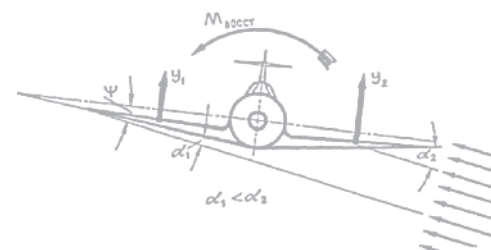




STABLE
DYNAMICS
OF BUSINESS



STABLE DYNAMICS OF BUSINESS
ANNUAL REPORT 2009



russ·invest
investment
company



I. DEAR SHAREHOLDERS



**Bychkov
Aleksandr Petrovich**

President – General Director of OJSC IC RUSS-INVEST

The year 2009 has been one of the most successful in the entire history of OJSC IC RUSS-INVEST. The Company managed to re-establish lost positions, substantially improve financial performance and profitability. This was the result not only of external factors, characterised by fast revival of the Russian capital market but also by the company's development strategy balancing profitability and investment risk. In such a difficult crisis period, our company managed to maintain its positions on the market and even improve a number of its ratings among Russian investment companies. From 1999 through 2009, the average annual growth rate in the asset value of OJSC IC RUSS-INVEST amounted to 26.39%. At present, OJSC IC RUSS-INVEST holds a firm place among the leading Russian investment companies. For eight years running, the Company has been one of the Top Four investment companies in Russia in terms of equity capital. In 2009, the Company went up one level – from fourth to third place with respect to this index. From 1999 through 2009, the average annual growth rate of OJSC IC RUSS-INVEST's equity capital amounted to 24.29%.

The company has sufficient free capital for implementing long-term investment projects even given the instability on the global financial markets. The capital accumulated from previous years' work allows the Company to maintain its stability and make use of the emerging investment opportunities.

The Company's management bases its activities on an optimal combination of risk, liquidity and business profitability. In order to provide for balanced development of the Company, measures are being taken to diversify activities. The Company is actively developing its regional diversity and entering new markets. In recent years, the Company has been successfully developing mutual investment fund activities, increasing the volume of its agency operations and working actively in the sphere of corporate funding and consulting.

The Board of Directors of OJSC IC RUSS-INVEST is grateful to the shareholders for their understanding, confidence and support and will do its best to ensure reliable protection of their interests and a rise in the value of their shares.

2. SOME BACKGROUND

OJSC IC RUSS-INVEST was founded on December 3, 1992, and was initially registered as a voucher investment fund. On January 29, 1993, the Ministry for State Property of the Russian Federation issued licence No. 58 for a security market investment fund. The licence was subsequently renewed on May 10, 1995, and March 15, 1996. IPO prospectuses were registered by the Ministry for State Property of the Russian Federation on February 1 and September 1, 1993.

Pursuant to new legal acts being issued in Russia regulating joint stock companies and investment funds, as well as the security market, OJSC CHIF RUSS-INVEST was reorganised into OJSC IC RUSS-INVEST.

On December 30, 1999, the Federal Commission for the securities Market (FCSM) of the Russian Federation issued a licence for a professional security market maker as a broker and dealer for a term of three years. In December 2002, the Company obtained a broker's and dealer's licence for an indefinite term, as well as a depositary licence for a term of three years, which was replaced by a licence for an indefinite term in November 2005.

In March 2004, the FCSM authorised the Company to act as a financial consultant.

In December 2005, the Company obtained a trust manager's licence for a term of three years, which now (since November 2008) has a indefinite term status.

In November 2006, the Company obtained a licence as an exchange intermediary trading in futures and options in exchange trade, which was prolonged by the Federal Service for the Financial Market (FSFM) in September 2009, its status being changed to an indefinite term.

At present, OJSC IC RUSS-INVEST is a multi-business investment company operating on the Russian stock market. For several years, the Company has been one of the five biggest investment companies in the country in terms of equity capital.

OJSC IC RUSS-INVEST is a member of the National Association of Stock Market Traders (NAUFOR, since 1999), a member of MICEX Stock Exchange (since 2001) and a member of RTS Stock Exchange (since 2002). Since 2007, shares in the Company have been included on Quotation List B of OJSC RTS Stock Exchange.

OJSC IC RUSS-INVEST has twice (in 2006 and 2008) taken first place in Europe among companies with small and medium capitalisation with respect to corporate governance in the IR Global Ranking rating.

3 • MAIN EVENTS OF 2009

JANUARY

OJSC IC RUSS-INVEST launched a series of free seminars in cooperation with OJSC RTS Stock Exchange.

FEBRUARY

A new version of the Regulations on the Information Policy of OJSC IC RUSS-INVEST was approved.

MARCH

The Directorate of CJSC MICEX Stock Exchange decided to prolong the accreditation of OJSC IC RUSS-INVEST as an authorised financial adviser of CJSC MICEX Stock Exchange for a period of three years.

JULY

The Consortium of the Russian Institute of Directors and the Rating Agency Expert RA – RID – Expert RA confirmed the reliability rating of OJSC IC RUSS-INVEST at level NRKU 7+ “Developed Corporate Management Practice”.

AUGUST

NP National Depository Centre, which fulfils the functions of the Russian National Numbering Agency, member of the Association of National Numbering Agencies, notified OJSC IC RUSS-INVEST of assignment of a 12-digit alphanumeric code uniquely identifying the Company’s securities within the scope of securities transactions and settlements on the world stock market. The Company was also assigned a CFI-code, which is a 6-digit combination of letters reflecting substantial information about securities and other financial instruments of the Company, their kind, type and form of issue, as well as about the specifics of the circulation, redemption and other significant rights and characteristics.

SEPTEMBER

The Federal Service for the Financial Market issued OJSC IC RUSS-INVEST a licence as an Exchange intermediary trading in futures and options in exchange trade for an indefinite term.

APRIL

The Fitch international rating agency confirmed the rating of OJSC IC RUSS-INVEST at level B, forecast "Stable".

MAY

OJSC IC RUSS-INVEST won the prestigious international contest European Risk Management Awards 2009, held by StrategicRisk – the leading world publication in the sphere of risk management. The Company's achievements in setting up a risk management system were noted in the category Enterprise-wide Risk Programme of the Year.

JUNE

On June 3, 2009, the Annual General Meeting of shareholders of Open Joint Stock Company INVESTMENT COMPANY IC RUSS-INVEST was held to consider the 2008 results. The National Rating Agency confirmed the individual reliability rating of the investment company OJSC IC RUSS-INVEST at the AA- level - very high reliability, level three. Ivan Rodionov, D.Sc. (Econ.), Professor at the State University - Higher School of Economics and the Russian State University for the Humanities, joined the Board of Directors of OJSC IC RUSS-INVEST. He is a member of the Board of Directors of: OJSC Svyazinvest, OJSC Rostelekom, OJSC FosAgro, OJSC North-Western Telecom, and IBS.

OCTOBER

In 2008, OJSC IC RUSS-INVEST held 147th place among the Top-200 biggest companies in Russia in terms of market value (capitalisation). This is the best result, the Company having improved its rating by 7 points in one go over the previous year. This market survey is annual and carried out within the scope of the rating of the biggest Russian companies "Expert – 400. The Biggest", which is prepared by the Expert RA rating agency in conjunction with one of Russia's most reputable business weeklies – "The Expert" magazine. The "Expert – 400. The Biggest" rating is currently the most representative list of the leading Russian companies. It shows company results in all industries. Since its inception, the rating has been recognised both in Russia and abroad and is widely quoted by Russian and foreign media.

NOVEMBER

Alexander Bychkov, President and General Director of OJSC IC RUSS-INVEST, was re-elected to the Board of Directors of the Investor Protection Association (IPA). The Investor Protection Association is a non-commercial organisation, its aim being to unite the efforts of investors to protect their rights and improve corporate governance in Russia. The members of the Association include Russian and foreign investors with substantial deposits and significant experience of operating on the Russian market.

DECEMBER

The Board of Directors of OJSC IC RUSS-INVEST approved the new Company's Strategic Development Plan for 2010-2012.

4 • SOCIAL RESPONSIBILITY

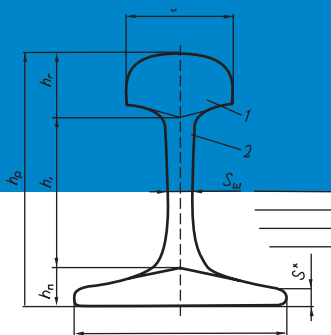
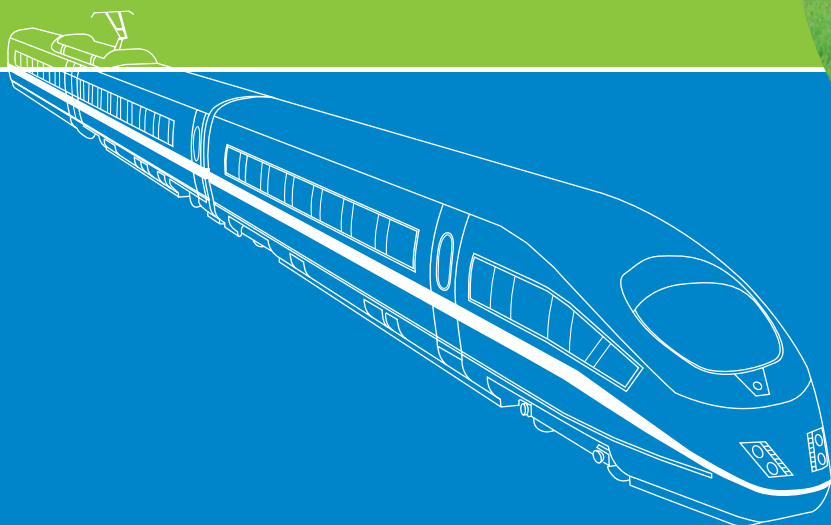


In 2009, OJSC IC RUSS-INVEST decided to provide charitable assistance to SOGOY Safonovo General Education Boarding School for Orphans and Children without Parental Care. After arranging a visit to the Boarding School in the Smolensk Region by the Working Group consisting of Company employees, the management of the Company took the decision to repair the sanitary facilities on the ground floor (the part for female toddlers) of residence house No. 1 owing to an urgent need to repair these premises.

Urgent repairs are the main issue demanding solution in virtually all social security institutions in Russia, and the dilapidated condition of sanitary facilities is the most common problem in most boarding schools. By repairing these facilities, the Company provided real help to children deprived of parental care, making their lives a little warmer and cozier.



STABLE DYNAMICS OF BUSINESS



MOVING DIRECTION

RAIL TRACKS ARE THE SURFACE STRUCTURES THAT SUPPORT AND GUIDE TRAINS OR OTHER RAIL-GUIDED TRANSPORTATION VEHICLES.

MOST FAMILIARLY THEY CONSIST OF TWO STEEL RAILS ON WHICH THE VEHICLE WHEELS RUN, A SERIES OF LATERAL TIMBER OR CONCRETE SLEEPERS A CRUSHED STONE BALLAST BED. THERE IS A SUBGRADE BELOW THE BALLAST (FORMATION) WHICH MAY BE THE SURFACE OF THE NATURAL GROUND, OR MAY HAVE SOME GEOTECHNICAL SYSTEM INSTALLED TO IMPROVE GROUND STABILITY AND DRAINAGE. THE SUB GRADE MAY LOOSELY BE CONSIDERED TO BE PART OF THE "TRACK" BUT THE SUB GRADE WITH THE TRACK ITSELF IS MORE PROPERLY SAID TO FORM THE INFRASTRUCTURE.



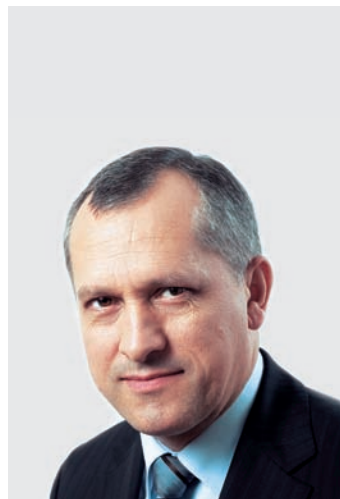
5 • EXECUTIVE CONTROL

5.1. Board of Directors of OJSC IC RUSS-INVEST



**Sumin
Georgiy Aleksandrovich**

The Chairman of the Board of Directors (born in 1961, graduated from the Moscow Institute of Economics and Statistics, currently the Executive Director of CJSC PRTs). His ownership interest in the authorised capital of the Company is 0.00101%.



**Arutyunyan
Aleksandr Telmanovich**

Vice-Chairman of the Board of Directors (born in 1959, graduated from Moscow Lomonosov State University, Candidate of Science in Economics and Master of Business Management (Oriental College, USA), currently First Vice-President – Deputy General Director, Head of the Stock Market Department of OJSC IC RUSS-INVEST). His ownership interest in the authorised capital of the Company is 0.0102%.

5.1.1. Members of the Board of Directors



BABKO
ELENA NIKOLAEVNA

(born in 1955, graduated from the All-Union Correspondence Polytechnic Institute, currently head of Group for work with shareholders of CJSC PRTs). Her ownership interest in the authorised capital of the Company is 0.00025%..



BYCHKOV
ALEKSANDR PETROVICH

(born in 1961, graduated from Moscow Lomonosov State University, Doctor of Science in Economics and Master of Business Management (High Business School of Chicago University, USA), currently President – General Director of OJSC IC RUSS-INVEST). His ownership interest in the authorised capital of the Company is 0.17916%.



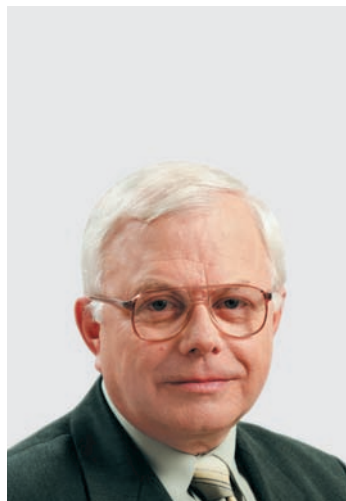
GONCHARENKO
LUBOV Ivanovna

(born in 1957, graduated from the Moscow Financial Institute, currently Professor, Candidate of Science, Head of “Taxes and Taxation” Department of the Financial Academy under the Government of the Russian Federation). Her ownership interest in the authorised capital of the Company is 0.00001%.



**KAPRANOVA
LIDIA FEDOROVNA**

(born in 1953, graduated from Moscow State Juridical Academy, currently lawyer of the Moscow City Bar Association). Her ownership interest in the authorised capital of the Company is 0.00219%.



**POROKHOVSKIY
ANATOLIY ALEKSANDROVICH**

(born in 1943, graduated from Moscow Lomonosov State University, Doctor of Science in Economics, currently Head of the Political Economy Department of the Economics Faculty of Lomonosov Moscow State University). His ownership interest in the authorised capital of the Company is 0.00001%.



**RODIONOV
IVAN IVANOVICH**

(born in 1953, graduated from the Faculty of Economics of Moscow Lomonosov State University, Professor, Doctor of Science in Economics, currently Professor in the Chair of Corporate Economics and Finance of State University Higher School of Economics. He does not hold any ownership interest in OJSC IC RUSS-INVEST.



**TEPLYASHINA
SVETLANA MIKHAILOVNA**

(born in 1971, graduated from the Moscow Engineering Construction Institute and the Financial Academy under the Government of the Russian Federation, currently First Vice-President – Deputy General Director, Head of the Back-Office of OJSC IC RUSS-INVEST). Her ownership interest in the authorised capital of the Company is 0.01149%.

5.1.2. Board of Directors Activities

The Board of Directors of OJSC IC RUSS-INVEST focuses particularly on long-term development of the Company. During the reporting period, the Board of Directors considered in detail fulfilment of the strategic plan of OJSC IC RUSS-INVEST for 2008-2010. Special attention was paid to the tasks involved in business development of the Company. In 2009, the Board of Directors approved a new strategic plan of the Company for 2010-2012, developed by the Strategic Planning Committee.

The Committees of the Board of Directors render direct assistance to the Board of Directors and the Management Board on the Company in determining the development strategy and solutions to specific problems. At present, the Company has five committees of the Board of Directors: Finance and Audit Committee, Personnel and Remuneration Committee, Strategy Planning Committee, Risk Management Committee and Ethics Committee.

For the purpose of exercising control over the Company's activities, the Board of Directors regularly hears reports by the chairmen of the committees of the Board of Directors, the President – General Director and heads of structural subdivisions of the Company. One of the main functions of the Board of Directors is to approve the financial and business plan and the budget of the Company for the next business year.

The Board of Directors focuses particularly on improving corporate governance. In 2009, a new version of the Regulations on the Information Policy of OJSC IC RUSS-INVEST was approved.

It should be noted that all decisions adopted by the General Meeting and the Board of Directors had, as of the end of the reporting year, been fulfilled.

5.1.3. President – Director General of OJSC IC RUSS-INVEST



**Bychkov
Aleksandr Petrovich**

(born in 1961, graduated from Moscow Lomonosov State University, Doctor of Science in Economics and Master of Business Management (High Business School of Chicago University, USA), currently President – General Director of OJSC IC RUSS-INVEST). His ownership interest in the authorised capital of the Company is 0.17916%.

5.2. Management Board of OJSC IC RUSS-INVEST

The total remuneration paid to members of the Company's management bodies in 2009 amounted to 7 694,766 618.27 thousand roubles.



BYCHKOV
ALEKSANDR PETROVICH

(brief information is given in the section "President – General Director").



ARUTYUNYAN
ALEKSANDR TELMANOVICH

(brief information is given in the section "Board of Directors").



KARABANOVA
Nellie Arcadian

(born in 1941, graduated from Bauman Moscow Higher Technical University and S.Ordzhonikidze State Academy of Management, currently Chief Accountant of OJSC IC RUSS-INVEST. Her ownership interest in the authorised capital of the Company is 0.0001%.

6. CONTROL OVER FINANCIAL ACTIVITY

6.1. Auditing Committee of OJSC IC RUSS-INVEST

TROFIKOVA
Galina Konstantinovna

Chairman of the Auditing Committee (born in 1954, graduated from Moscow Lomonosov State University, currently Professor in the Social Science Department of the Juridical Institute of the Moscow State Railways University (MIIT)).

VISHNEVSKAYA
Nadezhda Gennadievna

Member of the Auditing Committee (born in 1965, graduated from the State Institute of Management, currently Chief Accountant of LLC Procter and Gamble Distributors' Company, Candidate of Science in Economics).

SHAIKINA
Elena Vladimirovna

Member of the Auditing Committee (born in 1962, graduated from the Moscow Timiryazev Agricultural Academy, Candidate of Science in Economics, currently Assistant Professor in the Statistics Department of the Russian State Timiryazev Agricultural University).

6.2. Auditors of OJSC IC RUSS-INVEST

CJSC KPMG holds audit licence of the Finance Ministry of the Russian Federation No. E003330, dated January 17, 2003, issued for a term of ten years.

Address: 18 Krasnopresnenskaya Embankment, Embankment Tower Complex, Block C, Moscow, 123317, Russia, Tel.: (495)-937-4477.

LLC Baker Tilly RUSAUDIT holds audit licence of the Finance Ministry of the Russian Federation No. E006075, dated June 24, 2004, issued for the term of five years.

Address: 15 Zubarev Side Street, bldg. 1, Moscow, 129164, Tel.: (495)-788-, 788-55-68, fax (495)-788-55-69.

7 ● REGISTRAR AND SHAREHOLDERS

7.1. Registrar of OJSC IC RUSS-INVEST

CJSC PRTs, registrar's licence of the Federal Service for the Financial Market No. 10-000-1-00293, dated January 13, 2004, for an indefinite term.

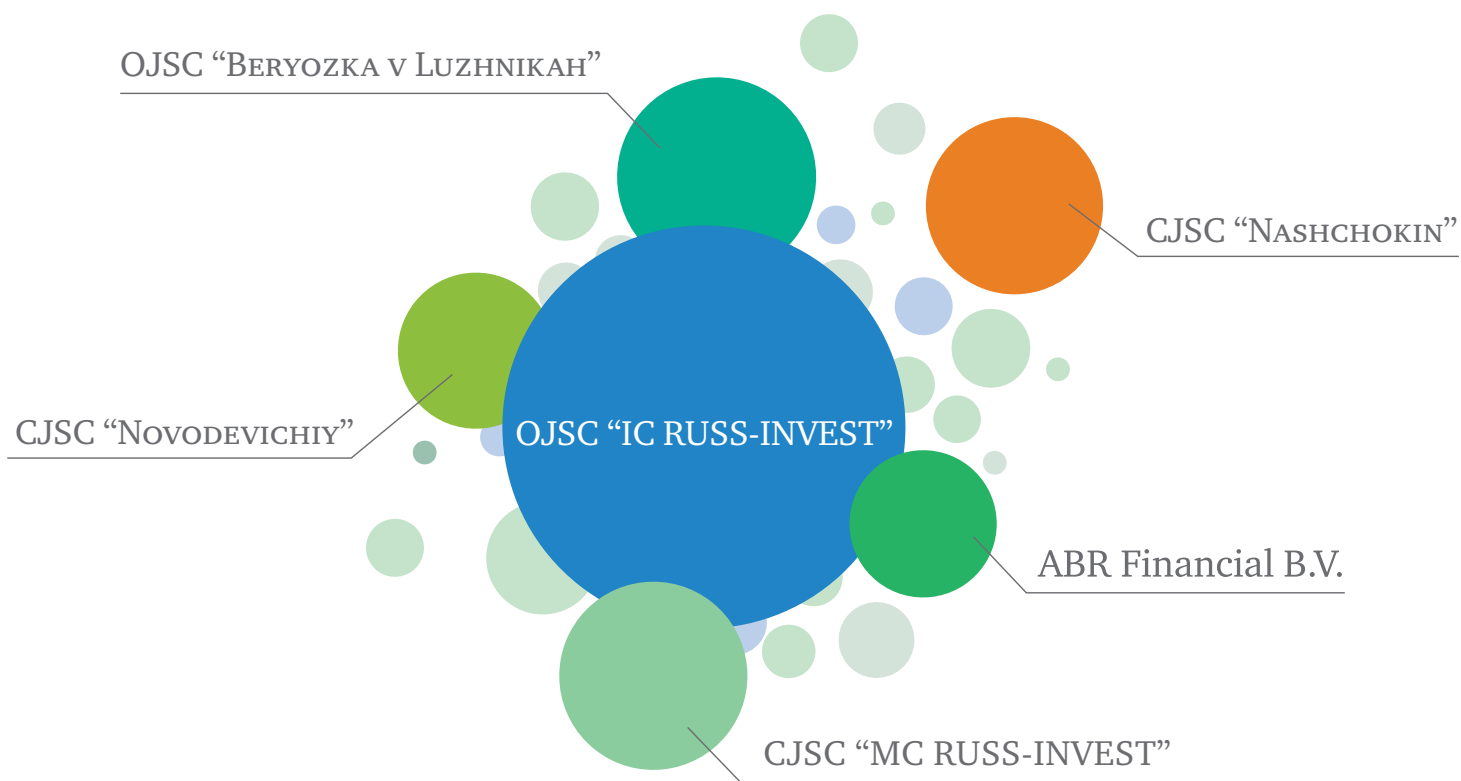
Postal address and reception of shareholders: 28B Balaklavskiy Avenue, 117452, Moscow. Tel.: (495)-229-38-82. Fax: (495)-318-1434.

7.2. Shareholders in OJSC IC RUSS-INVEST

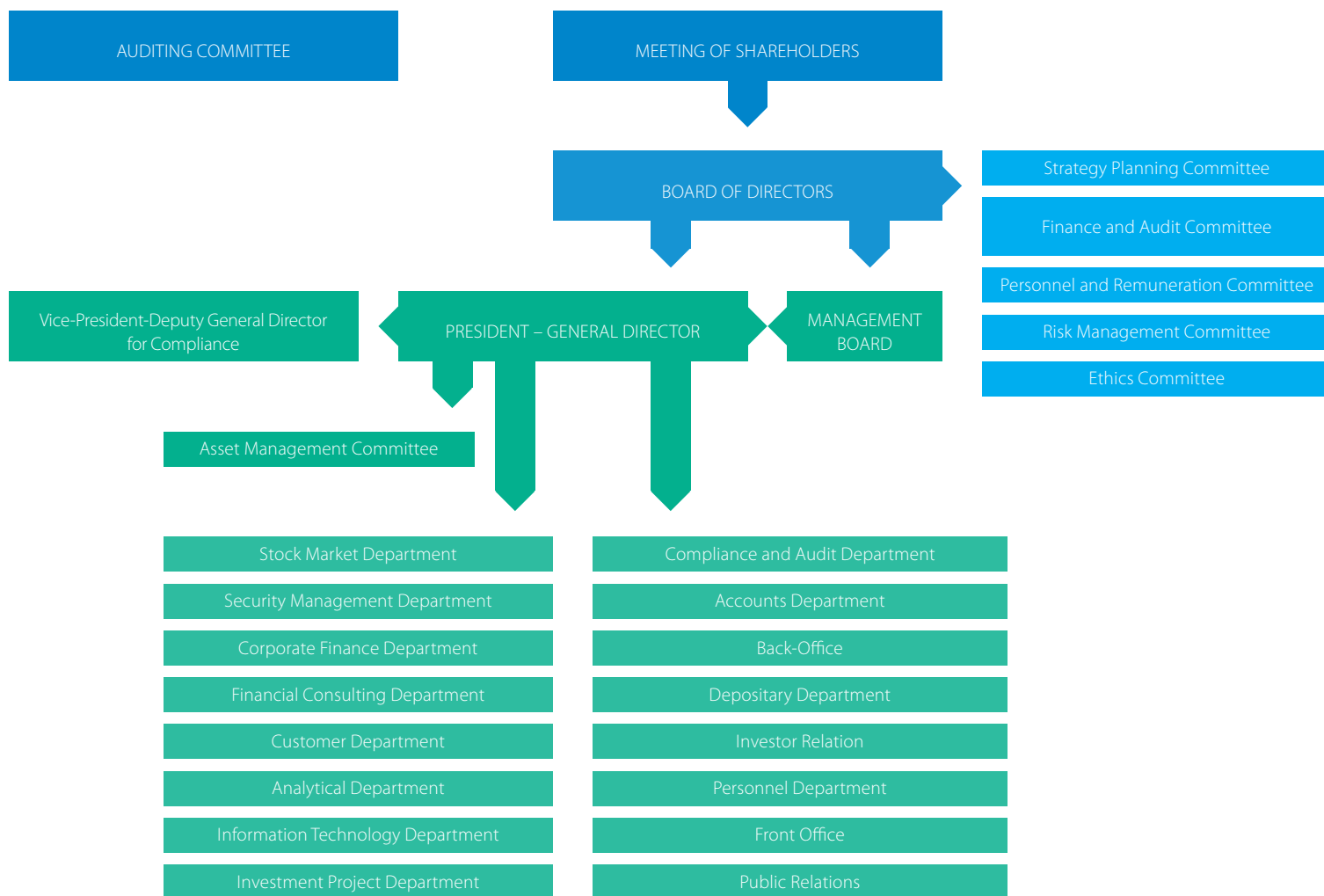
As of January 1, 2010, 2,244,014 persons were registered in the Shareholders' Register of OJSC IC RUSS-INVEST, 151 of them being legal entities holding 59.0881% of the authorised capital of the Company.



8 OJSC IC RUSS-INVEST AND SUBSIDIARIES



9. ORGANISATIONAL STRUCTURE OF OJSC IC RUSS-INVEST



IO. COMPANY DEVELOPMENT STRATEGY

Under the conditions of the financial crisis, the Company managed to maintain its market position and reserves accumulated in previous years enabled it to look with optimism to the future of the Company. With respect to a number of figures, the Company even managed to move up in the rankings of the biggest investment companies in Russia. For instance, in terms of assets, our Company rose from 20th to 15th position among the 100 biggest investment companies in Russia. In terms of equity, the Company has been among the Top Four for seven years running. The stability of the Company can be explained by its balanced strategy, which relies on an optimal combination of risk, liquidity and profitability of ongoing business operations.

At the end of last year, the Board of Directors of OJSC IC RUSS-INVEST approved the new strategy plan for 2010-2012, defining the Company's the mission as being to help increase national wealth by implementing investment projects that are advantageous from the economic viewpoint, and creating investment products intended for a wide range of businesses and individuals, primarily in Russia.

The strategic goal of the Company is to achieve and maintain leadership in the investment environment. For this purpose, OJSC IC RUSS-INVEST is to be turned into a compact, highly efficient, diversified, international investment group combining efficient asset management with provision of a wide range of financial services on the basis of an extensive branch

network. The main objectives of the Company's investment policy are:

- To maintain the Company's financial stability
- To enhance the creditworthiness of the Company
- To gain maximum possible profit at the given acceptable risk level
- To make regular dividend payments to Company shareholders
- To diversify the Company business (in particular, by entering the international financial market).

With these aims in mind, within the nearest three years, the Company is to achieve the following tasks:

- Maintain high economic value of the company through equity capital management.
- Provide for higher rates of equity capital growth in comparison with competitors.
- Actively cooperate with international and domestic rating agencies with the aim of maintaining and raising its current credit rating and corporate governance rating.
- Actively increase the client base, focusing particularly on attracting corporate clients.
- Develop the investment banking sphere of the business.
- Create a fully-fledged investment business on the basis of a subsidiary in the EU.

- Implement an effective dividend policy.
- Develop systems for business process management, asset and liability management and risk management and bring them up to the best world standards; solve existing organisational problems by creating an effective system of Company management.

The most suitable strategy for implementing the set of tasks at the given development stage is that of natural intensive growth of OJSC IC RUSS-INVEST on the basis of combining:

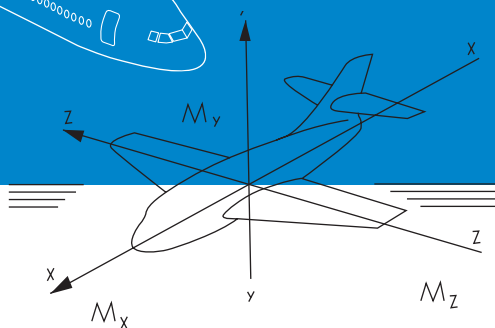
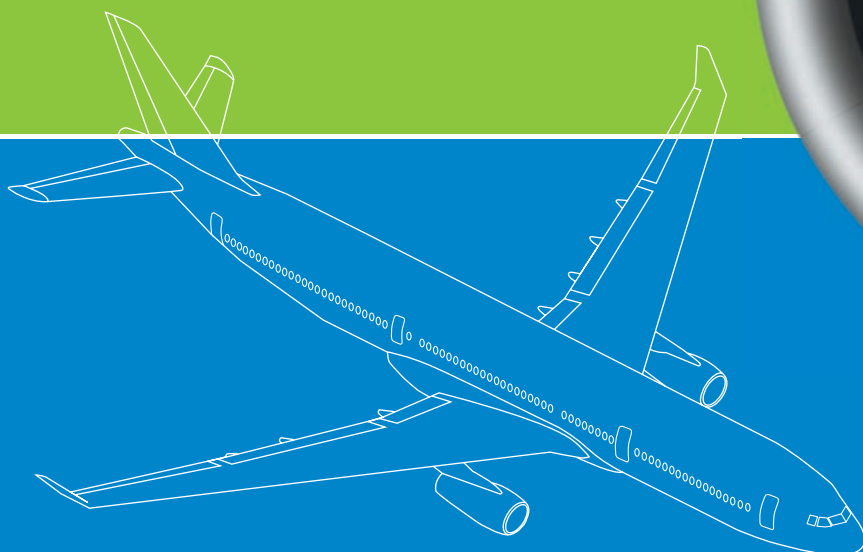
- The strategy for establishing development of an international financial holding,
- The strategy for diversification of business within the framework of the financial holding
- The strategy for diversification of income sources both by kind of business and by geographical location.

One of the basic elements of the Company's strategy must be creation of competitive advantages. In our opinion, the Company's competitive strategy must be based, above all, on cost leadership. Until now, costs have been fairly low in the Company as compared with leading investment companies of Russia, and it is necessary to maintain this level (this will be rather hard to achieve, considering the ambitious goals, which will require significant resources). Second, it must be based on diversification of investment services provided and focus on those services that the Company is able to provide of the highest quality

and at the lowest cost. Third, – on creation of a special corporate culture and a united team consisting of highly professional specialists loyal to the Company, sharing the corporate culture of the Company and able to fulfil the set tasks in a creative manner.

During the planning period (2010-2012), the Company will, first, continue developing the business spheres that have already been established, such as capital market transactions, investment banking transactions, financial consulting, mutual investment fund management, provision of broker services to clients, etc. Second, new spheres are to be developed in addition to the existing portfolio. In particular, the given subsidiary structure should be used actively for both the company's own transactions on international capital markets and for client transactions, by means of offering new products to Russian clients in the form of broker services or trust management on international capital markets. Third, the Company should establish an organisational structure aimed at attracting clients and developing the Company business, as well as enhancing the manageability of the Company itself.

STABLE DYNAMICS OF BUSINESS



THE LONGITUDINAL STABILITY OF THE AIRCRAFT

LONGITUDINAL STABILITY OF AIRCRAFT IS THE ABILITY TO SAVE THE PRESET MODE OF FLIGHT AND RETURN TO IT AFTER IMPACT ON AIRCRAFT EXTERNAL PERTURBATIONS THAT VIOLATE THE ORIGINAL EQUILIBRIUM OF FORCES AND MOMENTS IN THE SYMMETRY PLANE OF THE AIRCRAFT.

THE ABILITY OF AIRCRAFT TO CHANGE THE ANGLE OF ATTACK QUICKLY AND TO CHANGE THE SPEED SLOW ALLOWED TO SINGLE OUT TWO TYPES OF LONGITUDINAL STABILITY OF THE AIRCRAFT: THE STABILITY DURING THE OVERLOADING AND STABILITY DURING THE VELOCITY. THE STABILITY DURING THE OVERLOADING IS MANIFESTED IN THE BEGINNING OF THE PERTURBED MOTION. RAPID RECOVERY ANGLE OF ATTACK AND OVERLOAD ENSURES THE SAFETY OF FLIGHT AND THE VELOCITY OF CONTROL OVER THE AIRPLANE. STABILITY DURING THE VELOCITY ARE BECOMING APPARENT SLOWLY AND CAN BE DETECTED BY CHANGES IN VELOCITY, IF THE PILOT DOES NOT INTERFERE THE AIRPLANE DRIVING FOR LONG TIME.



II. RUSSIAN CAPITAL MARKETS IN 2009 AND THE COMPANY'S INVESTMENT STRATEGY

11.1. Bond Market

The positive expectations of investors connected with the market for fixed income securities were largely justified in 2009. The bond market showed significant signs of improvement and bond prices rose significantly, especially towards the end of the year. At the same time, the year 2009 dispelled the illusions of those investors who believed that capital markets would recover as quickly as they had declined.

The anticipated second wave of the crisis did not emerge to strike the financial markets, and the presence of excess liquidity and stable inflation expectations promoted a growth of prices of commodities and stock markets. Monetary authorities of developed countries were in no hurry to change their monetary policies and the appearance of the first signs of a gradual economic recovery engendered confidence in the correctness of the chosen measures. Thus, the rapid rise in the value of fixed income instruments and, accordingly, reduced yields in 2009 occurred against a background of free liquidity and a certain reassessment of risks. These factors contributed to increase the demand for Russian assets. Most Russian companies manifested some performance improvement, but primarily owing to the low base effect and a relatively favourable external environment.

The cheapness of financial resources provided by governments to national financial systems returned many market indicators to pre-crisis levels. Index VIX fell below bp, the rates on the Interbank credit market in Dollars and Euros were about 1% in roubles and did not exceed 4%. The indicative spread of Russia's sovereign debt to the U.S. debt (RUS-30 vs UST-10),

traditionally used as a benchmark, had fallen to a level of 165 bp – by 250 bp in the second half of 2009 and by 600 bp since the beginning of 2009. At the peak of the crisis situation at the end of 2008, the profitability of the Russian sovereign issue RUS-30 reached almost 15% per annum, and the spread in relation to profitability UST-10 reached almost 1000 bp, which is the level of the early 2000-s.

These results evidence the achievements of Russia's financial authorities in their struggle to unfreeze the credit market, when, considering the current level of inflation, they managed to reduce key money market rates dramatically and emergency measures revived not only the market for interbank lending, but also the public debt market as a whole. Throughout 2009, the refinancing rate changed 10 times, having decreased by 425 bp, and reached the level of 8.75%. Such dynamics may allow the rouble rate bonds to set new price records in the very near future. (Fig.1).

According to the results of the year, the IFX-Cbonds index (one of the main indicators of the rouble bond market) amounted to 260.02 points (201.87 points at the beginning of the year), and the price IFX-Cbonds index was 108.70 points (93.83 points at the beginning of the year) (Fig.2).

Such growth looks less significant in comparison with the growth of the Russian share market, but it is more than substantial for the far less volatile debt market. From the point of view of bond price recovery, it may be stated that the rouble bond market had recovered by October 2009, when most price indices demonstrated a growth of quotations up to the level

of July 2008 – the month preceding the crisis. From the standpoint of bond profitability at the end of 2009, the market looked somewhat undervalued as compared with the pre-crisis state - 9.1% for blue chips, as compared with 8.4% in July 2008.

Yet, given the general level of money market rates, the profitability fall is likely to continue in 2010. The volume of bond REPO transactions also returned to the pre-crisis level, amounting to 1.66 trillion roubles, the vast majority of which are deals with corporate bonds. Thus, virtually all money market and capital market indicators are either close to pre-crisis values, or have already surpassed them.

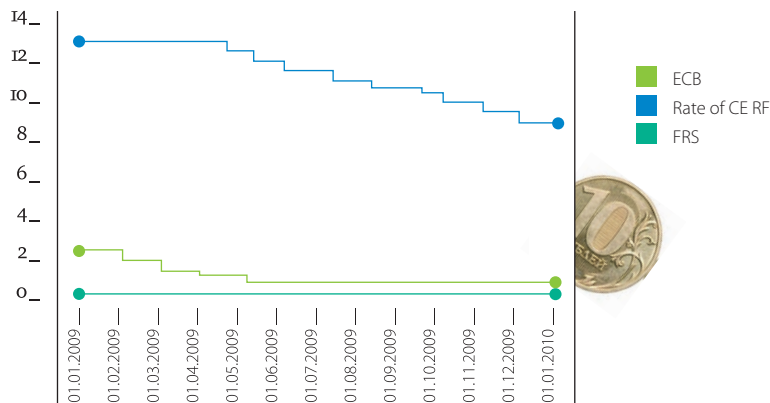
In 2009, it is worth noting the growth of primary market activity in the second half of the year, thanks to which the aggregate market capitalisation of the primary rouble debt not only avoided a fall, but, contrary to initial forecasts, increased almost 1.5 times to 1.5 trillion roubles. The capitalisation of the corporate bonds segment rose to 1.2 trillion roubles, compared with 806 billion at the beginning of the year. The nominal volume of high quality first tier issuers in circulation since August 2008 has increased from 367 to 578 billion roubles as a result of recovery

of the primary market and placements by such issuers as RZD, Transneft, RSKhB, Lukoil, and NLMK. The value of bonds of second tier issuers in circulation remained roughly at the level of August 2008 (about 500 billion roubles), but there was a certain shift towards higher-quality issuers, whereas the proportion of issuers at the junction of the second and third tiers was decreasing.

During the second half of 2009, issuers attracted over 750 billion roubles through rouble bonds. The shed of the primary proposal at the end of the year was very significant and remains the same. According to analysts, the volume of public rouble debt (both corporate and state) in 2010 might go up by 50% - to 5.5 trillion. roubles.

The previous year was actually a turning point for third-tier companies, most of which still have no opportunity to re-enter the public debt market, and many of which defaulted on their obligations. Thus, the volume of this segment is nominally reduced by half, while the actual decline might be even greater owing to the prevailing market prices being below par value, and the retained part of instruments existing solely in the form of restructure securities

FIGURE 1.
DYNAMICS OF BASIC RATE OF THE BANK OF RUSSIA, THE EUROPEAN CENTRAL BANK (ECB) AND THE FEDERAL RESERVE SYSTEM OF THE USA (FRS) IN 2009.



SOURCE: WWW.CBONDS.RU

and being of a technical nature. The structure of the corporate bond market has changed. Mainly high quality issuers remained on the market; bond rates are low and there are virtually no arbitrage opportunities. By the end of the year, the growth of liquidity and rates, which had dropped significantly, encouraged third-tier issuers to re-enter the market.

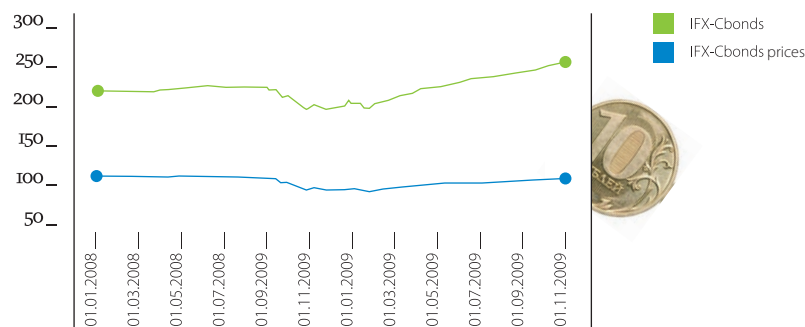
In 2009, Eurobonds became more profitable investment instruments on the market for fixed income assets, compared to bonds denominated in roubles. The combination of higher coupons in Russian bonds and realisation of the expectations of a further rouble enhancement might, however, lead to a situation when, according to the results of the first six months of 2010, the revenues of previous investments in rouble-denominated bonds will exceed the returns on similar investments in Eurobonds.

By the end of the year, a lack of ideas was noted on the secondary bond market owing to the limited choice of issuers. Many issues were previously fully redeemed on offer or had a very short period to maturity, so initial offerings are the most attractive. Under current conditions, in addition to the standard

procedures used for credit analysis, assessing the level of the debt burden and credit history, investors are making increasing demands on the level of information transparency of borrowers (regular publications of IFRS financial statements, disclosure of additional indicators, developed IR-service).

Currently, the global financial system is overflowing with cheap liquidity. Commodity prices are still relatively high, this creating favourable conditions for placement and growth of the secondary market. Interesting ideas will appear on the primary market, which, among other things, may might premiums for placement. Yet the constraining factors should not be forgotten: the risks of currency and commodity markets, expectations of a possible tightening of monetary policy and continued economic stagnation.

FIGURE 2.
DYNAMICS OF IFX-CBONDS AND IFX-CBONDS PRICES IN 2008-2009.



SOURCE: WWW.CBONDS.RU

11.2. Share market

The outgoing year saw a stabilisation in global stock markets. Thanks to the economy measures and the financial sector support provided by the Governments of the biggest economies early in 2009, the rate of decline had slowed and, in March, a steady growth of quotations began, which continued until the year's end. The dynamics of the Russian stock market in 2009 shows that investors were gradually re-evaluating the risks of investing in Russian assets downward. As a result of 2009, the RTS index grew by 125.8% and the MICEX index added 119.8%. (Fig. 3).

Russian stock indices are steadily ahead of the leading regional stock indices in terms of growth rates. Thus, the MSCI index of emerging markets in Latin America rose by 98%, Europe - by 79.03%, and Asia - by 68.4%. There is a wide gap in the yield of indices for the last year and in comparison with competitors in the BRIC group of countries. The Chinese Shanghai Composite Index rose by 79.2%, the Indian SENSEX index added 80.4%, and the growth of Brazilian BOVESPA index amounted to 82.7%. (Fig. 4)

At the same time, some blue chips rose in price by up to 300%. In particular, Sberbank securities increased in

price by 312%, those of MMC Norilsk Nickel - by 116%. Gazprom shares grew by 55%, LUKoil shares - by 79%. A steady growth of quotations was also observed in the «second tier»: the RTS-2 index increased by 166%.

According to the basic market rates, many Russian companies have significantly closed the gap, or are even ahead of their competitors from the BRIC countries. Thus, in terms of the rate of estimated price / earnings in 2010, Sberbank shares are traded at a level of 13, the median value for the analogues from emerging markets being 11-12. Only some Brazilian banks are trading at higher prices than Sberbank in terms of this index. The high Sberbank ratings are largely connected with investors' optimistic assessment of the prospects for recovery of the Russian economy's financial sector, as well as steady long-term growth of the company's profits. In terms of price / estimated equity capital, VTB is traded at 1.3, and Sberbank - at the level of 2.0, the average value of analogous banks on emerging markets being 1.6. (Table 1). Shares of most successful companies in the electricity power sector, as well as "second tier" issuers in general, have closed the gap in terms of multipliers with analogous companies, and in some cases have exceeded them.

FIGURE 3.
DYNAMICS OF THE RTS INDEX IN 2009



SOURCE: PTC

TABLE 1.
MARKET RATIOS OF THE BIGGEST RUSSIAN
COMPANIES AT THE END OF 2009

ISSUER	ESTIMATED P/E 2010	ESTIMATED EV/EBITDA 2010	ESTIMATED P/BV 2010
VTB	65.3	-	1.3
SBERBANK	12.9	-	2.0
GAZPROM	6.9	4.5	0.8
GAZPROMNEFT	6.5	5.1	1.5
LUKOIL	7.1	3.9	0.8
NOVATEK	18.8	18.6	4.6
ROSNEFT	8.2	8.8	1.6
SURGUTNEFTEGAZ	15.1	2.9	0.9
TATNEFT	9.2	5.1	0.9
TNK-BP	4.6	3.8	1.2
TRANSNEFT	1.3	1.7	0.2
MMK	93.9	11.5	1.2
NLMK	175.9	12.5	1.7
MMC NORILSK NIKEL	23.9	10.9	2.1
SEVERSTAL	-	36	1.5
TMK	6.0	4.8	0.9
MAGNIT	22.9	12.5	3.7
X5	40.9	16.1	4.2
MTS	14.6	5.8	-
VYMPELKOM	11.6	6.4	-
UES FGC	23.5	12	0.5
INTERRAO UES	27.2	9.5	1.7
RUSGIDRO	12.0	6.5	0.8
URALKALIY	35.3	19	4.3

The reform of the telecommunications sector aimed at transferring the main fixed-line operators to a single share on the base of Rostelecom promoted the steady growth of stock quotes of MRT, which, on average, soared by 500-600% from the 2009 minimum.

Despite the exceptionally fast growth of demand for Russian securities in 2009 in terms of basic market rates, Russian companies are traded at a discount in comparison with the assets of other BRIC countries. Thus, the average value of the price/earnings index for Russian companies included in the RTS index is currently slightly less than 14, against 33 for China, 20

for India and 25 for Brazil. The average capitalisation to equity ratio is 1.1 for Russian companies, against 3.2 for China, 3.5 for India, and 2 for Brazil. (Fig. 5).

Currently, the overestimation of Russian risks by foreign investors results in Russian companies are being the cheapest assets on the world in terms of market rates. Thus, the cost of a barrel of oil reserves of Russian oil companies is 3.6 times cheaper than that of analogous companies from emerging markets. In terms of the ratio of stock price to earnings, Russian companies are 1.5 times cheaper than Brazilian and Indian companies and 2.4 times cheaper than Chinese

ones. In terms of the ratio of market capitalisation to equity, Russian companies are 1.8 times cheaper than Brazilian ones and almost 3 times cheaper than companies from India and China. The average estimated value of the price to earnings ratio in the oil sector is 7.1 against 13.0 in China, 9.9 for India and 19.2 for Brazil. The average rate of capitalisation to equity ratio is 1.1 against 3.1 for China, 2.6 for India and 4.1 for Brazil.

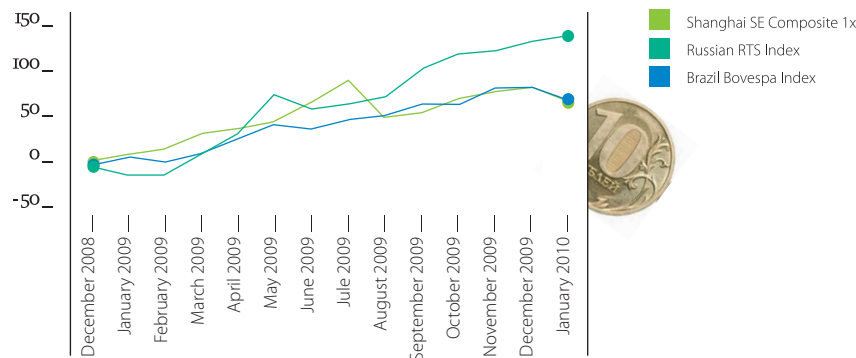
The analysis of the current sovereign credit default swaps (CDS), showing the risk of issuer default, points to a gradually reducing risk of Russian sovereign debt. Thus, Russia's 5-year CDSs by the end of 2009 had declined substantially in price and were traded at the level 185 n. points, against 120 points in Brazil, 183 points in Turkey and 237 points in Hungary. (Fig. 6).

The domestic risks of investing in Russian securities are determined by a deeper level of economic decline during the crisis and the faltering pace of recovery in the 1st half of 2009. In the 2nd half of 2009, the situation in the Russian economy has improved considerably, giving reason to be optimistic about the prospects for the current year. The growth of Russia's GDP in 2010, according to our estimates, could

exceed 4%. The positive dynamics of capital inflows and the balance of payments promotes a moderate strengthening of the rouble to the dual currency basket. The mild monetary policy of the Central Bank will continue to boost lending in the real sector in the future, and the relatively weak rouble increases the impact of import substitution as a factor supporting domestic production. The strong actions taken by the Russian government at the time of the crisis and the measures aimed at supporting the banking system stabilised the situation on the credit market, which had a normalising effect on the financing of working capital in the economy. NDF rates continued their smooth descent. Indebtedness of Russian companies and banks is at an acceptable level, and significant stabilisation reserves are able to smooth out the possible short-term decline in oil prices in the worst-case scenario. The most significant risks are currently associated with a fall in prices on commodity markets in the event of a deterioration in the global economy.

Domestic investment risks on the Russian stock market are also caused by structural problems: dominance of short-term speculators, low level of investment activity of the population, low proportion of shares in free circulation (about 30%)

FIGURE 4.
COMPARISON OF DYNAMICSOFTHE RTS INDEX
AND BASIC STOCK INDICES
OF BRAZIL AND CHINA IN 2009



SOURCE: BLOOMBERG

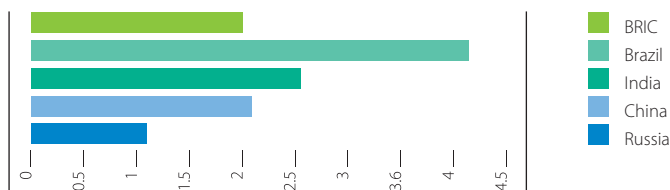
and a relatively small number of listed companies. Nevertheless, the situation is tending to improve.

The external risks of the Russian securities market are connected with the uncertainty surrounding the recovery model of the world economy, as well as the degree of stringency of monetary and credit policy. The governments of the countries with the biggest economies in the world managed to stabilise the situation by applying extraordinary financial incentives, but the cost of this step is a significant increase in the budget deficit and the level of the sovereign debt burden. At the same time, these measures might, in the event of significant economic growth, lead to increased inflationary pressure and, accordingly, a rise in interest rates on world markets. It is obvious that the surge in the commodity and stock markets has raised fears concerning the formation of new «bubbles» and exacerbated imbalances within the global financial system under the conditions of an excessively mild monetary policy. The issue of insolvency of a number of sovereign borrowers and extremely high budget deficits in the countries of

Western Europe and the United States gave way only for a while to optimistic expectations about rising company profits and will return to the fore in the medium term, when the situation will be influenced by the effect of "crowding-out" - replacement of private investments with government costs. Historically, emerging markets lag behind developed ones at the stage of rising interest rates.

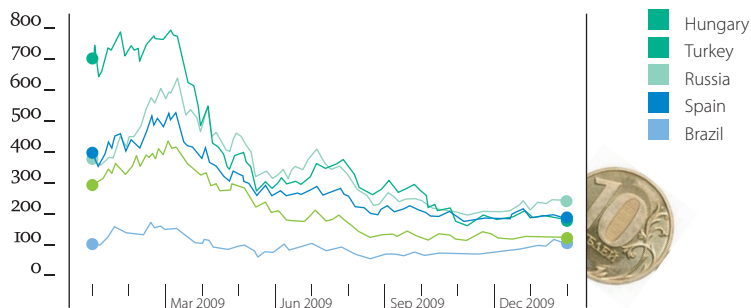
Further prospects for the situation on world stock markets will depend on the stability of recovery and further growth of the global economy, as well as on the rise in corporate profits. Continued rapid growth of quotations seems unlikely - major imbalances associated with a fundamental undervaluing of the shares of companies with large and small capitalisation have already declined significantly. Furthermore, during the second half of 2010, investors might fix the both profit on the developed and emerging markets amid fears of a tightening of monetary policy.

FIGURE 5.
RATIO OF SHARE PRICE TO EQUITY
OF OIL COMPANIES OF THE BRIC COUNTRIES.



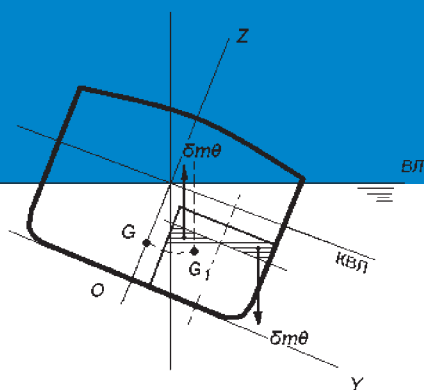
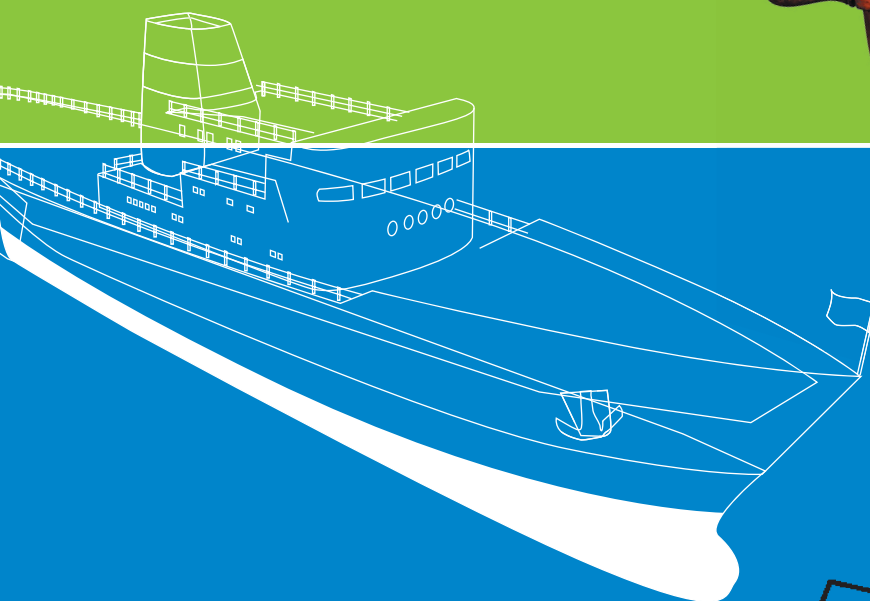
SOURCE: BLOOMBERG

FIGURE 6.
DYNAMICS OF CDS ON THE SOVEREIGN
DEBT OF THE COUNTRIES OF THE WORLD.



SOURCE: BLOOMBERG

STABLE DYNAMICS OF BUSINESS



STABLE DYNAMICS

STABILITY - IS «THE ABILITY TO STRAIGHTEN THE SHIP TILTED OR «THE VESSEL'S ABILITY TO COUNTERACT THE MOOD».

THE SHIP FLOATS ON THE SURFACE UNDER THE ACTION OF THE TWO MAJOR FORCES: THE GRAVITY FORCE AND BUOYANCY FORCE. BUOYANCY FORCE THAT «PUSHES THE BOAT OUT OF WATER», IS EQUAL TO ITS DISPLACEMENT AND APPLIED IN THE CENTER OF THE UNDERWATER VOLUME OF THE CENTER OF ROTATION OF THE VESSEL. IN THE «DIRECT», POSITION OF THE VESSEL, THESE FORCES BALANCE EACH OTHER AND LIE ON THE SAME VERTICAL LINE. IN ROLL FORM UNDERWATER HULL CHANGES, THE CENTER OF ROTATION WILL MOVE IN THE DIRECTION OF LOPSIDED BOARD, AND SO-CALLED RESTORING TORQUE, WHICH COUNTERACT THE ROLL. IN MOOD, THE VESSEL CENTER OF ROTATION AS IT ROTATES AROUND A POINT CALLED METACENTER M. DISTANCE FROM METACENTER M TO THE GRAVITY CENTER (METACENTRIC HEIGHT) IS A CHARACTERISTIC OF THE VESSEL'S STABILITY.



12. FINANCIAL AND ECONOMIC ACTIVITIES IN 2009

12.1. The Company's position in the industry

The financial and investment agents industry in Russia has been developing at rapidly over the last decade. This institution is represented by licensed investment companies, investment funds, commercial banks, insurance companies and pension funds. The improvement in the macroeconomic situation has engendered advanced development of the Russian financial market. In 2008, the quantitative characteristics of the financial agents industry deteriorated dramatically owing to the financial crisis, indicating that the industry had reached the peak of its development.

High degree of monopolisation of the investment industry remains a characteristic feature. According to results for the first nine months of 2009, 20 leading Russian investment companies accounted for 96% of the aggregate turnover, 95.2% of the income and 97.3% of the assets of all investment companies.

Under these conditions, the main strategic goal of OJSC IC RUSS-INVEST is to maintain and, if possible, increase its market share. According to the National Rating Agency (NRA), as of the end of the third quarter of 2009, OJSC IC RUSS-INVEST held 1.8% of the assets and 8.7% of the equity capital of the 80 biggest Russian investment companies. Meanwhile, the Company accounted for 18.8% of the net profit gained by the 50 biggest investment companies of Russia. Table 2 shows OJSC IC RUSS-INVEST's ranking among investment companies from 2002 through the 3rd quarter of 2009.

The financial crisis has opened up new opportunities for companies in a sound financial position. The competitive process of attracting free resources and expanding the client base has become tougher in the industry. The advantages OJSC IC RUSS-INVEST enjoys are a comparatively high level of financial reliability and availability of reserves for growth of the brokerage business.

TABLE 2.
OJSC IC RUSS-INVEST'S RANKING AMONG
INVESTMENT COMPANIES.

INDEX	2002	2003	2004	2005	2006	2007	2008	2009*
1. AGGREGATE TURNOVER	77	67	62	40	53	55	71	59
2. STOCK EXCHANGE TURNOVER	40	35	47	28	44	47	64	54
3. TURNOVER ON DEALER OPERATIONS	47	26	20	12	18	23	39	26
4. ASSETS	5	7	7	9	14	20	16	14
5. EQUITY CAPITAL	2	3	2	2	2	2	4	3
6. INCOME	1	3	2	3	3	N/A	N/A	3

SOURCE: NATIONAL RATING AGENCY
* AS OF THE END OF THE THIRD QUARTER OF 2009.

The positive financial results achieved by OJSC IC RUSS-INVEST lasting recent years were highly appraised by the Fitch leading international rating agency. Fitch Ratings confirmed the following ratings for OJSC IC RUSS-INVEST: long-term issuer default rating (IDR) at level "B", national long-term rating "BBB- (BBB minus)(rus)" and short-term IDR "B". The forecast for the long-term IDR and national long-term rating is "Stable".

It should be noted that, among Russian non-banking financial institutions, only six companies received a Fitch rating (Table 3).

The Company's main competitive advantages include the amount of its equity capital and its financial soundness. OJSC IC RUSS-INVEST appears reliable in comparison with other investment companies with a broader client base. In order to maintain its position in the industry, the Company should further develop its business, implement advanced technologies and management methods, improve its tariffs, develop and offer its customers new investment products and services.

TABLE 3.
FITCH RATING OF RUSSIAN NON-BANKING FINANCIAL INSTITUTIONS (AS OF THE END OF 2008).

ISSUER	LONG-TERM IDR* OF ISSUER'S DEFAULT IN FOREIGN CURRENCY	FORECAST FOR INTERNATIONAL RATING	SHORT-TERM IDR* IN FOREIGN CURRENCY	NATIONAL SCALE RATING	FORECAST FOR NATIONAL RATING
IG RENAISSANCE CAPITAL	BB-	STABLE	B	-	-
IK RUSS-INVEST	B	STABLE	B	BBB-(RUS)	STABLE
VKM-LEASING	CC	NEGATIVE	C	-	-
VTB-LEASING	BBB+	STABLE	F2	-	-

* - IDR – ISSUER DEFAULT RATING

SOURCE: FITCH RATINGS

12.2. Operations of the Company on the stock market.

During 2009, OJSC IC RUSS-INVEST actively operated with corporate bonds, shares of Russian issuers, derivatives and other financial instruments. The predominant portion of operations was executed on the main Russian stock exchanges, such as MICEX, RTS and OAL "Saint Petersburg Stock Exchange". At the same time, in the second half of 2009, the Company entered into a broker agreement with its subsidiary ABR Financial and launched operations on foreign stock markets. OJSC IC RUSS-INVEST thus obtained direct access to a number of foreign stock exchanges, including Euronext, Deutsche Bourse, OMX NASDAQ and others. Creation of this infrastructure enabled the Company to develop its own trading operations, thus providing for geographical and currency diversification of its assets.

The favourable situation on the security market ensuing from the reduction in global risks and the gradual emergence of the world economy from the crisis had a positive effect on the Company's operational results for 2009 (see the Profit and Loss Statement). Nevertheless, the recorded yield on share transactions fell (see Table. 4), this being associated with the Company's chosen strategy of holding the share portfolio, given the rapid recovery of the stock market.

In accordance with its adopted development strategy, the Company is striving to maintain the

diversified structure of assets represented in Figure 7 in order to reduce market risk as far as possible. Among the main trends in 2009, the increase in the proportion of funds, foreign currency assets and shares in the Company's aggregate assets may be identified. At the same time, the share of corporate bonds and non-liquid stock dropped significantly. This change in proportions between the two major classes of assets is connected with the profit-taking on the corporate bond market in late 2009 and deliberate redistribution of resources in favour of shares since the company believes that the Russian stock market will continue its recovery in the first half of 2010.

The structure of the share portfolio is shown in Figure 8 (as of December 31, 2009). The main emphasis in the formation of the portfolio in 2009 was placed on shares of commodity industries, as the company anticipated the recovery of the commodity sector, and on shares of the telecommunications sector in expectation of the reform of Svyazinvest.

When working on the financial derivatives market throughout 2009, the Company still applied its proven limited risk strategy based on the RTS option. At the same time, a strangle strategy was used, its essence consisting in buying call and put options with the same term of expiry of contracts, but with different execution prices. The potential profit is not

TABLE 4.
THE STRUCTURE OF OJSC IC RUSS-INVEST GROSS PROFIT IN 2009 (BY TYPE OF FINANCIAL INSTRUMENT), IN THOUSAND ROUBLES (WITHOUT REVALUATION OF SECURITIES)

INCOME ITEM	2006	2007	2008	2009	CHANGE OVER 2008, %
OPERATIONS WITH SHARES	337.688	298.949	225.355	165.295	- 26.7%
OPERATIONS WITH CORPORATE BONDS (INCLUDING ACI)	161.101	136.822	124.251	129.383	+ 4.1%
OPERATIONS WITH DERIVATIVE FINANCIAL INSTRUMENTS	0	- 17.697	7.551	- 4038	
INTEREST YIELD ON DEPOSIT OPERATIONS	1.041	323	222	128	- 42.3%
YIELD ON PARTICIPATION IN OTHER ORGANISATIONS (DIVIDENDS, ETC.)	6.473	20.589	43.213	41.163	- 4.7%

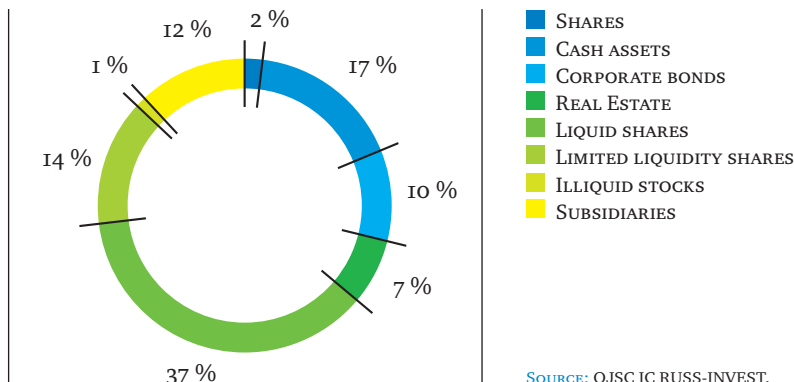
SOURCE: OJSC IC RUSS-INVEST.

limited and emerges when the underlying asset moves in any direction. The loss is limited to the amount of the premiums paid for the purchase of the options. Given the sharp market volatility in the first half of 2009, this strategy paid off handsomely once more, producing a substantial gross profit.

In the second half of the year, however, owing to concerns about market corrections, the Company

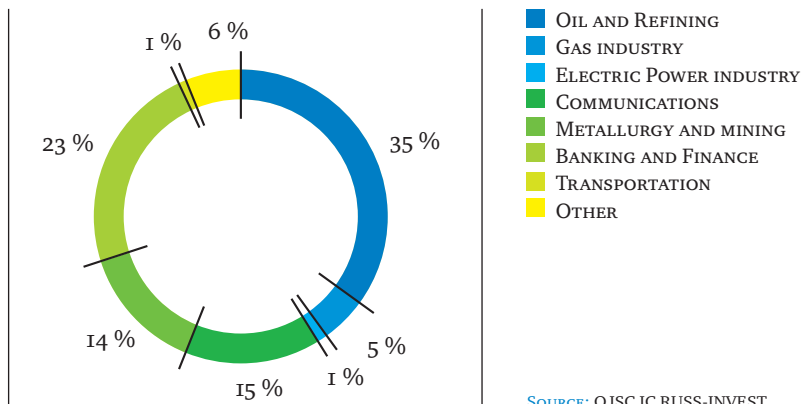
focused on purchasing options of the put type in order to hedge the open positions. As a result, the second half of the year resulted in a loss exceeding the profit of the first six months, producing a total annual loss of 4.04 million roubles. This loss arose because the expectations of a correction proved false, and the market continued to grow. The cost of such partial hedge was, however, a small proportion of the fixed gross profit from share trading.

FIGURE 7.
THE STRUCTURE OF ASSETS OF IC RUSS-INVEST



SOURCE: OJSC IC RUSS-INVEST.

FIGURE 8.
SECTORAL STRUCTURE OF SHARE PORTFOLIO OF IC RUSS-INVEST



SOURCE: OJSC IC RUSS-INVEST.

12.3. Brokerage activities

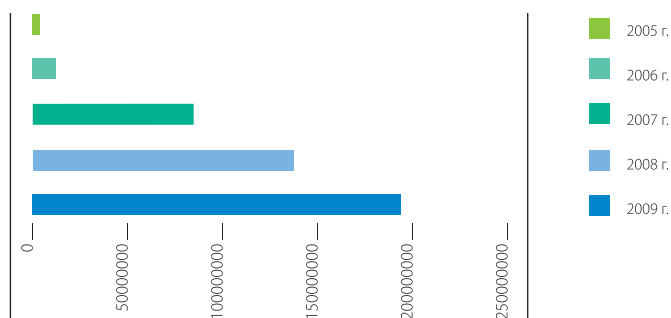
In 2009, in the sphere of brokerage servicing of customers, OJSC IC RUSS-INVEST provided access to all the major Russian trading floors. The main emphasis was on increasing the number of customers and broadening the range and quality of the services provided. At the same time, the Company focused mainly on attracting legal entities and individuals for broker service and trust management. Within the framework of information and analytical support for clients, the Company paid considerable attention to services, consulting and training of clients at the training centre. The courses teaching the principles of stock trading at the training centre have won a high reputation among customers. As a result of 2009, the income from the lectures and seminars provided by the training centre increased by 209% over 2008.

Throughout 2009, the number of client assets attracted grew by 41% as compared to 2008 (see Fig. 9). The increase in brokerage commissions in 2009 amounted to 68.7% as compared to 2008. Commission fees for trust management by OJSC IC RUSS-INVEST increased 4.74 fold over the year. Brokerage trade turnover for 2009 amounted to 3.32 billion roubles, meaning that the share of brokerage trade turnover grew from 22.4% in 2008 to 34.9% in the total trade turnover.

At the same time, the Company improved its internal infrastructure and systematically updated its hardware and software.

In 2010, the Company will continue to expand the range of services offered to clients, focusing on maintaining and increasing its market share.

FIGURE 9.
CLIENTS' CASH ASSETS ATTRACTED
IN 2005-2009.



SOURCE: OJSC IC RUSS-INVEST.

12.4. Corporate financing and financial consulting

Despite the ongoing global financial crisis, in 2009, OJSC IC RUSS-INVEST devoted considerable attention to business development in the area of corporate finance and advisory services.

During the year, in connection with the current crisis in the global economy in general and on the Russian financial market in particular, the volume of IPOs for Russian corporate bonds dropped significantly. Starting from September 2009, along with some improvement in market conditions, the volume of IPOs started to increase, but the changed market conditions meant that the overwhelming majority of them were carried out on the basis of book-building. Primarily high-quality issuers of the first tier performed IPOs. The Company sent applications for participation in IPOs on the basis of both book-building and classical auctions (in particular, Mosenergo 03, Bashneft 01, Bashneft 03, MMK BO-02, MMK BO-05, System 03).

For the financial sector, last year was a challenge in connection with the sharp structural changes in and the revaluation of assets, the additional increase in risks, as well as reduction in the overall

level of liquidity, as a result of which many credit rating agencies reranked Russian companies in terms of reliability. Nevertheless, the ratings of OJSC IC RUSS-INVEST were confirmed by Fitch Ratings, this testifying to the Company's efficiency and its correct business choices under the given the circumstances.

In 2009, in connection with the complicated situation on the global capital markets and in Russia in particular, the Company worked for settlement and restructuring of bad debts, performed an additional evaluation of new ways to interact with market players, and assisted clients in putting offers through. The Company also promoted problem debt restructuring services (both for default obligation issuers and for investors with a portfolio of such bonds). The Company arranged a, extensive promotion campaign aimed at bad debt restructuring, as well as repurchasing of obligations below par for issuers that had overcome the crisis situation.

Throughout 2009, relations with many problem issuers were finally settled, agreements on debt restructuring being achieved with most of them.

The Company continued its momentum in achieving the strategic objectives of developing international relations and building up the necessary infrastructure on this basis. The employees of the Company continued to study activity on the European stock exchanges, including EURONEXT, Deutsche Boerse, LSE, and Chi-X. The current situation on the financial markets provides the Company with new opportunities for implementing investment/consulting projects at significantly less cost.

Work was carried out consistently on analysing and attracting investment/consulting projects with direct investment and venture financing. The analytical support in the sphere of corporate finance consisted in: analysis of potential investment facilities, evaluation of assets, and building of financial models for a fair evaluation of a business. At present, it is expected that considerably more attention will be paid to direct investment projects in connection with the gradual economic recovery and emergence of a large number of potentially effective avenues for additional funding.

Being an active player on the market for bonded loans and financial consulting, as well as a listing agent in the sector of innovative and growing companies on the MICEX Stock Exchange and an authorised financial adviser in OJSC RTS, OJSC IC RUSS-INVEST continued providing financial advisory services, including:

- agreements of provision of services for a fee to prepare the documents required for registration of a securities issue and reports on the results of securities issues by Russian issuers;
- agreements on providing listing agent services;
- agreements on providing financial consulting services, including those of an authorised financial consultant.

12.5. Trust management and mutual fund services

For the purpose of expanding the services it provides to its clients, in 2004 OJSC IC RUSS-INVEST established CJSC Management Company RUSS-INVEST. Since its inception, the management company set its main goals as provision of high-quality, accessible financial services for growing Russian citizens' wealth. One such service has consisted in mutual investment funds enabling the Company's clients to invest free cash assets efficiently in securities of leading domestic companies.

According to National Rating Agency (NRA), CJSC Management Company RUSS-INVEST is included in the "BBB" rating group (sufficient reliability). CJSC Management Company RUSS-INVEST holds licence of the Federal Service for the Security Market of the Russian Federation No. 21-000-1-00158, dated April 17, 2009, for management of investment funds, mutual investment funds and private pension funds, and professional security market participant licence for management of securities No. 077-10285-001000, dated June 14, 2007.

CJSC MC RUSS-INVEST provides the following services:

- management of mutual investment fund assets .
- management of private capital.

According to the independent analytical resource Investfunds, judging by the results of 2009, Management Company RUSS-INVEST improved its positions in the TOP-50 rating of the biggest management companies in terms of net asset value of open and interval mutual investment funds under its management and moved up from 40th to 36th position. At present, the Management Company manages the assets of five mutual investment funds. As of December 31, 2009, the value of the net assets under the management of CJSC MC RUSS-INVEST amounted to 368.75 million roubles.

12.6. International activity

For the purpose of further developing its business, in 2007 OJSC IC RUSS-INVEST established the subsidiary ABR Financial B.V, which, in 2008, obtained a licence of the Netherlands Financial Market regulator (AFM) for:

- provision of financial services, including brokerage services;
- performance of investment activities;
- conducting of support activities on financial markets in the country of registration.

ABR Financial B.V. holds a Declaration of No Objections issued by the Central Bank of the Netherlands (DNB).

So far, the subsidiary has achieved major results in developing its business.

On the basis of all the legislative acts and licences, ABR Financial has obtained an EU passport in accordance with the latest requirements of the EU financial services legislation (introduced in November 2007). In addition to the Netherlands, the company had received a European passport for performing international activities in the following countries: Belgium, Germany, France, Britain, Denmark, Finland, Norway and Sweden.

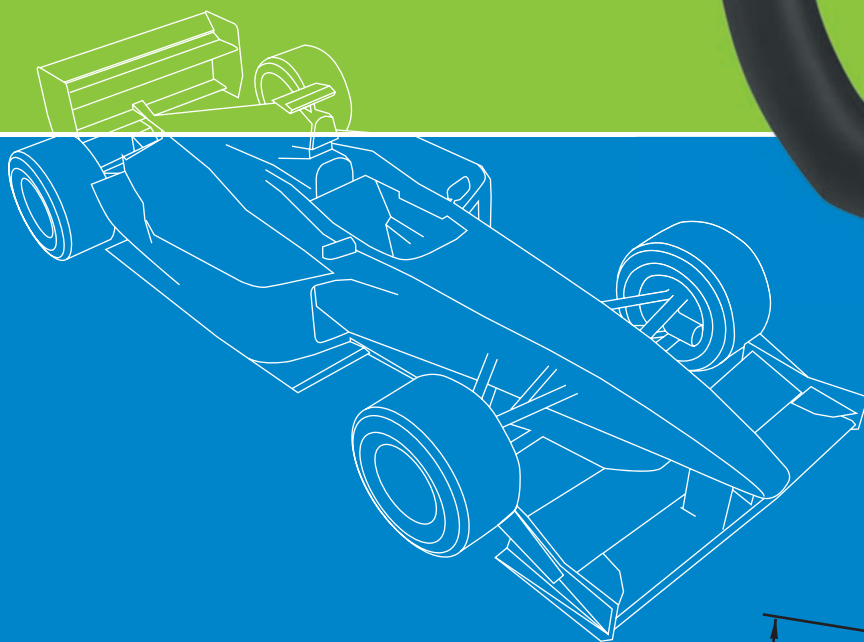
ABR Financial is a member of the following exchanges as Agent and Principal

- London Stock Exchange
- NYSE EURONEXT (Amsterdam, Brussels, Paris – Money Markets);
- NYSE EURONEXT LIFFE (Amsterdam, Brussels, Paris – derivatives markets);
- Nordics OMX (Swede, Denmark, Finland);
- Nasdaq OMX Europe (Multilateral Trade Platform);
- Chi-X (Multilateral Trade Platform);

In 2009, OJSC IC RUSS-INVEST started trading as a broker on the main European stock exchanges through its subsidiary ABR Financial.

Successful implementation of this project will enable OJSC IC RUSS-INVEST to diversify its business seriously, mitigate the risk involved in its investment operations and simultaneously expand income sources.

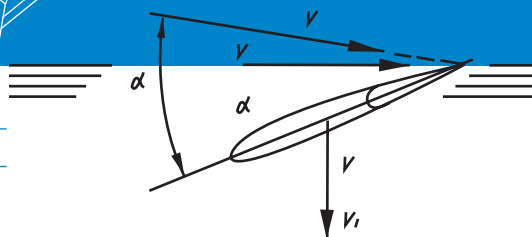
STABLE DYNAMICS OF BUSINESS



BERNULLI EFFECT

"WHERE STREAM IS QUICKER THERE PRESSURE IS LESS".

BERNULLI EFFECT PLAYS AN IMPORTANT ROLE IN THE ACTIONS OF AERODYNAMIC SURFACES OF F1 BOLIDES. IT IS EXPRESSED BY THE EQUATION, KNOWN AS THE BERNULLI EQUATION, «WHICH SAYS THAT THE TOTAL ENERGY OF TOTAL VOLUME OF THE SUBSTANCE REMAINS UNCHANGED AND IS BASED ON THE PRINCIPLE OF ENERGY CONSERVATISM. RELATIVE MOTION, ENERGY DIVIDES INTO THREE PARTS: THE PRESSURE IN THE AIR, THE KINETIC ENERGY OF AIR (OR OF MOTION) AND POTENTIAL ENERGY OF AIR. DOWNFORCE AND DRAG FORCE – TWO FORCES, TO WHICH IS DEVOTED ALMOST ALL IN THE AERODYNAMIC DESIGN OF F1 RACE CAR. DESIGN OF SPOILERS AND OF THE WHOLE CAR MUST BE COMPLETELY OPTIMAL, THAT IS, PROVIDE DOWNFORCE SHOULD BE IMPLEMENTED IN THE MANNER NOT CAUSE THE RESISTANCE FORCE, WHICH PREVENTS HIGH-SPEED MOVEMENT.



I3. FINANCIAL STATUS OF THE COMPANY

2009 was the most successful year for OJSC IC RUSS-INVEST since its inception. According to the annual results, the Company managed to improve its financial situation. The value of its assets grew over the year by 36.13% and, at the end of the year, amounted to 4.226 billion roubles (See. Fig. 10).

Despite a significant drop in the capitalisation of the Russian stock market in the first quarter of 2009, OJSC IC RUSS-INVEST managed to achieve a positive financial performance and to maintain a rapid rate of development in its main spheres of business.

The Company has retained its leading position among investment companies in Russia in terms of equity value. For seven years running, OJSC IC RUSS-INVEST has been one of the Top Four investment companies in Russia in terms of equity capital. Over 2009, the amount of equity of the Company grew by 36.94% to top 3.53 billion roubles (See. Fig. 11).

The 2009 figures showed that trade turnover in securities declined by 53.5% - from 14.3 to 6.2 billion

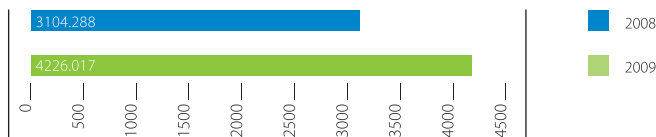
roubles. In spite of the reduction in gross profit to 203.7 million roubles from 228.8 million roubles in 2008, the profitability of security transactions in 2009 went up. Thus, the profitability in terms of gross profit in 2009 amounted to 6.53%, which is more than double the previous year (See. Fig. 12).

At the same time, the gross marginal yield in 2009 amounted to 6.39%, which is 70.9% higher than in 2008. This trend could be explained by the balanced strategy based on an optimum combination of risk, liquidity and profitability of business transactions.

The rise in yield indicators is explained by an improvement in the state of the Russian stock market on which the Company operates and changes in the Company's corporate strategy aimed at diversifying its business activities.

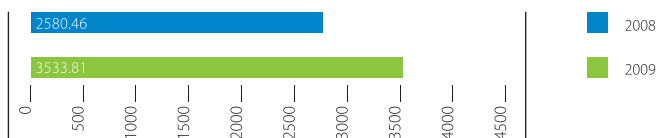
From 2004 to 2007, OJSC IC RUSS-INVEST demonstrated consistently high operational performance, this being associated with an increase in the volume of current transactions on

FIGURE 10. OJSC IC RUSS-INVEST ASSETS.



SOURCE: OJSC IC RUSS-INVEST

FIGURE 11. DYNAMICS OF TRADING PROFITABILITY IN 2006-2009.



SOURCE: OJSC IC RUSS-INVEST

the stock market. Meanwhile, in 2009, the Company incurred losses owing to a negative revaluation of financial investments caused by the global financial crisis and the fall in the capitalisation of the Russian market by more than 72% over the year. Failure by a number of bonded loan issuers to discharge their obligations produced an adverse affect on the Company's performance. In 2009, the Company managed to show a high net profit thanks to the Russian stock market's recovery and its balanced trade strategy.

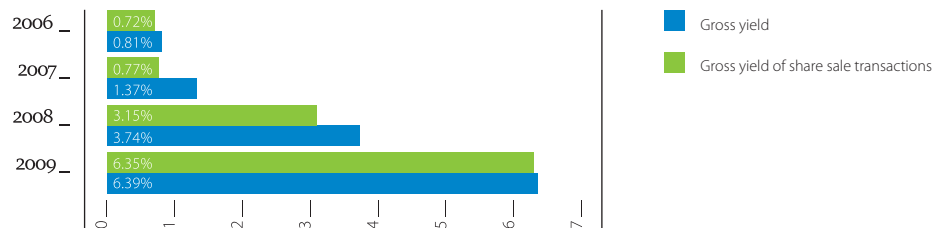
In 2009, the financial results of OJSC IC RUSS-INVEST rose substantially over the same period of 2008. The positive revaluation of financial investments produced a beneficial effect on the financial results. The sum of the positive revaluation of securities according to the results for 2009 amounted to 2136.98 million roubles, which is 3.2 times the figure for the previous year.

In 2009, the upward trend in profitability continued, this being possible thanks to more efficient current operations compared to the figures for 2008. The return on equity and assets increased owing to a higher net income from ongoing operations, as well as a reduction in the negative revaluation of the assets in connection with the growth of the Russian stock market and the diminishing risks of investing in securities.

The Company showed higher profitability figures in 2009. The return on sales amounted to 29.73%, the return on equity – 31.2%, and the return on assets – 26%. (See Fig. 13).

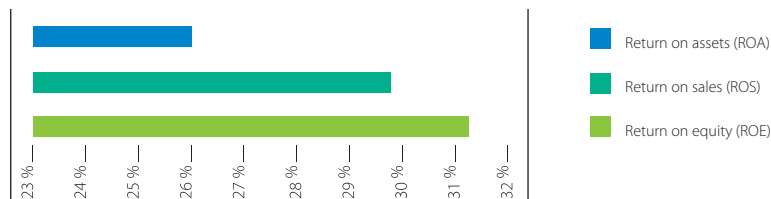
The return on sales index fell, while the efficiency indices calculated on the basis of net profit are improving. The reason for this trend is the increased contribution made to the overall financial result by the positive revaluation of financial investments,

FIGURE 12.
DYNAMICS OF YIELD ON TRANSACTIONS WITH OJSC IC RUSS-INVEST SHARES IN 2006-2009.



SOURCE: OJSC IC RUSS-INVEST

FIGURE 13.
RATES OF OPERATING PROFITABILITY



SOURCE: OJSC IC RUSS-INVEST

compared to profit from current operations. The growth of the positive revaluation of financial investments and increase in the profitability of current operations involving purchase and sale of securities are caused by the growth of stock indices and the balanced strategy of market risk management.

In the context of high market risks, the Company has chosen a strategy of maintaining a high proportion of working capital and improving balance sheet liquidity. Additional attention was paid to promising long-term projects that might provide higher returns in the future, compared to current operations on the market, even though they might continue to exert a negative impact on financial results for some time. Under these circumstances, the Company chose a moderate risk tactic of performing ongoing operations with increased risk controls, reduced trading activity and a narrower range of securities purchased. Such a strategy should enable it to

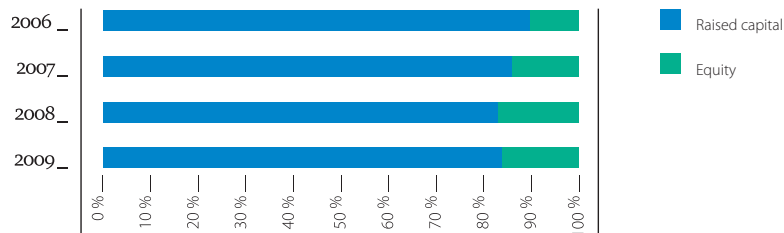
improve its profitability indices. The high volatility of the Company's performance is explained, first of all, by the state of the Russian stock market, which is the main platform for its trading operations, and changes in corporate development strategy towards diversification of the financial services provided.

The level of financial independence in 2009, although reduced, remains extremely high. The share of equity funds in the capital structure of the Company grew in 2009 to 84% against 83% in 2008.

The reduction in the proportion of capital raised within the structure of the balance reflected the accelerated growth of retained earnings resulting from a positive revaluation of the Company's assets. (See Fig. 14).

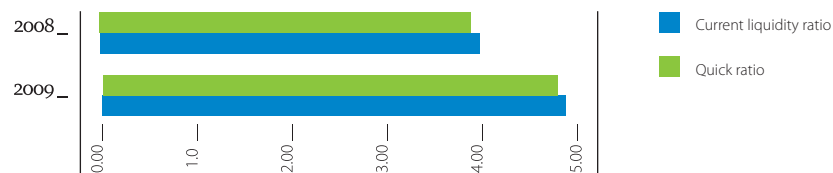
In 2009, the balance liquidity of OJSC IC RUSS-INVEST remained at a high level. (See Fig.15).

FIGURE 14.
LEVEL OF FINANCIAL LEVERAGE.



SOURCE: OJSC IC RUSS-INVEST

FIGURE 15.
LIQUIDITY RATIOS.



SOURCE: OJSC IC RUSS-INVEST

The current liquidity ratio shows whether the Company has sufficient working capital to repay short-term obligations. The quick ratio is the ratio of the most liquid assets of the business and accounts receivable to current liabilities. of the Company's liquidity indicators improved in 2009. The current ratio rose from 4 in 2008 to 4.87 at the end of 2009; the Quick Ratio rose from 3.95 to 4.85. The recommended value for the current liquidity ratio is 2.5 and for the quick ratio is 1.2. Thus, the current asset value of the Company is sufficient to maintain high liquidity and indicates that there are reserves for implementing new investment opportunities.

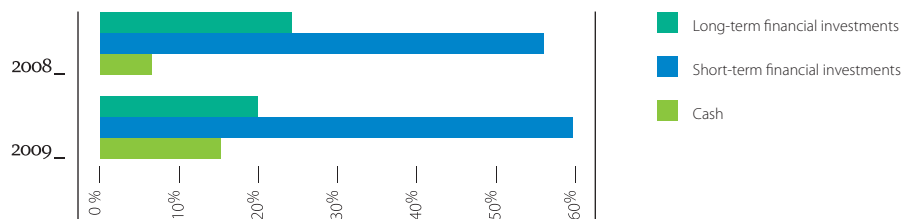
Accumulated retained earnings from previous years allow the Company to demonstrate good balance sheet results and rates of financial independence. A significant portion of net profits not distributed in the form of dividends remained at the disposal of the

Company since distribution of all of it might reduce the Company's equity and thus sharply reduce its ability to increase profits in the future.

The biggest share in the structure of loans consists of debt owed to the founders as dividend payments, whose share declined over the year from 14.4% to 10.6% of the balance sheet total. This debt arose because shareholders do not report changes in their passport details and place of residence to the registrar in a timely manner. A significant portion of net profits not distributed in the form of dividends remained at the disposal of the Company since distribution of all of it might reduce the Company's equity and thus sharply reduce its ability to increase profits in the future.

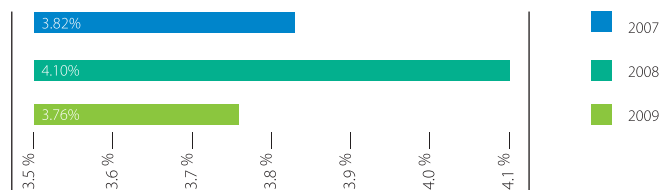
Structural changes in the 2009 balance sheet of OJSC IC RUSS-INVEST reflect a decrease in the proportion of long-term investments against a

FIGURE 16.
PROPORTION OF LONG-TERM FINANCIAL INVESTMENTS AND CASH IN THE BALANCE SHEET STRUCTURE OF OJSC IC RUSS-INVEST



SOURCE: OJSC IC RUSS-INVEST

FIGURE 17.
RATIO OF ADMINISTRATIVE COSTS TO AVERAGE ASSET VALUE .



SOURCE: OJSC IC RUSS-INVEST

rise in the value of short-term investments and a reduction in the proportion of cash. Such changes are associated with a conscious policy on the part of the Company's management aimed at reducing the risk of investment in securities and creating a liquidity cushion for promising new projects. (See Figure 16).

The Company focuses considerable attention on controlling costs, this being particularly important during the crisis on the financial markets. The Company strives to maintain a low level of administrative and commercial costs. The share of administrative costs in the value of assets decreased in 2009 to 3.76% of the average value of assets against 4.1% in 2008. Thus, the Company's costs fell below the pre-crisis level. (See Fig. 17)

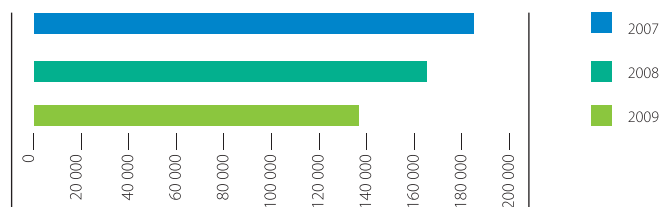
Until 2008, the Company's development strategy provided for aggressive growth targets, entailing a

rise in administrative costs. Since 2008, however, the Company has pursued a cost-cutting policy. In 2008, administrative costs fell by 11.1% over the preceding year and in 2009 they fell against by 16.3%. (See Fig. 18).

In 2009, the rise in the Company's net income enabled it to reduce the proportion of variable costs in gross profits (contribution margin). This index fell from 71.9% to 67.6%. At the same time, the Company's breakeven point dropped from 4.1% to 3.76%. Under the conditions of the economic crisis, the management of the Company thus took steps to reduce costs. The Company is currently demonstrating a stable tendency for administrative costs to fall. (See Figure 19).

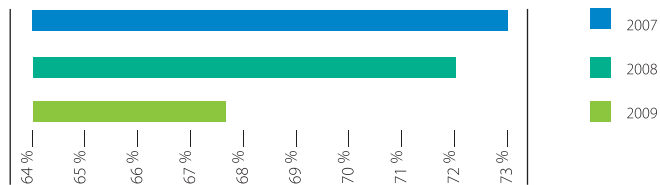
Meanwhile, the margin of safety analysis shows a steady increase in this indicator from 1.4% in 2007 to 1.8% in 2009. (See Fig. 20).

FIGURE 18.
DYNAMICS OF ADMINISTRATIVE COSTS
(THOUSAND ROUBLES)



SOURCE: OJSC IC RUSS-INVEST

FIGURE 19.
PROPORTION OF ADMINISTRATIVE COSTS IN GROSS
EARNINGS (CONTRIBUTION MARGIN)



SOURCE: OJSC IC RUSS-INVEST

In 2009, the level of the return on assets covering general and administrative costs amounted to 3.76% (Break Even Point). (See Figure 21.)

[Statistics show that this indicator has decreased from its peak in 2008 to the pre-crisis level. (See Figure 22).

The rise in the break-even point against that of breakeven reserves proves demonstrates aggressive cost cutting. (See Fig. 23)

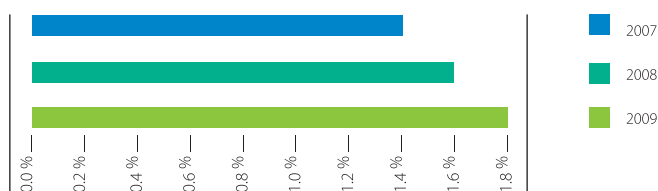
Against the background of a positive financial result under the conditions of instability on the financial markets, note should be made of the high level of tax payments, reflecting a high degree of fiscal discipline on the part of the Company. According to the balance sheet for 2009, profit tax paid amounted to 260.9 million roubles.

In terms of the ratio of market capitalisation to equity value, at end of 2009 the shares in OJSC IC RUSS-INVEST were traded at a discount to the average

level for Russian companies in the financial sector. Thus, the amount of share capital and reserves in 2006 amounted to 32 roubles 42 kopecks per share . Thus, the ratio of market capitalisation at the end of the year was 1.04, which is 1.5-2 times less than the respective figures for "blue chips" on the Russian stock market.

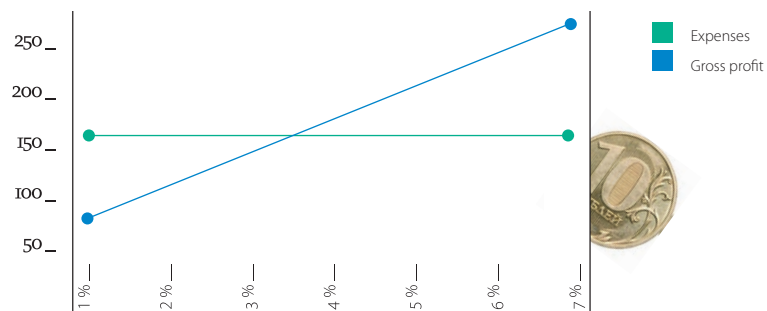
The current stage in the Company's development, under the conditions of uncertainty on the Russian financial market and high competition in the industry, calls for work to be stepped up to diversify business further, expand the range of investment services provided to customers, build up the customer base and seek promising investment projects. This work involves additional costs, which affects the profitability of current activities. Even so, these are normal losses for companies that choose an intensive development strategy focusing on long-term prospects. Its main objective is to achieve stable long-term growth of capital in the interests of each shareholder in OJSC IC RUSS-INVEST.

FIGURE 20.
MARGIN OF SAFETY IN 2007-2009
(% OF AVERAGE ANNUAL ASSET VALUE)



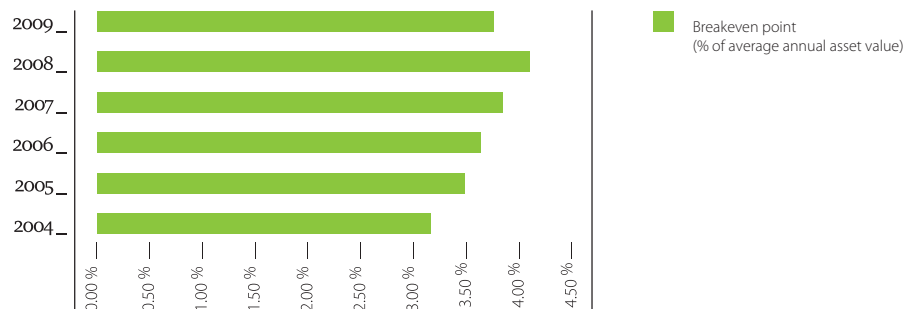
SOURCE: OJSC IC RUSS-INVEST

FIGURE 21.
BREAKEVEN POINT IN 2009
(% OF AVERAGE ANNUAL ASSET VALUE)



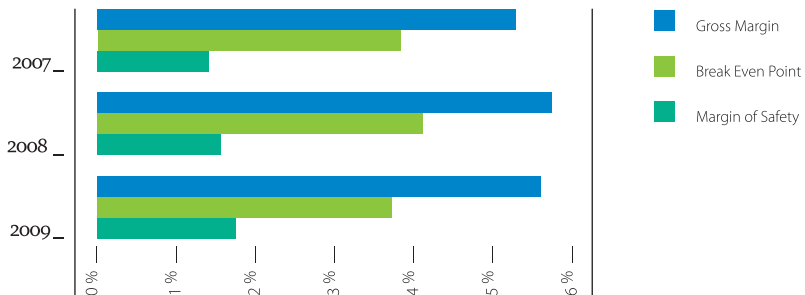
SOURCE: OJSC IC RUSS-INVEST

FIGURE 22.
BREAKEVEN POINT FOR THE PERIOD
2004-2009 (% OF AVERAGE ANNUAL
ASSET VALUE)



SOURCE: OJSC IC RUSS-INVEST

FIGURE 23.
RETURN ON GROSS PROFIT, BREAKEVEN
POINT OF PROFITABILITY AND MARGIN OF
SAFETY IN 2007-2009 (% OF AVERAGE AN-
NUAL ASSET VALUE)



SOURCE: OJSC IC RUSS-INVEST

I4. INTERESTED-PARTY TRANSACTIONS, MAJOR TRANSACTIONS

During 2009, the Board of Directors of OJSC IC RUSS-INVEST made the following decisions to approve interested-party transactions:

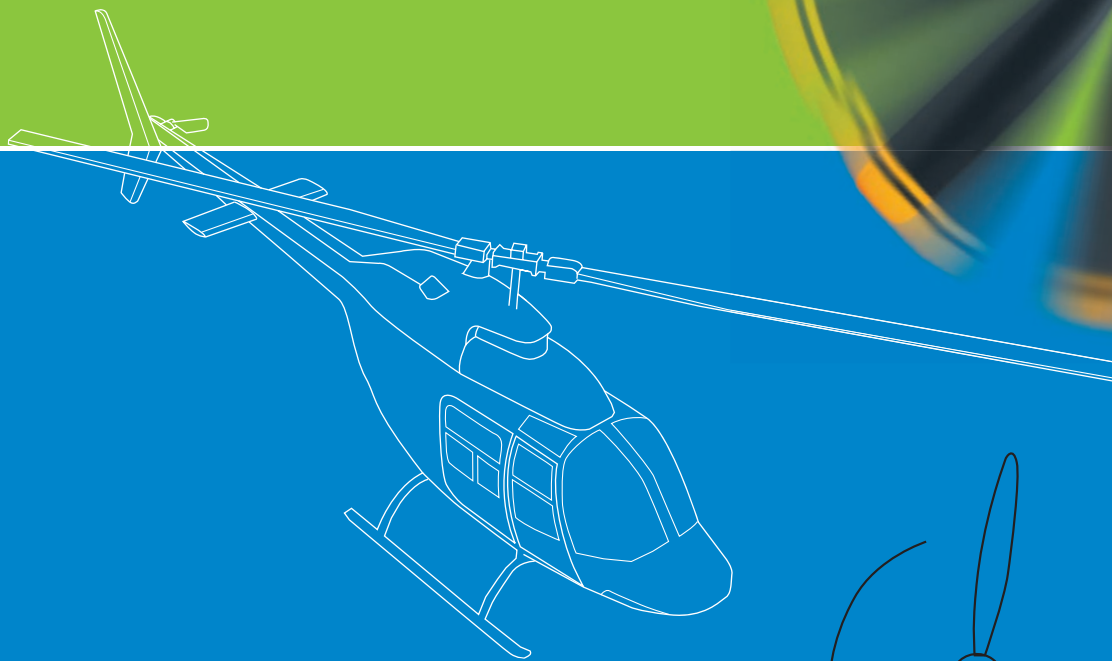
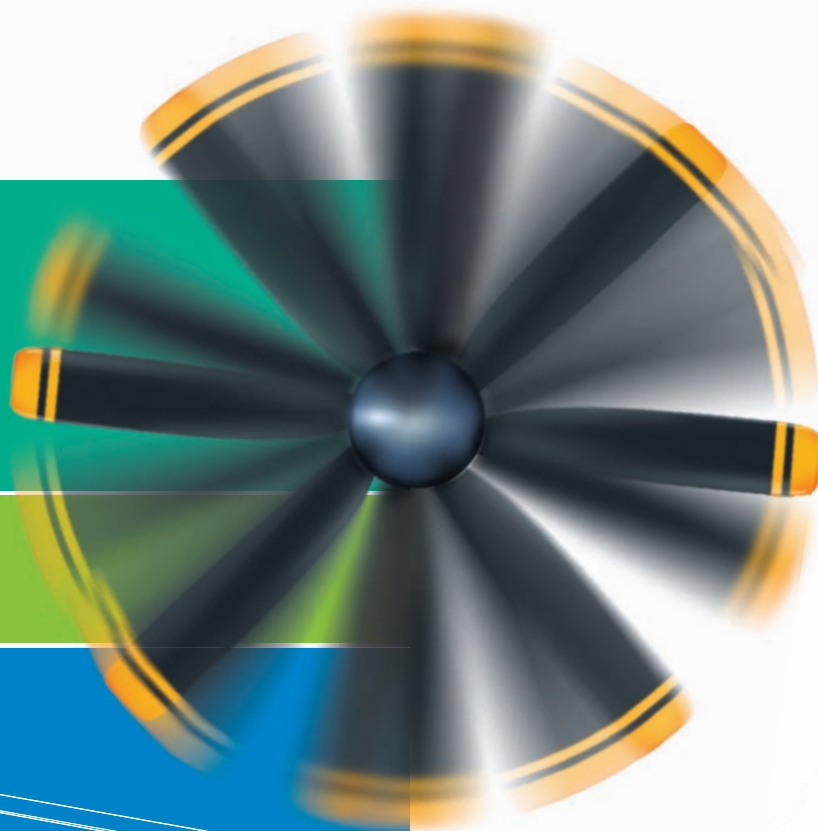
1. On May 25, 2009, the Board of Directors of OJSC IC RUSS-INVEST at its meeting (Minutes No. 18/08-09) approved an interested-party transaction, namely a lease agreement for non-residential premises at : 5-3/12, bldg. I4, Nashchokinskiy Pereulok, Moscow, between CJSC Nashchokin and OJSC IC RUSS-INVEST for a term of 11 months; the total area of the rented premises is 712.7 square metres, the price is 13,800 (thirteen thousand, eight hundred) roubles per square metre, VAT included, for premises situated on the 1st and 2nd floors; for premises situated in the basement floor, the lease price is 12,980 (twelve thousand, nine hundred and eighty) roubles per square metre, VAT included.

2. On May 25, 2009, the Board of Directors of OJSC IC RUSS-INVEST at its meeting (Minutes No. 18/08-09) approved an interested-party transaction, namely: a sublease agreement for non-residential premises with a total area of 12.1 square metres, situated at: 5-3/12, buil.4, Nashchokinskiy Pereulok, Moscow, between OJSC IC RUSS-INVEST and CJSC NOVODEVICHYIY, for a term of 11 months, the rent price is 13.800 (thirteen thousand, eight hundred) roubles per square metre (VAT included) per annum.

No transactions recognised in accordance with the Federal Law "On Joint Stock Companies" as major transactions, or other transactions covered by the procedure for major transaction approval in accordance with the Articles of Association of the Company, were concluded in 2009.



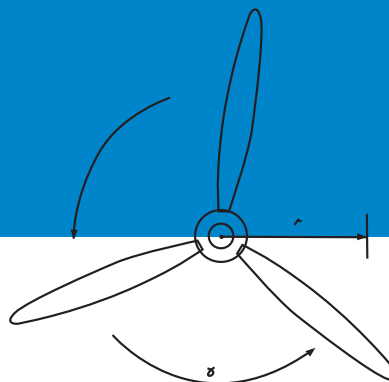
STABLE DYNAMICS OF BUSINESS



TAIL ROTOR OF THE HELICOPTER

ACCORDING TO NEWTON'S THIRD LAW (THE MUTUAL FORCES OF ACTION AND REACTION BETWEEN TWO BODIES ARE EQUAL, OPPOSITE AND COLLINEAR) A HELICOPTER WITH ONE ROTOR AND AN ENGINE WHICH IS PLACED IN FUSELAGE NEEDS A SPECIAL DEVICE TO COMPENSATION REACTIVE MOMENT.

IN THE SINGLE-ROTOR HELICOPTERS OF CLASSICAL SCHEME THIS FUNCTION PERFORMS ADDITIONAL SMALL PROPELLER WHICH IS MOUNTED ON A SPECIAL TAIL GIRDER AND WHICH IS CALLED TAIL-PROPELLER OR STEERING- PROPELLER. ITS TRACTION IS HORIZONTAL AND PERPENDICULAR TO THE LONGITUDINAL AXIS OF THE HELICOPTER.



15 • DIVIDENDS

The Company pays dividends in compliance with the Provisions on Dividend Policy of OJSC IC RUSS-INVEST, as well as the Articles of Association of the Company and in compliance with the Russian legislation. The Provisions on Dividend Policy determine the calculation, the basic terms and conditions for payment of dividends, as well as the procedure for paying them. Shareholders can find the Provisions on the Company's website www.russ-invest.com, as well as at the offices of the Company.

In the reporting year, the Company carried out considerable activities related to dividend payments for 2002—2007, as well as to repeat dividend payments if the funds were returned to the Company's disbursement account.

It should be noted that, in accordance with the applicable legislation, only taxes are withheld from the sum of accrued dividends when dividend payments are first made. In compliance with the Provisions on Dividend Policy, the Company bears the costs of the first transfer of dividends to shareholders.

Dividends may be paid to shareholders on the condition of availability of net profit based on the results of the reporting period in accordance with the Russian accounting standards (RAS), absence of restrictions imposed on dividend payments by the applicable legislation, and a positive recommendation by the Board of Directors of the Company to pay dividends. When discussing the recommendation to pay dividends, the Board of Directors of OJSC IC RUSS-INVEST relies on the Company's financial status and business goals. In accordance with the Provisions on Dividend Policy of the Company, the total amount of dividend payout recommended by the Board of Directors is at least 15% of net profit upon results of the reporting period in accordance with the RAS.

The Company draws attention to the fact that the decisions on dividend payments and the procedure for making such payments are made by the General Meeting of Shareholders.

In compliance with the Provisions on Dividend Policy of OJSC IC RUSS-INVEST, each shareholder may choose the most convenient way to receive

TABLE 5.
COMPANY DIVIDEND PAYOUT DYNAMICS

	2004	2005	2006	2007	2008
Total amount of dividends, million russian roubles	69.99	163.50	130.80	109.00	–
% Of net profit	17	19.1	20.0	1672.9 (In particular, at the expense of undistributed profit of previous years)	–
Dividend per ordinary share, russian roubles	1	1.5	1.2	1	–
Net profit, million russian roubles (the net loss in 2008 is shown in brackets)	412.06	854.83	654.96	6.52	(1 474.92)

SOURCE: OJSC IC RUSS-INVEST

dividends: money transfer by postal order or to the shareholder's personal banking account.

Shareholders in the Company must inform the Company's registrar in good time on changes to their addresses, passport details, bank accounts and other details.

OJSC IC RUSS-INVEST abides by the decisions of the Annual General Meetings of Company Shareholders and is in full compliance with its obligations with respect to dividend payments to the persons entitled to receive them.

At the same time, pursuant to paragraph 5 of Article 44 of the Russian Federal Law No.208-FZ "On joint stock companies", dated December 26, 1995, shareholder must notify the Registrar in time about changes in personal details, otherwise the Company and the Registrar are not liable for shareholder's losses.

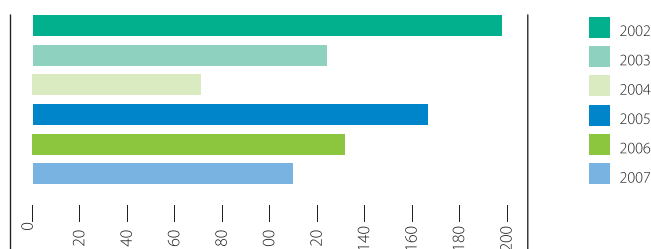
For the last five years, the Company has paid out dividends many times to its shareholders on the basis of the results of reporting periods. For instance, for 2004, the Annual General Meeting of Shareholders (AGM) approved dividends in the amount of 1 Russian Rouble per ordinary share with a par value of 1 Russian Rouble to a total amount of 69,989

million Russian Roubles. For 2005, the AGM approved dividends in the amount of 1.50 Russian Roubles per ordinary share with a par value of 1 Russian Rouble to a total amount of 163,500 million Russian Roubles. For 2006, the AGM approved dividends in the amount of 1.20 Russian Roubles per ordinary share with a par value of 1 Russian Rouble to a total amount of 130,800 million Russian Roubles. Despite the decline in net profits in 2007, the Board of Directors recommended and the AGM approved dividends in the amount of 1 Russian Rouble per ordinary share with a par value of 1 Russian Rouble to a total amount of 109,000 million Russian Roubles. In compliance with the decision of the AGM with respect to 2008, dividends were not paid for that year (because of Company's net loss in 2008 in accordance with the RAS). (Table 6).

OJSC IC RUSS-INVEST adheres to a progressive dividend policy. From 2002 to 2007, about 791.8 million Russian Roubles were accrued as dividends, this constituting more than 18.9% of the Company's net profit for the period. (See Fig. 24)

Unfortunately, many shareholders do not notify the Registrar of OJSC IC RUSS-INVEST of changes in their place of residence and passport details in time. As a result, the Company's dividend payment indebtedness, information processing and dividend payment costs are rising.

FIGURE 24.
TOTAL ACCRUED DIVIDENDS OF
OJSC IC RUSS-INVEST



SOURCE: OJSC IC RUSS-INVEST

I6 • EXISTING RISKS AND MEASURES TAKEN TO REDUCE THEM

The sector in which OJSC IC RUSS-INVEST operates and, accordingly, the Company itself, are subject to the influence of various risks: market (currency, stock, apart from interest risk), credit, operational (settlement) and other risks. The Russian security market is strongly dependent on the global economic situation. The economic recession in the developed countries, the decline in global stock indices and the deterioration in the social, economic and political situation inside Russia, and the crucial price collapse on the global market for raw materials and metals impair the prospects for the Russian economy and the Russian stock market. A number of corporate borrowers refuse to service their debts. Existing liquidity risks are dropping owing to the reduction in the number of shares in free circulation in connection with the sharp downfall of the price level. Any further deterioration of the situation on the securities market might prompt some business partners to refuse to perform their obligations and, accordingly, entail losses for the Company.

A Board of Directors Committee for risk management has been established and is operating within the Company for the purpose of reducing existing risks; it is developing a risk management system and is determining a risk management procedure. The Committee for risk management is acting on the basis of the Regulations on Risk Management and the Internal Rules on Risk Management, which determine the powers of the Committee in more detail and establish procedures for preventing an individual separate type of risk deviating from standard figures. During its meetings, the Committee considers the state of the Company's risks from the viewpoint of compliance with established standards for the reporting period and changes therein, discusses proposals by the Committee members for enhancing the efficiency of risk control and management, and develops recommendations for the Company's management.

For the purpose of preventing any losses arising from refusal by corporate borrowers to repay their bonds in due time, the Company establishes a limit of borrowings for

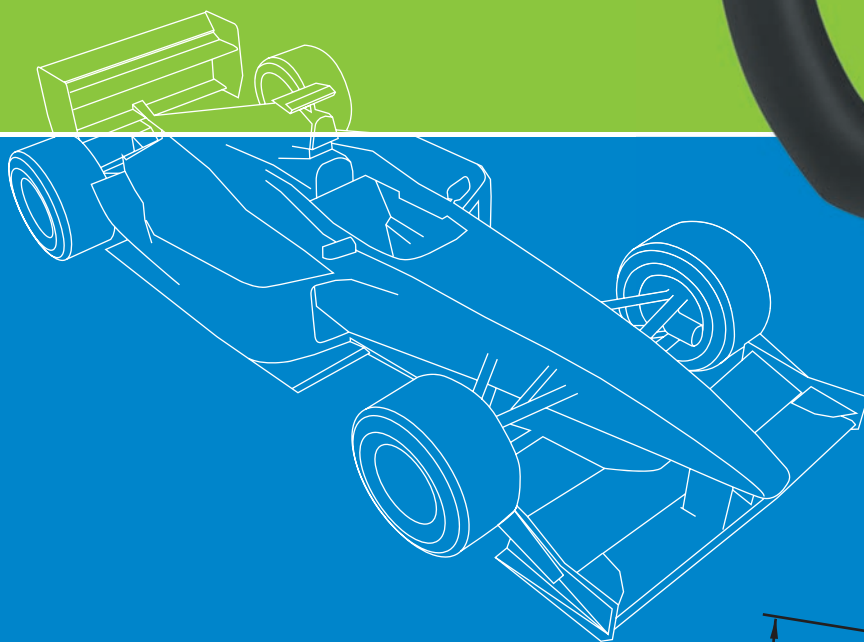
each borrower. This approach also made it possible to limit potential losses for 2008. The management of OJSC IC RUSS-INVEST has also taken all the requisite step to ensure repayment of indebtedness that arises at the fault of the issuer, using, among other measures, bankruptcy procedures with respect to insolvent debtors.

Nevertheless, taking into consideration the results of 2009, the Company believes the limits for its business partners need to be reviewed once a quarter in the future for the purpose of controlling credit risks. If suspicions with respect to the financial condition of a counterpart are substantiated, the Company will close the limit and stop concluding transactions with it.

Increased volatility of the stock market necessitated tighter control over the risks of current operations. For these purposes, starting from 2005, the Company began to use the risk assessment method based on calculation of the "Value-at-Risk" (VaR) index for its portfolio of liquid shares. The VaR index for an asset or a portfolio means the maximum amount of losses (in roubles or % of the value of the asset or portfolio) that might occur with a certain probability at the given level of instrument liquidity (the term of holding of an asset or a portfolio) and the given type of market behaviour. The VaR of an asset is calculated on the basis of the asset's quotation history for a specific period (scope of the calculation period). This index is used for determining the optimal structure of a trade portfolio from the viewpoint of profitability at the given risk level and shows the potential losses in the event of unfavourable changes in the market situation.

In 2010, the Company plans to begin implementing risk management on a comprehensive basis. Among the most important tasks here is to introduce software for monitoring transactions with customers, implement and test business continuity plans, optimise internal work with clients, and introduce software for integrated risk management (control over counterparty limits, control over credit debt, control over market risk, introduction of operational risk indicators).

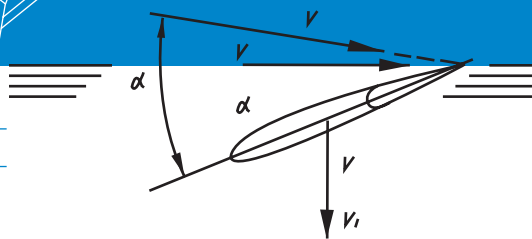
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The Company has retained its leading position among investment companies in Russia in terms of equity value. For seven years running, OJSC IC RUSS-INVEST has been one of the Top Four investment companies in Russia in terms of equity capital. Over 2009, the amount of equity of the Company grew by 36.94% to top 3.53 billion roubles (See. Fig. 11).

The 2009 figures showed that trade turnover in securities declined by 53.5% - from 14.3 to 6.2 billion

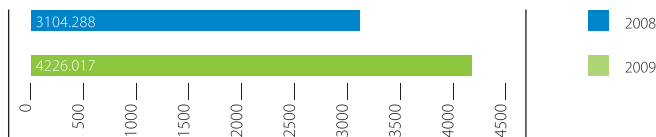
roubles. In spite of the reduction in gross profit to 203.7 million roubles from 228.8 million roubles in 2008, the profitability of security transactions in 2009 went up. Thus, the profitability in terms of gross profit in 2009 amounted to 6.53%, which is more than double the previous year (See. Fig. 12).

At the same time, the gross marginal yield in 2009 amounted to 6.39%, which is 70.9% higher than in 2008. This trend could be explained by the balanced strategy based on an optimum combination of risk, liquidity and profitability of business transactions.

The rise in yield indicators is explained by an improvement in the state of the Russian stock market on which the Company operates and changes in the Company's corporate strategy aimed at diversifying its business activities.

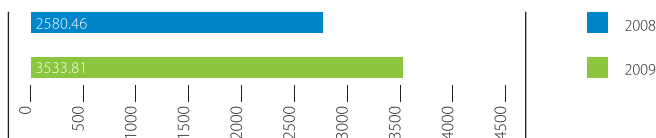
From 2004 to 2007, OJSC IC RUSS-INVEST demonstrated consistently high operational performance, this being associated with an increase in the volume of current transactions on

FIGURE 10. OJSC IC RUSS-INVEST ASSETS.



SOURCE: OJSC IC RUSS-INVEST

FIGURE 11. DYNAMICS OF TRADING PROFITABILITY IN 2006-2009.



SOURCE: OJSC IC RUSS-INVEST

the stock market. Meanwhile, in 2009, the Company incurred losses owing to a negative revaluation of financial investments caused by the global financial crisis and the fall in the capitalisation of the Russian market by more than 72% over the year. Failure by a number of bonded loan issuers to discharge their obligations produced an adverse affect on the Company's performance. In 2009, the Company managed to show a high net profit thanks to the Russian stock market's recovery and its balanced trade strategy.

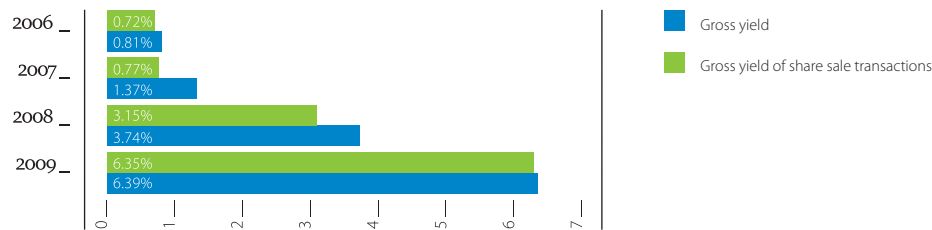
In 2009, the financial results of OJSC IC RUSS-INVEST rose substantially over the same period of 2008. The positive revaluation of financial investments produced a beneficial effect on the financial results. The sum of the positive revaluation of securities according to the results for 2009 amounted to 2136.98 million roubles, which is 3.2 times the figure for the previous year.

In 2009, the upward trend in profitability continued, this being possible thanks to more efficient current operations compared to the figures for 2008. The return on equity and assets increased owing to a higher net income from ongoing operations, as well as a reduction in the negative revaluation of the assets in connection with the growth of the Russian stock market and the diminishing risks of investing in securities.

The Company showed higher profitability figures in 2009. The return on sales amounted to 29.73%, the return on equity – 31.2%, and the return on assets – 26%. (See Fig. 13).

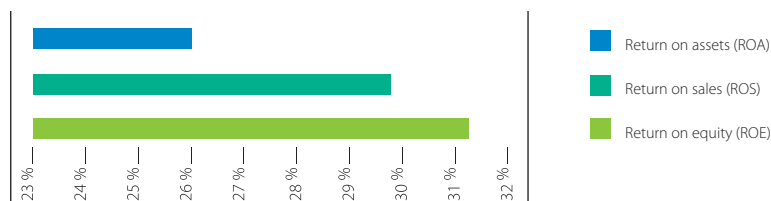
The return on sales index fell, while the efficiency indices calculated on the basis of net profit are improving. The reason for this trend is the increased contribution made to the overall financial result by the positive revaluation of financial investments,

FIGURE 12.
DYNAMICS OF TRADING PROFITABILITY
IN 2006-2009.



SOURCE: OJSC IC RUSS-INVEST

FIGURE 13.
RATES OF OPERATING PROFITABILITY



SOURCE: OJSC IC RUSS-INVEST

compared to profit from current operations. The growth of the positive revaluation of financial investments and increase in the profitability of current operations involving purchase and sale of securities are caused by the growth of stock indices and the balanced strategy of market risk management.

In the context of high market risks, the Company has chosen a strategy of maintaining a high proportion of working capital and improving balance sheet liquidity. Additional attention was paid to promising long-term projects that might provide higher returns in the future, compared to current operations on the market, even though they might continue to exert a negative impact on financial results for some time. Under these circumstances, the Company chose a moderate risk tactic of performing ongoing operations with increased risk controls, reduced trading activity and a narrower range of securities purchased. Such a strategy should enable it to

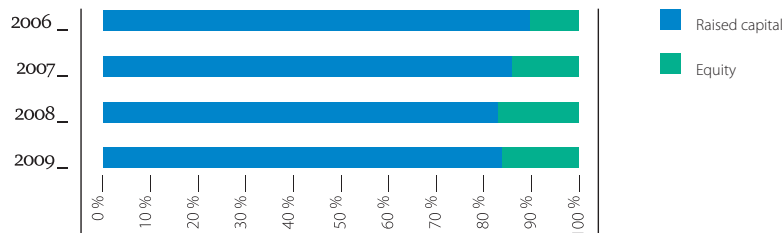
improve its profitability indices. The high volatility of the Company's performance is explained, first of all, by the state of the Russian stock market, which is the main platform for its trading operations, and changes in corporate development strategy towards diversification of the financial services provided.

The level of financial independence in 2009, although reduced, remains extremely high. The share of equity funds in the capital structure of the Company grew in 2009 to 84% against 83% in 2008.

The reduction in the proportion of capital raised within the structure of the balance reflected the accelerated growth of retained earnings resulting from a positive revaluation of the Company's assets. (See Fig. 14).

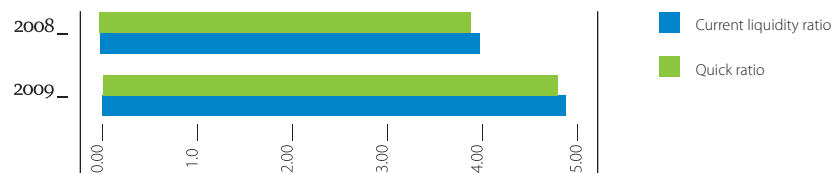
In 2009, the balance liquidity of OJSC IC RUSS-INVEST remained at a high level. (See Fig.15).

FIGURE 14.
LEVEL OF FINANCIAL LEVERAGE.



SOURCE: OJSC IC RUSS-INVEST

FIGURE 15.
LIQUIDITY RATIOS.



SOURCE: OJSC IC RUSS-INVEST

The current liquidity ratio shows whether the Company has sufficient working capital to repay short-term obligations. The quick ratio is the ratio of the most liquid assets of the business and accounts receivable to current liabilities. of the Company's liquidity indicators improved in 2009. The current ratio rose from 4 in 2008 to 4.87 at the end of 2009; the Quick Ratio rose from 3.95 to 4.85. The recommended value for the current liquidity ratio is 2.5 and for the quick ratio is 1.2. Thus, the current asset value of the Company is sufficient to maintain high liquidity and indicates that there are reserves for implementing new investment opportunities.

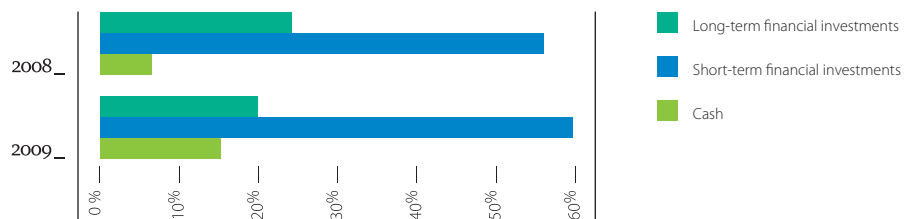
Accumulated retained earnings from previous years allow the Company to demonstrate good balance sheet results and rates of financial independence. A significant portion of net profits not distributed in the form of dividends remained at the disposal of the

Company since distribution of all of it might reduce the Company's equity and thus sharply reduce its ability to increase profits in the future.

The biggest share in the structure of loans consists of debt owed to the founders as dividend payments, whose share declined over the year from 14.4% to 10.6% of the balance sheet total. This debt arose because shareholders do not report changes in their passport details and place of residence to the registrar in a timely manner. A significant portion of net profits not distributed in the form of dividends remained at the disposal of the Company since distribution of all of it might reduce the Company's equity and thus sharply reduce its ability to increase profits in the future.

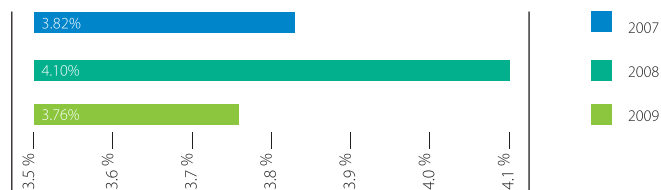
Structural changes in the 2009 balance sheet of OJSC IC RUSS-INVEST reflect a decrease in the proportion of long-term investments against a

FIGURE 16.
PROPORTION OF LONG-TERM FINANCIAL INVESTMENTS AND CASH IN THE BALANCE SHEET STRUCTURE OF OJSC IC RUSS-INVEST



SOURCE: OJSC IC RUSS-INVEST

FIGURE 17.
RATIO OF ADMINISTRATIVE COSTS TO AVERAGE ASSET VALUE .



SOURCE: OJSC IC RUSS-INVEST

rise in the value of short-term investments and a reduction in the proportion of cash. Such changes are associated with a conscious policy on the part of the Company's management aimed at reducing the risk of investment in securities and creating a liquidity cushion for promising new projects. (See Figure 16).

The Company focuses considerable attention on controlling costs, this being particularly important during the crisis on the financial markets. The Company strives to maintain a low level of administrative and commercial costs. The share of administrative costs in the value of assets decreased in 2009 to 3.76% of the average value of assets against 4.1% in 2008. Thus, the Company's costs fell below the pre-crisis level. (See Fig. 17)

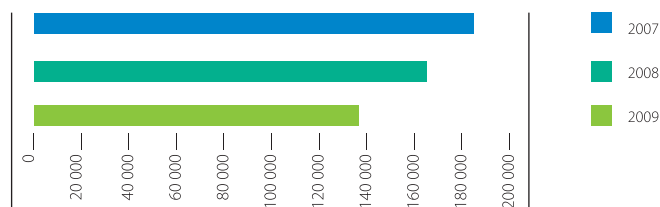
Until 2008, the Company's development strategy provided for aggressive growth targets, entailing a

rise in administrative costs. Since 2008, however, the Company has pursued a cost-cutting policy. In 2008, administrative costs fell by 11.1% over the preceding year and in 2009 they fell against by 16.3%. (See Fig. 18).

In 2009, the rise in the Company's net income enabled it to reduce the proportion of variable costs in gross profits (contribution margin). This index fell from 71.9% to 67.6%. At the same time, the Company's breakeven point dropped from 4.1% to 3.76%. Under the conditions of the economic crisis, the management of the Company thus took steps to reduce costs. The Company is currently demonstrating a stable tendency for administrative costs to fall. (See Figure 19).

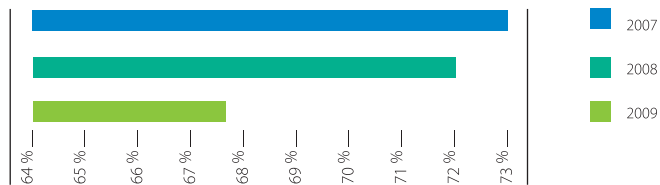
Meanwhile, the margin of safety analysis shows a steady increase in this indicator from 1.4% in 2007 to 1.8% in 2009. (See Fig. 20).

FIGURE 18.
DYNAMICS OF ADMINISTRATIVE COSTS
(THOUSAND ROUBLES)



SOURCE: OJSC IC RUSS-INVEST

FIGURE 19.
PROPORTION OF ADMINISTRATIVE COSTS IN GROSS
EARNINGS (CONTRIBUTION MARGIN)



SOURCE: OJSC IC RUSS-INVEST

In 2009, the level of the return on assets covering general and administrative costs amounted to 3.76% (Break Even Point). (See Figure 21.)

[Statistics show that this indicator has decreased from its peak in 2008 to the pre-crisis level. (See Figure 22).

The rise in the break-even point against that of breakeven reserves proves demonstrates aggressive cost cutting. (See Fig. 23)

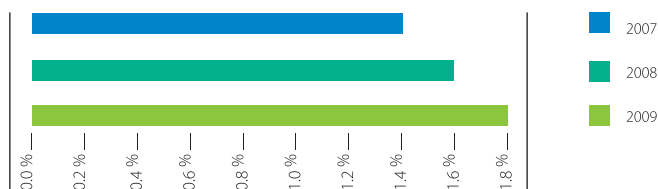
Against the background of a positive financial result under the conditions of instability on the financial markets, note should be made of the high level of tax payments, reflecting a high degree of fiscal discipline on the part of the Company. According to the balance sheet for 2009, profit tax paid amounted to 260.9 million roubles.

In terms of the ratio of market capitalisation to equity value, at end of 2009 the shares in OJSC IC RUSS-INVEST were traded at a discount to the average

level for Russian companies in the financial sector. Thus, the amount of share capital and reserves in 2006 amounted to 32 roubles 42 kopecks per share . Thus, the ratio of market capitalisation at the end of the year was 1.04, which is 1.5-2 times less than the respective figures for "blue chips" on the Russian stock market.

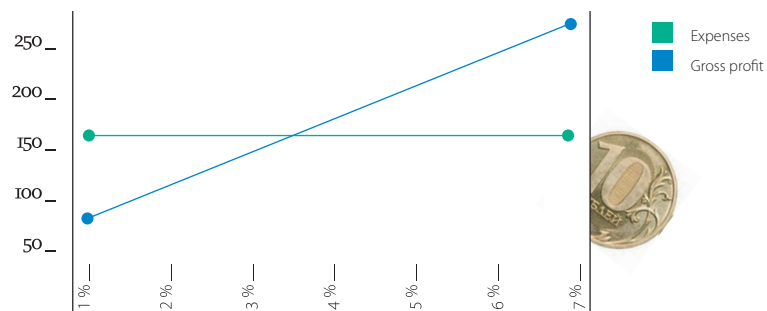
The current stage in the Company's development, under the conditions of uncertainty on the Russian financial market and high competition in the industry, calls for work to be stepped up to diversify business further, expand the range of investment services provided to customers, build up the customer base and seek promising investment projects. This work involves additional costs, which affects the profitability of current activities. Even so, these are normal losses for companies that choose an intensive development strategy focusing on long-term prospects. Its main objective is to achieve stable long-term growth of capital in the interests of each shareholder in OJSC IC RUSS-INVEST.

FIGURE 20.
MARGIN OF SAFETY IN 2007-2009
(% OF AVERAGE ANNUAL ASSET VALUE)



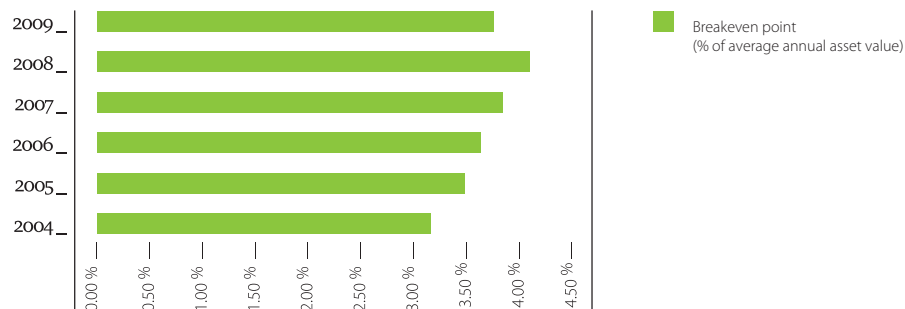
SOURCE: OJSC IC RUSS-INVEST

FIGURE 21.
BREAKEVEN POINT IN 2009
(% OF AVERAGE ANNUAL ASSET VALUE)



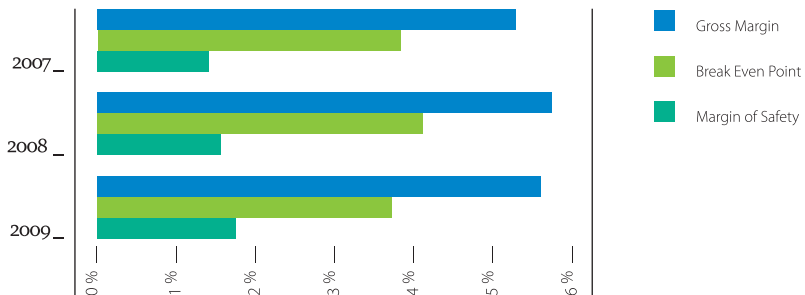
SOURCE: OJSC IC RUSS-INVEST

FIGURE 22.
BREAKEVEN POINT FOR THE PERIOD
2004-2009 (% OF AVERAGE ANNUAL
ASSET VALUE)



SOURCE: OJSC IC RUSS-INVEST

FIGURE 23.
RETURN ON GROSS PROFIT, BREAKEVEN
POINT OF PROFITABILITY AND MARGIN OF
SAFETY IN 2007-2009 (% OF AVERAGE AN-
NUAL ASSET VALUE)



SOURCE: OJSC IC RUSS-INVEST

I4. INTERESTED-PARTY TRANSACTIONS, MAJOR TRANSACTIONS

During 2009, the Board of Directors of OJSC IC RUSS-INVEST made the following decisions to approve interested-party transactions:

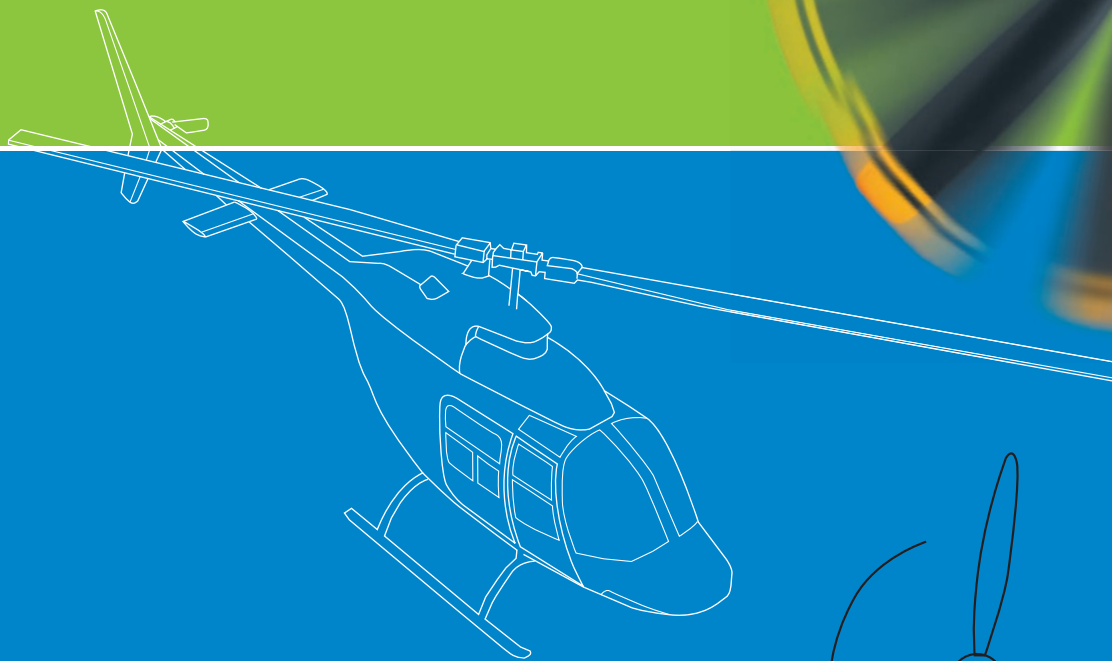
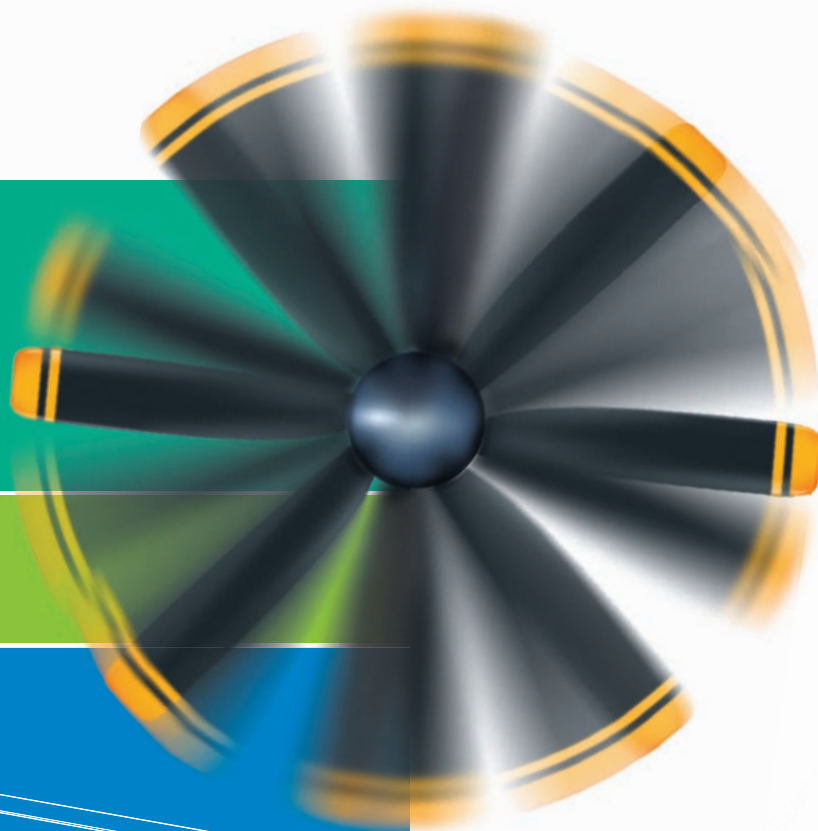
1. On May 25, 2009, the Board of Directors of OJSC IC RUSS-INVEST at its meeting (Minutes No. 18/08-09) approved an interested-party transaction, namely a lease agreement for non-residential premises at : 5-3/12, bldg. I4, Nashchokinskiy Pereulok, Moscow, between CJSC Nashchokin and OJSC IC RUSS-INVEST for a term of 11 months; the total area of the rented premises is 712.7 square metres, the price is 13,800 (thirteen thousand, eight hundred) roubles per square metre, VAT included, for premises situated on the 1st and 2nd floors; for premises situated in the basement floor, the lease price is 12,980 (twelve thousand, nine hundred and eighty) roubles per square metre, VAT included.

2. On May 25, 2009, the Board of Directors of OJSC IC RUSS-INVEST at its meeting (Minutes No. 18/08-09) approved an interested-party transaction, namely: a sublease agreement for non-residential premises with a total area of 12.1 square metres, situated at: 5-3/12, buil.4, Nashchokinskiy Pereulok, Moscow, between OJSC IC RUSS-INVEST and CJSC NOVODEVICHYI, for a term of 11 months, the rent price is 13.800 (thirteen thousand, eight hundred) roubles per square metre (VAT included) per annum.

No transactions recognised in accordance with the Federal Law "On Joint Stock Companies" as major transactions, or other transactions covered by the procedure for major transaction approval in accordance with the Articles of Association of the Company, were concluded in 2009.



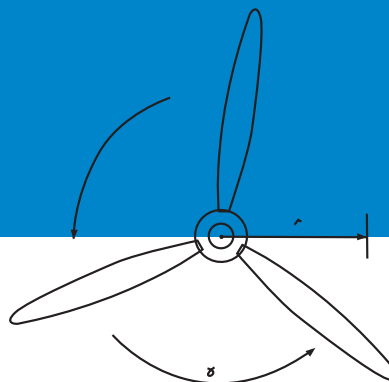
STABLE DYNAMICS OF BUSINESS



TAIL ROTOR OF THE HELICOPTER

ACCORDING TO NEWTON'S THIRD LAW (THE MUTUAL FORCES OF ACTION AND REACTION BETWEEN TWO BODIES ARE EQUAL, OPPOSITE AND COLLINEAR) A HELICOPTER WITH ONE ROTOR AND AN ENGINE WHICH IS PLACED IN FUSELAGE NEEDS A SPECIAL DEVICE TO COMPENSATION REACTIVE MOMENT.

IN THE SINGLE-ROTOR HELICOPTERS OF CLASSICAL SCHEME THIS FUNCTION PERFORMS ADDITIONAL SMALL PROPELLER WHICH IS MOUNTED ON A SPECIAL TAIL GIRDER AND WHICH IS CALLED TAIL-PROPELLER OR STEERING- PROPELLER. ITS TRACTION IS HORIZONTAL AND PERPENDICULAR TO THE LONGITUDINAL AXIS OF THE HELICOPTER.



15 • DIVIDENDS

The Company pays dividends in compliance with the Provisions on Dividend Policy of OJSC IC RUSS-INVEST, as well as the Articles of Association of the Company and in compliance with the Russian legislation. The Provisions on Dividend Policy determine the calculation, the basic terms and conditions for payment of dividends, as well as the procedure for paying them. Shareholders can find the Provisions on the Company's website www.russ-invest.com, as well as at the offices of the Company.

In the reporting year, the Company carried out considerable activities related to dividend payments for 2002—2007, as well as to repeat dividend payments if the funds were returned to the Company's disbursement account.

It should be noted that, in accordance with the applicable legislation, only taxes are withheld from the sum of accrued dividends when dividend payments are first made. In compliance with the Provisions on Dividend Policy, the Company bears the costs of the first transfer of dividends to shareholders.

Dividends may be paid to shareholders on the condition of availability of net profit based on the results of the reporting period in accordance with the Russian accounting standards (RAS), absence of restrictions imposed on dividend payments by the applicable legislation, and a positive recommendation by the Board of Directors of the Company to pay dividends. When discussing the recommendation to pay dividends, the Board of Directors of OJSC IC RUSS-INVEST relies on the Company's financial status and business goals. In accordance with the Provisions on Dividend Policy of the Company, the total amount of dividend payout recommended by the Board of Directors is at least 15% of net profit upon results of the reporting period in accordance with the RAS.

The Company draws attention to the fact that the decisions on dividend payments and the procedure for making such payments are made by the General Meeting of Shareholders.

In compliance with the Provisions on Dividend Policy of OJSC IC RUSS-INVEST, each shareholder may choose the most convenient way to receive

TABLE 5.
COMPANY DIVIDEND PAYOUT DYNAMICS

	2004	2005	2006	2007	2008
Total amount of dividends, million russian roubles	69.99	163.50	130.80	109.00	–
% Of net profit	17	19.1	20.0	1672.9 (In particular, at the expense of undistributed profit of previous years)	–
Dividend per ordinary share, russian roubles	1	1.5	1.2	1	–
Net profit, million russian roubles (the net loss in 2008 is shown in brackets)	412.06	854.83	654.96	6.52	(1 474.92)

SOURCE: OJSC IC RUSS-INVEST

dividends: money transfer by postal order or to the shareholder's personal banking account.

Shareholders in the Company must inform the Company's registrar in good time on changes to their addresses, passport details, bank accounts and other details.

OJSC IC RUSS-INVEST abides by the decisions of the Annual General Meetings of Company Shareholders and is in full compliance with its obligations with respect to dividend payments to the persons entitled to receive them.

At the same time, pursuant to paragraph 5 of Article 44 of the Russian Federal Law No.208-FZ "On joint stock companies", dated December 26, 1995, shareholder must notify the Registrar in time about changes in personal details, otherwise the Company and the Registrar are not liable for shareholder's losses.

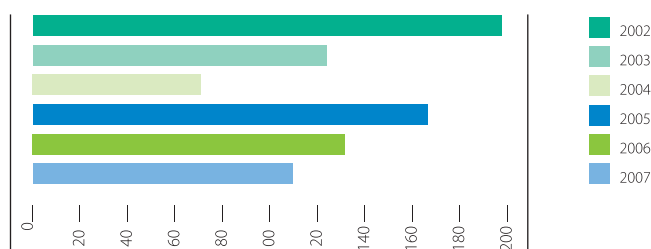
For the last five years, the Company has paid out dividends many times to its shareholders on the basis of the results of reporting periods. For instance, for 2004, the Annual General Meeting of Shareholders (AGM) approved dividends in the amount of 1 Russian Rouble per ordinary share with a par value of 1 Russian Rouble to a total amount of 69,989

million Russian Roubles. For 2005, the AGM approved dividends in the amount of 1.50 Russian Roubles per ordinary share with a par value of 1 Russian Rouble to a total amount of 163,500 million Russian Roubles. For 2006, the AGM approved dividends in the amount of 1.20 Russian Roubles per ordinary share with a par value of 1 Russian Rouble to a total amount of 130,800 million Russian Roubles. Despite the decline in net profits in 2007, the Board of Directors recommended and the AGM approved dividends in the amount of 1 Russian Rouble per ordinary share with a par value of 1 Russian Rouble to a total amount of 109,000 million Russian Roubles. In compliance with the decision of the AGM with respect to 2008, dividends were not paid for that year (because of Company's net loss in 2008 in accordance with the RAS). (Table 6).

OJSC IC RUSS-INVEST adheres to a progressive dividend policy. From 2002 to 2007, about 791.8 million Russian Roubles were accrued as dividends, this constituting more than 18.9% of the Company's net profit for the period. (See Fig. 24)

Unfortunately, many shareholders do not notify the Registrar of OJSC IC RUSS-INVEST of changes in their place of residence and passport details in time. As a result, the Company's dividend payment indebtedness, information processing and dividend payment costs are rising.

FIGURE 24.
TOTAL ACCRUED DIVIDENDS OF
OJSC IC RUSS-INVEST



SOURCE: OJSC IC RUSS-INVEST

I6 • EXISTING RISKS AND MEASURES TAKEN TO REDUCE THEM

The sector in which OJSC IC RUSS-INVEST operates and, accordingly, the Company itself, are subject to the influence of various risks: market (currency, stock, apart from interest risk), credit, operational (settlement) and other risks. The Russian security market is strongly dependent on the global economic situation. The economic recession in the developed countries, the decline in global stock indices and the deterioration in the social, economic and political situation inside Russia, and the crucial price collapse on the global market for raw materials and metals impair the prospects for the Russian economy and the Russian stock market. A number of corporate borrowers refuse to service their debts. Existing liquidity risks are dropping owing to the reduction in the number of shares in free circulation in connection with the sharp downfall of the price level. Any further deterioration of the situation on the securities market might prompt some business partners to refuse to perform their obligations and, accordingly, entail losses for the Company.

A Board of Directors Committee for risk management has been established and is operating within the Company for the purpose of reducing existing risks; it is developing a risk management system and is determining a risk management procedure. The Committee for risk management is acting on the basis of the Regulations on Risk Management and the Internal Rules on Risk Management, which determine the powers of the Committee in more detail and establish procedures for preventing an individual separate type of risk deviating from standard figures. During its meetings, the Committee considers the state of the Company's risks from the viewpoint of compliance with established standards for the reporting period and changes therein, discusses proposals by the Committee members for enhancing the efficiency of risk control and management, and develops recommendations for the Company's management.

For the purpose of preventing any losses arising from refusal by corporate borrowers to repay their bonds in due time, the Company establishes a limit of borrowings for

each borrower. This approach also made it possible to limit potential losses for 2008. The management of OJSC IC RUSS-INVEST has also taken all the requisite step to ensure repayment of indebtedness that arises at the fault of the issuer, using, among other measures, bankruptcy procedures with respect to insolvent debtors.

Nevertheless, taking into consideration the results of 2009, the Company believes the limits for its business partners need to be reviewed once a quarter in the future for the purpose of controlling credit risks. If suspicions with respect to the financial condition of a counterpart are substantiated, the Company will close the limit and stop concluding transactions with it.

Increased volatility of the stock market necessitated tighter control over the risks of current operations. For these purposes, starting from 2005, the Company began to use the risk assessment method based on calculation of the "Value-at-Risk" (VaR) index for its portfolio of liquid shares. The VaR index for an asset or a portfolio means the maximum amount of losses (in roubles or % of the value of the asset or portfolio) that might occur with a certain probability at the given level of instrument liquidity (the term of holding of an asset or a portfolio) and the given type of market behaviour. The VaR of an asset is calculated on the basis of the asset's quotation history for a specific period (scope of the calculation period). This index is used for determining the optimal structure of a trade portfolio from the viewpoint of profitability at the given risk level and shows the potential losses in the event of unfavourable changes in the market situation.

In 2010, the Company plans to begin implementing risk management on a comprehensive basis. Among the most important tasks here is to introduce software for monitoring transactions with customers, implement and test business continuity plans, optimise internal work with clients, and introduce software for integrated risk management (control over counterparty limits, control over credit debt, control over market risk, introduction of operational risk indicators).

I7 • SHAREHOLDER RELATIONS, AND TRADING IN THE COMPANY'S SHARES

One indicator of the Company's success is the relations between the Company and its shareholders and investors.

Trying to comply with corporate governance best practices and taking care, first and foremost, of its shareholders' interests, the Company introduced and now successfully supports a bilingual web-site of OJSC IC RUSS-INVEST at www.russ-invest.com. This resource is the way to provide the Company's shareholders with OJSC IC RUSS-INVEST's corporate reports, internal regulations, information about the Company's management, and other information material to shareholders and investors.

OJSC IC RUSS-INVEST draws attention to the fact that material information on the Company's business, notifications of the General Meeting of Shareholders holding, voting ballots, decisions of the General Meetings of Shareholders, and financial reports of the Company are published in the newspaper Trud.

It is important to note that, apart from interaction with shareholders of OJSC IC RUSS-INVEST through public information sources, the Company is

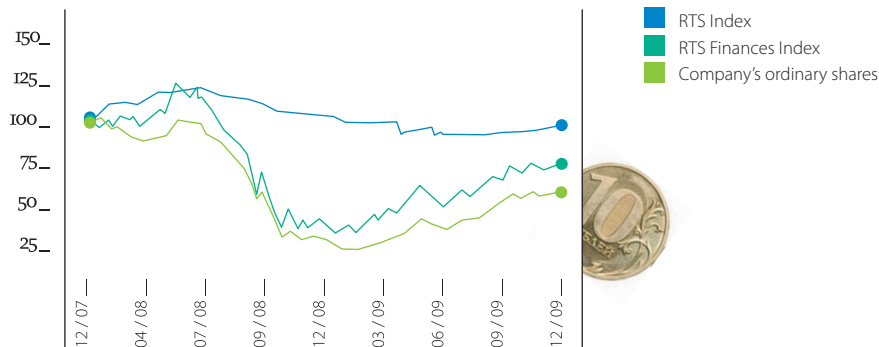
always ready to provide its shareholders with all necessary information and explanations by two-way communication (by mail, telephone and personal meetings). Thus, during 2009, 1,341 letters were received by the Company from its shareholders, 1,092 of them were answered (the others 249 contained documents from shareholders); there were over 1,542 telephone calls and about 63 shareholders visited the Company.

Officers of the Company's Investor Relations and Shareholder Relations Department fulfil the following functions: to explain complex issues of interaction between shareholders and the Company, process applications for payment of dividends and prepare instructions for such payments.

Moreover, for the purpose of developing strong relations with Company shareholders, a Shareholder Relations Commission has been set up within OJSC IC RUSS-INVEST. The Shareholder Relations Commission considers particularly complex questions from Company shareholders and the answers them in compliance with the applicable legislation of the Russian Federation, as well as internal documents of OJSC IC RUSS-INVEST.

FIGURE 25.
PERFORMANCE OF THE COMPANY'S SHARES ON "RTS T+0" TRADING SYSTEM OF THE RTS STOCK EXCHANGE, RTS INDEX AND RTS FINANCE INDEX

* The price of Company ordinary share, RTS Index and RTS Finance Index were assumed to be equal to 100 bps as of 28.12.07.
**The price of a Company ordinary share was taken as the last transaction price of the day for Company shares on the RTS Stock Exchange.



When shares in OJSC IC RUSS-INVEST started to be traded on the RTS stock exchange in 2006, the Company advanced to a new level of development and became a publicly-traded company whose securities are available to all interested investors on the stock exchange. Since then, the Company's relations with its shareholders and the investment community reached a new quality level.

Today, ordinary shares in the Company (tickers: RUSI – in the "RTS Classica" trading system of the RTS Stock Exchange quoted in US dollars, RUSIG – "RTS T+0" of the RTS Stock Exchange quoted in Russian Roubles) are "Level B" listed on one of the leading Russian stock exchanges – the RTS Stock Exchange. This makes brokers and dealers more interested in OJSC IC RUSS-INVEST securities and also protects the rights and interests of the Company's shareholders and investors through compliance by OJSC IC RUSS-INVEST with the listing requirements.

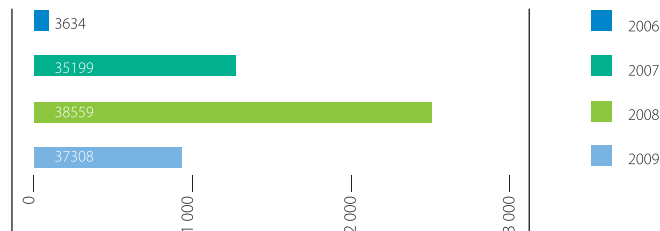
2009 demonstrated the interest of the investment community in OJSC IC RUSS-INVEST securities, this being a result of the market capitalisation amounting to 3.66 billion Russian Roubles as at the

end of 2009 (according to the RTS Stock Exchange). At the same time, the shares in the Company showed high resistance to the significant downfall on the Russian stock market. Thus, according to the "RTS T+0" trading system of the RTS Stock Exchange, the price of shares in the Company fell significantly less than the RTS Index and the RTS Finance Index during the two crisis years in the world and national economies. (See Figure 25).

In addition, the volume of Company shares trading on the RTS Stock Exchange demonstrated relatively stable dynamics, which once again confirmed the interest of investors in the Company's securities, even during the global economic crisis years. Thus, the given results prove a relatively low volatility of the Company's securities over the last two years compared to the Russian stock market as a whole, as well as recognition by investors of the high basic value of these securities (See Figure 26).

FIGURE 26.
VOLUME OF COMPANY SHARES TRADING ON THE RTS STOCK EXCHANGE

* The aggregate volume of Company shares trading was taken as the sum of the volumes on the "RTS Classica" and "RTS T+0" trading systems of the RTS Stock Exchange.



SOURCE: WWW.RTS.RU

I8 • COMPLIANCE WITH THE CORPORATE CODE OF CONDUCT

The Company's current Corporate Code of Conduct was developed in accordance with the recommendations of the Government of Russia on application of a corporate code of conduct. The applicable Articles of Association of the Company and internal regulatory documents (Regulations on the Board of Directors of OJSC IC RUSS-INVEST, Regulations on the Management Board, Regulations on the Procedure for Convening and Holding the General Meeting of Shareholders of OJSC IC RUSS-INVEST, Regulations on the President – General Director of OJSC IC RUSS-INVEST, Regulations on the Procedure of the Audit Committee Activities, and Regulations on Dividend Policy) fully comply with the principles of corporate organisation provided for in the Code. The management of the Company pays special attention to compliance with high standards of corporate governance.

Raising of the internal corporate governance standards is an important part of the Company's long-term strategy for improving financial performance and increasing the value of the share capital and profitability of investment in Company shares. In addition, the main focus is on fulfilment of the following tasks:

- improvement of the procedures for holding the General Meeting of Shareholders, meetings of the Board of Directors and management bodies of the Company,

- improvement of information openness about the Company's activities, including with respect to conclusion of major transactions;
- perfection of the systems of information disclosure and financial control;
- enhancement of the role of the Board of Directors in management of the company through the institution of independent directors and work of committees of the Board of Directors;
- introduction of a system of regular reporting by management bodies of the company to the Board of Directors and the General Meeting of Shareholders;
- setting of dividend policy and strategy of the Company development understandable by shareholders.

Adoption of the internal Code of Conduct has changed the performance of some corporate procedures. It resulted in:

- perfection of the procedure with respect to tightening of requirements, reporting and procedure of appointment of the President – Director General of the Company;
- enhancement of control and managerial role of the Board of Directors of the Company;
- greater independence of the Board of Directors, which includes five independent directors;
- a substantial expansion of the functions of the Company corporate secretary of the Company;

- five committees of the Board of Directors: the finance and audit committee, the strategic planning committee, the risk management committee, the personnel and salaries committee, and the ethics committee.

For more details please refer Annex 1.

The achievements of OJSC IC RUSS-INVEST in promoting advanced standards of corporate governance have been noted by leading domestic and international rating agencies.

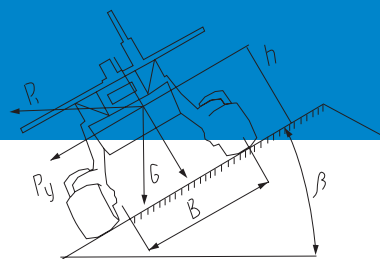
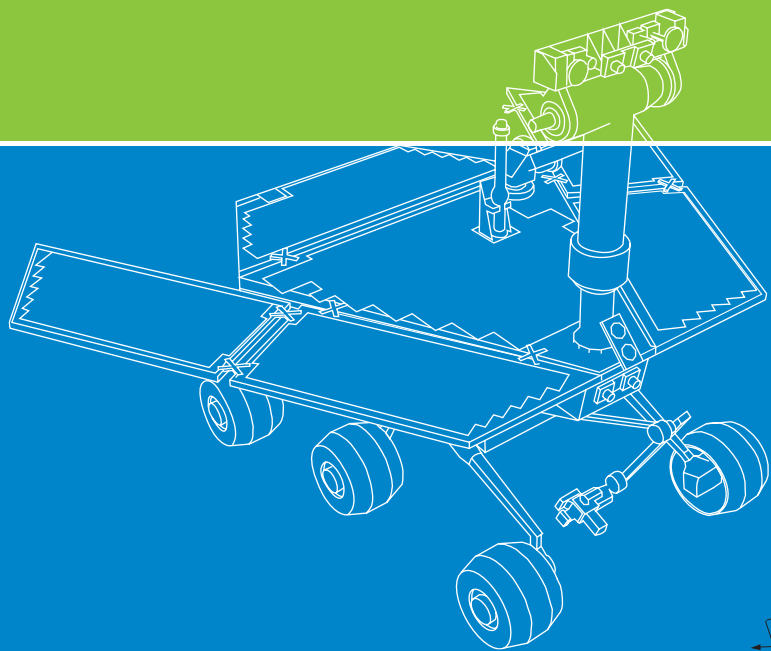
In July 2009, the consortium of the Russian Institute of Directors and the rating agency "Expert RA" – "RID – Expert RA" confirmed the corporate governance rating of OJSC Investment Company RUSS-INVEST as NRKU 7+ – "Developed Practice of Corporate Governance" according to the scale of the National Rating of Corporate Governance. According to opinion of these leading organisations, in the sphere of corporate governance, OJSC IC RUSS-INVEST has low risk corporate governance. The veracity of the financial reporting of the Company is ensured by the mechanism of competitive selection of external auditors, engagement of highly professional auditors for the external audit of the IFRS and RAS financial reporting and highly-developed mechanisms for exercising control over their independence. OJSC IC RUSS-INVEST prepares financial accounting in accordance with the IFRS and discloses it on

its website. The company complies with the requirements of the Russian legislation in the field of corporate governance, observes most of the recommendations of the Russian Code of Corporate Conduct and some of the recommendations of international corporate governance best practices.

The Russian Institution of Directors and Expert RA has emphasised that OJSC IC RUSS-INVEST maintains high standards of corporate governance with respect to payment of dividends. In particular, the time of payment of dividends is 60 days from decision being taken to pay dividends, and the Company's website contains a detailed procedure for shareholders to receive dividends. The experts also marked the high transparency of OJSC IC RUSS-INVEST.

At the same time, the Board of Directors intended to provide for further improvement of both the regulatory framework and the procedures determining interaction between the management bodies of the Company and the shareholders in the Company for the purpose of protecting the interests and rights of shareholders to the full.

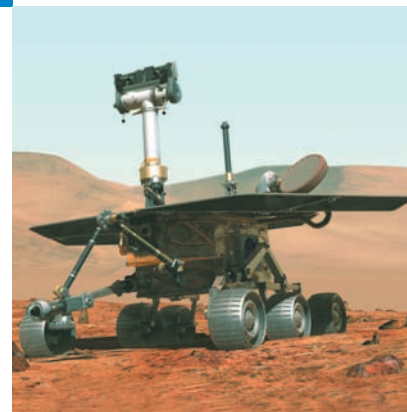
STABLE DYNAMICS OF BUSINESS



COURSE OF STABILITY

COURSE OF STABILITY - THE ABILITY OF THE SPACE BUGGY TO MAINTAIN A SPECIFIED DIRECTION. CHARACTERISTIC OF COURSE OF STABILITY OF MOVEMENT CAN SERVE THE SIZE OF ANGLE OF DEVIATION FROM THE TARGET COURSE OF MOVEMENT PER UNIT PATH.

THE SPACE BUGGY IS MOVING IN A STRAIGHT DIRECTION MOST OF THE TIME, AND ON ITS COURSE OF STABILITY EXERTS INFLUENCE OF SPECIAL CONSTRUCTION. THESE INCLUDE INDIVIDUAL ELECTROMECHANICAL DRIVE. IN PARTICULAR, THE TRACTION MOTORS OF ALL WHEELS BY THEIR CHARACTERISTICS CAN BE SELECTED UP TO A CERTAIN DEGREE OF APPROXIMATION. ELEMENTS OF PROPULSIVE AGENTS OF THE LEFT AND RIGHT SIDES ARE MOVING BECAUSE OF UNEVENNESS BY THE TRAJECTORIES OF DIFFERENT LENGTHS. REDISTRIBUTION OF LOADS BY THE ELEMENTS OF PROPULSIVE AGENTS NEEDS OF INDIVIDUAL ELECTRIC MOTORS ON THE POINTS OF TRACTION CHARACTERISTICS WHICH ARE DIFFER BY VALUES OF SPEEDS OF ROTATION.



ANNEX I.

Information on observance of the corporate code of conduct

Pos. No.	PROVISIONS OF THE CORPORATE CODE OF CONDUCT	OBSERVED OR NOT OBSERVED	NOTES
GENERAL MEETING OF SHAREHOLDERS			
1	SHAREHOLDERS ARE NOTIFIED ABOUT THE HOLDING OF THE GENERAL MEETING OF SHAREHOLDERS AT LEAST 30 DAYS BEFORE THE DATE OF HOLDING THEREOF, IRRESPECTIVE OF QUESTIONS INCLUDED INTO ITS AGENDA, UNLESS A LARGER NOTIFICATION PERIOD IS PROVIDED BY LAW	OBSERVED	PARAGRAPH 13.1. OF THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST»
2	SHAREHOLDERS HAVE AN OPPORTUNITY TO STUDY THE LIST OF PERSONS ENTITLED TO TAKE PART IN A GENERAL MEETING OF SHAREHOLDERS, STARTING FROM THE DATE OF NOTIFICATION ABOUT THE GENERAL MEETING OF SHAREHOLDERS AND UNTIL THE CLOSURE OF A MEETING OF SHAREHOLDERS "IN PRAESENTIA"; IN CASE OF AN ABSENTEE GENERAL MEETING – UNTIL THE DATE OF TERMINATION OF ACCEPTANCE OF VOTING BALLOTS	OBSERVED	PARAGRAPH 7.2.12. OF THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST»
3	SHAREHOLDERS HAVE AN OPPORTUNITY TO STUDY THE INFORMATION (MATERIALS) TO BE PRESENTED IN PREPARATION OF THE GENERAL MEETING OF SHAREHOLDERS BY MEANS OF ELECTRONIC COMMUNICATION MEANS, INCLUDING BY MEANS OF THE INTERNET	OBSERVED	PARAGRAPH 13.4. – 13.7 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY WEBSITE: WWW.RUSS-INVEST.RU
4	SHAREHOLDERS HAVE AN OPPORTUNITY TO INTRODUCE AN ISSUE INTO THE AGENDA OF A GENERAL MEETING OF SHAREHOLDERS OR TO DEMAND THE CONVOCATION OF A GENERAL MEETING OF SHAREHOLDERS WITHOUT SUBMITTING AN ABSTRACT FROM THE REGISTRY OF SHAREHOLDERS IF A SHAREHOLDER'S RIGHTS IN SHARES ARE REGISTERED IN THE SYSTEM OF REGISTRY OF SHAREHOLDERS, AND IN CASE THE SHAREHOLDER'S RIGHTS IN SHARES ARE REGISTERED ON THE DEPO ACCOUNT, AN ABSTRACT FROM THE DEPO ACCOUNT IS SUFFICIENT FOR EXECUTION OF THE ABOVEMENTIONED RIGHTS	OBSERVED	ARTICLE 5, PARAGRAPH 4 OF THE REGULATIONS ON THE PROCEDURE OF CONVOCATION AND HOLD OF A GENERAL MEETING OF SHAREHOLDERS OF OJSC «IC RUSS-INVEST»

5	THE ARTICLES OF ASSOCIATION OR INTERNAL DOCUMENTS OF THE COMPANY PROVIDE FOR MANDATORY PRESENCE OF THE GENERAL DIRECTOR, MEMBERS OF THE MANAGEMENT BOARD, MEMBERS OF THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMISSION AND AUDITOR OF THE JOINT STOCK COMPANY AT THE GENERAL MEETING OF SHAREHOLDERS.	OBSERVED	<p>PARAGRAPH 5.5. OF THE REGULATIONS ON THE PRESIDENT – GENERAL DIRECTOR OF OJSC «IC RUSS-INVEST»</p> <p>PARAGRAPH 2.2 OF THE REGULATIONS ON THE REVISION COMMISSION OF OJSC «IC RUSS-INVEST»</p> <p>ARTICLE 7 OF THE REGULATIONS ON THE BOARD OF DIRECTORS OF OJSC «IC RUSS-INVEST»</p> <p>PARAGRAPH 4.II OF THE CORPORATE CODE OF CONDUCT OJSC «IC RUSS-INVEST»</p>
6	CANDIDATES ARE OBLIGED TO BE PRESENT AT THE GENERAL MEETING OF SHAREHOLDER WHEN THE LATTER IS CONSIDERING THE ISSUES OF ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS, THE GENERAL DIRECTOR, THE MEMBERS OF THE MANAGEMENT BOARD, AS WELL AS THE ISSUE OF APPROVAL OF THE AUDITOR OF THE JOINT STOCK COMPANY.	OBSERVED	PRACTICALLY IMPLEMENTED
7	THE PROCEDURE OF REGISTRATION OF THE MEMBERS OF THE GENERAL MEETING OF SHAREHOLDERS IS PROVIDED IN INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY	OBSERVED	ARTICLE 40 OF THE REGULATIONS ON THE PROCEDURE OF CONVOCATION AND HOLDING OF THE GENERAL MEETING OF SHAREHOLDERS OF OJSC «IC RUSS-INVEST»
BOARD OF DIRECTORS			
8	THE ARTICLES OF ASSOCIATION OF THE COMPANY PROVIDE FOR THE AUTHORITIES OF THE BOARD OF DIRECTORS TO APPROVE ANNUALLY THE FINANCIAL AND BUSINESS PLAN OF THE JOINT STOCK COMPANY	OBSERVED	PARAGRAPH 15.8.16. OF THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST»
9	THE RISK MANAGEMENT PROCEDURE APPROVED BY THE BOARD OF DIRECTORS IS AVAILABLE IN THE JOINT STOCK COMPANY	OBSERVED	REGULATIONS ON THE RISK MANAGEMENT PROCEDURE IN OJSC «IC RUSS-INVEST»
10	THE ARTICLES OF ASSOCIATION OF THE JOINT STOCK COMPANY PROVIDE FOR THE RIGHT OF THE BOARD OF DIRECTORS TO TAKE DECISIONS ON SUSPENSION OF THE AUTHORITIES OF THE GENERAL DIRECTOR APPOINTED BY THE GENERAL MEETING OF SHAREHOLDERS	NOT APPLICABLE	THE APPOINTMENT OF THE GENERAL DIRECTOR IS THE COMPETENCE OF THE BOARD OF DIRECTORS OF THE COMPANY

11	THE ARTICLES OF ASSOCIATION OF THE JOINT STOCK COMPANY PROVIDE FOR THE RIGHT OF THE BOARD OF DIRECTORS TO APPROVE REQUIREMENTS TO QUALIFICATION AND THE AMOUNT OF REMUNERATION OF THE GENERAL DIRECTOR, MEMBERS OF THE BOARD OF DIRECTORS, HEADS OF THE MAIN STRUCTURAL SUBDIVISIONS OF THE JOINT STOCK COMPANY	OBSERVED PARTIALLY	PARAGRAPH 15.8.23. OF THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST»
12	THE ARTICLES OF ASSOCIATION OF THE JOINT STOCK COMPANY PROVIDE FOR THE RIGHT OF THE BOARD OF DIRECTORS TO APPROVE THE TERMS OF AGREEMENTS WITH THE GENERAL DIRECTOR AND MEMBERS OF THE MANAGEMENT BOARD	OBSERVED PARTIALLY	PARAGRAPH 15.8.23. OF THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST»
13	THE ARTICLES OF ASSOCIATION OR INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY CONTAIN THE PROVISION REQUIRING THAT WHEN APPROVING THE TERMS OF AGREEMENTS WITH THE GENERAL DIRECTOR (THE MANAGING ORGANIZATION, THE MANAGER) AND THE MEMBERS OF THE MANAGEMENT BOARD THE VOTES OF THE MEMBERS OF THE BOARD OF DIRECTORS, WHO ARE THE GENERAL DIRECTOR AND THE MEMBERS OF THE MANAGEMENT BOARD, ARE NOT INCLUDED INTO THE COUNT OF VOTES.	NOT OBSERVED	THIS REQUIREMENT CHARTER AND INTERNAL DOCUMENTS OF THE JSC «IC RUSS-INVEST» IS NOT PROVIDED
14	AT LEAST 3 INDEPENDENT DIRECTORS COMPLYING WITH REQUIREMENTS OF THE CORPORATE CODE OF CONDUCT ARE INCLUDED INTO THE BOARD OF DIRECTORS OF THE JOINT STOCK COMPANY.	OBSERVED	PRACTICALLY IMPLEMENTED
15	THERE ARE NO INDIVIDUALS IN THE BOARD OF DIRECTORS WHO HAVE BEEN FOUND GUILTY OF COMMITTING CRIMES IN THE SPHERE OF ECONOMIC ACTIVITY OR CRIMES AGAINST THE STATE POWER, INTERESTS OF THE STATE SERVICE AND THE SERVICE IN LOCAL GOVERNMENT BODIES, OR HAVE BEEN SUBJECT TO ADMINISTRATIVE PENALTIES FOR WRONGDOINGS IN THE SPHERE BUSINESS OR IN THE SPHERE OF FINANCE, TAXES AND LEVIES, SECURITIES MARKET.	OBSERVED	PRACTICALLY IMPLEMENTED

16	THERE ARE NO INDIVIDUALS IN THE BOARD OF DIRECTORS WHO ARE MEMBERS, GENERAL DIRECTORS (MANAGERS), MEMBERS OF A MANAGEMENT BODY OR EMPLOYEES OF A LEGAL ENTITY COMPETING WITH THE JOINT STOCK COMPANY.	OBSERVED	PRACTICALLY IMPLEMENTED
17	THE ARTICLES OF ASSOCIATION OF THE JOINT STOCK COMPANY CONTAIN THE REQUIREMENT OF THE BOARD OF DIRECTORS ELECTION BY CUMULATIVE VOTING.	OBSERVED	PARAGRAPH 15.3. OF THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST»
18	INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY PROVIDE FOR THE LIABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS TO REFRAIN FROM ACTIONS WHICH WILL RESULT IN OR COULD POTENTIALLY RESULT IN ARISING OF A CONFLICT BETWEEN THEIR INTERESTS AND THE INTERESTS OF THE JOINT STOCK COMPANY, AND SHOULD SUCH CONFLICT ARISE, THEY ARE LIABLE TO DISCLOSE THE INFORMATION ON SUCH CONFLICT TO THE BOARD OF DIRECTORS.	OBSERVED	ARTICLE 7 OF THE REGULATIONS ON THE BOARD OF DIRECTORS OF OJSC «IC RUSS-INVEST»
19	INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY STATE THAT THE MEMBERS OF THE BOARD OF DIRECTORS SHALL NOTIFY IN WRITING THE BOARD OF DIRECTORS ABOUT THEIR INTENTION TO CONCLUDE TRANSACTIONS WITH SECURITIES OF THE COMPANY, IN WHICH THEY ARE THE MEMBERS OF THE BOARD OF DIRECTORS OR SUBSIDIARY (DEPENDENT) COMPANIES THEREOF, AS WELL AS DISCLOSE INFORMATION ON TRANSACTIONS WITH SUCH SECURITIES CONCLUDED BY THE MEMBERS OF THE BOARD OF DIRECTORS.	OBSERVED	ARTICLE 7 OF THE REGULATIONS ON THE BOARD OF DIRECTORS OF OJSC «IC RUSS-INVEST»
20	INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY STATE THAT THE MEETINGS OF THE BOARD OF DIRECTORS OF SHALL BE HELD AT LEAST ONCE IN SIX WEEKS	OBSERVED PARTIALLY	ACCORDING TO ARTICLE 26, PARAGRAPH I OF THE REGULATIONS ON THE BOARD OF DIRECTORS OF OJSC «IC RUSS-INVEST» SUCH MEETINGS SHALL BE HELD AT LEAST ONCE IN TWO MONTHS
21	MEETINGS OF THE BOARD OF DIRECTORS OF THE JOINT STOCK COMPANY SHALL BE HELD AT LEAST ONCE IN SIX WEEKS WITHIN THE YEAR, WHICH THE ANNUAL STATEMENT OF THE JOINT STOCK COMPANY IS REFERRED TO.	OBSERVED	PRACTICALLY IMPLEMENTED 18 MEETINGS OF THE BOARD OF DIRECTORS OF THE COMPANY WERE HELD IN 2009
22	INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY PROVIDE FOR THE PROCEDURE TO BE OBSERVED AT THE MEETINGS OF THE BOARD OF DIRECTORS	OBSERVED	ARTICLE 15 OF THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST» SECTION 6 OF THE REGULATIONS ON THE BOARD OF DIRECTORS OF OJSC «IC RUSS-INVEST»

23	INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY CONTAIN THE PROVISION REQUIRING THE TRANSACTIONS OF THE JOINT STOCK COMPANY FOR THE SUM EXCEEDING 10 PER CENT OF THE VALUE OF ASSETS OF THE COMPANY TO BE APPROVED BY THE BOARD OF DIRECTORS, WITH THE EXCEPTION OF TRANSACTIONS CONCLUDED IN THE COURSE OF ORDINARY BUSINESS ACTIVITIES.	OBSERVED	CLAUSE 15.8.17. OF THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST»
24	INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY AUTHORIZE THE MEMBERS OF THE BOARD OF DIRECTORS TO RECEIVE THE INFORMATION NECESSARY FOR THE EXERCISE OF THEIR FUNCTIONS FROM EXECUTIVE BODIES AND HEADS OF THE MAJOR STRUCTURAL UNITS OF THE JOINT STOCK COMPANY, AS WELL AS PROVIDE FOR THE LIABILITY FOR FAILURE TO PROVIDE SUCH INFORMATION.	OBSERVED	ARTICLE 10 OF THE REGULATIONS ON THE BOARD OF DIRECTORS OF OJSC «IC RUSS-INVEST»
25	AVAILABILITY OF THE COMMITTEE OF THE BOARD OF DIRECTORS ON STRATEGIC PLANNING OR ASSIGNING OF THE FUNCTION OF SUCH COMMITTEE TO ANOTHER COMMITTEE (EXCEPT FOR THE AUDIT COMMITTEE AND THE HR AND REMUNERATION COMMITTEE)	OBSERVED	THE STRATEGIC PLANNING COMMITTEE HAS BEEN ESTABLISHED
26	AVAILABILITY OF A COMMITTEE OF THE BOARD OF DIRECTORS (THE AUDIT COMMITTEE) WHICH IS TO RECOMMEND THE AUDITOR OF THE JOINT STOCK COMPANY TO THE BOARD OF DIRECTORS AND INTERACT THEREWITH AND WITH THE WATCHDOG COMMISSION OF THE JOINT STOCK COMPANY	OBSERVED	THE AUDIT AND FINANCE COMMITTEE HAS BEEN ESTABLISHED
27	THE AUDIT COMMITTEE CONSISTS ONLY OF INDEPENDENT AND NON-EXECUTIVE DIRECTORS	OBSERVED	THE AUDIT AND FINANCE COMMITTEE CONSISTS ONLY OF INDEPENDENT AND NON-EXECUTIVE DIRECTORS
28	THE AUDIT COMMITTEE IS HEADED BY AN INDEPENDENT DIRECTOR	OBSERVED	THE AUDIT COMMITTEE IS HEADED BY AN INDEPENDENT DIRECTOR
29	INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY GRANT TO ALL MEMBERS OF THE AUDIT COMMITTEE THE RIGHT OF ACCESS TO ANY DOCUMENTS AND INFORMATION OF THE JOINT STOCK COMPANY, PROVIDED THEY REFRAIN FROM DISCLOSURE OF CONFIDENTIAL INFORMATION	OBSERVED	PARAGRAPH 4 OF THE REGULATIONS ON THE AUDIT AND FINANCE COMMITTEE UNDER THE BOARD OF DIRECTORS OF OJSC «IC RUSS-INVEST»

30	ESTABLISHMENT OF A COMMITTEE OF THE BOARD OF DIRECTORS (HR AND REMUNERATION COMMITTEE) WITH THE FUNCTION TO DETERMINE THE CRITERIA OF SELECTING CANDIDATES FOR MEMBERS OF THE BOARD OF DIRECTORS AND DEVELOP THE POLICIES OF THE JOINT STOCK COMPANY REGARDING REMUNERATION	OBSERVED	THE HR AND REMUNERATION COMMITTEE HAS BEEN ESTABLISHED
31	AN INDEPENDENT DIRECTOR CARRIES OUT THE MANAGEMENT OF THE HR AND REMUNERATION COMMITTEE	OBSERVED	THE HR AND REMUNERATION COMMITTEE IS HEADED BY AN INDEPENDENT DIRECTOR
32	THERE ARE NO OFFICIALS OF THE JOINT STOCK COMPANY AMONG THE MEMBERS OF THE HR AND REMUNERATION COMMITTEE	OBSERVED	PRACTICALLY IMPLEMENTED
33	ESTABLISHMENT OF A COMMITTEE OF THE BOARD OF DIRECTORS FOR RISKS MANAGEMENT OR ASSIGNMENT OF THE FUNCTIONS OF THE SAID COMMITTEE TO ANOTHER COMMITTEE (EXCEPT OF THE AUDIT COMMITTEE AND THE HR AND REMUNERATION COMMITTEE)	OBSERVED	RISK MANAGEMENT COMMITTEE HAS BEEN ESTABLISHED
34	ESTABLISHMENT OF A COMMITTEE OF THE BOARD OF DIRECTORS FOR CORPORATE CONFLICT SETTLEMENT OR ASSIGNMENT OF THE FUNCTIONS OF THE SAID COMMITTEE TO ANOTHER COMMITTEE (EXCEPT OF THE AUDIT COMMITTEE AND THE HR AND REMUNERATION COMMITTEE)	OBSERVED	THE FUNCTIONS OF THE COMMITTEE ARE ASSIGNED TO THE ETHICS COMMITTEE
35	THERE ARE NO OFFICIALS OF THE JOINT STOCK COMPANY AMONG THE MEMBERS OF THE CORPORATE CONFLICT SETTLEMENT COMMITTEE	NOT OBSERVED	AMONG THE MEMBERS OF THE COMMITTEE ARE OFFICIALS
36	THE CORPORATE CONFLICT SETTLEMENT COMMITTEE IS HEADED BY AN INDEPENDENT DIRECTOR	OBSERVED	THE CORPORATE CONFLICT SETTLEMENT COMMITTEE IS HEADED BY AN INDEPENDENT DIRECTOR
37	THE BOARD OF DIRECTORS HAS APPROVED INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY PROVIDING FOR THE PROCEDURE OF FORMATION AND WORK OF THE COMMITTEES OF THE BOARD OF DIRECTORS	OBSERVED	THE REGULATIONS OF THE COMMITTEES OF THE BOARD OF DIRECTORS OF OJSC «IC RUSS-INVEST»
38	THE ARTICLES OF ASSOCIATION OF THE JOINT STOCK COMPANY PROVIDE FOR THE PROCEDURE OF DETERMINING THE QUORUM OF THE BOARD OF DIRECTORS WHICH ALLOW FOR THE COMPULSORY PARTICIPATION OF INDEPENDENT DIRECTORS IN THE MEETINGS OF THE BOARD OF DIRECTORS	OBSERVED PARTIALLY	REGULATIONS ON THE BOARD OF DIRECTORS PROVIDES NOTICE WITHIN 7 DAYS OF ALL MEMBERS OF THE BOARD OF DIRECTORS, INCLUDING INDEPENDENT ONES, ABOUT THE UPCOMING MEETINGS.

EXECUTIVE BODIES

39	AVAILABILITY IN THE JOINT STOCK COMPANY OF A COLLEGIAL EXECUTIVE BODY (MANAGEMENT BOARD)	OBSERVED	ARTICLES 16 OF THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST»
40	THE ARTICLES OF ASSOCIATION OR INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY CONTAIN THE PROVISIONS STATING THAT REAL ESTATES TRANSACTIONS AND RECEIVING LOANS THE JOINT STOCK COMPANY SHALL BE APPROVED BY THE MANAGEMENT BOARD UNLESS THE SAID TRANSACTIONS ARE QUALIFIED AS MAJOR TRANSACTIONS AND THEIR CONCLUSION REFERS TO ORDINARY BUSINESS ACTIVITY OF THE JOINT STOCK COMPANY.	NOT OBSERVED	THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST» AND INTERNAL DOCUMENTS OF THE JSC «IC RUSS-INVEST» DO NOT PROVIDE THIS REQUIREMENT
41	INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY CONTAIN PROCEDURES FOR APPROVAL OF OPERATIONS NOT INCLUDED INTO THE FINANCIAL AND BUSINESS PLAN OF THE JOINT STOCK COMPANY	OBSERVED	ACCORDING TO APPLICABLE LAW
42	THERE ARE NO PARTICIPANTS, GENERAL DIRECTORS (MANAGING DIRECTORS), MEMBERS OF THE BOARD OR EMPLOYEES OF THE LEGAL ENTITY, COMPETES WITH THE JOINT STOCK COMPANY AMONG EXECUTIVE BODIES OF THE JOINT STOCK COMPANY.	OBSERVED	PRACTICALLY IMPLEMENTED
43	THERE ARE NO INDIVIDUALS IN THE EXECUTIVE BODIES WHO HAVE BEEN FOUND GUILTY OF COMMITTING CRIMES IN THE SPHERE OF ECONOMIC ACTIVITY OR CRIMES AGAINST THE STATE POWER, INTERESTS OF THE STATE SERVICE AND THE SERVICE IN LOCAL GOVERNMENT BODIES, OR HAVE BEEN SUBJECT TO ADMINISTRATIVE PENALTIES FOR WRONGDOINGS IN THE SPHERE BUSINESS OR IN THE SPHERE OF FINANCE, TAXES AND LEVIES, SECURITIES MARKET. IF THE FUNCTIONS OF THE SOLE EXECUTIVE BODIES ARE EXECUTED BY A MANAGING ORGANIZATION OR A MANAGER, THE COMPLIANCE OF THE GENERAL DIRECTOR AND MEMBERS OF THE MANAGEMENT BOARD OF THE MANAGING ORGANIZATION OR THE MANAGER WITH REQUIREMENTS TO THE GENERAL DIRECTOR AND MEMBERS OF THE MANAGEMENT BOARD OF THE JOINT STOCK COMPANY.	OBSERVED	PRACTICALLY IMPLEMENTED

44	THE ARTICLES OF ASSOCIATION OR INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY PROHIBIT THE MANAGING ORGANIZATION (MANAGER) TO EXECUTE SIMILAR FUNCTIONS IN A COMPETING COMPANY, AND ALSO TO BE IN ANY OTHER PROPERTY RELATIONSHIP WITH THE JOINT STOCK COMPANY, IN ADDITION TO PROVIDING SERVICES OF A MANAGING ORGANIZATION (MANAGER).	OBSERVED PARTIALLY	ARTICLE 2 OF THE REGULATIONS ON THE PRESIDENT – GENERAL DIRECTOR OF OAO «IC RUSS-INVEST»
45	INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY PROVIDE THAT EXECUTIVE BODIES ARE OBLIGED TO REFRAIN FROM ANY ACTIONS THAT WILL RESULT OR COULD POTENTIALLY RESULT IN ARISING OF A CONFLICT BETWEEN THEIR INTERESTS AND THE INTERESTS OF THE JOINT STOCK COMPANY, AND SHOULD SUCH CONFLICT ARISE, THEY ARE OBLIGED TO INFORM THE BOARD OF DIRECTORS ABOUT SUCH CONFLICTS.	OBSERVED	ARTICLE 2 OF THE REGULATIONS ON THE PRESIDENT – GENERAL DIRECTOR OF OJSC «IC RUSS-INVEST» ARTICLE 3 OF THE REGULATIONS ON THE MANAGEMENT BOARD OF OJSC «IC RUSS-INVEST»
46	THE ARTICLES OF ASSOCIATION OR INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY CONTAIN CRITERIA OF A MANAGING ORGANIZATION (MANAGER) SELECTION	NOT APPLICABLE	THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST» PROVIDES FOR ONLY A SOLE EXECUTIVE BODY (THE PRESIDENT-GENERAL DIRECTOR OF OJSC «IC RUSS-INVEST»)
47	THE EXECUTIVE BODIES OF THE JOINT STOCK COMPANY SHALL SUBMIT MONTHLY REPORTS ON THEIR WORK TO THE BOARD OF DIRECTORS	OBSERVED PARTIALLY	PARAGRAPH 17.5.20 OF THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST»: THE PRESIDENT – GENERAL DIRECTOR SHALL SUBMIT QUARTERLY REPORTS
48	AGREEMENTS ENTERED INTO BY THE JOINT STOCK COMPANY WITH THE GENERAL DIRECTOR (MANAGING ORGANIZATION, MANAGER) AND MEMBERS OF THE MANAGEMENT BOARD PROVIDE FOR THE RESPONSIBILITY FOR VIOLATION OF PROVISIONS PERTAINING TO THE USE OF CONFIDENTIAL AND INSIDE INFORMATION.	OBSERVED	PRACTICALLY IMPLEMENTED
SECRETARY OF THE COMPANY			
49	THERE IS A SPECIAL OFFICER IN THE JOINT STOCK COMPANY (SECRETARY OF THE COMPANY) WHOSE TASK IS TO ENSURE THE OBSERVANCE BY THE BODIES AND OFFICIALS OF THE JOINT STOCK COMPANY OF PROCEDURAL REQUIREMENTS THAT GUARANTEE THE EXERCISE OF RIGHTS AND LEGITIMATE INTERESTS OF SHAREHOLDERS OF THE COMPANY.	OBSERVED	ARTICLE 18 OF THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST»

50	THE ARTICLES OF ASSOCIATION OR INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY CONTAIN THE PROCEDURE OF APPOINTMENT (ELECTION) OF THE SECRETARY OF THE COMPANY AND THE RESPONSIBILITIES OF THE SECRETARY OF THE COMPANY.	OBSERVED	REGULATIONS ON THE CORPORATE SECRETARY OF OJSC «IC RUSS-INVEST»
51	THE ARTICLES OF ASSOCIATION OF THE JOINT STOCK COMPANY CONTAIN REQUIREMENTS FOR THE CANDIDACY OF THE SECRETARY OF THE COMPANY.	OBSERVED PARTIALLY	THE MAIN DUTIES OF THE CORPORATE SECRETARY ARE DEFINED IN ARTICLE 18 OF THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST» REQUIREMENTS TO CANDIDACY OF THE CORPORATE SECRETARY ARE PROVIDED IN THE REGULATIONS ON THE CORPORATE SECRETARY OF OJSC «IC RUSS-INVEST»
SIGNIFICANT CORPORATE ACTIONS			
52	THE ARTICLES OF ASSOCIATION OR INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY CONTAIN THE REQUIREMENTS OF APPROVAL OF A MAJOR TRANSACTION BEFORE ITS CONCLUSION.	OBSERVED	PARAGRAPH 8.2. OF CODE OF CORPORATE CONDUCT
53	MANDATORY INVITATION OF AN INDEPENDENT APPRAISER TO ASSESS THE MARKET VALUE OF PROPERTY WHICH IS A SUBJECT OF A MAJOR TRANSACTION.	NOT OBSERVED	NOT APPLICABLE IN THE ABSENCE OF LARGE DEALS
54	THE ARTICLES OF ASSOCIATION OF THE JOINT STOCK COMPANY PROHIBIT TO TAKE ANY ACTIONS IN THE PROCESS OF ACQUIRING MAJOR BLOCKS OF SHARES (MERGER) AIMED AT PROTECTION OF INTERESTS OF EXECUTIVE BODIES (MEMBERS OF SUCH BODIES) AND MEMBERS OF THE BOARD OF DIRECTORS OF THE JOINT STOCK COMPANY, AS WELL AS ANY ACTIONS THAT DETERIORATE THE SITUATION OF SHAREHOLDERS AS COMPARED WITH THEIR CURRENT SITUATION (IN PARTICULAR, THE PROHIBITION FOR THE BOARD OF DIRECTORS, BEFORE THE END OF THE ESTIMATED PERIOD OF SHARE ACQUISITION, TO TAKE THE DECISION TO ISSUE ADDITIONAL SHARES, TO ISSUE SECURITIES CONVERTIBLE INTO SHARES OR SECURITIES GIVING THE RIGHT TO ACQUIRE SHARES OF THE COMPANY, EVEN IF THE ARTICLES OF ASSOCIATION ENTITLES IT TO TAKE SUCH A DECISION).	NOT OBSERVED	THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST» DO NOT PROVIDE THIS REQUIREMENT

55	THE ARTICLES OF ASSOCIATION OF THE JOINT STOCK COMPANY PROVIDE FOR THE MANDATORY INVOLVEMENT OF AN INDEPENDENT APPRAISER TO ASSESS THE CURRENT MARKET VALUE OF SHARES AND POSSIBLE CHANGES IN THEIR MARKET VALUE AS A RESULT OF THE MERGER.	OBSERVED PARTIALLY	ARTICLE 26.2. OF THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST»
56	THE ARTICLES OF ASSOCIATION OF THE JOINT STOCK COMPANY DO NOT PROVIDE FOR THE RELEASE OF THE TRANSFEREE FROM THE OBLIGATION TO PROPOSE TO SHAREHOLDERS TO SELL THE ORDINARY SHARES OF THE COMPANY HELD BY THEM (EQUITY SECURITIES CONVERTIBLE INTO ORDINARY SHARES) IN THE MERGER.	OBSERVED	THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST» DO NOT CONTAIN THIS PROVISION
57	THE ARTICLES OF ASSOCIATION OR INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY REQUIRE MANDATORY INVITATION OF AN INDEPENDENT APPRAISER TO DETERMINE THE RATION OF CONVERSION OF SHARES IN THE REORGANIZATION.	OBSERVED	THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST» AND INTERNAL DOCUMENTS OF THE OJSC «IC RUSS-INVEST» DO NOT PROVIDE THIS REQUIREMENT
DISCLOSE OF INFORMATION			
58	AVAILABILITY OF AN INTERNAL DOCUMENT APPROVED BY THE BOARD OF DIRECTORS AND DEFINING THE RULES AND APPROACHES OF THE JOINT STOCK COMPANY TO INFORMATION DISCLOSURE (REGULATIONS ON INFORMATIONAL POLICY)	OBSERVED	REGULATIONS ON INFORMATIONAL POLICY OF OJSC «IC RUSS-INVEST»
59	INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY REQUIRE THE DISCLOSURE OF INFORMATION PERTAINING TO THE PURPOSES OF THE PLACEMENT OF SHARES, PERSONS WHO INTEND TO ACQUIRE THE PLACED SHARES, INCLUDING A LARGE STAKE, AS WELL AS THE INFORMATION ON WHETHER SENIOR OFFICIALS OF THE JOINT STOCK COMPANY WILL BE INVOLVED IN THE ACQUISITION OF THE PLACED SHARES OF THE COMPANY.	NOT OBSERVED	THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST» AND INTERNAL DOCUMENTS OF THE OJSC «IC RUSS-INVEST» DO NOT PROVIDE THIS REQUIREMENT
60	INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY CONTAIN THE LIST OF INFORMATION, DOCUMENTS AND MATERIALS TO BE PROVIDED TO SHAREHOLDERS TO ADDRESS THE ISSUES SUBMITTED TO THE GENERAL MEETING OF SHAREHOLDERS	OBSERVED	PARAGRAPH 13.3 OF THE ARTICLES OF ASSOCIATION OF THE OJSC «IC RUSS-INVEST»
61	THE JOINT STOCK COMPANY HAS A WEB-SITE IN THE INTERNET WITH REGULAR DISCLOSURE OF INFORMATION PERTAINING TO THE JOINT STOCK COMPANY ON SUCH SITE.	OBSERVED	WEBSITE: WWW.RUSS-INVEST.RU

62	INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY CONTAIN THE REQUIREMENT TO DISCLOSE INFORMATION ABOUT TRANSACTIONS OF THE JOINT STOCK COMPANY WITH THE PERSONS REFERRED, IN ACCORDANCE WITH THE ARTICLES OF ASSOCIATION TO CEOs OF THE JOINT STOCK COMPANY, AS WELL AS ABOUT TRANSACTIONS OF THE JOINT STOCK COMPANY WITH ORGANIZATIONS IN WHICH SENIOR OFFICIALS OF THE JOINT STOCK COMPANY, DIRECTLY OR INDIRECTLY OWN MORE THAN 20 PERCENT OF THE AUTHORIZED CAPITAL OF THE JOINT STOCK COMPANY OR TO WHICH SUCH PERSONS MAY OTHERWISE PROVIDE A SIGNIFICANT INFLUENCE.	OBSERVED	PARAGRAF 5.5. OF THE REGULATIONS ON INFORMATIONAL POLICY OF OJSC «IC RUSS-INVEST»
63	INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY CONTAIN THE REQUIREMENT TO DISCLOSE INFORMATION ABOUT ALL TRANSACTIONS WHICH MIGHT AFFECT THE MARKET VALUE OF THE SHARES OF THE JOINT STOCK COMPANY.	OBSERVED	PARAGRAF 5.6 OF THE REGULATIONS ON INFORMATIONAL POLICY OF OJSC «IC RUSS-INVEST»
64	AVAILABILITY OF AN INTERNAL DOCUMENT APPROVED BY THE BOARD OF DIRECTORS REGARDING THE USE OF SIGNIFICANT INFORMATION ON THE ACTIVITIES OF THE JOINT STOCK COMPANY, SHARES AND OTHER SECURITIES OF THE COMPANY AND TRANSACTIONS THEREWITH, WHICH IS NOT IN THE PUBLIC DOMAIN AND THE DISCLOSURE OF WHICH MIGHT AFFECT THE MARKET VALUE OF THE SHARES AND OTHER SECURITIES OF THE JOINT STOCK COMPANY.	OBSERVED	REGULATIONS ON THE INSIDER INFORMATION OF OJSC «IC RUSS-INVEST»
CONTROL OVER FINANCIAL AND BUSINESS ACTIVITIES			
65	THE BOARD OF DIRECTORS HAS APPROVED PROCEDURES OF INTERNAL CONTROL OVER FINANCIAL AND BUSINESS ACTIVITIES OF THE JOINT STOCK COMPANY.	OBSERVED	REGULATIONS ON THE REVISION COMMISSION OF OJSC «IC RUSS-INVEST» REGULATIONS ON INTERNAL CONTROL IN OJSC «IC RUSS-INVEST»
66	THERE IS A SPECIAL UNIT OF THE JOINT STOCK COMPANY PROVIDING FOR COMPLIANCE WITH INTERNAL CONTROL PROCEDURES (SUPERVISION AND AUDITING SERVICE)	OBSERVED	REVISION COMMISSION, DEPARTMENT OF INTERNAL CONTROL AND AUDIT
67	INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY REQUIRE THE STRUCTURE AND MEMBERSHIP OF THE SUPERVISION AND AUDITING SERVICE OF THE JOINT STOCK COMPANY TO BE DETERMINED BY THE BOARD OF DIRECTORS.	OBSERVED	ARTICLE 19 OF THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST», ARTICLE 9 OF THE REGULATIONS ON INTERNAL CONTROL IN OJSC «IC RUSS-INVEST»

68	AMONG THE MEMBERS OF THE SUPERVISION AND AUDITING SERVICE THERE ARE NO INDIVIDUALS WHO HAVE BEEN FOUND GUILTY OF COMMITTING CRIMES IN THE SPHERE OF ECONOMIC ACTIVITY OR CRIMES AGAINST THE STATE POWER, INTERESTS OF THE STATE SERVICE AND THE SERVICE IN LOCAL GOVERNMENT BODIES, OR HAVE BEEN SUBJECT TO ADMINISTRATIVE PENALTIES FOR WRONGDOINGS IN THE SPHERE BUSINESS OR IN THE SPHERE OF FINANCE, TAXES AND LEVIES, SECURITIES MARKET.	OBSERVED	PRACTICALLY IMPLEMENTED
69	AMONG THE MEMBERS OF THE SUPERVISION AND AUDITING SERVICE THERE ARE NO INDIVIDUALS WHO WORK IN EXECUTIVE BODIES OF THE JOINT STOCK COMPANY, AS WELL AS THOSE WHO ARE MEMBERS, GENERAL DIRECTORS (MANAGERS), MEMBERS OF A MANAGEMENT BODY OR EMPLOYEES OF A LEGAL ENTITY COMPETING WITH THE JOINT STOCK COMPANY	OBSERVED	PRACTICALLY IMPLEMENTED
70	INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY SPECIFY THE DEADLINE FOR SUBMITTING TO THE SUPERVISION AND AUDITING SERVICE DOCUMENTS AND MATERIALS FOR ASSESSMENT OF A FINANCIAL AND BUSINESS TRANSACTION EXECUTED, AND ALSO PROVIDE FOR RESPONSIBILITY OF OFFICIALS AND EMPLOYEES OF THE JOINT STOCK COMPANY FOR FAILURE TO SUBMIT THE SAME MEETING THE SPECIFIED DEADLINE.	OBSERVED	IN ACCORDANCE WITH THE MANAGEMENT BOARD DECISION, THE TIME FRAME OF FIVE BUSINESS DAYS AND THE RESPONSIBILITY FOR THE VIOLATION OF IT ARE ESTABLISHED.
71	INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY SPECIFY THE LIABILITY OF THE WATCHDOG COMMISSION TO REPORT TO THE AUDIT COMMITTEE ABOUT IDENTIFIED VIOLATIONS, AND IN CASE SUCH COMMITTEE DOES NOT EXIST, TO REPORT THE SAME TO THE BOARD OF DIRECTORS OF THE JOINT STOCK COMPANY.	OBSERVED	ARTICLE 9 OF THE REGULATIONS ON INTERNAL CONTROL IN OJSC «IC RUSS-INVEST»
72	THE ARTICLES OF ASSOCIATION OF THE JOINT STOCK COMPANY REQUIRE THE SUPERVISION AND AUDITING SERVICE TO EXECUTE PRELIMINARY ASSESSMENT OF THE REASONABILITY OF EXECUTING OPERATIONS WHICH ARE NOT PROVIDED FOR IN THE FINANCIAL AND BUSINESS PLAN OF THE JOINT STOCK COMPANY (NON-STANDARD OPERATIONS).	NOT OBSERVED	THE ARTICLES OF ASSOCIATION OF OJSC «IC RUSS-INVEST» AND INTERNAL DOCUMENTS OF THE JSC «IC RUSS-INVEST» DO NOT PROVIDE THIS REQUIREMENT

73	INTERNAL DOCUMENTS OF THE JOINT STOCK COMPANY PROVIDE FOR THE PROCEDURE OF A NON-STANDARD OPERATION APPROVAL BY THE BOARD OF DIRECTORS.	OBSERVED	ARTICLE 2. OF THE REGULATIONS ON THE REVISION COMMISSION OF OJSC «IC RUSS-INVEST»
74	AVAILABILITY OF AN INTERNAL DOCUMENT APPROVED BY THE BOARD OF DIRECTORS AND DETERMINING THE PROCEDURE OF THE AUDITS OF FINANCIAL AND BUSINESS ACTIVITIES OF THE JOINT STOCK COMPANY BY THE WATCHDOG COMMISSION.	OBSERVED	REGULATIONS ON THE REVISION COMMISSION OF OJSC «IC RUSS-INVEST»
75	THE AUDIT COMMITTEE PERFORMS THE EVALUATION OF THE AUDITOR'S OPINION BEFORE SUBMITTING IT TO SHAREHOLDERS AT THE GENERAL MEETING OF SHAREHOLDERS.	OBSERVED	PARAGRAF 3 OF THE REGULATIONS ON THE COMMITTEE ON FINANCE AND AUDIT OF OJSC «IC RUSS-INVEST»
DIVIDENDS			
76	AVAILABILITY OF AN INTERNAL DOCUMENT APPROVED BY THE BOARD OF DIRECTORS, WHICH THE BOARD OF DIRECTORS SHALL BE GOVERNED BY WHEN TAKING RECOMMENDATIONS ON THE AMOUNT OF DIVIDENDS (REGULATIONS ON DIVIDEND POLICY).	OBSERVED	REGULATIONS ON DIVIDEND POLICY OF OJSC «IC RUSS-INVEST»
77	THE REGULATIONS ON DIVIDEND POLICY CONTAIN THE PROCEDURE FOR DETERMINING THE MINIMUM PERCENTAGE OF NET INCOME OF THE JOINT STOCK COMPANY DIRECTED TO THE PAYMENT OF DIVIDENDS, AND THE CONDITIONS, UNDER WHICH DIVIDENDS ARE NOT PAID OR NOT FULLY PAID ON PREFERRED SHARES, THE AMOUNT OF DIVIDENDS ON WHICH IS DETERMINED IN THE ARTICLES OF ASSOCIATION OF THE JOINT STOCK COMPANY.	OBSERVED	ARTICLE 3 OF THE REGULATIONS ON DIVIDEND POLICY OF OJSC «IC RUSS-INVEST»
78	INFORMATION ON THE DIVIDEND POLICY OF THE JOINT STOCK COMPANY AND AMENDMENTS THEREOF IS PUBLISHED IN SUCH A PERIODICAL THAT IS SPECIFIED IN THE ARTICLES OF ASSOCIATION OF THE JOINT STOCK COMPANY FOR THE PURPOSE OF PUBLISHING NOTIFICATION OF GENERAL MEETINGS OF SHAREHOLDERS, AND THE SAID INFORMATION IS ALSO PLACED ON THE WEB-SITE OF THE JOINT STOCK COMPANY IN THE INTERNET.	OBSERVED	WEBSITE: WWW.RUSS-INVEST.RU

ANNEX 2.

1.1. Financial statements in accordance with russian accounting standarts

Audit report

"Baker Tilly Rusaudit" LLC
Moscow, March 29, 2010

Deputy General Director – M.B.Pavlova
(auditor's qualification certificate

No. 0111191, dated February 29, 1996 (Minutes No. 104 dated March 28, 2002) Prolonged for an indefinite term)

Head of Audit – E.V.Shirokova
(auditor qualification certificate

No. K020502, dated November 29, 2004 (Order No. 330 dated November 29, 2004) Issued for an indefinite term)

(auditor qualification certificate to audit stock exchanges, extra-budgetary funds and investment institutions. No. K027079, dated January 12, 2007 (Order No. 16, dated January 12, 2007) Issued for an indefinite term)

To the Owner and other users of the financial (business) reporting of OJSC INVESTMENT COMPANY IC RUSS-INVEST

We have performed an audit of the enclosed financial reporting (accounting) of

OJSC INVESTMENT COMPANY IC RUSS-INVEST (drawn up on February 15, 2010) for 2009. This reporting has been prepared by the executive body of OJSC INVESTMENT COMPANY IC RUSS-INVEST on the basis of the principles and methods for accounting and preparation of financial reporting (accounting) determined by regulatory legal acts of the Russian Federation.

The financial reporting (accounting) of OJSC INVESTMENT COMPANY IC RUSS-INVEST consists of:

- Balance Sheet;
- Profit and Loss Statement;
- Attachments to the Balance Sheet and the Profit and Loss Statement;
- Explanatory Note.

Responsibility for preparation of this accounting is borne by the executive body of OJSC INVESTMENT COMPANY IC RUSS-INVEST. Our responsibility is to express our opinion regarding the veracity of this reporting in all essential aspects and compliance by the accounting with the law of the Russian Federation on the basis of the audit performed..

We performed the audit in accordance with:

- Federal Law of the Russian Federation No. 307-FZ, dated December 30, 2008 "On Auditing";

- Federal regulations (standards) on auditing;
- Internal regulations (standards) on auditing of NP "Institution of Professional Auditors";
- regulations (standards) on auditing of LLC "Baker Tilly Rusaudit";
- regulations of the Finance Ministry of the Russian Federation and on the basis of Agreement No. 762/2007A, dated September 4, 2007, entered into with OJSC INVESTMENT COMPANY IC RUSS-INVEST.

The Audit was planned and performed in such a manner as to provide sufficient confidence that the attached financial reporting does not contain an substantial distortions.

The Audit was performed on a sample basis and included a study based on testing of evidence supporting the financial accounting figures, assessment of compliance with the accounting principles and rules used in preparing the financial reporting, consideration of the main assessed values obtained by the management of the audited entity, as well as assessment of the presentation of the financial reporting .

We believe that the Audit performed provides sufficient evidence for us to have confidence in the veracity of the financial reporting.

In our opinion, the financial reporting of OJSC INVESTMENT COMPANY IC RUSS-INVEST gives a true and fair view of the financial situation as of December 31, 2008, and the results of its financial and business activities for the period from January 1 to and including December 31 2009 in accordance with the requirement of the Law of the Russian Federation regarding preparation of financial reporting.

1.2. According balance sheet

ASSETS	INDEX CODE	AS OF THE OPENING OF REPORTING YEAR	AS OF THE CLOSING OF THE REPORTING PERIOD	DISCLOSURE OF INFORMATION
I	2	3	4	5
I. NON-CIRCULATING ASSETS				
INTANGIBLE ASSETS	110	55	778	F.5, PAGE 010 + 040 GR.6-050 GR.4
FIXED ASSETS	120	12838	11428	F.5 PAGE 100 GR.6- 140, GR.4
CONSTRUCTION IN PROGRESS	130	353	–	
INCOME-BEARING INVESTMENT IN TANGIBLE ASSETS	135	–	–	
LONG-TERM FINANCIAL INVESTMENTS	140	751600	842720	F.5, PAGE 540, GR.4, PZ P-II
INVESTMENT IN SUBSIDIARIES	141	549909	639122	
OTHER LONG-TERM FINANCIAL INVESTMENTS	142	201691	203598	
DEFERRED TAX ASSETS	145	284814	415	
OTHER NON-CIRCULATING ASSETS	150	–	–	
TOTAL BY SECTION I	190	1049660	855341	
II. CIRCULATING ASSETS				
INVENTORIES	210	7029	2257	PZ R-13
INCLUDING:	211	1242	103	PZ R-13
RAW MATERIALS AND OTHER SIMILAR VALUES				
REARERS AND FATTENERS	212	–	–	
COSTS OF WORK-IN-PROGRESS	213	–	–	
FINISHED PRODUCTS AND GOODS FOR RESALE	214	–	–	
SHIPPED GOODS	215	–	–	
COSTS OF FUTURE PERIODS	216	5787	2154	PZ R-13
OTHER INVENTORIES AND COSTS	217	–	–	
VALUE ADDED TAX FOR ACQUIRED VALUES	220	–	–	
ACCOUNTS RECEIVABLE (MATURING 12 MONTHS AFTER THE ACCOUNTING DATE)	230	10	2141	F.5, PAGE 618, GR.4
INCLUDING: BUYERS AND CUSTOMERS		–	–	
ACCOUNTS RECEIVABLE (MATURING WITHIN 12 MONTHS OF THE ACCOUNTING DATE)	240	126599	186780	F.5, PAGE 610, GR.4, PZ R-15
INCLUDING: BUYERS AND CUSTOMERS	241	42	507	F.5, PAGE 611 GR.4 PZ R-15

ADVANCES MADE	242	10904	9009	F.5, PAGE 612 GR.4, PZ R-15,
SHORT-TERM FINANCIAL INVESTMENTS	250	1744762	252108	F.5, PAGE 540, GR.6
CASH ASSETS, INCLUDING	260	195545	644121	F.4, PAGE 600
CASH ASSETS OF CLIENTS	261	63105	239197	
OTHER CIRCULATING ASSETS	270	28152	14292	PZ R-14
TOTAL OF SECTION II	290	2102097	3370676	
BALANCE	300	3104288	4226017	
LIABILITIES	INDEX	AS OF THE	AS OF THE CLOSING	DISCLOSURE OF
	CODE	OPENING OF THE	OF REPORTING	INFORMATION
		REPORTING YEAR	PERIOD	
I	2	3	4	
III. CAPITAL AND RESERVES				–
AUTHORISED CAPITAL	410	109000	109000	F.3, PAGE 140, GR.3
OWN SHARES REPURCHASED FROM SHAREHOLDERS		(–)	(–)	
ADDITIONAL CAPITAL	420	376294	376294	F.3, PAGE 140, GR4
RESERVE CAPITAL	430	109000	109000	F.3, PAGE 140, GR5
INCLUDING:	431	54500	54500	F.3, PAGE 151, GR6
RESERVES CREATED IN ACCORDANCE WITH THE LAW				
RESERVES CREATED IN ACCORDANCE WITH THE CONSTITUENT DOCUMENTS	432	54500	54500	F.3, PAGE 161, GR6
UNDISTRIBUTED PROFIT (UNCOVERED LOSS) OF PREVIOUS YEARS	470	1986166	1986166	F.3, PAGE.(100-103- 106+107-110) GR.6
UNDISTRIBUTED PROFIT (UNCOVERED LOSS) OF REPORTING YEAR	471		953347	F.3, PAGE 105, GR.6
TOTAL OF SECTION III	490	2580460	3533807	F.3, PAGE 140, GR.7
IV. LONG-TERM LIABILITIES				
LOANS AND CREDITS	510	–	–	
DEFERRED TAX LIABILITIES	515	564	543	F.5, PAGE 627, GR.7
OTHER LONG-TERM LIABILITIES	520	-	-	
TOTAL OF SECTION IV	590	564	543	
V. SHORT-TERM LIABILITIES				

LOANS AND CREDITS	610	–	–	
ACCOUNTS PAYABLE	620	75431	244509	F.5, PAGE 20, GR.4, PZ R-15
INCLUDING:				
SUPPLIERS AND SUBCONTRACTORS	621	500	577	F.5, PAGE 621, GR.4
ADVANCES RECEIVED	622	6966	–	F.5, PAGE 622, GR.4
INDEBTEDNESS TO PERSONNEL OF THE ORGANISATION	623	33	1	
INDEBTEDNESS TO STATE EXTRA-BUDGETARY FUNDS	624	–	–	
TAX AND DUTIES PAYABLE	625	635	1564	F.5, PAGE 23, GE.4, PZ R-15
OTHER CREDITORS	626	67297	242367	
INDEBTEDNESS TO MEMBERS (FOUNDERS) ON INCOME PAYMENT	630	447833	447158	
INCOME OF FUTURE PERIODS	640	–	–	
RESERVES FOR FUTURE EXPENSES	650	–	–	
OTHER SHORT-TERM LIABILITIES	660	–	–	
TOTAL OF SECTION V	690	523264	691667	
BALANCE	700	3104288	4226017	

1.3. Profit and loss statement for 2009

INDEX	CODE	FOR REPORTING PERIOD	FOR THE SAME PERIOD OF THE PREVIOUS YEAR	INFORMATION DISCLOSURE FOR THE REPORTING PERIOD
I	2	3	4	
INCOME AND COSTS FROM ORDINARY ACTIVITIES	010	3207218	7260503	PZ R-21
REVENUE (NET) FROM SALES OF GOODS, PRODUCTS, WORKS, SERVICES (NET OF VALUE ADDED TAX, EXCISE DUTIES AND SIMILAR MANDATORY PAYMENTS)				
INCLUDING FROM SALES OF:				
CORPORATE SECURITIES – SHARES	011	2585860	6052762	PZ R-21
CORPORATE SECURITIES – BONDS	012	609828	1101739	PZ R-21
MUNICIPAL SECURITIES – BONDS	013	9010	101373	PZ R-21
OTHER SERVICES	014	2520	4629	PZ R-21
COST OF SOLD GOODS, PRODUCTS, WORKS, SERVICES	020	(3003560)	(7031701)	PZ R-21
INCLUDING SOLD:				PZ R-21
CORPORATE SECURITIES SHARES	021	(2420565)	(5826407)	PZ R-21
CORPORATE SECURITIES – BONDS	022	(574103)	(1102581)	PZ R-21
MUNICIPAL SECURITIES – BONDS	023	(8892)	(102713)	PZ R-21
OTHER SERVICES	024	(–)	(–)	
GROSS PROFIT	029	203658	228802	PZ R-21
COMMERCIAL COSTS	030	(–)	(–)	
ADMINISTRATIVE COSTS	040	(137714)	(159760)	PZ R-21, F.5, PAGE760
PROFIT (LOSS) FROM SALES	050	65944	69042	PZ R-21
OTHER INCOME AND COSTS				
INTEREST TO BE RECEIVED	060	129676	154255	PZ R-21
INTEREST TO BE PAID	070	(36008)	(27600)	PZ R-21
INCOME FROM PARTICIPATION IN OTHER ORGANISATIONS	080	41163	43214	PZ R-21
OTHER INCOME	090	2136980	669394	PZ R-21

OTHER COSTS	100	(1123504)	(2666613)	PZ R-2I
PROFIT (LOSS) BEFORE TAXES	140	1214251	(1758308)	PZ R-2I
DEFERRED TAX ASSETS	148	(236931)	284481	PZ R-2I
DEFERRED TAX LIABILITIES	149	21	(96)	PZ R-2I
INCOME TAX AND OTHER SIMILAR MANDATORY PAYMENTS				
150	(23994)	(995)		
PZ R-2I				
CURRENT INCOME TAX	150A	(22842)	(-)	PZ R-2I
TAX ON OPERATIONS WITH MUNICIPAL SECURITIES	150B	(137)	(995)	
OTHER PAYMENTS TO THE BUDGET	150C	1015		
NET PROFIT (LOSS) FOR THE ACCOUNTING PERIOD	190	953347	(1474918)	PZ R-2I, F.3 PAGE 105, GR.6
FOR REFERENCE: PERMANENT TAX LIABILITIES (ASSETS)	201	(16948)	139200	
PROVISIONAL PROFIT TAX EXPENSE (INCOME)	202	242805	423585	
BASIC EARNINGS (LOSS) PER SHARE	203	9	(14)	
DILUTED EARNINGS (LOSS) PER SHARE	204	-	-	

1.4. Itemisation of separate profits and losses

INDEX	FOR ACCOUNTING PERIOD		FOR THE SAME PERIOD OF THE PREVIOUS YEAR			
	NAME	CODE	PROFIT	LOSS	PROFIT	LOSS
	I	2	3	4	5	6
PENALTIES, FINES AND FORFEITURES RECOGNISED OR WITH RESPECT TO WHICH COURT (ARBITRATION COURT) JUDGMENTS ON ENFORCEMENT THEREOF HAVE BEEN RECEIVED		210	800	-	260904	-
INCOME (LOSS) OF PREVIOUS YEARS		220	-	10	0,21486826	-
REIMBURSEMENT OF LOSSES CAUSED BY NON-PERFORMANCE OR INAPPROPRIATE PERFORMANCE OF OBLIGATIONS		230	-	-	-	-
EXCHANGE RATE DIFFERENCE ON FOREIGN CURRENCY OPERATIONS		240	14223	14635	964	1091
ALLOCATIONS TO VALUATION RESERVES		250	X	214949	X	-
WRITING OFF OF ACCOUNTS PAYABLE AND RECEIVABLE WITH EXPIRED STATUTES OF LIMITATIONS		260	-	-	-	-

2.1. Financial Statements in accordance with international financial reporting standards

Independent Auditors' Report To the Board of Directors OJSC "IC RUSS-INVEST"

ZAO KPMG
26 May 2010

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of OJSC "IC RUSS-INVEST" and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the

audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2009, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

2.2. Consolidated income statement for 2009

		2009	2008
	NOTES	RUR'000	RUR'000
INTEREST INCOME	4	114,542	151,791
NET SECURITIES TRADING INCOME/(LOSS)	5	1,570,203	(2,112,080)
NET FOREIGN EXCHANGE LOSS	6	(114)	(1,467)
DIVIDEND INCOME		56,815	44,045
OTHER OPERATING INCOME	7	26,899	20,101
OPERATING INCOME/(LOSS)		1,768,345	(1,897,610)
IMPAIRMENT LOSSES	8	(125,197)	(91,805)
GENERAL ADMINISTRATIVE EXPENSES	9	(240,455)	(223,703)
OPERATING EXPENSES		(365,652)	(315,508)
PROFIT/(LOSS) BEFORE TAXES		1,402,693	(2,213,118)
INCOME TAX (EXPENSE)/BENEFIT	10	(280,679)	476,171
PROFIT/(LOSS)		1,122,014	(1,736,947)
OTHER COMPREHENSIVE INCOME/(LOSS)			
REVALUATION RESERVE FOR ASSETS AVAILABLE FOR-SALE:			
NET CHANGE IN FAIR VALUE OF AVAILABLE-FOR-SALE ASSETS, NET OF TAX		19,794	(5,098)
REVALUATION OF UNIT FUNDS		41,302	(37,891)
CURRENCY TRANSLATION DIFFERENCES		2,940	12,518
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX		64,036	(30,471)
TOTAL COMPREHENSIVE INCOME/(LOSS)		1,186,050	(1,767,418)
PROFIT/(LOSS) ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE GROUP		1,120,635	(1,731,265)
MINORITY INTEREST		1,379	(5,682)
EARNINGS / (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY (EXPRESSED IN RUSSIAN RUBLES PER SHARE)	19	10.32	(15.88)
PROFIT / (LOSS)		1,122,014	(1,736,947)
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE GROUP		1,143,369	(1,723,845)
MINORITY INTEREST		42,681	(43,573)
TOTAL COMPREHENSIVE INCOME/(LOSS)		1,186,050	(1,767,418)

2.3. Consolidated balance sheet

		2009	2008
	NOTES	RUR'000	RUR'000
ASSETS			
CASH		4	8
PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS	11	1,051,736	310,636
FINANCIAL INSTRUMENTS HELD FOR TRADING	12	3,156,554	1,976,695
FINANCIAL INSTRUMENTS AVAILABLE-FOR-SALE	13	51,796	21,597
INVESTMENT IN ASSOCIATE		-	29,040
OTHER ASSETS	14	126,757	119,288
PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS	15	119,447	126,280
DEFERRED TAX ASSET	10	55,958	316,748
TOTAL ASSETS		4,562,252	2,900,292
LIABILITIES			
FINANCIAL INSTRUMENTS HELD FOR TRADING	12	422,775	-
DIVIDENDS PAYABLE	16	447,158	447,833
OTHER LIABILITIES	17	137,374	62,091
DEFERRED TAX LIABILITY	10	4,237	4,060
TOTAL LIABILITIES		1,011,544	513,984
EQUITY			
SHARE CAPITAL	18	1,492,376	1,492,376
REVALUATION SURPLUS		8,334	8,334
REVALUATION RESERVE FOR AVAILABLE-FOR-SALE ASSETS		14,696	(5,098)
TREASURY SHARES		(27,621)	(6,045)
CURRENCY TRANSLATION RESERVE		15,458	12,518
RETAINED EARNINGS		1,955,059	834,424
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		3,458,302	2,336,509
MINORITY INTEREST		92,406	49,799
TOTAL EQUITY		3,550,708	2,386,308
TOTAL LIABILITIES AND EQUITY		4,562,252	2,900,292



Table of contents

1. Dear Shareholders	2
2. Some Background	3
3. Main events of 2009	4
4. Social Responsibility	6
5. Executive control	9
5.1.1. Members of the Board of Directors	9
5.1.2. Board of Directors Activities	12
5.1.3. President – Director General of OJSC IC RUSS-INVEST	13
5.2. Management Board of OJSC IC RUSS-INVEST	14
6. Control over financial activity	15
6.1. Auditing Committee of OJSC IC RUSS-INVEST	15
6.2. Auditors of OJSC IC RUSS-INVEST	15
7. Registrar and shareholders	16
7.1. Registrar of OJSC IC RUSS-INVEST	16
7.2. Shareholders in OJSC IC RUSS-INVEST	16
8. OJSC IC RUSS-INVEST and Subsidiaries	18
9. Organisational structure of ojsc ic russ-invest	19
10. Company Development Strategy	20
11. Russian capital markets in 2009 and the company’s investment strategy	23
11.1. Bond Market	23
11.2. Share market	26

12. Financial and economic activities in 2009	31
12.1. The Company's position in the industry	31
12.2. Operations of the Company on the stock market.	33
12.3. Brokerage activities	35
12.4. Corporate financing and financial consulting	36
12.5. Ttrust management and mutual fund services	38
12.6. International activity.	39
13. Financial status of the Company	41
14. Interested-party transactions, major transactions	48
15. Dividends	51
16. Existing risks and measures taken to reduce them	53
17. Shareholder relations and trading in the Company's shares	54
18. Compliance with the corporate code of conduct.	56
Annex 1	59
Information on observance of the corporate code of conduct.	59
Annex 2	72
1.1. Financial statements in accordance with russian accounting standarts	72
1.2. According balance sheet.	73
1.3. Profit and loss statementfor 2009	76
1.4. Itemisation of separate profits and losses	76
2.1. Financial statements according to international standards.	78
2.2. Consolidated income statement for 2009	79
2.3. Консолидированный отчет о прибылях и убытках за 2009 год	80



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