

**PIK Group
(OAO Group of Companies PIK)**

**Summarised Consolidated Financial Information
Extracted from a Full Set of
Audited Consolidated Financial Statements
for the years ended
31 December 2006, 2005 and 2004**

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Independent Auditors' Report

*Board of Directors
PIK Group (OAO Group of Companies PIK)*

We have audited the consolidated financial statements of PIK Group (OAO Group of Companies PIK) (the "Company") and its subsidiaries (the "Group") as at and for the years ended 31 December 2006, 31 December 2005 and 31 December 2004, from which the accompanying summarised consolidated financial information was derived, in accordance with International Standards on Auditing. In our report dated 8 May 2007 we expressed an unqualified opinion on the consolidated financial statements from which this summarised consolidated financial information was derived.

In our opinion, the summarised consolidated financial information is consistent, in all material respects, with the consolidated financial statements from which it was derived.

For a better understanding of the Group's consolidated financial position as at 31 December 2006, 31 December 2005 and 31 December 2004 and its consolidated financial performance and its consolidated cash flows for the years then ended and the scope of our audit, the summarised consolidated financial information should be read in conjunction with the consolidated financial statements from which the summarised consolidated financial information was derived, and our audit report thereon.

KPMG Limited

*KPMG Limited
31 May 2007*

PIK Group
(OAO Group of Companies PIK)
Summarised Consolidated Financial Information
Consolidated Income Statements for the years ended 31 December 2006, 2005 and 2004

	2006	2005	2004
	'000 RUR	'000 RUR	'000 RUR
Revenues	42 045 707	22 138 665	12 694 939
Cost of sales	(32 265 506)	(19 518 550)	(11 514 441)
Gross profit	9 780 201	2 620 115	1 180 498
Income from disposals of development rights	2 851 215	-	-
Distribution expenses	(467 535)	(322 119)	(272 135)
Administrative expenses	(1 511 484)	(530 578)	(420 302)
Other income	1 552 573	-	358 337
Results from operating activities	12 204 970	1 767 418	846 398
Financial income	570 812	148 396	413 388
Financial expenses	(1 361 349)	(735 978)	(555 079)
Loss from associates	(9 688)	(8 300)	(7 725)
Profit before income tax	11 404 745	1 171 536	696 982
Income tax expense	(3 304 951)	(607 069)	(193 072)
Net profit for the year	8 099 794	564 467	503 910
Attributable to:			
Shareholders of the Company	8 105 086	556 340	509 002
Minority interest	(5 292)	8 127	(5 092)
	8 099 794	564 467	503 910
Basic and diluted earnings per share			
Ordinary shares	17.8 RUR	1.2 RUR	1.1 RUR

For a better understanding of the Group's consolidated financial position as at 31 December 2006, 31 December 2005 and 31 December 2004 and its consolidated financial performance and its consolidated cash flows for the years then ended, the summarised consolidated financial information should be read in conjunction with the consolidated financial statements from which the summarised consolidated financial information was derived.

PIK Group
(OAO Group of Companies PIK)
Summarised Consolidated Financial Information
Consolidated Balance Sheets as at 31 December 2006, 2005 and 2004

	2006	2005	2004
	'000 RUR	'000 RUR	'000 RUR
ASSETS			
Non-current assets			
Property, plant and equipment	7 835 026	5 902 555	2 723 642
Intangible assets	4 088 018	4 085 385	1 657 111
Investments in associates	3 409 772	770 930	35 168
Other investments	82 591	396 012	381 413
Deferred tax assets	60 139	46 588	50 030
Other receivables	20 015	198 482	179 868
	<u>15 495 561</u>	<u>11 399 952</u>	<u>5 027 232</u>
Current assets			
Other investments	2 042 761	658 060	1 138 419
Inventories	39 027 714	27 729 266	12 252 569
Assets held for sale	2 300 534	-	-
Income tax receivable	131 672	12 764	9 334
Trade and other receivables	5 521 641	3 766 940	1 195 739
Cash and cash equivalents	1 134 068	700 580	565 597
	<u>50 158 390</u>	<u>32 867 610</u>	<u>15 161 658</u>
Total assets	<u><u>65 653 951</u></u>	<u><u>44 267 562</u></u>	<u><u>20 188 890</u></u>

For a better understanding of the Group's consolidated financial position as at 31 December 2006, 31 December 2005 and 31 December 2004 and its consolidated financial performance and its consolidated cash flows for the years then ended, the summarised consolidated financial information should be read in conjunction with the consolidated financial statements from which the summarised consolidated financial information was derived.

PIK Group
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Summarised Consolidated Financial Information
Consolidated Balance Sheets as at 31 December 2006, 2005 and 2004

	2006	2005	2004
	'000 RUR	'000 RUR	'000 RUR
EQUITY AND LIABILITIES			
Equity			
Share capital	28 530 114	28 530 114	23 840
Reserve resulting from additional share issue	(28 506 274)	(28 506 274)	-
Retained earnings	9 481 598	1 376 512	820 172
Total equity attributable to shareholders of the Company	9 505 438	1 400 352	844 012
Minority interest	425 480	476 774	135 112
Total equity	9 930 918	1 877 126	979 124
Non-current liabilities			
Loans and borrowings	10 040 180	9 199 822	3 299 821
Deferred tax liabilities	4 461 589	1 321 896	540 311
Provisions	18 704	13 453	10 249
	14 520 473	10 535 171	3 850 381
Current liabilities			
Loans and borrowings	13 983 348	9 065 976	3 993 526
Income tax payable	167 598	15 620	18 691
Trade and other payables	26 175 853	22 427 908	11 264 081
Provisions	875 761	345 761	83 087
	41 202 560	31 855 265	15 359 385
Total equity and liabilities	65 653 951	44 267 562	20 188 890

For a better understanding of the Group's consolidated financial position as at 31 December 2006, 31 December 2005 and 31 December 2004 and its consolidated financial performance and its consolidated cash flows for the years then ended, the summarised consolidated financial information should be read in conjunction with the consolidated financial statements from which the summarised consolidated financial information was derived.

PIK Group
(OAO Group of Companies PIK)
Summarised Consolidated Financial Information
Consolidated Statements of Cash Flows for the years ended 31 December 2006, 2005 and 2004

	2006	2005	2004
	'000 RUR	'000 RUR	'000 RUR
OPERATING ACTIVITIES			
Net profit for the year	8 099 794	564 467	503 910
Adjustments for:			
Depreciation and amortisation	676 367	411 227	299 423
Dilution of minority interest in a subsidiary	-	-	(411 703)
Foreign exchange (gain)/loss, net	(340 548)	182 317	(262 952)
Loss on disposal of property, plant and equipment	215 418	19 789	43 347
Income from disposals of development rights	(2 851 215)	-	-
Income from disposal of other investments	-	(7 341)	(4 806)
Negative goodwill on acquisition of subsidiaries and minority interests	(1 552 573)	-	-
Loss from associates	9 688	8 300	7 725
Minority interest on establishment of new subsidiaries	-	-	65 380
Interest expense	1 361 349	553 661	555 079
Interest income	(230 264)	(141 055)	(145 630)
Income tax expense	3 304 951	607 069	193 072
Inventory obsolescence allowance	(35 010)	36 266	-
Doubtful debt allowances	(73 580)	46 427	16 469
Operating profit before changes in working capital and provisions	8 584 377	2 281 127	859 314
Increase in inventories	(2 152 526)	(12 882 958)	(8 688 932)
(Increase)/decrease in trade and other receivables	(183 616)	(2 498 680)	6 908 836
(Decrease)/increase in trade and other payables	(704 391)	9 960 785	1 772 077
Increase in provisions	35 251	193 878	88 410
Cash flows from/(utilised by) operations before income taxes and interest paid	5 579 095	(2 945 848)	939 705
Income taxes paid	(558 858)	(155 791)	(53 206)
Interest paid	(1 799 838)	(1 643 110)	(642 483)
Cash flows from/(utilised by) operating activities	3 220 399	(4 744 749)	244 016

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For a better understanding of the Group's consolidated financial position as at 31 December 2006, 31 December 2005 and 31 December 2004 and its consolidated financial performance and its consolidated cash flows for the years then ended, the summarised consolidated financial information should be read in conjunction with the consolidated financial statements from which the summarised consolidated financial information was derived.

PIK Group
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Summarised Consolidated Financial Information
Consolidated Statements of Cash Flows for the years ended 31 December 2006, 2005 and 2004

	2006	2005	2004
	'000 RUR	'000 RUR	'000 RUR
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment	51 478	36 299	19 692
Proceeds from disposal of intangible assets	5 129 822	-	-
Proceeds from disposal of investments	2 022 130	1 828 484	1 498 479
Interest received	82 859	113 860	115 500
Acquisition of property, plant and equipment	(2 838 336)	(889 690)	(646 884)
Acquisition of other investments	(2 925 508)	(1 328 188)	(1 963 823)
Acquisition of investment in associates	-	(746 889)	-
Acquisition of intangible assets	(5 973 512)	(707 914)	(2 032)
Acquisition of minority interest	(11 345)	-	-
Acquisition of assets held for sale	(2 300 534)	-	-
Acquisition of subsidiaries, net of cash acquired	(1 093 734)	(2 587 459)	(150 103)
Cash flows utilised by investing activities	(7 856 680)	(4 281 497)	(1 129 171)
FINANCING ACTIVITIES			
Proceeds from borrowings	23 393 884	26 402 659	6 933 748
Repayment of borrowings	(18 309 832)	(17 392 260)	(6 003 387)
Cash flows from financing activities	5 084 052	9 010 399	930 361
Net increase/(decrease) in cash and cash equivalents	447 771	(15 847)	45 206
Cash and cash equivalents at beginning of year	367 691	383 538	338 332
Cash and cash equivalents at end of year	815 462	367 691	383 538

Cash flows utilized by operating activities in 2005 and 2004 include prepayments for entering into co-investment agreements to develop land plots of RUR 5 198 847 thousand for eleven land plots and RUR 921 036 thousand for seven land plots respectively.

For a better understanding of the Group's consolidated financial position as at 31 December 2006, 31 December 2005 and 31 December 2004 and its consolidated financial performance and its consolidated cash flows for the years then ended, the summarised consolidated financial information should be read in conjunction with the consolidated financial statements from which the summarised consolidated financial information was derived.

PIK Group
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Summarised Consolidated Financial Information
Consolidated Statements of Changes in Equity for the years ended 31 December 2006, 2005 and 2004

'000 RUR	Attributable to shareholders of the Company				Minority interest	Total equity
	Share capital	Reserve resulting from additional share issue	Retained earnings	Total		
Balance at 1 January 2004	23 840	-	311 170	335 010	464 418	799 428
Net profit for the year	-	-	509 002	509 002	(5 092)	503 910
Total recognised income and expenses				509 002	(5 092)	503 910
Acquisition of new subsidiaries	-	-	-	-	22 109	22 109
Establishment of a new subsidiary	-	-	-	-	65 380	65 380
Dilution of minority interests in a subsidiary	-	-	-	-	(411 703)	(411 703)
Balance at 31 December 2004	23 840	-	820 172	844 012	135 112	979 124
Net profit for the year	-	-	556 340	556 340	8 127	564 467
Total recognised income and expenses				556 340	8 127	564 467
Acquisition of new subsidiaries	-	-	-	-	333 535	333 535
Additional share issue	28 506 274	(28 506 274)	-	-	-	-
Balance at 31 December 2005	28 530 114	(28 506 274)	1 376 512	1 400 352	476 774	1 877 126
Net profit for the year	-	-	8 105 086	8 105 086	(5 292)	8 099 794
Total recognised income and expenses	-	-	-	8 105 086	(5 292)	8 099 794
Acquisition of minority interests	-	-	-	-	(47 233)	(47 233)
Acquisition of new subsidiaries	-	-	-	-	1 231	1 231
Balance at 31 December 2006	28 530 114	(28 506 274)	9 481 598	9 505 438	425 480	9 930 918

For a better understanding of the Group's consolidated financial position as at 31 December 2006, 31 December 2005 and 31 December 2004 and its consolidated financial performance and its consolidated cash flows for the years then ended, the summarised consolidated financial information should be read in conjunction with the consolidated financial statements from which the summarised consolidated financial information was derived.