RAVEN RUSSIA LIMITED

Interim Results
for the six months ended 30 June 2010

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Cover Photograph: Baltia.

RAVEN RUSSIA LIMITED

("Raven Russia" or the "Company")

INTERIM RESULTS

For the six months ended 30 June 2010

HIGHLIGHTS

- 145,400 sqm of new lettings in the 6 months to 30 June 2010;
- 40,300 sqm of additional lettings since 30 June 2010;
- Annualised Consolidated NOI now $82.3 million;
- Increasing to $91 million on conversion of PLAs and LOIs;
- Portfolio ERV of $123 million and portfolio ERV yield of 13.9%;
- Sale of Baltia to complete in second half with gross consideration of $42 million;
- Profit before tax for the 6 months of $8 million;
- Operating cash generated of $14.8 million;
- Cash balance at 30 June $113 million and $110 million on publication of these interim results;
- Adjusted, fully diluted NAV per share of 97 cents;
- Tender offer buy back of 1 in 58 shares at 54p proposed.

Richard Jewson, Chairman, said:

"Our focus has been firmly on letting our completed space and the results for the year to date show excellent progress. The market has stabilised, yields and rents are moving in the right direction and we are very well placed to take advantage of the opportunities our market presents."

Glyn Hirsch, CEO, said:

"We are meeting our key letting targets with the first hurdle of $90 million of annualised NOI now in sight. The next aim is to get fully let and start meaningfully growing distributions to shareholders."

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CHAIRMAN'S STATEMENT

Introduction

I am pleased to announce the Group's results for the six months ended 30 June 2010.

At today's date our annualised, consolidated net operating income ("NOI") is $82.3 million, increasing to $91.0 million including pre-let agreements ("PLAs") and letters of intent ("LOIs") and before cost of vacant space. This represents 185,700 square metres ("sqm") of signed leases in the year to date and a further 79,000 sqm of PLAs and LOIs. Letting has been our main focus in the period and this shows the excellent progress being made.

Reported NOI for the six months to 30 June 2010 was $27.1 million (2009: $25.4 million). This is the first reporting period where we have operated our portfolio for a full six months and hence our property operating costs have increased to $20.7 million from $13.0 million in the same period last year. We have to cover the element of operating costs relating to vacant space and this does act as a drag on our reported NOI. As the vacant space is let, these costs are passed onto the tenants.

Profit before tax for the period was $8.1 million (30 June 2009: loss of $149.6 million), earnings per share were 1 cent (30 June 2009: loss per share of 27.5 cents), basic NAV per share was $1.15 (31 December 2009: $1.14) and adjusted, fully diluted NAV per share 97 cents (31 December 2009: 97 cents).

The external valuation carried out by Jones Lang Lasalle ("JLL") as at 30 June is reflected in the carrying value of our completed assets of $905.8 million, an increase of $27 million since 31 December 2009. The portfolio has an estimated rental value ("ERV") of $123 million.

Our period end cash balance was $113 million (31 December 2009: $124 million) with net debt of $333 million (31 December 2009: $322 million).

As announced on 4 August we have signed contracts to sell the shares in the subsidiary which owns our property at Baltia, Moscow. Gross consideration is $42 million, which is $10 million above the JLL valuation included in the property values referred to above. After repaying the debt secured on the asset, we should generate around $19.7 million of cash. The profit generated on the current valuations will be reflected in the second half of the year following completion.

As we move to profitability and cash generation on an annualised basis, we can begin a progressive rate of distribution to shareholders. Rather than pay a 1p dividend we have decided to make a tender offer buy back to shareholders, of 1 in 58 shares at 54 pence. This will have the advantage of being NAV and EPS accretive as well as being a tax efficient distribution to shareholders.

I am pleased that we completed the move to the Official List on 2 August and we expect to be included in the FTSE All Share Index in September. This is appropriate for our maturing business.

The market in which we operate is improving and I look forward to the future with confidence.

Results

In the six months to 30 June 2010 the company made a pre tax profit of $8.1 million (30 June 2009: pre tax loss $149.6 million), including revaluation gains of $31 million (30 June 2009: losses of $129 million).

This equates to earnings per share of 1 cent (30 June 2009: loss per share of 27.5 cents) and EPRA loss per share of 4.6 cents (30 June 2009: loss per share of 3.5 cents).

NOI for the six months of $27.1 million was similar to the comparative period of $25.4 million but is after absorbing all operating costs on the vacant space of our portfolio for a full six months as explained in my introduction and expanded upon in the Chief Executive's statement.

Ongoing operating profit was $9.5 million (30 June 2009: $4.4 million) after unrealised foreign exchange gains of $1.2 million (30 June 2009: losses of $4.2 million) and a charge for share based payments of $4.5 million (30 June 2009: nil). The share based payments are non cash and also NAV neutral as the charge is credited through balance sheet reserves. As can be seen from the segmental analysis note to the interim statements, administrative costs for the investment portfolio were $10.9 million before these share based payments.

This translated into operating cash inflows of $14.8 million (30 June 2009: $15.8 million) and with much reduced construction activity, a cash outflow in the period of only $9 million after ordinary share dividend payments of $3.8 million.

Net finance costs, before mark to market valuation of financial instruments for the period were $30.1 million (30 June 2009: $14.5 million) including the preference share charge of $13.1 million (30 June 2009: $5.3 million). At the period end, the Group had bank debt of $437 million and cash balances of $113 million.

Tender Offer

With the continuing improvement in our annualised NOI and after agreeing terms on the sale of Baltia, we have reviewed our distribution policy. Our share price, whilst improving, remains at a significant discount of 22% to our adjusted, fully diluted NAV per share and as a result, we believe that a tender offer buy-back is an efficient method for us to return cash to shareholders. Accordingly, we intend to implement a tender offer buy back of 1 in 58 shares at 54 pence, a premium of 9% to the current share price and the equivalent of a dividend of 1 pence per share. If this is fully subscribed it will result in the buy back of 9.26 million shares and a total distribution of £5 million. The tender offer will be subject to the approval of shareholders and warrantholders and a circular setting out full details and convening the respective meetings will be posted shortly. It is expected that the tender offer will complete in early October 2010.

Net Asset Value

Basic NAV per share was $1.15 at 30 June 2010 (31 December 2009: $1.14). Fully diluted NAV per share at today's sterling exchange rate is 62.5p.

The increase in NAV from $546 million to $562 million follows the formal, bi annual valuation of our completed portfolio by JLL. Based on this valuation our investment properties are carried at $905.8 million at 30 June 2010, an increase of $27 million over the December 2009 valuations. This represents an ERV yield of 13.9% and a price per square metre ("sqm") of $853 for the warehouse portfolio (31 December 2009: 14.3% and $820 per sqm).

Financing

Total bank debt outstanding at 30 June 2010 was $437 million at a weighted average cost to the Group of 7.1% and a weighted term to maturity of 3.3 years.

As disclosed in the financial statements for 31 December 2009, we successfully rolled over our one remaining construction facility on the Noginsk project and completed the syndication on our Novosibirsk project, drawing a further $10 million in February.

Since 30 June 2010, we have completed and drawn down the remaining $10 million loan tranche under the $40 million, syndicated IFC facility for the Rostov-on-Don project.

This leaves only one committed but undrawn facility of $10 million with Aareal bank secured on the Istra project. We expect to meet the conditions required for this draw later this year.

We have also increased and drawn on an existing, short term Barclays' facility of £7.5 million at a cost of 2.5% above UK LIBOR. This gave additional cash of £2.5 million and is secured on certain of the Raven Mount stock.

Hedging

Following the completion of the IFC and EBRD facilities on our regional projects in Novosibirsk and Rostov, the US LIBOR risk on the combined $90 million exposure has been hedged with two caps on three year terms with 3% strike rates.

At 30 June 2010, the Group had a total of $355 million of debt with US LIBOR risk hedged, of which $121 million is capped with a weighted average strike of 3.8% and a weighted average term to maturity of 3 years and $234 million is swapped at a weighted average rate of 3.3% with a weighted average term to maturity of 3 years.

Raven Mount

We continue to liquidate the Raven Mount stock, generating cash from the sale of inventory and other assets of £6.7 million in the period at sales values above our acquisition cost.

Roslogistics

We have completed the move of the Moscow operations of the business to our Lobnya site as described in our 2009 annual results and will look to see the benefit of this consolidation and the rationalising of head office costs in the next 12 months. In the second half of the year we will incur one off costs in relation to the cessation of activities at the subsidiary's previous Moscow site but these should not be significant in the context of Group results.

Richard Jewson
Chairman

27 August 2010

CHIEF EXECUTIVE'S STATEMENT

2010 has been a good year so far. The occupier demand that we saw in the first quarter has continued and in the first six months of 2010 our efforts have been rewarded with 145,400 sqm of new lettings adding $16.5 million to our contracted rent roll. Since 30 June we have leased a further 40,300 sqm adding an additional $4 million of annualised NOI and our annualised consolidated NOI is $82.3 million before cost on vacant space. This rises to $91 million on conversion of PLAs and LOIs.

At current occupancy levels, the cost of vacant space will reduce the contribution made by annualised NOI by approximately 20%. For simplicity, if you assume new lettings at $100 per sqm, with each additional $10 million of NOI the cost of vacant space will reduce, on average, by 5%.

Without rental increases we should achieve $123 million of annualised NOI when fully let, inclusive of Baltia. On completion of the sale of Baltia, the ERV will reduce by $4 million.

We have a weighted average unexpired lease term of 5.8 years and an average, annual rent per sqm on our warehouse portfolio of $122.

New lettings in the period included 33,000 sqm, to the Russian retailer Dixy, at Shushary, St Petersburg and 12,000 sqm to Johnson Controls at the same property. In Moscow we have leased 18,000 sqm to Alliance Boots at Klimovsk. We have also seen existing tenants expanding their operations and taking additional space.

Valuations have improved but to a greater extent, my year end comments still hold good. You can't buy property at these valuations and the level of yields combined with market rents still mean valuations of rack rented buildings are around replacement cost in Moscow. A rent of $110 at a yield of 12% produces a capital value of just over $900 per sqm, which is broadly the all in cost of construction including finance and land. But that leaves no profit for the developer. Assuming a fairly standard 20% profit on cost, capital values need to reach $1,100 per sqm for development to make sense. That's equivalent to $125 per sqm and about 11.25%.

In the regions with lower rents and higher yields it makes no sense to build new stock.

We are not aware of any significant new construction taking place so if current levels of demand continue we should see rents start to rise. This will be good for profits and valuations.

Following the buy out of our partner on Roslogistics last year we have continued to rationalise the business to move it to profitability. It does not represent a significant business segment and currently provides $4 million of our annualised rent with an annualised cost base of $3 million. It occupies 50,000 sqm of our space and therefore has the potential to produce a meaningful contribution. Equally, we can let the space to third parties if demand remains strong.

Reaching $90 million of annualised NOI has been a focus for us and a key milestone in terms of our cash flow and profitability, we are pleased to have this in sight now, once current PLAs and LOIs convert. The next aim is to get fully let and start meaningfully growing distributions to shareholders. Whilst the shares trade at such a big discount, distributing by way of tender offer buy-backs makes sense, it is tax efficient and accretive to NAV per share. We will keep future methods of distribution under review.

As announced on 4 August, we have signed contracts to sell the subsidiary company which holds our Baltia asset for $42 million. This represents a premium of 31% over the 30 June 2010 valuation and releases $19.7 million of cash once the existing debt and hedging is unwound. This equates to a price per sqm of $1,500.

We have finally moved our ordinary shares and warrants to the Official List although, annoyingly, our preference shares remain on AIM due to an inadequate number of shares in public hands. We will try to find a way to resolve this as soon as we can. Total fees for the exercise were approximately £1 million, which our advisers tell me is a very low figure but it feels like a fortune. As far as I can see most global financial pressures are deflationary and professional firms are due a rude awakening when these pressures hit them.

We remain happy with our focussed strategy. The structural under supply of logistics warehousing in Russia underpins our medium and long term prospects. Short term we hope to benefit from the absence of development activity.

Our portfolio is leasing up fast and rents are improving. As at the year end, we hold 411 ha of development land. Without taking undue risks we think it is time to consider speculative development in Moscow again where we have a reduced marginal cost of investment due to existing infrastructure already in place. Demand from tenants within our existing portfolio is also creating opportunities as their own businesses expand and they require additional space. We have a market leading position and an excellent portfolio of assets across Russia. Our aim is to expand either organically by building on our own land or through acquisition and to retain our focus on an under supplied sector. We are engaged in discussions on a number of possible acquisitions, both for income producing completed assets and land where construction could commence quickly.

Our cash resources and available bank finance leave us well positioned. At the period end cash balances were $113 million and are $110 million at today's date before cash receipts on completion of the Baltia sale and after the $5.4 million payment on the recent warrant tender offer.

So, we've survived the recent crisis, finished construction and done enough letting to breathe a big sigh of relief. The next phase is to make some decent returns for shareholders by more letting, push our business forward whilst maintaining enough liquidity to withstand the next problem the world throws at us.

The problems of indebted countries still look truly terrifying and sadly we know that Russia will be impacted when these economies start to go wrong again. So while we expand and add value for shareholders we will try to remain sufficiently flexible and liquid to work through the next inevitable global calamity.

Our next milestone should be annualised NOI rising through $100 million. This will provide the platform for a meaningful level of distribution which we will aim to increase as the portfolio becomes fully let.

Glyn Hirsch
Chief Executive Officer

27 August 2010

CONDENSED UNAUDITED GROUP INCOME STATEMENT

For the six months ended 30 June 2010

	Six months ended 30 June 2010			Six months ended 30 June 2009		
	Revenue US$'000	Capital US$'000	Total US$'000	Revenue US$'000	Capital US$'000	Total US$'000
Gross revenue	62,743	–	62,743	44,970	–	44,970
Property operating expenditure and cost of sales	(35,624)	–	(35,624)	(19,588)	–	(19,588)
Net rental and related income	**27,119**	**–**	**27,119**	**25,382**	**–**	**25,382**
Administrative expenses	(18,857)	–	(18,857)	(16,874)	–	(16,874)
Foreign currency gains/(losses)	1,233	(4,396)	(3,163)	(4,151)	(10,794)	(14,945)
Operating expenditure	**(17,624)**	**(4,396)**	**(22,020)**	**(21,025)**	**(10,794)**	**(31,819)**
Operating profit/(loss) before profits and losses on investment property	**9,495**	**(4,396)**	**5,099**	**4,357**	**(10,794)**	**(6,437)**
Unrealised profit/(loss) on revaluation of investment property (note 4)	–	30,701	30,701	–	(85,833)	(85,833)
Unrealised loss on revaluation of investment property under construction (note 5)	–	–	–	–	(42,761)	(42,761)
Operating profit/(loss)	**9,495**	**26,305**	**35,800**	**4,357**	**(139,388)**	**(135,031)**
Finance income	2,304	2,215	4,519	3,813	–	3,813
Finance expense	(32,250)	–	(32,250)	(18,330)	(71)	(18,401)
(Loss)/profit before tax	**(20,451)**	**28,520**	**8,069**	**(10,160)**	**(139,459)**	**(149,619)**
Tax	449	(3,748)	(3,299)	6,122	5,577	11,699
(Loss)/profit for the period	**(20,002)**	**24,772**	**4,770**	**(4,038)**	**(133,882)**	**(137,920)**
Earnings per share (note 3)						
Basic (cents)			0.99			(27.51)
Diluted (cents)			0.86			(27.51)
Adjusted (EPRA) earnings per share (note 3)						
Basic (cents)			(4.62)			(3.49)
Diluted (cents)			(4.62)			(3.49)

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS as adopted by the EU. The revenue and capital columns are supplied as supplementary information permitted by IFRS as adopted by the EU.

All items in the above statement derive from continuing operations.

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 GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Six months ended 30 June 2010 US$'000	Six months ended 30 June 2009 US$'000
Profit/(loss) for the period	4,770	(137,920)
Other comprehensive income:		
Foreign currency translation	10,066	(22,426)
Total comprehensive income for the period	**14,836**	**(160,346)**

CONDENSED UNAUDITED GROUP STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Share Capital US$'000	Share Premium US$'000	Warrants US$'000	Own Shares Held US$'000	Special Reserve US$'000	Capital Reserve US$'000	Translation Reserve US$'000	Retained Earnings US$'000	Total US$'000
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**
At 1 January 2010	9,924	46,858	8,584	(13,841)	870,692	(151,562)	(112,676)	(112,096)	545,883
Total comprehensive income for the period	–	–	–	–	–	–	10,066	4,770	14,836
Dividends paid	–	–	–	–	–	–	–	(3,897)	(3,897)
Warrants exercised	47	1,244	(173)	–	–	–	–	–	1,118
Ordinary shares disposed	–	–	–	3,414	–	–	–	–	3,414
Share-based payment expense	–	–	–	–	–	–	–	363	363
Transfer in respect of capital gains	–	–	–	–	–	24,772	–	(24,772)	-
At 30 June 2010	**9,971**	**48,102**	**8,411**	**(10,427)**	**870,692**	**(126,790)**	**(102,610)**	**(135,632)**	**561,717**

The accompanying notes are an integral part of this statement.

CONDENSED UNAUDITED GROUP BALANCE SHEET

As at 30 June 2010

	30 June 2010 US$'000	31 December 2009 US$'000	30 June 2009 US$'000
Non-current assets			
Investment property (note 4)	905,816	878,775	797,773
Investment property under construction (note 5)	103,363	101,280	189,417
Plant and equipment	8,006	7,663	6,706
Intangible assets (note 6)	13,442	13,442	12,817
Other receivables	20,254	18,214	20,397
Derivative financial instruments	706	195	–
Deferred tax assets	58,923	61,176	64,026
	1,110,510	1,080,745	1,091,136
Current assets			
Inventory	55,831	61,403	67,065
Trade and other receivables	48,751	68,815	74,037
Derivative financial instruments	906	–	221
Available for sale financial assets	–	4,232	–
Cash and short term deposits	113,271	123,710	182,439
	218,759	258,160	323,762
Disposal group assets classified as held for sale	51,490	51,654	–
Total assets	**1,380,759**	**1,390,559**	**1,414,898**
Current liabilities			
Trade and other payables	56,896	62,852	84,752
Derivative financial instruments	–	474	411
Interest bearing loans and borrowings (note 7)	50,721	97,597	121,842
	107,617	160,923	207,005
Non-current liabilities			
Interest bearing loans and borrowings (note 7)	395,301	347,973	362,547
Preference shares (note 8)	206,003	219,444	223,113
Other payables	24,514	34,249	31,078
Derivative financial instruments	7,052	6,166	6,289
Deferred tax liabilities	27,065	24,267	16,218
	659,935	632,099	639,245
Liabilities associated with disposal groups classified as held for sale	51,490	51,654	–
Total liabilities	**819,042**	**844,676**	**846,250**
Net assets	**561,717**	**545,883**	**568,648**
Equity			
Share capital (note 9)	9,971	9,924	9,921
Share premium	48,102	46,858	46,791
Warrants (note 10)	8,411	8,584	9,268
Own shares held (note 11)	(10,427)	(13,841)	(15,314)
Special reserve	870,692	870,692	870,692
Capital reserve	(126,790)	(151,562)	(175,680)
Translation reserve	(102,610)	(112,676)	(93,516)
Retained earnings	(135,632)	(112,096)	(83,514)
Total equity	**561,717**	**545,883**	**568,648**
Net asset value per share (dollars) (note 12)			
Basic	1.15	1.14	1.19
Diluted	0.96	0.97	1.01
Adjusted net asset value per share (dollars) (note 12)			
Basic	1.16	1.14	1.18
Diluted	0.97	0.97	1.01

The accompanying notes are an integral part of this statement.

CONDENSED UNAUDITED GROUP CASH FLOW STATEMENT

For the six months ended 30 June 2010

	Six months ended 30 June 2010 US$'000	Six months ended 30 June 2009 US$'000
Cash flows from operating activities		
Profit/(loss) before tax	8,069	(149,619)
Adjustments for:		
Depreciation	966	–
Finance income	(4,519)	(3,813)
Finance expense	32,250	18,401
(Profit)/loss on revaluation of investment property	(30,701)	85,833
Loss on revaluation of investment property under construction	–	42,761
Foreign exchange losses arising from non-operating activities	3,163	14,945
Recognised share based payments	4,501	–
	13,729	8,508
Increase in operating receivables	(2,957)	(6,382)
Decrease/(increase) in other operating current assets	5,412	(232)
Increase in operating payables	536	14,123
	16,720	16,017
Tax paid	(1,905)	(165)
Cash generated from operating activities	**14,815**	**15,852**
Cash flows from investing activities		
Payments for investment property under construction	(19,956)	(101,901)
Decrease in VAT recoverable on construction	20,056	31,371
Capital expenditure	(2,313)	(244)
Acquisition of subsidiary undertakings	–	(1,953)
Cash acquired with subsidiary undertakings	–	31,211
Loans advanced	(713)	–
Interest received	973	725
Settlement of maturing forward currency financial instruments	233	217
Net cash used in investing activities	**(1,720)**	**(40,574)**
Cash flows from financing activities		
Proceeds from long term borrowings	33,211	9,419
Repayment of long term borrowings	(24,141)	(4,079)
Bank borrowing costs paid	(16,096)	(11,720)
Proceeds from issue of preference shares and warrants	–	106,999
Proceeds from issue of ordinary shares	1,118	–
Dividends paid on preference shares	(12,385)	(5,219)
Ordinary dividends paid	(3,802)	–
Net cash (used in)/generated from financing activities	**(22,095)**	**95,400**
Net (decrease)/increase in cash and cash equivalents	(9,000)	70,678
Opening cash and cash equivalents (note 14)	123,782	108,435
Effect of foreign exchange rate changes	(1,506)	3,326
Closing cash and cash equivalents (note 14)	**113,276**	**182,439**

The accompanying notes are an integral part of this statement.

NOTES TO THE CONDENSED UNAUDITED GROUP FINANCIAL STATEMENTS

For the six months ended 30 June 2010

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 2009.

Restatement of prior period amounts

As disclosed in the Group's financial statements for the year ended 31 December 2009, management reconsidered the function of expenditure incurred by the Group's special purpose vehicles ("SPVs") and concluded that for some SPVs expenditure previously reported as administrative expenses was operational. The income statement for the period ended 30 June 2009 has been restated to reclassify US$1.4 million of administrative expenses to property operating expenses. This reclassification has no effect on the loss reported in the income statement for the period ended 30 June 2009.

Significant accounting policies

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 2009.

The Group has adopted new and amended IFRS and IFRIC interpretations as of 1 January 2010, which did not have any effect on the financial performance or financial position of the Group and in many cases did not have any relevance to the activities of the Group.

These were:

IFRS 3 Business combinations (Revised)
IFRIC 12 Service concession arrangements
IFRIC 15 Agreements for the construction of real estate
IFRIC 17 Distributions of non-cash assets to owners
IFRIC 18 Transfer of assets from customers
IFRS 2 Group cash-settled share-based payment arrangements (Amendments)
IAS 27 Consolidated and separate financial statements (Amendments)
IAS 39 Financial instruments: Recognition and measurement – Eligible hedged items (Amendment)
IFRIC 9 Reassessment of embedded derivatives and IAS 39 Financial instruments: Recognition and measurement – Embedded derivatives (Amendments)
Improvements to International Financial Reporting Standards (issued April 2009)

Certain new interpretations and amendments or revisions to existing standards, which may be relevant to the Group, have been published that are mandatory for later accounting periods and which have not been adopted early.

These are:

IAS 24 Related party disclosures (Revised) effective 1 January 2011
IFRS 9 Financial instruments effective 1 January 2013
IAS 32 Financial instruments: Presentation – Classification of rights issues (Amendment) effective annual periods beginning on or after 1 February 2010
IFRIC 14 Prepayments of a minimum funding requirement (Amendment) effective 1 January 2011
IFRIC 19 Extinguishing financial liabilities with equity instruments effective annual periods beginning on or after 1 July 2010

The Group is currently assessing the impact of these changes on its financial statements.

2. Segmental information

The Group has three operating segments, which are managed and report independently to the Board of the Company. These comprise:

Property investment – acquire, develop and lease commercial property in Russia and the CIS
Roslogistics – provision of warehousing, transport, customs brokerage and related services in Russia and the CIS
Raven Mount – construct and sell residential property in the UK.

For the six months ended 30 June 2010	Property Investment US$'000	Roslogistics US$'000	Raven Mount US$'000	Total US$'000
Gross Income	45,097	10,479	7,167	62,743
Operating costs/Cost of sales	(20,715)	(9,528)	(5,381)	(35,624)
Net operating income	**24,382**	**951**	**1,786**	**27,119**
Administrative expenses	(10,910)	(1,983)	(1,463)	(14,356)
Share based payments	(4,501)	–	–	(4,501)
Operating profit/(loss)	**8,971**	**(1,032)**	**323**	**8,262**
Unrealised profit on revaluation of investment property	30,701	–	–	30,701
Segment profit/(loss)	**39,672**	**(1,032)**	**323**	**38,963**
Foreign currency losses				(3,163)
Finance income				4,519
Finance expense				(32,250)
Profit before tax				**8,069**

As at 30 June 2010	Property Investment US$'000	Roslogistics US$'000	Raven Mount US$'000	Total US$'000
Assets				
Investment property	905,816	–	–	905,816
Investment property under construction	103,363	–	–	103,363
Inventory	–	–	55,831	55,831
Cash and short term deposits	88,723	1,338	23,210	113,271
Segment assets	**1,097,902**	**1,338**	**79,041**	**1,178,281**
Other non-current assets	–	–	–	101,331
Other current assets	–	–	–	49,657
Total assets	**1,097,902**	**1,338**	**79,041**	**1,329,269**
Segment liabilities				
Interest bearing loans and borrowings	430,723	–	15,299	446,022
Capital expenditure				
Payments for investment property under construction	19,956	–	–	19,956

For the six months ended 30 June 2009	Property Investment US$'000	Roslogistics US$'000	Raven Mount US$'000	Total US$'000
Gross Income	37,824	5,733	1,413	44,970
Operating costs/Cost of sales	(12,986)	(5,402)	(1,200)	(19,588)
Net operating income	**24,838**	**331**	**213**	**25,382**
Administrative expenses	(14,084)	(1,942)	(848)	(16,874)
Share based payments	–	–	–	–
Operating profit/(loss)	**10,754**	**(1,611)**	**(635)**	**8,508**
Unrealised loss on revaluation of investment property	(85,833)	–	–	(85,833)
Unrealised loss on revaluation of investment property under construction	(42,761)	–	–	(42,761)
Segment loss	**(117,840)**	**(1,611)**	**(635)**	**(120,086)**
Foreign currency losses				(14,945)
Finance income				3,813
Finance expense				(18,401)
Loss before tax				**(149,619)**

As at 30 June 2009	Property Investment US$'000	Roslogistics US$'000	Raven Mount US$'000	Total US$'000
Assets				
Investment property	797,773	–	–	797,773
Investment property under construction	189,417	–	–	189,417
Inventory	–	–	67,065	67,065
Cash and short term deposits	146,544	872	35,023	182,439
Segment assets	**1,133,734**	**872**	**102,088**	**1,236,694**
Other non-current assets	–	–	–	103,946
Other current assets	–	–	–	74,258
Total assets	**1,133,734**	**872**	**102,088**	**1,414,898**
Segment liabilities				
Interest bearing loans and borrowings	477,654	–	6,735	484,389
Capital expenditure				
Payments for investment property under construction	101,901	–	–	101,901

As at 31 December 2009	Property Investment US$'000	Roslogistics US$'000	Raven Mount US$'000	Total US$'000
Assets				
Investment property	878,775	–	–	878,775
Investment property under construction	101,280	–	–	101,280
Inventory	–	–	61,403	61,403
Cash and short term deposits	96,168	220	27,322	123,710
Segment assets	**1,076,223**	**220**	**88,725**	**1,165,168**
Other non-current assets	–	–	–	100,690
Other current assets	–	–	–	73,047
Total assets	**1,076,223**	**220**	**88,725**	**1,338,905**
Segment liabilities				
Interest bearing loans and borrowings	434,269	–	11,301	445,570
Capital expenditure				
Payments for investment property under construction	138,345	–	–	138,345

3. Earnings per share

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

	2010 US$'000	2009 US$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share being the profit/(loss) for the period	4,770	(137,920)
Adjustments to arrive at EPRA earnings		
Unrealised (profit)/loss on revaluation of investment property	(30,701)	85,833
Unrealised loss on revaluation of investment property under construction	–	42,761
(Profit)/loss on maturing foreign currency derivative financial instruments	(233)	122
Change in fair value of open forward currency derivative financial instruments	(1,981)	(193)
Change in fair value of open interest rate derivative financial instruments	2,101	(2,534)
Movement on deferred tax thereon	3,748	(5,577)
Adjusted EPRA earnings	**(22,296)**	**(17,508)**

Number of shares	2010 Number '000	2009 Number '000
Weighted average number of ordinary shares for the purpose of basic EPS and basic EPRA EPS (excluding treasury shares held)	483,113	501,309
Effect of dilutive potential ordinary shares:		
Listed warrants	66,451	–
ERS	1,775	–
LTIP	486	–
Weighted average number of ordinary shares for the purposes of diluted EPS	**551,825**	**501,309**
EPS basic (cents)	0.99	(27.51)
EPRA EPS basic (cents)	(4.62)	(3.49)
Diluted EPS (cents)	0.86	(27.51)
EPRA diluted EPS (cents)	(4.62)	(3.49)

The Company has a number of potential ordinary shares, being listed warrants (note 10), options and warrants to advisers on the formation of the Company (note 13) and awards made under the Employee Retention Scheme ("ERS") and Long Term Incentive Plan (note 13). The options and warrants issued to advisers were not dilutive for the six months ended 30 June 2010.

4. Investment property

	30 June 2010 US$'000	31 December 2009 US$'000	30 June 2009 US$'000
At 1 January	878,775	453,750	453,750
Transfer from investment property under construction (note 5)	–	515,354	429,856
Transfer to disposal assets classified as held for sale	–	(37,489)	–
Movement in completion provisions	(3,660)	5,093	–
Unrealised profit/(loss) on revaluation of investment property	30,701	(57,933)	(85,833)
At 30 June/31 December	**905,816**	**878,775**	**797,773**

5. Investment property under construction

	30 June 2010 US$'000	31 December 2009 US$'000	30 June 2009 US$'000
At 1 January	101,280	443,653	443,653
Costs incurred	4,389	142,906	245,462
Acquisition	–	119,122	–
Effect of foreign exchange rate changes	(2,306)	(28,260)	(27,081)
Transfer to investment property (note 4)	–	(515,354)	(429,856)
Transfer to disposal assets classified as held for sale	–	(10,243)	–
Unrealised loss on revaluation of investment property under construction	–	(50,544)	(42,761)
At 30 June/31 December	**103,363**	**101,280**	**189,417**

6. Intangible assets

Goodwill	30 June 2010 US$'000	31 December 2009 US$'000	30 June 2009 US$'000
At 1 January	13,442	–	–
On acquisition of Raven Mount Group plc	–	8,059	6,999
On change in financing arrangements for Roslogistics	–	5,383	5,818
At 30 June/31 December	**13,442**	**13,442**	**12,817**

7. Interest bearing loans and borrowings

	30 June 2010 US$'000	31 December 2009 US$'000	30 June 2009 US$'000
(a) **Bank loans**			
Loans due for settlement within 12 months	46,168	93,273	117,698
Loans due for settlement after 12 months	390,772	339,900	348,206
	436,940	**433,173**	**465,904**
(b) **Other interest bearing loans**			
Loans due for settlement within 12 months	4,553	4,324	4,144
Loans due for settlement after 12 months	4,529	8,073	14,341
	9,082	**12,397**	**18,485**
Totals			
Loans due for settlement within 12 months	50,721	97,597	121,842
Loans due for settlement after 12 months	395,301	347,973	362,547
	446,022	**445,570**	**484,389**
The Group's borrowings have the following maturity profile:			
On demand or within one year	50,721	97,597	121,842
In the second year	76,995	29,776	78,514
In the third to fifth years	271,800	252,240	244,066
After five years	46,506	65,957	35,967
	446,022	**445,570**	**484,389**

8. Preference shares

	30 June 2010 US$'000	31 December 2009 US$'000	30 June 2009 US$'000
Authorised share capital:			
400,000,000 preference shares of 1p each	5,891	5,891	5,891

	30 June 2010 Number	31 December 2009 Number	30 June 2009 Number
Issued share capital:			
At 1 January	143,315,179	–	–
Issued in the period/year for cash	–	76,155,000	76,155,000
On acquisition of Raven Mount Group plc	–	66,409,478	64,937,595
Scrip dividends	320,268	750,701	97,665
At 30 June/31 December	**143,635,447**	**143,315,179**	**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.

9. Share capital

	30 June 2010 US$'000	31 December 2009 US$'000	30 June 2009 US$'000
Authorised share capital:			
1,500,000,000 ordinary shares of 1p each	27,469	27,469	27,469

	30 June 2010 Number	31 December 2009 Number	30 June 2009 Number
Issued share capital:			
At 1 January	512,697,594	512,552,915	512,552,915
Issued in the period/year	2,974,818	144,679	–
At 30 June/31 December	**515,672,412**	**512,697,594**	**512,552,915**

Of the authorised ordinary share capital at 30 June 2010, 155.6 million (2009: 143.1 million) are reserved for options and warrants.

Details of own shares held are given in note 11.

On 2 August 2010 the Company issued 21,740,807 ordinary shares in satisfaction of the surrender of warrants.

10. Warrants

	30 June 2010 Number	31 December 2009 Number	30 June 2009 Number
At 1 January	142,419,799	–	–
Issued in the period/year for cash	–	76,155,000	76,155,000
On acquisition of Raven Mount Group plc	–	66,409,478	64,973,595
Exercised in the period/year	(2,974,818)	(144,679)	–
At 30 June/31 December	**139,444,981**	**142,419,799**	**141,128,595**

	30 June 2010 US$'000	31 December 2009 US$'000	30 June 2009 US$'000
At 1 January	8,584	–	–
Issued in the period/year for cash	–	4,416	5,001
On acquisition of Raven Mount Group plc	–	4,177	4,267
Exercised in the period/year	(173)	(9)	–
At 30 June/31 December	**8,411**	**8,584**	**9,268**

The warrants issued on acquisition of Raven Mount Group plc include 8.1 million warrants (US$502k) issued to settle a liability of Raven Mount Group plc.

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

On 2 August 2010 the Company accepted the surrender of 36,256,016 warrants in exchange for the issue of 21,740,807 ordinary shares and cash payments amounting to £3.5 million. The warrants surrendered have been cancelled.

In the period since 30 June 2010 3,428 warrants have been exercised.

11. Own shares held

	30 June 2010 Number	31 December 2009 Number	30 June 2009 Number
At 1 January	34,035,054	–	–
Acquired in the period/year	–	34,035,054	34,035,054
Disposals in the period/year	(5,635,000)	–	–
At 30 June/31 December	**28,400,054**	**34,035,054**	**34,035,054**

12. Net asset value per share

	30 June 2010 US$'000	31 December 2009 US$'000	30 June 2009 US$'000
Net asset value	561,717	545,883	568,648
Intangible assets – goodwill	(13,442)	(13,442)	(12,817)
Deferred tax on revaluation gains	12,209	8,461	3,845
Fair value of interest rate derivative financial instruments	6,562	5,586	4,947
Adjusted net asset value	**567,046**	**546,488**	**564,623**
Assuming exercise of all dilutive potential ordinary shares			
– Listed warrants (note 10)	52,156	56,843	58,385
– ERS (note 13)	–	–	–
– LTIP (note 13)	3,458	407	–
Fully diluted net asset value	**622,660**	**603,738**	**623,008**

	30 June 2010 Number	31 December 2009 Number	30 June 2009 Number
Number of ordinary shares	515,672,412	512,697,594	512,552,915
Less own shares held	(28,400,054)	(34,035,054)	(34,035,054)
	487,272,358	**478,662,540**	**478,517,861**
Assuming exercise of all dilutive potential ordinary shares			
– Listed warrants (note 10)	139,444,981	142,419,799	141,128,595
– ERS (note 13)	5,000,000	1,775,000	–
– LTIP (note 13)	9,245,946	1,020,000	–
Number of ordinary shares assuming exercise of all listed warrants	**640,963,285**	**623,877,339**	**619,646,456**

	30 June 2010 US$	31 December 2009 US$	30 June 2009 US$
Net asset value per share	1.15	1.14	1.19
Fully diluted net asset value per share	0.96	0.97	1.01
Adjusted net asset value per share	1.16	1.14	1.18
Adjusted fully diluted net asset value per share	0.97	0.97	1.01

13. Share-based payments

(a) Movements in adviser and employee share-based payments

	Six months ended 30 June 2010		Six months ended 30 June 2009	
	Number of options and warrants	Weighted average exercise price	Number of options and warrants	Weighted average exercise price
Outstanding at the beginning of the period	4,740,833	100p	9,629,166	100p
Issued during the period				
– ERS	3,225,000	0p	–	–
– LTIP	8,225,946	25p	–	–
Repurchased through business combination	–	–	(7,650,000)	100p
Outstanding at the end of the period	**16,191,779**	**26p**	**1,979,166**	**100p**

(b) Share-based payment charge

The Group recognised a share-based payment in expense as a result of the ERS and LTIP awards to date, which amounted to US$0.4 million for the period (2009: nil). Also, and as set out in the 2009 Directors' Remuneration Report approved by shareholders, the Company utilised 5.6 million of ordinary shares held (note 11) to satisfy bonuses to the Directors and senior management. This resulted in a charge of US$4.1 million for the period.

14. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise:

	30 June 2010 US$'000	31 December 2009 US$'000	30 June 2009 US$'000
Cash and short term deposits per balance sheet	113,271	123,710	182,439
Cash included within disposal group assets	5	72	–
	113,276	**123,782**	**182,439**

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