-	**1,191,854**

'000 USD	Russian Federation	Canada	USA	Japan	Group total 31 December 2007
Segment assets	3,498,434	-	-	-	**3,498,434**
Segment liabilities	728,384	-	-	-	**728,384**

38. COMMITMENTS AND CONTINGENCIES

Capital commitments – As of 30 June 2008, commitments of the Group for capital expenditures outstanding under concluded contracts approximated USD 205 million. The Group has early termination rights for all concluded capital construction contracts.

Operating leases – The Group's future minimum rental payments under non-cancellable operating leases in effect as of 30 June 2008 and 31 December 2007 are presented in the table below.

	30 June 2008 '000 USD	31 December 2007 '000 USD
Not later than 1 year	225	332
Later than 1 year but not later than 5 years	700	716
Later than 5 years	3,704	3,584
Total operating lease	**4,629**	**4,632**

Legal proceedings – From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in these consolidated interim financial statements.

Taxes – Due to the presence in Russian commercial legislation, and tax legislation in particular, of provisions allowing more than one interpretation, and also due to the practice developed by the tax authorities of making arbitrary judgment of business activities, if a particular treatment, based on management's judgment of the Group's business activities, was to be challenged by the tax authorities, the Group may by assessed additional taxes, penalties and interest and these could be significant. While the Group believes it has complied with all applicable regulations and requirements, these regulations and requirements are not always clearly written, are continually updated, are often ambiguous and may be retrospective in effect, and it is often difficult to predict future interpretations by regulatory authorities, and the outcomes of such interpretations. The management of the Group considers that the probability of any material sanctions being undertaken by local authorities against the Group is remote, and believes that no material fines or penalties will become payable. Tax years remain open to review by the tax authorities for three years.

Pensions and retirement plans – Employees receive pension benefits from the Russian Federation in accordance with the laws and regulations of the country. As of 30 June 2008 and 31 December 2007, the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Operating environment – The Group's principal business activities are within the Russian Federation. Laws and regulations affecting business environment in the Russian Federation are subject to rapid changes and the Group's assets and operations could be at risk due to negative changes in the political and business environment.

39. SUBSEQUENT EVENTS

On 21 July 2008 the Group acquired, through its wholly-owned subsidiary OPIN CAPITAL INC., all of the outstanding Class B Multiple Voting Shares of Viceroy Homes Limited for an aggregate purchase price of approximately CAD 32.98 million, representing the remaining 38.92% equity interest.

On 19 August 2008, the Group received a loan from JSCB Rosbank in the amount of USD 50 million at the interest rate of 11% per annum for a term of 5 years, secured by land plots and a guarantee of the Group.

On 19 August 2008, the Group received a loan in the amount of USD 23 million at the interest rate of 11.25% per annum under a credit line with JSCB Savings Bank of the Russian Federation for a term of 16 months, secured by the Group’s assets.

40. RISK MANAGEMENT POLICIES

Management of risk is an essential element of the Group’s operations. The main risks inherent to the Group’s operations are those related to operating risk, credit risk exposures, market movements in interest rates and foreign exchange rates. A description of the Group’s risk management policies in relation to those risks follows.

Credit risk – The Group is exposed to credit risk which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group does not hedge its credit risk.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one counterparty/customer, or groups of customers. Prior to entering into material contracts, the Group undertakes due diligence procedures, which includes checking the financial condition and creditworthiness of the counterparty, its experience, expertise and reputation in the subject area of co-operation. The Group also obtains a legal opinion from its in-house or from independent legal counsel regarding the validity and enforceability of contracts and other material documentation in connection with the subject transaction. The Group’s aggregate credit exposure to a particular counterparty/customer, or groups of customers once established by the Group’s Investment Committee are subject to quarterly review and approval by the Investment Committee.

The Group’s counterparties/customers are mainly contractors, buyers/sellers of property, tenants and banks. For each group the Group has developed additional procedures to mitigate credit risk.

Contractors: The Group seeks additional credit risk mitigation instruments, including safety deposits, completion and performance guarantees, issued by top-rated banks, and the use of professional advisors, providing quality control and technical supervision.

*Buyers/Sellers of Propert*y: Financial guarantees (bank guarantees, letters of credit or similar bank instruments) or advance performance of counterparty’s obligations is usually required from each potential buyer/seller.

Tenants: The Group carries out due diligence procedures. Contracts with tenants include a safety deposit in the amount of lease payments for 1-6 months, which management believes provides sufficient amount to cover the costs and realize planned profit during any re-marketing period.

Banks and financial institutions: the Group undertakes due diligence procedure on banks and financial institutions, which are service providers for the Group, to ensure their creditworthiness. The Investment Committee establishes limits for aggregate credit exposure to banks and financial institutions. Such limits are subject to quarterly review. The Group maintains accounts with several banks to ensure the flexibility of its risk management policy implementation.

Maturity of financial instruments

'000 USD	**In the first year**	**In the second year**	**In the third to the fifth year**	**After the fifth year**	**Contractual amount**	**Carrying amount 30 June 2008**
Financial assets						
Cash at bank and in hand	59,067	-	-	-	59,067	59,067
Time deposits	400,759	-	-	-	400,759	400,759
Trade and other receivables	70,165	-	-	-	70,165	70,165
Loans issued	5,703	-	-	-	5,703	5,703
Total financial assets	**535,694**	**-**	**-**	**-**	**535,694**	**535,694**
Financial liabilities						
Trade and other payables	31,716	-	-	-	31,716	31,716
Loans	108,505	115,704	178,015	2,155	404,379	404,379
Total financial liabilities	**140,221**	**115,704**	**178,015**	**2,155**	**436,095**	**436,095**
Net financial position	**395,473**	**(115,704)**	**(178,015)**	**(2,155)**	**99,599**	**99,599**

'000 USD	**In the first year**	**In the second year**	**In the third to the fifth year**	**After the fifth year**	**Contractual amount**	**Carrying amount 31 December 2007**
Financial assets						
Cash at bank and in hand	17,554	-	-	-	17,554	17,554
Time deposits	409,538	-	-	-	409,538	409,538
Trade and other receivables	38,973	-	-	-	38,973	38,973
Loans issued	20,473	-	-	-	20,473	20,473
Total financial assets	**486,538**	**-**	**-**	**-**	**486,538**	**486,538**
Financial liabilities						
Trade and other payables	27,681	-	-	-	27,681	27,681
Loans	103,882	67,750	22,460	1,983	196,075	196,075
Total financial liabilities	**131,563**	**67,750**	**22,460**	**1,983**	**223,756**	**223,756**
Net financial position	**354,975**	**(67,750)**	**(22,460)**	**(1,983)**	**262,782**	**262,782**

The Group's management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

	30 June 2008 '000 USD	31 December 2007 '000 USD
Long and short term borrowings	404,379	196,075
Cash and cash equivalents	(459,826)	(427,092)
Net debt	(55,447)	(231,017)
Equity	3,642,508	2,770,050
Net debt to equity ratio	**(1.52%)**	**(8.34%)**

Currency risk – Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's subsidiaries. The currencies in which these transactions primarily are denominated are US dollars and Canadian dollars.

The Group does not have formal arrangements to mitigate currency risks of the Group's operations. However, management believes that the Group is secured from currency risks by minimizing, to the extent possible any disproportion between the currencies of its major income and expense items, and between its assets and liabilities.

Financial instruments by currency

'000 USD	**USD**	**RUR**	**CAD**	**EUR**	**Total 30 June 2008**
Financial assets					
Cash at bank and in hand	3,852	54,554	269	392	59,067
Time deposits	99	384,127	16,533	-	400,759
Trade and other receivables	886	68,170	1,109	-	70,165
Loans issued	-	5,703	-	-	5,703
Total financial assets	**4,837**	**512,554**	**17,911**	**392**	**535,694**
Financial liabilities					
Trade and other payables	5,808	22,268	3,597	43	31,716
Loans	396,340	7,997	42	-	404,379
Total financial liabilities	**402,148**	**30,265**	**3,639**	**43**	**436,095**
Net financial position	**(397,311)**	**482,289**	**14,272**	**349**	**99,599**

'000 USD	**USD**	**RUR**	**EUR**	**Total 31 December 2007**
Financial assets				
Cash at bank and in hand	440	17,001	113	17,554
Time deposits	1,661	407,877	-	409,538
Trade and other receivables	16,469	22,504	-	38,973
Loans issued	-	20,473	-	20,473
Total financial assets	**18,570**	**467,855**	**113**	**486,538**
Financial liabilities				
Trade and other payables	3,260	24,421	-	27,681
Loans	194,092	1,983	-	196,075
Total financial liabilities	**197,352**	**26,404**	**-**	**223,756**
Net financial position	**(178,782)**	**441,451**	**113**	**262,782**

Interest rate risk – Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments.

The Group's debt instruments outstanding as of 30 June 2008 are on both fixed and variable rate basis.

The Group incurs interest rate risk on liabilities with variable interest rate. The Group's Treasury function performs analysis of current interest rates and prepares forecasts for the next year. Depending on that, the management makes decisions whether it would be more beneficial to obtain financing on a fixed-rate or variable-rate basis. In case of changes in the current market fixed or variable rates the management may consider refinancing of a particular debt on more favourable terms.

The Group does not have any financial assets with variable interest rate.

Funding (cash flow) risk – Funding (cash flow) risk is the risk that the Group will not be able to settle all liabilities as they fall due. The Group's liquidity position is carefully monitored and managed. The Group has established budgeting and cash flow planning procedures to ensure it has adequate cash available to meet its payment obligations in due course.

The Management controls these types of risks by means of maturity analysis, determining the Group's strategy for the next financial period. Current liquidity is managed by the Treasury Department, which deals in the financial markets for current liquidity support and cash flow management.

The Group recognizes the capital intensive nature and modest liquidity of real estate. Therefore, the Group uses its best efforts to fund a significant portion of future cash needs through long-term borrowings and to maintain a high proportion of equity financing. The Group also tries to partially finance the development of its residential projects by receiving advance payments under construction contracts.

Included in note below is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

'000 USD	**Weighted average effective interest rate**	**On demand**	**Less than one month**	**One to three months**	**Three months to one year**	**One to five years**	**After the fifth year**	**Carrying amount 30 June 2008**
Financial liabilities								
Trade and other payables	-	10,599	7,672	7,435	6,010	-	-	31,716
Loans	8.6	-	4,963	-	103,542	293,719	2,155	404,379
Total financial liabilities		**10,599**	**12,635**	**7,435**	**109,552**	**293,719**	**2,155**	**436,095**

'000 USD	**Weighted average effective interest rate**	**On demand**	**Less than one month**	**One to three months**	**Three months to one year**	**One to five years**	**After the fifth year**	**Carrying amount 31 December 2007**
Financial liabilities								
Trade and other payables	-	14,327	4,279	9,075	-	-	-	27,681
Finance lease liability	13.0	-	33	65	311	2,243	10,098	12,750
Loans	10.3	-	882	-	103,000	90,210	1,983	196,075
Total financial liabilities		**14,327**	**5,194**	**9,140**	**103,311**	**92,453**	**12,081**	**236,506**

41. FINANCIAL INSTRUMENTS

Financial assets and liabilities

	30 June 2008 ‘000 USD	31 December 2007 ‘000 USD
Liquid assets	465,529	447,565
Trade and other receivables	70,165	38,973
Total financial assets	**535,694**	**486,538**
Trade and other payables	31,716	27,681
Financial liabilities – current	108,505	103,882
Financial liabilities – non current	295,874	92,193
Total financial liabilities	**436,095**	**223,756**
Net financial position	**99,599**	**262,782**

By category

	30 June 2008 ‘000 USD	31 December 2007 ‘000 USD
Loans and receivables	75,868	59,446
Available-for-sale assets	459,826	427,092
Total financial assets	**535,694**	**486,538**
Financial liabilities at amortized cost	436,095	223,756
Total financial liabilities	**436,095**	**223,756**
Net financial position	**99,599**	**262,782**

Management considers that the fair value of financial instruments held by the Group did not materially differ from their carrying amounts.