

OJSC MOSTOTREST

**Condensed Interim Consolidated Financial
Statements
for the six months ended 30 June 2010**

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**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE SIX ENDED 30 JUNE 2010**

Condensed Interim Consolidated Statement of Financial Position

Mln RUB	Note	30.06.2010	31.12.2009
ASSETS			
Non-current assets			
Goodwill	7	2,404	-
Intangible assets		2,424	26
Property, plant and equipment	12	13,087	9,421
Trade and other receivables		84	14
Investments in equity accounted investees	7	1,600	-
Other investments		191	196
Loans given		61	20
Other non-current assets		-	1,512
Total non-current assets		<u>19,851</u>	<u>11,189</u>
Current assets			
Inventories		4,084	2,473
Income tax receivable		367	1,065
Trade and other receivables		3,929	810
Amounts due from customers for construction contracts	13	9,100	3,095
Loans given		390	331
Prepayments		10,160	1,103
Cash and cash equivalents		3,381	4,861
Total current assets		<u>31,411</u>	<u>13,738</u>
Total assets		<u>51,262</u>	<u>24,927</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		131	131
Reserve for available-for-sale financial assets		106	110
Retained earnings		10,608	9,011
Total equity attributable to equity holders of the Company		<u>10,845</u>	<u>9,252</u>
Total equity		<u>10,845</u>	<u>9,252</u>
Long-term liabilities			
Loans and borrowings	14	3,928	273
Non-controlling interest		1,165	-
Long-term trade and other payables		356	306
Deferred tax liabilities		1,018	356
Total long-term liabilities		<u>6,467</u>	<u>935</u>
Short-term liabilities			
Loans and borrowings	14	10,173	6,010
Trade and other payables		13,601	4,565
Amounts due to customers for construction contracts	13	9,676	3,194
Construction contracts loss provision		149	170
Other provisions		154	112
Current tax liabilities		197	689
Total short-term liabilities		<u>33,950</u>	<u>14,740</u>
Total liabilities		<u>40,417</u>	<u>15,675</u>
Total equity and liabilities		<u>51,262</u>	<u>24,927</u>

These condensed interim consolidated financial statements were approved by management on 1 October 2010 and were signed on its behalf by:

V.N.Vlasov
General director



O.G.Tanana
Director of finance

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**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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Condensed Interim Consolidated Statement of Comprehensive Income

Mln RUB	Note	Six months ended 30 June	
		2010	2009
Revenue	8	16,433	13,357
Cost of sales	9	(11,987)	(9,691)
Gross profit		4,446	3,666
Other income		70	65
Administrative expenses	10	(1,680)	(1,583)
Other expenses		(174)	(53)
Results from operating activities		2,662	2,095
Finance income	11	72	333
Finance costs	11	(638)	(599)
Net finance costs		(566)	(266)
Share of profit of equity accounted investees		25	-
Profit before income tax		2,121	1,829
Income tax expense		(524)	(408)
Profit for the period		1,597	1,421
 Other comprehensive income			
Net change in fair value of available-for-sale financial assets		(4)	54
Total comprehensive income		1,593	1,475
 Earnings per share			
Basic and diluted earnings per share calculated on the basis of number of shares subsequent to share split at 30 June 2010 (RUB)		6.43	5.72
Basic and diluted earnings per share calculated on the basis of number of shares as at 31 December 2009 (RUB)		1,287	1,145

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Condensed Interim Consolidated Statement of Changes in Equity

Mln RUB	Share capital	Available-for-sale investments revaluation reserve	Retained earnings	Total
Balance at 1 January 2009	131	30	6,807	6,968
Total comprehensive income for the period	-	-	-	-
Profit for the period	-	-	1,421	1,421
Other comprehensive income				
Net change in fair value of available-for-sale financial assets	-	67	-	67
Income tax on other comprehensive income	-	(13)	-	(13)
Total other comprehensive income	-	54	-	54
Total comprehensive income for the period	-	54	1,421	1,475
Dividends to equity holders	-	-	(400)	(400)
Balance at 30 June 2009	<u>131</u>	<u>84</u>	<u>7,828</u>	<u>8,043</u>
Balance at 1 January 2010	131	110	9,011	9,252
Profit for the period	-	-	1,597	1,597
Other comprehensive income				
Net change in fair value of available-for-sale financial assets	-	(5)	-	(5)
Income tax on other comprehensive income	-	1	-	1
Total other comprehensive income	-	(4)	-	(4)
Total comprehensive income for the period	-	(4)	1,597	1,593
Balance at 30 June 2010	<u>131</u>	<u>106</u>	<u>10,608</u>	<u>10,845</u>

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**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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Condensed Interim Consolidated Statement of Cash Flows

Mln RUB	Notes	<u>30.06.2010</u>	<u>30.06.2009</u>
Cash flows from operating activities			
Profit for the period		1,597	1,421
<i>Adjustments for:</i>			
Depreciation		819	729
Share of profit of equity accounted investees		(25)	-
(Profit) / loss on disposal of property, plant and equipment		(8)	22
Net finance costs		591	485
Income tax expense		524	408
Cash from operating activities before changes in working capital and provisions		<u>3,498</u>	<u>3,065</u>
Increase in inventories		(695)	(97)
Decrease/(increase) in trade and other receivables		1,023	(1,692)
(Increase)/decrease in amounts due from customers on construction contracts		(5,250)	123
Decrease/(increase) in prepayments for current assets		2,452	(133)
Increase in other liabilities		3	4
Decrease in trade and other payables		(3,493)	(438)
(Decrease)/increase in amounts due to customers on construction contracts		(2,408)	400
Cash flows (used in)/ from operations before income taxes and interest paid		<u>(4,870)</u>	<u>1,232</u>
Income tax paid		(176)	(699)
Net cash from operating activities		<u>(5,046)</u>	<u>533</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		60	7
Interest received		46	115
Loans given		(174)	(178)
Acquisition of property, plant and equipment		(589)	(178)
Acquisition of equity accounting investments		(63)	-
Acquisition of intangible assets		(43)	(5)
Repayment of the loans given		9	379
Acquisition of subsidiaries		(1,142)	-
Net cash (used in)/from investing activities		<u>(1,896)</u>	<u>140</u>
Cash flows from financing activities			
Proceeds from borrowings		15,140	1,818
Repayment of borrowings		(9,072)	(5,180)
Payment of finance lease liabilities		(116)	(61)
Interest paid		(490)	(591)
Net cash from/(used in) financing activities		<u>5,462</u>	<u>(4,014)</u>
Net decrease in cash and cash equivalents		(1,480)	(3,341)
Cash and cash equivalents at 1 January		4,861	5,211
Cash and cash equivalents at 30 June		<u><u>3,381</u></u>	<u><u>1,870</u></u>

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 30 JUNE 2010

Notes to the Condensed Interim Consolidated Financial Statements

1 Organization and operations

OJSC Mostotrest (the “Company”) and its subsidiaries (the “Group”) comprise Russian open joint stock companies (OAO) and limited liability (OOO) companies as defined in the Civil Code of the Russian Federation.

The Company’s registered office is Myasnitskaya Street 24/7, Bld.3, Moscow, 101990, Russian Federation.

The Group’s principal activity is the construction of transport infrastructure items, including railway, highway and city bridges, overpasses, interchanges, and other engineering structures for the state municipal entities. The Group’s major customers are government agencies and other public bodies. The Group primarily operates in the European part of the Russian Federation.

The Company’s shares are registered for trading on the Russian Trading System (RTS) and Moscow Interbank Currency Exchange (MICEX) stock exchanges.

The consolidated financial statements of the Group as at and for the year ended 31 December 2009 are available upon request from the Company’s registered office at the address mentioned above and at www.mostotrest.ru.

2 Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full set of annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2009.

3 Significant accounting policies

The accounting policies applied by the Group in these condensed interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2009.

From 1 January 2010 the Group has applied IFRS 3 Business Combinations in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

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4 Use of estimates and judgments

The preparation of condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2009.

5 Operating segments

(a) Information about reportable segments

During the first half of 2010 the Group acquired two new subsidiaries that represent two additional operating segments. Those new segments are managed separately as they operate different construction projects and require different technology strategies. Each of them represents separate legal entity or branch. For each of these strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

Information regarding the results of each reportable segment is presented below.

Mln RUB	Reportable segment assets	
	30.06.2010	31.12.2009
MO-4	1,604	2,786
MO-1	1,292	1,414
MO-6	1,797	1,621
MO-10	2,033	2,287
MO-114	1,241	1,216
MO-90	846	1,035
MO-81	567	403
Other	4,408	3,751
Total Mostotrest	13,788	14,513
ETS	17,937	-
TSM	9,304	-
Total	<u>41,029</u>	<u>14,513</u>

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Mln RUB	External revenues		Inter-segment revenue		Total revenue		Profit before tax		Reportable segment net profit	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009	30.06.2010	30.06.2009	30.06.2010	30.06.2009	30.06.2010	30.06.2009
MO-4	1,894	2,749	-	-	1,894	2,749	442	1,071	347	845
MO-1	1,515	1,770	-	-	1,515	1,770	173	270	137	214
MO-6	1,377	1,906	-	-	1,377	1,906	33	348	21	273
MO-10	1,916	1,255	-	-	1,916	1,255	165	50	127	22
MO-114	1,458	1,210	-	-	1,458	1,210	371	256	289	195
MO-90	1,644	939	-	-	1,644	939	392	177	312	136
MO-81	491	425	-	-	491	425	6	4	26	1
Other	3,031	2,702	498	386	3,529	3,088	91	(227)	(24)	(208)
Mostotrest	13,326	12,956	498	386	13,824	13,342	1,673	1,949	1,235	1,478
ETS	-	-	-	-	-	-	-	-	-	-
TSM	2,122	-	-	-	2,122	-	319	-	243	-
Total	<u>15,448</u>	<u>12,956</u>	<u>498</u>	<u>386</u>	<u>15,946</u>	<u>13,342</u>	<u>1,992</u>	<u>1,949</u>	<u>1,478</u>	<u>1,478</u>

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Mln RUB	30.06.2010	30.06.2009
Revenues		
Total revenue for reportable segments	15,946	13,342
Timing difference in revenue recognition	(574)	(2,415)
Unallocated amounts	1,559	2,816
Elimination of inter-segment revenue	(498)	(386)
Consolidated revenue	<u>16,433</u>	<u>13,357</u>
Profit before tax		
Total profit before tax for reportable segments	1,992	1,949
Timing difference in revenue recognition	(573)	(2,120)
Other adjustments	349	1,108
Unallocated amounts	353	892
Consolidated profit before tax	<u>2,121</u>	<u>1,829</u>

The major change in segment assets during the six-month-period ended 30 June 2010 relates to the acquisition of new subsidiaries (see note 7).

Mln RUB	30.06.2010	31.12.2009
Assets		
Total assets for reportable segments	41,029	14,513
Major adjustments		
Intercompany eliminations	(12,075)	(4,245)
Goodwill	2,404	-
Intangible assets recognized from business combination	2,395	-
Fair value adjustment to property, plant and equipment	6,869	5,578
Investments elimination	(3,484)	-
Other adjustments	(4,301)	(1,460)
Other unallocated amounts (Corporate assets)	18,425	10,541
Consolidated total assets	<u>51,262</u>	<u>24,927</u>

6 Seasonality

The business of the Group is not a subject to seasonal fluctuations. Nevertheless the results of first half year are influenced by the fact that government financing limits for the most of significant construction contracts are set in the first quarter of the year. The results of the first quarter of the year are also influenced by less favorable weather conditions for several construction contracts performed in northern and eastern regions. The majority of the construction contracts are usually completed in the second half of the year.

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7 Acquisition of subsidiary and non-controlling interests

(a) Acquisition of subsidiaries

On 28 June 2010 the Group obtained control over OOO Engtransstroy Corporation (“ETS”), a design and engineering company operating in the infrastructure construction industry, by acquiring 51% of equity interest for a consideration of RUB 2,220 mln, paid in cash.

On 13 May 2010 the Group obtained control of OOO Transstroymechanizatsiya (“TSM”), the company engaged in the construction and renovation of highways and airports with its own facilities for production of asphalt and concrete, by acquiring 50.1% of equity interest for a consideration of RUB 1,264 mln, payable in cash.

The acquisitions were made to to expand geographical market and enter new market segments of construction industry including the highway and airports infrastructure facilities construction segments. This diversification was also an important step to fulfill the strategic goal of the Group to develop into the leading construction company in Russia.

From the date of acquisition to 30 June 2010 OOO Transstroymechanizatsiya contributed revenue of RUB 1,664 mln and profit of RUB 52 mln.

If the acquisitions had occurred on 1 January 2010 management estimates that the Group’s consolidated revenue would have been RUB 31,108 mln and the Group’s consolidated profit for the period would have been RUB 785 mln. In determining these amounts management has assumed that the fair value adjustments determined previously that arouse on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2010.

Identifiable assets acquired and liabilities assumed

The identifiable assets acquired and the liabilities of OOO Engtransstroy assumed were as follows:

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'000 RUB	Pre-acquisition carrying amounts on a comparable IFRS basis	Fair value adjustments	Recognised fair values on acquisition
Non-current assets			
Property, plant and equipment	517	203	720
Intangible assets	3	1,815	1,818
Other non-current assets	250	(162)	88
Amounts due from customers for the construction contracts, trade and other receivables	3,079	(311)	2,768
Amounts due to customers, trade and other payables	(15,918)	740	(15,178)
Other current assets / liabilities, net	11,955	(25)	11,930
Long-term liabilities	-	(324)	(324)
Net identifiable assets, liabilities and contingent liabilities	(114)	1,936	1,822
Non-controlling interest			893
Acquirer's share in net identifiable assets			929
Goodwill on acquisition			1,291
Consideration paid			2,220
Cash acquired			(2,036)
Net cash outflow			184

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The identifiable assets acquired and the liabilities of OOO Transstroy Mekhanizatsiya assumed were as follows:

'000 RUB	Pre-acquisition carrying amounts on a comparable IFRS basis	Fair value adjustments	Recognised fair values on acquisition
Non-current assets			
Property, plant and equipment	1,972	1,088	3,060
Intangible assets	1	582	583
Other non-current assets	371	-	371
Amounts due from customers for the construction contracts, trade and other receivables	2,058	(46)	2,012
Amounts due to customers, trade and other payables	(6,073)	-	(6,073)
Other current assets / liabilities, net	924	(22)	902
Long-term liabilities	(228)	(326)	(554)
Net identifiable assets, liabilities and contingent liabilities	(975)	1,276	301
Non-controlling interest			150
Acquirer's share in net identifiable assets			151
Goodwill on acquisition			1,113
Consideration paid			1,264
Cash acquired			(306)
Net cash outflow			<u>958</u>

Goodwill

Goodwill has been recognized as a result of the acquisitions as follows:

Mln RUB	ETS	TSM	Total
Total consideration transferred	2,220	1,264	3,484
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	893	150	1,043
Less value of identifiable assets	(1,822)	(301)	(2,123)
Goodwill	<u>1,291</u>	<u>1,113</u>	<u>2,404</u>

Goodwill is attributable mainly to the synergies expected to be achieved from integration of the acquired companies into the Group's business.

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(b) Acquisition of non-controlling interest

On 16 February 2010 the Group acquired a 25% interest in OAO Mostostroy-11 for a consideration of RUB 1,575 mln paid in cash. The entity is a bridge-construction entity located in the West-Siberian region of the Russian Federation.

The following summarizes the effect of this acquisition:

Mln RUB	OAO Mostostroy-11
Company's ownership interest at the beginning of the period	-
Effect of increase in Company's ownership interest	1,575
Share of comprehensive income	25
Company's ownership interest at the end of the period	<u>1,600</u>

Assets and liabilities of the company at the acquisition date were as follows:

Mln RUB	OAO Mostostroy 11
Non-current assets	5,968
Current assets	3,131
Long-term liabilities	(914)
Short-term liabilities	(2,550)
Net identifiable assets, liabilities and contingent liabilities	5,635
Acquirer's interest in net identifiable assets and liabilities	1,409
Goodwill on acquisition	166
Consideration paid	<u>1,575</u>

8 Revenue

Mln RUB	30.06.2010	30.06.2009
Revenue construction contracts:		
bridges and highways	8,794	10,790
railway infrastructure facilities	5,371	351
airfields and airports	837	-
other infrastructure facilities	692	1,645
other facilities	134	492
Total revenue from construction contracts	<u>15,828</u>	<u>13,278</u>
Other revenue	605	79
Total revenue	<u>16,433</u>	<u>13,357</u>

Below is the information on the geographical allocation of revenues from construction contracts. In presenting the information on the basis of geographical information, revenue is based on the geographical location of construction sites:

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Mln RUB	30.06.2010	30.06.2009
Central Federal District	4,777	9,474
Southern Federal District	8,428	1,259
Volga Federal District	970	2,131
Siberian Federal District	526	266
Northwestern Federal District	641	148
Far Eastern Federal District	486	-
Total revenue from construction contracts	15,828	13,278

9 Cost of sales

Mln RUB	30.06.2010	30.06.2009
Materials	3,693	2,542
Personnel expenses	2,723	2,077
Services of subcontractors	2,005	2,602
Depreciation	756	720
Machinery, equipment and vehicles services	501	385
Labor services	259	117
Fuel	255	220
Other	1,795	1,028
	11,987	9,691

10 Administrative expenses

Mln RUB	30.06.2010	30.06.2009
Personnel expenses	654	1,006
Social expenses	101	52
Materials	57	63
Consulting services	54	25
Charity	28	54
Other administrative expenses	786	383
	1,680	1,583

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11 Finance income and costs recognized in profit or loss for the period

Mln RUB	<u>30.06.2010</u>	<u>30.06.2009</u>
Recognised in profit or loss:		
Foreign exchange gain	26	202
Interest income	46	115
Finance income	<u>72</u>	<u>333</u>
Interest expense on loans and borrowings	(470)	(560)
Interest expense on finance leases	(47)	(39)
Non controlling interest	(121)	-
Finance costs	<u>(638)</u>	<u>(599)</u>
Net finance costs recognized in profit or loss	<u><u>(566)</u></u>	<u><u>(266)</u></u>

12 Property, plant and equipment

During the six months ended 30 June 2010 the Group acquired items of property, plant and equipment for a total amount of RUB 956 mln (six months ended 30 June 2009: RUB 232 mln)

During the six months ended 30 June 2010 the assets with the carrying amount of RUB 52 mln were disposed (six months ended 30 June 2009: RUB 29 mln).

13 Construction contracts in progress

	<u>30.06.2010</u>	<u>31.12.2009</u>
Progress billings	78,425	83,894
Unbilled revenue	286	-
Billed in excess of contract revenue recognized	-	(902)
Contract revenue accumulated to the period end	78,711	82,992
Contract costs accumulated to the period end	(65,620)	(68,156)
Expected losses recognised accumulated to the period end	(149)	(170)
Recognised profits less recognised losses	<u>12,942</u>	<u>14,666</u>
Contract revenue accumulated to the period end	78,711	82,992
Payments	(73,999)	(83,091)
Net receivables from/(payables to) customers of OJSC Mostotrest	4,712	(99)
Net receivables from/(payables to) customers of acquired subsidiaries	(5,288)	-
Net receivables from/(payables to) customers	<u>(576)</u>	<u>(99)</u>
Due from customers	9,100	3,095
Due to customers	(9,676)	(3,194)
Net receivables from/(payables to) customers	<u>(576)</u>	<u>(99)</u>
Retentions	<u>169</u>	<u>351</u>

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14 Loans and borrowings

Mln RUB	<u>Currency</u>	<u>Face value</u>	<u>Carrying amount</u>	<u>Year of maturity</u>
Balance at 1 January 2010		6,333	6,283	
<i>New issues</i>				
Secured bank loans	RUB	2,340	2,340	2010-2013
Unsecured bank loans	RUB	12,800	12,800	2010-2013
Finance lease liabilities	RUB	160	194	2010-2013
Bank loans and finance lease liabilities acquired through business combinations	RUB	2,201	2,146	2010-2012
<i>Repayments, including interest</i>				
Secured bank loans	RUB	(44)	(44)	2010-2013
Unsecured bank loans	RUB	(9,519)	(9,519)	2010-2013
Finance lease liabilities	RUB	(154)	(116)	2010-2013
Intercompany loan elimination	RUB	(500)	(500)	
Interest expense		517	517	
Balance at 30 June 2010		<u>14,134</u>	<u>14,101</u>	

The outstanding bank loans of RUB 4,968 mln (31 December 2009: RUB 3,133 mln) are secured by the following:

- Property, plant and equipment with total carrying amount of RUB 604 mln (31 December 2009: RUB 389 mln);
- Inventories with carrying amount of RUB 748 mln (31 December 2009: RUB 919 mln);
- Revenue on construction contracts RUB 3,250 mln (31 December 2009: RUB 250 mln).

15 Related party transactions

(a) Control relationships

The Company's immediate parent company is Marc O'Polo Investments Ltd (Cyprus).

(i) Management remuneration

Key management received the following remuneration during the period, which is included in personnel costs:

Mln RUB	<u>30.06.2010</u>	<u>30.06.2009</u>
Salaries and bonuses	77	512
Contributions to the State Pension Fund	5	5
	<u>82</u>	<u>517</u>

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During the reporting period there were no other material transactions conducted with key management personnel and their close family members.

(b) Transactions with other related parties

The Group's other related party transactions are disclosed below.

(i) Revenue

Mln RUB	Transaction value		Outstanding balance	
	30.06.2010	30.06.2009	30.06.2010	31.12.2009
Sale of goods:				
Investments in equity accounted investees	1	-	-	-
Other related parties	49	59	332	-
Services rendered:				
Investments in equity accounted investees	164	-	83	-
Other related parties	193	128	2,756	12
	<u>407</u>	<u>187</u>	<u>3,171</u>	<u>12</u>

(ii) Expenses

Mln RUB	Transaction value		Outstanding balance	
	30.06.2010	30.06.2009	30.06.2010	31.12.2009
Purchase of goods:				
Other related parties	(20)	(2)	(89)	-
Services received:				
Investments in equity accounted investees	(164)	-	(165)	-
Other related parties	(3,172)	(1,509)	(4,775)	(49)
	<u>(3,356)</u>	<u>(1,511)</u>	<u>(5,029)</u>	<u>(49)</u>

(iii) Loans

Mln RUB	Transaction value		Outstanding balance	
	30.06.2010	30.06.2009	30.06.2010	31.12.2009
Loans received:				
Other related parties	3,500	-	3,501	1,000
	<u>3,500</u>	<u>-</u>	<u>3,501</u>	<u>1,000</u>

The loans received from the related parties are repayable in 2010. The loans bear interest at 13.5% and 14.5% per annum.

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16 Events subsequent to the reporting date

Significant construction contracts concluded

The following significant construction contracts were concluded subsequent to 30 June 2010:

- The contract to renovate the bridge over the Volga river in Tverskoy region for a total consideration of RUB 2,638 mln concluded with the “Moscow – Saint Petersburg Highway Management Department of the Federal Highways Agency”.
- The contract to renovate the bridge on the Leningradskiy highway over the Moscow river (the second stage) for a total consideration of RUB 460 mln concluded with OAO Dormost.
- The contract to renovate the Kanavinskiy bridge in the city of Nizhniy Novgorod for a total consideration of RUB 786 mln concluded with the “Main Office of the municipal agency of the city of Nizhniy Novgorod for metro, bridges and highways construction and renovation projects”.

Significant borrowings

Subsequent to 30 June 2010 the Group concluded a number of loan agreements with banks for total amount of RUB 2,600 mln to replenish the working capital. The loans were obtained under fixed and floating interest rates based primarily on the MosPrime 3-month rate. The loans are unsecured and mature in 2011-2013.

A share-split and additional floating of the Company shares

On 2 September 2010 the Federal Commission for the Securities Market registered the split of the Company’s outstanding shares in the ratio of 200 for 1. As a result, the number of outstanding shares after the split amounted to 248,240,000 with the par value of RUB 0.14 per share.

On 30 June 2010 the General Meeting of the shareholders approved additional issue of 248,240,000 ordinary shares with par value of RUB 0.14 each. The additional shares shall provide the same rights that previously issued shares do.

Dividends declared for 2009

On 30 June 2010 the Annual General Meeting of shareholders declared the payment of dividends on ordinary shares for 2009 in the amount of RUB 801 mln (RUB 645 per share).



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Independent Auditors' Report

Board of Directors

OJSC Mostotrest

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of OJSC Mostotrest (the "Company") and its subsidiaries (the "Group") as at 30 June 2010 and 30 June 2009, and the related condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the six month periods then ended and a summary of selected explanatory notes the condensed interim consolidated financial information. Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of Review

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 condensed interim consolidated 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 condensed interim consolidated financial information as at 30 June 2010 and 30 June 2009, and for the six-month periods then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

ZAO KPMG
1 October 2010