17 August 2007

MirLand Development Corporation plc ("MirLand" / "Company")

INTERIM RESULTS FOR THE SIX MONTHS TO 30 JUNE 2007

MirLand Development Corporation, one of the leading residential and commercial property developers in Russia, today announces interim results for the six months ended 30 June 2007.

The Company successfully raised net proceeds of US$293 million in its IPO on the AIM market of the London Stock Exchange in December 2006.

Highlights:

- Profit after tax for the six months to 30 June 2007 increased to US$59.479 million (30 June 2006: loss US$0.74 million)
- Income for the six months ended 30 June 2007 increased to US$73.733 million (30 June 2006: US$2.185 million)
- Increase in total assets to US$ 578.4 million (31 December 2006: US$ 475.5 million)
- Company's real estate assets valued at US$1.238 billion (for 100% freehold/ leasehold rights as at 30 June 2007). MirLand's share in this is US$1.036 billion, up 36% (US$270m) since 30 September (US$764.6 million)
- Company invested US$ 72.4 million of the IPO proceeds during the first six months
- 10 significant ongoing projects which, on completion, will provide approximately 1.5 million sq m of office, retail and residential property
- Two pipeline projects now acquired and further eleven new projects undergoing due diligence in the cities of St Petersburg, Kazan, Chelyabinsk, Novosibirsk, Barnaul, Voronezh and Klin
- After the period end, MirLand entered into an agreement to acquire the entire issued share capital of two Russian companies whose development projects will on completion comprise over 13,000 sq m of Class B offices next to the Company's existing Hydromashservice and MAG office developments for approximately US$ 6.7 million
- Successful opening of first shopping centre in Yarolslavl in April. Centre opened 97% pre-leased.

Nigel Wright, Chairman, commented:

"The Company has continued to make good progress in executing its strategy since IPO. Existing projects have been progressed and we are also pleased to have consolidated further some of our pipeline of assets. We are also progressing new acquisition opportunities.

"With the ongoing demand for high quality residential and commercial real estate from investors and occupiers we are confident that MirLand is strongly positioned to continue to deliver significant growth in the future."

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CHAIRMAN'S STATEMENT

I am pleased to report on our results for the six months to 30 June 2007 which confirm that strong progress has continued to be made in all aspects of our business. I particularly pay tribute to my colleagues whose hard work and endeavour since our successful IPO has been exceptional.

Strategy

MirLand is one of the leading developers of high-quality residential and commercial real estate in Russia and aims to maximise value for its shareholders through an investment strategy of:

- Focusing on the successful execution of development projects;
- Generating value through active management;
- Continuing to acquire attractive sites in targeted locations for future development; and
- Maintaining a diversified property portfolio to maximise investment opportunities and reduce risks

We continue to see significant potential in the rapidly growing and improving Russian real estate market, both in Moscow and St. Petersburg, but also importantly in the larger regional cities where populations exceed half a million inhabitants. Demand in such locations continues to exceed supply and this fact, combined with the relative absence of substantial, high quality, experienced and soundly financed development companies, gives MirLand an exceptional opportunity. Furthermore, these favourable conditions are, we believe, reflected in the rental, capitalisation and discount rate trends which are evident across these parts of the market.

Results

Profit before tax was US$61.690 million (US$1.331 million: 30 June 2006). Total assets as at 30 June 2007 amounted to US$578.4 million, growing from US$475.5 million as at 31 December 2006. The main reasons for the increase in value was:

- the revaluation of our assets;
- our continuing investments in land, properties and construction; and
- further investment in a significant joint venture company developing residential projects in Moscow.

During the period, IIK the Company's subsidiary entered into loan agreement with EBRD bank for a facility of up to 65% of the construction costs of approximately US$35 million and refinancing of an additional US$13.5 million post completion.

As set out in more detail below, the Company's real estate assets were valued as at 30 June 2007 at US$1.237.8 billion (for 100% freehold/leasehold rights) by an external independent appraiser, Cushman & Wakefield Stiles & Riabokobylko ("Cushman & Wakefield"), in accordance with International Valuation Standards. The Company's share in these assets is US$1.036 billion (30 September 2007: US$764.6 million). The interim valuation showed a 36%, or US$270 million, increase in the value of the Company's real estate assets since 30 September 2006. The Company's policy is to revalue its assets twice a year, on 30 June and 31 December.

Net profit for the six months to 30 June 2007 was US$59.9 million, in comparison to loss of US$0.1 million for the comparative period for the six months to 30 June 2006. This increase is due to the uplift in the value of the Company's assets and rental income from the Company's three finished projects, namely the first phase of the Yaroslavl shopping centre (Global1), MAG and Hydromashservice properties.

Income for the six months ended 30 June 2007 grew to US$73.7 million, in comparison to US$2.2 million for the comparative period in 2006.

Income from investment properties also grew due to the completion and successful opening of a shopping center in Yaroslavl (Global1) in April 2007, and the ongoing process of replacing tenants and increasing rental rates in the renovated spaces in the MAG and Hydromashservice projects.

The principal operating expenses of the Company are property maintenance and management costs which rose from US$0.1 million to US$1.7 million due to the increase in the number of properties and the increasing scale of our operations.

The Company's general and administrative expenses for the period rose to US$7.3 million compared to US$0.6 million for the half-year period ended 30 June 2006. This increase was mainly due to the provision of management services for MAG, Hydromashservice and Global1 by an external management companies, salaries for the employees (including a share option plan) and professional expenses. Financial income for the period was US$5.7M, being primarily deposit interest on unutilized IPO proceeds.

Portfolio Performance

The details of the Company's key existing projects are shown in the summary table below. The comprehensive report prepared by Cushman & Wakefield is available on the Company's website www.mirland-development.com.

City	Property Name and Address	Market Value as at 30th of June 2007 (Rounded)	Total sqm of Land	Mirland Share	Value attributed to Mirland
Moscow	Hidromashservice, 2-Khutorskaya str., 38A	$75,424,000	12,237	100%	$75,424,000
Moscow	MAG, 2-Khutorskaya str., 38A	$95,370,000	21,940	100%	$95,370,000
Moscow Region	Perkhushkovo, Odintsovsky district	$67,934,000	225,300	100%	$67,934,000
Saratov	Retail mall, 167 Zarubina street	$33,009,000	22,000	90%	$29,708,100
Moscow	Skyscraper, Dmitrovskoe schosse, 1	$142,952,000	9,079	100%	$142,952,000
St. Petersburg	Residential	$383,662,000	326,651	100%	$383,662,000
St. Petersburg	Trade Centre, Baumana str., 86	$41,071,000	81,663	100%	$41,071,000
Moscow Region	Techagrocom, Kaluzhskoe Highway	$109,020,000	220,000	50%	$54,510,000
Yaroslavl	Phase I: Operating Shopping Centre, Kalinina str.	$89,440,000	120,000	49%	$43,825,600
Yaroslavl	Phase II (Remaining unimproved Land Plot of 18 ha)	$15,892,000	180,000	49%	$7,787,080
Moscow	Matrosskaya Residential Dev.	$36,582,000	n/a	51%	$18,656,820
Moscow	Nemchinovka	$147,477,000	n/a	51%	$75,213,270
		$1,237,833,000			**$1,036,113,870**

As stated above, the Company's real estate assets were externally valued as at 30 June 2007 at US$1.238 billion and the Company's share in the value of these assets is US$1.036 billion. This represents a US$270 million (36%) increase from the previous valuation as at 30 September 2006.

During the period 1 October 2006 to 30 June 2007 notable valuation changes can be attributed to most of the properties in the portfolio. These changes contributed an increase of US$177m (23%) in the like-for-like value of MirLand's properties that were included in the valuation in the Company's Admission document.

The Yaroslavl shopping centre, the Company's first shopping mall development has been completed and opened in April 2007 with over 97% of the units let. This institutional quality single storey mall is strategically located on the main entry road to Yaroslavl from Moscow. The centre contributed US$19 million to the increase in the value of MirLand's portfolio. The Company owns a 49% stake in the project.

The refurbishment of the MAG and Hydromashservice office and retail properties has been ongoing during the period. The 19,450 sqm MAG project will be fully completed during the course of September 2007 and the 20,200 sqm Hydromashservice project by March 2008. MirLand owns 100% of the leasehold rights to both the projects. Good progress on the refurbishment, together with the positive movement in the Moscow real estate market has increased the valuation of the two projects by a total of US$88 million.

In terms of our development properties, the most significant uplift in valuation of US$55 million occurred at MirLand's flagship 41 hectare residential, office and retail project in St. Petersburg. MirLand owns 100% of the leasehold interest in this project. The changes in residential prices in St. Petersburg, together with progress in the project planning and approvals, were the main contributing factors.

During the period MirLand entered into a joint venture to develop two new residential projects in Moscow and in the Moscow region called the Matrosskaya Residential Development and Nemchinovka. This joint venture has a net asset value of US$184 million of which MirLand owns 51% representing US$92 million.

Portfolio activity

During the period the Company continued to make strategic acquisitions utilizing circa US$72.4 million of the IPO proceeds.

In March the Company signed a letter of intent with a view to acquiring a Russian company for up to US$10 million that owns the rights to a plot of land in the City of Ufa. The intention is to build a 180,000 sq m logistics centre.

MirLand has also made further progress in its acquisition of rights to the site for a 48 storey skyscraper in a prime Moscow location close to the third ring. MirLand now effectively owns and controls a 79% interest in the Russian company that has the leasehold rights to the land and has an agreement to acquire the remaining 21% by the end of 2007 for US$4.5 million. On completion the property will provide circa 92,000 sq m of rentable accommodation and 1,500 parking spaces.

In May 2007, MirLand entered into a framework property development agreement with a local Russian company, open Joint Stock Company "494 Department of Work Chief", to establish a limited liability joint venture partnership to develop up to three residential real estate projects in Moscow. Under the agreement MirLand will, subject to completion of due diligence and definitive agreements, provide debt funding of up to US$116.5 million in aggregate for the first two Moscow projects, the Sokolniki project and the Nemchinovka project. The funding will be provided by MirLand subject to completion of various commercial conditions. In return, MirLand will receive a 51% equity interest in the joint venture and a share of the profits attributable to the joint venture of not less than 50%.

The Company made its first funding payment of approximately US$14 million into the joint venture in June 2007 in order to support the initial set-up and design stages of the project. This amount is repayable in the event that the transaction is not completed.

Construction continues on Perkhushkovo and Saratov and we are satisfied with the current progress.

After the period end MirLand entered into an agreement to acquire the entire issued share capital of two Russian companies whose development projects will on completion comprise over 13,000 sq m of Class B offices next to the Company's existing Hydromashservice and MAG office developments for approximately US$ 6.7 million**.** MirLand expects the developments to be completed within 12 months.

Market

Both economic and real estate market conditions in Russia remain positive in the context of MirLand's business. Russia remains both a major and fast growing economy. Real GDP growth continues in the region of 7% and inflation, whilst still high, appears to be in gradual decline. Personal incomes are rising and the increase in retail turnover closely mirrors that rise.

The real estate market remains strong with continuing growth forecast in all sectors. Capitalisation rates (property yields) continue to exceed those in most areas of Central and Western Europe, fuelling institutional investment demand and offering continuing profit opportunity. Demand for quality real estate product, whether from tenants, investors or private homebuyers presently outstrips supply and we do not anticipate a major change in this relationship.

Dividend Policy

As previously stated, the Company has adopted a dividend policy that will reflect long-term earnings and cash flow potential while at the same time maintaining both prudent dividend cover and adequate capital resources within the business.

Subject to these factors and where it is otherwise appropriate to do so, the Company intends to declare at the time of its 2008 final results a dividend of 2% of adjusted net asset value, measured at the end of 2008 and 7% of adjusted net asset value at the end of December 2009, with a view thereafter to increasing the level of dividend payments in line with the Company's cash flow growth.

Board

Mr Gergios Hadjianastasiou has accepted an invitation to serve as private secretary to the President of Cyprus and, as announced at the Company's Annual General Meeting, has therefore stood down from the Board with effect from 10 August. The Board wishes to express its appreciation to Mr Hadjianastasiou for his contribution. The Company expects to announce a replacement for Mr Hadjianastasiou in the near future.

Outlook

The Company has continued to make good progress in executing its strategy since IPO. Existing projects have been progressed and we are also pleased to have consolidated some of our pipeline of assets. We are also progressing new acquisition opportunities.

With the ongoing demand for high quality residential and commercial real estate, from both investors and occupiers, we are confident that MirLand is strongly positioned to continue to deliver significant growth in the future.

Nigel Wright
Chairman
17 August 2007

To the Shareholders of
Mirland Development Corporation Plc

Re: Review of interim condensed consolidated financial statements as of and for the six months ended 30 June 2007

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Mirland Development Corporation plc and its subsidiaires ("the Group") as at 30 June 2007, comprising of the interim consolidated balance sheet as at 30 June 2007 and the related interim consolidated statements of operations, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Limassol, Cyprus
16 August 2007

ERNST & YOUNG CYPRUS

CONSOLIDATED STATEMENTS OF OPERATIONS

	Six months ended 30 June 2007	Six months ended 30 June 2006	Year ended 31 December 2006
	Unaudited	Unaudited	Audited
	U.S. dollars in thousands (except earnings per share)		
Rental income from investment properties	4,017	1,902	3,707
Management fees	302	283	533
Fair value adjustments of investment properties	69,414	-	35,878
Total income	73,733	2,185	40,118
Expenses			
Operating expenses	(1,680)	(110)	(863)
Adjustment for the provision of service provider	(3,342)	-	(3,588)
Cost of registration of land-lease	(5,469)	-	-
General and administrative expenses	(7,253)	(561)	(5,251)
Financial income (loss), net	5,701	(183)	2,330
Profit before tax expense	61,690	1,331	32,746
Tax expense	(2,211)	(1,405)	(2,797)
Profit (loss) for the period attributable to the equity holders of the parent	59,479	(74)	29,949
Basic and diluted earnings per share	0.578	-	0.34

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEETS

	30 June 2007	31 December 2006
	Unaudited	Audited
	U.S. dollars in thousands	
ASSETS		
NON-CURRENT ASSETS		
Investment properties	188,074	65,709
Investment properties under construction	47,613	46,930
Inventories of land	-	76,193
Long-term loan granted (Note 3c)	14,122	-
Advance on acquisition of subsidiary	1,000	1,600
Equipment	2,207	1,082
Long-term receivables and prepayments	-	5,958
	253,016	197,472
CURRENT ASSETS		
Residential projects for sale under construction	85,221	-
Trade and other receivables	12,046	10,157
Cash and cash equivalents	228,154	267,916
	325,421	278,073
Total assets	578,437	475,545
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to equity holders of the parent:		
Share capital	1,036	1,000
Share premium	359,378	327,828
Options	3,776	2,348
Currency translation reserve	3,502	2,402
Retained earnings	92,428	32,949
	460,120	366,527
Minority interest	25	25
Total equity	460,145	366,552
NON-CURRENT LIABILITIES		
Long-term loans from banks	92,760	93,049
Other long-term liabilities	7,705	4,313
Deferred taxes	2,244	1,755
	102,709	99,117
CURRENT LIABILITIES		
Short-term loans from bank	756	-
Income tax payable	1,573	1,207
Accounts payable and accruals	13,254	8,669
	15,583	9,876
Total liabilities	118,292	108,993
Total equity and liabilities	578,437	475,545

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the parent								Total recognized income and expenses	
	Share capital	Share premium	Options	Currency translation reserve	Retained earnings	Total	Minority interest	Total equity	Parent	Minority
	U.S. dollars in thousands									
At 1 January 2006 (audited)	7	3,717	-	(95)	3,000	6,629	25	6,654		
Issuance of shares	693	2,997	-	-	-	3,690	-	3,690	-	-
Capitalization of shareholder loans	-	62,192	-	-	-	62,192	-	62,192	-	-
Issuance of shares in IPO, net of expenses (1)	300	258,922	-	-	-	259,222	-	259,222	-	-
Profit for the period	-	-	-	-	29,949	29,949	-	29,949	29,949	-
Share-based payment	-	-	2,348	-	-	2,348	-	2,348	-	-
Foreign currency translation adjustments	-	-	-	2,497	-	2,497	-	2,497	2,497	-
At 31 December 2006 (audited)	1,000	327,828	2,348	2,402	32,949	366,527	25	366,552	32,446	-
Issuance of shares, net (Note 4b)	36	30,775	-	-	-	30,811	-	30,811	-	-
Share-based payment	-	-	1,428	-	-	1,428	-	1,428	-	-
Profit for the period	-	-	-	-	59,479	59,479	-	59,479	59,479	-
Foreign currency translation adjustments	-	-	-	1,875	-	1,875	-	1,875	1,875	-
At 30 June 2007 (unaudited)	1,036	358,603	3,776	4,277	92,428	460,120	25	460,145	61,354	-
At 1 January 2006 (audited)	7	3,717	-	(95)	3,000	6,629	25	6,654		
Loss for the period	-	-	-	-	(74)	(74)	-	(74)	(74)	-
Foreign currency translation adjustments	-	-	-	1,536	-	1,536	-	1,536	1,536	-
At 30 June 2006 (unaudited)	7	3,717	-	1,441	2,926	8,091	25	8,116	1,462	-

(1) Issuance expenses amounted to US $ 20,388 thousand.

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June		Year ended 31 December
	2007	2006	2006
	Unaudited		Audited
	U.S. dollars in thousands		
Cash flows from operating activities:			
Profit before tax expense	61,690	1,331	32,746
Adjustments for:			
Interest payable	(2,215)	445	2,901
Options granted	1,428	-	*) 2,348
Fair value adjustments of investment properties	(69,414)	-	(35,878)
Addition to residential project for sale under construction	(7,489)	-	-
Depreciation of equipment	89	4	8
Increase in trade and other receivables	(429)	(3,100)	(4,475)
Increase in accounts payable and accruals	9,237	3,479	*) 7,712
Income taxes paid	(2)	(2)	(1,465)
Net cash flows provided by (used in) operating activities	(7,105)	2,159	3,897
Cash flows from investing activities:			
Prepayments	-	-	(2,315)
Purchase of equipment	(1,184)	(123)	(892)
Additions to investment properties	(39,256)	(2,965)	(4,031)
Additions to investment properties under construction	(7,950)	(3,121)	(16,333)
Interest capitalized in investment properties under construction	(1,213)	(1,749)	(3,658)
Purchase of inventories of land	-	(35,900)	(48,235)
Interest capitalized in inventories of land	-	(209)	(373)
Advance on acquisition of subsidiary	(1,000)	-	(1,600)
Loans granted	(14,122)	-	-
Payment of amount due in respect of purchase of subsidiaries	-	-	(1,250)
Acquisition of joint ventures, net of cash acquired	-	-	(12,875)
Acquisition of subsidiaries, net of cash acquired	-	(5,520)	(5,959)
Net cash flows used in investing activities	(64,725)	(49,587)	(97,521)
Cash flows from financing activities:			
Proceeds from issuance of shares by the Company, net	30,811	-	259,222
Repayment of short-term borrowings from related parties, net	-	-	(460)
Proceeds from long-term borrowings	-	10,069	87,153
Proceeds from short-term borrowings	496	-	-
Proceeds from short-term borrowings from related parties	-	42,972	*) 39,286
Repayment of long-term borrowings from related parties	-	-	*) (28,812)
Net cash flows provided by financing activities	31,307	53,041	356,389
Increase (decrease) in cash and cash equivalents	(40,523)	5,613	262,765
Net foreign exchange differences on cash and cash equivalents	761	(228)	4,487
Cash and cash equivalents at beginning of period	267,916	664	664
Cash and cash equivalents at end of period	228,154	6,049	267,916
Non-cash transactions:			
Payables included for investment properties under construction	32,081	-	2,481
Capitalization of shareholders loans to equity	-	-	62,192

*) Reclassified

The accompanying notes are an integral part of the financial statements.

NOTE 1:- GENERAL

These financial statements have been prepared as of 30 June 2007 and for the six month period then ended. These financial statements are to be read in conjunction with the audited annual financial statements of the Company as of 31 December 2006, and their accompanying notes ("annual financial statements").

NOTE 2:- BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial statements are prepared in accordance with IAS 34, "Interim Financing Reporting".

The accounting policies applied in the preparation of these interim financial statements are consistent with those followed in the preparation of the annual financial statements.

NOTE 3:- SIGNIFICANT EVENTS DURING THE PERIOD

a. On 3 January 2007, the Company announced that, in connection with its initial public offering of Ordinary shares, Merrill Lynch International, as stabilizing manager, gave notice that it is exercising the over-allotment option in respect of 3,558,000 Ordinary shares in the Company ("the Over-allotment Shares"). The Over-allotment Shares were issued at the offer price of 478 pence per Over-allotment Share. These shares were issued on 8 January 2007 for a consideration of U.S.$ 30,811, net of issuance expenses of U.S.$ 2,389.

b. On 3 January 2007, the Company completed the first share purchase agreement to acquire the entire issued share capital of Gasconade Holding Ltd., a Cypriot company that holds a 58% interest in Real Estate LLC, a Russian company that has the leasehold rights in land to be used for the Company's skyscraper development project in Moscow. The consideration under this agreement is a total of US$ 13,000 thousand (of which US$ 1,600 thousand was paid by the Company in 2006). In addition, the Company acquired completed an additional share purchase agreement, pursuant to which it had further 21% interest in the Russian company referred to above for a consideration of US$ 4,500 thousand. The Company intends to enter into an additional agreement with a view to acquire the remaining 21% interest for a further US$ 4,500 thousand by the end of 2007.

c. In March 2007, the Company signed a letter of intent ("LOI") with Ekford Commercial Inc. (the "Seller") whereby the Company expressed its intention to purchase from the Seller a 100% interest in Zhilstroyproekt Limited Liability ("ZLL"), a legal entity incorporated in Russia.

   According to the LOI the Company intends to acquire the interest in ZLL for an aggregate purchase price of up to US$ 10 million subject to the following conditions:

   - Payment of a first installment of US$ 1 million. This installment was paid on March 19, 2007 and is refundable, if the acquisition is not consummated.

NOTE 3:- SIGNIFICANT EVENTS DURING THE PERIOD (Cont.)

- A second installment of US$ 6 million is payable upon occurrence of all of the following conditions:

  (i) The transfer of 100% of the interest in ZLL from the Seller to the Company.

  (ii) ZLL enters into a new land lease agreement in respect of the land leased by ZLL in the Dema District in the City of Ufa for a period of not less than two years, in order to design a logistics centre.

  (iii) ZLL is granted with a legal and valid resolutions of the governmental and municipal authorities pursuant to which ZLL will be permitted to commence the designing of the logistics centre.

- A third installment of US$ 3,000 thousand is payable upon occurrence of the later of the following conditions:

  (i) The date of issuance to ZLL of legal and valid resolutions and authorizations of the governmental and municipal authorities pursuant to which the Company will be permitted to commence the construction of the logistics centre.

  (ii) The date on which the Company enters into another land lease agreement in respect of the land for a period of not less than five years, in order to construct the logistics centre.

d. In May 2007 Mirland entered into a framework property development agreement with a local Russian company, open Joint Stock Company "494 Department of Work Chief", to establish a limited liability joint venture partnership to develop up to three real estate projects in Moscow.

Under the agreement Mirland will, subject to completion of due diligence to its satisfaction and definitive agreements, provide debt funding of up to US$ 116.5 million in aggregate for the first two Moscow projects, the Sokolniki project and the Nemchinovka project. The funding will be provided by Mirland subject to completion of various milestones. In return, Mirland will receive a 51% equity interest in the joint venture and a share of the profits attributable to the joint venture of not less than 50%. The Company made its first funding payment of approximately US$ 14 million into the joint venture in order to support initial project set-up and design stages. This amount is repayable in the event that the transaction is not completed.

NOTE 4:- SEGMENT INFORMATION

The following table presents revenue and profit information regarding the Group's business segments for the six months ended 30 June 2007, 30 June 2006 and for the year ended 31 December 2006.

	Six months ended 30 June 2007 (unaudited)				Six months ended 30 June 2006 (unaudited)		
	Commercial	Residential	Eliminations	Total	Commercial	Residential	Total
	U.S. dollars in thousands						
Revenue							
Rental income from investment properties	4,017	-	-	4,017	1,902	-	1,902
Revenue from management fees	302	-	-	302	283	-	283
Fair value adjustments of investment properties	69,414	-	-	69,414	-	-	-
Inter segment income	104	-	(104)	-	-	-	-
	73,837	-	(104)	73,733	2,185	-	2,185
Segment results	59,972	(183)	-	59,789	1,632	(112)	1,1520
Unallocated expenses				(3,800)			(6)
Net finance income (costs)				5,701			(183)
Profit before income tax				61,690			1,331
Tax expense				(2,211)			(1,405)
Profit (loss) for the period				59,479			(74)

NOTE 4:- SEGMENT INFORMATION (Cont.)

	Year ended 2006 (audited)			
	Commercial	Residential	Eliminations	Total
Revenue				
Rental income from investment properties	3,707	-	-	3,707
Revenue from management fees	533	-	-	533
Fair value adjustments of investment properties	35,878	-	-	35,878
Inter segment income	203	-	(203)	-
	40,321	-	(203)	40,118
Segment results	33,289	(289)	-	33,000
Unallocated expenses				(2,584)
Net finance income				2,330
Profit before income tax				32,746
Tax expense				2,797
Profit for the year				29,949

NOTE 5:- SUBSEQUENT EVENTS

In August 2007, the Company's wholly-owned subsidiary entered into agreements to acquire the entire issued share capital of two Russian companies which, together, own the rights to the office construction project in Moscow that the Company intends to complete. The aggregate consideration payable for the two companies is approximately US$ 6.7 million.

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