

21 May 2008

The following amendment has been made to the 'Unaudited Interim Consolidated Financial Statements As Of 31 March 2008' announcement released on 20 May 2008 at 0700 under RNS No 8221U

The first bullet point in 'Key Highlights' has been amended to read "Profit before tax US\$6.75 million (loss of US\$280,000 in three months to 31 March 2007)"

All other details remain unchanged.

The full amended text is shown below.

**MIRLAND DEVELOPMENT CORPORATION PLC ("MirLand"/the "Company")**

**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 MARCH 2008**

MirLand Development Corporation, one of the leading international residential and commercial property developers in Russia, today announces its interim consolidated financial statements for the three months to 31 March 2008.

Since the announcement of our preliminary results the Company has continued to make good progress and is pleased to report the following:

**Key Highlights**

- Profit before tax US\$6.75 million (loss of US\$280,000 in three months to 31 March 2007)
- 29% increase in total assets to US\$674.2 million (31 December 2007: US\$521.4 million)
- Rental and property management revenues increased to US\$4.5 million (US\$1.5 million in three months to 31 December 2007) following additional progress in the refurbishment, expansion and letting of the Hydro and MAG office properties in Moscow and the Yaroslavl shopping centre, which was successfully opened in April 2007
- The Company has entered into an agreement with the city of Penza having won the tender for the acquisition of circa 5.3 Ha of land for US\$4.25 million
  - Plans towards developing a 25,000 sqm shopping centre on the site are being successfully progressed. Located in south east Russia, Penza has a population of over 500,000 and an undersupply of high quality retail facilities
- The Saratov shopping centre premises have been substantially pre-let and the Company anticipates that it will open during 2009.

Nigel Wright, Chairman, commented:

"MirLand has demonstrated considerable success in the letting of its completed projects and continues to make strong progress on the growth of its development programme and advancement of its existing projects."

**For further information:**

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**CONSOLIDATED BALANCE SHEETS**

	<b>31 March</b>		<b>31 December</b>
	<b>2008</b>	<b>2007</b>	<b>2007</b>
	<b>Unaudited</b>		<b>Audited</b>
	<b>U.S. dollars in thousands</b>		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS:</b>			
Investment properties	238,100	75,933	227,030
Investment properties under construction	103,002	92,412	87,963
Long-term loan	15,179	-	14,829
Advances on acquisition of subsidiaries	1,796	1,000	1,080
Deferred expenses	958	-	796
Long-term receivables and prepayments	20,672	-	12,891
Financial derivative	1,089	-	-
Deferred taxes	986	1,143	214
Fixed assets, net	5,350	1,748	4,866
	<u>387,132</u>	<u>172,236</u>	<u>349,669</u>
<b>CURRENT ASSETS:</b>			
Inventories of buildings under construction	113,023	76,194	103,980
Trade and other receivables	6,289	10,337	7,537
Short-term loans	18,948	-	7,692
Restricted bank deposits	71,210	71,330	71,406
Cash and cash equivalents	77,599	191,304	117,758
	<u>287,069</u>	<u>349,165</u>	<u>308,373</u>
<b>Total assets</b>	<u><u>674,201</u></u>	<u><u>521,401</u></u>	<u><u>658,042</u></u>

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

**CONSOLIDATED BALANCE SHEETS**

	31 March		31 December
	2008	2007	2007
	Unaudited		Audited
U.S. dollars in thousands			
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Equity attributable to equity holders of the parent:			
Share capital	1,036	1,036	1,036
Share premium	359,803	359,803	359,803
Employee equity benefits reserve	6,682	2,929	6,199
Retained earnings	101,231	30,489	96,629
Currency translation reserve	18,059	3,229	9,151
	486,811	397,486	472,818
<b>Minority interests</b>	25	25	25
<b>Total equity</b>	486,836	397,511	472,843
<b>NON-CURRENT LIABILITIES:</b>			
Debentures, net	63,796	-	62,088
Financial derivative	-	-	50
Long-term loans from banks	19,399	16,989	15,873
Other long-term liabilities	12,966	22,467	12,739
Deferred taxes	6,781	3,030	5,118
	102,942	42,486	95,868
<b>CURRENT LIABILITIES:</b>			
Accounts payable and accruals	9,204	4,981	11,145
Short-term loans from banks	72,669	74,624	76,696
Income tax payable	2,550	1,799	1,490
	84,423	81,404	89,331
<b>Total liabilities</b>	187,365	123,890	185,199
<b>Total equity and liabilities</b>	674,201	521,401	658,042

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

19 May 2008

Date of approval of the  
financial statements

Moshe Morag  
CEO

Roman Rozental  
CFO

**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three months ended 31 March		Year ended 31 December
	2008	2007	2007
	Unaudited		Audited
U.S. dollars in thousands			
<b>Revenues:</b>			
Rental income from investment properties	3,958	1,352	10,446
Revenues from managing and consulting fees	547	189	1,977
<b>Total revenues</b>	4,505	1,541	12,423
Fair value adjustments of investment properties	(1,493)	-	82,138
<b>Total income</b>	3,012	1,541	94,561
Operating expenses	(1,732)	(203)	(6,384)
General and administrative expenses	(4,760)	(3,668)	(26,706)
Registration of land lease	-	-	(5,469)
Finance costs	(3,822)	(1,325)	(8,703)
Finance income	14,050	3,375	23,004
<b>Profit (loss) before tax expense</b>	6,748	(280)	70,303
Tax expense	2,146	980	5,423
<b>Profit (loss) for the year attributable to the equity holders of the parent</b>	4,602	(1,260)	64,880
<b>Earnings (loss) per share (in U.S. dollars per share):</b>			
Basic	0.044	(0.010)	0.627
Diluted	0.044	(0.010)	0.627

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to equity holders of the company						Minority interests	Total equity	Total recognized income (expenses)
	Share capital	Share premium	Employee equity	Retained earnings	Currency translation	Total			
			benefits reserve		reserve				
U.S. dollars in thousands									
At 1 January 2008	1,036	359,803	6,199	96,629	9,151	472,818	25	472,843	-
Profit for the period	-	-	-	4,602	-	4,602	-	4,602	4,602
Share-based payment	-	-	483	-	-	483	-	483	-
Foreign currency translation adjustments	-	-	-	-	8,908	8,908	-	8,908	8,908
At 31 March 2008 (unaudited)	<u>1,036</u>	<u>359,803</u>	<u>6,682</u>	<u>101,231</u>	<u>18,059</u>	<u>486,811</u>	<u>25</u>	<u>486,836</u>	<u>13,510</u>
At 1 January 2007	1,000	329,028	2,348	31,749	2,402	366,527	25	366,552	-
Issuance of shares	36	30,775	-	-	-	30,811	-	30,811	-
Loss for the period	-	-	-	(1,260)	-	(1,260)	-	(1,260)	(1,260)
Share-based payment	-	-	581	-	-	581	-	581	-
Foreign currency translation adjustments	-	-	-	-	827	827	-	827	827
At 31 March 2007 (unaudited)	<u>1,036</u>	<u>359,803</u>	<u>2,929</u>	<u>30,489</u>	<u>3,229</u>	<u>397,486</u>	<u>25</u>	<u>397,511</u>	<u>(433)</u>
At 1 January 2006	1,000	329,028	2,348	31,749	2,402	366,527	25	366,552	-
Issuance of shares	36	30,775	-	-	-	30,811	-	30,811	-
Profit for the year	-	-	-	64,880	-	64,880	-	64,880	64,880
Share-based payment	-	-	3,851	-	-	3,851	-	3,851	-
Foreign currency translation adjustments	-	-	-	-	6,749	6,749	-	6,749	6,749
At 31 December 2007	<u>1,036</u>	<u>359,803</u>	<u>6,199</u>	<u>96,629</u>	<u>9,151</u>	<u>472,818</u>	<u>25</u>	<u>472,843</u>	<u>71,629</u>

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Three months ended</b>		<b>Year ended</b>
	<b>31 March</b>		<b>31 December</b>
	<b>2008</b>	<b>2007</b>	<b>2007</b>
	<b>Unaudited</b>		<b>Audited</b>
	<b>U.S. dollars in thousands</b>		
<b>Cash flows from operating activities:</b>			
Profit before the tax expense	6,748	(280)	70,303
Adjustments for:			
Finance costs	3,822	1,325	8,703
Interest paid	(1,653)	(1,082)	(6,881)
Finance income	(14,050)	(3,375)	(23,004)
Interest received	804	-	10,343
Fair value adjustments of investment properties	1,493	-	(82,138)
Share-based payments expense	483	581	3,851
Addition to residential projects for sale under construction	(3,603)	-	(22,003)
Depreciation of fixed assets	149	6	287
Increase in trade and other receivables	(5,465)	(307)	(3,067)
Increase (decrease) in accounts payable and accruals and in provision to service provider	(2,104)	295	6,347
Income taxes paid	(1,167)	(810)	(1,169)
<b>Net cash flows used in operating activities</b>	<b>(14,543)</b>	<b>(3,647)</b>	<b>(38,428)</b>
<b>Cash flows from investing activities:</b>			
Additions to fixed assets	(165)	(648)	(3,373)
Additions to investment properties	(3,499)	(4,627)	(36,056)
Additions to investment properties under construction	(9,374)	(11,910)	(62,658)
Interest capitalized in investment properties under construction	-	(1,410)	(2,016)
Loans granted	(10,617)	-	(22,238)
Advance on acquisition of subsidiary	(796)	(1,000)	(1,080)
Acquisition of subsidiaries, net of cash acquired	-	(15,900)	-
<b>Net cash flows used in investing activities</b>	<b>(24,451)</b>	<b>(35,495)</b>	<b>(127,421)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of shares by the Company	-	30,811	30,811
Advances received on account of IPO	-	-	1,053
Accrued expenses on account of loan	(123)	-	(767)
Proceeds from issuance of bonds	-	-	61,756
Proceeds from long-term borrowings	-	2,707	-
Proceeds from short-term borrowings	-	279	-
Repayment of long-term borrowings from banks	(765)	-	-
Acquisition of minority	(757)	-	-
<b>Net cash flows (used in)/provided by financing activities</b>	<b>(1,645)</b>	<b>33,797</b>	<b>92,853</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(40,639)</b>	<b>(5,345)</b>	<b>(72,996)</b>
<b>Net foreign exchange differences on cash and cash equivalents</b>	<b>480</b>	<b>63</b>	<b>(5,832)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>117,758</b>	<b>196,586</b>	<b>196,586</b>
<b>Cash and cash equivalents at end of period</b>	<b>77,599</b>	<b>191,304</b>	<b>117,758</b>

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Three months ended</b>		<b>Year ended</b>
	<b>31 March</b>		<b>31 December</b>
	<b>2008</b>	<b>2007</b>	<b>2007</b>
	<b>Unaudited</b>		<b>Audited</b>
	<b>U.S. dollars in thousands</b>		
<b>Non-cash transactions:</b>			
Payables included for investment properties under construction	-	3,425	1,638
Reclassification of inventories of land to inventories of buildings under construction	-	76,194	62,192

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

**MIRLAND DEVELOPMENT CORPORATION PLC**

**NOTE 1:- GENERAL**

These financial statements have been prepared in a condensed format as of 31 March 2008 and for the three months then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's audited annual financial statements and accompanying notes as of 31 December 2007 and for the year then ended ("annual financial statements").

**NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES**

Basis of preparation of the interim financial statements:

The interim condensed consolidated financial statements for the three months ended 31 March 2008 have been prepared in accordance with the International Financial Reporting Standard IAS 34 ("Interim Financial Reporting").

The significant accounting policies and methods of computation followed in the preparation of the interim condensed consolidated financial statements are identical to those followed in the preparation of the latest annual financial statements.

**NOTE 3:- SEGMENTS**

	<u>Commercial</u>	<u>Residential</u>	<u>Total</u>
	<u>Unaudited</u>		
<b>Three months ended 31 March 2008:</b>	<b>U.S. dollars in thousands</b>		
Segment revenues	4,505	-	4,505
Segment results	(1,042)	(265)	(1,307)
Unallocated expenses			(2,173)
Operating loss			(3,480)

	<u>Commercial</u>	<u>Residential</u>	<u>Total</u>
	<u>Unaudited</u>		
<b>Three months ended 31 March 2007:</b>	<b>U.S. dollars in thousands</b>		
Segment revenues	1,541	-	1,541
Segment results	29	(209)	(180)
Unallocated expenses			(2,150)
Operating loss			(2,330)



**MIRLAND DEVELOPMENT CORPORATION PLC**

**NOTE 3:- SEGMENTS (Cont.)**

	<u>Commercial</u>	<u>Residential</u>	<u>Total</u>
<b>Year ended 31 December 2007:</b>	<b>Audited</b>		
	<b>U.S. dollars in thousands</b>		
Segment revenues	12,423	-	12,423
Segment results	69,872	(1,314)	68,558
Unallocated expenses			(12,556)
Operating income			56,002

**NOTE 4:- SEGNIFICANT EVENTS DURING THE REPORTED PERIOD**

On 31 March 2008, Tamiz (a wholly-owned company) was informed of its winning a tender for the purchase of 5.3 hectares of land in the city of Penza, Russia.

Following the announcement, on 3 April 2008, Tamiz signed an agreement with the city of Penza, which indicates that all the rights to the land shall be transferred to Tamiz, for the amount of \$ 4.25 million. The above amount was paid by the Company on 11 April 2008. The Company intends to build a shopping center on the land.

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