JSC OPIN and Subsidiaries

Consolidated Financial Statements
for the Year Ended 31 December 2010

JSC OPIN AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

INDEX | **Page**

JSC OPIN AND SUBSIDIARIES

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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

Management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of the Group as of 31 December 2010, the consolidated results of its operations, changes in equity and cash flows for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

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

- Properly selecting and applying accounting principles;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the Group operates;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

On behalf of Group's management, the consolidated financial statements for the year ended 31 December 2010 were authorized for issue on 29 April 2011 by:

Artemiy S. Krylov
General Director
JSC OPIN

29 April 2011
Moscow, Russia

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of JSC "OPIN" and its subsidiaries (collectively – the "Group"), which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 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 entity'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 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 financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2010, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

12 May 2011
Moscow, Russia

JSC OPIN AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2010

	Notes	31 December 2010 '000 USD	31 December 2009 '000 USD
ASSETS			
NON-CURRENT ASSETS:			
Goodwill	5	-	514
Intangible assets	6	1,556	1,760
Property, plant and equipment	7	24,051	29,793
Capital advances	8	583	57,286
Investment property	9	874,294	1,272,899
Investment property under development	10	50,000	53,300
Inventories	12	309,646	417,483
Deferred tax assets	19	195,883	127,366
Other non-current assets	11	1,464	8,690
		1,457,477	1,969,091
CURRENT ASSETS:			
Inventories	12	204,042	173,916
Advances paid	13	18,603	46,995
Receivables from customers under construction contracts		27,881	48,448
Trade accounts receivable	32	2,351	3,908
Other receivables and prepaid expenses	14	7,313	21,762
Loans to third parties		-	7,900
Cash and cash equivalents	15	12,116	74,590
		272,306	377,519
TOTAL ASSETS		**1,729,783**	**2,346,610**
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	16	570,570	570,570
Additional paid-in-capital	17	1,887,414	1,897,861
Revaluation reserve	18	95,680	133,676
Accumulated loss		(887,949)	(411,749)
Translation reserve		(616,103)	(609,878)
		1,049,612	1,580,480
NON-CURRENT LIABILITIES:			
Deferred tax liabilities	19	103,949	137,804
Long-term loans	20	117,225	300,207
		221,174	438,011
CURRENT LIABILITIES:			
Short-term loans and accrued interest	21	228,207	102,077
Trade and other accounts payable	22	47,358	30,436
Taxes payable	24	9,527	3,138
Provisions	23	7,247	-
Advances received from customers	32	166,658	192,468
		458,997	328,119
TOTAL EQUITY AND LIABILITIES		**1,729,783**	**2,346,610**

JSC OPIN AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Year ended 31 December 2010 '000 USD	Year ended 31 December 2009 '000 USD
CONTINUING OPERATIONS			
REVENUE	33		
Revenue under construction contracts		7,029	67,434
Revenue from sale of goods		99,565	97,556
Land sold		41,696	153,518
Revenue on rendering other services		2,971	4,264
		151,261	322,772
COST OF SALES			
Cost of construction contracts		(20,489)	(53,780)
Cost of goods sold		(80,820)	(80,439)
Cost of land sold		(33,896)	(308,435)
Cost of other services		(376)	(640)
Inventory write-down		(43,326)	(22,545)
		(178,907)	(465,839)
Gross loss		**(27,646)**	**(143,067)**
Selling, general and administrative expenses	26	(26,270)	(29,981)
Loss on change in fair value of investment property	9, 10	(438,463)	(639,630)
Loss on investment property disposal	9	(27,037)	-
Gain / (loss) on disposal of subsidiaries	31	6,591	(210,151)
(Recognition) / reversal of impairment loss on non-current assets	7, 8	(8,361)	2,809
Interest income	27	1,402	9,881
Interest expense	28, 32	(39,012)	(47,128)
Net (loss) / gain on foreign currency operations		(3,782)	55,553
Other income		2,204	1,784
Other expenses	29	(33,216)	(16,555)
Loss before income tax		**(593,590)**	**(1,016,485)**
Income tax benefit	19	83,836	163,865
Loss for the year from continuing operations		(509,754)	(852,620)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations		-	(51,825)
Loss for the year		**(509,754)**	**(904,445)**
Attributable to:			
Equity holders of the parent		(509,754)	(904,445)
Non controlling interest		-	-
		(509,754)	**(904,445)**
LOSS PER SHARE:			
Basic and diluted from continuing operations, US Dollars	30	(33.36)	(55.80)
Basic and diluted from continuing and discontinued operations, US Dollars	30	(33.36)	(59.19)

JSC OPIN AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Year ended 31 December 2010 '000 USD	Year ended 31 December 2009 '000 USD
Loss for the year		**(509,754)**	**(904,445)**
OTHER COMPREHENSIVE LOSS			
Effect of translation to presentation currency		(6,225)	(108,498)
Decrease in revaluation surplus due to change in fair value of investment property	9	(18,611)	(21,270)
Deferred income tax relating to the decrease in revaluation surplus due to change in fair value of investment property	19	3,722	4,254
Total other comprehensive loss, net of tax		**(21,114)**	**(125,514)**
Total comprehensive loss for the year		**(530,868)**	**(1,029,959)**
Total comprehensive loss attributable to:			
Equity holders of the parent		(530,868)	(1,029,959)
Non controlling interest		-	-
		(530,868)	**(1,029,959)**

JSC OPIN AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

'000 USD	**Share capital**	**Additional paid-in-capital**	**Revaluation reserve**	**Retained earnings**	**Translation reserve**	**Equity attributable to the shareholders of the parent company**	**Non controlling interest**	**Total equity**
Balance as of 31 December 2008	**570,570**	**1,897,861**	**496,346**	**147,042**	**(501,380)**	**2,610,439**	**-**	**2,610,439**
							-	
Release of revaluation surplus on disposed assets (Note 18)	-	-	(345,654)	345,654	-	-	-	-
Total comprehensive loss for the year	-	-	(17,016)	(904,445)	(108,498)	(1,029,959)	-	(1,029,959)
Balance as of 31 December 2009	**570,570**	**1,897,861**	**133,676**	**(411,749)**	**(609,878)**	**1,580,480**	**-**	**1,580,480**
Transfer (Note 17)		(10,447)		10,447				
Release of revaluation surplus on disposed assets (Note 18)	-	-	(23,107)	23,107	-	-	-	-
Total comprehensive loss for the year	-	-	(14,889)	(509,754)	(6,225)	(530,868)	-	(530,868)
Balance as of 31 December 2010	**570,570**	**1,887,414**	**95,680**	**(887,949)**	**(616,103)**	**1,049,612**	**-**	**1,049,612**

JSC OPIN AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Year ended 31 December 2010 000'USD	Year ended 31 December 2009 000'USD
OPERATING ACTIVITIES:			
Loss before income tax from continuing operations		(593,590)	(1,016,485)
Loss before income tax from discontinued operations		-	(64,476)
Adjustments for:			
Depreciation and amortization expense		4,212	8,097
Gain on disposal of property, plant and equipment		(1,520)	(1,015)
Net loss/(gain) on foreign currency operations		3,782	(55,553)
Recognition/(reversal) of impairment loss on non-current assets		8,361	(2,809)
Inventory write-down		43,326	22,545
Interest income		(1,402)	(9,881)
Loss / (gain) on short-term investments		13	(59)
Interest expense		39,012	47,128
(Gain) / loss on disposal of subsidiary	31	(6,591)	210,151
Write off VAT		18,256	-
Claims provision		7,272	-
Loss on change in fair value of investment property		438,462	639,630
Loss on investment property disposal		27,037	-
Provision for doubtful accounts		4,217	8,991
Loss from discontinued operations, net of taxes		-	61,741
Operating cash flow before movements in working capital		**(9,153)**	**(151,995)**
Decrease in land held for sale		33,815	276,650
Increase in property under development held for sale		(85,654)	(20,017)
Decrease in work in progress and finished goods		38,692	21,221
Decrease in other assets		8,017	114
Decrease / (increase) in receivables from customers under construction contracts		20,268	(11,091)
Decrease / (increase) in other receivables and prepaid expenses		5,950	(947)
(Increase) / decrease in trade accounts receivable		(3,844)	5,916
(Increase) / decrease in value added tax recoverable		(221)	17,067
Decrease in advances paid		29,151	49,218
Decrease in long-term accounts payable		-	(837)
Increase / (decrease) in trade and other accounts payable		19,785	(31,516)
(Decrease) / increase in advances received from customers for property under development held for sale		(14,458)	16,783
Decrease in advances received from customers for land plots		(8,984)	(4,788)
Increase / (decrease) in taxes payable		710	(168)
Cash generated from operations		34,074	165,610
Interest paid		(36,278)	(42,974)
Income tax paid		(10,016)	(12,693)
Net cash (used in) / generated from operating activities		**(12,220)**	**109,943**
INVESTING ACTIVITIES:			
Disposal of subsidiaries	31	30,774	145,832
Loans issued		(250)	(5,245)
Loans repaid		5,993	158,849
Interest received		266	18,213
Proceeds from sale of investment property		1,272	38,684
Purchase of investment property		(31,277)	(669,188)
Proceeds from sale of property, plant and equipment		1,991	23,808
Purchase of property, plant and equipment and other non-current assets		(1,497)	(55,655)
Purchase of commercial properties under development		(5,012)	(80,498)
Net cash generated from / (used in) investing activities		**2,260**	**(425,200)**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Year ended 31 December 2010 000'USD	Year ended 31 December 2009 000'USD
FINANCING ACTIVITIES:			
Loans received		50,000	254,896
Repayment of loans		(101,614)	(140,254)
Net cash (used in)/generated from financing activities		**(51,614)**	**114,642**
EFFECT OF TRANSLATION TO PRESENTATION CURRENCY		(900)	22,882
NET DECREASE IN CASH AND CASH EQUIVALENTS		(62,474)	(177,733)
CASH AND CASH EQUIVALENTS, beginning of the year	**15**	**74,590**	**252,323**
CASH AND CASH EQUIVALENTS, end of the year	**15**	**12,116**	**74,590**

Interest expense capitalized by the Group during the year ended 31 December 2010 amounted to USD 3,757 thousand (31 December 2009 – USD 10,699 thousand).

Capitalized interest in the amount of USD nil was unpaid as of 31 December 2010 (31 December 2009 – USD 3,667 thousand).

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 residential housing and commercial real estate and land holdings. The principal operating office of the Company is located at 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").

Further details regarding the activities and countries of incorporation of the Group's principal subsidiaries are presented in Note 37.

The controlling shareholder of the Company is ONEXIM HOLDINGS LIMITED. The ultimate beneficiary of ONEXIM HOLDINGS LIMITED is Mr. Mikhail D. Prokhorov. The control was obtained in November 2010.

Brief description of major activities

Major operating activities of the Group in the year ended 31 December 2010 were as follows:

Land bank

At 31 December 2010 the Group held approximately 38.4 thousand hectares of land located in different parts of Russia (mostly in Klin, Dmitrov, Mytischi districts of the Moscow region, in Tver and Vladimir regions and near Rublyovskoe Shosse). At the date when these consolidated financial statements were approved for issuance management had no formally approved plan for further use of these land plots.

Residential property

In the year ended 31 December 2010 the Group was engaged in development of the following residential cottage communities in the Moscow region of Russia.

<u>Pavlovo-2 Cottage Community</u>

Pavlovo-2 Cottage community is located 14 km from Moscow close to Novorizhskoye highway. This is a mixed-type community development including three types of buildings: approximately 146 single-family houses, 71 townhouses with 290 apartments and 8 low-rise buildings containing 380 apartments.

<u>Pestovo Cottage Community</u>

Pestovo Cottage Community is located 22 km from Moscow close to the Dmitrovskoye Highway in the Mytischi district, Moscow region. The community is located on the shore of the Pestovo Reservoir and consists of approximately 415 single-family houses.

<u>Martemianovo Cottage Community</u>

Martemianovo Cottage Community is located 27 km from the Moscow Ring Road close to the Kievskoe Highway. In the reporting year the Group was offering for sale land plots without cottages as well as cottages under construction.

Commercial property development

At 31 December 2010 the Group was engaged in a single commercial development project - A.I. Raikin Retail and Entertainment Center. The A.I. Raikin Retail and Entertainment Center is being constructed in the North-Eastern Administrative District of Moscow. Once construction is completed, the center will consist of two buildings: one will contain a retail and office center and the other one will contain a theater school/studio. The A.I. Raikin Cultural Support and Development Fund is the Group's partner in this project.

Fabricated homes

Custom home packages are designed, engineered and manufactured at the Group's own premises located in Canada. These home packages are traded to both owner/builder clients and professional contractors mainly in Canada, USA and Japan, with also a small fraction dedicated for the Group's internal use in construction of residential property.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

Standards and Interpretations effective in the current period

In the current year, the Group has adopted all new International Financial Reporting Standards ("IFRS") and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations, and that became effective for periods beginning on 1 January 2010.

The adoption of these new and revised standards and interpretations has not resulted in significant changes to the Group's accounting policies or financial performance.

Standards and Interpretations in issue not yet adopted

At the date of approval of the Group's consolidated financial statements, the following new and revised Standards and Interpretations have been issued, but are not effective for the current year:

New or revised IFRS and Interpretations issued by IFRIC	Effective for annual periods beginning on or after
IAS:	
IAS 1 "Presentation of Financial Statements" – amendments	1 January 2011
IAS 12 "Income taxes" – amendments	1 January 2012
IAS 24 "Related Party Disclosures" – revised	1 January 2011
IAS 27 "Consolidated and Separate Financial Statements" – consequential amendments arising from amendments to IAS 1, further amendment	1 July 2010
IAS 32 "Financial instruments: Presentation" – amendment	1 February 2011
IAS 34 "Interim Financial Reporting" – amendment	1 January 2011
IFRS:	
IFRS 1 "First-time Adoption of International Financial Reporting Standards" – revised and restructured, amendments	1 July 2010 and 1 January 2011
IFRS 3 "Business Combinations" – comprehensive revision on applying the acquisition method, amendment	1 July 2010
IFRS 7 "Financial Instruments: Disclosures" – amendment	1 January 2011 and 1 July 2011
IFRS 9 "Financial Instruments" – classification and measurement	1 January 2013
Interpretations issued by IFRIC:	
IFRIC 13 "Customer Loyalty Programmes" – amendment	1 January 2011
IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" – amendment	1 January 2011
IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"	1 July 2010

Management anticipates that those Standards and Interpretations which are relevant to the Group's business will be adopted in the Group's consolidated financial statements for the respective periods. The impact of adoption of these Standards and Interpretations on the consolidated financial statements of future periods is currently being assessed by management.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Going concern

As at 31 December 2010, the Group had net current liabilities of USD 186,691 thousand and operating cash outflows from operations of USD 12,220 thousand. Included within current liabilities are loans and accrued interest of 228,207 thousand which are repayable before 31 December 2011.

In order to assess the ability of the Group to meet its obligations as they fall due, management has prepared a cash flow projection. The key assumptions are as follows:

- The Group expects to restructure the terms of loan repayments to its three key lenders, with negotiations currently in an advanced state to defer repayments. The relevant banks and short term indebtedness are Raiffeisenbank (USD 50 mln), VTB Bank (Deutschland) AG (66 mln) and Rosbank (50 mln).
- The Group is negotiating the disposal of its investment property under development (USD 50 mln), with a disposal expected to take place before the end of the 4th quarter of 2011.
- Negotiations are also in an advanced state with several major Russian banks to provide additional funding of approximately USD 30 - 80 mln. The debt will be secured on the Groups land bank assets, of which over USD 700 mln is presently unencumbered.
- The group will continue to generate cash from its cottage development and sale activities, in part financed by the above funding activities.

Management believes that the above measures will be successful. Furthermore following the restructuring of the shareholders interests, the strategy of the group is being developed. At the present time it is anticipated that the Group will see an expansion in activity and a strengthening of its debt / capital base prior to the end of 2011.

In connection with the uncertainty which currently prevails in the credit and capital markets, the controlling shareholder has indicated to the Group that it will give financial support, if needed, for the foreseeable future.

The Groups ability to continue as a going concern is dependent upon certain matters outside of its direct control, including the continuation of financing. Management believe that the matters referred to above will ensure that the Group will continue as a going concern and accordingly these consolidated financial statements have been prepared on that basis and as such no adjustments to the carrying value of the Group's assets and liabilities are required.

Basis of preparation

The consolidated financial statements of the Group are prepared on the historical cost basis, except for:

- Fair value of subsidiaries acquired in accordance with IFRS 3;
- Valuation of investment property in accordance with IAS 40;
- Inventories carried at net realizable value in accordance with IAS 2;
- Valuation of financial instruments in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39").

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 financial statements, which have been prepared from the local statutory accounting records for 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 financial statements are presented in thousands of United States Dollars ("USD"), except for earnings per share amounts and elsewhere where indicated.

Changes in accounting policies

In these consolidated financial statements the Group used the same accounting policies as those used in preparation of consolidated financial statements for the year ended 31 December 2009 except for those changes in accounting policies which were triggered by the adoption of the new and revised standards and interpretations. These changes in accounting policies are disclosed in Note 2.

Functional and presentation currencies

The functional currency of the Group's entities except for Growth Technologies (Russia) Limited, Onigomati Investment Limited, OPIN CAPITAL INC. and Viceroy Homes Limited, is Russian Rubles ("RUB"). 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").

The presentation currency of the Group is USD because management believe using the USD is more convenient and relevant for 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 statement of changes in equity, other than net profit or loss, are translated at historical exchange rates;
- All income and expenses in the 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 recognized in other comprehensive income and accumulated in the consolidated statement of changes in equity as "Translation reserve"; and
- In the consolidated statement of cash flows, cash balances at the beginning and end of each year presented are translated at exchange rates at the respective dates of the beginning and end of each year. 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 translation to presentation currency".

As of 31 December 2010 and 2009, exchange rates of 30.48 RUB and 30.24 RUB to 1 USD, respectively, have been used for translation purposes. The average exchange rates for the years ended 31 December 2010 and 2009 were 30.37 RUB and 31.72 RUB to 1 USD, respectively.

The RUB is not a freely convertible currency outside the territory of the Russian Federation. Accordingly, translation of amounts recorded in RUB into USD should not be considered 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.

Foreign currency transactions and balances

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 period end. All resulting differences are recognised in the consolidated income statement.

Principles of consolidation

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

The financial statements of subsidiaries are prepared for the same reporting period as those of the Company; 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 and any unrealized profits or losses arising from intra-group transactions are eliminated in full on consolidation.

Non controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non controlling interests consist of the amount of those interests at the date of the original business combination and the non controlling's share of changes in equity since the date of the combination. Losses applicable to the non controlling interests in excess of the non controlling interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the non controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

Goodwill

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of acquisition. Goodwill is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

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. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Property, plant and equipment

Property, plant and equipment other than owner-occupied property transferred from investment property is carried at historical cost 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 income statement as incurred.

Owner-occupied property transferred from investment property carried at fair value is subsequently accounted for at deemed cost which represents its fair value at the date of such transfer.

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 prescribed annual rates:

Land (land leasehold)	2%
Buildings	2.5%
Fittings and fixtures	6.7%-10%
Machinery and equipment	5%-20%
Transport	20%
Furniture and office equipment	14%-33%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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 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.

Capital advances

Capital advances represent amounts paid to vendors for capital construction, acquisition of property, plant and equipment, land plots and investment property. Capital advances are carried at cost less any accumulated impairment loss.

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. Investment property also includes land with a currently undetermined future use which comprises land for which the Group has not determined whether it will use the land as owner-occupied property or for short-term sale in the ordinary course of business.

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 has elected to use the fair value model to measure investment property subsequent to initial recognition and accordingly investment property is stated at fair value in the Group's consolidated statement of financial position. Gains and losses arising from changes in the fair value of investment property are included in the consolidated income statement in the year in which they arise.

Where an investment property is partly occupied by the Group, the part occupied is accounted for as the Group's own property, plant and equipment and accounted for accordingly. The part of the property which is used as investment property is stated at fair value which is determined by reference to occupancy ratios.

Transfers to, or from, investment property are made when, and only when, there is a change in use, evidenced by:

- Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- Commencement of development with a view to sale, for a transfer from investment property to inventories;
- End of owner-occupation, for a transfer from owner-occupied property to investment property;
- Commencement of an operating lease to another party, for a transfer from inventories to investment property.

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's fair value at the date of transfer is considered as deemed cost for accounting purposes.

Investment property under development

Investment property under development comprises commercial property under development and land under development for commercial purposes.

Investment property under development is originally recorded at cost. Subsequent expenditure relating to an investment property under development is added to the carrying amount of the investment property under development when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property under development, will flow to the enterprise. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

The Group has elected to use the fair value model to measure investment property under development subsequent to initial recognition and accordingly investment property is stated at fair value in the Group's consolidated statement of financial position. Gains and losses arising from changes in the fair value of investment property under development are included in the consolidated income statement in the year in which they arise.

Commercial property under development

Commercial property under development represents buildings that are being constructed for future use as investment property. 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 change, such property is transferred to inventories (as 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.

Land under development for commercial purposes

Land under development for commercial purposes represents land, which is in the process of development by the Group for future use as investment property, and also land undergoing site preparation or change in use.

Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories transferred from investment property or investment property under development carried at fair value are recorded at deemed cost which is the property's fair value at the date of transfer.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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

In the Group's consolidated statement of financial position inventories are split between non-current and current assets based on whether particular inventories will be consumed by the Group within 12 months after the period end (current assets) or after 12 months from the period end (non-current assets).

Impairment of tangible and intangible assets excluding goodwill

At each period end, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation reserve increase.

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated 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 period end in accordance with the laws of the Russian Federation, Canada, USA and Cyprus.

Deferred tax

Deferred income tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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.

Cash and cash equivalents

Cash includes petty cash, cash held on current bank accounts and short-term deposits with banks. Cash equivalents include highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Financial assets

Financial assets are recognised when the Group has become a party to the contractual arrangement of the instrument and are initially measured at fair value, plus transaction costs, except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt securities other than those financial assets designated as at fair value through profit or loss.

Financial assets at fair value through profit and loss

Financial assets are classified as at fair value through profit or loss where the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Available-for-sale financial assets

Available-for-sale financial assets represent debt and equity investments that are intended to be held for an indefinite period of time. Such securities are initially recorded at cost which approximates the fair value of the consideration given.

Securities are subsequently measured at fair value, with such re-measurement recognized separately
in equity. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in equity is included in the income statement for the period. Non-marketable securities that do not have fixed maturities are stated at cost, less allowance for impairment unless there are other appropriate and workable methods of reasonably estimating their fair value.

The fair value of available-for-sale financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the period end. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Accounts receivable are stated at cost less any allowance for doubtful accounts. Such provisions reflect either specific cases or estimates based on evidence of collection.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each period end. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

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.

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 and become legally payable.

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 statement of financial position 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.

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.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the period end, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Revenue recognition

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

- Revenue from the sale of land is recognized when legal title passes to the buyer.
- Revenue from the sale of residential properties is recognized when construction is complete and the property is transferred to the buyer.

Construction contracts

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 period end, 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.

Where contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as advances received from customers. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position as receivables under construction contracts.

Retirement and other benefit obligations

The Group does not have any pension arrangements other than those which are stipulated by the statutory legislation of the countries where the Group's subsidiaries are incorporated. Mainly, this is represented by the Russian State pension plan 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 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 financial statements but disclosed when an inflow of economic benefits is probable.

Discontinued operations

The Group presents information on discontinued operations in case of disposal or classification as held for sale of a separate component of the Group which presents a separate major line of business or geographical area of operations and is a part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

Comparative information presented in the consolidated income statement is adjusted in such a way as if operations were discontinued starting from the beginning of the prior period. Comparative information presented in the consolidated statement of financial position for the prior period relating to discontinued operations is not adjusted.

Segment information

Segment reporting is presented on the basis of management's perspective and relates to the parts of the Group that are defined as operating segments. Operating segments are identified on the basis of internal reports used by the Group's chief operating decision maker to oversee operations and make decisions on allocating the resources. The Group has identified the Chairman of the Board of Directors and the General Director as its chief operating decision makers and the internal reports used by the top management team to oversee operations and make decisions on allocating the resources serve as the basis of information presented. These internal reports are prepared on the same basis as these consolidated financial statements.

Based on current management structure, the Group has identified five reportable segments: land holdings, residential property, fabricated homes, commercial property development and others. The Group's operations are based in the Russian Federation, Canada, USA and Japan.

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

Reclassifications

Certain comparative information, presented in the consolidated financial statements for the year ended 31 December 2009, has been reclassified in order to achieve comparability with the presentation used in the consolidated financial statements for the year ended 31 December 2010. Details of significant reclassification made in the consolidated income statement for the year ended 31 December 2009 are as follows:

Nature of reclassification	Amount '000 USD	Previously reported as	Reported after reclassification as
Classification of inventory write-down	22,545	Operating expenses	Cost of sales

Except for the reclassification mentioned above, no reclassifications made are material individually or in aggregate for these consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the carrying amounts of assets and liabilities, revenues and expenses and the disclosure of contingent assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Fair value of investment property and investment property under development

In compliance with its accounting policies, the Group is required to recognize investment property and investment property under development at fair values, which are derived from a number of sources, namely market prices, independent appraisers and management estimates. These estimates are based on valuation techniques which require considerable judgment in predicting future cash flows and developing other assumptions. Due to absence of an active market for certain of the Group's assets, the estimation of fair value of these assets include assumptions not directly supportable by observed market prices or rates.

The carrying amounts of the Group's assets carried at fair value (where gains and losses arising from changes in the fair value are recognized in the income statement) as of 31 December 2010 and 2009 are as follows:

	31 December 2010 '000 USD	31 December 2009 '000 USD
Investment property (Note 9)	874,294	1,272,899
Commercial property under development (Note 10)	50,000	53,300

Management's assessment of fair value of agricultural land plots included in the Group's investment property has been performed by using the sales comparison method, which involves a review of available data on sales offers of comparable properties and making adjustments in the prices to reflect the differences between the properties offered and the properties owned by the Group. Key assumptions within the valuation model include the adjustments applied for comparability purposes, the time period over which land assets could optimally be realized (sold), future price growth, and the discount rate.

The fair value of investment property (entirely represented by land plots) included in the consolidated financial statements at 31 December 2010 is the result of a management valuation and not of a valuation prepared by independent appraisers. The Group engaged an international valuation company to prepare an initial valuation of its land assets using the method outlined above. Following this, management revised certain of the key assumptions within a similar model due to the significant uncertainty associated with the estimation of the future cash flows generated by land plots. The revisions reflected a longer time period to optimally realize land assets and a reduced level of future price growth which resulted in a lower valuation.

The following major assumptions were used by management in their analysis:

Assumption	
Cash inflows derived from	Sale of land plots
Discount rate	14%-20%
Expected period of sale of land plots	2011-2025
Land plots selling price in 2010, US Dollars per 100 square meters (price range reflects location of different land plots)	296-897
Projected increase in selling prices	7% growth in 2012-2013 then decreasing to 2%

The fair value of properties under development are generally based on the income approach. In accordance with this approach, the value is determined based on estimated future cash receipts generated by the asset and the related costs. The principal assumptions underlying the estimation of the fair value are those related to: expected capital expenditures, the expected receipt of contractual rentals, expected future market rentals; expected vacancy rates, future maintenance requirements, and discount and capitalization rates.

The fair value of commercial property under development (which represents the Raikin retail and office centre in Moscow) included in the financial statements at 31 December 2010 is the result of a management valuation and not of a valuation prepared by independent appraisers. The Group engaged an international valuation company to prepare an initial valuation using the method outlined above. Following this, management revised certain of the key assumptions within a similar model using more conservative assumptions and arrived at a lower valuation. The following assumptions were used by management in their analysis:

Assumption	
Cash inflows derived from	Rental income
Discount rate	10.6%-15.2%
Expected period of construction	18 months
Capitalization rate	10.5%
Expected period of renting out	30 months
Rental rates ($ per sq.m. annually)	300-1300

Assumptions applied in determining property valuations are generally appropriate at a point in time and highly dependent upon market conditions. During 2010, the real estate market in Moscow has experienced a stabalisation in rental rates and in demand. Access to finance continues to be restricted. Significant uncertainties remain, particularly in respect of the Group's land bank where no active market can be observed.

Assessment of net realizable value of inventories

Estimates of net realizable value of inventories are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of prices and cost directly relating to events occurring subsequent to the period end to the extent that such events confirm conditions existing at the end of the period.

In assessing net realizable value of the cottage communities land plots included in the Group's inventory balance, management used sale prices as per recent price lists as adjusted for expected discounts granted to customers.

Based on assessment performed management believes that all necessary adjustments have been made to state inventories at their net realizable value where it is lower than cost in the Group's consolidated statement of financial position as of 31 December 2010 and 2009.

Construction contracts

The Group operates a large number of contruction contracts in respect of cottage construction. Profits in respect of contracts are recognized by reference to the stage of completion when an estimate of the final outcome on a contract can be measured reliably. Determining the outcome of a contract requires assessment of the costs to complete, an assessment of the customers ability to comply with the payment terms of the contract, and an assessment of the consequences of any delays by the Group in completing its performance obligations.

Management considered the detailed criteria for the recognition of revenue from 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. In order to make the above estimations of final outcome on contracts, management has reviewed historical contract performance, including the historical level of contract cancellations and the outcomes on claims arising from contract delay. It has also assessed the position regarding any claims notified subsequent to the year end.

Included in the consolidated statement of financial position at 31 December 2010 is a provision for claims of USD 7,247 thousand. This reserve reflects management's best estimate of potential losses associated with this exposure. As summarized above, the final expected outcome on construction contracts is subject to a number of factors. In the event that the Group experiences an increased level of claims in the future then the actual liability could be significantly higher.

Following a detailed review of the Group's construction contracts, management is satisfied that the recognition of revenue and profit in the current reporting period is appropriate.

Impairment of property, plant and equipment

Determining whether property, plant and equipment are impaired requires an estimation of the value in use of an asset or a cash-generating unit. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate of 15 % that reflects current market assessment of the time value of money and the risks specific to the assets.

The determination of impairment of property, plant and equipment involves the use of estimates that include, but are not limited to, the cause, timing and amount of the impairment. Impairment is based on a large number of factors, such as changes in current competitive conditions, expectations of growth in the industry, increased cost of capital, changes in the future availability of financing, technological obsolescence, discontinuance of service, current replacement costs and other changes in circumstances that indicate impairment exists. The determination of the recoverable amount of a cash-generating unit involves the use of estimates by management. Methods used to determine the value in use include discounted cash flow-based methods, which require the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. These estimates, including the methodologies used, may have a material impact on the fair value and, ultimately, the amount of any impairment.

Current taxes

Russian tax, currency and customs legislation is subject to varying interpretations which changes occurring frequently. Further, the interpretation of tax legislation by tax authorities as applied to transactions and activity of the Group’s entities may not coincide with that of management. As a result, tax authorities may challenge transactions and the Group’s entities may be assessed additional taxes, penalties and interest, which can be significant. In Russia periods remain open to review by the tax and customs authorities with respect to tax liabilities for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Deferred tax

Deferred tax assets are reviewed at each period end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The estimation of that probability includes judgments based on the expected performance. Various factors are considered to assess the probability of the future utilization of deferred tax assets, including past operating results, operational plan, expiration of tax losses carried forward, and tax planning strategies. If actual results differ from these estimates or if these estimates must be adjusted in future periods, the financial position, results of operations and cash flows may be negatively affected. In the event that the assessment of future utilization of deferred tax assets must be reduced, this reduction will be recognized in the income statement.

The Group recognises deferred taxation on fair value changes to investment property assets at the Russian statutory rate. Tax that is ultimately payable upon realization of the assets can be affected by the specific tax regulations applicable to the disposal transaction and may vary depending upon a number of factors. The Group may also realize the value of an asset through the generation of income from holding the asset which may lead to a differing taxation treatment. Tax ultimately payable upon realization of the asset may therefore differ from the amounts reflected in the consolidated financial statements.

5. GOODWILL

	'000 USD
At 31 December 2008	**529**
Translation difference	(15)
At 31 December 2009	**514**
Disposal of subsidiaries (Note 31)	(504)
Translation difference	(10)
At 31 December 2010	**-**

6. INTANGIBLE ASSETS

Intangible assets as of 31 December 2010 and 2009 consisted of the following:

'000 USD	Computer software	Trademarks, licences, production models and logotypes	Total
Cost			
At 31 December 2008	1,298	3,412	4,710
Additions	49	-	49
Disposals	(5)	(1,275)	(1,280)
Disposal of subsidiaries	(21)	(58)	(79)
Translation difference	(29)	207	178
At 31 December 2009	1,292	2,286	3,578
Additions	56	-	56
Disposals	(31)	(1)	(32)
Disposal of subsidiaries	(37)	(3)	(40)
Translation difference	(4)	127	123
At 31 December 2010	1,276	2,409	3,685
Accumulated amortization			
At 31 December 2008	1,083	252	1,335
Charge for the period	189	315	504
Disposals	-	(65)	(65)
Disposal of subsidiaries	-	(1)	(1)
Translation difference	(21)	66	45
At 31 December 2009	1,251	567	1,818
Charge for the period	39	305	344
Disposals	(31)	-	(31)
Disposal of subsidiaries (Note 31)	(35)	(2)	(37)
Translation difference	(9)	44	35
At 31 December 2010	1,215	914	2,129
Carrying amount			
At 31 December 2008	215	3,160	3,375
At 31 December 2009	41	1,719	1,760
At 31 December 2010	**61**	**1,495**	**1,556**

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of 31 December 2010 and 2009 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 2008	102,234	9,549	19,318	3,562	41,936	176,599
Additions	21	1	387	103	10,362	10,874
Assets put into operation	-	1,175	33	130	(1,338)	-
Disposals	(952)	(7,686)	(914)	(130)	(182)	(9,864)
Derecognised on disposal of subsidiaries	(1,330)	(1)	(1,021)	(163)	(1,044)	(3,559)
Disposals classified as discontinued operations	(71,989)	(4)	(799)	(373)	-	(73,165)
Transfer to investment property	(1,482)	-	-	-	(10,079)	(11,561)
Transfer to land held for development and sale	(6,548)	-	-	-	(22)	(6,570)
Transfer (to)/from property under development – commercial property	-	-	-	(4)	527	523
Transfer to property under development held for sale	-	-	-	-	(31,176)	(31,176)
Translation difference	(3,706)	(433)	2,315	(27)	(2,778)	(4,629)
At 31 December 2009	16,248	2,601	19,319	3,098	6,206	47,472
Additions	4,452	25	36	35	1,601	6,149
Assets put into operation	-	-	-	12	(12)	-
Disposals	-	(1,250)	(620)	(633)	(1,190)	(3,693)
Derecognised on disposal of subsidiaries (Note 31)	-	(52)	(417)	(259)	(1,077)	(1,805)
Transfer to investment property (Note 9)	(12)	-	-	-	-	(12)
Transfer to property under development held for sale	-	-	-	-	(76)	(76)
Translation difference	905	48	1,020	20	(41)	1,952
At 31 December 2010	21,593	1,372	19,338	2,273	5,411	49,987
Depreciation and accumulated impairment losses						
At 31 December 2008	13,355	8,851	5,900	1,241	28,118	57,465
(Reversal) / recognition of impairment loss, net	-	907	(4)	-	193	1,096
Charge for the period	1,476	255	5,177	685	-	7,593
Disposals	(526)	(7,681)	(778)	(41)	(38)	(9,064)
Derecognised on disposal of subsidiaries	(35)	-	(210)	(66)	-	(311)
Disposals classified as discontinued operations	(5,747)	(3)	(750)	(108)	-	(6,608)
Transfer to land held for development and sale	(6,548)	-	-	-	-	(6,548)
Transfer to property under development – commercial property	-	-	-	(2)	-	(2)
Transfer to property under development held for sale	-	-		-	(23,628)	(23,628)
Translation difference	(765)	(530)	898	25	(1,942)	(2,314)
At 31 December 2009	1,210	1,799	10,233	1,734	2,703	17,679
Recognition of impairment loss, net	-	-	6,151	-	2,210	8,361
Charge for the period	602	203	2,614	449	-	3,868
Disposals	-	(1,250)	(446)	(366)	(1,161)	(3,223)
Derecognised on disposal of subsidiaries (Note 31)	-	(52)	(338)	(231)	(1,077)	(1,698)
Translation difference	90	26	815	40	(22)	949
At 31 December 2010	1,902	726	19,029	1,626	2,653	25,936
Net Book Value						
At 31 December 2008	**88,879**	**698**	**13,418**	**2,321**	**13,818**	**119,134**
At 31 December 2009	**15,038**	**802**	**9,086**	**1,364**	**3,503**	**29,793**
At 31 December 2010	**19,691**	**646**	**309**	**647**	**2,758**	**24,051**

As of 31 December 2010 and 31 December 2009 no property, plant and equipment was pledged as collateral under long-term and short-term loans received by the Group.

During the years ended 31 December 2010 and 31 December 2009, no interest was capitalized in construction in progress.

Annual test for impairment

During the reporting year the Group carried out a review of the recoverable amount of its property, plant and equipment. The recoverable amount of the relevant assets has been determined on the basis of their value in use.

An impairment loss of USD 8,361 thousand was recognized by management as a result of such review of which USD 6,151 thousand relates to the machinery and equipment at the Group's own premises located in Canada included into the segment of Fabricated homes, by using a cash flows projection discounted at 15% to identify its value in use and USD 2,210 thousand relates to the expenditure in a commercial building construction project which was fully impaired.

8. CAPITAL ADVANCES

Capital advances as of 31 December 2010 and 2009 consisted of the following:

	31 December 2010 '000 USD	31 December 2009 '000 USD
Advance payments for the acquisition of land plots (i)	-	50,882
Other capital advances	583	6,404
Total	**583**	**57,286**

(i) Land acquisition program

Advances paid for land represent land acquisitions legal title to which has not yet been registered.

In December 2006 the Board of Directors approved the Group's participation in a land acquisition program. During the course of this program the Group has acquired 6,784 hectares of land in 2010, 22,466 hectares of land in 2009, 6,414 hectares of land in 2008 and 3,596 hectares of land in 2007.

Capital advances for the acquisition of land plots are interest-bearing. Related interest income is included in other interest income (Note 27) in the consolidated income statement except for that interest income which directly offsets borrowings costs capitalized.

During the year ended 31 December 2010 no interest was capitalized in advances paid for acquisition of land plots.

During the year ended 31 December 2009 the Group capitalized interest of USD 4,106 thousand in advances paid for acquisition of land plots which was fully offset by interest income earned.

9. INVESTMENT PROPERTY

'000 USD	Buildings	Land plots	Land plots with buildings	Total
At 31 December 2008	**18,169**	**45,500**	**-**	**63,669**
Additions	-	1,310,236	-	1,310,236
Transfer from property, plant and equipment	-	-	11,561	11,561
Transfer from land under development for commercial purposes (Note 10)	-	-	702	702
Transfer from land held for development and sale	-	403,661	-	403,661
Transfer from land held for sale in the ordinary course of business	-	151,986	-	151,986
Transfer from property under development - commercial property	-	-	25,838	25,838
Transfer to land held for sale in the ordinary course of business	-	(42,140)	-	(42,140)
Disposals classified as discontinued operations	(16,570)	-	(37,520)	(54,090)
Change in fair value recognized in profit and loss	-	(635,867)	-	(635,867)
Change in fair value recognized as other comprehensive income	-	(21,270)	-	(21,270)
Translation difference	(1,599)	60,793	(581)	58,613
At 31 December 2009	**-**	**1,272,899**	**-**	**1,272,899**
Additions (i)	-	78,178	-	78,178
Transfer from property, plant and equipment (Note 7)	-	12	-	12
Disposals (ii)	-	(28,298)	-	(28,298)
Change in fair value recognized in profit and loss	-	(424,928)	-	(424,928)
Change in fair value recognized as other comprehensive income	-	(18,611)	-	(18,611)
Translation difference	-	(4,958)	-	(4,958)
At 31 December 2010	**-**	**874,294**	**-**	**874,294**

At 31 December 2010 all of the Group's investment properties are represented by land plots located in different parts of Russia held by the Group for a currently undetermined future use. The basis of valuation and key assumptions are summarized in note 4.

As of 31 December 2010 investment property of USD 85,361 thousand (2009: USD 120,781 thousand) was pledged as collateral for a loan received from JSCB Rosbank (Note 20, 21), investment property of USD 50,094 thousand (2009: zero) was pledged as collateral for a loan received from ZAO Raiffeisenbank (Note 21).

The Group incurred operating expenses of USD 1,223 thousand during the year ended 31 December 2010 (2009: USD 1,142 thousand) relating to investment property which represent mostly land tax.

(i) Additions

Additions to investment properties represent 6,784 hectares of land acquired by the Group in 2010 as a part of its land acquisition program (Note 8).

(ii) Disposals

Disposals from investment property represent sale of 836 hectares of land with the carrying value of USD 28,219 thousand located in Dmitrov district to a related party (Note 31) and 29 hectares of land with the carrying value of USD 79 thousand located in Mytischi district of Moscow region to a third party.

10. INVESTMENT PROPERTY UNDER DEVELOPMENT

Investment property under development as of 31 December 2010 and 2009 consisted of the following:

	31 December 2010 '000 USD	31 December 2009 '000 USD
Commercial property under development	50,000	53,300
Total	**50,000**	**53,300**

The basis of valuation and key assumptions are summarized in note 4.

Land under development for commercial purposes

	2010 '000 USD	2009 '000 USD
At 1 January	-	309,056
Transfer to investment property (Note 9)	-	(702)
Transfer to land held for development and sale (Note 12)	-	(46)
Disposal of subsidiaries (Note 31)	-	(296,779)
Discontinued operations	-	1,003
Translation difference	-	(12,532)
At 31 December	**-**	**-**

During the years ended 31 December 2010 and 31 December 2009, no interest was capitalized in land under development for commercial purposes.

Commercial property under development

	2010 '000 USD	2009 '000 USD
At 1 January	53,300	247,333
Additions	10,631	79,002
Change in fair value recognized in consolidated income statement	(13,535)	(3,763)
Transfer from property, plant and equipment (Note 7)	-	2
Transfer to property, plant and equipment (Note 7)	-	(527)
Transfer to investment property (Note 9)	-	(25,838)
Transfer to property under development held for sale (Note 12)	-	(430)
Transfer to cost of goods sold	-	(45)
Disposal of subsidiaries (Note 31)	-	(234,288)
Discontinued operations	-	(536)
Translation difference	(396)	(7,610)
At 31 December	**50,000**	**53,300**

At 31 December 2010 commercial property under development is represented by a single development project - A.I. Raikin Retail and Entertainment Center.

During the year ended 31 December 2010 the Group no interest was capitalized in commercial property under development (2009: USD 6,593 thousand).

11. OTHER NON-CURRENT ASSETS

Other non-current assets as of 31 December 2010 and 2009 consisted of the following:

	31 December 2010 '000 USD	31 December 2009 '000 USD
Value added tax recoverable	1,049	8,175
Other	415	515
Total	**1,464**	**8,690**

12. INVENTORIES

Inventories as of 31 December 2010 and 2009 consisted of the following:

	31 December 2010 '000 USD	31 December 2009 '000 USD
Non-current		
Land held for development and sale	189,331	256,913
Property under development held for sale	120,315	160,570
	309,646	**417,483**
Current		
Land held for sale in the ordinary course of business	555	657
Land held for development and sale	41,322	52,689
Property under development held for sale	56,431	58,985
Raw materials and spare parts	2,809	2,786
Work in progress	1,679	45,566
Finished goods	101,196	12,100
Other inventories	50	1,133
	204,042	**173,916**
Total	**513,688**	**591,399**

Inventories carried at cost and net realizable value as of 31 December 2010 and 2009 are as follows:

	31 December 2010 '000 USD	31 December 2009 '000 USD
At cost	437,142	561,238
At net realizable value	76,546	30,161
Total	**513,688**	**591,399**

As of 31 December 2010, no finished goods were pledged as collateral for a loan. As of 31 December 2009, finished goods of USD 1,618 thousand were pledged as collateral for a loan received from JSCB Rosbank (Note 20,21).

During the year ended 31 December 2010 the Group capitalized interest in work in progress of USD 272 thousand (2009: USD 88 thousand).

Land held for sale in the ordinary course of business

	2010 '000 USD	2009 '000 USD
At 1 January	657	186,129
Additions	-	291
Transfer from investment property	-	42,140
Transfer from land held for development and sale	-	29,390
Transfer to cost of land sold	(98)	(91,592)
Transfer to investment property (Note 9)	-	(151,986)
Translation difference	(4)	(13,715)
At 31 December	**555**	**657**

Land held for development and sale

Land held for development and sale represents land plots located in the cottage communities being developed by the Group (Note 1) and includes the following major groups:

- Land parcels relating to houses being constructed by the Group under long-term construction contracts; and
- Land parcels being offered by the Group for sale without constructed houses.

	2010 '000 USD	2009 '000 USD
At 1 January	309,602	1,035,177
Additions	81	31,537
Derecognised on disposal of subsidiaries (Note 31)	(26,593)	(24,015)
Transfer from property, plant and equipment (Note 7)	-	22
Transfer from land under development for commercial purposes (Note 10)	-	46
Transfer from property under development held for sale	-	1
Transfer to land held for sale in the ordinary course of business (see above for details)	-	(29,390)
Transfer to cost of land sold	(33,798)	(216,843)
Inventory write-down	(16,144)	(18,438)
Transfer to investment property (Note 9)	-	(403,661)
Translation difference	(2,495)	(64,834)
At 31 December	**230,653**	**309,602**

As of 31 December 2010, land held for development and sale of USD 63,673 thousand (2009: zero) was pledged as collateral for a loan received from VTB Bank (Deutschland) AG (Note 21), land held for development and sale of USD 87,464 thousand (2009: USD 88,134 thousand) was pledged as collateral for a loan received from ZAO Raiffeisenbank (Note 21).

During the years ended 31 December 2010 and 31 December 2009, no interest was capitalized in land held for development and sale.

Property under development held for sale

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 by the Group as a part of its cottage community projects (Note 1) with the intention of being sold in the ordinary course of business.

Property under development held for sale includes properties developed by the Group under long-term construction contracts as well as those properties which are being developed by the Group for sale with no signed construction contracts.

	2010 '000 USD	2009 '000 USD
At 1 January	219,555	198,886
Additions	107,191	98,311
Derecognised on disposal of subsidiaries (Note 31)	(5,692)	(9,225)
Transfer from property, plant and equipment (Note 7)	76	7,548
Transfer from commercial property under development (Note 10)	-	430
Transfer from work in progress	29,160	-
Transfer to cost of construction contracts	(20,489)	(53,780)
Transfer to land held for development and sale	-	(1)
Transfer to finished goods	(131,753)	-
Transfer to cost of goods sold	(726)	(7,364)
Transfer to other inventory	(7,133)	-
Transfer to other expenses	(322)	(6,825)
Inventory write down	(11,505)	(4,107)
Translation difference	(1,616)	(4,318)
At 31 December	**176,746**	**219,555**

As of 31 December 2010, no property under development held sale was pledged as collateral for a loan. As of 31 December 2009, property under development held sale of USD 5,666 thousand was pledged as collateral for nonbank loans (Note 21).

During the year ended 31 December 2010 the Group capitalized interest in property under development held sale of USD 3,485 thousand (2009: zero).

13. ADVANCES PAID

Advances paid as of 31 December 2010 and 2009 consisted of the following:

	31 December 2010 '000 USD	31 December 2009 '000 USD
Advances paid	21,674	54,893
Allowance for doubtful amounts	(3,071)	(7,898)
Total	**18,603**	**46,995**

Recovery of certain advances paid as of 31 December 2010 and 2009 was uncertain and they were provided for as doubtful amounts. Movements in allowance for doubtful amounts for the years ended 31 December 2010 and 2009 are as follows:

	2010 '000 USD	2009 '000 USD
At 1 January	7,898	67
Impairment losses recognized on advances paid	3,082	7,468
Derecognised on disposal of subsidiaries (Note 31)	(7,749)	-
Translation difference	(160)	363
At 31 December	**3,071**	**7,898**

14. OTHER RECEIVABLES AND PREPAID EXPENSES

Other receivables and prepaid expenses as of 31 December 2010 and 2009 consisted of the following:

	31 December 2010 '000 USD	31 December 2009 '000 USD
Value added tax recoverable	1,871	7,795
Other receivables	508	7,180
Prepaid current income tax	4,023	5,295
Prepaid expenses	736	985
Other taxes prepaid	175	507
Total	**7,313**	**21,762**

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of 31 December 2010 and 2009 consisted of the following:

	31 December 2010 '000 USD	31 December 2009 '000 USD
Short-term bank deposits	7,479	55,112
Cash in banks, in RUB	2,220	10,727
Cash in banks, in other currencies	2,407	8,740
Petty cash	10	11
Total	**12,116**	**74,590**

16. SHARE CAPITAL

Authorized	31 December 2010	31 December 2009
Ordinary shares at par value of RUB 1,000 each	**15,280,221**	**15,280,221**

Issued and fully paid	'000 USD
31 December 2009 and 2010: 15,280,221 ordinary shares at par value of RUB 1,000 each	**570,570**

17. ADDITIONAL PAID-IN-CAPITAL

Additional paid-in-capital as of 31 December 2010 and 2009 consisted of the following:

'000 USD	Total
At 31 December 2009	**1,897,861**
Transfer of share based payments credit to Retained earnings	(10,447)
At 31 December 2010	**1,887,414**

18. REVALUATION RESERVE

	2010 '000 USD	2009 '000 USD
At 1 January	**133,676**	**496,346**
Release of revaluation reserve on disposed assets	(28,884)	(432,068)
Release of deferred tax liability on revaluation reserve of disposed assets	5,777	86,414
Decrease in revaluation due to change in fair value of investment property (Note 9)	(18,611)	(21,270)
Deferred income tax relating to the decrease in revaluation surplus due to change in fair value of investment property (Note 9)	3,722	4,254
At 31 December	**95,680**	**133,676**

19. INCOME TAXES

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

	Year ended 31 December 2010 '000 USD	Year ended 31 December 2009 '000 USD
Russian Federation	20%	20%
Cyprus	10%	10%
USA	35%	35%
Canada	30.07%	25.23%

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 31 December 2010 and 2009 relate mostly to different methods of income and expense recognition as well as to the recorded values of certain assets.

The relationship between the income tax expense and the Group's accounting loss from continuing operations for the year ended 31 December 2010 and 2009 is explained as follows:

	Year ended 31 December 2010 '000 USD	Year ended 31 December 2009 '000 USD
Loss before income tax (continuing operations)	**(593,590)**	**(1,016,485)**
At the Russian statutory income tax rate of 20%	(118,718)	(203,297)
Effect of the difference in tax rates in countries other than the Russian Federation	2,694	(6,242)
Change in valuation allowance for deferred tax assets	(684)	16,642
Tax effect of non-deductible expenses, net	32,872	29,032
Income tax benefit (continuing operations)	**(83,836)**	**(163,865)**
Income tax (benefit) / expense		
Deferred income tax benefit	(90,318)	(198,087)
Change in valuation allowance for deferred tax assets	(1,102)	16,642
Current income tax expense	7,584	17,580
Total (continuing operations)	**(83,836)**	**(163,865)**

Deffered tax balances as of 31 December 2010 and 2009 comprised:

	31 December 2008 '000 USD	Recognized in profit or loss '000 USD	Other changes '000 USD	31 December 2009 '000 USD	Recognized in profit or loss '000 USD	Other changes '000 USD	31 December 2010 '000 USD
Property, plant and equipment	5,926	(6,220)	(463)	(757)	561	(9)	(205)
Effect of foreign currency remeasurement of other assets	20,423	(19,893)	(1,554)	(1,024)	8,098	(149)	6,925
Intangible assets	(265)	260	5	-	-	-	-
Investment property	(6,767)	24,241	6,900	24,374	81,335	2,524	108,233
Investment property under development	2,103	(144)	(1,959)	-	-	-	-
Land under development and land held for sale	(304,524)	183,885	67,558	(53,081)	10,305	5,492	(37,284)
Loss carried forward	10,863	13,790	13,047	37,700	(22,015)	(10,961)	4,724
Assets write-down	-	2,261	116	2,377	3	(1,923)	457
Other payables and accrued expenses	1,947	(1,822)	(34)	91	6,115	(32)	6,174
Receivables and prepaid expenses	1,194	420	110	1,724	3,760	(85)	5,399
Receivables / payables under construction contracts	(5,590)	1,309	(106)	(4,387)	2,156	639	(1,592)
	(274,690)	198,087	83,620	7,017	90,318	(4,504)	92,831
Valuation allowance for deferred tax assets	-	(16,642)	(813)	(17,455)	1,102	15,456	(897)
Net deferred tax asset/(liability)	**(274,690)**	**181,445**	**82,807**	**(10,438)**	**91,420**	**10,952**	**91,934**

Deferred tax liabilities	Year ended 31 December 2010 '000 USD	Year ended 31 December 2009 '000 USD
At the beginning of the year	137,804	292,936
Decrease in the deferred tax liability credited to consolidated income statement	(21,666)	(89,899)
Other changes:		
Decrease in deferred tax liability charged to equity (Note 18)	(3,722)	(4,254)
Derecognized on disposal of subsidiaries (Note 31)	(8,138)	(49,096)
Translation difference	(329)	(11,883)
	(12,189)	(65,233)
At the end of the year	**103,949**	**137,804**

Deferred tax assets	Year ended 31 December 2010 '000 USD	Year ended 31 December 2009 '000 USD
At the beginning of the year	127,366	18,246
Increase in deferred tax assets credited to consolidated income statement	68,652	108,188
Other changes:		
Derecognized on disposal of subsidiaries (gross)	(15,176)	(562)
Reported within loss for the year from discontinued operations	-	13,481
Translation difference	(1,517)	5,468
	(16,693)	18,387
Change in valuation allowance for deferred tax assets	16,558	(17,455)
At the end of the year	**195,883**	**127,366**

20. LONG-TERM LOANS

Long-term loans as of 31 December 2010 and 2009 consisted of the following:

	Currency	Interest Rate	31 December 2010 '000 USD	31 December 2009 '000 USD
ING Bank N.V.	USD	9.75%-10.45%	99,900	99,900
JSCB Rosbank	USD	11%	17,460	67,460
VTB Bank (Deutschland) AG	USD	9.75%-10.45%	-	66,000
Desparanko Holdings Co Limited	USD	12%	-	35,000
Investments + LLC	RUB	18%	-	26,735
Minuet LLC	RUB	-	-	5,282
Unamortized debt issue costs	USD	-	(135)	(170)
Total			**117,225**	**300,207**

As of 31 December 2010, investment property with a book value of USD 85,361 thousand (2009: USD 120,781 thousand) was pledged as collateral for the loan from JSCB Rosbank (Notes 9).

21. SHORT-TERM LOANS AND ACCRUED INTEREST

Short-term loans and accrued interest as of 31 December 2010 and 2009 consisted of the following:

	Currency	Interest Rate	31 December 2010 '000 USD	31 December 2009 '000 USD
ZAO Raiffeisenbank	USD	libor+5.3% / libor+10%	50,000	50,000
VTB BANK (DEUTSCHLAND) AG (Note 20)	USD	9.75%-10.45%	66,000	34,000
JSCB Rosbank (Note 20)	USD	11%	50,000	5,000
FOESTA LIMITED	USD	15%	25,000	-
FOESTA LIMITED	USD	15% effective	5,205	-
North Financial Overseas Corp.	USD	15%	21,656	-
Minuet LLC	RUB	-	5,804	-
Testamentum Trading Limited	USD	12%	-	1,905
Nuncupacio Holdings Limited	USD	12%	-	1,905
Lupanarium Holdings Limited	USD	12%	-	1,905
Adriel Trading Limited	USD	12%	-	1,905
Other loans	RUB	-	18	100
Accrued interest on long-term and short-term loans	USD		4,673	5,492
Unamortized debt issue costs	USD		(149)	(135)
			228,207	**102,077**

As of 31 December 2010, investment property with a book value of USD 50,094 thousand (2009: zero) and land plots with a book value of USD 87,464 thousand (2009: USD 88,134 thousand) were pledged as collateral for a loan received from ZAO Raiffeisenbank (Note 9, 12).

As of 31 December 2010 land plots with a book value of USD 63,673 thousand (2009: zero) were pledged as collateral for a loan received from VTB BANK (DEUTSCHLAND) AG (Note 12).

JSC OPIN subsidiaries act as guarantors for the loan received from ING Bank N.V., VTB Bank (Deuthschland) AG, ZAO Raiffeisenbank and JSCB Rosbank.

22. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable as of 31 December 2010 and 2009 consisted of the following:

	31 December 2010 '000 USD	31 December 2009 '000 USD
Trade payables to suppliers and service providers	19,637	9,505
Advances received	6,621	6,227
Accounts payable to employees	151	393
Other accounts payable and accrued expenses, current	20,949	14,311
Total trade and other accounts payable - current	**47,358**	**30,436**

23. PROVISIONS

	2010 '000 USD
At 1 January	-
Recognized in current period through profit and loss	7,272
Translation difference	(25)
At 31 December	**7,247**

As of 31 December, 2010 a number of construction contracts were in progress and the deadlines for completion of a proportion of these contracts had passed. The Group has historically experienced a small number of claims from customers as a result of such delay. The provision represents the Group's estimate of the total liability arising across a portfolio of construction contracts and has been calculated with reference to the historical level of claims as well as the current level of notifications against the Group.

24. TAXES PAYABLE

Taxes payable as of 31 December 2010 and 2009 consisted of the following:

	31 December 2010 '000 USD	31 December 2009 '000 USD
Current income tax liability	1,874	1,859
Other taxes payable	7,653	1,279
Total	**9,527**	**3,138**

25. CONSTRUCTION CONTRACTS

Contracts in progress as of 31 December 2010 and 2009 consisted of the following:

	31 December 2010 '000 USD	31 December 2009 '000 USD
Cumulative construction costs incurred plus recognized profits less recognized losses to date	439,858	442,804
Less: progress billings	(428,163)	(422,804)
	11,695	**20,000**
Receivables under construction contracts	27,881	48,448
Advances received under construction contracts included into advances received from customers for inventories	(16,186)	(28,448)
	11,695	**20,000**

26. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for year ended 31 December 2010 and 2009 consisted of the following:

	Year ended 31 December 2010 '000 USD	Year ended 31 December 2009 '000 USD
Payroll	8,071	11,378
Property tax	2,876	3,125
Audit and other consulting services	1,422	2,220
Depreciation and amortization	1,287	1,855
Payroll taxes	1,065	1,417
Other operating taxes	1,146	1,344
Rent expense	1,488	1,125
Brokerage fees	2,096	1,056
Advertising	1,396	963
Sales commissions	803	819
Public utilities	497	614
Bank charges	196	607
Repairs and maintenance	872	502
Insurance	410	477
Travel expenses	345	391
Security expenses	-	388
Communications expenses	380	383
Other expenses	1,920	1,317
Total	**26,270**	**29,981**

27. INTEREST INCOME

Interest income for year ended 31 December 2010 and 2009 consisted of the following:

	Year ended 31 December 2010 '000 USD	Year ended 31 December 2009 '000 USD
Interest on bank deposits	155	3,079
Interest on loans issued	128	210
Interest on securities for sale	59	117
Other interest income (Note 8)	1,060	6,475
Total	**1,402**	**9,881**

28. INTEREST EXPENSE

Interest expense for year ended 31 December 2010 and 2009 consisted of the following:

	Year ended 31 December 2010 '000 USD	Year ended 31 December 2009 '000 USD
Interest on bank loans	33,223	56,566
Interest on financial lease	-	41
Cost of maintenance of credit accounts	145	312
Interest on other loans	9,401	908
Total borrowing costs	42,769	57,827
Less: amounts included in the cost of qualifying assets (Notes 12)	(3,757)	(10,699)
Total	**39,012**	**47,128**

29. OTHER EXPENSES

Other expense for year ended 31 December 2010 and 2009 consisted of the following:

	Year ended 31 December 2010 '000 USD	Year ended 31 December 2009 '000 USD
Claims provision (Note 23)	7,272	-
Change in allowance for doubtful advances paid and bad debts written-off	4,217	8,991
Write-off of deferred expenses related to infrastructure in "Pavlovo Podvorie" as no longer recoverable	-	2,929
Penalties	1,852	1,378
Value added tax expensed	13,857	-
Loss on disposal other assets	657	-
Other expenses	5,361	3,257
Total	**33,216**	**16,555**

30. LOSS PER SHARE

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

Basic and diluted	Weighted average number of shares outstanding during the period	Net loss from continuing operations for the year attributable to shareholders of the parent company ('000 USD)	Loss per share from continuing operations (in USD)	Net loss from continuing and discontinued operations for the year attributable to shareholders of the parent company ('000 USD)	Loss per share from discontinued operations per share (in USD)
Year ended 31 December 2010	15,280,221	(509,754)	(33.36)	(509,754)	(33.36)
Year ended 31 December 2009	15,280,221	(852,620)	(55.80)	(904,445)	(59.19)

31. DISPOSAL OF SUBSIDIARIES

In course of 2010 the following subsidiaries were disposed of by the Group:

In November 2010 the Group sold 100% share in LLC "Hotel "Novoslobodskaya" to related parties for cash consideration of USD 24,119 thousand.

In November 2010 the Group sold 100% share in LLC "OPIN Plaza" to related parties for cash consideration of USD 8,128 thousand.

In November 2010 the Group sold 100% share in LLC "Estate Management" and LLC "OI Management Company" along with shares in their subsidiaries LLC "Pavlovo", LLC "Lukino", LLC "Lukino-Invest", LLC "Regional development", LLC "OPIN Yug", LLC "Pavlovo Pdovorye", LLC "Stroy Invest Group" to a third party for the cash consideration of USD 193 thousand.

The analysis of assets and liabilities of the disposed subsidiaries and calculation of loss on disposal is as follows:

Book value of net assets sold	'000 USD
Assets	
Goodwill (Note 5)	504
Property, plant and equipment (Note 7)	107
Intangible assets (Note 6)	3
Deferred tax assets	23
Land held for development and sale (Note 12)	26,593
Property under development held for sale (Note 12)	5,692
Other inventories	268
Finished goods	2,389
Value added tax receivable	991
Trade accounts receivable	407
Other receivables and prepaid expenses	4,783
Loans to third parties	1,830
Cash and cash equivalents	1,666
Total assets	**45,256**
Liabilities	
Deferred tax liability (Note 19)	8,138
Short term loans and accrued interest	7,620
Trade and other accounts payable	2,654
Other taxes and social security payable	15
Current income tax liability	10
Advances received from customers for inventories	970
Total liabilities	**19,407**
Net assets disposed of	(25,849)
Cash consideration received	32,440
Gain on disposal	**6,591**

Net cash inflow on disposals is as follows:

	'000 USD
Consideration received in cash	32,440
Less: cash and cash equivalent balances disposed of	(1,666)
Net cash inflow on disposals	**30,774**

In addition, in October 2010 the Group sold its subsidiary, Lukus LLC, for cash consideration of USD 871 thousand. This subsidiary was holding land plots classified as investment property and in substance this transaction represented the disposal of investment property by the Group (Note 9).

32. TRANSACTIONS WITH RELATED PARTIES

Related parties or transactions with related parties are considered to be the following:

(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 31 December 2010 and 2009:

'000 USD	**31 December 2010**		**31 December 2009**	
	Related party transactions	**Total category as per consolidated financial statements caption**	**Related party transactions**	**Total category as per consolidated financial statements caption**
Advances received from customers for inventories	18,213	166,658	2,167	192,468
entities with joint control or significant influence over the entity	18,213	-	-	-
key management personnel of the entity or its parent		-	2,167	-

Included in the consolidated income statement for the year ended 31 December 2010 and 2009 are the following amounts which arose due to transactions with related parties:

'000 USD	**31 December 2010**		**31 December 2009**	
	Related party transactions	**Total category as per consolidated financial statements caption**	**Related party transactions**	**Total category as per consolidated financial statements caption**
Revenue under construction contracts (key management personnel of the entity or its parent)	523	7,029	-	67,434
Revenue from land sold	2,007	41,696	-	153,518
entities with joint control or significant influence over the entity	1,954	-	-	-
key management personnel of the entity or its parent	53	-	-	-
Revenue from sale of goods (entities with joint control or significant influence over the entity)	10,141	99,565	-	97,556
Revenue on rendering other services (entities with joint control or significant influence over the entity)	1,435	2,971	1,934	4,264
Rental income from investment property (discontinued operations)	-	-	96	1,192
Interest expense (entities with joint control or significant influence over the entity)	1,226	39,012	-	47,128
(Loss) on investment property disposal (entities with joint control or significant influence over the entity)	(27,348)	(27,037)	-	-
Gain / (loss) on disposal of subsidiaries (entities with joint control or significant influence over the entity)	10,682	6,591	-	(210,151)
Key management personnel compensation:				
Payroll and related taxes	1,022	9,136	1,859	16,095
Insurance	26	410	20	646
	1,049	**9,546**	**1,879**	**16,741**

During the year, certain assets were disposed of to entities with joint control or significant influence over the entity. These transactions may not have been carried out on an arms length basis.
Total carrying value of net assets disposed of on these transactions amounts to USD 49,784 thousand (Note 9, 31) and total proceeds from these transactions comprised USD 33,118 thousand (Note 31). Accordingly, total loss on these transactions amounts to USD 16,666 thousand.

33. SEGMENTAL INFORMATION

Products and services from which reportable segments derive their revenues

The Group has determined operating segments based on the information that is reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance. For management purposes the Group is organized into business units based on their products and services, and has five reportable operating segments:

- Land holdings;
- Residential property;
- Commercial property development;
- Fabricated homes;
- Others.

Other operations mostly include consulting services rendered by the Group and contracts for construction of other properties.

Information regarding the Group's reportable segments is presented below.

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

2010	**Land holdings**	**Residential property**	**Commercial property develop-ment**	**Fabricated homes**	**Others**	**Elimina-tions**	**TOTAL**
REVENUE							
External sales	323	106,770	-	41,735	2,433	-	151,261
Inter-segment sales	10	-	-	-	-	(10)	-
Total revenue	**333**	**106,770**	**-**	**41,735**	**2,433**	**(10)**	**151,261**
Cost of sales	(1,834)	(99,448)	-	(49,843)	(262)	-	(151,387)
Inventory write-down	-	(31,928)	-	(11,398)	-	-	(43,326)
Impairment of assets	-	-	(2,224)	(6,151)	14	-	(8,361)
Loss on change in fair value of investment property	(424,928)	-	(13,535)	-	-	-	(438,463)
Loss on investment property disposal - land	(27,037)	-	-	-	-	-	(27,037)
Claims provisions	-	(7,272)	-	-	-	-	(7,272)
Loss on disposal of subsidiaries	-	-	(11,674)	-	-	-	(11,674)
Profit / (loss) by segments before financing and taxation	**(453,466)**	**(31,878)**	**(27,433)**	**(25,657)**	**2,185**	**(10)**	**(536,259)**
Interest expense							(39,012)
Loss on foreign currency operations							(3,782)
Other unallocated income, net							(14,537)
Income tax							83,836
Net loss from continuing operations							**(509,754)**

2009	**Land holdings**	**Residential property**	**Commercial property develop-ment**	**Fabricated homes**	**Others**	**Elimina-tions**	**TOTAL**
REVENUE							
External sales	3,421	244,993	-	41,543	32,815	-	322,772
Inter-segment sales	-	-	-	-	6	(6)	-
Total revenue	**3,421**	**244,993**	**-**	**41,543**	**32,821**	**(6)**	**322,772**
Cost of sales	(46,078)	(335,886)	(86)	(50,957)	(25,112)	-	(458,119)
Inventory write-down	-	(22,545)	-	-	-	-	(22,545)
Impairment of assets	-	1,279	(1,535)	-	3,065	-	2,809
Loss on change in fair value of investment property	(635,867)	-	(3,763)	-	-	-	(639,630)
Loss on disposal of subsidiaries	-	(8,168)	(206,459)	-	-	-	(214,627)
Profit / (loss) by segments before financing and taxation	**(678,524)**	**(120,327)**	**(211,843)**	**(9,414)**	**(10,774)**	**(6)**	**(1,009,340)**
Interest expense							(47,128)
Loss on foreign currency operations							55,553
Other unallocated income, net							(15,570)
Income tax							163,865
Net loss from continuing operations							**(852,620)**

The accounting policies of reportable segments are the same as the Group's accounting policies described in Note 3. Segment operating profit / (loss) represents the profit earned or the loss incurred by each segment without allocation of certain general and administrative costs, interest expense, loss on foreign currency operations, gain on change in fair value of investment property, gain / loss on impairment of assets and income tax. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	31 December 2010 '000 USD	31 December 2009 '000 USD
Segment assets		
Land holdings	1,040,336	1,432,884
Residential property	532,950	599,142
Commercial property development	55,315	100,346
Fabricated homes	59,335	88,575
Others	1,240	16,467
Total segment assets	1,689,176	2,237,414
Assets relating to commercial property and hotel operations (now discontinued)	-	-
Unallocated	40,607	109,196
Consolidated assets	**1,729,783**	**2,346,610**
Segment liabilities		
Land holdings	128,883	157,667
Residential property	412,813	359,361
Commercial property development	6,212	7,565
Fabricated homes	12,647	11,494
Others	41	1,517
Total segment liabilities	560,596	537,604
Liabilities relating to commercial property and hotel operations (now discontinued)	-	-
Unallocated	119,575	228,526
Consolidated assets	**680,171**	**766,130**

Segment assets are those operating assets that are employed by a segment in its operating activities and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment liabilities are those operating liabilities that result from the operating activities of a segment and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Other segment information

	31 December 2010 '000 USD	31 December 2009 '000 USD
Additions to non-current assets		
Land holdings	32,042	1,358,674
Residential property	1,329	1,503
Commercial property development	5,012	4,557
Fabricated homes	111	136
Others	-	74
	38,494	1,364,944
Unallocated	13	9
Total additions to non-current assets	**38,507**	**1,364,953**
Depreciation expense		
Land holdings	23	9
Residential property	137	90
Commercial property development	-	-
Fabricated homes	3,333	5,985
Others	56	101
Total segment liabilities	3,549	6,185
Depreciation expense relating to commercial property and hotel operations (now discontinued)	-	679
Unallocated	319	729
Total depreciation expense	**3,868**	**7,593**

Geographical information

The Group operates in four principal geographical areas: Russian Federation, Canada, USA and Japan.

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below.

Revenue by geographical location	Year ended 31 December 2010 '000 USD	Year ended 31 December 2009 '000 USD
Russian Federation	112,153	282,606
Canada	25,134	22,961
USA	1,750	3,530
Japan	12,119	13,155
Others	105	520
Total	**151,261**	**322,772**

Non-current assets by geographical location	31 December 2010 '000 USD	31 December 2009 '000 USD
Russian Federation	1,439,083	1,942,052
Canada	17,452	25,672
USA	942	1,367
Total	**1,457,477**	**1,969,091**

34. COMMITMENTS AND CONTINGENCIES

Capital commitments

As of 31 December 2010 commitments of the Group for capital expenditures outstanding under concluded contracts approximated USD 38 million. The Group has early termination rights for most of its capital construction contracts.

Operating leases

The Group did not have any significant future minimum rental payments under non-cancellable operation leases in effect as of 31 December 2010.

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 preceding the year of review.

Pensions and retirement plans

Employees receive pension benefits from the Russian Federation in accordance with the laws and regulations of the country. As of 31 December 2010 and 2009, the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Russian Federation risk

The economy of the Russian Federation, while deemed to be of market status, continue to display certain traits consistent with that of an emerging market. These characteristics have in the past included higher than normal inflation, insufficient liquidity of the capital markets, and the existence of currency controls. The continued success and stability of the Russian economy will be subject to their government's continued actions with regard to supervisory, legal and economic reforms.

Operating environment

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Russia and the Russia's economy in general.

Laws and regulations affecting businesses in Russia continue to change rapidly. Tax, currency and customs legislation within Russia are subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in Russia. The future economic direction of Russia is largely dependent upon economic, fiscal and monetary measures undertaken by the government, together with legal, regulatory, and political developments.

The global financial turmoil that has negatively affected Russia's financial and capital markets in 2008 and 2009 has receded and Russia's economy returned to growth in 2010. However significant economic uncertainties remain. Adverse changes arising from systemic risks in global financial systems, including any tightening of the credit environment or from decline in the oil and gas prices could slow or disrupt the Russia's economy, adversely affect the Group's access to capital and cost of capital for the Group and, more generally, its business, results of operations, financial condition and prospects.

Russia is facing a relatively high level of inflation (according to the government's statistical data consumer price inflation for the years ended 31 December 2010 and 2009 was 8.8 % in both years).

Because Russia produces and exports large volumes of oil and gas, Russia's economy is particularly sensitive to the price of oil and gas on the world market that fluctuated significantly during 2010 and 2009.

35. 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 maximum exposure of the Group to credit risk comprises USD 44,506 thousand as of 31 December 2010. 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 counterparty grouping the Group has developed additional procedures to mitigate credit risk as follows:

Contractors: The Group seeks additional credit risk mitigation instruments, including safety deposits and the use of professional advisors, providing quality control and technical supervision.

Buyers/Sellers of Property: Advance performance of counterparty's obligations is usually required from each potential buyer/seller.

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	Future interest	Carrying amount 31 December 2010
Financial assets						
Cash at bank and in hand	4,637	-	-	-	-	4,637
Time deposits	7,479	-	-	-	-	7,479
Trade and other receivables	30,739	-	-	-	-	30,739
Loans issued	-	-	-	-	-	-
Total financial assets	**42,855**	**-**	**-**	**-**	**-**	**42,855**
Financial liabilities						
Trade and other payables	40,586	-	-	-	-	40,586
Loans	255,896	12,505	119,462	-	(42,431)	345,432
Total financial liabilities	**296,482**	**12,505**	**119,462**	**-**	**(42,431)**	**386,018**
Net financial position	**(253,627)**	**(12,505)**	**(119,462)**	**-**	**42,431**	**(343,163)**

'000 USD	In the first year	In the second year	In the third to the fifth year	After the fifth year	Future interest	Carrying amount 31 December 2009
Financial assets						
Cash at bank and in hand	19,478	-	-	-	-	19,478
Time deposits	55,112	-	-	-	-	55,112
Trade and other receivables	59,536	-	-	-	-	59,536
Loans issued	7,900	-	-	-	-	7,900
Total financial assets	**142,026**	**-**	**-**	**-**	**-**	**142,026**
Financial liabilities						
Trade and other payables	23,817	-	-	-	-	23,817
Loans	144,931	214,976	131,933	-	(89,556)	402,284
Total financial liabilities	**168,748**	**214,976**	**131,933**	**-**	**(89,556)**	**426,101**
Net financial position	**(26,722)**	**(214,976)**	**(131,933)**	**-**	**89,556**	**(284,075)**

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

Gearing ratio

	31 December 2010 '000 USD	31 December 2009 '000 USD
Long and short term borrowings	345,432	402,284
Cash and cash equivalents	(12,116)	(74,590)
Net debt	333,316	327,694
Equity	1,049,612	1,580,480
Net debt to equity ratio	**31.76%**	**20.73%**

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.

Financial instruments by currency

'000 USD	USD	RUB	CAD	Other currencies	Total 31 December 2010
Financial assets					
Cash at bank and in hand	635	2,229	1,773	-	4,637
Time deposits	5,000	2,463	16	-	7,479
Trade and other receivables	1,733	27,826	1,180	-	30,739
Loans issued	-	-	-	-	-
Total financial assets	**7,368**	**32,518**	**2,969**	**-**	**42,855**
Financial liabilities					
Trade and other payables	1,766	35,424	3,396	-	40,586
Loans	339,611	5,821	-	-	345,432
Total financial liabilities	**341,377**	**41,245**	**3,396**	**-**	**386,018**
Net financial position	**(334,009)**	**(8,727)**	**(427)**	**-**	**(343,163)**

'000 USD	USD	RUB	CAD	Other currencies	Total 31 December 2009
Financial assets					
Cash at bank and in hand	6,155	10,738	2,584	1	19,478
Time deposits	39,133	15,964	15	-	55,112
Trade and other receivables	4	58,057	1,475	-	59,536
Loans issued	-	7,900	-	-	7,900
Total financial assets	**45,292**	**92,659**	**4,074**	**1**	**142,026**
Financial liabilities					
Trade and other payables	1,556	18,954	3,294	13	23,817
Loans	370,154	32,130	-	-	402,284
Total financial liabilities	**371,710**	**51,084**	**3,294**	**13**	**426,101**
Net financial position	**(326,418)**	**41,575**	**780**	**(12)**	**(284,075)**

Sensitivity analysis

A 10 percent strengthening of the following currencies against the functional currency at 31 December 2010 would have increased/(decreased) profit and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and no translation difference into the presentation currency is included. The analysis is performed on the same basis as for 2009.

Net profit	Year ended 31 December 2010 '000 USD	Year ended 31 December 2009 '000 USD
USD	(33,401)	(32,642)
CAD	(43)	78

A 10 percent weakening of the above currencies against the functional currency at 31 December 2010 would have had the equal but opposite effect on the currency exposure above, on the basis that all other variables remain constant.

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 31 December 2010 are on both a 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.

Sensitivity analysis for interest rates is not presented as most of the Group's loans are on a fixed rate basis and consequently the risk of fluctuations in floating interest rates is deemed to be insignificant by management.

Liquidity risk

Liquidity 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.

Management controls the Group's liquidity 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 fluctuating liquidity requirements 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 summary maturity analysis for the Group's financial liabilities as of 31 December 2010 and 2009. 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	Contractual amount 31 December 2010
Financial liabilities								
Trade and other payables	-	17,050	10,615	2,259	10,662	-	-	40,586
Loans	10.9	5,205	-	43,309	207,382	131,967	-	387,863
Total financial liabilities		**22,255**	**10,615**	**45,568**	**218,044**	**131,967**	**-**	**428,449**

'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	Contractual amount 31 December 2009
Financial liabilities								
Trade and other payables	-	711	15,175	3,429	4,499	3	-	23,817
Loans	10.6	-	-	23,748	121,183	346,909	-	491,840
Total financial liabilities		**711**	**15,175**	**27,177**	**125,682**	**346,912**	**-**	**515,657**

36. FINANCIAL INSTRUMENTS

Carrying amounts of financial assets and liabilities as of 31 December 2010 and 2009 are as follows:

Financial assets and liabilities

	31 December 2010 '000 USD	31 December 2009 '000 USD
Cash and cash equivalents	12,116	82,490
Trade and other receivables	30,739	59,536
Total financial assets	**42,855**	**142,026**
Financial liabilities – current	268,793	125,894
Financial liabilities – non current	117,225	300,207
Total financial liabilities	**386,018**	**426,101**
Net financial position	**(343,163)**	**(284,075)**

By category

	31 December 2010 '000 USD	31 December 2009 '000 USD
Loans and receivables	30,739	67,436
Cash and cash equivalents	12,116	74,590
Total financial assets	**42,855**	**142,026**
Financial liabilities at amortized cost	386,018	426,101
Total financial liabilities	**386,018**	**426,101**
Net financial position	**(343,163)**	**(284,075)**

Management believes that the fair value of its financial assets and liabilities as of 31 December 2010 and 2009 approximates their carrying amounts except for the following long-term borrowings:

		31 December 2010		31 December 2009	
'000 USD	**Currency**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
ING Bank N.V.	USD	91,499	99,900	88,465	99,900
VTB Bank (Deutschlund) AG	USD	-	-	61,789	66,000
JSCB Rosbank	USD	16,175	17,460	62,520	67,460
Desparanco Holdings CO Limited	USD	-	-	33,240	35,000
Investment+ LLC	RUB	-	-	25,984	26,735
		107,674	**117,360**	**271,998**	**295,095**

Management considers that the fair value of financial instruments held by the Group did not materially differ from their carrying amounts as of 31 December 2010.

37. COMPOSITION OF THE GROUP

The principal activities and countries of incorporation of the major entities of the Group as of 31 December 2010 and 2009 are as follows:

Operating entity	Project	Principal activity	% held as of 31 December 2010	% held as of 31 December 2009	Country of incorporation
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%	Russia

Operating entity	Project	Principal activity	% held as of 31 December 2010	% held as of 31 December 2009	Country of incorporation
Pestovo LLC	Pestovo	Investing in, developing, managing and disposing of Pestovo project assets	100%	100%	Russia
JSC Hotel Novoslobodskaya	Novotel Moscow Center Hotel	Providing hotel services	-	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
CP 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%	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
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
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	100%	100%	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%	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%	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%	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%	100%	Russia

Operating entity	Project	Principal activity	% held as of 31 December 2010	% held as of 31 December 2009	Country of incorporation
Farafonovka LLC	Group's project in Tver region	Investing in, developing, managing and disposing of future project Group's assets in Tver region	100%	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%	100%	Russia
Militta 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%	100%	Russia
Zelenay dolina 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%	100%	Russia
Rodnik LLC	Group's project in Mitishensky district, Moscow area	Investing in, developing, managing and disposing of future project Group's assets in Mitishensky district, Moscow area	100%	100%	Russia
Valda LLC	Martemianovo	Investing in, developing, managing and disposing Martemianovo project assets	100%	100%	Russia
Start Master Resource LLC	Group's project in Tver region	Investing in, developing, managing and disposing of future project Group's assets in Tver region	100%	100%	Russia
Geoalliace LLC	Group's project in Tver region	Investing in, developing, managing and disposing of future project Group's assets in Tver region	100%	100%	Russia
Agro triumph LLC	Group's project in Tver region	Investing in, developing, managing and disposing of future project Group's assets in Tver region	100%	100%	Russia
Razdolie LLC	Group's project in Tver region	Investing in, developing, managing and disposing of future project Group's assets in Tver region	100%	100%	Russia
Orion LLC	Group's project in Mitishensky district, Moscow area	Investing in, developing, managing and disposing of future project Group's assets in Mitishensky district, Moscow area	100%	100%	Russia
Timiryazevsky prostory LLC	Group's project in Tver region	Investing in, developing, managing and disposing of future project Group's assets in Tver region	100%	100%	Russia
Spektrum 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%	100%	Russia
Veres 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%	100%	Russia
Agroprom 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%	100%	Russia

Operating entity	Project	Principal activity	% held as of 31 December 2010	% held as of 31 December 2009	Country of incorporation
Hloris 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%	100%	Russia
Lukus 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
Agrodolina 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%	100%	Russia
Agro Rezerve 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%	100%	Russia
RozInvest 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%	100%	Russia
Vektor 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%	100%	Russia
VektorstroyProf 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%	100%	Russia
Zemlya-Invest LLC	Group's project in Tver region	Investing in, developing, managing and disposing of future project Group's assets in Tver region	100%	-	Russia
Ostara 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
Rassvet LLC	Group's project in Mitishensky district, Moscow area	Investing in, developing, managing and disposing of future project Group's assets in Mitishensky district, Moscow area	100%	-	Russia
SK Aliance LLC	Group's project in Mitishensky district, Moscow area	Investing in, developing, managing and disposing of future project Group's assets in Mitishensky district, Moscow area	100%	-	Russia
Tanais LLC	Group's project in Vladimir region	Investing in, developing, managing and disposing of future project Group's assets in Vladimir region	100%	-	Russia