RAVEN RUSSIA LIMITED

Interim Results
for the six months ended 30 June 2009

CONTENTS

RAVEN RUSSIA LIMITED

("Raven Russia" or the "Company")

INTERIM RESULTS

For the six months ended 30 June 2009

HIGHLIGHTS*

- Leasing of completed space increases annualised net operating income ("NOI") to $70 million today
- A further $10 million of annualised NOI under pre lease agreements and letters of intent
- 519,000 square metres now let and income producing
- 83,000 square metres under pre lease agreements and letters of intent
- Current development phases substantially complete giving total portfolio of 1.1 million square metres
- ERV of portfolio $128 million
- Operating cash inflow of $16 million for the first six months
- Gross cash balance of $182 million, net debt of $525 million including preference shares
- Conservative gearing of 48% including preference shares and net of cash and 28% excluding preference shares
- $151 million of additional/roll-over debt facilities agreed
- NAV per share down to 72p from 86p following revaluation deficit of $129 million
- Fully diluted NAV per share of 61p
- Interim dividend of 0.5p

*Comparative figures adjusted using exchange rates at 30 June 2009 where appropriate

Richard Jewson, Chairman, said:

"We have successfully secured our balance sheet position with the preference share issue and acquisition of Raven Mount and have completed our development programme delivering 1.1 million square metres of Grade A warehouse space"

Anton Bilton, Deputy Chairman, said;

"Annualised net operating income has increased 35% in the year, to $70 million. We have substantial cash resources, prudent gearing and increasing operating cash inflows. A strong set of results in the current climate"

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CHAIRMAN'S STATEMENT

Introduction

We are pleased to announce the interim results of Raven Russia Limited for the six months ended 30 June 2009.

We have made good progress with the physical completion and letting of the portfolio during the period, and lettings are continuing to date.

In the first six months we let 33,500 square metres ("sqm"). At the time of writing, the year to date figure has increased to 129,000sqm and in addition we have pre lease agreements ("PLAs") and letters of intent ("LOIs") on a further 83,000sqm.

Our investment portfolio now comprises 519,000sqm of high quality warehouse and office space and annualised net operating income of $70 million, not including pre leases or LOIs. With PLAs and LOIs, this increases to 602,000sqm and $80 million respectively. We estimate that this will rise to approximately $128 million when the portfolio is fully let.

As disclosed in our 2008 annual accounts, we successfully raised £76 million on the placing of preference shares and warrants in the period and acquired Raven Mount Group plc for £58 million using the same preference share and warrant units as consideration. The Raven Mount assets acquired included £19 million of cash and 29 million Raven Russia ordinary shares which we now hold in treasury. With a dilutive effect on ordinary shareholders of around 20%, this now looks like a very good result in the context of fundraisings by peers in the property sector in the same period.

Despite the global financial crisis, we have a strong balance sheet, substantial cash balances and excellent prospects.

Results

In the six months to 30 June 2009, the company made a pre-tax loss of $150 million (30 June 2008: pre-tax profit $58 million), including revaluation losses and impairment of development assets of $129 million (30 June 2008: gain of $45 million).

This equates to a loss per share of 17.0p (30 June 2008: earnings of 6.8p) and EPRA loss per share of 2.4p (30 June 2008: earnings of 1.4p).

Annualised net operating income has continued to rise as we have let space. At 30 June 2008, it was $48 million, at 31 December 2008, $52 million and at today's date, $70 million.

Ongoing operating profit was $4.4 million (30 June 2008: $9.8 million) after net unrealised foreign exchange losses on preference share liabilities and related cash of $7.3 million (30 June 2008: $nil). Operating cash inflow was $16 million (30 June 2008:$3 million).

Net finance costs, before mark to market valuation of financial instruments for the period were $14.5 million, including preference share coupon of $5.3 million. At the period end, the Group had principal bank debt of $463 million and cash balances of $182 million.

Administration expenses for the period were $18.3 million (30 June 2008: $13.6 million). This higher than expected figure reflects the incidental costs of the preference share fundraising and the strengthening of sterling over the first six months.

Dividends

As disclosed in the financial statements for the year ended 31 December 2008, it is the intention of the Board to pay a 1p dividend in respect of the financial year ended 31 December 2009 and then review the dividend policy once results of the current letting programme can be ascertained. We therefore intend to pay an interim dividend of 0.5p (2008: 3p). The ex-dividend date is 23 September 2009, record date 25 September 2009, and payment will be made on 23 October 2009.

In the medium term, when the portfolio is fully let, we believe the company will have the potential to substantially increase dividend payments to ordinary shareholders. It is the Board's intention to do this as soon as our financial performance and the global economic climate allows.

Net Asset Value

NAV per share at 30 June 2009 was 72p (31 December 2008: 86p). Fully diluted NAV per share is 61p (31 December 2008: 86p).

This follows a formal valuation of our property portfolio by Jones Lang LaSalle resulting in a further deficit on carrying values of $129 million and giving a portfolio valuation yield of 14.4%.

The result of this is that we carry our assets at below current replacement cost for the portfolio.

The global financial crisis has led to an ultra-conservative approach by valuers where investment returns are irrelevant. We are not aware of any transactions taking place in the market we operate in and finance is scarce.

In these circumstances, it is difficult to say what an asset is worth. However, at current valuation levels, the majority of our assets could not be built. If they continue to let as we expect, they will produce an annual net operating income of $128 million and an unleveraged return of 12% on cost at current rent levels.

We believe this is very exciting and suggests significant upside potential in value for the future.

Financing

Total principal bank debt outstanding at 30 June 2009 was $463 million at a weighted average cost to the Group of 8.3% and a weighted term to maturity of 3.3 years.

Short term repayment of debt on the Megalogix project at Rostov is required, $20 million on 24 September 2009 and $40 million on 24 September 2010. IFC have recently announced on their website that we are in negotiations to refinance $30 million secured on this asset. Negotiations are progressing well with bank credit approval received and final bank board approval scheduled for later this month.

During the first six months, we have successfully negotiated a $30 million increase on our facility on the Istra project at a blended margin to the Group of 5.5% over US Libor and a 4 year term and an additional $20 million facility with EBRD on the Megalogix project in Novosibirsk. This combines with the existing facility from IFC, at a margin of 6.25% (upon project completion) and term of 8 years. These facilities have been credit and board approved by the banks involved. Drawing of the facilities is planned for October.

In the UK, we have negotiated a rolling 12 month facility of £6 million with Barclays secured on some of the Raven Mount assets acquired this year. The cost of the facility is 2.5% above UK Libor. This transaction has recently completed and the funds drawn.

We have also successfully negotiated terms on a roll over of our construction facility on the Noginsk project which matures next month. Terms confirmed are a 2 year facility on the outstanding balance of $61 million at an initial blended margin to the Group of 7.5% over US Libor, reducing to 5.5% upon substantial leasing.

Including the roll over of our construction facility on Noginsk and potential refinancing on Rostov, these new facilities total $151 million with short term repayment of $70 million on existing facilities in the coming 12 months.

The Group has comfortably met all cash covenants on its debt facilities during the period. No Loan to Value (LTV) covenants have been breached, though it remains a possibility that this could occur on certain facilities should lenders request new valuations. Facilities with LTV covenants are on a non recourse basis to other Group Companies and any marginal deficiencies can be made good if needed. As required under IAS1, in recognition of the possibility of a breach, $24 million of bank loans have been reclassified as current liabilities although it is not anticipated that settlement of these liabilities is likely to occur within 12 months of the balance sheet date.

All other facilities in the portfolio have either no LTV covenant or are operating comfortably within covenant levels.

Including preference share commitments, the Group remains at a prudent gearing level of 48% at 30 June 2009, after the valuation adjustments on the property portfolio and at 28% excluding preference shares.

We continue to hold discussions with banking partners on unleveraged assets and as noted above, we are successfully negotiating facilities on favourable terms whilst maintaining the prudent gearing levels required in these market conditions.

Hedging

It is the Group's policy to hedge the cost of debt secured on completed assets and this is hedged using a mixture of caps and swaps. $39 million is capped at 5.5% with 3 years remaining and $220 million swapped at an average of 3.39% with just under 4 years remaining. As current and new facilities move from construction to term investment facilities, appropriate hedging instruments will be introduced.

As the majority of construction commitments are complete, our Rouble/US Dollar hedges have now unwound. Cash flow hedges are operated through the lease mechanisms which are mainly US Dollar pegged and in holding sufficient Sterling cash reserves to cover preference share coupon and dividend commitments for up to 24 months.

Avalon Logistics

Avalon Logistics, our third party logistics venture now operates out of 171,000sqm of warehouse space (30 June 2008: 110,000sqm) from 8 locations in 7 cities: Moscow; St Petersburg; Ekaterinburg; Novosibirsk; Rostov; Krasnodar; and Irkutsk. This growth has taken some inward investment to complete the leasing and fit out of the new locations and the next 12 to 18 months will be one of consolidating its position in a fragmented market with one of the strongest balance sheets compared to its competitors.

Raven Mount

As confirmed in the offer documents for Raven Mount issued in April 2009, it is the Board's intention to continue with the Raven Mount strategy of completing existing residential schemes and realising cash from these.

In the first half of this year there have been 32 completions generating income of £8.3 million and gross profit of £1.4 million, confirming sale proceeds above the valuation upon which the acquisition was based. Overheads for the 6 months totalled £3 million but included all transaction costs. Since the acquisition at the end of May, 9 unit sales have completed and the UK overheads associated with Raven Mount have been significantly reduced. We should see the benefit of this in the second half of the year.

Official List

As previously reported, the Company intends to move to the Official List as soon as it is possible, subject to meeting the Official List eligibility requirements, which the Company will endeavour to do.

I would like to thank our Directors, employees and advisors for all their efforts during the period.

Richard Jewson
Chairman

4 September 2009

PROPERTY REVIEW

Our focus over the past six months has been on completing construction, managing cashflow from the existing portfolio, securing new lettings and converting PLAs and LOIs into rental income.

The Company now has a portfolio of 1.1 million sqm (11.8 million sqft) of completed or near completed projects, together with a land bank of 432ha.

Progress

In the year to date we completed leases on 129,000sqm (1.4 million sqft) of space, giving a total income producing portfolio of 519,000sqm (5.6 million sqft) and we have PLAs and LOIs for a further 83,000sqm (0.9 million sqft) of space. This demonstrates that, despite the economic backdrop, we are still managing to lease to large local and international tenants who are capable of meeting their obligations as and when they fall due.

This letting was underpinned by the completion of 583,000sqm (6.3 million sqft) of construction, giving a total completed portfolio at 30 June 2009 of 973,000sqm (10.5 million sqft).

100,000sqm (1.1 million sqft) is still under construction. This comprises 47,000sqm (506,000sqft) in Moscow, that will be delivered in the next month, 18,000sqm (194,000sqft) at Istra as described below and a further 35,000sqm (377,000sqft) in St Petersburg where we have deferred completion until the letting market improves. This building is already wind and watertight and 85% complete and could be ready for a tenant to occupy within 2-3 months.

We have also started construction of a new building of 18,000sqm (194,000sqft) at Istra, Moscow that has been pre-let to DSV for a term of ten years at a rent of €105 per annum. This building will be delivered at the end of 2010.

Our Istra project won the Best Warehouse category at the Moscow Commercial Real Estate Awards and our AKM Joint Venture won Best Warehouse in St Petersburg. In Moscow our projects have won the Best Warehouse category in 3 of the past 4 years.

Income – Producing Portfolio

As noted above, the Company's investment portfolio now comprises 519,000sqm (5.6 million sqft) at 10 different locations in Moscow, St Petersburg, Rostov and Novosibirsk. These properties produce an annualised income of $70 million at an average, ungeared yield of 13.6%. The properties are let to a mixture of multinational and Russian tenants with a weighted average unexpired lease term of 6.7 years. The average annual rent per sqm on our warehouse portfolio is $120.

The first two regional projects in Rostov and Novosibirsk are now completed and the first tenants have already taken occupation. In Rostov we have leased approximately 58% to Auchan, X5 and Avalon Logistics and in Novosibirsk 36% to FM Logistics and Avalon Logistics. In both cities we have the only completed Grade A facility available for letting in the market.

Virtually all leases have rents pegged to US Dollars and contain a minimum upwards only, annual indexation provision.

Land Bank

We currently hold 432ha of development land. Construction will not commence on these sites until tenant demand and financing are available to minimise the company's equity exposure and risk. The remaining land bank is strategically located in large cities and we anticipate it will be developed or sold to prospective owner occupiers over time.

Valuation

Jones Lang LaSalle revalued the properties in our portfolio (excluding the land bank) at 30 June 2009 at $890 million.

Valuation of most commercial property assets is based on evidence in the market of similar transactions. In Russia there have been virtually no investment transactions in any sector over the past 6-9 months. Jones Lang LaSalle has therefore used its experience and knowledge of Russia and Eastern Europe to arrive at its opinions of value. Inevitably it believes investors are extremely cautious and want to see generous yields especially in a market where it is almost impossible to obtain debt. This approach is correct in theory although it doesn't attribute any value to the quality of the portfolio we have assembled. This results in an average capital value of $800 per sqm for our warehouse stock. We believe this is below current replacement cost including the cost of land and finance.

It seems strange that in Russia, a country with a huge resource wealth and minimal debt, yields are at 14%, whereas in the UK similar assets are valued at 9%.

The Market

It is clear that a large number of tenants have been cautious to commit for most of the first six months of 2009. Decisions on leasing space have been delayed, deferred or cancelled. However, we are now seeing more requirements for new space and there are signs that both local and international tenants are looking to commit.

As predicted at the year end, rents have continued to weaken as the Rouble has remained weak against the US Dollar. Tenants are also, unsurprisingly, keen to take shorter leases of up to three years.

Supply and demand in Moscow is much more in the tenants' favour today although no new schemes are starting so we could see a potential lack of supply in 12-18 months pushing rents back up. Warehouse sector rents have remained more stable than in the office and retail sector and whilst some tenants are also looking to sublet space which competes with landlord supply this has not flooded the market with cheap space.

We have been offered numerous development opportunities across Russia, but at this stage we think it is still too early to embark on speculative development. The number of standing investments for sale is very small although we are beginning to see sign of real sellers of good product at reasonable prices.

Outlook

We feel positive about the future. We have restructured the business through internalisation so that it operates more effectively. We have raised funds from the market, acquired a business and our balance sheet is strong and our team focused.

Creating cashflow remains our key aim and shorter term leases allow us to do this whilst at the same time keeping open the possibility to benefit from favourable market conditions in the future. As global property markets deleverage, the high level of rental income our properties generate provides attractive returns and puts us in a strong position to develop our business further.

We continue to operate in the attractive niche market of logistics warehousing in an exciting country where we still believe there is enormous potential.

Although the financial crisis has required us to alter our original plan, we have acted swiftly and still remain on course to provide our shareholders with excellent returns.

Glyn Hirsch
Chief Executive Officer

4 September 2009

CONDENSED UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

	Six months ended 30 June 2009			Six months ended 30 June 2008		
	Revenue US$'000	Capital US$'000	Total US$'000	Revenue US$'000	Capital US$'000	Total US$'000
Gross rental and related income	44,970	–	44,970	32,683	–	32,683
Property operating expenditure and related cost	(18,199)	–	(18,199)	(12,896)	–	(12,896)
Net rental and related income	**26,771**	**–**	**26,771**	**19,787**	**–**	**19,787**
Administrative expenses	(18,263)	–	(18,263)	(13,564)	–	(13,564)
Foreign currency (losses)/gains	(4,151)	(10,794)	(14,945)	3,594	–	3,594
Operating expenditure	**(22,414)**	**(10,794)**	**(33,208)**	**(9,970)**	**–**	**(9,970)**
Operating profit/(loss) before profits and losses on investment property	**4,357**	**(10,794)**	**(6,437)**	**9,817**	**–**	**9,817**
Unrealised (loss)/profit on revaluation of investment property (notes 3 & 4)	–	(128,594)	(128,594)	–	44,555	44,555
Operating profit/(loss)	**4,357**	**(139,388)**	**(135,031)**	**9,817**	**44,555**	**54,372**
Finance income	3,813	–	3,813	10,427	–	10,427
Finance expense	(18,330)	(71)	(18,401)	(6,359)	–	(6,359)
(Loss)/profit before tax	**(10,160)**	**(139,459)**	**(149,619)**	**13,885**	**44,555**	**58,440**
Tax	6,122	5,577	11,699	450	(10,693)	(10,243)
(Loss)/profit for the period	**(4,038)**	**(133,882)**	**(137,920)**	**14,335**	**33,862**	**48,197**
Earnings per share:						
Basic (cents) – (note 2)			(27.51)			11.19
Diluted (cents) – (note 2)			(27.42)			11.17

All income is attributable to the equity holders of the parent company. There are no minority interests.

The accompanying notes are an integral part of this statement.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Six months ended 30 June 2009 US$'000	Six months ended 30 June 2008 US$'000
(Loss)/profit for the period	(137,920)	48,197
Other comprehensive income:		
Foreign currency translation	(22,426)	2,295
Total comprehensive income for the period	**(160,346)**	**50,492**

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Share Capital US$'000	Share Premium US$'000	Warrants US$'000	Treasury Shares US$'000	Special Reserve US$'000	Capital Reserve US$'000	Translation Reserve US$'000	Retained Earnings US$'000	Total US$'000
At 1 January 2008	8,648	11,180	–	–	870,692	68,994	(17,307)	31,842	974,049
Total comprehensive income for the period	–	–	–	–	–	–	2,295	48,197	50,492
Scrip dividend issue of ordinary share capital	50	4,102	–	–	–	–	–	–	4,152
Dividends paid	–	–	–	–	–	–	–	(34,056)	(34,056)
Transfer in respect of capital profits	–	–	–	–	–	33,862	–	(33,862)	–
Share based payment expense	–	–	–	–	–	–	–	1,224	1,224
At 30 June 2008	**8,698**	**15,282**	**–**	**–**	**870,692**	**102,856**	**(15,012)**	**13,345**	**995,861**
At 1 January 2009	9,921	46,791	–	–	870,692	(41,798)	(71,090)	(79,476)	735,040
Total comprehensive income for the period	–	–	–	–	–	–	(22,426)	(137,920)	(160,346)
Warrants issued	–	–	9,268	–	–	–	–	–	9,268
Ordinary shares acquired	–	–	–	(15,314)	–	–	–	–	(15,314)
Transfer in respect of capital losses	–	–	–	–	–	(133,882)	–	133,882	–
At 30 June 2009	**9,921**	**46,791**	**9,268**	**(15,314)**	**870,692**	**(175,680)**	**(93,516)**	**(83,514)**	**568,648**

The accompanying notes are an integral part of this statement.

CONDENSED UNAUDITED CONSOLIDATED BALANCE SHEET

As at 30 June 2009

	Six months ended 30 June 2009 US$'000	Year ended 31 December 2008 US$'000	Six months ended 30 June 2008 US$'000
Non-current assets			
Investment property (note 3)	797,773	453,750	490,910
Investment property under construction (note 4)	189,417	443,653	350,012
Property, plant and equipment	6,706	4,145	1,169
Intangible assets (note 5)	12,817	–	2,265
Other receivables	20,397	153,092	193,530
Derivative financial instruments	–	64	–
Deferred tax assets	64,026	34,830	4,591
	1,091,136	1,089,534	1,042,477
Current assets			
Inventories	67,065	–	–
Trade and other receivables	74,037	82,597	34,884
Derivative financial instruments	221	–	4,007
Cash and short term deposits	182,439	108,435	317,090
	323,762	191,032	355,981
Total assets	**1,414,898**	**1,280,566**	**1,398,458**
Current liabilities			
Trade and other payables	84,752	51,511	77,066
Derivative financial instruments	411	1,027	–
Interest bearing loans and borrowings (note 6)	121,842	80,042	17,386
	207,005	132,580	94,452
Non-current liabilities			
Interest bearing loans and borrowings (note 6)	362,547	356,926	248,680
Preference shares (note 7)	223,113	–	–
Other payables	31,078	31,696	19,026
Derivative financial instruments	6,289	7,904	–
Deferred tax liabilities	16,218	16,420	40,439
	639,245	412,946	308,145
Total liabilities	**846,250**	**545,526**	**402,597**
Net assets	**568,648**	**735,040**	**995,861**
Equity			
Share capital (note 8)	9,921	9,921	8,698
Share premium	46,791	46,791	15,282
Warrants (note 9)	9,268	–	–
Treasury shares	(15,314)	–	–
Special reserve	870,692	870,692	870,692
Capital reserve	(175,680)	(41,798)	102,856
Translation reserve	(93,516)	(71,090)	(15,012)
Retained earnings	(83,514)	(79,476)	13,345
Total equity	**568,648**	**735,040**	**995,861**
Net asset value per share (dollars) (note 10)	**1.19**	**1.43**	**2.30**

The accompanying notes are an integral part of this statement.

CONDENSED UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2009

	Six months ended 30 June 2009 US$'000	Six months ended 30 June 2008 (Restated) US$'000
Cash flows from operating activities		
(Loss)/profit before tax	(149,619)	58,440
Adjustments for:		
Finance income	(3,813)	(10,427)
Finance expense	18,401	6,359
Loss/(profit) on revaluation of investment property	128,594	(44,555)
Foreign exchange expense/(income) arising from non-operating activities	14,945	(3,594)
Recognised share based payments	–	381
	8,508	6,604
Increase in operating receivables	(6,382)	(6,761)
Increase in operating payables	14,123	3,512
Increase in inventories	(232)	–
	16,017	3,355
Tax paid	(165)	(793)
Cash generated from operating activities	**15,852**	**2,562**
Cash flows from investing activities		
Payments for investment property under construction	(101,901)	(169,606)
Decrease/(increase) in VAT recoverable on construction	31,371	(16,025)
Capital expenditure	(244)	–
Acquisition of subsidiary undertakings (note 11)	(1,953)	–
Cash acquired with subsidiary undertakings (note 11)	31,211	–
Loans advanced	–	(86,505)
Loans repaid	–	43,247
Investment income received	725	1,351
Settlement of maturing forward currency financial instruments	217	2,977
Net cash used in investing activities	**(40,574)**	**(224,561)**
Cash flows from financing activities		
Proceeds from long term borrowings	9,419	89,775
Repayment of long term borrowings	(4,079)	(4,584)
Other borrowings	–	4,640
Bank borrowing costs paid	(11,720)	(5,248)
Proceeds from issue of preference shares and warrants	106,999	–
Dividends paid on preference shares	(5,219)	–
Ordinary dividends paid	–	(29,904)
Net cash from financing activities	**95,400**	**54,679**
Net increase/(decrease) in cash and cash equivalents	70,678	(167,320)
Opening cash and cash equivalents	108,435	480,830
Effect of foreign exchange rate changes	3,326	3,580
Closing cash and cash equivalents	**182,439**	**317,090**

The accompanying notes are an integral part of this statement.

NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

1. Basis of accounting

Basis of preparation

The condensed unaudited financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and the principles set out in International Accounting Standard (IAS 34) Interim Financial Reporting.

The condensed financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2008.

Restatement

The Group's Cash Flow Statement for the period 1 January 2008 to 30 June 2008 has been restated, to move VAT recoverable on construction and settlement of maturing forward currency financial instruments from operating cash flows to investing cash flows.

Significant accounting policies

Except as noted below, the same accounting policies, presentation and methods of computation are followed in these condensed financial statements as those followed in the preparation of the Group's financial statements for the year ended 31 December 2008. The changes in policy arise either through a change in accounting standards (see section (i) below) or as a result of the recent fund raising and acquisition of Raven Mount Group plc (section (ii) below).

(i) *Changes in accounting standards*

The Group has adopted IAS 1 (Revised) Presentation of Financial Statements, IFRS 8 Operating Segments and the revision to IAS 40 Investment Property.

(ii) *New accounting policies*

Following the acquisition of Raven Mount Group plc, the Group now carries inventory and recognises income derived from long term contracts. The Group's policy is:

Construction contract revenue arises from increases in valuations on contracts. Where the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, revenue and costs are recognised by reference to the stage of completion of the activity at the balance sheet date. Stage of completion is assessed by reference to the proportion of contract costs incurred for the work performed to date relative to the estimated total costs, except where this would not be representative of the stage of completion.

The sales of both properties and land are recognised on legal completion.

The Group holds inventories stated at the lower of cost and net realisable value. Such inventories include land, work in progress and completed available for sale units. As residential development, in particular, is speculative by nature, most inventories are not covered by forward sale contracts. Furthermore, due to the Group's activity, and in particular the size and length of the development cycle, the Group has to allocate site wide development costs between units being built or completed in the current period and those for future periods. In doing this it also has to forecast the cost to complete on such developments.

In making such assessments and allocations, there is a degree of inherent estimation uncertainty. The Group has established internal controls designed to effectively assess and review inventory carrying values and ensure the appropriateness of the estimates made.

The Group has issued two new financial instruments, preference shares and listed warrants, to which the following policy has been applied:

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group's preference shares are considered to be financial liabilities and are reported under non-current liabilities. Dividends on preference shares are charged as interest in the Income Statement.

The Group's listed warrants are classified as equity.

2. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	2009 US$'000	2008 US$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share being the (loss)/profit for the period	(137,920)	48,197
Adjustments to arrive at EPRA earnings		
Unrealised loss/(profit) on revaluation of investment property	128,594	(44,555)
Net loss/(profit) on maturing foreign currency derivative financial instruments	122	(1,551)
Net change in fair value of open forward currency derivative financial instruments	(193)	(444)
Net change in fair value of open interest rate derivative financial instruments	(2,534)	(2,172)
Movement on deferred tax thereon	(5,577)	10,693
Adjusted EPRA earnings	**(17,508)**	**10,168**

Number of shares	2009 Number '000	2008 Number '000
Weighted average number of ordinary shares for the purpose of basic EPS and basic EPRA EPS (excluding treasury shares)	501,309	430,855
Effect of dilutive potential ordinary shares:		
Listed warrants (note 9)	1,592	–
Options	–	135
Warrants	–	539
Weighted average number of ordinary shares for the purposes of diluted EPS and diluted EPRA EPS	**502,901**	**431,529**
EPS basic (cents)	(27.51)	11.19
EPRA EPS basic (cents)	(3.49)	2.36
Diluted EPS (cents)	(27.42)	11.17
EPRA diluted EPS (cents)	(3.48)	2.36

3. Investment property

	30 June 2009 US$'000	31 December 2008 US$'000	30 June 2008 US$'000
At 1 January	453,750	346,250	346,250
Transfer from investment property under construction (note 4)	429,856	146,645	100,105
	883,606	492,895	446,355
Unrealised (loss)/profit on revaluation	(85,833)	(39,145)	44,555
At 30 June/31 December	**797,773**	**453,750**	**490,910**

4. Investment property under construction

	30 June 2009 US$'000	31 December 2008 US$'000	30 June 2008 US$'000
At 1 January	443,653	251,775	251,775
Costs incurred	245,462	406,252	196,970
Unrealised loss on revaluation	(42,761)	(38,918)	–
Effect of foreign exchange rate changes	(27,081)	(28,811)	1,372
Transfer to investment property (note 3)	(429,856)	(146,645)	(100,105)
At 30 June/31 December	**189,417**	**443,653**	**350,012**

5. Intangible assets

	Goodwill US$'000	Negative Goodwill US$'000	Advisory Contract US$'000	Total US$'000
At 1 January 2008 and at 30 June 2008	2,265	–	–	2,265
On acquisition of Raven Russia Property Management Limited and related companies	–	(7,564)	67,581	60,017
Impairment	(2,265)	–	–	(2,265)
Release/(charge) to income statement	–	7,564	(67,581)	(60,017)
At 31 December 2008	–	–	–	–
On acquisition of Raven Mount Group plc (note 11)	6,999	–	–	6,999
On change in financing arrangements for Roslogistics (note 11)	5,818	–	–	5,818
At 30 June 2009	**12,817**	**–**	**–**	**12,817**

6. Interest bearing loans and borrowings

	30 June 2009 US$'000	31 December 2008 US$'000	30 June 2008 US$'000
(a) **Bank loans**			
Loans due for settlement within 12 months	117,698	76,066	5,614
Loans due for settlement after 12 months	348,206	349,803	175,976
	465,904	**425,869**	**181,590**
(b) **Other interest bearing loans**			
Loans due for settlement within 12 months	4,144	3,976	11,772
Loans due for settlement after 12 months	14,341	7,123	72,704
	18,485	**11,099**	**84,476**
Totals			
Loans due for settlement within 12 months	121,842	80,042	17,386
Loans due for settlement after 12 months	362,547	356,926	248,680
At 30 June/31 December	**484,389**	**436,968**	**266,066**
The Group's bank borrowings have the following maturity profile:			
On demand or within one year	117,698	76,066	5,151
In the second year	67,603	55,233	5,460
In the third to fifth years	244,636	276,443	170,979
After five years	35,967	18,127	–
At 30 June/31 December	**465,904**	**425,869**	**181,590**

7. Preference shares

	30 June 2009 US$'000	31 December 2008 US$'000	30 June 2008 US$'000
Authorised share capital:			
400,000,000 (2008: nil) preference shares of 1p each	5,891	–	–

On 24 March 2009 the authorised share capital of the company was increased by the creation of 400,000,000 preference shares.

	30 June 2009 Number	31 December 2008 Number	30 June 2008 Number
Issued share capital:			
At 1 January	–	–	–
Issued in the period/year	141,226,260	–	–
At 30 June/31 December	**141,226,260**	**–**	**–**

The company has issued preference shares, which entitle the holders to a cumulative preference dividend of 12% based on a par value per share of £1.

8. Share capital

	30 June 2009 US$'000	31 December 2008 US$'000	30 June 2008 US$'000
Authorised share capital:			
1,500,000,000 (2008: 1,000,000,000) ordinary shares of 1p each	27,469	20,105	20,105

On 24 March 2009 the authorised share capital of the company was increased from £10,000,000 to £15,000,000 by the creation of an additional 500,000,000 ordinary shares.

	30 June 2009 Number	31 December 2008 Number	30 June 2008 Number
Issued share capital:			
At 1 January	512,552,915	430,040,566	430,040,566
Issued in the period/year	–	82,512,349	2,512,349
At 30 June/31 December	512,552,915	512,552,915	432,552,915

At 30 June 2009 the Group held 34,035,044 (2008: nil) of its own shares in treasury at an average cost of US$0.45 (2008: nil).

9. Warrants

	30 June 2009 Number	31 December 2008 Number	30 June 2008 Number
At 1 January	–	–	–
Issued in the period/year	141,128,595	–	–
At 30 June/31 December	141,128,595	–	–

The company has issued warrants, which entitle each holder to subscribe for ordinary shares in the company at an exercise price of 25p per share. The warrants expire on 25 March 2019.

In the period since 30 June 2009 39,494 warrants have been exercised.

10. Net asset value per share

	30 June 2009 US$'000	31 December 2008 US$'000	30 June 2008 US$'000
Net asset value	568,648	735,040	995,861
Intangible assets – goodwill	(12,817)	–	(2,265)
Deferred tax on revaluation gains	3,845	10,564	32,191
Fair value of interest rate derivative financial instruments	4,947	7,142	(2,533)
Adjusted net asset value	564,623	752,746	1,023,254
Assuming exercise of all listed warrants	58,385	–	–
Fully diluted net asset value	**627,033**	**735,040**	**995,861**
Number of ordinary shares at 30 June/31 December (excluding treasury shares)	478,517,871	512,552,915	432,552,915
Assuming exercise of all listed warrants	141,128,595	–	–
Number of ordinary shares assuming exercise of all listed warrants	**619,646,466**	**512,552,915**	**432,552,915**
Net asset value per share	1.19	1.43	2.30
Adjusted net asset value per share	1.18	1.47	2.37
Fully diluted net asset value per share	1.01	1.43	2.30

The fully diluted net asset value per share assumes the exercise of all listed warrants, which whilst not necessarily dilutive with reference to the ordinary share price, are dilutive when compared to the net asset value measures.

11. Business combinations

(i) Raven Mount Group plc

On 8 May 2009 the company's acquisition of Raven Mount Group plc was pronounced unconditional. The group considers Raven Mount Group plc to comprise a single cash generating unit. Prior to its acquisition Raven Mount Group plc was considered a related party to the Group.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book Value US$'000	Adjustment US$'000	Fair Value US$'000
Non-current assets			
Property, plant and equipment	59	-	59
Deferred tax assets	916	-	916
Current assets			
Inventories	66,654	(3,179)	63,475
Trade and other receivables	20,650	-	20,650
Cash and cash equivalents	29,914	-	29,914
Current liabilities			
Trade and other payables	(21,082)	-	(21,082)
Interest bearing loans and borrowings	(6,189)	-	(6,189)
Non-current liabilities			
Deferred tax liabilities	(916)	-	(916)
Net asset value	**90,006**	**(3,179)**	**86,827**
Goodwill (note 5)			6,999
			93,826
Discharged by:			
Issue of preference shares (note 7)			88,198
Issue of warrants (note 9)			3,675
Acquisition costs			1,953
			93,826

From the date of acquisition to 30 June 2009, Raven Mount Group plc contributed US$577k to the Group's loss for the period. Had the combination taken place at the beginning of 2009, the consolidated loss for the group before tax would have increased by US$1,271k and gross income from continuing operations would have increased by US$9,261k.

(ii) Roslogistics Holdings (Russia) Limited

Following a change to the financing arrangements of the Group's logistics joint venture, Roslogistics Holdings (Russia) Limited, the Group considers the substance of the arrangement to now be that of parent and subsidiary.The change has been deemed as effective from 1 May 2009 and goodwill has been provisionally assessed as US$5,818,000. On 3 September 2009 the Group completed the acquisition of the 50% of shares held by the joint venture partner and details of the fair value of assets and liabilities acquired, purchase consideration and final goodwill will be included in the Group's financial statements for the year ended 31 December 2009.

12. Segmental information

The Group has three operating segments, which are managed and report independently to the senior management of the Group. These comprise property investment activities, logistics activities and, following the acquisition of Raven Mount Group plc (note 11) in the period, property development activities.

Income Statement for the six months ended 30 June 2009	Property Investment US$'000	Logistics US$'000	UK Property Development US$'000	Total US$'000
Revenue				
External sales	37,823	5,733	1,414	44,970
Segment result				
Operating loss	(133,046)	(1,347)	(638)	(135,031)
Finance income	3,434	241	138	3,813
Finance expense	(18,061)	(263)	(77)	(18,401)
Loss before tax	(147,673)	(1,369)	(577)	(149,619)
Tax	10,561	1,138	–	11,699
Loss for the period	**(137,112)**	**(231)**	**(577)**	**(137,920)**
Other information				
Depreciation	(121)	(304)	–	(425)
Loss on revaluation of investment property	(128,594)	–	–	(128,594)
Recognised share based payments	–	–	–	–
Cash flow – Capital expenditure				
Purchase of investment property	–	–	–	–
Payments for investment property under construction	101,901	–	–	101,901
Purchase of property, plant and equipment	–	244	–	244

Balance Sheet as at 30 June 2009	Property Investment US$'000	Logistics US$'000	UK Property Development US$'000	Total US$'000
Assets				
Non-current assets	1,072,530	14,891	3,715	1,091,136
Current assets	199,891	6,720	117,151	323,762
Total assets	**1,272,421**	**21,611**	**120,866**	**1,414,898**
Liabilities				
Non-current liabilities	621,769	8,387	9,089	639,245
Current liabilities	181,518	12,083	13,404	207,005
Total liabilities	**803,287**	**20,470**	**22,493**	**846,250**
Net assets	**469,134**	**1,141**	**98,373**	**568,648**

12. Segmental information – continued

Income Statement
for the six months ended 30 June 2008

	Property Investment US$'000	Logistics US$'000	UK Property Development US$'000	Total US$'000
Revenue				
External sales	29,069	3,614	–	32,683
Segment result				
Operating profit/(loss)	56,693	(2,321)	–	54,372
Finance income	10,427	–	–	10,427
Finance expense	(6,180)	(179)	–	(6,359)
Profit/(loss) before tax	60,940	(2,500)	–	58,440
Tax	(10,784)	541	–	(10,243)
Profit/(loss) for the period	**50,156**	**(1,959)**	**–**	**48,197**
Other information				
Depreciation	123	122	–	245
Gain on revaluation of investment property	44,555	–	–	44,555
Recognised share based payments	–	–	–	–
Cash flow – Capital expenditure				
Purchase of investment property	–	–	–	–
Payments for investment property under construction	169,606	–	–	169,606
Purchase of property, plant and equipment	–	–	–	–

Balance Sheet
as at 30 June 2008

	Property Investment US$'000	Logistics US$'000	UK Property Development US$'000	Total US$'000
Assets				
Non-current assets	1,037,773	4,704	–	1,042,477
Current assets	349,446	6,535	–	355,981
Total assets	1,387,219	11,239	–	1,398,458
Liabilities				
Non-current liabilities	301,744	6,401	–	308,145
Current liabilities	88,601	5,851	–	94,452
Total liabilities	**390,345**	**12,252**	**–**	**402,597**
Net assets	**996,874**	**(1,013)**	**–**	**995,861**

NOTES

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