



RAVEN RUSSIA LIMITED

**Annual Report and Financial Statements
for the year ended 31 December 2007**





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Company Summary

The Company	The Company is a Guernsey registered investment company and its shares are listed on AIM. It was incorporated on 4 July 2005 and dealings on AIM commenced 29 July 2005.
Investment Strategy	The Company's strategy is to invest, for the long term, in freehold and leasehold property in Russia which offer the prospect of attractive returns to its investors.
Property Adviser	The Company appointed Raven Russia Property Management Limited to provide property advisory, management and development monitoring services. The agreement shall continue for a period expiring on 31 December 2015.
Fundraising	<p>Following the initial fundraising on 29 July 2005, the Company had a capital structure of 153,000,000 ordinary shares of 1p each which were subscribed for at 100 pence per ordinary share.</p> <p>On 31 March 2006 the Company announced a secondary fundraising to raise £310 million (before expenses) through the issue of 269,565,210 shares at 115 pence per share. The shares were fully subscribed and admitted to AIM on the 27 April 2006.</p>

For further information please visit the Raven Russia Limited website: www.ravenrussia.com

Chairman's Statement

The Board is pleased to announce the results of Raven Russia Limited (Raven Russia) for the year ended 31 December 2007.

The year has seen considerable progress in creating Raven Russia's high quality portfolio of warehouses in Russia and we remain on target to create a portfolio comprising 2.4 million square metres at an estimated end value of \$2.4 billion including VAT, producing a yield on cost to the Group of 14%.

Since the year end we have agreed lettings comfortably above budgeted levels and drawn financing of \$179 million at an average cost of borrowing to the group of 6.6%.

The prospect of creating a portfolio yielding in excess of 13% on cost at a financing rate of below 7% is likely to create substantial return for shareholders through dividend and capital appreciation.

The Russian business environment continues to improve and there is a strong need for investment in the logistics infrastructure, which the Company is best placed to provide.

Results Overview

The Company is well into its development programme and the majority of assets and liabilities are now denominated in US Dollars. As explained in the half year results, this has triggered a change in the Company and Group's functional currency from

Sterling to US Dollars. We have also adopted a change in reporting currency to US Dollars. Comparative information has been restated where appropriate.

The Group has recorded profits of \$95.2 million (2006: \$32.6 million) for the year to 31 December 2007, including net revaluation gains of \$60.8 million (2006: \$5.3 million). This gives earnings per share (EPS) of 11.20p (22.36 cents) (2006: 4.80p (9.65 cents) and an adjusted net asset value (NAV) per share of 115p (\$2.30) (2006: 107p (\$2.14)) after paying dividends of \$39.6 million (2006: \$17.1 million) in the year.

Our four, fully let, income producing assets have generated net income in the year of \$25.9 million. In addition, the first phase of our Istra project was completed in December 2007 and together, these assets will produce an annualised net rental income of \$34.7 million and an ungeared, yield on cost of 13%.

These investment assets have been independently valued by Jones LangLasalle (JLL) at 31 December 2007 to have a combined value of \$346 million, an uplift of \$86 million compared to a total cost of \$260 million and an uplift of 34% since 31 December 2006 or date of acquisition if later. This results in a revaluation gain in the current financial year of \$80 million and an implied, ungeared yield of 10%. As noted below, the Board takes a conservative approach to the valuation of assets under construction, carrying them on balance sheet at cost. Therefore, the revaluation gain takes no account of any premium attributable to those assets.



Istra Docks Phase 1

Chairman's Statement — *continued*

Investment income generated from our cash resources totalled \$24 million (2006: \$29 million) and hedging instruments produced a net gain of \$3million (2006: nil).

Assets under construction, carried on our balance sheet at cost, total \$247 million (2006: \$52 million) with cash balances of \$481 million (2006: \$756 million).

Financing

We began drawing on refinancing facilities in November and had drawn \$89.3 million (2006: nil) by the year end. A further \$89.7 million was drawn in January 2008. Therefore we have refinanced all investment properties other than the first phase of Istra. These refinancing transactions have generated cash of \$179 million for Raven Russia, a loan to cost ratio (and return of equity invested) of 83% and a loan to value ratio of 64%.

Interest rate hedging of exposure to USLIBOR is in place, with \$41.3 million of the debt drawn capped for 5 years at a ceiling of 5.50% plus margin and \$137.7 million fixed for 5 years with interest rate swaps at a weighted average rate of 3.92% plus margin.

The current weighted average cost of debt to the Group is 6.60%. The ungeared, yield on cost of the properties refinanced is 13%.

We are currently finalising facility documents on \$213 million of construction debt, to be drawn over the next 6 months and are working on taking a further \$397 million through credit approval process with various banks.

Since the beginning of the last quarter of 2007, the global banking market has been in turmoil. At the half year, we had predicted drawing on all of our investment financing facilities and obtaining credit approval on \$503 million of construction debt by this time. We have drawn all investment facilities and have gained approval on \$213 million of construction debt to date. A further \$397 million is awaiting credit approval which we expect to be achieved shortly. This demonstrates both the quality of our projects

and our balance sheet, as each lead bank has underwritten the approved amounts without a syndication requirement and all indications are that this will also be the case on the amounts going to credit, which we consider to be a significant achievement in the current climate. We are also working with our banking partners to put further investment financing packages in place as completed assets come on stream during 2008.

There is no doubt that this year will be a tough year for raising debt finance but we are demonstrating that, with the high quality assets that we are producing, it is possible and on competitive terms.

Hedging

Details of our interest rate hedging instruments are given above. We have also taken out currency hedging derivatives where we have exposure to Rouble denominated construction contracts. At the year end, we had Non Deliverable Forward (NDF) instruments with a mark to market gain of \$1 million.

Share Price and Dividends

Our share price at the year end was 89p and has continued to under perform since the year end in line with other companies in the property sector. This has caused some disappointment to your Board and the Property Adviser as the Company is trading at a significant discount to reported NAV. This may be expected, in the current market, for a UK listed investment vehicle investing in the UK commercial market with stock previously valued at yields of circa 5% or lower. However, Raven Russia operates a business model that is generating ungeared yields of 13% with funding of below 7%. We are also experiencing further yield compression pushing the capital value down to implied yields of 10%, which still remains a comparatively high figure in the global market. Add to this a buoyant rental market as described later in the Property Advisers' Review and there would appear to be no obvious correlation between the share price and the underlying property performance of the Company.



Chairman's Statement — *continued*

Since incorporation, we have paid dividends of 6.5p. In line with the Board's expressed desire to pursue a progressive distribution strategy, for the period ended 31 December 2007, the Board is proposing to pay a final dividend of 4p per share to shareholders on the register as at 28th March 2008 with an ex-dividend date of 26th March 2008. If approved, shareholders will have received a total of 6.5p per share for the full 12 months of 2007.

The Company will again offer a full scrip alternative so that shareholders have the option of receiving cash dividends or increasing their shareholdings with minimal transaction costs.

As noted in the interim announcement, the Board continues to actively monitor share buy back opportunities but remains conscious of maintaining appropriate cash resources to meet its development commitments.

Outlook

Your Board is extremely pleased with progress made during the year. The returns demonstrated on our completed assets prove that our business model has the potential to deliver above average shareholder value and returns. Our development programme is pushing ahead and we are confident that the assets completing in the current year will attract high quality

tenants. We are also actively investigating a move from AIM to the Official List as we feel the current size, increasing maturity and ambitions of the Company are more accurately reflected by listing on London's main board. Further updates will be provided on progress for a move in due course.

In conclusion, your Board looks forward to another year of progress in 2008 and one we believe will continue to demonstrate the tremendous success and future potential of your Company.

Finally, I would like to thank our employees and advisers for all their efforts and contributing to our success.

Richard Jewson
Chairman
10 March 2008



Property Review

In the twelve months ending 31 December 2007 Raven Russia signed four property acquisitions excluding Megalogix. The total end value of these projects once built and let is circa \$344 million. In total since inception the Company has committed to projects with a potential end value of over \$2.3 billion. Our focus is now on building out the development portfolio and leasing it to high quality tenants.

Investment Portfolio

The Company owns three multi let warehouse and office buildings in Moscow (Southern, Baltia and Krekshino) and the Constanta office building in St Petersburg which are all fully let and producing a yield on cost on an ungeared basis of 13%. The first phase of Istra has also been completed and is fully let. Our annualised rent roll at the year end stood at \$34.7 million.

Contracted rents on all of the Company's properties total \$64.4 million per annum, represented by \$34.7 million from the investment portfolio and \$29.7 million per annum due under pre lettings, excluding Megalogix. A further \$8.8 million per annum is currently under negotiation where letters of intent (LOI) have been signed with prospective tenants on the development portfolio.

The weighted average unexpired lease term on the investment portfolio is 6.5 years although we anticipate

this will rise as prelets on mainly 10 year leases complete. The majority of the leases allow for the annual increase in rents based on US CPI providing attractive incremental cashflows.

In total these properties comprise 221,800 square metres (2.39 million square feet) of Gross Lettable Area (GLA) and produce an annual income of approximately \$34.7 million on an investment of \$260.3 million.

The investment properties were valued at the period end by JLL in accordance with the RICS Valuation and Appraisal guidelines. The valuations show an uplift of \$80 million from 31 December 2006 (or completion if later), reflecting positive yield compression from the date of acquisition. The Company continues to hold its development stock at cost until each building is complete and ready for occupation. We believe this approach, whilst more cautious than some other Russian developers, is appropriate given the risks of development. However, we are confident of creating substantial valuation uplifts for investors from the development portfolio.

The rent payable on the investment portfolio is \$34.7 million compared to a market level of \$37.0 million, as estimated by Jones Lang Lasalle (JLL). Not only does this give us a very stable and reliable income stream, it also means the portfolio has a reversionary potential of \$2.3 million.

Property	Square Metres	Type	Invested To Date (\$M)*	Total Investment (\$M)*	Annual Rent (\$M)	Project Status	Raven Russia Share#
Investment							
Baltia, Moscow	28,000	Warehouse	29.1	29.1	3.5	Fully let	100%
Southern, Moscow	14,000	Warehouse	15.6	15.6	2.1	Fully let	100%
Krekshino, Moscow	114,000	Warehouse	106	115	13.6	Fully let	100%
Istra Phase 1	50,000	Warehouse	36.7	43.6	6.5	Fully let	100%
Constanta, St Petersburg	15,800	Office	57	57	9.0	Fully let	100%
						Next Phase Completed	
Development							
Shushari, St Petersburg	143,000	Warehouse	94	126	16.4	Q1 2008	100%
Pulkovo 1, St Petersburg	34,800	Warehouse	2.6	40	4.8	Q3 2008	100%
Pulkovo 2, St Petersburg	67,000	Warehouse	5.6	65	8.5	Q2 2009	100%
Noginsk, Moscow	275,000	Warehouse	9.5	278	33.4	Q4 2008	100%
Istra, Moscow	156,000	Warehouse	47.7	158	18.6	Q4 2008	100%
Rostov on Don	230,000	Warehouse	12.9	211	27.8	Q4 2008	50%
EG Logistics, Moscow	55,000	Warehouse	14	56	6.7	Q3 2008	100%
Klimovsk	108,044	Warehouse	24.8	112	13.2	Q4 2008	100%
Novosibirsk	116,820	Warehouse	18.4	101	13.2	Q4 2008	50%
Kalinovka	117,963	Warehouse	9.2	95	12.8	Q3 2009	100%
Total	1,525,427		483.1	1,502.3	190.1		

* Total Investment is net of VAT and before Raven Russia profit share and Mezzanine interest on development properties.

Raven Russia share on completion of the development.



Property Review — *continued*

In addition to the above properties where investment has commenced, the Group has committed to projects with a potential area of 900,000 square metres and an end value of \$800 million, anticipating a yield on cost of over 13% after profit share and interest. In total therefore we are creating a portfolio of over \$2.3 billion at yield on cost of 14%.

Development Portfolio

The Company has continued to progress building out its development portfolio. Each of these development projects involves the construction of multi let warehouse and office buildings. Except for Megalogix, the Company has structured these as forward funded projects with local development partners, combined with an investment commitment on completion.

In total we are now on site building 1.5 million square metres as shown in the table above. Of this approximately 650,000 square metres is due for delivery in 2008 and the balance in 2009/2010 is subject to tenant demand.

All our projects are being constructed to Grade A standards and we have ensured that our design allows maximum flexibility to phase development to meet the requirements of occupiers.

The Company has contracted to commit an initial amount of approximately \$1.2 billion to the forward funded projects. A further \$800 million, net of VAT, has been conditionally committed to fund further

phases of development and the acquisition of partners' interests in these same projects, including Megalogix.

We anticipate these projects will produce total net rental income of approximately \$229 million on an anticipated end value of \$1.86 billion, net of VAT, when built and let. We estimate the yield on investment from these projects is expected to be in the region of 14% after accounting for forward funding financing income and the Company's share of potential development profits.

At Shushari, St Petersburg the first phase of 65,000 square metres (0.7 million square feet), which has been pre-let on a 10-year lease to Avalon Logistics (LLC), is physically complete and the tenant has just commenced its fit out works. The remaining two phases are expected to be completed by the summer and we anticipate pre-letting these prior to completion of construction.

At Istra, Moscow the first 50,000 square metres (0.54 million square feet) was delivered at the end of 2007. A long term lease has been entered into with Interleasing and a preliminary lease for the remaining space has been entered into with Bacardi. Phase 2, comprising 52,000 square metres (0.56 million square feet), is also 100% prelet to DSV on a 10 year lease and this phase is due for delivery next month. Rents on both phases are 8% above our expectations when we completed the acquisition. The third phase is already on site for delivery by the year end and negotiations with tenants are progressing well.



Property Review — *continued*

At Noginsk, Moscow, Phase 1 of this project, 110,000 square metres (1.18 million square feet), started slightly later than we had hoped although we expect delivery by the end of 2008. The balance, up to a further 200,000 square metres will commence once we have substantially pre-let the first phase.

Our partner at EG Logistics has suffered some minor delays rezoning a small area of land and this has pushed back the delivery date for the project until Q3 2008. We have already signed a prelet on 30,000 square metres with the partner and we have now concluded an LOI on the balance of the space (24,130 square metres) at a rent 5% ahead of our expectations.

SKF, our partners on a project to develop 108,000 square metres to the south of Moscow are on site and expect to deliver the first 50,000 square metres by the year end.

Work at Pulkovo 1, adjacent to St Petersburg International Airport has started and the partner is in the final stages of tendering Pulkovo 2 for a start on site at the start of the summer.

The conditions precedent necessary to close the proposed JV with RDI have yet to be satisfied, although we continue to work with the partner to finalise these.

In September we signed a development joint venture agreement with a local partner in Kiev, Ukraine. The 20 hectare site is well located on the Kiev - Odessa highway and we have already commenced demolition of the existing buildings on the site. With our partner we expect to deliver a total of 118,000 square metres by the end of 2009.

Megalogix Joint Venture

The Megalogix Joint Venture has completed the acquisition of sites suitable for warehouse development in 6 major regional cities, and has signed conditional agreements to acquire land in a further 3 cities. Due diligence is also ongoing on a number of other opportunities in other major cities.

In Rostov on Don, the first phase of the project of 100,890 square metres (1.09 million square feet) has

already started on site and is due for delivery by the end of 2008. Subject to tenant demand there is the potential to develop a further 127,440 square metres (1.372 million square feet). In Novosibirsk works have also commenced building 116,820 square metres (1.26 million square feet) which will be delivered by the end of 2008. There is good early interest from tenants for these projects.

Elsewhere we are finalising the design, permitting and tendering process for a further 6 sites. Our plan is to commence construction once full permits and financing facilities are in place during the summer. In total the first phases of these projects will provide 361,000 square metres of Grade A warehouse space, although in total there is the potential to build 1.282 million square metres.

Deal Pipeline

In addition to these projects we are actively considering or are in detailed negotiations on a number of other projects which meet the Company's investment objectives. We estimate that the end value of these projects could amount in aggregate to approximately \$1.25 billion, net of VAT and excluding the Company's share of the Megalogix joint venture.

The Market

There are three key components to the value of property in the market: debt, investor's perspective and occupier demand.

Occupier demand is the most important factor in determining the outlook for property. If tenants require space then that demand creates stable or increasing rents which underpin value. An investor will buy a stable rental income stream on an aggressive yield if they can see underlying occupier demand and the potential for rental increase at the expiry of the lease.

Tenant demand in Russia is still very strong, driven by a number of factors. The consumer driven retail boom referred to in last year's Property Advisors review is still in full swing. The average Russian is spending money and the major retailers are opening more and more stores across the country.

Property Review — *continued*

Ikea has opened 10 mega mall retail developments in Russia totalling 1.67 million square metres and has plans for 6 further stores. They are not alone in expanding quickly: many high profile European retailers are increasing their offerings at a rapid rate including Auchan Castorama, Media Markt and Metro. We should of course not forget the Russian retailers who are also in on the act.

All this is good for Raven Russia as retailers and the FMCG companies need distribution space.

The impact of the credit crunch is being felt in Russia and although agents estimate 1.3 million square metres of warehouse space will be delivered in Moscow in 2008, we doubt it will actually be more than 750,000 square metres. With demand remaining strong we expect rents to continue to rise, although our focus is on securing the best tenants on the longest term leases; security of cash flow being paramount. It is also worth noting tenants have income from the majority of their clients in Roubles and the decline in the US Dollar has made rents much more affordable.

As mentioned above rents are rising and tenant demand is strong. This is good news for values which we expect to continue to grow. When this growth happens will be determined, to some extent, by the availability of debt.

We have already seen compression from mid teen initial yields to high single digits, continued growth is likely due to the excellent demand dynamics. During the first six months of 2007 yield compression was substantial, in the second six months of the year much less so, unsurprisingly.

We have seen increasing investor interest in Russia over the past year with new names entering the market looking for stock. Now the presidential election is over and the political outlook is clearer we expect these investors to commit funds into the market.

Raven Russia Property Management Limited

We have built the best and most experienced team in the warehouse market over the past 2.5 years. We have recruited heavily and have a team that can source and close deals, build buildings, find tenants and arrange debt. In everything we do we are setting new standards and often creating a way to integrate western best practice and Russian standards.

Outlook

This year the portfolio will change dramatically as we turn land into buildings with tenants and construction projects into income producing assets. Our focus is building on time and budget, leasing to good tenants on long term leases, and refinancing for the long term at competitive margins and loan to values.

Raven Russia Property Management Limited
10 March 2008

Directors

Richard Jewson (aged 63)

Chairman

Richard Jewson, a UK resident, ran Jewson, the timber and building merchant for 12 years becoming the Managing Director, then Chairman, of its holding company, Meyer International plc from which he retired in 1993. He is currently Chairman of Archant Ltd, and a non-executive Director of Temple Bar Investment Trust plc, Grafton Group plc and Clean Energy Brazil plc and other unquoted companies. He retired in 2004 from 10 years as Chairman of Savills plc and in 2005 from 14 years as a non-executive Director and deputy Chairman of Anglian Water plc.

Stephen Coe (aged 42)

Director

Stephen Coe, is a former Managing Director of Investec Trust (Guernsey) Limited and is resident in France. He qualified as a Chartered Accountant with Price Waterhouse in 1990 and remained in practice, specialising in financial services, until 1997. From 1997 to 2003 he was a Director of the Bachmann Group of fiduciary companies and Managing Director of Bachman Fund Administration Limited, a specialist third party fund administration company. He is a non-executive Director of a number of investment management companies and investment funds including Matrix European Real Estate Investment Trust Limited. He has been non-executive director/chairman of a number of property funds including funds investing in the health care and student property sectors in the UK and property in Europe and Scandinavia.

David Moore (aged 47)

Director

David Moore is a resident of Guernsey. He is an advocate of the Royal Court of Guernsey and is a partner with Ozannes, the Company's lawyers in Guernsey. He has been with Ozannes since 1993 and before that spent 10 years practising in the City of London, predominantly with Ashurst Morris Crisp. He specialises in corporate and financial matters and is a non-executive director of a number of investment or insurance management companies, investment companies and insurance companies including Standard Life Investments Property Income Trust Limited of which he is non-executive chairman.

John Peters (aged 62)

Director

John Peters is a resident of Guernsey. He qualified as a Chartered Accountant in 1968 and headed, for twenty years, his accountancy practice in the Greater London area, providing value added services for medium sized businesses. He took part in the management buy-in of British Data Management plc, in 1989, and was instrumental in the listing of this company in 1992. He has held a number of non-executive directorships with private and public companies.

Directors' Report

The Directors present their report and financial statements of the Company and its Group for the year ended 31 December 2007.

Principal activities

The Company is a Guernsey registered investment company and during the year carried on business as a property investment company.

Business review

A review of the business during the year is contained in the Chairman's Statement.

Results and dividends

The results for the year are set out in the attached financial statements.

The Company paid an interim dividend of 2.5p per ordinary share during the year and is proposing a final dividend of 4p per ordinary share.

Directors

The Directors, who served throughout the year, were as follows:

Adrian Collins (Chairman) (Retired 29 June 2007)
Richard Jewson (Chairman) (Appointed 29 June 2007)
Stephen Coe (Director)
Glyn Hirsch (Director) (Retired 29 June 2007)
David Moore (Director)
John Peters (Director)

At each annual general meeting of the Company, one third of the Directors shall retire from office. In addition, each Director shall retire from office at the third annual general meeting after he was appointed or reappointed, if he would not otherwise fall within the Directors to retire by rotation. A retiring Director shall be eligible for re-appointment.

Directors' interests

Directors who held office at the year end and their interests in the shares of the Company as at 31 December 2007 were:

	Number of Ordinary Shares	Percentage of issued share capital
Richard Jewson	60,000	0.014%
Stephen Coe	20,000	0.005%
David Moore	29,227	0.007%
John Peters	45,000	0.010%

Directors' share options and remuneration

The Company granted an option to subscribe for up to 7.5 per cent. of the issued ordinary share capital of the Company to the Raven Mount Employee Benefit Trust. Glyn Hirsch is a potential beneficiary of the Raven Mount Employee Benefit Trust.

The Company granted at launch an option to Adrian Collins over 100,000 ordinary shares exercisable in three tranches. The number of ordinary shares in this option is included in the 7.5 per cent limit under the option in favour of the trustee of the Raven Mount Employee Benefit Trust.

During the period the Directors received the following emoluments in the form of fees:

Richard Jewson	£50,000
Stephen Coe	£23,333.31
David Moore	£40,000
John Peters	£40,000
Adrian Collins	£40,000
Glyn Hirsch	£0
Total	£193,333.31

Substantial shareholdings

The Company has been notified of shareholders holding 3% or more of the ordinary shares as follows:

Ordinary Shares of £0.01

Name of holder	Number held
Invesco Perpetual	94,316,848
Lansdowne Partners	31,585,180
Deutsche Bank	30,162,886
Schroder Investment Management	27,614,869
F&C Asset Management Limited	24,867,322
Lazard Asset Management Limited	19,199,852
Laxey Partners	17,083,102
Morley Fund Management Limited	15,939,334
Credit Suisse	14,612,601
Goldman Sachs	13,910,293
Moore Capital Management Limited	13,165,248

Substantial shareholders are stated as at 31 December 2007.

The Property Adviser also held 12,215,680 shares representing 2.84% of the issued share capital.

Directors' Report — *continued*

Directors' responsibility statement

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the Group at the end of the year and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 1994. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Walbrook Fund Managers Limited – Company Secretary
PO Box 671, Level 1, Regency Court, Glatigny Esplanade,
St Peter Port, Guernsey, GY1 3ST

By Order of the Board,
Raven Russia Limited

Stephen Coe
Director
9 March 2008

Auditors

BDO Stoy Hayward LLP were appointed as joint auditors with BDO Novus Limited during the year. The joint auditors have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Administrators

Walbrook Fund Managers Limited took over as administrator to the Company from 15th November 2007. Walbrook Fund Managers Limited did not receive payment for administration services during the period.

Combined Code

One of the foremost concerns for the Board during the year is to maintain a sustainable and transparent model for corporate governance. As an AIM Company incorporated in Guernsey, there is no requirement for the Company to comply with the Combined Code on Corporate Governance (the "Combined Code"), issued by the Financial Reporting Council. The Board has determined that it should be the Company's policy to comply with best practice on good corporate governance applicable to investment companies. To the extent considered appropriate the Board believes that the Company has complied throughout the accounting period with the provisions set out in the Combined Code, subject as described in the following paragraphs.

The Board and Board Committees

The Chairman is Richard Jewson.

The Board considers the Directors (including the Chairman) to be independent for the purposes of the Combined Code.

Adrian Collins retired on 29 June 2007.

Glyn Hirsch retired on 29 June 2007.

Stephen Coe was formerly a director of Investec Administration Services Limited which acted as the Company's administrator until 15 November 2007. Investec Administration Services Limited received £505,190.90 in payment of administration services during the period to the date of termination of its appointment. The Board considers Mr Coe to be independent for the purposes of the Combined Code as from the date of termination of the appointment of Investec Administration Services Limited.

David Moore has been appointed by the Board as, and acted as, the senior independent director during the period. David Moore is a partner in Ozannes, Advocates and Notaries Public. Ozannes provide independent Guernsey legal advice to the Company. Total legal fees paid to Ozannes in the year ended 31 December 2007 amounted to £128,753.76. Mr Moore refrains from participation in and voting on any board resolutions concerning the appointment or remuneration of Ozannes. The Company is principally dependent on external legal advisers other than Ozannes for its day to day business. Mr Moore is independent of the Property Adviser and its

professional advisers. The other members of the Board consider that Mr Moore has conducted himself and carried out his duties in relation to the Company since its inception in a manner consistent with and demonstrative of his independence. The Board considers, therefore, Mr Moore to be independent for the purposes of the Combined Code. The full Board meets four times a year to consider general matters affecting the Company and otherwise as required. Committee meetings comprising any two or more Directors (not for the time being situated in the UK) meet on an ad hoc basis to consider transactional and related matters concerning the Company's business.

A Management Engagement Committee has been established to monitor and evaluate the Property Adviser's performance. The Management Engagement Committee and Audit Committee consist of all Directors. The Chairman of the Audit Committee is John Peters. The Audit Committee meets bi-annually and otherwise on an ad hoc basis as required. The Audit Committee reviews the annual and interim accounts and accounting policies of the Group and the continuing appointment of the auditors.

The Board has appointed a Nominations Committee comprising Stephen Coe, John Peters and David Moore.

The Board has not appointed a Remuneration Committee. All matters relating to the remuneration of the Board are considered by the full Board.

The number of meetings of the full Board, Committees of the Board and the Audit Committee attended by each Director during 2007 is set out below:

	Full Board	Audit Committee	Other Committee
	Held Attended	Held Attended	Held Attended
Steve Coe	11	3	24
	11	3	16
David Moore	11	3	24
	9	3	19
John Peters	11	3	24
	10	3	13
Richard Jewson	11	3	24
(appointed 29 June 2007)	4	1	0

All the Directors are entitled to have access to independent professional advice at the Company's expense where they deem it necessary to discharge their responsibilities as Directors.

The Directors received advice from the Property Adviser and the Company's financial and other professional advisers on appointment as to the affairs of the Company and their responsibilities and will receive such other training as may from time to time be appropriate.

The Board has delegated certain responsibilities to the Property Adviser, in accordance with the Property Advisory Agreement. Decisions relating to the Company's investment policy, investment objectives, dividend policy, gearing policy, corporate governance procedures and strategy in general are reserved to the Board.

Performance of Board and proposal for re-election

The performance of each Director will be appraised by the Board, led by the Chairman, prior to the holding of the Annual General Meeting for each year. The performance of the Chairman will be appraised by his fellow Directors led by the chairman of the Audit Committee. The performance of the Audit Committee will be appraised by the Board as a whole.

At each annual general meeting of the Company, one third of the Directors shall retire from office. In addition, each Director shall retire from office at the third annual general meeting after he was appointed or reappointed, if he would not otherwise fall within the Directors to retire by rotation.

A retiring Director shall be eligible for reappointment.

Remuneration of Board

The provisions of the Combined Code in respect of Directors' remuneration are not relevant to the Company except insofar as they relate to non-executive Directors.

The Directors who served during the period received emoluments in the form of fees over the period from 1 January 2007 to 31 December 2007 as set out in the Directors' Report.

No Director has a service contract with the Company. Each Director entered into a letter of appointment with the Company which provides for them to act as a Non-executive Director of the Company.

Going Concern

The Directors have made enquiries of the Property Adviser and Administrator, as to the Company's ability to continue as a going concern, as at the time of approving the financial statements and believe that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Property Advisory Agreement

The key terms of the Property Advisory Agreement are as follows:

In consideration for its services provided pursuant to the Property Advisory Agreement, the Property Adviser is entitled to be paid a management fee in cash quarterly in arrears of 2 per cent per annum of the ongoing gross asset value of the Company and its subsidiary undertakings from time to time (the "Group") from time to time.

The gross asset value of the Group will comprise the consolidated gross assets of the Group less liabilities (excluding any form of bank or third party indebtedness) plus any adjustments to reflect the current value of the properties and of other assets representing an indirect interest in property or property related activities, that are not reflected in the consolidated gross assets and, in the case of forward funding commitments including the aggregate amount of sums committed to the relevant developments. In addition the Property Adviser is entitled to an annual performance fee which is calculated by reference to the annualised total return ("Total Return") achieved for Shareholders measured by reference to the increase in the price of the Ordinary Shares over the relevant accounting period and after taking into account any dividends out of income and/or capital paid per Ordinary Share in such accounting period. The performance fee becomes payable once the Total Return achieved for the relevant accounting period exceeds the benchmark which is set by reference to the Ordinary Share price over the last 20 trading days of the previous accounting period ("Benchmark") by at least 12 per cent.

Once the 12 per cent threshold is exceeded, the Property Adviser is entitled to receive a fee equal to a proportion of such excess, rising from 20 per cent to 35 per cent on a straight line basis for total returns in any accounting period ranging from 12 per cent to in excess of 25 per cent.

The performance fee is to be settled as to 30 per cent in cash and as to the balance in Ordinary Shares allotted by reference to the average closing mid market price of such shares over the last 20 trading days for the relevant accounting period for which the performance fee is being paid.

All fees are exclusive of VAT or any similar taxes (where appropriate).

The Company is responsible for third party expenses incurred by the Property Adviser in carrying out its services under the Property Advisory Agreement in each case as agreed from time to time by the Company.

The Property Advisory Agreement is for a ten year term expiring on 31 December 2015. The Property Advisory Agreement is terminable on 12 months' notice to be given no earlier than 31 December 2014.

Audit and internal controls

The Board reviewed the effectiveness of the Company's system of internal controls, including financial, operational and compliance controls and risk management systems and has put in place procedures for the review of such controls on an annual basis. This includes consideration of the internal procedures operated by the Property Adviser and the Administrator on which the Company is reliant. The system is designed to manage rather than eliminate risk of failure to achieve business objectives. The system can only provide reasonable not absolute assurance against material misstatement or loss.

The Audit Committee meets at least four times a year and considers reports from the independent auditors, the Property

Adviser and the Administrator. The main responsibilities of the Audit Committee include monitoring the integrity of the Company's financial statements and appropriateness of its accounting policies, reviewing the effectiveness of the internal control systems and making recommendations to the Board regarding the appointment and independence of the external auditor and the objectivity and effectiveness of the audit process, with particular regard to the level of non-audit fees, if any. Shareholders have the opportunity at each annual general meeting to vote on the election of the independent auditors for the forthcoming year.

Relations with shareholders

The Board welcomes correspondence from shareholders, addressed to the Company's registered office. All shareholders have the opportunity to put questions to the Board at the Annual General Meeting. The Board hopes that as many shareholders as possible will be able to attend the meeting.

The Board believes that sustainable financial performance and delivering on the objectives of the Company are indispensable measures in order to build trust with the Company's shareholders.

To promote a clear understanding of the Company, its objectives and financial results the Board aims to ensure that information relating to the Company is disclosed in a timely manner and in a format suitable to the shareholders of the Company.

The Board has also encouraged the Property Adviser and its financial advisers to identify a sample of investors for periodic meetings to encourage communication.

Independent Auditors' Report

To the members of Raven Russia Limited

We have audited the Group and parent company financial statements ("the Financial Statements") of Raven Russia Limited for the year ended 31 December 2007, which comprise the Consolidated and Company Income Statement, Consolidated and Company Balance Sheet, Consolidated and Company Cash Flow Statement, Consolidated and Company Statement of Change in Equity and the related notes 1 to 33. These Financial Statements have been prepared under International Financial Reporting Standards in accordance with the accounting policies as set out on pages 27 to 31.

This report is made solely to the Company's members, as a body, in accordance with Section 64 of the Companies (Guernsey) Law, 1994. Our audit work is undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the Directors' Responsibility Statement within the Directors' Report, the Company's directors are responsible for the preparation of the Financial Statements in accordance with applicable law and International Financial Reporting Standards ("IFRS").

Our responsibility is to audit the Financial Statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies (Guernsey) Law, 1994. We also report to you if, in our opinion, the Directors' Report is not consistent with the Financial Statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law is not disclosed.

We read the other information included in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Chairman's Statement, Property Review, Directors' Report and

Corporate Governance. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion:

- The Group Financial Statements give a true and fair view, in accordance with IFRS, of the state of the Group's affairs at 31 December 2007 and of its profit for the year then ended.
- The Parent Company Financial Statements give a true and fair view, in accordance with IFRS, of the state of the Company's affairs at 31 December 2007 and of its profit for the year then ended.
- The Financial Statements have been properly prepared in accordance with the Companies (Guernsey) Law, 1994.

BDO Stoy Hayward LLP
10 March 2008

BDO Novus Limited
10 March 2008

Consolidated Income Statement

For the year ended 31 December 2007

	Notes	2007			2006		
		Revenue US\$'000	Capital US\$'000	Total US\$'000	Revenue US\$'000	Capital US\$'000	Total US\$'000
Gross rental and related income	4	38,522	-	38,522	16,949	-	16,949
Property operating expenditure and related cost		(12,643)	-	(12,643)	(5,977)	-	(5,977)
Net rental and related income		25,879	-	25,879	10,972	-	10,972
Administrative expenses	5	(18,480)	-	(18,480)	(9,053)	-	(9,053)
Foreign currency gains		2,432	-	2,432	153	-	153
Operating expenditure		(16,048)	-	(16,048)	(8,900)	-	(8,900)
Operating profit before gains on investment properties		9,831	-	9,831	2,072	-	2,072
Unrealised gains on revaluation of investment properties	10	-	79,659	79,659	-	6,997	6,997
Operating profit		9,831	79,659	89,490	2,072	6,997	9,069
Finance income	6	29,849	-	29,849	30,039	-	30,039
Finance expense	6	(1,798)	-	(1,798)	(2,073)	-	(2,073)
Profit before tax		37,882	79,659	117,541	30,038	6,997	37,035
Tax	7	(3,389)	(18,898)	(22,287)	(2,791)	(1,679)	(4,470)
Net profit for the year		34,493	60,761	95,254	27,247	5,318	32,565
Earnings per share - basic (cents)	8			22.36			9.65
Earnings per share - diluted (cents)	8			22.32			9.62

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS. The revenue and capital columns are both supplied as supplementary information permitted by IFRS. All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of the parent company. There are no minority interests

The accompanying notes are an integral part of this statement.

Company Income Statement

For the year ended 31 December 2007

	Notes	2007 US\$'000	2006 US\$'000
Revenue	4	63,398	39,796
Administration expenses	5	28,591	15,813
Foreign currency losses		7,501	12,753
Operating expenditure		36,092	28,566
Profit before tax		27,306	11,230
Tax		-	-
Net profit for the year		27,306	1,230

All items in the above statement derive from continuing operations.

The accompanying notes are an integral part of this statement.

Consolidated Balance Sheet

As at 31 December 2007

	Notes	2007 US\$'000	2006 US\$'000
Non-current assets			
Investment property	10	346,250	140,755
Investment property under construction	11	246,768	51,941
Property, plant and equipment		906	-
Intangible assets	12	2,265	-
Deferred tax asset	20	1,876	1,025
Other receivables	15	88,756	21,920
		686,821	215,641
Current assets			
Trade and other receivables	16	27,910	13,963
Forward currency derivative contracts	17	1,030	-
Cash and cash equivalents	18	480,829	756,183
		509,769	770,146
Total assets		1,196,590	985,787
Non-current liabilities			
Interest bearing loans and borrowings	19	128,256	17,320
Deferred tax liability	20	25,256	5,517
Other payables	21	12,432	5,203
		165,944	28,040
Current liabilities			
Trade and other payables	22	56,378	44,424
Interest bearing loans and borrowings	19	4,804	2,873
		61,182	47,297
Total liabilities		227,126	75,337
Net assets		969,464	910,450
Equity			
Share capital	23	8,648	8,538
Share premium	24	11,180	-
Special reserve	24	870,692	882,942
Capital reserve	24	68,994	8,233
Warrant reserve	24	2,571	2,571
Share options reserve	24	4,670	2,474
Share based payment reserve	24	-	2,815
Retained earnings	24	22,691	15,504
Translation reserve	24	(19,982)	(12,627)
Total equity		969,464	910,450
Net asset value per share (dollars)	25	2.25	2.14

The accounts were approved by the Board of Directors on 9 March 2008 and signed on its behalf by:

Stephen Coe
Director

David Moore
Director

The accompanying notes are an integral part of this statement.

Company Balance Sheet

As at 31 December 2007

	Notes	2007 US\$'000	2006 US\$'000
Non-current assets			
Investment in subsidiary undertakings	13	611,651	162,495
Current assets			
Trade and other receivables	16	6,870	266
Cash and cash equivalents	18	288,340	743,145
		295,210	743,411
Total assets		906,861	905,906
Current liabilities			
Trade and other payables	22	9,100	6,566
Total liabilities		9,100	6,566
Net assets		897,761	899,340
Equity			
Share capital	23	8,648	8,538
Share premium	24	11,180	-
Special reserve	24	870,692	882,942
Warrant reserve	24	2,571	2,571
Share options reserve	24	4,670	2,474
Share based payment reserve	24	-	2,815
Retained earnings	24	-	-
Total equity		897,761	899,340
Net asset value per share (dollars)	25	2.09	2.11

The accounts were approved by the Board of Directors on 9 March 2008 and signed on its behalf by.

Stephen Coe
Director

David Moore
Director

The accompanying notes are an integral part of this statement.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2006

	Notes	Share Capital US\$'000	Share Premium US\$'000	Special Reserve US\$'000	Capital Reserve US\$'000	Warrant Reserve US\$'000	Share Options Reserve US\$'000	Translation Reserve US\$'000	Share Based Payment Reserve US\$'000	Retained Earnings US\$'000	Total US\$'000
At 1 January 2006		3,076	-	288,253	2,915	2,571	1,051	-	-	(2,549)	295,317
Net profit for the year		-	-	-	-	-	-	-	-	32,565	32,565
Translation on consolidation		-	-	-	-	-	-	(12,627)	-	-	(12,627)
Total recognised income for the year		-	-	-	-	-	-	(12,627)	-	32,565	19,938
Issue of ordinary share capital, net of issue costs		5,420	597,685	-	-	-	-	-	-	-	603,105
Shares issued in respect of Property Adviser's fees		42	4,885	-	-	-	-	-	-	-	4,927
Conversion of share premium		-	(602,570)	602,570	-	-	-	-	-	-	-
Dividends paid	9	-	-	-	-	-	-	-	-	(17,075)	(17,075)
Transfer from special reserves to retained earnings		-	-	(7,881)	-	-	-	-	-	7,881	-
Transfer in respect of gains on investment properties		-	-	-	5,318	-	-	-	-	(5,318)	-
Share based payment expense	26(b)	-	-	-	-	-	1,423	-	-	-	1,423
Property Adviser's fees to be settled by post balance sheet issue of shares		-	-	-	-	-	-	-	2,815	-	2,815
At 31 December 2006		8,538	5,420	882,942	8,233	2,571	2,474	(12,627)	2,815	15,504	910,450
For the year ended 31 December 2007											
Net profit for the year		-	-	-	-	-	-	-	-	95,254	95,254
Translation on consolidation		-	-	-	-	-	-	(7,355)	-	-	(7,355)
Total recognised income for the year		5,420	5,420	5,420	5,420	5,420	5,420	(7,355)	5,420	95,254	87,899
Shares issued in respect of Property Adviser's fees		25	2,790	-	-	-	-	-	(2,815)	-	-
Scrip dividend issue of ordinary share capital		85	8,390	-	-	-	-	-	-	-	8,475
Dividends paid	9	-	-	-	-	-	-	-	-	(39,556)	(39,556)
Transfer from special reserves to retained earnings		-	-	(12,250)	-	-	-	-	-	12,250	-
Transfer in respect of gains on investment properties		-	-	-	60,761	-	-	-	-	(60,761)	-
Share based payment expense	26(b)	-	-	-	-	-	2,196	-	-	-	2,196
At 31 December 2007		8,648	11,180	870,692	68,994	2,571	4,670	(19,982)	-	22,691	969,464

The accompanying notes are an integral part of this statement.

Company Statement of Changes in Equity

For the year ended 31 December 2006

	Notes	Share Capital US\$'000	Share Premium US\$'000	Special Reserve US\$'000	Warrant Reserve US\$'000	Share Options Reserve US\$'000	Share Based Payment Reserve US\$'000	Retained Earnings US\$'000	Total US\$'000
At 1 January 2006		3,076	-	288,253	2,571	1,051	-	(2,036)	292,915
Net profit and total recognised gain for the year		-	-	-	-	-	-	11,230	11,230
Issue of ordinary share capital, net of issue costs		5,420	597,685	-	-	-	-	-	603,105
Shares issued in respect of Property Adviser's fees		42	4,885	-	-	-	-	-	4,927
Conversion of share premium		-	(602,570)	602,570	-	-	-	-	-
Dividends paid	9	-	-	-	-	-	-	(17,075)	(17,075)
Transfer from special reserves to retained earnings		-	-	(7,881)	-	-	-	7,881	-
Share based payment expense	26(b)	-	-	-	-	1,423	-	-	1,423
Property Adviser's fees to be settled by post balance sheet issue of shares		-	-	-	-	-	2,815	-	2,815
At 31 December 2006		8,538	-	882,942	2,571	2,474	2,815	-	899,340
For the year ended 31 December 2007									
Net profit and total recognised gain for the year		-	-	-	-	-	-	27,306	27,306
Shares issued in respect of Property Adviser's fees		25	2,790	-	-	-	(2,815)	-	-
Scrip dividend issue of ordinary share capital		85	8,390	-	-	-	-	-	8,475
Dividends paid	9	-	-	-	-	-	-	(39,556)	(39,556)
Transfer from special reserves to retained earnings		-	-	(12,250)	-	-	-	12,250	-
Share based payment expense	26(b)	-	-	-	-	2,196	-	-	2,196
At 31 December 2007		8,648	11,180	870,692	2,571	4,670	-	-	897,761

The accompanying notes are an integral part of this statement.

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	Notes	2007 US\$'000	2006 US\$'000
Cash flows from operating activities			
Profit before tax		117,541	37,035
Adjustments for:			
Investment income	6	(29,849)	(30,039)
Finance expense	6	1,798	2,073
Gains on revaluation of investment properties	10	(79,659)	(6,997)
Foreign exchange loss arising from non-operating activities		(11,161)	-
Recognised share based payments	26(b)	2,196	279
Performance fee to be settled by share issue		-	1,407
		866	3,758
Increase in operating trade and other receivables		(30,852)	(10,441)
Increase in operating trade and other payables		16,869	11,983
		(13,117)	5,300
Tax paid		(2,327)	(877)
Cash (used in) / generated from operations		(15,444)	4,423
Cash flows from investing activities			
Purchase of investment properties		(55,853)	(12,919)
Payments for investment properties under construction		(261,004)	(110,005)
Capital expenditure		(819)	-
Acquisitions		(1,825)	-
Loans advanced		(64,371)	(20,612)
Loans repaid		15,154	969
Investment income received		29,849	29,619
Net cash used in investing activities		(338,869)	(112,948)
Cash flows from financing activities			
Proceeds from the issue of share capital		-	603,158
Issue costs		-	(52)
Long term borrowings		95,838	-
Other borrowings		34,245	-
Repayments of borrowings		(17,216)	(2,366)
Bank borrowing costs paid	6	(1,798)	(2,073)
Dividends paid		(31,081)	(17,075)
Net cash from financing activities		79,988	581,592
Net (decrease) / increase in cash and cash equivalents		(274,325)	473,067
Opening cash and cash equivalents	18	756,183	283,619
Effect of foreign exchange rate changes		(1,029)	(503)
Closing cash and cash equivalents	18	480,829	756,183

The accompanying notes are an integral part of this statement.

Company Cash Flow Statement

For the year ended 31 December 2007

	Notes	2007 US\$'000	2006 US\$'000
Cash flows from operating activities			
Profit before tax		27,306	11,230
Adjustments for:			
Foreign exchange loss arising from non-operating activities		7,501	11,285
Recognised share based payments	26(b)	2,196	1,423
Performance fee to be settled by share issue		-	2,815
Investment income	4	(23,556)	(28,756)
Interest accrued included in the carrying value of subsidiary	4	(39,842)	(11,040)
		(26,395)	(13,043)
Increase in operating trade and other receivables		105	(139)
Increase in operating trade and other payables		1,211	2,360
Cash used in operations		(25,079)	(10,822)
Cash flows from investing activities			
Investment in subsidiary undertakings		(422,201)	(141,386)
Loans repaid		-	969
Investment income received		23,556	28,756
Dividends received		-	117
Net cash used in investing activities		(398,645)	(111,544)
Cash flows from financing activities			
Proceeds from the issue of share capital		-	603,158
Issue costs		-	(52)
Dividends paid		(31,081)	(17,075)
Net cash (used in) / from financing activities		(31,081)	586,031
Net (decrease) / increase in cash and cash equivalents		(454,805)	463,665
Opening cash and cash equivalents	18	743,145	279,480
Closing cash and cash equivalents	18	288,340	743,145

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

For the year ended 31 December 2007

1 General information

Raven Russia Limited (the "Company") and its subsidiaries (together the "Group") is a property investment group specialising in commercial real estate in Russia.

The Company is a limited liability company incorporated and domiciled in Guernsey. The address of its registered office is Regency Court, Glatigny Esplanade, St Peter Port, Guernsey.

These financial statements were approved for issue by the Board of Directors on 9 March 2008 and signed on the Board's behalf by Stephen Coe and David Moore.

2 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRS") issued by the International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Changes in accounting policies

(a) New standards, amendments to published standards and interpretations to existing standards effective in 2007 adopted by the Group

IFRS 7, Financial Instruments: disclosures and a complementary amendment to IAS 1, Presentation of Financial Statements – capital disclosures. IFRS 7 introduces new requirements aimed at expanding the disclosure of information about the Group's financial instruments. It requires disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments. The amendment to IAS 1 introduces disclosures about the level and management of an entity's capital. The Company and its Group have applied IFRS 7 and the amendment to IAS 1 in these financial statements, with the relevant disclosures included in note 29.

The IASB also issued various interpretations that effective 1 January 2007, which had no impact on the financial statements. These are IFRIC 7, IFRIC 8, IFRIC 9 and IFRIC 10.

(b) Standards, amendments and interpretations to published standards not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for later accounting periods and which have not been adopted early. These are:

- IFRS 8: Operating segments (effective for accounting periods beginning on or after 1 January 2009). This standard sets out requirements for the disclosure of information about an entity's operating segments and replaces IAS 14. As this is a disclosure standard it will not have any impact on the results or net assets of the Company or its Group.
- AS 23: Borrowing costs (revised) (effective for accounting periods beginning on or after 1 January 2009). This amendment will have no impact on the results or net assets of the Company or its Group.
- IFRIC 11: IFRS 2 Group and treasury share transactions (effective for accounting periods beginning on or after 1 March 2007). The Group is currently assessing the impact of this interpretation on the financial statements.

Notes to the Financial Statements — *continued*

(b) Standards, amendments and interpretations to published standards not yet effective (continued)

- Revised IFRS 3: Business combinations and complementary amendments to IAS 27 Consolidated and separate financial statements (both effective for accounting periods beginning on or after 1 July 2009). The Group is currently assessing the impact of these changes on the financial statements.
- Amendment to IFRS 2: Share-based payments – vesting conditions and cancellations (effective for accounting periods beginning on or after 1 January 2009). The Group is currently assessing the impact of this amendment on the financial statements.

The IASB has also issued IFRIC 12 Service concession arrangements, IFRIC 13 Customer loyalty programmes and IFRIC 14 re IAS 19 the limit on a defined benefit asset, minimum funding requirements and their interaction and IAS 32, all of which are not relevant to the operations of the Company or the Group.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the special purpose vehicles controlled by the Company, made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities.

Investment properties have been acquired through special purpose vehicles (SPVs). In the opinion of the Directors, these transactions did not meet the definition of a business combination as set out in IFRS 3 “Business Combinations”. Accordingly the transactions have not been accounted for as business acquisitions and instead the financial statements reflect the substance of the transactions, which is considered to be the purchases of investment properties.

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.

Where necessary, adjustments are made to the financial statements of entities acquired to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake economic activity that is subject to joint control. The Group undertakes its joint ventures through jointly controlled entities. The consolidated financial statements include the Group's proportionate share of these entities' assets, liabilities, income and expenses on a line by line basis from the date on which joint control commences to the date on which joint control ceases. Any premium paid for an interest in a jointly controlled entity above the fair value of Group's share of identifiable assets, liabilities and contingent liabilities is accounted for in accordance with the goodwill policy.

Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated income statement. Impairment tests on goodwill are undertaken annually at the financial year end. Impairment charges are included in the administrative expenses line item in the consolidated income statement. An impairment loss recognised for goodwill is not reversed.

Revenue recognition

Rental income from operating leases is recognised in income on a straight-line basis over the lease term. Rent is billed in advance and then allocated to the appropriate period. Therefore, deferred revenue generally represents proportion of rentals invoiced in advance as at the reporting date and any advance payments from tenants. Revenue is recognised 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.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Notes to the Financial Statements — *continued*

Leasing

All of the Group's properties are leased out under operating leases and are included in investment property in the balance sheet.

Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of Group entity are measured in the currency of the primary economic environment in which the entity operates (the "functional currency"). On 5 July 2007 the Company converted substantially all of its sterling assets and income streams to United States dollars, which the directors determined, resulted in the Company's functional currency changing from sterling to United States dollars. In accordance with IAS 21 the Company converted all of its assets, liabilities, income and expenses at the sterling United States dollar spot rate on 5 July 2007. At the same time the directors resolved to change the presentation currency of the Company and its Group from sterling to United States dollars.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

c) On consolidation

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) income and expenses for each income statement are translated at the average exchange rate prevailing in the period; and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, the exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Taxation

The Company is exempt from Guernsey taxation on income derived outside of Guernsey and bank interest earned in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. A fixed annual fee of £600 is payable to the States of Guernsey in respect of this exemption. No charge to Guernsey taxation will arise on capital gains.

The Group is liable to Russian tax arising on the activities of its Russian operations.

The Group is liable to Cypriot tax arising on the activities of its Cypriot operations.

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and 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 balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Notes to the Financial Statements — *continued*

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Investment property

Property held to earn rentals and/or for capital appreciation is classified as investment property.

Investment property comprises freehold land and freehold buildings.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. The Group has appointed Jones Lang LaSalle as property valuers to prepare valuations on a semi-annual basis. Valuations will be undertaken in accordance with the appropriate sections of the current Practice Statements contained in the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards, 5th Edition (the "Red Book"). This is an internationally accepted basis of valuation. Gains or losses arising from changes in the fair value of investment property are included in the income statement in the period in which they arise.

The acquisition of a corporate vehicle, whose only activity is that of holding the targeted investment property, is accounted for based on the substance of the transaction. The Directors consider the substance of such transactions to be property acquisitions as opposed to a business combination under IFRS 3.

Investment property under construction

Properties in the course of construction for rental purposes, or for purposes not yet determined are carried at cost, less any recognised impairment loss. Cost includes professional fees and borrowing costs capitalised in accordance with the Group's accounting policy. Upon practical completion of the construction of property the property is transferred to investment property at fair value, with the resulting gain or loss reflected in the Consolidated Income Statement.

Borrowing cost

Borrowing costs that are directly attributable to the construction of investment property are capitalised from the date of commencement of the project, until the construction is complete.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Financial assets

The Group and the Company classify their financial assets into one of the categories discussed below, depending upon the purpose for which the asset was acquired. The Group and the Company have not classified any of its financial assets as held to maturity or as assets available-for-sale.

Unless otherwise indicated, the carrying amounts of the Groups financial assets are a reasonable approximation of their fair values.

a) Fair value through profit or loss

This category comprises only in-the-money derivatives (see financial liabilities policy for out-of money derivatives), which are carried at fair value with changes in the fair value recognised in the income statement in finance income or expense line item.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. In the case of the Company and its Group, loans and receivables comprise trade and other receivables, intra-group loans and cash and cash equivalents.

Loans and receivables are initially recognised at fair value, plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Financial liabilities

The Group and the Company classify their financial liabilities into one of the categories listed below.

Unless otherwise indicated, the carrying amounts of the Groups financial liabilities are a reasonable approximation of their fair values.

Notes to the Financial Statements — *continued*

a) Fair value through profit or loss

This category comprises only out-of-the-money derivatives, which are carried at fair value with changes in the fair value recognised in the income statement in the finance income or expense line item.

b) Other financial liabilities

Other financial liabilities include interest bearing loans, trade payables (including rent deposits and retentions under construction contracts) and other short-term monetary liabilities. Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Interest bearing loans are initially recorded at fair value net of direct issue costs, and subsequently carried at amortised cost using the effective interest method. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Expenses

Expenses are accounted for on an accruals basis. Fees payable to the Property Adviser are calculated with reference to the cost or valuation of the underlying properties held by the Group. Fees in respect of properties under construction are included within the cost of such properties, until such times as they are transferred to investment property, whereupon future fees are expensed in the income statement.

All other administration expenses are charged through the income statement.

Transaction costs directly attributable to the purchase of the investment properties are included within the cost of the property.

Segmental reporting

A business segment is a distinguishable component of the Group that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

Share-based payments

The Group makes equity-settled and cash-settled share-based payments to certain employees and service providers. Equity-settled, share based payments are measured at fair value as at the date of grant. The fair value determined at grant date is expensed on a straight line basis over the vesting period. Vesting conditions associated with the instruments are market related and are accordingly ignored when assessing the number of instruments that will vest.

Dividends

Dividends to the Company's shareholders are recognised when they become legally payable. In the case of interim dividends, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at an AGM.

Investment in subsidiary undertakings

Investment in subsidiary undertakings are stated at cost less, where appropriate, provisions for impairment.

3. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

a) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable, fair value estimates. In making its judgement, the Group considers information from a variety of sources and engages external, professional advisers to carry out third party valuations of its properties. These are completed in accordance with the appropriate sections of the current Practice Statements contained in the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards, 5th Edition (the "Red Book"). This is an internationally accepted basis of valuation.

Notes to the Financial Statements — *continued*

In completing these valuations the valuer considers the following:

- (i) current prices in an active market for properties of a different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

b) Income taxes and VAT

The Group is subject to income taxes and VAT in different jurisdictions. Estimates are required in determining the worldwide provision for these taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax, deferred tax provisions and recoverable VAT balances in the period in which such determination is made.

c) Acquisitions

The consideration payable in respect of each acquisition is dependant upon certain future events. In calculating each acquisition the Directors have assessed the most probable outcome as at the balance sheet date. The Directors will reconsider the consideration payable at each year end and adjust accordingly.

d) Estimate of fair value of financial instruments

In accordance with the stated accounting policy, the Group is required to determine the fair value of the financial instruments it employs, being interest rate derivative contracts and forward currency derivative contracts. These instruments are valued by reference to valuation techniques employed by the counterparty to the instrument. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows.

4. Revenue

	2007 US\$'000	2006 US\$'000
Company:		
Income from cash and cash equivalents	23,556	28,640
Dividends from subsidiary undertakings	-	116
Interest from subsidiary undertakings	39,842	11,040
	63,398	39,796

Group:

Gross rental income for the year ended 31 December 2007 amounted to US\$38.5 million (2006: US\$16.9 million).

The Group leases all of its investment properties under operating leases. Leases are typically for terms of three, five, seven or ten years.

At the balance sheet date the Group had contracted with tenants for the following future minimum lease payments:-

	US\$'000
Within one year	38,360
In second year	38,059
In the third to fifth years (inclusive)	96,839
After five years	94,305
	267,563

Notes to the Financial Statements — *continued*

5. Administration expenses

	2007 Company US\$'000	2007 Group US\$'000	2006 Company US\$'000	2006 Group US\$'000
Property Adviser management fees	16,707	4,832	5,879	1,828
Property Adviser performance fees	-	-	4,021	1,407
Equity-settled share-based payment expense (see note 26)	2,196	796	1,423	279
Directors' remuneration	409	409	324	324
Auditors' remuneration	84	84	44	117
Depreciation	-	53	-	-
Administration, registrar & other operating expenditure	9,195	12,306	4,122	5,098
	28,591	18,480	15,813	9,053

The Property Adviser fees are project specific and are included in the cost of investment properties under construction on consolidation where appropriate. Cumulative fees of US\$ 21.084 million (2006: US\$ 7.809 million) were included in the cost of investment properties and properties under construction at 31 December 2007. Performance fees are partly share-based payments as detailed in note 26.

6. Finance income and expense

	2007 Group US\$'000	2007 Group US\$'000	2006 Group US\$'000	2006 Group US\$'000
Finance income				
Income from cash and cash equivalents	24,433		28,754	
interest income on loans receivable	2,594		1,285	
Total interest income		27,027		30,039
Net gain on maturing forward currency derivative contracts	1,792		-	
Net change in fair value of open forward currency derivative contracts	1,030		-	
Net change in fair value of open interest rate derivative contracts	-		-	
		2,822		-
		29,849		30,039
Finance expense				
Interest expense on financial liabilities measured at amortised cost		1,798		2,073
Net change in fair value of open interest rate derivative contracts		-		-
		1,798		2,073

The above financial income and expense include the following in respect of assets and liabilities not at fair value through profit or loss:

	2007 Group US\$'000	2006 Group US\$'000
Total interest income on financial assets	27,027	30,039
Total interest expense on financial liabilities	(1,798)	(2,073)
	25,229	27,966

Notes to the Financial Statements — *continued*

7. Tax

	2007 Group US\$'000	2006 Group US\$'000
The tax expense for the year comprises:-		
Current taxation	3,402	593
(Over)/under provision in prior year	(3)	284
Increase in deferred tax asset	(851)	(312)
Increase in deferred tax liability	19,739	3,905
Income tax expense	22,287	4,470

The charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2007 Group US\$'000	2006 Group US\$'000
Profit before tax	117,541	37,035
Tax at the Russian corporate tax rate of 24%	28,210	8,890
Tax effect of income not subject to tax	(4,610)	(7,127)
Tax effect of non deductible expenses	3,031	2,423
Tax effect of financing arrangements	(4,341)	-
Under provision in prior year	(3)	284
Tax charge	22,287	4,470

8. Earnings per share

	2007 Group US\$'000	2006 Group US\$'000
The calculation of the basic and diluted earnings per share is based on the following data:		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent.	95,254	32,565

Number of shares

Number of ordinary shares for the purposes of basic earnings per share and dilutive earnings per share:

	2007 Group No '000	2006 Group No '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	426,063	337,565
Effect of dilutive potential ordinary shares:		
Options	134	184
Warrants	539	736
Weighted average number of ordinary shares for the purposes of diluted EPS	426,736	338,485

The Company has issued 25,088,757 options (2006: 25,058,189), which vesting is based on the share price based performance criteria. At 31 December 2007 the performance criteria had not been met and accordingly the options have not been included in the calculation of dilutive earnings per share.

Notes to the Financial Statements — *continued*

9. Dividends

	2007 US\$'000	2006 US\$'000
Final dividend of 2 pence (2006: nil) per ordinary share proposed and paid during the year relating to the previous year's results	17,531	-
Interim dividend of 2.5 pence (2006: 2 pence) per ordinary share paid during the year	22,025	17,075
	39,556	17,075

The directors are proposing a final dividend of 4 pence (2006: 2 pence) per ordinary share, totalling US\$ 34,305,024 (2006: US\$17,075,551). This dividend has not been accrued at the balance sheet date.

During the year, script dividends of 622,536 in respect of 2006 final dividend and 3,531,478 in respect of 2007 interim were taken up by the shareholders

10. Investment property

	2007 Group US\$'000	2006 Group US\$'000
Balance at 1 January	140,755	56,097
Effect of foreign exchange rate changes	2,228	(6,826)
Acquisitions in the year	55,853	-
Transfer from investment property under construction (note 11)	67,755	84,487
	266,591	133,758
Unrealised gains on revaluation of investment properties	79,659	6,997
Balance at 31 December	346,250	140,755

The fair value of the Group's investment property at 31 December 2007 and 31 December 2006 has been arrived at on the basis of market valuations carried out at that date by Jones Lang LaSalle, independent valuers not connected with the Group. The valuations were carried out in accordance with guidance issued by the Royal Institution of Chartered Surveyors.

The definition of Market Value is "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and willing seller in an arms length transaction after proper marketing wherein parties had each acted knowledgeably, prudently and without compulsion".

The Group has pledged approximately US\$279 million of its investment property to secure banking facilities granted to the Group (note 19).

11. Investment property under construction

	2007 Group US\$'000	2006 Group US\$'000
Balance at 1 January	51,941	-
Costs incurred	261,002	140,888
Effect of foreign exchange rate changes	1,580	(4,460)
Transfer to investment property (note 10)	(67,755)	(84,487)
Balance at 31 December	246,768	51,941

Notes to the Financial Statements — *continued*

12. Intangible assets

	2007 Group US\$'000	2006 Group US\$'000
Goodwill		
Balance at 1 January	-	-
Acquired through business combinations (note 30)	2,265	-
Balance at 31 December	2,265	-

Goodwill has arisen on the acquisition of 50% of Roslogistics at which point a contract was put in place with the other party giving joint control.

13. Investment in subsidiary undertakings

	Share Capital US\$'000	Loans US\$'000	Total US\$'000
Balance at 1 January 2006	30	19,230	19,260
Loans to subsidiary undertakings	-	143,235	143,235
Balance at 31 December 2006	30	162,465	162,495
Acquisition of shares in subsidiary undertakings	1	-	1
Loans to subsidiary undertakings	-	449,155	449,155
Balance at 31 December 2007	31	611,620	611,651

The Group's investment properties are held by its subsidiary undertakings.

All loans to subsidiary undertakings are unsecured and repayable on demand and are subject to a weighted average interest rate of 12.23% (2006: 11.8%).

The principal subsidiary undertakings of Raven Russia Limited, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation 2007	Proportion of ownership interest at 31 December 2006	
ZAO Kulon Estates	Russia	100%	100%
ZAO Kulon Developments	Russia	100%	100%
Petroestate LLC	Russia	100%	-
OOO Fenix	Russia	100%	100%
OOO EG Logistics	Russia	100%	-
ZAO Kulon Istra	Russia	100%	-
LLC Kalyinovka Enterprises	Ukraine	100%	-
OOO Real Invest	Russia	100%	-
OOO Soyuz-Invest	Russia	100%	-
OOO Rezerv-Invest	Russia	100%	-
OOO Omega	Russia	100%	-
OOO Terramarket	Russia	100%	-
OOO Piramida	Russia	100%	-
ZAO Noginsk Vostok	Russia	100%	-
OOO Kulon spb	Russia	100%	-
OOO Pulkovo Estates	Russia	100%	-
ZAO Resource Economica	Russia	100%	50%

Notes to the Financial Statements — *continued*

14. Investment in joint ventures

The Group has interests in joint controlled entities as follows:

Name	Country of incorporation	Proportion of ownership interest at 31 December	
		2007	2006
Megalogix Limited	Cyprus	50%	50%
Roslogistics Holdings (Russia) Limited	Cyprus	50%	-

The Group's 50% interest in Megalogix Limited has been accounted for by proportionate consolidation. The following amounts have been recognised in the consolidated balance sheet and income statement relating to Megalogix Limited.

	2007 US\$'000	2006 US\$'000
Non-current assets	11,730	1,228
Current assets	16,492	62
Current liabilities	(593)	-
Non-current liabilities	(27,726)	(1,029)
Net liabilities	(97)	261
Income	-	-
Expenses	(358)	(20)
Loss after tax	(358)	(20)

The Group's share of Megalogix Limited's contingent liabilities and capital commitments is US\$ nil (2006: US\$ nil) and US\$174 million (2006: US\$ nil) respectively.

The Group's 50% interest in Roslogistics Holdings (Russia) Limited has been accounted for by proportionate consolidation. The following amounts have been recognised in the consolidated balance sheet and income statement relating to Roslogistics Holdings (Russia) Limited.

	2007 US\$'000	2006 US\$'000
Non-current assets	1,106	-
Current assets	3,016	-
Current liabilities	(1,560)	-
Non-current liabilities	(1,731)	-
Net assets	831	-
Income	1,225	-
Expenses	(1,392)	-
Loss after tax	(167)	-

The Group's share of Roslogistics Holdings (Russia) Limited's contingent liabilities and capital commitments is US\$ nil (2006: US\$ nil) and US\$ nil (2006: US\$ nil) respectively.

Notes to the Financial Statements — *continued*

15. Other receivables

	2007 Company US\$'000	2007 Group US\$'000	2006 Company US\$'000	2006 Group US\$'000
Loans receivable	-	58,913	-	21,032
VAT recoverable	-	24,321	-	753
Other assets	-	5,522	-	135
	-	88,756	-	21,920

VAT recoverable arises through the payment of value added tax on construction of investment properties which will be recovered through the offset of VAT paid on future revenue receipts. VAT recoverable has been split between current and non-current assets based on the Group's assessment of when recovery will occur.

The loans receivable are unsecured, with a weighted average loan period of 1 year and a weighted average interest rate of 12.72%.

16. Trade and other receivables

	2007 Company US\$'000	2007 Group US\$'000	2006 Company US\$'000	2006 Group US\$'000
Trade receivables	-	2,315	-	4,319
Prepayments	1,220	11,554	266	-
VAT recoverable	-	5,580	-	-
Loans receivable	-	2,413	-	-
Other receivables	-	6,048	-	9,644
Loan to subsidiary undertaking	5,650	-	-	-
	6,870	27,910	266	13,963

17. Forward currency derivative contracts

The Group has entered into a series of forward currency derivative contracts to manage its exposure to certain Russian rouble construction contracts. At 31 December 2007 there were open contracts to sell US dollars amounting to US\$ 21.7 million and buy Russian rouble of RUR 560.6 million, an average rate of 25.85. The fair values of the contracts at 31 December 2007 amounted to US\$ 1,030,425 (asset).

18. Cash and cash equivalents

	2007 Company US\$'000	2007 Group US\$'000	2006 Company US\$'000	2006 Group US\$'000
Cash at bank and on call	37,010	229,500	29,074	42,112
Money market instruments	251,330	251,329	714,071	714,071
	288,340	480,829	743,145	756,183

All the money market instruments attract variable interest rates. The weighted average interest rate at the balance sheet date is 5.46%.

Notes to the Financial Statements — *continued*

19. Interest bearing loans and borrowings

	2007 Company US\$'000	2007 Group US\$'000	2006 Company US\$'000	2006 Group US\$'000
(a) Bank loans				
Loans due for settlement within 12 months	-	2,893	-	2,105
Loans due for settlement after 12 months	-	92,945	-	15,110
	-	95,838	-	17,215
(b) Other interest bearing loans				
Loans due for settlement within 12 months	-	1,911	-	768
Loans due for settlement after 12 months	-	35,311	-	2,210
	-	37,222	-	2,978
Total loans due for settlement within 12 months	-	4,804	-	2,873
Total loans due for settlement after 12 months	-	128,256	-	17,320
	-	133,060	-	20,193

	2007 Group US\$'000	2006 Group US\$'000
The Group's bank borrowings have the following maturity profile:		
On demand or within one year	2,893	2,105
In the second year	2,625	15,110
In the third to fifth years	89,274	-
After five years	1,046	-
	95,838	17,215

The bank borrowings of the Group are secured and bear a weighted average interest rate of 2.8% over 3 month US Libor per annum. The weighted average loan period is 5 years.

Other interest bearing loans are secured and bear a weighted average interest rate of 13% per annum. The weighted average loan period is 2 years.

All loans are sourced in United States dollars. The Group has entered into hedging arrangements in respect of its interest rate exposure. \$48 million of Group borrowings have been fixed for five years at a weighted average rate of 7.53% and \$41 million capped at 5.5% for 5 years. This gave a weighted average cost of debt to the Group of 6.8% at the year end

The Group's exposure to, and the credit ratings of, its counterparties are continuously monitored. The average investment grade of the Group's bank borrowings at 31 December 2007 was A and for 31 December 2006 it was A. The other interest bearing loans are unrated.

20. Deferred tax

(a) Deferred tax asset	Tax losses US\$'000	Other US\$'000	Total US\$'000
Balance at 1 January 2006	713	-	713
Credit to income	266	46	312
Balance at 31 December 2006	979	46	1,025
Credit to income	552	299	851
Balance at 31 December 2007	1,531	345	1,876

The Group does not have any unrecognised deferred tax assets

Notes to the Financial Statements — *continued*

20. Deferred tax (continued)

(b) Deferred tax liability

	Accelerated tax allowances US\$'000	Revaluation of investment property US\$'000	Total US\$'000
Balance at 1 January 2006	691	921	1,612
Charge to income	2,226	1,679	3,905
Balance at 31 December 2006	2,917	2,600	5,517
Charge to income	841	18,898	19,739
Balance at 31 December 2007	3,758	21,498	25,256

21. Other payables

	2007 Company US\$'000	2007 Group US\$'000	2006 Company US\$'000	2006 Group US\$'000
Rent deposits	-	3,909	-	1,506
Deferred revenue	-	89	-	105
Retention under construction contracts	-	8,434	-	3,592
	-	12,432	-	5,203

22. Trade and other payables

	2007 Company US\$'000	2007 Group US\$'000	2006 Company US\$'000	2006 Group US\$'000
Investment property acquisition obligations	-	22,350	-	35,260
Other creditors	9,100	34,028	6,566	9,164
	9,100	56,378	6,566	44,424

23. Share capital

	2007 US\$'000	2006 US\$'000
Authorised share capital:		
1,000,000,000 ordinary shares of 1p each:	20,105	20,105
Issued share capital:	8,648	8,538
	2007 No	2006 No
Ordinary shares of 1p each:		
Balance at 1 January	424,663,711	153,000,000
Issued in the year	5,376,855	271,663,711
Balance at 31 December	430,040,566	424,663,711

Included in the issued shares during the year are 1,222,841 ordinary shares (2006: 2,098,501) issued to the Property Adviser in settlement of their performance fee. Of the authorised share capital 41,815,542 ordinary shares are reserved for options and warrants.

Notes to the Financial Statements — *continued*

24. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	The amount subscribed for share capital at nominal value.
Share premium	The amount subscribed for share capital in excess of nominal value.
Special reserve	During 2006 the Company applied to the Royal Court of Guernsey to reduce its capital by cancellation of its share premium at that time and creation of a separate special reserve, which is an additional distributable reserve to be used for all purposes permitted under Guernsey Company law, including the buy back of shares and the payment of dividends.
Capital reserve	The amount of any capital profits and losses, including gains and losses on the disposal of investment properties (after taxation), increases and decreases in the fair value of investment properties held at each period end and deferred taxation of the increase in fair value of investment properties.
Warrant reserve	The amount of share-based payment expenses in relation to warrants issued, to be credited to share capital and premium upon the exercise of a warrant or credited to retained reserves should a warrant lapse.
Share option reserve	The amount of share-based payment expenses in relation to options issued, to be credited to share capital and premium upon the exercise of options or credited to retained reserves should options lapse.
Share-based payment reserve	The amount of any performance fee due to the Property Adviser that is to be settled by a post balance sheet issue of shares.
Retained earnings	The amount of any profit or loss for the year after payment of dividends.
Translation reserve	The amount of any gains or losses arising on the retranslation of net assets of overseas operations into US dollars.

25. Net asset value per share

	2007 Company US\$'000	2007 Group US\$'000	2006 Company US\$'000	2006 Group US\$'000
Net asset value	897,761	969,464	899,340	910,450
Net asset value attributable to future issues of shares	-	-	(2,815)	(2,815)
Adjusted net asset value	897,761	969,464	896,525	907,635
Number of ordinary shares at 31 December	430,040,566	430,040,566	424,663,711	424,663,711
Net asset value per share	2.09	2.25	2.11	2.14

Notes to the Financial Statements — *continued*

26. Share-based payments

(a) Terms

In 2005, as part consideration for the services offered by Cenkos Securities Limited and Kinmont Limited under the Placing Agreement, options were granted to these companies pursuant to which they have the right to subscribe for 1,530,000 and 382,500 ordinary shares respectively at £1.00 per share, such options to be exercisable at any time during the period to 24 July 2010.

In 2005, to incentivise personnel of the Property Adviser involved in providing advice to the Group, the Company granted to the trustee of the Raven Mount Employee Benefit Trust an option to acquire up to 7.5% of its issued ordinary share capital from time to time. The options will vest in three tranches. The options are exercisable over a period of 4 to 12 years following admission dependent on cumulative performance criteria of between 9% and 12% of total shareholders return having been met.

The exercise price for each tranche is set by reference to the average price of the Company's shares in the month preceding the first and second anniversaries of the Company's Admission to AIM (for tranche two and three). Tranche one options have an exercise price of £1.00 per share.

In 2005, the Company has issued warrants to the Property Adviser pursuant to which the Property Adviser has been granted the right to subscribe for 7,650,000 ordinary shares in the Company at £1.00 per ordinary share such warrants to be exercisable at any time during the period of 5 years from the date of Admission. The Warrant Instrument provides that the Warrant Holder from time to time may transfer all or part of their Warrants.

	No. of options	2007 Weighted average exercise price	No. of options	2006 Weighted average exercise price
Outstanding at beginning of period	34,620,687	101p	21,037,500	100p
Adjustment to equity settled options	30,570	107p	13,583,187	101p
Outstanding at the end of the period	34,651,257	103p	34,620,687	101p
Exercisable options at the end of the period	1,912,500	100p	1,912,500	100p
Exercisable warrants at the end of the period	7,650,000	100p	7,650,000	100p

Under the agreement, the Raven Mount Plc Employee Benefit Trust has the right to 7.5% of the issued share capital. The directors estimate the number of options to vest and make an adjustment in each year accordingly. Following the issue of additional shares during the year, an adjustment was made to options granted to the trust in 2005, to maintain its right to 7.5% of the issued share capital of the company.

The weighted average exercise price of outstanding options at 31 December 2007 was 103.3p (2006: 106.3p) with a weighted average remaining contractual life of 8.4 years.

The weighted average exercise price of outstanding warrants at 31 December 2007 was £1.00, with a weighted average remaining contractual life of 2.6 years.

(b) Share based payment charge

The Group recognised a total share-based payment expense of US\$2,196,000 (2006: US\$1,423,000). Of the share-based payment costs relating to warrants and options US\$796,000 (2006: US\$279,000) was expensed and US\$1,400,000 (2006: US\$1,144,000) was included in investment property under construction.

(c) Other equity-settled payments

Any performance fee payable to the Property Adviser is to be settled as to 30% in cash and as to the balance in ordinary shares allotted by reference to the average closing mid-market price of such shares over the last 20 trading days for the relevant accounting period for which the performance relates.

Notes to the Financial Statements — *continued*

27. Capital commitment

The Company had committed to fund the development of and/or purchase assets with an estimated end value of US\$1,069 million (2006: US\$889 million). The actual value of total commitments may differ due to changing construction budgets and phasing, the share of development profits where appropriate and the set off of accrued mezzanine finance interest receivable. At 31 December 2007, US\$301 million of the above commitment have been incurred.

28. Investment Adviser

As disclosed in the Directors' Report the Property Adviser received US\$ 16,474,540 for the services of property management and an allotment of 1,222,841 shares during the year as part payment of a prior year performance fee.

As at 31 December 2007, US\$ 2,876,531 of the above fees remains outstanding and US\$ 15,503,372 has been capitalised in investment property under construction.

29. Related party transactions

Transactions between the Company and its subsidiaries which are related parties have been eliminated on consolidation and are not disclosed in this note.

Directors' interests

Directors who held office at the year end and their interests in the shares of the Company as at 31 December 2007 were

	Ordinary shares	Percentage of issued share capital
Richard Jewson	60,000	0.014%
Stephen Coe	20,000	0.005%
David Moore	29,227	0.007%
John Peters	45,000	0.010%

During the year the Directors received the following emoluments in the form of fees

Richard Jewson	£50,000.00
Stephen Coe	£23,333.31
David Moore	£40,000.00
John Peters	£40,000.00
Adrian Collins	£40,000.00
Glyn Hirsch	£0

Administrators

Stephen Coe was formerly a director of Investec Administration Services Limited which acted as the companies Administrator until 15 November 2007. Investec Administration Services Limited received £505,190.90 in payment of administration services during the period to the date of termination of its appointment.

Legal Advisers

David Moore is a partner in Ozannes, Advocates and Notaries Public. Ozannes provide independent legal advice to the company. Total legal fees paid to Ozannes in the year ended 31 December 2007 amounted to £128,753.76.

Notes to the Financial Statements — *continued*

30. Financial instruments – risk management

The Group's activities expose it to a variety of financial risks in relation to the financial instruments it uses: market risk (including currency risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables, borrowings and derivative contracts.

Risk management parameters are established by the Board on a project by project basis and overseen by the property adviser and administrator in conjunction with professional advisers. Reports are provided to the Board formally on a quarterly basis and also when authorised changes are required. Cash and cash equivalents are actively managed by two major investment banks, who report to the administrator on performance on a monthly basis.

a) Market risk

Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from a variety of currency exposures, primarily with respect to US dollars, sterling and the Russian rouble. Foreign exchange risk arises from future commercial transactions (including construction contracts and lease receivables), recognised monetary assets and liabilities and net investments in foreign entities.

The majority of the Group's transactions are denominated in US dollars. As the Group's capital was raised in sterling, the decision was taken to convert the majority of the Group's cash and cash equivalents to US dollars in July 2007. The average exchange rate on conversion was just over US\$2 to £1.

In some cases underlying construction contracts on the Group's development projects are denominated in Russian roubles. Non deliverable forward contracts have been taken out to hedge against the US dollar Russian rouble exposure, on a project by project basis, where appropriate.

At holding company level, the Group's exposure to sterling is restricted to head office costs and dividend payments.

The table below summarises the Group's and Company's currency profile at 31 December.

Group

As at 31 December 2007	US Dollars US\$'000	Russian Rouble US\$'000	Sterling & Other US\$'000	Total US\$'000
Non-current assets				
Loans receivable	58,913	-	-	58,913
Other non-current assets	228	4,894	400	5,522
Current assets				
Trade receivables	1,367	832	116	2,315
Loans receivable	-	2,413	-	2,413
Other current receivables	3,314	2,731	3	6,048
Forward currency derivative contracts	1,030	-	-	1,030
Cash and cash equivalents	396,151	54,867	29,811	480,829
	461,003	65,737	30,330	557,070
Non-current liabilities				
Interest bearing bank loans and borrowings	128,256	-	-	128,256
Rent deposits	3,909	-	-	3,909
Retentions under construction contracts	6,670	1,764	-	8,434
Current liabilities				
Interest bearing bank loans and borrowings	4,804	-	-	4,804
Investment property acquisition obligations	22,350	-	-	22,350
Other creditors	11,593	13,332	9,103	34,028
	177,582	15,096	9,103	201,781

Notes to the Financial Statements — *continued*

Group				
As at 31 December 2006	US Dollars US\$'000	Russian Rouble US\$'000	Sterling & Other US\$'000	Total US\$'000
Non-current assets				
Loans receivable	21,032	-	-	21,032
Other non-current assets	-	135	-	135
Current assets				
Trade receivables	4,319	-	-	4,319
Other current receivables	5,066	4,313	265	9,644
Cash and cash equivalents	-	-	756,183	756,183
	30,417	4,448	756,448	791,313
Non-current liabilities				
Interest bearing bank loans and borrowings	17,320	-	-	17,320
Rent deposits	1,506	-	-	1,506
Retentions under construction contracts	3,592	-	-	3,592
Current liabilities				
Interest bearing bank loans and borrowings	2,873	-	-	2,873
Investment property acquisition obligations	35,260	-	-	35,260
Other creditors	336	2,262	6,566	9,164
	60,887	2,262	6,566	69,715
Company				
As at 31 December 2007	US Dollars US\$'000	Sterling US\$'000	Other US\$'000	Total US\$'000
Non-current assets				
Loans to subsidiaries	597,860	447	13,313	611,620
Current assets				
Loans to subsidiaries	5,650	-	-	5,650
Cash and cash equivalents	263,009	25,331	-	288,340
	866,519	25,778	13,313	905,610
Current liabilities				
Trade and other payables	558	8,005	537	9,100
	558	8,005	537	9,100
Company				
As at 31 December 2006	US Dollars US\$'000	Sterling US\$'000	Other US\$'000	Total US\$'000
Non-current assets				
Loans to subsidiaries	162,465	-	-	162,465
Current assets				
Cash and cash equivalents	-	743,145	-	743,145
	162,465	743,145	-	905,610
Current liabilities				
Trade and other payables	-	6,566	-	6,566
	-	6,566	-	6,566

Notes to the Financial Statements — *continued*

The sensitivity analyses below are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated, for example a change in interest rate and a change in foreign currency exchange rates. The Group principally manages foreign currency risk on a project basis. The sensitivity analysis prepared by management for foreign currency risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The tables above present financial assets and liabilities denominated in foreign currencies held by the Group in 2007 and 2006 used to monitor foreign currency risk at the reporting dates. If the US dollar weakened or strengthened by 10% against the Russian rouble, with all other variables held constant, net asset value on consolidation for the year would move by \$5m. There would be no significant movement on consolidated profit. If the US dollar weakened or strengthened by 10% against sterling with all other variables held constant, post tax profit for the year and net asset value would move by \$2m.

The tables above present financial assets and liabilities denominated in foreign currencies held by the Group in 2007 and 2006 used to monitor foreign currency risk at the reporting dates. If the US dollar weakened or strengthened by 10% against the Russian rouble, with all other variables held constant, post tax profit for the year would move by \$5m. If the US dollar weakened or strengthened by 10% against sterling with all other variables held constant, post tax profit for the year would move by \$2m.

Cash flow and fair value interest rate risk

The Group has significant interest-bearing cash resources, the majority of which are held in liquidity funds of two major investment banks and in business accounts with its principal bankers.

The Group's interest rate risk arises from long-term borrowings (see note 19). Borrowings issued at variable rates expose the Group to cash flow interest rate risk, whilst borrowings issued at a fixed rate expose the Group to fair value risk. The Group's cash flow and fair value interest rate risk is periodically monitored by the Group's Board of directors and advisers on a project basis. The cash flow and fair value risk policy is approved quarterly by the Board of directors.

The Group analyses its interest rate exposure on a dynamic basis. It takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run for only liabilities that represent the major interest-bearing positions. The simulation is run on an ongoing basis to verify that the maximum potential impact is within the parameters expected by management. Formal reporting to the Board on cash flows is made on a quarterly basis. To date the Group has sought to fix its exposure to interest rates on borrowings through the use of a variety of interest rate derivatives.

Trade and other receivables and payables are interest free and have settlement dates within one year. As the Group had minimal gearing during the year and only began drawing on external finance at the end of the last quarter, there was no significant exposure to interest rate risk.

Notes to the Financial Statements — *continued*

b) Credit risk

The Group has no significant concentrations of credit risk. Credit risk arises from the holding of cash and cash equivalents as well as credit exposures with respect to rental customers, including outstanding receivables. Credit risk is managed by the property adviser and the administrator and structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty or groups of related counterparties and to geographical and industry segments, where appropriate. Such risks are subject to regular review and are reported to the Board, formally, on a quarterly basis.

The Group has policies in place to ensure that rental contracts are made with customers meeting appropriate balance sheet covenants, supplemented by rental deposits or bank guarantees from International banks. The Group also has policies that limit the amount of credit exposure to any financial institution.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Board and its advisers seek to have appropriate credit facilities in place on a project by project basis, either from available internal cash resources or from bank facilities.

The Group's liquidity position is monitored on a daily basis by the property adviser and the administrators, reviewing any cash draw request. Formal liquidity reports are issued from all jurisdictions on a weekly basis and are reviewed quarterly by the Board of directors, along with cash flow forecasts. A summary table with maturity of financial assets and liabilities is presented below.

Group

	2007 US\$'000	2006 US\$'000
Financial assets – non-current		
Trade and other receivables with no fixed term	88,756	21,920
Financial assets – current		
Trade and other receivables – maturity within one year	27,910	13,963
Forward currency derivative contracts – maturing within one year	1,030	-
Cash and cash equivalents – maturity within one year	480,829	756,183
	509,769	770,146
Financial liabilities – non-current		
Interest bearing loans and borrowings – maturing		
— between one and two years	37,936	18,089
— between two and five years	89,274	-
— after more than five years	1,046	-
	128,256	18,089
Financial liabilities – current		
Trade and other payable – maturity within one year	56,378	44,424
Interest bearing loans and borrowings – maturity within one year	4,804	2,873
	61,182	47,297
	409,087	726,680

Notes to the Financial Statements – *continued*

Company

	2007 US\$'000	2006 US\$'000
Financial assets – non-current		
Loans to subsidiaries with no fixed term	449,155	143,255
Financial assets – current		
Trade and other receivables – maturity within one year	6,870	266
Cash and cash equivalents – maturity within one year	288,340	743,145
	295,210	743,411
Financial liabilities – current		
Trade and other payable – maturity within one year	9,100	6,566
	753,465	893,232

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables, as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt. Where the Group or Company are in a net cash position, the gearing ratio will be zero.

The gearing ratios at 31 December 2007 and 2006 were as follows:

Group

	2007 US\$'000	2006 US\$'000
Non-current liabilities	165,944	28,040
Current liabilities	61,182	47,297
Total borrowings	227,126	75,337
Less: cash and cash equivalents	480,829	756,183
Net debt	(253,703)	(680,846)
Equity	969,464	910,450
Total capital	715,761	229,604
Gearing ratio	Nil	Nil

Company

	2007 US\$'000	2006 US\$'000
Non-current liabilities	-	-
Current liabilities	9,100	6,566
Total borrowings	9,100	6,566
Less: cash and cash equivalents	288,340	743,145
Net debt	(279,240)	(736,579)
Equity	897,761	899,340
Total capital	618,521	162,761
Gearing ratio	Nil	Nil

Notes to the Financial Statements — *continued*

31. Acquisitions in the year

On 16 August 2007 the Group acquired, via its wholly owned subsidiary Raven Russia Holdings 9 Limited, 50% of the issued ordinary share capital of Roslogistics Holdings (Russia) Limited. This company in turn acquired 100% of the trade of Avalon Logistics Company, Avalon Imports and Avalon Systems Visions, which operate a logistics and import business in Russia.

32. Subsequent events

There has been no significant events since the balance sheet date, which in the opinion of the Directors require disclosure in the financial statements.

33. Segmental information

The Directors are of the opinion that the Group is engaged in two business segments, being property investment and logistics operations, and in one geographical area, the Commonwealth of Independent States.

Income Statement	Property Investment 2007 US\$'000	Logistics 2007 US\$'000	Total 2007 US\$'00
Revenue			
External sales	37,297	1,225	38,522
Segment result			
Operating profit / (loss)	90,280	(214)	90,066
Finance income	30,221	-	30,221
Finance expense	(1,793)	(5)	(1,798)
Profit / (loss) before tax	118,708	(219)	118,489
Tax	(22,339)	52	(22,287)
Net profit / (loss) for the year	96,369	(167)	96,202
Other information			
Depreciation	-	53	53
Gains on revaluation of investment properties	79,659	-	79,659
Recognised share based payments	(2,126)	0	(2,126)
Capital expenditure			
Purchase of investment properties	(55,853)	0	(55,853)
Payments for investment properties under construction	(261,004)	0	(261,004)
Purchase of property, plant and equipment	0	(819)	(819)
Balance Sheet	Property Investment 2007 US\$'000	Logistics 2007 US\$'000	Total 2007 US\$'00
Assets			
Non-current assets	683,774	3,048	686,822
Current assets	507,327	3,015	510,342
Total assets	1,191,101	6,063	1,197,164
Liabilities			
Non-current liabilities	(164,213)	(1,731)	(165,944)
Current liabilities	(59,246)	(1,560)	(60,806)
Total liabilities	(223,459)	(3,291)	(226,750)
Net assets	967,642	2,772	970,414

Comparative segmental information has not been provided as the Group only engaged in one business segment during 2006, being property investment.

Advisers

Registered Office:	Regency Court Glategny Esplanade St Peter Port Guernsey GY1 3ST	Valuer:	Jones Lang LaSalle Kosmodamianskaya NAB 52 Korp 3 Moscow
Property Adviser:	Raven Russia Property Management Limited 21 Knightsbridge London SW1X 7LY	Registrars:	Capita IRG (CI) Limited 1 Le Truchot St Peter Port Guernsey
Nominated Advisers, Joint Brokers & Financial Advisers	Numis Securities Limited 10 Paternoster Square London EC4M 7LT	UK Transfer Agent:	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Joint Brokers:	Credit Suisse Securities (Europe) Limited 20 Columbus Courtyard London E14 4DA	Independent Auditors:	BDO Novus Limited Elizabeth House St Peter Port Guernsey GY1 3LL
Principal Bankers:	Credit Suisse Goldman Sachs Royal Bank of Scotland International Investec Private Bank		BDO Stoy Hayward Emerald House East Street Epsom Surrey KT17 1HS
Guernsey Advocates:	Ozannes 1 Le Marchant Street St Peter Port Guernsey GY1 4HP		
Administrator & Secretary:	Walbrook Fund Managers Limited Regency Court Glategny Esplanade St Peter Port Guernsey GY1 3ST		





RAVEN RUSSIA LIMITED

www.RavenRussia.co.uk

Registered Office

Regency Court, Glategny Esplanade, St Peter Port, Guernsey GY1 3ST