

NEWS

SISTEMA-HALS CARRIES OUT MANAGEMENT RESHUFFLE

The Board of Directors has voted to appoint President Felix Evtushenkov as Chairman of the company's Board of Directors. Senior Vice President Sergey Shmakov will take over as President.

SISTEMA-HALS PUBLISHES RESULTS FOR Q1 2008

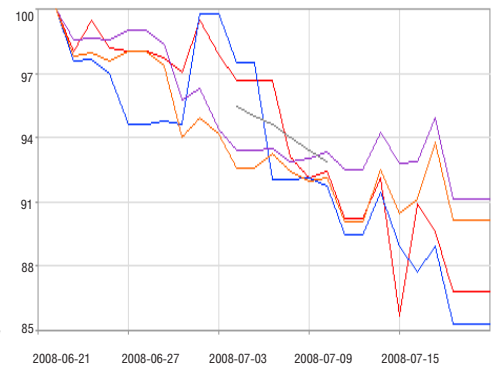
Systema-Hals announced its unaudited consolidated financial results for the first quarter of 2008, which were prepared under US GAAP. Consolidated revenues were up 311% in Q1 2008 to USD 141.6 million, compared to USD 34.5 million in Q1 2007. This revenue growth was due to the sale of the 22 Rochdelskaya project; recognition of proceeds from the sale of a complex of buildings on 8th of March St.; increased earnings from the sale of apartments at properties currently being built on Dnepropetrovskaya St., Nakhimovsky Prospekt, Michurinsky Prospekt and Rublevskoye Shosse; and an increase in rental income from the leasing of single-family homes in the Serebryany Bor development.



Felix Evtushenkov, Chairman of the Board



Sergey Shmakov, President



Shares and GDR: London / MICEX
Indices: RTS / MICEX

PROJECTS UPDATES

Leningradsky Towers

39 Leningradsky Prospekt

Tower 1

- Installation of columns, walls and floor slabs under way on the 18th floor
- Work is under way in the stylobate section to install floor slabs on level -1.

Tower 2

- Solid reinforced concrete floors have been installed on the 15th floor
- Work is under way in the stylobate section to install the walls, columns and floor slabs on level 1
- Work is under way to install the wall slabs and access ramp on the 3rd floor
- Brick walls are being laid for the technical rooms on the 1st and 2nd floors
- Work is under way on the engineering and installation of ventilation and water pipes on the 3rd floor

Kamelia resort complex

89 Kurortny Prospekt, Sochi

- Construction of a tunnel for direct access to equipment at the building site has been completed

Class-A office centre

7/1 Nastasinsky Lane

- Design documentation approved and going through second round of procedures at the Moscow Committee for Architecture and Urban Planning
- Detailed designs for re-installation of networks completed

Class-B office centre

10A Grimau St.

- Designs for renovation work completed

Class-B office centre

9 Artekovskaya St.

- Designs for renovation work completed
- Designs approved by the State Health and Epidemiological monitoring service



Leningradsky Towers, 39 Leningradsky Prospekt



Kamelia resort complex, 89 Kurortny Prospekt, Sochi



Class-A office centre, 7/1 Nastasinsky Lane

SISTEMA-HALS IN MEDIA

"Systema-Hals' shares were first listed on the London Stock Exchange a year and a half ago. Since then, the company's capitalisation has dropped, but president Felix Evtushenkov does not consider this a catastrophe, since 'the company cannot grow when everyone is falling.' The company's project portfolio is not shrinking, and the total value of its projects, in the opinion of Western experts, exceeds its market capitalisation."

Vedomosti, 23 June 2008

"Among the most interesting securities today, according to market experts, are those of Russian flagships like Gazprom, NOVATEK, LUKOIL and Rosneft, for which Citigroup investment bank has raised its recommendation to 'Buy'; Systema-Hals, which posted a 4.5-fold increase in US GAAP profits for Q1 2008; and leading petrochemical company Akron, which has begun expanding into the US retail market."

RosFinCom, 16 June 2008

"Independent rating agency Moody's has confirmed the foreign currency rating of Systema-Hals JSC at B1, outlook stable. The agency highlighted the following factors as influencing the company's credit rating: its leading positions in the real estate market; its focused business strategy, which targets premium segments of the market; and its high-quality portfolio of development projects."

Prime Tass, 7 July 2008

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