Dragon-Ukrainian Properties & Development Plc

("DUPD" or the "Group")

Final Results for the Year Ended 31 December 2008

The Company announces is annual financial results for the year ended 31 December 2008.

Chairman's statement

I am pleased to present the annual results of Dragon-Ukrainian Properties and Development plc for the year ended 31 December 2008. Despite the unprecedented economic downturn and consequent rapid decline of property values, we have made good operational progress on all of our projects and been successful in managing and minimizing the impact of adverse market conditions. Throughout the year, our management effort was focused on risk management and tight control of capital expenditures, coupled with constant review of performance of each project, and our drive towards long-term value creation makes me believe that we are well positioned to cope with the current market downturn. Our initial decision to refrain from leveraging the development projects prior to exhausting the equity capital assigned on each project, coupled with our strong cash balance, clearly distinguishes us among our competitors and allows to ultimately take advantage of market opportunities as they arise.

In line with the rest of the sector, our financial results are, of course, significantly impacted by the general economic situation which has resulted in significant asset value writedowns throughout the industry. During the year our NAV per share has decreased by 4.5% to USD 2.35 per share. The Company's loss before taxes for the year amounted to USD 62 million, which is stated after accounting for changes in the value of our investment properties. Excluding these, our operating profit before tax for the year would be USD 8.9 million.

In accordance with the resolutions of Shareholders at meetings dated July 31 and December 1, the Company has been actively pursuing a share buy-back program, starting from August, 2008. As of December 31, 2008 we have successfully acquired 8,943,000 shares, or 6.3% of the Company's share capital for a total consideration of GBP 3.9 million (USD 6.4 million). All of the acquired shares were canceled immediately post acquisition. It is our strong belief that such effort resulted in creating substantial long-term value for our shareholders as all of the aforementioned acquisitions were made at a substantial discount to the Company's NAV, and in some instances even at a discount to our cash balance.

Given the difficult situation in the Ukrainian banking sector and absence of project financing products, we feel privileged to have no gearing at the moment and to possess adequate equity capital to continue funding the soft development costs throughout 2009 and construction works thereafter. At the same time our focus is on the cash flow management and preservation of the Company's strong cash position. We are constantly reviewing our cost base and strategy on every project and believe we maintain a lean operation. During the year we have reduced our commitments on existing projects by USD 18.3 million, which allowed us to have a strong cash balance of USD 121.2 million as of year end. It is the intention of the Board to continue exercising tight control over our capital and operational expenditures.

Outlook

Clearly we see the immediate future for our industry, and Ukrainian real estate market in particular, as rather challenging. At the same time, such market environment creates opportunities that we could take advantage of. We expect our hands-on management together with local presence and market expertise to give us an opportunity to assess possibilities of acquiring existing quality properties at distressed valuations. At the same time we continue to build value on our existing assets through pro-active management and constant reassessment of our strategy for each particular project. Based on the progress to date, I am confident that the permitting and development processes on existing projects will continue as planned, thus creating additional value for our shareholders. In my opinion, our continued focus on efficient cash flow management coupled with the quality of our asset base puts us into an advantageous position to weather the storm throughout the financial crisis and outperform our peers in the mid-term prospective.

Aloysius Wilhelmus Johannes Van der Heijden
Non Executive Chairman

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Consolidated Balance Sheet as at 31 December 2008

	Consolidated 2008	Consolidated 2007
(in thousands of USD)		
Assets		
Non-current assets		
Investment properties	**70,225**	105,796
Property under construction	**2,559**	-
Prepayments for land	**122,440**	96,000
Investments in subsidiaries	**-**	-
Investments in associate	**13,151**	16,209
Long-term loan	**1,378**	-
Property and equipment	**63**	28
Intangible assets	**24**	-
Total non-current assets	**209,840**	218,033
Current assets		
Inventories	**70**	168
Loans to Group companies	**-**	-
Trade and other receivables	**757**	4,839
Prepaid income tax	**16**	-

Cash and cash equivalents	**121,216**	178,350
Total current assets	**122,059**	183,357
Total assets	**331,899**	401,390

(in thousands of USD)	**Consolidated 2008**	Consolidated 2007
Equity and Liabilities		
Equity		
Share capital	**2,668**	2,813
Share premium	**292,127**	293,994
Retained earnings	**18,429**	53,139
Total equity attributable to equity holders of the Parent Company	**313,224**	349,946
Minority interests	**-**	16,216
Total equity	**313,224**	366,162
Non-current liabilities		
Deferred tax liabilities	**15,929**	25,051
Total non-current liabilities	**15,929**	25,051
Current liabilities		
Trade and other payables	**2,735**	10,163
Income tax payable	**11**	14
Total current liabilities	**2,746**	10,177
Total liabilities	**18,675**	35,228
Total equity and liabilities	**331,899**	401,390

Consolidated Statement of Operations

	For the year ended 31 December 2008	For the period From 23 February to 31 December 2007
	Consolidated	Consolidated
(in thousands of USD)		
Rental income	**818**	-
Fair value (losses) gains on revaluation of investment properties	**(70,907)**	10,159
Management and performance fees	**(4,769)**	(10,388)
Administrative expenses	**(2,035)**	(835)
Other expenses	**(51)**	-
Other income	**37**	-
Loss from operating activities	**(76,907)**	(1,064)
Gain on acquisition of subsidiary	**-**	36,503
Gain on recognition of joint venture	**8,398**	-
Net financial income	**10,586**	5,498
Share of the (loss) profit of associates	**(4,116)**	8,209
(Loss) profit before income tax	**(62,039)**	49,146
Income tax benefit (expense)	**14,553**	(3,260)
Net (loss) profit	**(47,486)**	45,886
Attributable to:		
Equity holders of the Parent Company	**(46,457)**	46,039
Minority interests	**(1,029)**	(153)
Net (loss) profit for the year	**(47,486)**	45,886
(Loss) earnings per share		
Basic (loss) earnings per share (in USD)	**(0.34)**	0.61
Diluted (loss) earnings per share (in USD)	**(0.34)**	0.60

The Directors believe that all results derive from continuing activities.

Consolidated Statement of Cash Flow

	For the year ended 31 December 2008	For the period from 23 February to 31 December 2007
	Consolidated	Consolidated
(in thousands of USD)		
Cash flow from operating activities		
Profit (loss) before income tax	**(62,039)**	49,146
Adjustments for:		
Gain on acquisition of subsidiary and minority interest	**-**	(36,503)
Gain on acquisition of joint venture	**(8,398)**	-
Fair value losses (gains) on revaluation of investment properties	**70,907**	(10,159)
Depreciation	**7**	-
Share of the loss (profit) of associates	**4,116**	(8,209)
Net financial income	**(10,586)**	(5,498)
Operating cash flow before changes in working capital	**(5,993)**	(11,223)
Decrease (increase) in inventories	**98**	(140)
Decrease (increase) in trade and other receivables	**3,739**	(4,103)
Decrease (increase) in loans to Group companies	**-**	-
Increase (decrease) in trade and other payables	**(3,015)**	10,092
Share based payments	**19**	18
Income tax paid	**(78)**	-
Cash flows (used in) from operating activities	**(5,230)**	(5,356)

(in thousands of USD)	**For the year ended 31 December 2008** **Consolidated**	For the period from 23 February to 31 December 2007 Consolidated
Cash flow from investing activities		
Interest received	**10,839**	4,780
Acquisition of investment properties	**(15,691)**	(8,038)
Acquisition of property, equipment and intangible assets	**(66)**	-
Prepayments for land	**(26,440)**	(96,000)
Disbursement of long-term loan	**(1,350)**	-
Acquisition of subsidiary and minority interest, net of cash acquired	**(3,455)**	(12,925)
Acquisition of joint venture, net of cash acquired	**(3,455)**	-
Investments in associates	**(6,000)**	(8,000)
Cash flows (used in) from investing activities	**(45,618)**	(120,183)
Cash flow from financing activities		
Proceeds from issue of share capital	**-**	303,889
Purchase of own shares	**(6,444)**	-
Cash flows (used in) from financing activities	**(6,444)**	303,889
Net (decrease) increase in cash and cash equivalents	**(57,292)**	178,350
Cash and cash equivalents at 1 January	**178,350**	-
Effect of the foreign exchange fluctuation on cash balances	**158**	-
Cash and cash equivalents at 31 December	**121,216**	178,350

Consolidated Company statement of Changes in Equity

(In thousands of USD)	Attributable to equity holders of the Parent Company					
	Share capital	Share premium	Retained earnings	Total	Minority interests	Total
Balances at 23 February 2007	-	-	-	-	-	-
Net profit (loss) for the period from 23 February to 31 December 2007	-	-	46,039	46,039	(153)	45,886
Share based compensation			18	18	-	18
Total recognized income and expenses	-	-	46,057	46,057	(153)	45,904
Shares issued	2,813	305,187	-	308,000	-	308,000
Cost of shares issued:						
Cash	-	(4,111)	-	(4,111)	-	(4,111)
Share based payments	-	(7,082)	7,082	-	-	-
Acquisition of subsidiary	-	-	-	-	16,369	16,369
Balances at 31 December 2007	2,813	293,994	53,139	349,946	16,216	366,162
Net loss for the year ended 31 December 2008	**-**	**-**	**(46,457)**	**(46,457)**	**(1,029)**	**(47,486)**
Share based compensation	**-**	**-**	**19**	**19**	**-**	**19**
Total recognized income and expenses	**-**	**-**	**(46,438)**	**(46,438)**	**(1,029)**	**(47,467)**
Shares issued to pay performance fee	**34**	**4,398**	**-**	**4,432**	**-**	**4,432**
Purchase of own shares	**(179)**	**(6,265)**	**-**	**(6,444)**	**-**	**(6,444)**
Acquisition of minority interest	**-**	**-**	**11,728**	**11,728**	**(15,187)**	**(3,459)**
Balances at 31 December 2008	**2,668**	**292,127**	**18,429**	**313,224**	**-**	**313,224**

Notes to this results announcement

1. Basis of Preparation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards.

2. Segment Reporting

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses.

Statement of operations information by business segment for the year ended 31 December 2008 is as follows:

(in thousands of USD)	Land banking	Mixed-use	Retail	Residential	Unallocated	Total
Rental income	-	818	-	-	-	818
Fair value losses on revaluation of investment properties	-	(56,328)	(11,900)	(2,679)	-	(70,907)
Management and performance fees	(2,606)	(726)	(765)	(672)	-	(4,769)
Administrative expenses	(29)	(729)	(70)	(157)	(1,050)	(2,035)
Other expenses	-	-	-	(51)	-	(51)
Other income	-	36	-	1	-	37
Loss from operating activities	(2,635)	(56,929)	(12,735)	(3,558)	(1,050)	(76,907)
Gain on recognition of joint venture	-	-	8,398	-	-	8,398
Net financial income (expense)	3	(70)	(121)	(132)	10,906	10,586
Share of the loss of associate	-	-	(4,116)	-	-	(4,116)
Profit (loss) before income tax	(2,632)	(56,999)	(8,574)	(3,690)	9,856	(62,039)
Income tax benefit (expense)	-	13,804	2,727	(1,938)	(40)	14,553
Net segment profit (loss)	(2,632)	(43,195)	(5,847)	(5,628)	9,816	(47,486)

Assets and liabilities by business segments as at 31 December 2008 are as follows:

(in thousands of USD)	**Land banking**	**Mixed-use**	**Retail**	**Residential**	**Unallocated**	**Total**
Segment assets	**116,955**	**32,561**	**21,188**	**30,143**	**-**	**200,847**
Investment in associates	**-**	**-**	**13,151**	**-**	**-**	**13,151**
Unallocated assets	**-**	**-**	**-**	**-**	**117,901**	**117,901**
Total assets	**116,955**	**32,561**	**34,339**	**30,143**	**117,901**	**331,899**
Segment liabilities	**1,013**	**8,316**	**3,079**	**5,531**	**736**	**18,675**
Total liabilities	**1,013**	**8,316**	**3,079**	**5,531**	**736**	**18,675**
Capital expenditures	**20,940**	**4,588**	**13,202**	**16,353**	**24**	**55,107**
Depreciation	**-**	**-**	**-**	**-**	**7**	**7**

3. Taxation

(i) Income tax expense

Income taxes for the year ended 31 December 2008 and for the period from 23 February to 31 December 2007 are as follows:

(in thousands of USD)	**Consolidated 2008**	Consolidated 2007
Current tax expense	**(59)**	(14)
Deferred tax benefit 0(expense)	**14,612**	(3,246)
Total benefit (expense)	**14,553**	(3,260)

The applicable tax rate is 25% for Ukrainian companies and 10% for Cyprus companies.

(ii) Reconciliation of effective tax rate

The difference between the total expected income tax (benefit) expense for the year ended 31 December 2008 and for the period from 23 February to 31 December 2007 computed by applying the Ukrainian statutory income tax rate to (loss) profit before tax and the reported tax (benefit) expense is as follows:

(in thousands of USD)	**2008**	**%**	2007	%
(Loss) profit before tax	**(62,039)**	**100**	49,146	100

Computed expected income tax (benefit) expense at statutory rate	**(15,510)**	**25**	12,286	25
Effect of lower tax rates	**(2,835)**	**5**	(5,958)	(12)
Non-taxable income (income earned by holding companies)	**(840)**	**1**	(3,438)	(7)
Non-deductible expenses	**3,399**	**(5)**	18	1
Change in unrecognized temporary differences	**1,233**	**(2)**	352	-
Effective income tax (benefit) expense	**(14,553)**	**24**	3,260	7

4. Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based upon the loss for the year ended 31 December 2008 attributable to the ordinary shareholders of USD 47,486,000 (for the period from 23 February to 31 December 2007: based on the profit of USD 45,886,000) and a weighted average number of ordinary shares outstanding calculated as follows:

(in number of shares weighted on the period outstanding)	**2008**	2007
Shares issued on incorporation on 23 February	**2**	1
Sub-division of GBP 1 shares into GBP 0.01 shares on 16 May	**198**	10
Shares issued on 1 June	**104,000,000**	60,333,449
Shares issued on 29 November	**36,630,100**	14,874,359
Shares issued on April 2008	**1,693,776**	-
Effect of own shares buyback	**(1,289,612)**	-
Weighted average number of shares for the period	**141,034,464**	75,207,819

Diluted earnings per share

The calculation of diluted earnings per share is based on the loss for the year ended 31 December 2008 attributable to ordinary shareholders of USD 47,486,000 (for the period from 23 February to 31 December 2007: based on the profit of USD 45,886,000) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares calculated as follows:

(in number of shares)	**31 December 2008**	31 December 2007
Weighted average number of shares for the year ended 31 December	**141,034,464**	75,207,819
Share options	**-**	14,628
Warrants	**-**	912,807
Weighted average number of shares for the period (fully diluted)	**141,034,464**	76,135,254

Because during the year ended 31 December 2008 the average market price of ordinary shares was below the exercise price of the share options and warrants these options and warrants have no dilutive effect.

5. Related party transactions

(i) Transactions with management and close family members

Key management remuneration

Key management compensation included in the statement of operations for the year ended 31 December 2008 and for the period from 23 February to 31 December 2007 are as follows:

(in thousands of USD)	**2008**	2007
Directors' fees	**125**	91
Share based payment expense (options granted)	**19**	18
Total management remuneration	**144**	109

Key management personnel and director transactions

The Directors owned shares in the Parent Company as at 31 December as follows:

	2008		2007	
	Number of shares	**Ownership, %**	Number of shares	Ownership, %
Aloysius Johannes van der Heijden	**200,000**	**0.15**	-	-
Tomas Fiala	**6,831,500**	**5.12**	6,831,500	4.9
	7,031,500	**5.27**	6,831,500	4.9

Boris Erenburg, one of the Group's directors, is also an executive of Spinnaker Capital Group, which acquired 14,874,400 shares (10.5%) of the Group during the first and second share issues.

Tomas Fiala, one of the Group's directors, is the principal shareholder and managing director of Dragon Capital Group which acquired 6,831,500 shares (5.12%) of the Group during the first and second share issues. Also Tomas Fiala is a director in Dragon Capital Partners, which has received as settlement of 70% of the performance fee in the form of 1,698,416 newly issued ordinary shares.

(ii) Transactions with other related parties

Expenses incurred and outstanding balances of transactions for the year ended 31 December 2008 and for the period from 23 February to 31 December 2007 are as follows:

	2008		2007	
(in thousands of USD)	**Transactions**	**Balance outstanding**	Transactions	Balance outstanding
Payment to DRGN LTD				
Brokerage fee for initial public offering	**-**	**-**	2,048	-
Brokerage fee for second issue of shares	**-**	**-**	999	999
Expenses to be reimbursed to Manager	**164**	**164**	-	-

	164	**164**	3,047	999

All outstanding balances are to be settled in cash within six months of the balance sheet date. None of the balances are secured.

7. Results Announcement

This results announcement, which has been agreed with the auditors, was approved by the board on 16 April 2009. It is not the Company's statutory accounts and has been extracted from the statutory accounts.

8. Annual report and Accounts

The Annual Report and Accounts for the year ended 31 December 2008 will be posted to shareholders on or around 1 May 2009. Copies will also be available on the Group's website www.dragon-upd.com

9. Annual General Meeting

The Annual General Meeting of the Group will be held at 11.15 am on 29th May 2009 at Standard Bank House, One Circular Road Douglas, Isle of Man, IM1 1SB of which will be posted to shareholders with the Annual Report and Accounts.