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PIK GROUP (“The Group” or “PIK”)

FINANCIAL RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2009

(LONDON, 16 October 2009) - PIK (LSE: PIK), a leading Russian residential developer, today announces its interim financial statements for 6 months ended 30 June 2009, reviewed by KPMG.

Financial Summary

- Revenues dropped by 58.1% to US\$361million (1H2008: US\$859million);
- Earnings before interest, taxes, depreciation and amortization (EBITDA) decreased by 153,0% to approximately US\$(106)million (1H08: US\$200million),
- Adjusted EBITDA from development activities decreased by 132,3% to approximately US\$(65)million (1H08: US\$201million),
- Net loss for the period was US\$(185)million (1H2008: net profit of US\$ 93million);
- Net loss per share amounted to US\$(0,38) (1H2008: net profit per share US\$0,19);
- Total assets as of June 30 2009 decreased by 10,5% and reached US\$4,34billion (December 31 2008: US\$4,85billion);
- Net tangible assets per share as of June 30 2009 amounted to approximately US\$4.12 (December 31 2008: US\$5.16);
- Total debt as of June 30 2009 has not changed significantly and amounted to US\$1,43billion (December 31 2008: US\$ 1,37billion);
- Net debt as of June 30 2009 amounted to US\$1,42billion (December 31 2008: US\$1.26billion).

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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, depreciation and amortization.

	1H09 MM USD	1H08 MM USD
Renevue	361	859
Net (Loss)/profit for the period	(185)	93
Depreciation and amortisation	16	23
Interest expense	81	38
Interest income	(8)	(10)
Income tax expense	(10)	56
EBITDA	(106)	200

1b) Adjusted EBITDA from development activities represents net profit/loss for the period before income tax expenses, interest income, interest expense, depreciation, foreign exchange gain, foreign exchange loss, impairment losses.

	1H09 MM USD	1H08 MM USD
Net (Loss)/profit for the period	(185)	93
Depreciation and amortisation	16	23
Income tax expense (credit)/ expense	(10)	56
Interest expenses	81	38
Interest income	(8)	(10)
FOREX loss	40	2
Impairment loss on non-current assets	(9)	0
Loss on disposal of property, plant and equipment	(1)	3
Share of loss/(income) of equity accounted investees	2	(2)
Assets held for sale	(1)	0
Impairment on Financial Assets	10	0
Adjusted EBITDA	(65)	201

2. Net profit/loss per share calculated as net profit/loss divided by number of shares outstanding.

	1H09 MM USD	1H08 MM USD
Net (Loss)/profit for the period	-185	93
Number of shares (mln shares)	493	493
Net Profit/ share	-0,38USD	0,19USD

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

	30 June 2009 MM USD	31 December 2008 MM USD
Total non-current assets	1 385	1 500
Total current assets	2 952	3 345
Total Assets	4 337	4 845

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

	30 June 2009	31 December 2008
	MM USD	MM USD
Non-current Loans and borrowings	2	286
Current Loans and borrowings	1 432	1 081
Total Debt	1 434	1 367

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

	30 June 2009	31 December 2008
Total Assets	4 337	4 845
Total Debt	1 434	1 367
Intangible assets	873	935
Number of shares (mln shares)	493	493
Net tangible assets/ share	4,12USD	5,16USD

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

	30 June 2009	31 December 2008
	MM USD	MM USD
Total Debt	1 434	1 367
Cash and cash equivalents	12	108
Net Debt	1 422	1 259

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 for the period ended 30 June 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 (1H09: 33,2702; 1H08: 23,9647) for the income statement and using RUB/US\$ exchange rate (30 June 2009: 31,2904; 31 December 2008: 29.3804) 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.ru/fin_indices/doc_eng/

Consolidated Income Statement for the period ended 30 June 2009

	Six months ended 30 June 2009 mln RUB	Six months ended 30 June 2008 mln RUB	Six months ended 30 June 2009 mln USD	Six months ended 30 June 2008 mln USD
Revenue	11 983	20 579	361	859
Cost of sales	(9 541)	(12 918)	(287)	(540)
Gross profit	2 442	7 661	74	320
Distribution expenses	(305)	(978)	(10)	(41)
Administrative expenses	(2 201)	(2 168)	(67)	(91)
Impairment losses and reversal of impairment loss	285	-	9	
Other expenses	(365)	(268)	(11)	(12)
Finance income	243	235	8	10
Finance expenses	(6 502)	(975)	(196)	(41)
Share of (loss)/income of equity accounted investees, net of income tax	(61)	40	(2)	2
(Loss)/profit before income tax	(6 464)	3 547	(195)	149
Income tax credit/(expense)	317	(1 320)	10	-56
			0	0
(Loss)/profit and total comprehensive income for the period	(6 147)	2 227	(185)	93
<i>Attributable to:</i>			0	0
Owners of the Company	(6 031)	2 302	(182)	97
Non-controlling interest	(116)	(75)	(4)	(4)
Total comprehensive (loss)/income for the period	(6 147)	2 227	(185)	93
			0	0
			0	0
Basic and diluted (loss)/earnings per share	-12,70RUB	4,54RUB	-0,38USD	0,19USD

Consolidated Balance Sheet as at 30 June 2009

	30 June 2009	31 December 2008	30 June 2009	31 December 2008
	mIn RUR	mIn RUR	mIn USD	mIn USD
ASSETS				
Non-current assets				
Property, plant and equipment	11 428	12 840	366	438
Intangible assets	27 312	27 455	873	935
Investments in equity accounted investees	3 445	3 522	111	120
Other investments	1 066	169	35	6
Deferred tax assets	77	71	3	3
Total non-current assets	43 328	44 057	1 385	1 500
			0	0
Current assets				
Inventories	73 288	76 251	2 343	2 596
Other investments	1 241	4 223	40	144
Income tax receivable	448	519	15	18
Trade and other receivables	13 650	14 124	437	481
Cash and cash equivalents	370	3 153	12	108
Assets held for sale	3 370	-	108	
Total current assets	92 367	98 270	2 952	3 345
Total assets	135 695	142 327	4 337	4 845
			0	0
EQUITY AND LIABILITIES				
Equity				
Share capital	30 843	30 843	986	1 050
Additional paid-in capital	20 082	20 082	642	684
Treasury shares	(2 428)	(2 428)	(78)	(83)
Reserve resulting from additional share issue	(28 506)	(28 506)	(912)	(971)
Retained earnings	(7 343)	(1 011)	(235)	(35)
Total equity attributable to equity holders of the Company	12 648	18 980	405	647
Non-controlling interest	815	978	27	34
Total equity	13 463	19 958	431	680
			0	0
Non-current liabilities				
Loans and borrowings	61	8 393	2	286
Trade and other payables	865	1 527	28	52
Provisions	-	46		2
Deferred tax liabilities	5 661	6 135	181	209
Total non-current liabilities	6 587	16 101	211	549
			0	0
Current liabilities				
Loans and borrowings	44 797	31 742	1 432	1 081
Trade and other payables	69 094	73 506	2 209	2 502
Provisions	958	894	31	31
Income tax payable	219	126	7	5

Liabilities related to assets held for sale	577	-	19	
Total current liabilities	115 645	106 268	3 696	3 617
Total liabilities	122 232	122 369	3 907	4 165
Total equity and liabilities	135 695	142 327	4 337	4 845

Consolidated Cash Flow Statement for the period ended 30 June 2009

	Six months ended	Six months ended	Six months ended	Six months ended
	30 June 2009 mln RUR	30 June 2008 mln RUR	30 June 2009 mln USD	30 June 2008 mln USD
OPERATING ACTIVITIES				
Profit for the period	(6 147)	2 227	(185)	93
<i>Adjustments for:</i>				
Depreciation and amortisation	517	549	16	23
Foreign exchange loss, net	1 301	36	40	2
Loss on disposal of property, plant and equipment	(16)	56	(1)	3
Impairment loss on non-current assets	(292)	-	(9)	
Share of loss/(income) of equity accounted investees	61	(40)	2	(2)
Impairment of financial assets	323	-	10	-
Interest expense, including penalties payable	4 378	901	132	38
Interest income	(243)	(235)	(8)	(10)
Income tax expense (credit)/expense	(317)	1 320	(10)	56
Assets held for sale	(16)	-	(1)	
Operating profit before changes in working capital and provisions	(451)	4 814	(14)	201
Decrease/(Increase) in inventories	2 293	(13 288)	69	(555)
Decrease/(Increase) in trade and other receivables	399	(1 703)	12	(72)
(Decrease)/Increase in trade and other payables	(2 287)	14 009	(69)	585
Decreased/(increase) in provisions	106	(10)	4	(1)
Cash flows from/(utilised in) operations before income taxes and interest paid	60	3 822	2	160
Income taxes paid	(40)	(561)	(2)	(24)
Interest paid	(1 447)	(1 374)	(44)	(58)
			0	0
Cash flows from/(utilised in) operating activities	(1 427)	1 887	(43)	79
INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	19	9	1	1
Interest received	231	175	7	8
Acquisition of property, plant and equipment	(176)	(2 355)	(6)	(99)
Acquisition of development rights and other intangible assets	(249)	(11 631)	(8)	(486)
Acquisition of equity	(2 208)	(9)	(67)	(1)

accounted investees				
Acquisition of non-controlling interests	(61)	(193)	(2)	(9)
Proceeds from sale of non-controlling interests and development rights	-	1 047		44
Loans advanced	(168)	(920)	(6)	(39)
Repayment of loans advanced		1 326	-	56
Loans advanced to individuals	-	(1 540)		(65)
Repayment of loans advanced to individuals	338	437	11	19
Cash flows utilised by investing activities	(2 274)	(13 654)	(69)	(570)
			0	0
FINANCING ACTIVITIES			0	0
Proceeds from borrowings	4 528	18 470	137	771
Repayment of borrowings	(3 225)	(15 754)	(97)	(658)
Consideration paid for treasury shares	-	(2 428)		(102)
Transactions with Majority Shareholders	(385)	681	(12)	29
Cash flows from financing activities	918	969	28	41
Net (decrease)/increase in cash and cash equivalents	(2 783)	(10 798)	(84)	(451)
Effect of exchange rate fluctuations on cash and cash equivalents	-	(76)		(4)
Cash and cash equivalents at beginning of year, net of overdrafts	3 153	17 046	95	712
Cash and cash equivalents at end of period, net of overdrafts	370	6 172	12	258

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