AISI REALTY PUBLIC LIMITED

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
For the six months ended 30 June 2012

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors

Antonios Achilleoudis
Lambros Anagnostopoulos
Ian Domaille
Franz Hoerhager
Paul Ensor
Antonios Kaffas
Besik Sikharulidze
Robert Sinclair
Harin Thaker
Alvaro Portella

Registered Address

16, Kyriakou Matsi Avenue
Eagle House, 10th floor, PC 1082,
Agioi Omologites, Nicosia, Cyprus

Principal Places of Business

Prytys'ko-Mykilska 5
Kiev 04070,
Ukraine

16, Kyriakou Matsi Avenue
Eagle House, 10th floor, PC 1082,
Agioi Omologites, Nicosia, Cyprus

49-51 Sfintii Voievozi Street,
1st floor, apartment no 6
interior 006, district 1, Bucharest
Romania PC 010965

Company Secretary

Chanteclair Secretarial Ltd
16, Kyriakou Matsi Avenue
Eagle House, 10th floor, PC 1082,
Agioi Omologites, Nicosia, Cyprus

Nominated Adviser and Broker

Liberum Capital Limited
Ropemaker Place, Level 12
25 Ropemaker Street
London EC2Y 9LY,United Kingdom

Registrars

Computershare Investor Services PLC
The Pavillions
Bridgwater Road
Bristol BS99 7NH, UK

Cymain Registrars Limited
P.O. Box 25719
1311 Nicosia
Cyprus

Collaborating Banks

European Bank for Reconstruction and Development
One Exchange Square
London EC2A 2JN
United Kingdom

PJSC Erste Bank
6 Prorizna Street
Kiev 01034
Ukraine

Marfin Popular Bank Public Co. Ltd
P.O. Box 22032
1598 Nicosia, Cyprus

Bank of Cyprus Public Company Ltd
P.O. Box 24884
1398 Nicosia, Cyprus

UNIVERSAL Bank
54/19, Avtozavodska str., 04114
Kiev, Ukraine

Eurobank EFG Cyprus Ltd
41 Makarios Avenue, 5th floor,
1065 Nicosia, CYPRUS

Solicitors

AVELLUM PARTNERS
Leonardo Business Center
19-21 Bohdana Khmelnytskoho Str.11th floor
01030, Kyiv, Ukraine

Reed Smith LLP
The Broadgate Tower
20 Primrose Street
London EC2A 2RS, United Kingdom

Law Firm Pantelakis - Skaltsas
19 Lycavittou Str , Athens 10672
Greece

Georgiades & Pelides LLC
Kyriakou Matsi Avenue
Eagle House, 10th floor, PC 1082,
Agioi Omologites, Nicosia, Cyprus

Auditors

Baker Tilly Klitou
11 Bouboulinas Street,
1060, Nicosia, Cyprus

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE PERSON RESPONSIBLE FOR THE PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY

We, the Members of the Board of Directors and the person responsible for the preparation of the interim consolidated financial statements of AISI REALTY PUBLIC LIMITED for 6 months ended on 30 June 2012, based on our opinion, which is a result of diligent and scrupulous work, declare that the elements written in the interim consolidated financial statements are true and complete.

Board of Directors members:

Antonios Achilleoudis		**Antonios Kaffas**	
Lambros Anagnostopoulos			
Ian Domaille		**Robert Sinclair**	
Paul Ensor		**Harin Thaker**	
Franz M. Hoerhager		**Alvaro Portella**	

Person responsible for the preparation of the consolidated financial statements for the 6 months ended in 30 June 2012:

Constantinos Bitros	

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Note	Six month ended	
		30 June 2012	**30 June 2011**
		US$	**US$**
Valuation losses from investment property	7	-	(7.833.811)
Operational income	7	757.502	184.633
		757.502	**(7.649.178)**
Administration expenses	8	(2 .134.528)	(2.668.358)
Other income/(expenses), net	10	(207.452)	(5.255.472)
Operating loss		**(1.584.478)**	**(15.573.008)**
Finance costs, net	9	(647.381)	(1.020.603)
Loss before tax		**(2.231.859)**	**(16.593.611)**
Income tax expense	11	-	-
Loss for the period		**(2.231.859)**	**(16.593.611)**
Other comprehensive income			
Exchange difference on translation of foreign operations	17	1.491	51.523
Total comprehensive loss for the period		**(2.230.368)**	**(16.542.088)**
Loss attributable to:			
Owners of the parent		(2.225.695)	(16.591.734)
Non-controlling interests		(6.164)	(1.877)
		(2.231.859)	**(16.593.611)**
Total comprehensive loss attributable to:			
Owners of the parent		(2.226.841)	(16.538.804)
Non-controlling interests		(3.527)	(3.284)
		(2.230.368)	**(16.542.088)**
Losses per share ($cent per share):	6		
Basic loss for the period attributable to ordinary equity owners of the parent		(0,23)	(4,01)
Diluted loss for the period attributable to ordinary equity owners of the parent		(0,23)	(4,01)

The notes on pages 9 to 39 form an integral part of these consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	30 June 2012 US$	31 December 2011 US$	30 June 2011 US$
ASSETS				
Non-current assets				
Investment property	12b	35.987.103	35.937.000	29.842.579
Investment property under construction	12a	8.130.029	8.100.000	6.286.553
Advances for investments	12c	5.000.000	5.000.000	2.000.000
VAT non-current	14	-	-	2.923.102
Property, plant and equipment		14.867	21.788	32.427
		49.132.000	**49.058.788**	**41.084.661**
Current assets				
Prepayments and other current assets	13	4.589.394	5.005.135	2.565.758
Cash and cash equivalents	15	154.672	754.640	18.504
		4.744.066	**5.759.775**	**2.584.262**
Total assets		**53.876.066**	**54.818.563**	**43.668.923**
EQUITY AND LIABILITIES				
Issued share capital	16	5.518.970	5.507.276	5.431.918
Share premium		103.788.196	102.447.925	92.683.930
Reserve - Shareholder's Advances	16	130.000	-	2.062.471
Other reserves		-	-	68.390
Translation difference reserve	17	(1.238.870)	(1.230.671)	(1.027.228)
Accumulated losses		(77.527.690)	(75.301.995)	(90.809.707)
Equity attributable to equity holders of the parent		30.670.606	31.422.535	8.409.774
Non controlling interests	18	1.086.925	1.083.398	1.027.508
Total equity		**31.757.531**	**32.505.933**	**9.437.282**
Non-current liabilities				
Interest bearing borrowings	19	-	-	15.550.059
Finance lease liabilities	23	637.877	652.397	583.584
Trade and other payables	20	364.032	364.032	998.910
Deposits from tenants	21	211.522	196.669	69.366
		1.213.431	**1.213.098**	**17.201.919**
Current liabilities				
Interest bearing borrowings	19	15.813.857	15.813.857	793.476
Trade and other payables	20	3.893.586	4.094.357	15.078.192
Taxes payable	22	818.493	815.076	554.352
Provisions	22	348.734	348.734	579.219
Finance lease liabilities	23	30.434	27.508	24.483
		20.905.104	**21.099.532**	**17.029.722**
Total liabilities		**22.118.535**	**22.312.630**	**34.231.641**
Total equity and liabilities		**53.876.066**	**54.818.563**	**43.668.923**

	Note			
$ Net Asset Value (NAV) per share:	6			
Basic NAV attributable to equity holders of the parent		2,99	3,39	2,03
Diluted NAV attributable to equity holders of the parent		2,73	2,88	2,03

On 3 September 2012 the Board of Directors of AISI REALTY PUBLIC LTD authorised these financial statements for issue.

Lambros Anagnostopoulos	Paul Ensor	Constantinos Bitros
Director & Chief Executive Officer	Director & Chairman of the Board	Chief Financial Officer

The notes on pages 9 to 39 form an integral part of these consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Attributable to equity holders of the Parent								
	Share capital	Share premium	Accumulated losses, net of non-controlling interest	Other reserves	Reserve-Shareholder's advances	Foreign currency translation reserve	**Total**	Non controlling interests	**Total**
	US$	US$	US$	US$	US$	US$	**US$**	US$	**US$**
Balance - 1 January 2011	**5.431.918**	**94.523.283**	**(74.217.972)**	**68.390**	**223.118**	**(1.068.153)**	**24.960.584**	**1.030.793**	**25.991.377**
Profit/(Loss) for the period	-	-	(1.084.023)	-	-	-	**(1.084.023)**	(9.691)	**(1.093.714)**
Issue of share capital	75.358	7.924.642	-	-	-	-	**8.000.000**	-	**8.000.000**
Return of advances for issue of share capital	-	-	-	-	(223.118)	-	**(223.118)**	-	**(223.118)**
Reverse of other reserve	-	-	-	(68.390)	-	-	**(68.390)**	-	**(68.390)**
Foreign currency translation reserve	-	-	-	-	-	(162.518)	**(162.518)**	62.296	**(100.222)**
Balance - 31 December 2011/ 1 January 2012	**5 .507.276**	**102.447.925**	**(75.301.995)**	**-**	**-**	**(1.230.671)**	**31.422.535**	**1.083.398**	**32.505.933**
Profit/(Loss) for the period	-	-	(2.225.695)	-	-	-	**(2.225.695)**	(6.164)	**(2.231.859)**
Issue of share capital	11.694	1.340.271	-	-	-	-	**1.351.965**	-	**1.351.965**
Reserve - Shareholder's advances	-	-	-	-	130.000		**130.000**	-	**130.000**
Foreign currency translation reserve	-	-	-	-	-	(8.200)	**(8.200)**	9.691	**1.491**
Balance - 30 June 2012	**5.518.970**	**103.788.196**	**(77.527.690)**	**-**	**130.000**	**(1.238.870)**	**30.670.606**	**1.086.925**	**31.757.531**

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable on account of the shareholders.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

	Note	30 June 2012 US$	30 June 2011 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax and non-controlling interest		**(2.231.859)**	**(16.593.611)**
Adjustments for:			
Loss on revaluation of investment property	7	-	7.833.811
Impairment loss/(reversal) of prepayments and current assets	10	(54.881)	4.802.851
Depreciation of property, plant and equipment		8.125	19.921
Other expenses/(income)		(48.200)	504.409
Interest expense	9	570.563	547.768
Interest income	9	(767)	(2.299)
Effect of foreign exchange difference	9	12.709	120.683
Cash flows used in operations before working capital changes		**(1.744.310)**	**(2.766.467)**
(Increase)/Decrease in prepayments and other current assets	13	329.767	(103.914)
Increase in trade and other payables	20	15.694	927.980
Decrease in financial lease liabilities	23	(11.594)	(28.147)
Increase in payables due to related parties	20	139.134	1.221.904
		473.001	**2.017.823**
Net cash flows used in operating activities		**(1.271.309)**	**(748.644)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in VAT receivable		141.622	43.035
Decrease in payables to constructors	20	(300.384)	(10.671)
Additions to investment property	12	(80.133)	(90.157)
Changes of property, plant and equipment		(1.204)	50.035
Net cash flows used in investing activities		**(240.099)**	**(7.758)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	16	1.351.965	-
Proceeds from Shareholder's Advances	16	130.000	-
Proceeds from other borrowings		-	471.999
Interest paid		(570.481)	-
Net cash flow used in financing activities		**911.484**	**471.999**
Effect of foreign exchange rates on cash		(44)	11.854
Net decrease in cash at banks	15	**(599.968)**	**(272.549)**
Cash:			
At beginning of the period		754.640	291.053
At end of the period		**154.672**	**18.504**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

1. General Information

Country of incorporation

AISI Realty Public Ltd (the "Company") was incorporated in Cyprus on 23 June 2005 and is a public limited liability company, listed on the London Stock Exchange (AIM). Its registered office is at Kyriakou Matsi 16, Eagle House, 10th floor, Agioi Omologites, 1082 Nicosia, Cyprus.

Principal activities

The principal activities of the Group are directly or indirectly to invest in and/or manage real estate properties as well as real estate development projects in Central and South East Europe (the "Region"). These include the acquisition, development, operation and selling of property assets, in major population centres in the Region.

The Group maintains offices in Kiev, Ukraine and Nicosia, Cyprus, while it has an affiliate in Bucharest, Romania.

As at the reporting date, the Group has 16 Full Time Equivalent (FTEs) employed persons, including the CEO and the CFO (30/6/2011 – 21, 31/12/2011 - 19).

2. Adoption of new and revised Standards and Interpretations

The Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB, which are relevant to its operations and are effective for accounting periods commencing on 1 January 2012.

The accounting policies adopted for the preparation of the Interim Condensed Financial Statements for the six months ended 30 June 2012 are consistent with those followed for the preparation of the annual financial statements for the year ended 31 December 2011, except for the adoption by the Group of standards, amendments and interpretations as of 1 January 2012, which did not have any material impact on the Group's financial statements.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

3. Significant accounting policies

3.1 Statement of compliance

The Interim Condensed Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113.

The Interim Condensed Financial Statements have been prepared under the historical cost convention as modified by the revaluation of investment property and investment property under construction to fair value.

3.2 Basis of preparation

The principal accounting policies adopted in the preparation of these Interim Condensed Financial Statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

Items included in the Group's financial statements are measured applying the currency of the primary economic environment in which the entities operate ("the functional currency"). The national currency of Ukraine, the Ukrainian Hryvnia, is the functional currency for all the Group's entities, except for the parent company and its subsidiaries Aisi Capital Ltd and Aisi Logistics Ltd for which the United States Dollar is the functional currency.

Ukrainian statutory accounting principles and procedures differ from those generally accepted under IFRS. Accordingly, the consolidated financial information, which has been prepared from the Ukrainian statutory accounting records for the entities of the Group domiciled in Ukraine, reflects adjustments necessary for such consolidated financial information to be presented in accordance with IFRS.

3. Significant accounting policies (continued)

3.3 Going Concern

These Interim Condensed Financial Statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Group incurred a loss of US$ 2.225.695 for the six months ended 30 June 2012 and as at that date its current liabilities exceed its current assets by US$ 16.161.038, out of which US$15.813.857 is related to the EBRD loan (note 19) whose repayment schedule begins at the end of September 2012.

The directors have prepared these Interim Condensed Financial Statements on the going concern basis, based on the fact that the Group has turned operationally wise cash flow positive but nevertheless for the immediate future the Group is still dependent on the continuing financial support of its shareholders and its bankers.

3.4 Basis of consolidation

The Interim Condensed Financial Statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The financial statements of all the Group companies are prepared using uniform accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3.4.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

3. Significant accounting policies (continued)

3.4 Basis of consolidation (continued)

The Group's Interim Condensed Financial Statements comprise the financial statements of the parent company, Aisi Realty Public Ltd and the financial statements of the following subsidiaries:

Name	Country of incorporation	Related Asset	Holding % as at 30.06.2012	Holding % as at 31.12.2011
Aisi Capital Limited	Cyprus		100	100
Aisi Logistics Limited	Cyprus	Brovary Logistics Park	100	100
LLC Aisi Brovary	Ukraine	Brovary Logistics Park	100	100
LLC Terminal Brovary	Ukraine	Brovary Logistics Park	100	100
LLC Aisi Ukraine	Ukraine	Kiyanovskiy Residence	100	100
LLC Trade Center	Ukraine	Kiyanovskiy Residence	100	100
LLC Almaz-pres-Ukrayina	Ukraine	Tsymlianskiy Residence	55	55
LLC Aisi Bela	Ukraine	Bela Logistic Park	100	100
LLC Mirelium Investments	Ukraine	Zaporozyia Retail Center	100	100
LLC Interterminal	Ukraine	Zaporozyia Retail Center	100	100
LLC Aisi Outdoor	Ukraine		100	100
LLC Aisi Vida	Ukraine		100	100
LLC Aisi Val	Ukraine		100	100
LLC Aisi Ilvo	Ukraine		100	100
LLC Aisi Consta	Ukraine		100	100
LLC Aisi Roslav	Ukraine		100	100
LLC Aisi Donetsk	Ukraine		100	100
LLC Krius	Ukraine		0	0
LLC Ukr-Contract	Ukraine		0	0
LLC Retail Development Balabino	Ukraine		100	100

3.4.2 Foreign currency translation

The management believes that the US Dollar reporting better reflects the economic substance of the underlying events and circumstances relevant to the Group itself. Consequently the Group's management has determined that the Group's functional currency is the US Dollar.

As management records the financial information of the entities domiciled in Ukraine in Hryvnia, in translating financial information of the entities domiciled in Ukraine into US Dollars for incorporation in the consolidated financial information, the Group follows a translation policy in accordance with International Accounting Standard No. 21, "The Effects of Changes in Foreign Exchange Rates", and the following procedures are performed:

- All assets and liabilities are translated at closing rate;
- Income and expense items are translated using exchange rates at the dates of the transactions, or where this is not practicable the average rate has been used;
- All resulting exchange differences are recognized as a separate component of equity;
- When a foreign operation is disposed of through sale, liquidation, repayment of share capital or abandonment of all, or part of that entity, the exchange differences deferred in equity are reclassified to the consolidated statement of comprehensive income as part of the gain or loss on sale.

3. Significant accounting policies (continued)

3.4 Basis of consolidation (continued)

The relevant exchange rates of the Central Bank of Ukraine used in translating the financial information of the entities domiciled in Ukraine into US Dollars are as follows:

	Average for 6 months ended:		**As at:**	
Currency	**2012**	**2011**	**30/06/2012**	**30/06/2011**
US$	7,9891	7,9576	7,9925	7,9723

The Group's financial statements consolidate the financial statements of the Company and all its subsidiary undertakings for the six months ended 30 June 2012.

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial information of subsidiaries is included in the consolidated financial information from the date that control effectively commences until the date that control effectively ceases. Investments in subsidiaries are accounted for under the acquisition method.

3.5 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in the statement of comprehensive income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard; and
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date;

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.
When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in the statement of comprehensive income.

3. Significant accounting policies (continued)

3.5 Business combinations (continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in the statement of comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to the statement of comprehensive income where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

3.6 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see 3.4 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.7 Non-current assets held for sale

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.8 Operating segments analysis

The Group has one material reportable segment on the basis that in all material aspects all of its revenue is to be generated from investment properties located in Ukraine; accordingly no segment analysis is presented.

3.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. It is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the revenue can be measured reliably. Revenue earned by the Group is recognized on the following bases:

3.9.1 Income from investing activities

Income from investing activities includes profit received from disposal of investments in the Company's subsidiaries and associates and income accrued on advances for investments outstanding as at the year end.

3. Significant accounting policies (continued)

3.9 Revenue recognition (continued)

3.9.2 Dividend income

Dividend income from investments is recognized when the shareholders' right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

3.9.3 Interest income

Interest income is recognized on a time-proportion (accrual) basis, using the effective interest rate method.

3.9.4 Rental income

Rental income arising from operating leases on investment property is recognized on an accrual basis in accordance with substance of relevant agreements.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the statement of comprehensive income in the period in which they are incurred as interest costs which are calculated using the effective interest rate method, net result from transactions with securities, foreign exchange gains and losses, and bank charges and commission.

3.11 Other property expenses

Irrecoverable running costs directly attributable to specific properties within the Group's portfolio are charged to the statement of comprehensive income. Costs incurred in the improvement of the assets which, in the opinion of the directors, are not of a capital nature are written off to the statement of comprehensive income as incurred.

3.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.12.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.12.2 Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

3. Significant accounting policies (continued)

3.12 Taxation (continued)

3.12.3 Current and deferred tax for the year

Current and deferred tax are recognized in the statement of comprehensive income, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

All the subsidiaries of the Group are incorporated in Ukraine, except for Aisi Capital Limited, Aisi Logistics Limited and the parent company, which are incorporated in Cyprus. The Group's management and control is exercised in Cyprus. There is no withholding tax or special defence contribution on the dividend income to be received from the Ukrainian subsidiaries as provided for by the current tax treaty.

The Group's management does not intend to dispose of any asset. However, in the event that a decision is taken in the future to dispose of any asset it is the Group's intention to dispose of shares in subsidiaries rather than assets. The corporate income tax exposure on disposal of development companies in Ukraine is mitigated by the fact that the sale would represent a disposal of the securities by a non-resident shareholder and therefore would be exempt from tax. The Group is therefore in a position to control the reversal of any temporary differences and as such, no deferred tax liability has been provided for in the financial statements.

3.13 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates are as follows:

	%
Leasehold	20
Citylights	20
Software and hardware	33,33
Motor vehicles	25
Furniture, fixtures and office equipment	20

No depreciation is provided on land.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the statement of comprehensive income of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

3. Significant accounting policies (continued)

3.13 Property, plant and equipment (continued)

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized the statement of comprehensive income.

3.14 Share-based compensation

The Group had in the past and intends in the future to operate a number of equity-settled, share-based compensation plans, under which the Company receives services from Directors and/or employees as consideration for equity instruments (options) of the Group. The fair value of the Director and employee cost related to services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions. The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each financial position date, the Group revises its estimates on the number of options that are expected to vest based on the non-marketing vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

3.15 Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs (see below).

Lease payments are analyzed between capital and interest components so that the interest element of the payment is charged to the statement of comprehensive income over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amount payable to the lessor.

3.16 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment loss annually, and whenever there is an indication that the asset may be impaired.
Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3. Significant accounting policies (continued)

3.16 Impairment of tangible and intangible assets other than goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.17 Investment properties

Investment property, principally comprising freehold and leasehold land and investment properties held for future development, is held for long term rental yields and/or for capital appreciation and is not occupied by the Group. Investment property and investment property under construction are carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recorded in the statement of comprehensive income and are included in other operating income.

A number of the land leases are held for relatively short terms and place an obligation upon the lessee to complete development by a prescribed date. It is important to note that the rights to complete a development may be lost or at least delayed if the lessee fails to complete a permitted development within the timescale set out by the ground lease.

In addition, in the event that a development has not commenced upon the expiry of a lease then the City Authorities are entitled to decline the granting of a new lease on the basis that the land is not used in accordance with the designation. Furthermore, where all necessary permissions and consents for the development are not in place, this may provide the City Authorities with grounds for rescinding or non-renewal of the ground lease. However the management believes that the possibility of such action is remote and was made only under limited circumstances in the past.

Management believes that rescinding or non-renewal of the ground lease is remote if a project is on the final stage of development or on the operating cycle. In undertaking the valuations reported herein, BNP have made the assumption that no such circumstances will arise to permit the City Authorities to rescind the land lease or not to grant a renewal.

Land held under operating lease is classified and accounted for as investment property when the rest of definition is met. The operating lease is accounted for as if were a finance lease.

Investment property under development or construction initially is measured at cost, including related transaction costs.

The property is classified in accordance with the intention of the management for its future use. Intention to use is determined by the Board of Directors after reviewing market conditions, profitability of the projects, ability to finance the project and obtaining required construction permits.

The time point, when the intention of the management is finalized is the date of start of construction. At the moment of start of construction, freehold land, leasehold land and investment properties held for a future redevelopment are reclassified into investment property under development or inventory in accordance to the final decision of management.

3.17.1 Initial measurement and recognition

Investment property is measured initially at cost, including related transaction costs. Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of comprehensive income in the period of retirement or disposal.

3. Significant accounting policies (continued)

3.17 Investment properties (continued)

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, or the commencement of an operating lease to third party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as investment property under construction until construction or development is complete. At that time, it is reclassified and subsequently accounted for as investment property.

3.17.2 Subsequent measurement

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair value of investment property are included in the statement of comprehensive income in the period in which they arise.

If a valuation obtained for an investment property held under a lease is net of all payments expected to be made, any related liabilities/assets recognized separately in the statement of financial position are added back/reduced to arrive at the carrying value of the investment property for accounting purposes.

Subsequent expenditure is charged to the assets' carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

3.17.3 Basis of valuation

The fair values reflect market conditions at the financial position date. These valuations are reviewed periodically by chartered surveyors (hereafter "appraisers"). In 2010 DTZ Kiev B.V. performed all valuation surveys. Due to the fact that in 2011 DTZ Kiev BV has undertaken various contracts with the Group for the provision of services related with the renting and facility management of Terminal Brovary warehouse, Management decided, in order to avoid potential conflicts of interest, to assign the surveys to P.Danos Associates SA in alliance with BNP Paribas Real Estate (hereafter "appraisers").

The valuations have been carried out by the appraisers on the basis of Market Value in accordance with the appropriate sections of the current Practice Statements contained within the Royal Institution of Chartered Surveyors ("RICS") Appraisal and Valuation Standards, 7th Edition (the "Red Book").

"Market Value", is defined as: "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In expressing opinions on Market Value, in certain cases the appraisers have estimated net annual rentals/income from sale. These are assessed on the assumption that they are the best rent/sale prices at which a new letting/sale of an interest in property would have been completed at the date of valuation assuming: a willing landlord/buyer; that prior to the date of valuation there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the letting/sale; that the state of the market, levels of value and other circumstances were, on any earlier assumed date of entering into an agreement for lease/sale, the same as on the valuation date; that no account is taken of any additional bid by a prospective tenant/buyer with a special interest; that the principal deal conditions assumed to apply are the same as in the market at the time of valuation; that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

3. Significant accounting policies (continued)

3.17 Investment properties (continued)

A number of properties are held by way of ground leasehold interests granted by the City Authorities. The ground rental payments of such interests may be reviewed on an annual basis, in either an upwards or downwards direction, by reference to an established formula. Within the terms of the lease, there is a right to extend the term of the lease upon expiry in line with the existing terms and conditions thereof. In arriving at opinions of Market Value, the appraisers assumed that the respective ground leases are capable of extension in accordance with the terms of each lease. In addition, given that such interests are not assignable, it was assumed that each leasehold interest is held by way of a special purpose vehicle ("SPV"), and that the shares in the respective SPVs are transferable.

With regard to each of the properties considered, in those instances where project documentation has been agreed with the respective local authorities, opinions of the appraisers of value have been based on such agreements.

In those instances where the properties are held in part ownership, the valuations assume that these interests are saleable in the open market without any restriction from the co owner and that there are no encumbrances within the share agreements which would impact the saleability of the properties concerned.

The valuation is exclusive of VAT and no allowances have been made for any expenses of realisation or for taxation which might arise in the event of a disposal of any property.

In some instances the appraisers constructed a Discounted Cash Flow (DCF) model. DCF analysis is a financial modeling technique based on explicit assumptions regarding the prospective income and expenses of a property or business. The analysis is a forecast of receipts and disbursements during the period concerned. The forecast is based on the assessment of market prices for comparable premises, build rates, cost levels etc from the point of view of a probable developer.

To these projected cash flows, an appropriate, market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the property. In this case, it is a development property and thus estimates of capital outlays, development costs, and anticipated sales income are used to produce net cash flows that are then discounted over the projected development and marketing periods. The Net Present Value (NPV) of such cash flows could represent what someone might be willing to pay for the site and is therefore an indicator of market value. All the payments are projected in nominal US dollar amounts and thus incorporate relevant inflation measures.

Valuation Approach
In addition to the above general valuation methodology, the appraisers have taken into account in arriving at Market Value the following:

Pre Development
In those instances where the nature of the 'Project' has been defined, it was assumed that the subject property will be developed in accordance with this blueprint. The final outcome of the development of the property is determined by the Board of Directors decision, which is based on existing market conditions, profitability of the project, ability to finance the project and obtaining required construction permits.

Development
In terms of construction costs, the budgeted costs have been taken into account in considering opinions of value. However, the appraisers have also had regard to current construction rates passing in the market which a prospective purchaser may deem appropriate to adopt in constructing each individual scheme. Although in some instances the appraisers have adopted the budgeted costs provided, in some cases the appraisers' own opinions of costs were used.

Post Development
Rental values have been assessed as at the date of valuation but having regard to the existing occupational markets taking into account the likely supply and demand dynamics during the anticipated development period. The standard letting fees were assumed within the valuations. In arriving at their estimates of gross development value ("GDV"), the appraisers have capitalized their opinion of net operating income, having deducted any anticipated non-recoverable expenses, such as land payments, and permanent void allowance, which has then been capitalized into perpetuity.

3. Significant accounting policies (continued)

3.17 Investment properties (continued)

The capitalization rates adopted in arriving at the opinions of GDV reflect the appraisers' opinions of the rates at which the properties could be sold as at the date of valuation.

In terms of residential developments, the sales prices per sq. m. again reflect current market conditions and represent those levels the appraisers consider to be achievable at present. It was assumed that there are no irrecoverable operating expenses and that all costs will be recovered from the occupiers/owners by way of a service charge.

The valuations take into account the requirement to pay ground rental payments and these are assumed not to be recoverable from the occupiers. In terms of ground rent payments, the appraisers have assessed these on the basis of information available, and if not available they have calculated these payments based on current legislation defining the basis of these assessments. Property tax is not presently payable in Ukraine.

3.18 Non-current liabilities

Non-current liabilities represent amounts that are due in more than twelve months from the reporting date.

3.19 Project/Special Purpose Vehicle Related Transaction Expenses

Expenses incurred by the Group for acquiring a subsidiary or associated company and are directly attributable to such acquisition are recognized in the statement of comprehensive income.

3.20 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.21 Financial liabilities and equity instruments

3.21.1 Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.21.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs. Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.21.3 Financial liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

3. Significant accounting policies (continued)

3.21 Financial liabilities and equity instruments (continued)

3.21.3.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item in the consolidated statement of comprehensive income. Fair value is determined in the manner described in section 2.20.8.

3.21.3.2 Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.21.3.3 De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.22 Value added tax

VAT is levied at the following rates:
- 20% on Ukrainian domestic sales and imports of goods, works and services and 0% on export of goods and provision of works or services to be used outside Ukraine.
- 17% on Cyprus domestic sales and imports of goods, works and services and 0% on export of goods and provision of works or services to be used outside Cyprus.

A taxpayer's VAT liability equals the total amount of VAT collected within a reporting period, and arises on the earlier of the date of shipping goods to a customer or the date of receiving payment from the customer. A VAT credit is the amount that a taxpayer is entitled to offset against his VAT liability in a reporting period. Rights to VAT credit arise on the earlier of the date of payment to the supplier or the date goods are received. The part of VAT credit expected to be recovered in the long-term prospective is classified as non-current being discounted for reflecting principal market assumptions as to projects realization. Initial loss on discounting VAT credit, non-current was recognized as part of finance costs.

3. Significant accounting policies (continued)

3.23 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

3.24 Earnings and Net Assets Value per share

The Group presents basic and diluted earnings per share (EPS) and net asset value per share (NAV) for its ordinary shares.

Basic EPS amounts are calculated by dividing net profit for the year, attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. Basic NAV amounts are calculated by dividing net asset value as at year end, attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding at the end of the year.

Diluted EPS is calculated by dividing net profit for the year, attributable to ordinary equity holders of the parent, by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the potentially dilutive ordinary shares into ordinary shares. Diluted NAV is calculated by dividing net asset value as at year end, attributable to ordinary equity holders of the parent with the number of ordinary shares outstanding at year end plus the number of ordinary shares that would be issued on conversion of all the potentially dilutive ordinary shares into ordinary shares.

3.25 Comparative amounts

Where necessary, comparative amounts have been reclassified to conform to changes in presentation adopted in the current year.

4. Risk management

4.1 Financial risk factors

The Group is exposed to country risk, real estate holding and development associated risks, market price risk, interest rate risk, credit risk, liquidity risk, currency risk, other market price risk, operational risk, compliance risk, litigation risk, reputation risk, capital risk management and other risks arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below. Financial Risk Management is also described in note 27 of the financial statements.

4.1.1 Operating Country Risks

The Group is exposed to country risk, stemming from the political and economic environment of every country in which it operates.

4.1.1.1 Ukraine

In recent years, the Ukrainian economy has been characterised by a number of features that contribute to economic instability, including a relatively weak banking system providing limited liquidity to Ukrainian enterprises, significant capital outflows, and low wages for a large portion of the Ukrainian population.

The implementation of reforms has been partially impeded by lack of political consensus, controversies over privatisation, the restructuring of the energy sector, the removal of exemptions and privileges for certain state-owned enterprises or for certain industry sectors, the limited extent of cooperation with international financial institutions and non stable taxing environment.

Although Ukraine has made significant progress in increasing its gross domestic product, decreasing inflation, stabilising its currency, increasing real wages and improving its trade balance, these gains may not be sustainable over the longer term and may be reversed unless Ukraine undertakes certain important structural reforms in the near future while continuing to exercise restrictive monetary policies.

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

Ukraine's internal debt market remains illiquid and underdeveloped as compared to markets in most western countries. Unless the international capital markets or syndicated loan markets open up to Ukraine, the Government will have to continue to rely to a significant extent on official or multilateral borrowings to finance part of the budget deficit, fund its payment obligations under domestic and international borrowings and support foreign exchange reserves. These borrowings may be conditioned on Ukraine satisfying certain requirements, which may include, among other things, implementation of strategic, institutional and structural reforms; reduction of overdue tax arrears; absence of increase of budgetary arrears; improvement of sovereign debt credit ratings; and reduction of overdue indebtedness for electricity and gas. Negative developments on these may result in Ukraine not finding adequate financing which could, in its turn put pressure on Ukraine's budget and foreign exchange reserves and have a material adverse effect on the Ukrainian economy as a whole, and thus, on the Group's business prospects.

Any major adverse changes in Ukraine's relations with Russia, in particular any such changes adversely affecting supplies of energy resources from Russia to Ukraine and/or Ukraine's revenues derived from transit charges for Russian oil and gas, would likely have negative effects on certain sectors of the Ukrainian economy which could under certain conditions affect the Group's business.

The Ukrainian legal system has also been developing to support this market-based economy. Ukraine's legal system is, however, in transition and is, therefore, subject to greater risks and uncertainties than a more mature legal system. In particular, risks associated with the Ukrainian legal system include, but are not limited to:
(i) inconsistencies between and among the Constitution of Ukraine and various laws, presidential decrees, governmental, ministerial and local orders, decisions, resolutions and other acts;
(ii) provisions in the laws and regulations that are ambiguously worded or lack specificity and thereby raise difficulties when implemented or interpreted;
(iii) difficulty in predicting the outcome of judicial application of Ukrainian legislation; and
(iv) the fact that not all Ukrainian resolutions, orders and decrees and other similar acts are readily available to the public or available in understandably organised form.

Furthermore, several fundamental Ukrainian laws either have only relatively recently become effective or are still pending hearing or adoption by the Parliament. The recent origin of much of Ukrainian legislation, the lack of consensus about the scope, content and pace of economic and political reform and the rapid evolution of the Ukrainian legal system in ways that may not always coincide with market developments, place the enforceability and underlying constitutionality of laws in doubt, and result in ambiguities, inconsistencies and anomalies.

In addition, Ukrainian legislation often contemplates implementing regulations. Often such implementing regulations have either not yet been promulgated, leaving substantial gaps in the regulatory infrastructure, or have been promulgated with substantial deviation from the principal rules and conditions imposed by the respective legislation, which results in a lack of clarity and growing conflicts between companies and regulatory authorities.

Tax laws are changing and compared to more developed market economies are in a non mature level thus creating often an unclear tax environment of unusual complexity. This particularly affects negatively the ability of the Group to recuperate VAT paid and/or to utilize operating losses as a carry forward tax shield.

Emerging economies such as Ukraine's are subject to rapid change and the information set out in these financial statements may become outdated relatively quickly.

4.1.2 Risks associated with property holding

Several factors may affect the economic performance and value of the Group's properties, including:

- risks associated with construction activity at the properties, including delays, the imposition of liens and defects in workmanship;
- the ability to collect rent from tenants, on a timely basis or at all;
- the amount of rent and the terms on which lease renewals and new leases are agreed being less favourable than current leases;
- cyclical fluctuations in the property market generally;
- local conditions such as an oversupply of similar properties or a reduction in demand for the properties;
- the attractiveness of the property to tenants or residential purchasers;
- decreases in capital valuations of property;
- changes in availability and costs of financing, which may affect the sale or refinancing of properties;

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

- covenants, conditions, restrictions and easements relating to the properties;
- changes in governmental legislation and regulations, including but not limited to designated use, allocation, environmental usage, taxation and insurance;
- the risk of bad or unmarketable title due to failure to register or perfect our interests or the existence of prior claims, encumbrances or charges of which we may be unaware at the time of purchase;
- the possibility of occupants in the properties, whether squatters or those with legitimate claims to take possession;
- the ability to pay for adequate maintenance, insurance and other operating costs, including taxes, which could increase over time; and
- terrorism and acts of nature, such as earthquakes and floods that may damage the properties.

4.1.3 Property Market price risk

Market price risk is the risk that the value of the Company's portfolio investments will fluctuate as a result of changes in market prices. The Group's assets are susceptible to market price risk arising from uncertainties about future prices of the investments. The Group's market price risk is managed through diversification of the investment portfolio, continuous elaboration of the market conditions and active asset management.

The prevailing global economic conditions throughout 2008-2010 and the ensuing Euro zone Sovereign Debt crisis have had a considerable effect on the market prices of the current portfolio investments of the Group.

In cases that the BoD deemed necessary, it has taken provisions on the assets' valuation in order to ensure that the asset value is presented within the financial statements of the Group in such a way as to take into account various uncertainties. To quantify the value of its assets and/or indicate the possibility of impairment losses, the Company commissioned internationally acclaimed valuers.

4.1.4 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets apart from its cash balances that are mainly kept for liquidity purposes.

The Group is exposed to interest rate risk in relation to its borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. All of the Group's borrowings are issued at a variable interest rate. Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

4.1.5 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets at hand at the end of the reporting period. Cash balances are held with high credit quality financial institutions and the Group has policies to limit the amount of credit exposure to any financial institution.

Management has been in continuous discussions with banking institutions monitoring their ability to extend financing as per the Group's needs. The sovereign debt crisis has affected the pan-European banking system during 2011 and has imposed financing uncertainties for new development projects.

Management also monitors the developing Eurozone debt crisis situation in respect of its possible effects on the Region's banking system. More specifically Management evaluates the probability that the parent Italian, Austrian and Greek banks liquidity related issues affect negatively the local subsidiaries of the said banks.

4.1.6 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Most of the Group's transactions, including the rental proceeds are denominated in the functional currency (USD). For the rest of the foreign exchange exposure Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

As a precaution against probable depreciation of local currencies, and especially of the UAH, the majority of the Group's liquid assets are held in USD denominated deposit accounts.

4.1.7 Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's core strategy is described in note 27 of the financial statements.

4.1.8 Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state.

Although the Group is trying to limit such risk, the uncertain environment in which it operates increases the complexities handled by Management. A new compliance policy is expected to be implemented in 2012.The Group's exposures are discussed under note 27.

4.1.9 Litigation risk

Litigation risk is the risk of financial loss, interruption of the Group's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Group to execute its operations and is discussed in note 25.

4.1.10 Reputation risk

The risk of loss of reputation arising from the negative publicity relating to the Group's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Group. Following the Group's distress period between 2010 and mid 2011 and the settlement of its known liabilities Management expects that the risk of negative publicity is reduced.

4.2. Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology and control systems as well as the risk of human error and natural disasters. The Group's systems are evaluated, maintained and upgraded continuously.

4.3 Fair value estimation

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the end of the reporting period.

5. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on Management's best knowledge of current events and actions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results though may ultimately differ from those estimates.

5. Critical accounting estimates and judgements (continued)

As the Group makes estimates and assumptions concerning the future the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Provision for impairment of receivables**

  The Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the counter party's payment record, and overall financial position as well as the state's ability to pay its dues (VAT receivable). If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for impairment of receivables is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **Fair value of investment property**

  The fair value of investment property is determined by using various valuation techniques. The Group selects highly reputed international companies with local presence to effect such valuations. Such valuers use their judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each financial reporting date. The fair value of the investment property has been estimated based on the fair value of their individual assets.

- **Income taxes**

  Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of tangible assets**

  Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

- **Impairment of intangible assets**

  Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Provision for deferred taxes**

  Deferred tax is not provided in respect of the revaluation of the investment property and investment property under construction as the Group is able to control the timing of the reversal of this temporary difference and the management has intention not to reverse the temporary difference in the foreseeable future. The properties are held by subsidiary companies in Ukraine. The management estimates that the assets will be realised through a share deal rather than through an asset deal. Should any subsidiary be disposed of, the gains generated from the disposal will be exempt from any tax.

6. Earnings and net assets per share attributable to equity holders of the parent

a. Weighted average number of ordinary shares

	H1 2012		H1 2011
Issued ordinary shares capital	10.259.555		4.142.727
Weighted average number of ordinary shares (Basic)	9.621.375		4.142.727
Diluted weighted average number of ordinary shares	9.621.375		4.142.727

b. Basic diluted and adjusted earnings per share

Earnings per share	**30/06/2012**		**30/06/2011**
	US$		**US$**
Profit/(Loss) after tax attributable to owners of the parent	(2.225.695)		(16.591.735)
Basic	(0,23)		(4,01)
Diluted	(0,23)		(4,01)

c. Net assets per share

Net assets per share	**30/06/2012**		**30/06/2011**
	US$		**US$**
Net assets attributable to equity holders of the parent	30.670.606		8.409.774
Number of ordinary shares	10.259.555		4.142.727
Diluted weighted number of ordinary shares	11.243.760		4.142.727
Basic	2,99		2,03
Diluted	2,73		2,03

7. Revenues

	H1 2012	**H1 2011**
	US$	**US$**
Operational Income	757.502	184.633
Valuation losses from investment property (note 12)	-	(7.833.811)
Total Revenues	**757.502**	**(7.649.178)**

Operational income represents rental and service charged income generated during the reporting period by the rental agreements concluded with tenants of the Terminal Brovary Logistics center. Vacancy rate of the Terminal has reduced to 17% as at the reporting date.

Valuation losses from investment property represent the adjustment for the period of the fair value of the Investment Property that was effected during the restructuring of the Group in the summer of 2011, representing increased operational and property risks as estimated at that time.

8. Administration Expenses

The table below presents the breakdown of the administration expenses. As the Group is addressing a few remaining legacy (pre-reorganisation of 2011) issues, Management opts to present the H1 2012 expenses further broken down in two categories:
a. "Recurring expenses" include expenses that are related to the Group's ongoing business and are therefore expected to appear in the financial statements in the future.
b. Non-recurring/One-off expenses are either related to the legacy pre-reorganisation issues and therefore consists of one-off events not to be repeated in the future, or are related to previous years charges resulting from contracts/operations not previously recorded.

8. Administration Expenses (continued)

	H1 2012		H1 2011
	US$		US$
	Recurring Expenses	Non Recurring-One-off Expenses	
Management fees	-	-	1.402.955
Salaries and Wages	355.329	284.571	251.029
Directors and Management remuneration	308.400	-	82.291
Consulting fees	264.213	40.796	66.154
Legal fees	149.401	257.500	179.224
Travelling expenses	144.062	-	30.000
Administrative expenses	100.347	-	219.593
Public group expenses	93.480	-	-
Audit and accounting fees	83.612	-	372.676
Taxes and duties	27.228	-	24.469
Other expenses	25.589	-	39.967
	1.551.661	**582.867**	**2.668.358**
Total Administration Expenses	**2.134.528**		**2.668.358**

8.1 Non-recurring/ One-off Expenses

Management fee refers to the Investment Management contract between the Company and AISI Realty Capital LLC, which as of 1/7/2011 is no longer in effect.

Salaries and Wages represent amounts paid to AISI Realty Capital LLC and some of its employees in relation to their settlement agreement effect in July 2011.

Legal and consulting expenses represent one-off expenses paid during the period in relation to the Company's restructuring and other old extraordinary events.

8.2 Recurring Expenses

Expenses classified under the recurring category represent on-going expenses corresponding to the current operational activity of the Group. In particular, consulting fees represent fees paid for advisory services in relation to projects' acquisition due diligence, the preparation of a share capital increase as well as other fees paid to related parties (note 24).

9. Finance costs/ (income), net

	H1 2012	H1 2011
	US$	US$
Bank interest expenses	570.563	547.768
Finance charges and commissions	64.876	43.354
Foreign exchange losses, net	12.709	120.683
Loan restructuring cost	-	311.096
Bank interest income	(767)	(2.298)
Net finance result	**647.381**	**1.020.603**

Bank interest represents interest paid on the borrowings of the Group (EBRD facility) as described in note 19.

10. Other income, net

	H1 2012	H1 2011
	US$	US$
Impairment loss of advance for investments	-	3.769.387
Allowance on prepayments and other current assets	-	1.033.464
Penalties	1.999	457.675
Other operational expenses/(income), net	205.453	(5.054)
Total	**207.452**	**5.255.472**

Other operational expenses include fees paid to DTZ Consulting LLC in accordance to the Property Management and Maintenance Service Agreement (note 26) as well as other expenses incurred during the operational activity of Terminal Brovary Logistic park (utilities costs, cleaning, fire fighting services, etc.)

11. Tax

The corporate income tax rate for the Company's Ukrainian subsidiaries is 21% for the six months ended 30/06/2012. The corporate tax that is applied to the qualifying income of the Company and its Cypriot subsidiaries is 10% for the six months ended 30/06/2012.

12. Investment Property (all)

Investment Property consists of the following assets:

Terminal Brovary Logistic park consists of a 49.180 sq.m Class A warehouse and associated office space, situated on the junction of the main Kiev – Moscow highway and the Borispil road. The facility is in operation since Q1 2010 and is currently 83% leased.

Bela Logistic Center is a 22,4Ha plot in Odessa situated on the main highway to Kiev. Following the issuance of permits in 2008, below ground construction for the development of a 103.000 sq.m GBA logistic center commenced. Construction was put on hold in 2009 following adverse macro-economic developments at the time.

Kiyanovsky Lane consists of four adjacent plots of land, totaling 0,55 Ha earmarked for a residential development, overlooking the scenic Dnipro River, St. Michael's Spires and historic Podil neighbourhood.

Tsymlianskiy Lane, is a 0,36 Ha plot of land located in the historic Podil District of Kiev and is destined for the development of a residential complex.

Asset Name	Description/ Location	Principal activities/ Operations	Related Companies	Carrying amount as at 30/06/2012 US$	Carrying amount as at 30/06/2011 US$
Terminal Brovary Logistics Park	Brovary, Kiev Oblast	Warehouse	TERMINAL BROVARY AISI BROVARY AISI LOGISTICS	20.972.233	17.296.564
Bela Logistic Center	Odessa	Land and Development Works for Warehouse	AISI BELA	8.130.029	6.286.553
Kiyanovskiy Lane	Podil, Kiev City Center	Land for residential development	AISI UKRAINE TORGOVIY CENTR	8.014.870	7.049.330
Tsymlianskiy Lane	Podil, Kiev City Center	Land for residential development	ALMAZ PRES UKRAINE	2.500.000	2.496.685
Balabino	Zaporozhie	Land for retail development	INTERTERMINAL MERELIUM INVESTMENTS	4.500.000	3.000.000
TOTAL				**44.117.133**	**36.129.132**

Carrying amounts of the properties represent fair value estimates as of 31 December 2011 as provided by BNP Paribas an external valuer. In June 2011, prior to the Group's restructuring, in the absence of a then current valuation and with certain contingent liabilities appearing, the Board opted to take a significant provisional reduction, amounting to US$7.833.811 from the December 2010 carrying amounts, thus reducing the June 2011 carrying amount of the investment properties to the total of US$36.129.132.

Following the restructuring in August 2011, and during the settlement process of liabilities related to the investment properties of the Group, various issues that would have otherwise adversely impacted the valuation of the portfolio, have been quantified, managed, negotiated and settled, thus reducing the overall uncertainty. As a result, the provisional amount in June 2011 has been reversed in the December 2011 accounts.

12. Investment Property (continued)

a. Investment Property Under Construction

	30/6/2012	30/6/2011
	US$	US$
At 1 January	**8.100.000**	**10.300.000**
Capital expenditures on investment property	33.156	-
Revaluation losses on investment property	-	(4.000.000)
Translation difference	(3.127)	(13.447)
At 30 June	**8.130.029**	**6.286.553**

As at 30 June 2012 investment property under construction represents the carrying value of Bela Logistic Center project, which has reached the +10% construction projects in late 2008 but it is stopped since then.

b. Investment Property

	30/6/2012	30/6/2011
	US$	US$
At 1 January	**35.937.000**	**33.631.000**
Capital expenditure on investment property	62.733	90.156
Revaluation gain/(loss) on investment property	-	(3.833.840)
Translation difference	(12.630)	(44.737)
At 30 June	**35.987.103**	**29.842.579**

Terminal Brovary, Kiyanovskiy Lane, Tsymliansky Lane and Balabino Village are included in the Investment Property category.

c. Advances for Investments

	30/6/2012	30/6/2011
	US$	US$
Advances for investments	11.840.547	11.847.043
Impairment provision (cumulative as of the reporting period)	(6.840.547)	(9.847.043)
Total	**5.000.000**	**2.000.000**

The Group has made an advance payment of approximately US$12mil. (representing principal plus interest) for the acquisition of a project in Podol (Kiev) in 2007. As of the end of the reporting period the Management does not expect such acquisition to proceed whilst the seller has already defaulted on his credit to the Group (Note 10).

As a consequence, the Group is continuing with the legal proceedings for the transfer of the collateral (land plot of 42 ha in Kiev Oblast) in the Group's name. The said plot, as per the valuation by BNP Paribas in December 2011 is valued at US$5.000.000.

13. Prepayments and other current assets

	30/06/2012	30/06/2011
	US$	US$
Interest receivable	-	693.431
Prepayments and other current assets	67.555	1.779.072
VAT and other tax receivable	4.533.526	1.366.971
Receivables from related parties	-	148.374
Impairment of prepayments and other current assets	(11.687)	(1.422.090)
Total	**4.589.394**	**2.565.758**

Interest receivable represents interest accrued by AISI Capital Ltd on the basis of a loan agreement for the acquisition of a property asset in Podol-Kiev which relates to an advance payment for the acquisition of a property in Kiev. The interest has been fully impaired in December 2011.

Prepayments and other current assets mainly include prepayments made for services.

VAT and other tax receivable represents the Terminal Brovary VAT receivable, to be offset from VAT over rental income. The increase from the 2011 reported figure is primarily attributed to reclassification from the Non-Current VAT receivable (note 14).

14. Non-current assets, Long-term VAT recoverable, net

	30/06/2012	30/06/2011
	US$	US$
VAT receivable (note 13)	-	3.839.771
Impairment of VAT receivable	-	(916.669)
Total	**-**	**2.923.102**

Non-current assets as at 30/06/2011, comprised of VAT receivable and impairment on VAT receivable, which have been included under current assets as at 30/06/2012.

15. Cash and cash equivalents

Cash and cash equivalents represent liquidity held at banks.

16. Share capital

Number of Shares (as at)	**31/12/2011**	30/3/2012	28/5/2012	**30/6/2012**
		Issue of Share Capital	Issue of Share Capital	
Authorised				
Ordinary shares of €0,01 each	**989.869.935**	989.869.935	989.869.935	**989.869.935**
Ordinary shares of €1 each	**-**	-	-	**-**
Ordinary Shares of €0,92 each	**1**	1	1	**1**
Deferred Shares of €0,99 each	**4.142.727**	4.142.727	4.142.727	**4.142.727**
Total	**994.012.663**	**994.012.663**	**994.012.663**	**994.012.663**
Issued and fully paid				
Ordinary shares of €0,01 each	**9.277.727**	9.839.975	10.172.975	**10.172.975**
Ordinary shares of €1 each	**-**	-	-	**-**
Ordinary Shares of €0,92 each	**1**	1	1	**1**
Deferred Shares of €0,99 each	**4.142.727**	4.142.727	4.142.727	**4.142.727**
Total	**13.420.455**	**13.982.703**	**14.315.703**	**14.315.703**

Value (as at)	**31/12/2011**	30/3/2012	28/5/2012	**30/6/2012**
		Issue of Share Capital	Issue of Share Capital	
Authorised (€)				
Ordinary shares of €0,01 each	**9.898.699**	9.898.699	9.898.699	**9.898.699**
Ordinary shares of €1 each	**-**	-	-	**-**
Ordinary Shares of €0,92 each	**0.92**	0.92	0.92	**0.92**
Deferred Shares of €0,99 each	**4.101.300**	4.101.300	4.101.300	**4.101.300**
Total	**14.000.000**	**14.000.000**	**14.000.000**	**14.000.000**
Issued and fully paid ($)				
Ordinary shares of €0,01 each	**5.507.276**	5.514.785	5.518.970	**5.518.970**
Ordinary shares of €1 each	**-**	-	-	**-**
Ordinary Shares of €0,92 each	**-**	-	-	**-**
Deferred Shares of €0,99 each	**-**	-	-	**-**
Total	**5.507.276**	**5.514.785**	**5.518.970**	**5.518.970**

Pursuant to the authorization from Shareholders during the EGM of 17 July 2011 the Company could allot up to 2.619.790 new ordinary shares at a price of £0,95 per share thus raising up to US$4m of capital without further shareholder's approval. This authority which expires on 20 December 2012 has been applied 3 times during the reporting period enabling the Group to raise US $ 1.351.965 by issuing 895.248 new ordinary sharesof €0,01 nominal value each. In addition Narrowpeak Consultants Ltd has committed another US$1.000.000, out of which as at the end of the reporting period it had advanced US$130.000, shown as a reserve in the accounts.

17. Foreign Currency Translation Reserve

Exchange differences related to the translation from the functional currency of the Group's subsidiaries are accounted by entries made directly to the foreign currency translation reserve. The foreign exchange translation reserve represents unrealized profits or losses related to the appreciation or depreciation of the local currencies against the USD in the countries where the Company's subsidiaries own property assets.

18. Non Controlling Interests

Non controlling interests represent the equity value of 45% shareholding in LLC Almaz-pres-Ukraina, which is being held by ERI Trading & Investments Co. Limited.

19. Borrowings

	30/06/2012	30/06/2011
	US$	US$
Outstanding loan	15.529.412	15.550.059
Principal due to related parties (Note 24)	-	476.327
Interest	284.445	317.149
Total	**15.813.857**	**16.343.535**

19.1 Current borrowings

19.1.1 EBRD

Outstanding loan represents the facility granted by EBRD for the construction of Terminal Brovary. The loan, whose repayment begins at the end of September 2012 (has a repayment schedule of US$470.588 for 33 quarters and it bears interest at 3 months LIBOR plus 6,75%).

Against this facility The Group pledged as collateral the following:

1. LLC Terminal Brovary pledged all movable property with the carrying value more than US$25.000.
2. LLC Terminal Brovary pledged its Investment property, Brovary Logistics Centre that was finished construction in 2010 (Note 12), and all property rights on the centre.
3. Aisi Realty Public Ltd pledged 100% corporate rights in Aisi Logistics Ltd, a Cyprus Holding Company for the Shareholder of LLC Terminal Brovary, LLC Aisi Brovary.
4. Aisi Logistics Ltd pledged 99% corporate rights in LLC Aisi Brovary.
5. LLC Aisi Brovary pledged 100% corporate rights in LLC Terminal Brovary.
6. LLC Terminal Brovary pledged all current and reserved accounts opened by LLC Terminal Brovary in Erste Bank, Ukraine.
7. LLC Aisi Brovary entered into a call and put option agreement with EBRD, Aisi Realty Public Ltd and LLC Terminal Brovary pursuant to which
    a. Following an Event of Default (as described in the Agreement) EBRD shall have the right (Call option) to purchase at the Call Price from LLC Aisi Brovary, 20% of the Participatory Interest held by LLC Aisi Brovary on the relevant Settlement Date,
    b. EBRD shall have the right (Put Option), exercisable in its sole discretion, to sell to LLC Aisi Brovary all but not less than all of the Participatory Interest in the Charter Capital of LLC Terminal Brovary held by EBRD on the relevant Settlement Date at the Put Price.
8. LLC Terminal Brovary has granted EBRD a second ranking mortgage in relation to its own and LLC Aisi Brovary's obligations under the call and put option agreement.

Also the Company issued the corporate guarantee dated 12 January 2009 to guarantee all liabilities and fulfilment of conditions under the loan agreement signed with EBRD. The maturity of the guarantee is equal to the maturity of the loan.

The credit agreement with EBRD includes among others the following requirements for LLC Terminal Brovary and the Group as a whole:

1. Consolidated total liabilities to audited equity of the Company, adjusted for deferred tax and independent valuation, should not exceed 60% over the life of Aisi Realty Public Guarantee.
2. At all times minimum value of unencumbered assets and cash of the Company should not be less than US$30.000.000 (based on the Group consolidated results).
3. At all times Brovary Logistics shall maintain a balance in the Debt Service Reserve Amount (DSRA) account equal to not less than the sum of all payments of principal and interest on the Loan which will be due and payable during the next six months on and after the Project Completion Date provided, however, that (A) LLC Terminal Brovary shall deposit not less than 50% of the DSRA before the end of the Grace Period and (B) the DSRA shall be fully funded on or before 18th December 2012.

19. Borrowings (continued)

4. LLC Terminal Brovary shall achieve a "CNRI"(Contract Net Rental Income is the aggregate of monthly lease payments, net of value added tax, contracted by the Borrower pursuant to the Lease Agreements as of the relevant testing date and converted into Dollars at the official exchange rate established by the National Bank of Ukraine as of such testing date) according to the following schedule:

   a) on 18th September, 2011, the CNRI of more than US$ 75.000;
   b) on 18th December, 2011, the CNRI of more than US$ 150.000; and
   c) on and after 18th March, 2012 until the end of the Grace Period, the CNRI of more than US$200.000.

20. Trade and other payables

	30/06/2012	30/06/2011
	US$	US$
Payables to related parties (Note 24)	1.064.838	9.561.615
Guarantee reserve on construction works, current	738.927	814.866
Guarantee reserve on construction works, non-current	-	668.319
Payables for construction, non-current	364.032	-
Payables for construction, current	192.135	521.945
Payables for services	248.439	2.288.230
Provision for reimbursements	1.550.000	1.502.390
Accruals	99.247	627.989
Long-term notes	-	20.069
Total	**4.257.618**	**16.005.423**

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

Guarantee reserve on construction works, represents the portion of the guaranteed amount payable to the contractor of Brovary Logistics Park upon finalization of the works and of the snagging list.

Payables for construction represent amounts payable to the contractor of Bella Logistics Park in Odessa. In December 2011, the Group has settled a probable cause for litigation with the said contractor who was claiming US$3.000.000-US$5.000.000. The settlement was reached on the basis of maintaining the construction contract in an inactive state (to be reactivated at the option of the Group) with the Group agreeing to pay UAH2.400.000 (~US$300.000) within Q1-2012, while upon reactivation of the contract or termination of it (because of the sale of the asset) the Group would have to pay an additional UAH5.400.000 (~US$ 700.000) payable upon such event occurring. Since it is uncertain when the latter amount is to be paid it has been discounted at the current discount rates in Ukraine and is presented as a non current liability.

Payables for services represent amounts payable to various service providers including auditors, legal advisors, consultants and third party accountants.

Provision for reimbursements represents the potential Group's liability towards UVK, first tenant of Brovary Logistics Park. As the dispute with UVK has been settled in late July 2012, the relevant accounting entries will appear in the annual results (Note 28).

21. Deposits from Tenants

Deposits from tenants appearing under non-current liabilities include the amounts received from the tenants of LLC Terminal Brovary as advances/guarantees and are to be reimbursed to these clients at the expiration of the leases agreements.

22. Current and Provisional tax liabilities

	30/06/2012	30/06/2011
	US$	US$
Income tax	665.123	554.342
Other taxes	153.370	71.679
Provision	348.734	579.219
Special contribution for defence	-	10
Total Tax Liability	**1.167.227**	**1.205.250**

Income tax represents taxes payable in Cyprus due to taxable interest income resulting from the shareholder's loans provided by AISI Capital Ltd to all the Ukrainian subsidiaries.

Other taxes represent local property taxes payable in Ukraine.

Provision represents a Management estimate on potential land tax payable for Bella LLC (Note 25).

23. Finance lease liabilities

	Minimum lease payments	Interest	Principal
	30/06/2012	30/06/2012	30/06/2012
	US$	US$	US$
Less than one year	116.609	116.609	-
Between two and five years	571.761	389.874	181.887
More than five years	1.895.288	1.604.093	291.195
	2.583.658	**2.110.576**	**473.083**

	Minimum lease payments	Interest	Principal
	30/06/2011	30/06/2011	30/06/2011
	US$	US$	US$
Less than one year	92.199	81.994	10.205
Between two and five years	417.203	309.908	107.295
More than five years	1.944.301	1.605.273	339.028
	2.453.703	**1.997.175**	**456.528**

The Group rents land plots classified as finance lease. Lease obligations are denominated in UAH. The fair value of lease obligations approximate to their carrying amounts. Following the appropriate discounting finance lease liabilities are carried at USD $668.311 under current and non-current portion. The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

24. Related Party Transactions

The following represent transactions with related parties:

24.1 Expenses

	H1 2012	H1 2011
	US$	US$
Aisi Realty Capital LLC	-	1.402.955
SECURE Management	190.751	-
Board of Directors	110.000	82.291
Management Remuneration	198.400	-
Total	**499.151**	**1.485.246**

The management fee charged by Aisi Realty Capital LLC has been calculated at the rate of 2,5% on the committed capital up to 30/6/2011. Following the deal with Narrowpeak, a Settlement Agreement was signed between the Company and AISI Realty Capital LLC, and the relevant management fee charge is no longer applicable. The Settlement Agreement constitutes a related party transaction under Rule 13 of the AIM Rules for Companies. For further details please revert to the Circular of 1 July 2011 which is accessible at the Company's website.
SECURE Management expenses represent expenses incurred by the Group and payable to Secure Management for a) expert personnel of SECURE Management Ltd, a real estate project and asset management company, seconded to and used by the Company to cover various non permanent positions and/or specialized advisory and consultancy needs and b) one off expenses in relation to the reorganization of the Group.

Board of Directors includes remuneration provision amounting to US$110.000 reflecting the reporting period.

Management remuneration includes remuneration provision amounting to US$198.400 for the CEO and CFO covering the reporting period.

24. Related Party Transactions (continued)

24.2 Payables to related parties

	30/06/2012	30/06/2011
	US$	US$
Aisi Realty Capital LLC	225.000	8.919.917
Grafton Properties	150.000	-
Secure Management Ltd/ Narrowpeak	150.466	-
Board of Directors	207.972	628.379
Management Remuneration	331.400	225.000
Total	**1.064.838**	**9.773.296**

24.2.1 Loan payable to Grafton Properties

Under the said Settlement Agreement, the Company undertook the obligation to repay to certain lenders who had contributed certain funds for the operating needs of the Company between 2009-2011, by lending to AISI Realty Capital LLC, the total amount of US$450.000. As of the reporting date the liability towards Grafton Properties, representing the Lenders, was US$150.000, which is contingent to the Company raising Capital in the markets.

24.2.2 Board of Directors - Management Remuneration

The amount payable includes all remuneration since August 2011, as the Board of Directors , the CEO and the CFO opted not to receive their remuneration in order to facilitate the Group's liquidity.

24.3 Borrowings from related parties

	30/06/2012	30/06/2011
	US$	US$
Narrowpeak Ltd	-	472.000
Besik Sikharulidze	-	4.327
Total	**-**	**476.327**

24.4 Loans from AISI Capital Ltd to the Company's subsidiaries

AISI CAPITAL LTD, the finance subsidiary of the Company has proceeded to provide capital in the form of loans to the Ukrainian subsidiaries of the Company so as to support the acquisition of assets, development expenses of the projects, as well as various operational costs.

Borrower	Repayment Date	Limit -US$	Already transferred, as of 30/06/2012 US$	Already transferred, as of 30/06/2011 US$
LLC "TERMINAL BROVARY"	19/12/2014	35.000.000	32.925.771	29.958.771
LLC "AISI BROVARY"	09/10/2014	40.000.000	4.275.000	4.275.000
LLC "AISI BELA" (Note 28)	19/4/2014	25.000.000	22.955.000	22.915.000
LLC "AISI UKRAINE"	18/10/2014	28.000.000	9.768.827	9.768.827
LLC "ALMAZ PRES	21/3/2014	10.000.000	170.000	170.000
LLC "AISI OUTDOOR"	21/8/2014	5.000.000	2.160.000	2.160.000
LLC "AISI VIDA"	15/10/2014	10.000.000	310.000	310.000
LLC "AISI VAL"	15/10/2014	7.000.000	210.000	210.000
LLC "AISI ROSLAV"	15/10/2014	10.000.000	310.000	310.000
LLC "AISI KONSTA"	15/10/2014	8.000.000	610.000	610.000
LLC "AISI ILVO"	15/10/2014	10.000.000	610.000	610.000
LLC "AISI DONETSK"	19/11/2014	40.000.000	930.000	930.000
LLC "TORGOVI CENTR"	18/10/2014	10.000.000	120.000	120.000

25. Contingent liabilities

The Group is involved in various legal proceedings in the ordinary course of its business.

25.1 Tax litigation

The Group performed during the reporting period most of its operations in the Ukraine and therefore within the jurisdiction of the Ukrainian tax authorities. The Ukrainian tax system can be characterized by numerous taxes and frequently changing legislation, which may be applied retroactively, open to wide interpretation and in some cases, is conflicting. Instances of inconsistent opinions between local, regional, and national tax authorities and between the National Bank of Ukraine and the Ministry of Finance are not unusual. Tax declarations are subject to review and investigation by a number of authorities, that are enacted by law to impose severe fines and penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years, however, under certain circumstances a tax year may remain open for longer. These facts create tax risks which are substantially more significant than those typically found in countries with more developed tax systems. Management believes that it has adequately provided for tax liabilities, based on its interpretation of tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

At the same time the Group's entities are involved in court procedures with tax authorities; Management believes that the estimates provided within the financial statements present a reasonable estimate of the outcome of these court cases.

25.2 Construction related litigation

There are no material claims from constructors due to the postponement of projects or delayed delivery other than those appearing in the financial statements.

25.3 Other Litigation

Management does not believe that the result of any legal proceedings will have a material effect on the Group's financial position or the results of its operations other than the one already provided for, within the financial statements.

In the case of the ex management company AISI Realty Capital LLC, initiating a liquidation procedure in Cyprus against the Company, the company has created a provision that equals the amount requested pursuant to the settlement agreement signed in July 2011 (Note 28).

25.4 Other Contingent Liabilities

The Group had no other contingent liabilities as at 30 June 2012.

26. Commitments

26.1 Capital commitments

The Group has two (2) construction agreements:
a) for the construction of Brovary Logistics Park (Note 20)
b) for the construction of Bella Logistics Center (Note 20)

26.2 Operational commitments

In December 2011 the Company entered into a three year Property Management and Maintenance Service Agreement with DTZ Consulting Limited Liability Company. The Agreement stipulates a range of services that were outsourced by Terminal Brovary to DTZ (billing, servicing, maintaining) so as to both reduce cost and improve quality. The Company has the right to terminate the Agreement with DTZ unilaterally before its expiration date subject to prior written notice to DTZ for 90 days before the desired date of termination.

27. Financial Risk Management

27.1 Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt-equity structure and value enhancing actions in respect of its portfolio of investments. The capital structure of the Group consists of borrowings (note 19), cash and cash equivalents, receivables (note 13) and equity attributable to ordinary shareholders (issued capital, reserves and retained earnings).

The Group is not subject to any externally imposed capital requirements.

Management reviews the capital structure on an on-going basis. As part of the review Management considers the differential capital costs in the debt and equity markets, the timing at which each investment project requires funding and the operating requirements so as to proactively provide for capital either in the form of equity (issuance of shares to the Group's shareholders) or in the form of debt. Management balances the capital structure of the Group with a view of maximizing the shareholder's Return on Equity (ROE) while adhering to the operational requirements of the property assets and exercising prudent judgment as to the extent of gearing.

27.2 Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liabilities and equity instruments are disclosed in note 3 of the financial statements.

27.3 Categories of Financial Instruments

Financial Assets	**Note**	**30/06/2012**	**30/06/2011**
		US$	**US$**
Cash at Bank	15	154.672	18.504
Interest receivable	13	-	693.431
Total		**154.672**	**711.935**
Financial Liabilities	**Note**	**30/06/2012**	**30/06/2011**
		US$	**US$**
Interest bearing borrowings	19	15.813.857	16.343.535
Trade and other payables	20	4.257.618	16.077.102
Finance lease liabilities	23	668.311	608.067
Current and Provisional tax liabilities	22	1.167.227	1.133.571
Total		**21.907.013**	**34.162.275**

27.4 Financial Risk Management Objectives

The Group's Treasury function provides services to its various corporate entities, coordinates access to local and international financial markets, monitors and manages the financial risks relating to the operations of the Group, mainly the investing and development functions. Its primary goal is to secure the Group's liquidity and to minimize the effect of the financial asset price variability on the cash flow of the Group. These risks cover market risks including foreign exchange risks and interest rate risk as well as credit risk and liquidity risk.

The above mentioned risk exposures may be hedged using derivative instruments whenever appropriate. The use of financial derivatives is governed by the Group's approved policies which indicate that the use of derivatives is for hedging purposes only. The Group does not enter into speculative derivative trading positions. The same policies provide for the investment of excess liquidity. As at 30 June 2012, the Group had not entered into any derivative contracts.

Post August 2011, the priority on cash use and management was set on settling all past liabilities (eliminating thus the relevant legal and financial risks) while maintaining a minimum liquidity to allow for the future development of the Group's strategy.

27.5 Economic Market Risk management

The Group operates in the Region. The Group's activities expose it primarily to financial risks of changes in currency exchange rates and interest rates. The exposures and the management of the associated risks are described below. There has been no change to the Group's manner in which it measures and manages risks.

Foreign Exchange Risk
Currency risk arises when commercial transactions and recognized financial assets and liabilities are denominated in a currency that is not the Group's functional currency. Most of the Group's financial assets are denominated in the functional currency.

Interest Rate Risk
The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. On June 30th, 2012, cash and cash equivalent financial assets amounted to US$154.672 (2011:US $18.504).

The Group is exposed to interest rate risk in relation to its borrowings amounting to US$15.813.857 (2010: US$16.343.535) as they are issued at variable rates tied to the Libor. Management monitors the interest rate fluctuations on a continuous basis and evaluates hedging options to align the Group's strategy with the interest rate view and the defined risk appetite. Although no hedging has been applied for the reporting period, such may take place in the future if deemed necessary in order to protect the cash flow of a property asset through different interest rate cycles.

The Group's exposures to financial risk are discussed also in note 4.

27.6 Credit Risk Management

The Group has no significant credit risk exposure. The credit risk emanating from the liquid funds is limited because the Group's counterparties are banks with high credit-ratings assigned by international credit rating agencies. The Credit risk of receivables is reduced as the majority of the receivables represent VAT to be offset through VAT income in the future.

27.7 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which applies a framework for the Group's short, medium and long term funding and liquidity management requirements. The Treasury function of the Group manages liquidity risk by preparing and monitoring forecasted cash flow plans and budgets while maintaining adequate reserves. The following table details the Group's contractual maturity of its financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities including interest that will be accrued.

30 June 2012	Carrying amount	**Total**	Less than one year	From one to two years	More than two years
	US$	**US$**	US$	US$	US$
Financial assets					
Cash at Bank	154.672	**154.672**	154.672	-	-
Financial liabilities					
Interest bearing borrowings	15.813.857	**15.813.857**	15.813.857	-	-
Trade and other payables	4.257.618	**4.257.618**	3.893.586	-	364.032
Finance lease liabilities	668.311	**2.583.658**	116.609		2.467.050
Current and Provisional tax liabilities	1.167.227	**1.167.227**	1.167.227	-	-

30 June 2011	Carrying amount	**Total**	Less than one year	From one to two years	More than two years
	US$	**US$**	US$	US$	US$
Financial assets					
Accounts receivable	2.472.502	**2.472.502**	2.472.502	-	-
Cash at Bank	18.504	**18.504**	18.504	-	-
Financial liabilities					
Interest bearing borrowings	16.343.535	**16.343.535**	1.128.296	2.338.824	12.876.415
Accounts payable	16.077.102	**16.077.102**	15.408.783	668.319	-
Finance lease liabilities	608.067	**2.453.703**	92.199	92.199	2.269.305
Current and Provisional tax liabilities	1.133.571	**1.133.571**	1.133.571	-	-

28. Events after the end of the reporting period

Financial Restructuring-EBRD

As per the Terminal Brovary EBRD loan restructuring agreed by the old management a month prior to the Company's restructuring in H1 2011, several payments are coming due in the next couple of months. The Group has entered into discussions with the Bank, aiming at matching the revenue inflows with the loan payment outflows.

Settlement Agreement-UVK

In late July 2012, the Group has proceeded with an amicable settlement with UVK, a logistics company that had originally signed a contract to rent out 100% of Terminal Brovary. Due to the fact that the terminal was not delivered on time in July 2009, UVK tabled several claims and following negotiations an agreement was signed entitling them to a US$3m payment, while at the same time UVK received as security a mortgage over AISI Bella Odessa plot. Following a payment of US$1.500.000 in August and November 2009 the Group did not proceed in paying the rest and thus UVK enforced the mortgage on Bela, a fact that resulted in a protracted legal battle. In July 2012 UVK and the Group agreed to settle out of court for US$1.000.000 whilst the Group had provided for the whole US$1.500.000 in its accounts. The Group paid US$300.000 in cash whilst the rest is guaranteed via a bank guarantee letter, with the letter itself being secured by mortgaging certain of the plots of the Group a well as a cash collateral of US$200.000.

Liquidation request by AISI Realty Capital LLC

On 23/7/2012 the Company was notified that the ex manager, AISI Realty Capital LLC, has initiated a liquidation process in Cyprus claiming the remaining amount of US$225.000 resulting from the settlement agreement signed in July 2011 as amended in April 2012. In this claim, AISI Realty Capital LLC is being represented by Mr. Besik Sikharulidze, who had been a member of the Board of Directors of the Company until 30/8/2012. The Company has initiated its defence strategy in respect thereof, and expects the issue to be resolved prior to any court hearing.

Loan Repayment AISI Capital Ltd- AISI Bella LLC

As part of the Group's restructuring process, AISI Bella has repaid the principal and interest of a loan (amounting in total to US$26.851.335) granted by AISI Capital Ltd, the Group's financing Company. As a result, outstanding loans to AISI Capital Ltd by the Ukrainian subsidiaries at the end of August 2012 amount to US$62.4m, including interest payable.

Taxes paid-AISI Bella LLC

In August AISI Bella has paid an amount of US$133.984 related to property taxes for the period from 1 January 2008 till 30 March 2009, that had been previously provided in the Company's accounts.