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## **PIK GROUP (“The Group” or “PIK”)**

### **FINANCIAL RESULTS FOR THE 12 MONTHS ENDED DECEMBER 31 2009**

(LONDON, May 07 2010) - PIK (LSE: PIK), a leading Russian residential developer, today announces its consolidated IFRS financial results for 12 months ended December 31 2009, audited by KPMG.

#### **Financial Summary**

- Revenues are down by 4.1% to US\$1,300million (FY08: US\$1,355million);
- Revenues from sale of real estate activity increased by 5.1% to US\$0.97billion (2008: US\$0.92billion), while consolidated gross profit margin shrank by over 7 ppt down to 18.3% (FY08: 25.3%);
- Adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) from development activities increased by 11.3% to US\$138million (FY08: US\$124million),
- Normalized net loss for the year was US\$68million (FY08: US\$60million);
- Normalized net loss per share amounted to US\$0.14 (FY08: US\$0.12);
- Total assets as of December 31 2008 declined by 19.1% reaching US\$3.95billion (FY08: US\$4.88billion);
- Net tangible assets per share as of December 31 2009 amounted to US\$3.95 (FY08: US\$5.25);
- Total debt as of December 31 2009 was down to US\$1.27billion (FY08: US\$ 1.37billion)
- Net debt as of December 31 2009 amounted to US\$1.15billion (FY08: US\$1.26billion);

#### **Pavel Poselenov, CEO of PIK Group comments:**

*“Over the last fifteen years we have succeeded in building PIK into an internationally recognized residential real estate developer. Since our inception we delivered over 170,000 units to our customers and we are continuing to contribute towards helping the nation to increase its living conditions and replacing the obsolete housing stock of the country.*

*Unfortunately, the global economic turmoil impacted Russia heavily, in particular, liquidity shortage together with falling consumer confidence has had a severe impact on our business.*

*During 2009, we had to concentrate on shoring up our liquidity position, lowering our debt levels, extending debt duration and getting access to new financing. We received support from the federal government and managed to adjust our business to a new environment by cutting overheads. In 2010, the next step would be, as we believe repairing the balance sheet through deleveraging our business and achieving positive results on our projects.*

*Looking ahead, we see positive signs of market recovery, especially based upon 1Q2010 presales pattern. We feel that the demand from retail customers has come back. The outlook for the real estate sector is getting brighter and longer-term, the fundamentals for our business remain unchanged.*

*There is a shortage of affordable residential housing in Russia (approximately 22 square meters per capita), huge potential of rapidly recovering mortgage market, a large obsolete housing stock in Russia and willingness of the nation to improve living conditions. These will be the key drivers for PIK Group's recovery and growth."*

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Note: The calculation of following measures used in this announcement is set below. Our calculations of the below measures may be different from the calculation used by other companies and therefore comparability may be limited. The below measures are not measures of financial performance under IFRS.

1a). EBITDA represents net profit/loss for the period before income tax expenses, interest income, interest expense including penalties payable, depreciation and amortization.

	FY09 MM USD	FY08 MM USD
<b>Net (Loss)/profit for the period</b>	(361)	(1,135)
Depreciation and amortisation	27	43
Interest expense including penalties payable	208	93
Interest income	(13)	(19)
Income tax expense/(credit)	27	(51)
<b>EBITDA</b>	<u><u>(112)</u></u>	<u><u>(1,069)</u></u>

1b) Adjusted EBITDA from development activities represents net profit/loss for the period before income tax expenses, interest income, interest expense including penalties payable, depreciation, foreign exchange gain/(loss), impairment losses, impairment loss on financial assets, income/loss from sale of development rights and other income/expense.

	FY09 MM USD	FY08 MM USD
<b>Net (Loss)/profit for the year</b>	<b>(361)</b>	<b>(1,135)</b>
Depreciation and amortisation	27	43
Income tax expenses	27	(51)
Interest expenses including penalties payable	208	93
Interest income	(12)	(19)
Impairment losses	147	967
Impairment loss on financial assets	68	102
Forex loss	20	118
Income/loss from sale of development rights	1	0
Other income/expense	13	6
<b>Adjusted EBITDA from development activities</b>	<u><u>138</u></u>	<u><u>124</u></u>

2a) Normalized net profit/loss calculated as net profit impairment losses, impairment loss on financial assets, income/loss from sale of development rights, penalties and fines related to loans' late repayment and other income/expense.

	FY09 MM USD	FY08 MM USD
<b>Net (Loss)/profit for the year</b>	<b>(361)</b>	<b>(1,135)</b>
Impairment losses	147	967
Impairment loss on financial assets	68	102
Income/loss from sale of development rights	1	0
Penalties and fines related to loans' late repayment	64	0
Other income/expense	13	6
<b>Normalized net profit</b>	<u><u>(68)</u></u>	<u><u>(60)</u></u>

2b) Normalized profit/loss per share calculated as normalized net profit/loss divided by number of shares outstanding as of December 31.

	FY09 MM USD	FY08 MM USD
Normalized Net Profit	(68)	(60)
Number of shares outstanding as of December 31	493	490
<b>Normalized Net Profit/share</b>	<u><u>(0.14USD)</u></u>	<u><u>(0.12USD)</u></u>

3. Total assets calculated as sum of non-current and current assets.

	<b>December 31 2009</b>	<b>December 31 2008</b>
	<b>MM USD</b>	<b>MM USD</b>
Total non-current assets	1,223	1,500
Total current assets	2,722	3,376
<b>Total Assets</b>	<b>3,945</b>	<b>4,876</b>

4. Total debt calculated as sum of non-current loans and borrowings, current loans and borrowings.

	<b>December 31 2009</b>	<b>December 31 2008</b>
	<b>MM USD</b>	<b>MM USD</b>
Non-current loans and borrowings	731	286
Current loans and borrowings	535	1,080
<b>Total Debt</b>	<b>1,266</b>	<b>1,366</b>

5. Net tangible assets per share calculated as total assets less total debt less intangible assets divided by number of shares outstanding as of period end.

	<b>December 31 2009</b>	<b>December 31 2008</b>
Total Assets	3,945	4,876
Total Debt	(1,266)	(1,367)
Intangible assets	(730)	(935)
Number of shares (mln shares)	493.2	490.2
<b>Net tangible assets/share, US\$</b>	<b>3.95</b>	<b>5.25</b>

6. Net Debt calculated as total debt less cash and cash equivalents.

	<b>December 31 2009</b>	<b>December 31 2008</b>
	<b>MM USD</b>	<b>MM USD</b>
Total Debt	1,266	1,366
Cash and cash equivalents	(113)	(107)
<b>Net Debt</b>	<b>1,153</b>	<b>1,259</b>

Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of PIK. You can identify forward-looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might" the negative of such terms or other similar expressions. These statements are only predictions and actual events or results may differ materially. PIK does not intend to or undertake any obligation to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in PIK's projections or forward-looking statements, including, among others, general economic conditions, PIK's competitive environment, risks associated with operating in Russia, rapid technological and market change, and other factors specifically related to PIK and its operations.

## Appendix

### Consolidated financial statements as of and for the year ended December 31 2009

Note: The Group's reporting currency is Russian roubles. However, for presentation purposes, these amounts were converted into US\$ using average RUB/US\$ exchange rate of the Central Bank of Russian Federation (FY09: 31.68; FY08: 24.86) for the income statement and using RUB/US\$ exchange rate (31 December 2009: 30.24; 31 December 2008: 29.38) for the balance sheet as of the date of reporting.

The full version of the IFRS financial statements is available on the Group's website at <http://www.pik-group.com/investors/financial-statements>

### Consolidated statement of financial position as of December 31 2009

	<b>2009 audited In MM RUB</b>	<b>2008 audited In MM RUB</b>	<b>2009 In MM USD</b>	<b>2008 In MM USD</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	10,390	12,840	344	437
Intangible assets	22,072	27,455	730	934
Investments in equity accounted investees	3,460	3,522	114	120
Other investments	997	169	33	6
Deferred tax assets	86	71	3	2
<b>Total non-current assets</b>	<b>37,005</b>	<b>44,057</b>	<b>1,224</b>	<b>1,500</b>
<b>Current assets</b>				
Inventories	67,345	77,184	2,227	2,627
Other investments	872	4,223	29	144
Income tax receivable	87	519	3	18
Trade and other receivables	10,598	14,124	350	481
Cash and cash equivalents	3,417	3,153	113	107
<b>Total current assets</b>	<b>82,319</b>	<b>99,203</b>	<b>2,722</b>	<b>3,377</b>
<b>Total assets</b>	<b>119,324</b>	<b>143,260</b>	<b>3,945</b>	<b>4,876</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	30,843	30,843	1,020	1,050
Additional paid-in capital	20,082	20,082	664	684
Treasury shares	-	-2,428	0	-83
Reserve resulting from additional share issue	-28,506	-28,506	-943	-970
Retained earnings	-14,540	-1,011	-481	-34
<b>Total equity attributable to equity holders of the Company</b>	<b>7,879</b>	<b>18,980</b>	<b>261</b>	<b>646</b>
Minority interest	555	978	18	33
<b>Total equity</b>	<b>8,434</b>	<b>19,958</b>	<b>279</b>	<b>679</b>
<b>Non-current liabilities</b>				
Loans and borrowings	22,121	8,393	731	286
Trade and other payables	1,128	1,527	37	52
Provisions	-	46	0	2

Deferred tax liabilities	5,858	6,135	194	209
<b>Total non-current liabilities</b>	<b>29,107</b>	<b>16,101</b>	<b>962</b>	<b>548</b>
<b>Current liabilities</b>				
Loans and borrowings	16,169	31,742	535	1,080
Trade and other payables	63,753	74,439	2,108	2,534
Provisions	609	894	20	30
Income tax payable	1,252	126	41	4
<b>Total current liabilities</b>	<b>81,783</b>	<b>107,201</b>	<b>2,704</b>	<b>3,649</b>
<b>Total liabilities</b>	<b>110,890</b>	<b>123,302</b>	<b>3,666</b>	<b>4,197</b>
<b>Total equity and liabilities</b>	<b>119,324</b>	<b>143,260</b>	<b>3,945</b>	<b>4,876</b>

**Consolidated statement of comprehensive income for 12 months ended  
December 31 2009**

	<b>2009</b> <i>audited</i> <b>In MM</b> <b>RUB</b>	<b>2008</b> <i>audited</i> <b>In MM</b> <b>RUB</b>	<b>2009</b> <b>In MM</b> <b>USD</b>	<b>2008</b> <b>In MM</b> <b>USD</b>
<b>Revenue</b>	41,175	33,695	1,300	1,355
Cost of sales	-33,656	-25,169	-1,062	-1,012
<b>Gross profit</b>	<b>7,519</b>	<b>8,526</b>	<b>238</b>	<b>343</b>
Gains and losses on disposal of subsidiaries and development rights	-1,272	-	-40	0
Distribution expenses	-477	-974	-15	-39
Administrative expenses	-3,890	-5,540	-123	-223
Impairment losses and reversal of impairment loss	-4,671	-24,028	-147	-967
Finance income	771	481	24	19
Finance expenses	-9,754	-7,933	-308	-319
Share of loss of equity accounted investees, net of income tax	-41	-75	-1	-3
<b>Loss before income tax</b>	<b>-11,815</b>	<b>-29,543</b>	<b>-372</b>	<b>-1,189</b>
Income tax expense /(credit)	-866	1,277	-27	51
<b>Loss from continuing operations</b>	<b>-12,681</b>	<b>-28,266</b>	<b>-399</b>	<b>-1,138</b>
Profit from discontinued operations	1,193	85	38	3
<b>Loss and total comprehensive income for the period for the period</b>	<b>-11,488</b>	<b>-28,181</b>	<b>-361</b>	<b>-1,135</b>
<i>Attributable to:</i>				
Owners of the Company	-11,115	-27,961	-350	-1,125
Minority interest	-373	-220	-11	-9
<b>Total comprehensive loss for the period</b>	<b>-11,488</b>	<b>-28,181</b>	<b>-361</b>	<b>-1,135</b>

## Consolidated statement of cash flows for 12 months ended December 31 2009

	2009 <i>audited</i> In MM RUB	2008 <i>audited</i> In MM RUB	2009 In MM USD	2008 In MM USD
<b>OPERATING ACTIVITIES</b>				
<b>Loss from continuing operations</b>	<b>-11,488</b>	<b>-28,181</b>	<b>-363</b>	<b>-1,134</b>
<i>Adjustments for:</i>				
Depreciation and amortisation	860	1,076	27	43
Impairment losses	4,671	24,028	147	967
Foreign exchange loss, net	642	2,941	20	118
Loss on disposal of property, plant and equipment	-16	80	-1	3
Impairment loss on financial assets	2,147	2,547	68	102
Income from disposal of development rights and subsidiaries	-43	-	-1	0
Share of loss of equity accounted investees	41	75	1	3
Interest expense, including penalties payable	6,588	2,303	208	93
Interest income	-400	-481	-13	-19
Income tax expense/(benefit)	866	-1,277	27	-51
<b>Cash from operating activities before changes in working capital and provisions</b>	<b>3,868</b>	<b>3,111</b>	<b>122</b>	<b>125</b>
Decrease/(Increase) in inventories	7,075	-28,338	223	-1,140
Decrease in trade and other receivables	1,519	2,382	48	96
(Decrease)/Increase in trade and other payables	-7,119	35,128	-225	1,413
Decrease in provisions	-	-22	0	-1
<b>Cash flows from operations before income taxes and interest paid</b>	<b>5,343</b>	<b>12,261</b>	<b>169</b>	<b>493</b>
Income taxes paid	-218	-925	-7	-37
Interest paid	-3,937	-3,165	-124	-127
<b>Net cash (used in) /from operating activities</b>	<b>1,188</b>	<b>8,171</b>	<b>38</b>	<b>329</b>
<b>INVESTING ACTIVITIES</b>				
Proceeds from disposal of property, plant and equipment	26	522	1	21
Acquisition of other investments	-	-40	0	-2
Interest received	22	331	1	13
Acquisition of property, plant and equipment	-267	-3,650	-8	-147
Acquisition of development rights and other intangible assets	-223	-17,657	-7	-710
Acquisition of equity accounted investees	-2,208	-	-70	0
Acquisition of minority interests	-61	-374	-2	-15
Loans issued	-	-3,084	0	-124
Proceeds from sale of minority interests and development rights	902	1,047	28	42



Consideration paid to acquire mortgage loans from related party bank	-	-2,380	0	-96
Repayment of mortgage loans	486	1,569	15	63
Repayment of loans issued	565	1,439	18	58
<b>Net cash used in investing activities</b>	<b>-758</b>	<b>-22,277</b>	<b>-24</b>	<b>-896</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from borrowings	25,197	37,584	795	1,512
Repayment of borrowings	-25,202	-35,590	-796	-1,432
Repurchase of own shares	-	-2,428	0	-98
Consideration received for treasure shares disposed	224	-	7	0
Transactions with Founding shareholders	-385	681	-12	27
<b>Net cash (used in) /from financing activities</b>	<b>-166</b>	<b>247</b>	<b>-5</b>	<b>10</b>
Net increase/(decrease) in cash and cash equivalents	264	-13,859	8	-557
Effect of exchange rate fluctuations on cash and cash equivalents	-	-34	0	-1
Cash and cash equivalents at beginning of year	3,153	17,046	100	686
<b>Cash and cash equivalents at end of year</b>	<b>3,417</b>	<b>3,153</b>	<b>108</b>	<b>127</b>

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