

10 September 2007

R.G.I. International Limited

INTERIM RESULTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2007

RGI TRIPLES TOTAL NAV

R.G.I. International Limited ("RGI" or the "Company"), the AIM-listed developer of high-end properties in Moscow, is pleased to announce its interim results for the six month period ended 30 June 2007.

Financial Highlights:

- Net Asset Value per share increased to US\$12.03 from US\$4.50 at 31 December 2006
- Total Net Asset Value at 30 June 2007 of US\$1,534 million, up from US\$457 million at 31 December 2006
- Development portfolio valuation at 30 June 2007 of US\$1,728 up from US\$305 million at 31 December
- The portfolio value has increased by 38% on a like-for-like basis (excluding new acquisitions) since 31 December 2006

Performance Highlights:

- US\$297 million investment in the acquisition of six new development projects in Moscow and the surrounding areas
- Successful completion of a secondary fund raising in April 2007, raising gross proceeds of US\$251 million
- Development now includes 11 projects and 1 pipeline project with a total of 2.2 million sq.m; increase from 0.16 million sq.m as of 31 December, 2006
- Five year lease agreement signed with a tenant in respect of the Butikovsky Development at an annual rent of US\$5.1 million, excluding maintenance charges and VAT. The agreed annual rent implies an 8.7% yield. The annual rent of US\$5.1 million is 18% more than the annual rent estimated by DTZ at 31 December 2006.

Commenting on the interim results, Mr. Jacob Kriesler, Executive Chairman of the Company said:

"The Moscow real estate market has continued to be strong during the period, especially in the high-end residential, retail and office segments which are RGI's core market target. RGI has continued to exploit attractive market conditions and has grown significantly in each one of the segments in which it operates. In addition to achieving major progress in the development of its property portfolio, RGI completed a successful follow on US\$251 million offering during April 2007 and has significantly increased its land bank by acquiring six new development projects in Moscow and the surrounding area.

As one of the leading high-end real estate developers in Moscow and the surrounding areas, we feel confident that RGI will continue to deliver significant growth in the future."

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CHAIRMAN'S STATEMENT

The first half of 2007 has been a very active period for RGI. As this interim report outlines the Company has moved quickly to establish itself as one of the leading developers of high-end properties in Moscow and the surrounding areas. The Company raised US\$251million in April 2007 through a follow on offering, thereby bringing the total amount raised in equity since September 2006 to US\$473 million. The majority of the funds were invested in the acquisition of six new development projects during the period. These acquisitions were the main reason for the rapid increase in RGI's NAV per share from US\$4.5 to US\$12.03 per share.

New site acquisitions

Chelsea Development

In March 2007 the Company acquired the Chelsea Development, which is a proposed development of three blocks (comprising a land plot of approximately 150,000 sq. m) located to the east of the Tsvetnoy Boulevard, approximately two kilometres north of the Kremlin and within the Garden Ring. The area to be developed is part of a high-end residential neighbourhood. *The Company is currently working on the urban design options to develop the optimal mix of residential, retail and office.* The Company believes that it will be possible to develop approximately 263,000 sq.m. on the site. Subject to securing the relevant planning permissions, the Company plans to complete the development of the project on a block-by-block basis by the end of 2012.

Victory Park Development

In a series of transactions completed in March and June 2007 the Company acquired the Victory Park Development, which is a land plot of approximately 3,900 sq. m of land located opposite Victory Park, on the edge of the district known as "Moscow City", approximately seven kilometres to the west of the Kremlin. RGI intends to construct a new 18-storey building with a gross floor area of 70,000 sq. m (50,000 sq. m above ground and 20,000 sq. m underground) on the site of the Victory Park Development. There is a large amount of office space in the immediate vicinity of the Victory Park Development. The Company is therefore reviewing the various options available to it in respect of the Victory Park Development including the development of serviced apartments, a hotel or residential real estate, potentially mixed with a certain amount of retail space. Subject to securing the relevant planning permissions, the Company plans to complete the development of the Victory Park Development by the end of 2010.

Investment in Sucreti Holdings Limited

In June 2007 RGI acquired a 73% controlling interest in Sucreti Holdings Limited, a Cypriot holding company which indirectly holds property rights to four projects in Moscow: the Maya, Dream, Media City and Kingston Projects. The Dream and Maya projects are central Moscow office projects with buildable areas of approximately 10,800 sq.m and 21,500 sq.m respectively, whereas Media City is an office and media centre development located on the same site as the Ostankino television and radio tower (the highest freestanding structure in Eurasia) with a buildable area of approximately 86,400 sq.m.

The Kingston Project is a proposed green field residential neighbourhood development located approximately 18km from the Kremlin and 2.5 kilometres from the Mitino underground station. The project comprises a buildable area of up to 1,613,000 sq.m. The Company believes that it has secured an investment opportunity in a large area of real estate that has the potential to deliver attractive returns for shareholders. RGI is currently reviewing various opportunities for the site and, after completing a new urban design, may decide to develop the site (solely or in partnership) or sell it to third party developers.

Portfolio Performance

As at 31 December 2006, RGI's property portfolio comprised five development projects and one pipeline project. According to DTZ, an international property appraiser, the value of a 100% ownership stake in these properties at that time amounted to US\$ 385.8 million. Following the acquisition of the Chelsea Project and a 68.85% stake in the Victory Park Project in March 2007, DTZ valued a 100% ownership stake in RGI's portfolio properties as at 31 March 2007 at US\$ 1,107.6 million. As of 30 June 2007, following the completion of the Sucreti deal and acquisition of the remaining stake in the Victory Park, RGI's portfolio property comprised 11 projects and 1 pipeline project, valued by DTZ at US\$2,048.1million, on the basis of a 100% ownership stake in these properties. The table below sets out the sequence of valuations carried out by DTZ for 100% ownership interest in these properties.

Valuations Progress For 100% Ownership Stake

DEVELOPMENT	31 DECEMBER 2006	31 MARCH 2007	30 JUNE 2007
	(US\$ m)	(US\$ m)	(US\$ m)
Properties in the course of construction			
Butikovskiy	28.8	40.2	58.8
Tsvetnoy	65.1	102.7	124.0
Properties held for development			
Khilkov	161.8	172.7	182.3
Zemlianoy	21.2	21.2	25.3
Ostozhenka	13.7	18.1	20.0
Chelsea	NA	503.3	521.6
Victory Park	NA	154.1	164.2
Media City	NA	NA	100.5
Dream	NA	NA	55.5
Maya	NA	NA	32.4
Kingston	NA	NA	661.2
Total properties in course of construction and held for development	290.6	1,012.3	1,945.8
Pipeline Properties			
Taganka	95.2	95.2	102.3
Total	385.8	1,107.6	2,048.1

RGI's target ownership, based on the actual beneficial holdings in the process, in the Khilkov Development amounts to a 50% interest, whereas target ownership in the Sucreti projects (Maya, Dream, Media City and Kingston) amounts to a 73% interest. RGI's target ownership in all other projects amounts to 100% interest. The table below sets out DTZ's current and completion valuations of RGI's target ownership in the projects.

Valuations for RGI Target Stake

Development	Primary Asset Type	GIA (Sq.M.)	RGI's Target Stake	Valuation as of 30 June 2007	Valuation at Completion
				(US\$ m)	(US\$ m)
Properties in the course of construction					
Butikovsky	Office	8,929	100%	58.8	58.8
Tsvetnoy	Retail	38,653	100%	124.0	284.4
Properties held for development					
Khilkov	Elite Residential	32,000	50%	91.2	198.5
Zemlianoy	Office	10,491	100%	25.3	68.8
Ostozhenka	Elite Residential	1,379	100%	20.0	37.2
Chelsea	Mixed Use	263,000	100%	521.6	2,586.4
Victory Park	Residential/Mixed	70,000	100%	164.2	479.7
Media City	Office	86,440	73%	73.4	280.0
Dream	Office	21,457	73%	40.5	125.3
Maya	Office	10,800	73%	23.7	63.1
Kingston	Residential	1,613,327	73%	482.7	2,656.3
Total properties in course of construction and held for development		2,156,476		1,625.4	6,838.5
Pipeline Properties					
Taganka	Mixed Use	67,995	100%	102.3	357.2
Total		2,224,471		1,727.7	7,195.7

As at 30 June 2007, the fair value of RGI's target stake, including the pipeline project, in the portfolio projects as set out in the table below, amounts to US\$1,728 million.

NAV Calculation

DEVELOPMENT	RGI'S TARGET SHARE FAIR VALUE 31 DECEMBER 2006	RGI'S TARGET SHARE FAIR VALUE 30 JUNE 2007	CHANGE IN RGI'S TARGET FAIR VALUE	CHANGE IN RGI'S TARGET FAIR VALUE ON A LIKE-FOR-LIKE BASIS
	(US\$ m)	(US\$ m)	(US\$ m)	(US\$ m)
Properties in the course of construction				
Butikovsky	28.8	58.8	30.0	30.0
Tsvetnoy	65.1	124.0	58.9	58.9
Properties held for development				
Khilkov	80.9	91.2	10.3	10.3
Zemlianoy	21.2	25.3	4.1	4.1
Ostozhenka	13.7	20.0	6.3	6.3
Chelsea	-	521.6	521.6	n/a
Victory Park	-	164.2	164.2	n/a
Media City	-	73.4	73.4	n/a
Dream	-	40.5	40.5	n/a
Maya	-	23.7	23.7	n/a
Kingston	-	482.7	482.7	n/a
Total properties in course of construction and held for	209.7	1,625.4	1,415.7	109.6
Pipeline Properties				
Taganka	95.2	102.3	7.1	7.1
Total Fair Value	304.9	1,727.7	1,422.8	116.7
Add (Less)				
Net other assets (liabilities)	152.4	(193.2)		
Total NAV	457.3	1,534.4		
NAV per share in US\$	*4.50	*12.03		

* On the diluted basis

The net other assets (liabilities) is calculated as Group's cash and other non property development assets less liabilities, excluding certain deferred taxes liabilities regarding commercial assets, which directors do not expect to be payable in the foreseeable future in light of the company tax efficient corporate structure.

Development update

The construction of the Butikovsky Project is now virtually completed and fully leased. The Tsvetnoy Project is under construction and is expected to be completed at the 1st quarter of 2009. Design and relocation, where applicable for the Company's other projects, is underway and continuing.

As to the Taganka Project (pipeline project), the Company still does not have any land lease rights in relation to the Taganka Project, nor any formal approvals or resolutions from the Moscow Government permitting it to construct the Taganka Project. While the Company expects to obtain a resolution of the Moscow Government entitling it to carry out construction of the Taganka Project, there can be no assurance that the Moscow Government will grant such resolution on terms acceptable to the Company, or at all.

Financial results

Our consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and presented below.

The Company accounted for the acquisitions of new development project as a business combination under IFRS 3. According to this standard, assets and liabilities acquired in the course of the business combination are recorded at their fair value. The difference between the Company's share in the fair value of the net assets acquired and the purchase price is recorded as a negative goodwill.

Total amount of fair value of the property developments rights acquired is about US\$1,507 million and the negative goodwill recorded as a result of these transactions is US\$675 million (See also Notes 3 and 4 of the attached interim condensed consolidated financial statements).

Profit for the six month period ended 30 June 2007 rose by 662% to US\$672.7 million vs. US\$88.3 million in the year ended 31 December 2006.

Earnings per share in the first half went up \$5.98 from US\$1.57 in the period from 14 March 2006 (date of incorporation) to 31 December 2006.

The Company's cash balance as at 30 June 2007 was US\$150.5 million (31 December 2006: US\$163.4 million).

Total assets rose in value from to US\$1,890 million (31 December 2006: US\$339 million)

Secondary public offering

In April 2007 the Company successfully completed its second offering to institutional investors.

Following the exercise of the over-allotment option granted by the Company to Morgan Stanley Securities Limited in respect of 1,350,834 ordinary shares at an offer price of US\$10.44 per ordinary share, a total of 24,084,034 new ordinary shares were issued and admitted to trading on the AIM of the London Stock Exchange.

The total net proceeds raised during the second public offering amounted to US\$240 million.

Board changes

On 1 March 2007 Mariana Golberg tendered her resignation as the Company's CFO with effect from 31 March 2007. While RGI was sad to see Mariana leave, her decision was fully respected and she departed with the Directors' best wishes for the future. Gregory Ulitsky joined RGI as CFO as of 1 April 2007.

Long Term Incentive Plan

On 13 April 2007, the Board of Directors of the Company approved the Long Term Incentive Plan ("LTIP") prepared by PwC LLP. According to the LTIP, eligible executive board directors and non-board employees can be awarded restricted shares ("Awards") at nil cost subject to vesting conditions.

Under the LTIP, the restricted shares become vested in two equal amounts after two and three years starting from 30 June 2007. The number of shares eventually vested is conditional upon the achievement of the specific performance conditions based on net asset value (NAV) growth and total shareholder return (TSR), as laid down in the LTIP.

The Company made Awards under the LTIP to executive board directors and non-board employees on 4 May 2007 and 4 June 2007, respectively

The Company awarded executive directors and other employees a total number of 2,322,000 restricted shares.

Strategy

The Company's overall strategy is to strengthen its position as one of the leading developers of high-end properties in Moscow and the surrounding areas. To achieve this goal, the Company acts according to the following guidelines:

Increasing its equity base: According to current market conditions, new acquisitions especially early stage development projects, can be financed mainly through equity. The Company significantly increased its equity base and may seek to increase it further for the purpose of acquiring additional new projects.

Increasing the land bank: The Board believes that land prices in Moscow and the surrounding areas are still relatively attractive. The Company intends to increase its land bank to secure sufficient projects for development in the forthcoming years.

Obtaining debt: The Company will use debt finance to optimize the capital structure of the Company. This can be obtained either through credit line facilities to RGI and its subsidiaries or by obtaining construction loans for the projects.

Disposal/Rent of portfolio projects: RGI intends to complete the construction of its current development projects and, in general, to retain and manage the completed office and retail properties within such developments, although all or part of such developments may be sold in the right market conditions, if doing so, in the view of the, will optimise shareholder value. The Company currently intends to dispose of its completed residential property developments.

Market update

Both economic and real estate market conditions in Russia remain positive in the context of Company's business. Russia remains a fast growing economy. Real GDP growth continues and high oil and gas prices keep supporting the Russian economy.

The real estate market remains strong with continuing growth forecast in all sectors. Demand for the highest quality residential, office and retail developments continues to outstrip supply. Capitalisation rates (property yields) continue to exceed those in most areas of Central and Western Europe, fuelling institutional investment demand and offering continuing opportunity for future profits.

Outlook

The Company has continued to make sizable process in executing its strategy during the reported period. We plan to continue identifying business opportunities as well as progressing on existing projects.

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

Jacob Kriesler

Executive Chairman

7 September 2007

PwC report

REVIEW REPORT

To the Directors of R.G.I. International Limited:

Introduction

1. We have reviewed the accompanying interim condensed balance sheet of R.G.I. International Limited and its subsidiaries (hereinafter - the "Group") as of 30 June 2007, and the related interim condensed statements of income, changes in equity and cash flows for the six months then ended. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

2. We conducted our review in accordance with 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.

Basis for Matter of emphasis

3. Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information has not been properly prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Matter of emphasis

4. Without qualifying our opinion we draw your attention to Notes 3 and 4 in respect of negative goodwill and property development rights. The Group has reported profit of US\$'000 672,725 for the period ended 30 June 2007 of which US\$'000 675,547 is represented by negative goodwill. This negative goodwill has arisen as a result of the excess of the fair value of the net assets acquired in three business combinations during the period over the purchase consideration paid. The acquired net assets primarily represent property development rights. The fair value of these property development rights have been determined on the basis of an independent valuation which is subject to a number of key assumptions which gives rise to a significant element of judgment in the valuations applied.

Moscow, Russian Federation

7 September 2007

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	NOTE	30 JUNE 2007 Unaudited US\$'000	31 DECEMBER 2006 Audited US\$'000
ASSETS			
Non-current assets			
Property development rights and costs	3, 4	1,632,850	*98,049
Development licenses		325	365
Goodwill		5,177	5,075
Investment in jointly controlled entity		70,090	*61,230
Prepayments		15,750	9,299
Plant and equipment		15,087	110
Total non-current assets		1,739,279	174,128
Current assets			
Debtors and prepayments		703	1,151
Cash and cash equivalents		150,462	163,365
Total current assets		151,165	164,516
Total assets		1,890,444	338,644
LIABILITIES			
Non-current liabilities			
Deferred income tax liability	4	371,859	20,822
Total non-current liabilities		371,859	20,822
Current liabilities			
Borrowings		-	3,875
Deferred purchase consideration	4	110,477	*6,254
Trade and other payables		4,123	2,521
Taxes payable		183	83
Total current liabilities		114,783	12,733
Total liabilities		486,642	33,555
Equity			
Share capital	5	1	1
Share premium		456,524	216,721
Share - based payment	7	1,174	-
Translation reserve		7,786	110
Retained earnings		760,982	88,257
Equity attributable to the Company's equity holders		1,226,467	305,089
Minority interest		177,335	-
Total equity		1,403,802	305,089
Total liabilities and equity		1,890,444	338,644

* Reclassified (see Note 2)

Approved for issue and signed on behalf of the Board of Directors on 7 September 2007.

Jacob Kriesler
Director

Greg Ulitsky
Director

The notes set out on pages 15 to 24 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		PERIOD FROM 1 JANUARY 2007 TO 30 JUNE 2007 Unaudited US\$'000	PERIOD FROM 14 MARCH 2006 TO 30 JUNE 2006 Audited US\$'000
	NOTE		
The excess of acquirer's interest in the net value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost (negative goodwill)	3, 4	675,547	41,463
Consulting and other professional services		(1,164)	(541)
General and administrative expenses		(2,833)	*(114)
Share - based payment	7	(1,174)	-
Depreciation		(432)	-
Other income		526	-
Operating profit		670,470	40,808
Financial income, net		2,562	14
Share in profit of jointly controlled entity		75	-
Profit before income tax		673,107	40,822
Income tax		(382)	-
Profit for the period		672,725	40,822
Profit is attributable to:			
Equity holders of the Company		672,725	40,822
Minority interest		-	-
Profit for the period		672,725	40,822
Earnings per share for profit attributable to the equity holders of the Company during the period:			
		US\$	US\$
Basic		5.98	0.82
Diluted		5.96	0.82

* Reclassified (see Note 2)

The notes set out on pages 15 to 24 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					TOTAL	MINORITY INTEREST	TOTAL EQUITY
		SHARE CAPITAL	SHARE PREMIUM	SHARE-BASED PAYMENT	TRANSLATION RESERVE	RETAINED EARNINGS			
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000			
At 1 January 2007		1	216,721	-	110	88,257	305,089	-	305,089
Currency translation difference recognized in equity		-	-	-	7,676	-	7,676	-	7,676
Net income recognized directly in equity		-	-	-	7,676	-	7,676	-	7,676
Profit for the period		-	-	-	-	672,725	672,725	-	672,725
Total recognized income for the period		-	-	-	7,676	672,725	680,401	-	680,401
Issue of share capital	5	-	239,803	-	-	-	239,803	-	239,803
Share based payment	7	-	-	1,174	-	-	1,174	-	1,174
Minority interest on acquisition	4	-	-	-	-	-	-	177,335	177,335
At 30 June 2007 (unaudited)		1	456,524	1,174	7,786	760,982	1,226,467	177,335	1,403,802

	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY					TOTAL	MINORITY INTEREST	TOTAL EQUITY
		SHARE CAPITAL	SHARE PREMIUM	SHARE-BASED PAYMENT	TRANSLATION RESERVE	RETAINED EARNINGS			
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000			
At 14 March 2006		-	-	-	-	-	-	-	-
Currency translation difference recognized in equity		-	-	-	(24)	-	(24)	-	(24)
Net income recognized directly in equity		-	-	-	(24)	-	(24)	-	(24)
Profit for the period		-	-	-	-	40,822	40,822	-	40,822
Total recognized income for the period		-	-	-	(24)	40,822	40,798	-	40,798
Issue of share capital	1	-	-	-	-	-	1	-	1
Minority interest on acquisition		-	-	-	-	-	-	16,742	16,742
At 30 June 2006		1	-	-	(24)	40,822	40,799	16,742	57,541

The notes set out on pages 15 to 24 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		PERIOD FROM 1 JANUARY 2007 TO 30 JUNE 2007 Unaudited US\$'000	PERIOD FROM 14 MARCH 2006 TO 30 JUNE 2006 Audited US\$'000
	NOTE		
Cash flow from operating activities before working capital changes			
Profit before income tax		673,107	40,808
The excess of acquirer's interest in the net value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost (negative goodwill)		(675,547)	(41,463)
Share-based payment		1,174	-
Depreciation		432	-
Share in profit of jointly controlled entity		(75)	-
Interest income		(5,412)	-
Foreign exchange loss, net		2,999	-
Other non-monetary expenses		(24)	31
Net cash outflow from operating activities before working capital changes		(3,346)	(624)
Change in trade and other payables		650	-
Change in debtors and prepayments		471	-
Change in other taxes payable		100	-
Cash used in operations		(2,125)	-
Interest received		5,412	-
Income tax paid		(42)	-
Net cash generated from in operating activities		3,245	-
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash and cash equivalents	4	(192,000)	2,786
Investment in jointly controlled entity		(7,097)	-
Investments in current projects		(25,781)	-
Purchase of plant and equipment		(15,269)	-
Net cash generated from (used in) investing activities		(240,147)	2,786
Cash flow from financing activities			
Proceeds from issue of share capital	5	239,803	1
Proceeds from borrowings		-	1,132
Repayments of borrowings		(12,545)	(135)
Net cash generated from financing activities		227,258	998
Effect of exchange rate changes on cash and cash equivalents		(3,259)	(9)
Net increase in cash and cash equivalents		(12,903)	3,151
Cash and cash equivalents, beginning of the period		163,365	-
Cash and cash equivalents, end of the period		150,462	3,151

The notes set out on pages 15 to 24 form an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. THE R.G.I. INTERNATIONAL LIMITED GROUP

The interim condensed consolidated financial statements of R.G.I. International Limited ("RGI" or the "Company") and its subsidiaries (together referred to as the "Group") for the six months ended 30 June 2007 were authorized for issue in accordance with a resolution of the directors on 7 September 2007.

The Company was incorporated in Guernsey on 14 March 2006 as a limited liability company in accordance with the provisions of the Companies (Guernsey) Law, 1994. As at 30 June 2007, the registered office and business address was Frances House, Sir William Place, St. Peter Port, Guernsey, GY1 4HQ.

The Group is a property development and management company focused on high-end prime location offices, retail and residential properties, within central Moscow and the surrounding areas.

The Group's projects are described in Note 6.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2007 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2006.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006, except as stated below:

Share-based payment

The new accounting policy adopted by the Group during the period ending 30 June 2007 relates to the recognition of share-based payment transactions. Thus the Group measures the goods or services received and the corresponding increase in equity, directly, at the fair value of goods or services received, which is determined by reference to the fair value of the equity instruments granted at the grant date. The Group amortizes the estimated total value of the award on a straight-line basis over the term of the award and recognizes the amortized portion in the consolidated statement of income with the corresponding increase in equity.

Interim period measurement.

Income tax expense is recognized in these Condensed Interim Financial statements based on management best estimates of the effective annual income tax rate expected for the full financial year. Costs that occur unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Adoption of New or Revised Standards and Interpretations

Certain new IFRSs became effective for the Group from 1 January 2007. Listed below are those new or amended standards or interpretations which are or in the future could be relevant to the Group's operation and the nature of their impact on the Group's accounting policies. All changes in accounting policies were applied retrospectively with adjustments made to the retained earnings at 1 January 2006, unless otherwise described below.

IFRS 7 Financial Instruments: Disclosure and a complementary Amendment to IAS 1 Presentation of Financial Statements – Capital Disclosures (effective from 1 January 2007).

The IFRS introduces new disclosures to improve the information about financial instruments. The volume of disclosures will increase significantly with an emphasis on quantitative aspects of risk exposures and the methods of risk management. The quantitative disclosures will provide information about the extent of exposure to risk, based on information provided internally to the entity's key management personnel. Qualitative and quantitative disclosures will cover exposure to credit risk, liquidity risk and market risk including sensitivity analysis to market risk. IFRS 7 replaced IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and some of the requirements in IAS 32, Financial Instruments: Disclosure and Presentation. The Amendment to IAS 1 introduced disclosures about the level of an entity's capital and how it manages capital. As this interim report contains only condensed financial information in accordance with IAS 34, the new disclosures will be made to the full extent in the annual financial statements of the Group for the year ended 31 December 2007.

Other new standards or interpretations.

The Group has adopted the following other new standards or interpretations which became effective from 1 January 2007:

- IFRIC 8, Scope of IFRS 2 (effective for periods beginning on or after 1 May 2006);
- IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006).

These new IFRIC interpretations did not significantly affect the Group's Condensed Interim Financial Information.

New Accounting Pronouncements

Certain new standards and interpretations have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods and which the Group has not early adopted:

IFRS 8, Operating Segments (effective for annual periods beginning on or after 1 January 2009). The Standard applies to entities whose debt or equity instruments are traded in a public market or that file, or are in the process of filing, their financial statements with a regulatory organisation for the purpose of issuing any class of instruments in a public market. IFRS 8 requires an entity to report financial and descriptive information about its operating segments and specifies how an entity should report such information. Management does not expect IFRS 8 to affect the Group's financial statements.

IAS 23, Borrowing Costs (revised March 2007; effective for annual periods beginning on or after 1 January 2009). The revised IAS 23 was issued in March 2007. The main change to IAS 23 is the removal of the option of immediately recognizing as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. An entity is, therefore, required to capitalize such borrowing costs as part of the cost of the asset. The revised Standard applies prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after 1 January 2009. The Group is currently assessing the impact of the amended Standard on its financial statements.

Unless otherwise described above, the new standards and interpretations are not expected to significantly affect the Group's financial statements.

Changes in presentation

In the financial statements for the period ended 30 June 2007 certain amounts were presented differently from the annual 2006 financial statements. The effect of reclassifications in the balance sheet is as follows:

	31 DECEMBER 2006 US\$'000	Reclassification US\$'000	31 DECEMBER 2006 reclassified US\$'000
Property development rights and costs	68,714	29,335	98,049
Property development expenses	29,335	(29,335)	-
Investment in jointly controlled entity	59,017	2,213	61,230
Long-term loans	2,213	(2,213)	-
Deferred purchase consideration	1,054	5,200	6,254
Contingent purchase consideration	5,200	(5,200)	-

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on the Directors' experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors also make certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial periods include:

Principal assumptions for management's estimation of fair value of property development rights acquired as part of the business combinations during the six months period ended 30 June 2007

The principal assumptions underlying the Directors' estimate of fair value are those related to: the forecast sale or rental prices per square meter for residential, retail or office space as appropriate for the individual developments on completion; the forecast yields for retail and office accommodation; the level of construction costs per square meter; the level of developer profit assumed to be required in the current market and the level of financing and other costs.

The principal assumptions made, and the impact on the aggregate valuations by changing these assumptions is as follows:

- Yield achieved on commercial or retail space is assumed to range between 9% and 10%. If these values were to increase/decrease by 10% from management's estimates, the carrying value of the property development rights would be an estimated US\$42 million lower or US\$33 million higher;
- Rental and Sale prices are assumed to range between US\$350 and US\$675 as a rent rate per square meter and between US\$3,650 and US\$18,000 as a sale rate per square meter (excluding parking). If these values were to increase/decrease by 10% from management's estimates, the carrying value of the property development rights would be an estimated US\$489 million higher/lower;
- Construction costs are assumed to range between US\$1,100 and US\$1,800 per square meter. If these values were to increase/decrease by 10% from management's estimates, the carrying value of the property development rights would be an estimated US\$258 million lower/higher;
- Development profit is assumed to range between 20% and 30% per a project. If these values were to increase/decrease by 10% from management's estimates, the carrying value of the property development rights would be an estimated US\$140 million lower/higher;

- Gross buildable area of these projects is assumed to be 2.2 million square meters. If this value was to increase/decrease by 10% from management's estimate, the carrying value of the property development rights would be an estimated US\$298 million higher/lower; and
- Cost of finance is assumed to range between 9.5% and 10%. If these values were to increase/decrease 10% from management's estimates, the carrying value of the property development rights would be an estimated US\$36 million lower/higher.

4. SIGNIFICANT EVENTS

During the six months period ended June 30, 2007 the Group acquired six new development projects in Moscow. All the acquisitions were treated as business combinations and were accounted for under IFRS 3. These six projects were acquired in three major transactions described below:

Acquisition of Chelsea Project

On 16 March 2007 Toucho Investments Limited (a 100% subsidiary of RGI, "Toucho") acquired 100% of the share capital of Tootie Holdings Limited. On 15 March 2007, Tootie Holdings Limited had acquired 100% of the share capital and voting rights of LLC Opal. LLC Opal holds the development rights for the Chelsea Project.

The Chelsea Project consists of three plots of land located near Tsvetnoy Boulevard in central Moscow two kilometers north of the Kremlin and within the Garden Ring. The project is planned to be developed into mix of residential, retail and office space.

The Company has accounted for the acquisition as a business combination with an effective date of 16 March 2007. The consideration payable for this acquisition was US\$ 100,000,000.

The separately identifiable assets and liabilities of Tootie Holdings Limited, the Company's share acquired thereof and the resulting goodwill arising are set out below:

	IFRS CARRYING AMOUNT IMMEDIATELY BEFORE THE ACQUISITION US\$'000	ATTRIBUTED FAIR VALUE US\$'000
Property development rights	-	*503,315
Cash and cash equivalents	-	-
Trade and other payables	(72)	(72)
Deferred income tax liability	-	(120,796)
Value of net assets of subsidiaries	(72)	382,447
Less: negative goodwill		(282,447)
Total purchase consideration		100,000
Payment of consideration		
Paid in cash		70,000
Deferred consideration		30,000
Total purchase consideration paid in cash		70,000
Less: cash and cash equivalents of subsidiaries acquired		-
Outflow of cash and cash equivalents on acquisition		(70,000)

* based on valuation performed by the independent Industry Consultant, DTZ Debenham Tie Leung ("DTZ")

As a result of the acquisition the Group recorded negative goodwill in the amount of US \$282,447,000.

SIGNIFICANT EVENTS CONTINUED

Acquisition of Victory Park Project

On 19 March 2007 Toucho (the "Buyer") entered into the first purchase agreement with Kensington Gore Limited (the "Seller") to develop the Victory Park Project.

The Victory Park Project is a proposed development of a land plot of approximately 3,900 sqm. The Project is located opposite Victory Park, on the edge of the district known as "Moscow City", a new, predominantly commercial district, approximately seven kilometers to the west of Kremlin. The Victory Park Project itself is located in a high-end residential area.

The investment in the Victory Park Project was structured as a joint venture in which RGI acquired an indirect controlling stake of 68.85% of the share capital of Grikima Holdings Limited. On 22 September 2006, Grikima Holdings Limited acquired 100% of the share capital and voting rights of LLC Tolling. LLC Tolling holds the development rights for the Victory Park Project.

On 21 June 2007, before payment of the entire consideration for 68.85% of the shares of Grikima, the Buyer entered into an additional agreement with the Seller so that RGI eventually purchased 100% of the share capital of Grikima Holdings Limited. The entire consideration paid for the acquisition of 100% of the project was US\$30,000,000.

The Group has accounted for the acquisition as a business combination with an effective date of 19 March 2007. The acquisition of the remaining 31.15% was treated as a purchase of minority rights based on the same values allocated at the date of the business combination.

The separately identifiable assets and liabilities of Grikima Holdings Limited, the Group's share acquired thereof and the resulting goodwill arising on the acquisition are set out below:

	IFRS CARRYING AMOUNT IMMEDIATELY BEFORE THE ACQUISITION US\$'000	ATTRIBUTED FAIR VALUE US\$'000
Property development rights	8,566	*154,135
Cash and cash equivalents	-	-
Borrowings	(8,569)	(8,569)
Deferred income tax liability		(34,937)
Value of net assets of subsidiaries	(3)	110,629
Less: negative goodwill		(80,629)
Total purchase consideration		30,000
Payment of consideration		
Paid in cash		30,000
Deferred consideration		-
Total purchase consideration paid in cash		30,000
Less: cash and cash equivalents of subsidiaries acquired		-
Outflow of cash and cash equivalents on acquisition		(30,000)

* based on valuation performed by the Industry Consultant, DTZ

As a result of the acquisition the Group recorded negative goodwill in the amount of US \$80,629,000.

SIGNIFICANT EVENTS CONTINUED

Acquisition of Sucreti Holdings Limited

On 27 June 2007 Company indirectly acquired 73% of the voting shares of Sucreti Holdings Limited, a Cyprus registered company, for a cash consideration of US\$ 2,000,000, in addition has agreed to lend to Sucreti Holdings Limited up to US\$ 190,000,000. As a result of the acquisition, the Group obtained control over four new developments.

As of 27 June 2007, Sucreti Holdings Limited held directly and indirectly 100% of the share capital of:

1. Volcatoria Management Limited which holds 100% of the share capital of its Russian subsidiary, LLL Jevosset, that in turn holds the development rights for the Kingston Project.

The Kingston Project is a proposed green field residential neighborhood development with some retail space located close to the MKAD interchange, approximately 18km from the Kremlin and 2.5 kilometers from the Mitino underground station. The site covers approximately 67 hectares.

2. Startower Holdings Limited which holds 100% of the share capital of its Russian subsidiary, CJL Media City, that in turn holds the development rights for the Media City Project.

The Media City Project is a proposed Class A office and media centre development project located on the same site as Ostankino television and radio tower (the highest freestanding structure in Eurasia). The Media City Project is close to the VDNKH underground station.

3. Swaingate Enterprises Limited which holds 100% of the share capital of its Russian subsidiary, LLC Dream, that in turn holds the development rights for the Dream Project.

The Dream Project is a proposed Class A office development project located in close proximity to the Garden Ring and the RGI's Chelsea Project to the east of Tsvetnoy Boulevard.

4. Swainhouse Enterprises Limited which holds 100% of the share capital of its Russian subsidiary, LLC Maya, that in turn holds the development rights for the Maya Project.

The Maya Project is a proposed Class A office development project located in close proximity to the Garden Ring and RGI's Chelsea Project to the east of Tsvetnoy Boulevard.

SIGNIFICANT EVENTS CONTINUED

The separately identifiable assets and liabilities of Sucreti Holdings Limited, the Group's share acquired thereof and the resulting goodwill arising are set out below:

	IFRS CARRYING AMOUNT IMMEDIATELY BEFORE THE ACQUISITION US\$'000	ATTRIBUTED FAIR VALUE US\$'000
Property development rights	45,934	*849,612
Other assets	77	77
Cash and cash equivalents	-	-
Deferred income tax liability	-	(192,883)
Value of net assets of subsidiaries	46,011	656,806
Less: negative goodwill		(312,471)
Less: minority interest		(177,335)
Total purchase consideration		167,000
Payment of consideration		
Paid in cash		92,000
Deferred consideration		75,000
Total purchase consideration paid in cash		92,000
Less: cash and cash equivalents of subsidiaries acquired		-
Outflow of cash and cash equivalents on acquisition		(92,000)

* based on valuation performed by the Industry Consultant, DTZ

As a result of the acquisition the Company recorded negative goodwill in amount of US \$312,471,000.

The negative goodwill arising as part of this acquisition demonstrates the Company success in leveraging its expertise and past knowledge in developing luxury properties in Moscow. The Directors consider that combining this ability with the development rights held by previously unconnected third parties can result in favorable opportunities for the Company and its partners.

Total negative goodwill arising from all the acquisitions described above is US\$ 675,547,000.

5. SECOND PUBLIC OFFERING

On 11 April, 2007 the Group successfully completed its second offer to institutional investors (the "Offer").

Following the exercise of the over-allotment option granted by the Group to Morgan Stanley Securities Limited in respect of 1,350,834 ordinary shares at the Offer price of US\$10.44 per ordinary share, a total of 24,084,034 new ordinary shares were issued and admitted to trading on AIM.

Including the proceeds of the exercise of the over-allotment option, the Offer raised net proceeds of approximately US\$ 239,803,000.

6. INFORMATION ABOUT GROUP ACTIVITIES

As of 30 June, 2007 the Company held interests in 11 projects. In addition, the Company held an interest in one more pipe-line project. Some of these projects can be clearly identified as office, retail and elite residential or residential. However, the Company has projects, which represent a combination of the classes described above. Therefore the directors are of the opinion that segment information maybe misleading.

The following table includes information about all of our projects:

PROJECT	TYPE OF PROJECT	CARRYING VALUE	CARRYING VALUE	FAIR VALUE (*)	GROUP'S TARGET SHARE IN THE PROJECT %	GROUP'S SHARE IN THE FAIR VALUE OF THE PROJECT
		31 DECEMBER 2006	30 JUNE 2007	30 JUNE 2007		30 JUNE 2007
		US'000	US'000	US'000		US'000
Consolidated						
Butikovskiy	Office	9,133	15,389	58,800	100	58,800
Tsvetnoy	Retail	65,615	73,665	124,034	100	124,034
Ostozhenka	Elite Residential	10,412	10,728	20,048	100	20,048
Zemlianoy	Office	21,109	23,888	25,307	100	25,307
Victory Park	Mixed	-	156,167	164,211	100	164,211
Chelsea	Mixed	-	518,305	521,608	100	521,608
Media City	Office	-	100,380	100,503	73	73,367
Dream (Schepkina)	Office	-	55,370	55,452	73	40,478
Maya (Gilyrovskogo)	Office	-	32,362	32,410	73	23,659
Kingston	Residential	-	660,271	661,247	73	482,710
Total consolidated		106,269	1,646,525	1,763,620		1,534,222
Joint Venture – equity method						
Khilkov	Elite Residential	61,814	70,981	182,319	50	91,160
Total projects owned		168,083	1,717,506	1,945,939		1,625,382
Pipe-line						
Taganka	Mixed	5,554	5,844	102,277	100	102,277
Total projects		173,637	1,723,350	2,048,216		1,727,659

(*) Determined by an external independent appraiser - DTZ

7. SHARE-BASED PAYMENT

On 13 April 2007, the Board of Directors of the Group approved a Long Term Incentive Plan ("LTIP"). According to the plan eligible directors and employees can be awarded restricted shares for no consideration subject to the vesting conditions.

According to the plan, the Group has awarded restricted shares to the Executive Directors and to non-Board employees of the Group, on 4 May 2007, and 4 June 2007, respectively.

The restricted shares become vested in two equal amounts after two and three years starting from June 30 2007. The number of shares eventually vested is conditional upon the achievement of the specific performance conditions focused on net asset value (NAV) growth and total shareholders' return (TSR).

Executive Directors and other employees of the Group were awarded 1,700,000 and 622,000 restricted shares respectively. The number of restricted shares awarded comprises 1.8 per cent of the total number of RGI's issued ordinary shares.

The Group estimates the total value of the award as US\$21,921,964. The Group amortizes the value of the award from the day of the grant until the end of the related vesting period and recognizes this portion as part of Group's expenses with the corresponding charge to the Shareholders equity.

During the six months period ended 30 June, 2007 the Group amortized US\$1,173,912 from the total award value.

8. RELATED PARTY TRANSACTIONS

For the purposes of these interim condensed consolidated financial statements, parties are generally considered to be related if one party has the ability to control the other party, is under common control or can exercise significant influence over the other party in its financial or operational decisions as defined by IAS 24 "Related Party Disclosures".

The balances and transactions with related parties, with whom the Group entered into significant transactions or had significant balances outstanding during the period ended 30 June 2007 are detailed below:

Borrowings received, extended and repaid:

	Litonor Financial Limited US'000	Lafar Management Limited US'000	Stolichnoe Podvorie US'000
Total outstanding loans and accrued interest due from related parties on 1 January 2007	-	2,446	-
Translation difference		39	
Loans provided to related parties during the period	80	130	6,887
Total outstanding loans and accrued interest due from related parties on 30 June 2007	80	2,689	7,068
Total interest income during the period	-	74	181

Lafar Management Limited is a jointly controlled entity in which the Group holds an economic interest of 50%.

Litonor Financial Limited holds the remaining 50% of the voting shares of Lafar Management Limited.

Lafar Management Limited holds 100% of the share capital of its Russian subsidiary, LLL Stolichnoe Podvorie.

RELATED PARTY TRANSACTIONS CONTINUED

Transactions in relation to the acquisition of Grikima Holdings Limited

The Group acquired 100% of the share capital of Grikima Holdings Limited and its subsidiary LLC Tolling (Victory Park development) from Kensington Gore Limited (a current shareholder of the Company).

Other transactions with related parties:

	TRANSACTIONS VALUE DURING THE PERIOD US'000	OUTSTANDING AMOUNT AT 30 JUNE 2007 US'000
Acquisition of premises (expenditure for the Group)	14,960	-
Construction agreements (other income for the Group)	301	301
Design agreements (revenue for the Group)	100	100
Compensation contracts (expenditure for the Group)	117	339
Rent contracts (revenue for the Group)	15	-
Purchase of equipment (expenditure for the Group)	6	-
(revenue for the Group)	4	-
Remuneration of Executive Directors		
Fees	1,138	850
LTIP (*)	1,028	

All of the entities not defined in the related parties note are beneficially owned by the Group's founder, Chief Executive and controlling shareholder, Boris Kuzinez. The amounts related to rent and development services are accounted for in accordance with rental or construction and design agreements between those entities and the RGI or its subsidiaries. The majority of these arrangements has either been terminated or is not expected to continue in the future.

* As mentioned in Note 7, during 2007 1,700,000 restricted shares to Executive Directors as a part of its LTIP. The total Executive Directors' award value was estimated at US\$16,891,039, with the portion amortised in the period ending 30 June 2007 being US\$1,028,422.