

OJSC RTM

Pro Forma of the Consolidated Financial
Statements for the Year Ended
31 December 2006

Together with Compilation Report



BDO Unicon
Auditors and Consultants

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Compilation Report

To the Shareholders and Board of Directors of OJSC RTM

On the basis of information provided by management of OJSC RTM (the Company) we have compiled, in accordance with the International Standard on Related Services applicable to compilation engagements (ISRS 4410 “Engagements to Compile Financial Statements”), the consolidated balance sheet of OJSC RTM and its subsidiaries, including Marta Vermögensberatungs GmbH as at 31 December 2006 and the related consolidated statements of income, cash flows and changes in equity for the year then ended and selected explanatory notes (the consolidated financial statements).

We have compiled the abovementioned consolidated financial statements based on the following financial information provided to us by the management:

- audited consolidated financial statements of OJSC RTM and its subsidiaries for the year ended 31 December 2006, prepared in accordance with International Financial Reporting Standards (IFRS);
- unaudited group reporting forms of Marta Vermögensberatungs GmbH, Marel Immobilienverwaltungs GmbH and OOO ReMa Immobilien for the year ended 31 December 2006, prepared in accordance with group instructions.

Management of the Company is responsible for the appropriate presentation of the financial information, including accuracy and completeness of the underlying accounting data and the complete disclosure of all material and relevant information to the accountant. Management is also responsible for the approval of all financial information provided to the accountant.

The consolidated financial statements were compiled on the assumption that the Company acquired the control over Marta Vermögensberatungs GmbH, Marel Immobilienverwaltungs GmbH and OOO ReMa Immobilien on 1 January 2006. The financial statements of Marel Immobilienverwaltungs GmbH and OOO ReMa Immobilien were consolidated using the proportionate method of consolidation as management believes that this method appropriately reflects a joint control over these two companies.

We have not audited or reviewed these compiled financial statements and accordingly express no assurance thereon.

Denis A. Taradov
ACCA
Partner



25 September 2007
BDO Unicon Inc.
125, Warshavskoye Shosse, Moscow, Russian Federation

RTM**Pro Forma of the Consolidated Balance Sheet as at 31 December 2006
Compiled without Audit or Review**

	Note	31 December 2006	
		000' RUR	000' USD
Assets			
Non-current assets			
Investment property	3	10 364 706	393 630
Land plots under development and construction in progress	4	2 666 716	101 276
Capital advances under construction contracts		490 199	18 617
VAT recoverable		630 152	23 932
Loans to customers		794 336	30 167
Goodwill		110 036	4 179
Deferred tax assets		23 526	894
Fixed assets		44 563	1 692
		15 124 234	574 387
Current assets			
Loans to customers		698 404	26 524
Accounts receivable	5	454 232	17 251
Cash and cash equivalents		85 222	3 237
Other assets		6 549	248
		1 244 407	47 260
Total assets		16 368 641	621 647
Equity and liabilities			
Liabilities			
Non-current liabilities			
Borrowings	6	5 210 069	197 868
Accounts payable	7	252 554	9 591
Finance leases of land plots		1 910	73
Deferred tax liabilities		1 473 229	55 950
		6 937 762	263 482
Current liabilities			
Borrowings	6	2 694 118	102 317
Accounts payable	7	1 504 683	57 144
		4 198 801	159 461
Total liabilities		11 136 563	422 943
Equity			
Share capital		100	4
Revaluation reserve for land plots under development		303 733	11 535
Retained earnings		4 861 917	179 886
Accumulated exchange differences		-	4 760
Equity attributable to the shareholders of the parent company		5 165 750	196 185
Minority interest		66 328	2 519
Total equity		5 232 078	198 704
Total equity and liabilities		16 368 641	621 647

The notes set out on pages 8 to 13 are an integral part of this pro forma of the consolidated financial statements

RTM**Pro Forma of the Consolidated Statement of Income for the Year Ended 31 December 2006
Compiled without Audit or Review**

	Note	Year ended 31 December 2006	
		000' RUR	000' USD
Operating income			
Revenue from investment property		695 466	25 702
Net gain from fair value adjustments on investment property	3	3 226 297	119 514
Operating expenses			
Repair and maintenance costs		(207 855)	(7 705)
Other direct property operating expenses		(99 142)	(3 670)
Land rent costs		(37 710)	(1 393)
Other expenses related to premises and equipment		(12 440)	(459)
Operating profit		3 564 616	131 989
Interest income		47 083	1 755
Interest expense		(381 888)	(14 143)
Foreign exchange gain		229 035	8 468
Gains less losses arising from financial assets held to maturity		69 702	2 613
Tax expenses (other than income tax)		(50 815)	(1 883)
Provisions for impairment of loans to customers, accounts receivable and other assets		(38 826)	(1 437)
Staff costs		(36 141)	(1 336)
Losses of loans to customers at rates below market		(533)	(19)
Other income		30 301	1 132
Other expenses		(54 884)	(2 028)
Excess of acquirer's interest in the net fair value of acquiree's net assets over cost		2 348 276	86 763
Profit before taxation		5 725 926	211 874
Income tax expense		(800 263)	(29 639)
Net profit		4 925 663	182 235
Attributable to:			
Shareholders of the parent company		4 861 921	179 886
Minority interest		63 742	2 349
Basic and diluted earning per share (US Dollar per share)		48.6	1.8

The notes set out on pages 8 to 13 are an integral part of this pro forma of the consolidated financial statements

RTM**Pro Forma of the Consolidated Statement of Cash Flow for the Year Ended 31 December 2006
Compiled without Audit or Review**

	Year ended 31 December 2006	
	000' RUR	000' USD
Cash flows from operating activities		
Revenue from investment property	695 466	25 629
Repair and maintenance costs	(207 855)	(7 660)
Other direct property operating expenses	(99 142)	(3 654)
Land rent costs	(37 710)	(1 390)
Other expenses related to premises and equipment	(12 440)	(458)
Interest income	47 083	1 735
Interest expenses	(381 888)	(14 073)
Gains less losses arising from financial assets held to maturity	69 702	2 569
Taxes paid (other than income tax)	(50 815)	(1 873)
Staff costs	(36 141)	(1 332)
Other income	31 508	1 161
Other expenses	(43 601)	(1 607)
Income tax paid	(60 825)	(2 242)
Cash flows from operating activities before changes in operating assets and liabilities	(86 658)	(3 195)
Net increase/decrease in operating assets and liabilities		
Net decrease of accounts receivable	1 189 786	43 846
Net decrease of accounts payable	680 892	25 092
Net increase of VAT recoverable	(401 221)	(14 786)
Net increase of other assets	(2 206)	(81)
Net cash flows from operating activities	1 380 593	50 876
Cash flows from investing activities		
Net increase of investment property	(506 214)	(19 225)
Net increase of land plots under development and constructions in progress	(1 189 446)	(45 172)
Net increase of fixed assets	(57 050)	(2 102)
Net increase of capital advances under construction contracts	(358 738)	(13 220)
Net increase of loans to customers	(1 177 899)	(43 408)
Increase in cash and cash equivalents arising on acquisition of subsidiaries	122 799	4 525
Net cash used in investing activities	(3 166 548)	(118 602)
Cash flows from financing activities		
Net increase of borrowings	1 871 081	68 953
Issue of share capital	90	4
Net cash flows from financing activities	1 871 171	68 957
Effect of exchange rate changes on cash and cash equivalents	-	2 006
Net change in cash and cash equivalents	85 216	3 237
Cash and cash equivalents as at the beginning of the period	6	-
Cash and cash equivalents as at the end of the period	85 222	3 237

The notes set out on pages 8 to 13 are an integral part of this pro forma of the consolidated financial statements

RTM

Pro Forma of the Consolidated Statement of Changes in Equity for the Year Ended 31 December 2006

Compiled without Audit or Review

	Equity attributable to the shareholders of the parent company										
	Share capital		Revaluation reserve for land plots under development		Retained earnings		Minority interest		Total equity		
	000' RUR	000' USD	000' RUR	000' USD	000' RUR	000' USD	000' RUR	000' USD	000' RUR	000' USD	
Balance as at 1 January 2006	10	-	-	-	(4)	-	-	-	-	6	-
Increase of share capital	90	4	-	-	-	-	-	-	-	90	4
Revaluation of land plots under development (Note 4)	-	-	399 648	15 178	-	-	-	-	-	399 648	15 178
Deferred taxation on revaluation of land plots under development	-	-	(95 915)	(3 643)	-	-	-	-	-	(95 915)	(3 643)
Net profit for the year ended 31 December 2006	-	-	-	-	4 861 921	179 886	63 742	2 349	-	4 925 663	182 235
Minority interest arising from acquisition of subsidiaries	-	-	-	-	-	-	2 586	170	-	2 586	170
Effect of exchange rate changes	-	-	-	-	-	4 760	-	-	-	-	4 760
Balance as at 31 December 2006	100	4	303 733	11 535	4 861 917	184 646	66 328	2 519	-	5 232 078	198 704

The notes set out on pages 8 to 13 are an integral part of this pro forma of the consolidated financial statements

1. General Information

This pro forma of the consolidated financial statements comprise the financial statements of OJSC RTM (the Company) and Marta Vermögensberatungs GmbH, Mareal Immobilienverwaltungs GmbH and OOO ReMa Immobilien.

The pro forma of the consolidated financial statements has been prepared based on the assumption that the Company acquired the control over Marta Vermögensberatungs GmbH, Mareal Immobilienverwaltungs GmbH and OOO ReMa Immobilien on 1 January 2006.

The pro forma of the consolidated financial statements has been prepared based on the following financial information:

- audited consolidated financial statements of OJSC RTM and its subsidiaries for the year ended 31 December 2006, prepared in accordance with International Financial Reporting Standards (IFRS);
- unaudited group reporting forms of Marta Vermögensberatungs GmbH, Mareal Immobilienverwaltungs GmbH and OOO ReMa Immobilien for the year ended 31 December 2006, prepared in accordance with group instructions.

The principal activities and locations of the subsidiaries of the Company as of 31 December 2006 are as follows:

Operating entity	Project	Principal activity	Ownership and/or control, %	Country of registration	Assets location	Date of incorporation
CJSC RTM Development	-	Real estate development and project construction management	100%	Russia	Moscow	26.01.2006
CJSC Kaskad	Trading centre (TC) Crystal, TC Boomerang, TC Grand, TC Triumph, TC Lenina	Investing in and managing of the project assets, company also set up for construction of shopping centre in Kursk	100%	Russia	Kursk	18.08.2005
CJSC FPK Orbita	TC Park House 1	Investing in and managing of the project assets	100%	Russia	Samara	23.11.2001
MP Trading LLC	TC Zavoiskogo, TC K.Glushko, TC Mira, TC Sib. Trakt	Investing in and managing of the project assets	100%	Russia	Kazan	30.05.2002
Kaskad LLC	TC S.Galieva, TC Gvardeyskaya	Investing in and managing of the project assets	100%	Russia	Kazan	15.03.2004
CJSC Mercury	TC Park House 2	Investing in and managing of the project assets	100%	Russia	Samara	29.05.2003
TC Svobodniy LLC	TC Svobodniy	Investing in and managing of the project assets	100%	Russia	Krasnoyarsk	17.08.2000
Panteks LLC	TC Kolo-menskaya, TC R.Vokzal, Malygina	Investing in and managing of the project assets	51%	Russia	Moscow	02.12.1999
Elko Systems LLC	Grocery store	Investing in and managing of the project assets	100%	Russia	Kazan	11.06.2002

RTM**Notes to Pro Forma of the Consolidated Financial Statements for the Year Ended 31 December 2006**
Compiled without Audit or Review

Operating entity	Project	Principal activity	Ownership and/or control, %	Country of registration	Assets location	Date of incorporation
Mobil Systems LLC	TC Intercity	Investing in and managing of the project assets	100%	Russia	Tula	14.01.2004
Markon LLC	Plot of land Kushelevka	Investing in and development of the project assets	100%	Russia	St.Petersburg	20.06.2002
DT 1 Era 2 LLC	Grocery store	Investing in and managing of the project assets	100%	Russia	Voronezh	08.06.2000
RTM – Lipetsk LLC	Construction in progress (Tereshkovoy)	Company set up for construction of shopping centre in Lipetsk	90%	Russia	Lipetsk	25.11.2005
TorgPromAktiv LLC	CeramCekh	Investing in and managing of the project assets	100%	Russia	Krasnoyarsk	02.06.2004
Tekhosoft LLC	-	Company set up for construction of shopping centre in Togliatti	100%	Russia	Togliatti	13.10.2005
Elegans LLC	-	Company set up for construction of shopping centre in Stavropol	100%	Russia	Stavropol	13.09.2005
Rekom LLC	-	Investing in TC Kupchino construction	100%	Russia	Moscow	06.09.2005
Romeks – Invest LLC	Construction in progress (Kupchino)	Company set up for construction of shopping centre in St.Peterburg	100%	Russia	St.Petersburg	07.06.2002
RTM – Odintsovo LLC	Plot of land Lokhino	Investing in and development of the project assets	99%	Russia	Odintsovo	25.11.2005
FinTrade LLC	Ul'yanka	Co-investing in real estate projects	100%	Russia	St.Petersburg	22.02.2006
Expo Tekh LLC	Business Centre	Investing in and development of the project assets	100%	Russia	Moscow	18.01.2005
RTM – Samara LLC	Plot of land Samara-Fizkulturnaya	Investing in and development of the project assets	100%	Russia	Samara	11.11.2005
RTM – Voronezh Severniy LLC	-	Company set up for construction of shopping centre in Voronezh	100%	Russia	Voronezh	26.04.2006

RTM**Notes to Pro Forma of the Consolidated Financial Statements for the Year Ended 31 December 2006
Compiled without Audit or Review**

Operating entity	Project	Principal activity	Ownership and/or control, %	Country of registration	Assets location	Date of incorporation
RTM – Bryansk CJSC	Plot of land Bryansk	Company set up for construction of shopping centre in Bryansk	100%	Russia	Moscow	28.06.2006
RTM - Supermarkety LLC	-	Financial activity	100%	Russia	Moscow	02.04.2003
INEX LLC	Construction in progress TC Demidovskiy	Investing in TC Demidovskiy construction	99%	Russia	Moscow	14.09.2005
Tula Rekonstrukziya LLC	-	Co-investing in real estate projects	99%	Russia	Tula	25.06.2004
Vinart LLC	TC Blindonalds, TC Obrucheva, TC Teply Stan, TC Krasnodarsky	Investing in and managing of the project assets	99%	Russia	Moscow	22.08.2005
Averstrade LLC	TC Mytishchi	Investing in and managing of the project assets	100%	Russia	Mytishchi	15.04.2005
RTM - Izmaylovsky LLC	TC Izmaylovsky	Investing in and managing of the project assets	100%	Russia	Moscow	26.04.1996
Emsden Investments Limited	-	Financial activity	100%	Cyprus	Nicosia	03.07.2006
RTM Management LLC	-	Managing of the project assets	100%	Russia	Moscow	28.12.2006

The principal activities and locations of other companies included in the pro forma of the consolidated financial statements as of 31 December 2006 are as follows:

Operating entity	Project	Principal activity	Ownership and/or control, %	Country of registration	Assets location	Date of incorporation
Marta Vermögensberatungs GmbH	-	Financial activity	100%	Austria	-	-
Mareal Immobilienverwaltungs GmbH	-	Financial activity	75%	Austria	-	23.09.2004

Operating entity	Project	Principal activity	Ownership and/or control, %	Country of registration	Assets location	Date of incorporation
OOO ReMa Immobilien	Trading centers: Rizhskiy, Zhivopisnaya 12, Khlobystova, Ya. Raynisa, Volgogradskiy, Beringov, Parkovaya, Zelenyi, Perovskaya, Beloborova, L.Babushkina, Narodnogo Opolchenia, Isakovskogo, Shirokaya, Bernikov, Mihalkovskaya, Prokatnaya, Novocherkasskiy	Investing in and managing of the project assets	75%	Austria	Moscow	08.09.2004

2. Translation to the Presentation Currency

The functional currency of the Company is the national currency of the Russian Federation, i.e. the Russian Rouble. The Company presented this pro forma in two currencies: in US Dollar (USD) and Russian Roubles (RUR). The following procedures were applied for translating the results and financial position into USD:

- assets and liabilities are translated into USD at the Central Bank of the Russian Federation (CBR) official exchange rate effective at the at the balance sheet date;
- income and expenses are translated at the average CBR rate for the reporting period;
- all resulting exchange differences are recognised as a separate component of equity.

The official exchange rate as at 31 December 2006 was RUR 26.3311 for USD 1.

The official exchange rate as at 31 December 2006 was RUR 34.6965 for EUR 1.

The official exchange rate as at 31 December 2006 was USD 1.3163 for EUR 1.

3. Investment Property

Below is the information on changes in carrying values of investment property:

	2006	
	000' RUR	000' USD
Balance as at 1 January 2006	-	-
Carrying value of investment property of acquired subsidiaries	5 209 140	197 832
Transfer from land plots under development and construction in progress	1 423 055	54 045
Additions	506 214	19 225
Net gain from fair value adjustments on investment property	3 226 297	119 514
Effect of exchange rate changes	-	3 014
Balance as at 31 December 2006	10 364 706	393 630

The fair value of the investment property has been arrived at on the basis of valuation carried out by the independent appraisers Colliers International LLC. The valuation was arrived at primarily by applying the income approach.

4. Land Plots under Development and Construction in Progress

Below is the information on changes in land plots under development and construction in progress during 2006:

	Land plots under development		Construction in progress		Total	
	000' RUR	000' USD	000' RUR	000' USD	000' RUR	000' USD
Balance as at 1 January 2006	-	-	-	-	-	-
Carrying value of land plots under development and construction in progress of acquired subsidiaries	679 241	25 796	1 567 530	59 532	2 246 771	85 328
Additions	9 012	342	1 180 434	44 830	1 189 446	45 172
Interest expense capitalised	-	-	254 096	9 650	254 096	9 650
Revaluation	399 648	15 178	-	-	399 648	15 178
Transfer to investment property	(69 358)	(2 634)	(1 353 697)	(51 411)	(1 423 055)	(54 045)
Disposals	-	-	(190)	(7)	(190)	(7)
Balance as at 31 December 2006	1 018 543	38 682	1 648 173	62 594	2 666 716	101 276

Land plots under development are stated at revalued amount determined by independent appraisers Colliers International LLC, primarily by applying the income approach.

Construction in progress mainly includes construction of trading centre Demidovskiy, located in Tula and business centre located in Moscow.

Construction in progress is recognised at cost.

5. Accounts Receivable

	31 December 2006	
	000' RUR	000' USD
Trade receivables	263 308	10 000
Prepayments	58 912	2 237
Rental receivables	50 672	1 924
Receivables for bills of exchange	32 531	1 235
Other	58 371	2 218
Less: provision for impairment of accounts receivable	(9 562)	(363)
Total accounts receivable	454 232	17 251

Movements in the provision for impairment of accounts receivable for 2006 are as follows:

	000' RUR	000' USD
Provision for impairment of accounts receivable as at the beginning of the year	-	-
Change in provision for impairment of accounts receivable during the reporting year	9 562	363
Provision for impairment of accounts receivable as at the end of the reporting year	9 562	363

6. Borrowings

	31 December 2006	
	000' RUR	000' USD
Borrowings from banks		
Long-term borrowings from banks	4 355 641	165 418
Short-term borrowings from banks	1 060 715	40 284
Total borrowings from banks	5 416 356	205 702
Borrowings from commercial organisations and individuals		
Long-term borrowings from commercial organisations and individuals	854 428	32 450
Short-term borrowings from commercial organisations and individuals	1 633 403	62 033
Total borrowings from commercial organisations and individuals	2 487 831	94 483
Total borrowings including	7 904 187	300 185
Long-term borrowings	5 210 069	197 868
Short-term borrowings	2 694 118	102 317

Interest rates on rouble borrowings from banks ranged from 11% to 18% per annum. Interest rates on borrowings from banks in USD were between 11% and 17% per annum.

Interest rates on rouble borrowings from commercial organisations and individuals ranged from 0% to 14% per annum and on USD-denominated borrowings from commercial organisations and individuals were between 0% and 15% per annum.

7. Accounts Payable

	31 December 2006	
	000' RUR	000' USD
Non-current accounts payable		
Payables for land plots and premises	184 166	6 994
Accounts payable	68 388	2 597
Total non-current accounts payable	252 554	9 591
Current accounts payable		
Payables for financial assets	1 013 374	38 486
Payables for land plots and premises	103 980	3 949
Payables to co-investors	96 475	3 664
Advances received	52 641	1 999
Guarantee payments received from lessees	33 882	1 287
Taxes payable (other than Income Tax)	31 260	1 187
Rent payable	24 050	913
Trade payables including maintenance of shopping centers	15 351	583
Income tax	5 589	212
Wages and salaries payable	3 960	150
Other	124 121	4 714
Total current accounts payable	1 504 683	57 144
Total accounts payable	1 757 237	66 735