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21 May 2013

AFI DEVELOPMENT PLC
("AFI DEVELOPMENT" OR "THE COMPANY")

RESULTS FOR THE THREE MONTHS TO 31 MARCH 2013

Year-on-year net profit doubles, as rental income continues to increase

AFI Development, a leading real estate company focused on developing property in Russia, has today announced its financial results for the first three months of 2013 ended 31 March 2013.

Q1 2013 financial highlights

- Revenues, including net proceeds from the sale of trading properties, up 3% year-on-year to US$33.4 million
  - Rental income up 13% year-on-year to US$33.1 million
  - AFIMALL City contribution at US$23.2 million
- Net profit almost doubled in comparison to Q1 2012 to US$15.6 million
- Gross Value of portfolio of properties up 19% to US$2,477 million compared to US$2,082 million at the end of Q4 2012[1]
- Cash and cash equivalents of US$200.8 million, up 15% since 31 December 2012, maintaining the company's strong cash position

Q1 2013 operational highlights

- Positive dynamics in all operational performance indicators at **AFIMALL City** resulting in a 21% rise in revenues compared to Q4 2012 to US$23.2 million
  - Occupancy levels increased to 81%
  - Average monthly footfall up 40% year-on-year to 42,000 daily visitors in March 2013
- Construction of first phase of Otradnoe residential project in Odintsovo in Moscow region started in March 2013
- Consolidation of 100% interest in Ozerkovskaya III office project completed in February 2013
- Land plot planning approval from Moscow authorities for **Tverskaya Plaza Ic** obtained on 7 May 2013, paving the way for detailed design works and construction permit

[1] In Q1 2013 the Company adopted IFRS 11 (Joint Arrangements). As a result, investment in 50% of Ozerkovskaya III project in comparative figures for 31/12/2012, is presented as a part of share of Investment in joint ventures. The acquisition of the remaining 50% of the project is presented as a part of Investment property.

Commenting on today's announcement, Lev Leviev, Executive Chairman of AFI Development, said:

"This has been another successful quarter for the Company, with good progress across the business. We are achieving good results in increasing footfall and rental income at AFIMALL City, our flagship retail development, making an important contribution to doubling our net profit. We are moving ahead with our new projects and have initiated construction at the Otradnoe residential development in March this year. Our financial position remains robust and we will continue to implement our balanced strategy of generating returns from rental income and asset sales in the rest of 2013."

Q1 2013 Results Conference Call:

AFI Development will hold a conference call for analysts and investors to discuss its Q1 2013 financial results on Tuesday, 21 May 2013, following the publication of the Company's financial results.

The details for the conference call are as follows:

Date:	**Tuesday, 21 May 2013**	
Time:	**6pm Moscow (3pm BST)**	
Dial-in Tel:	**International:**	**+44 (0) 20 3003 2666**
	UK toll free:	**0808 109 0700**
	US toll-free:	**1 866 966 5335**
	Russia toll-free:	**8 10 8002 4902044**
Password:	**AFI**	

Please dial in 5/10 minutes prior to the commencement time giving your name, company and stating that you are dialling into the AFI Development conference call quoting the reference AFI.

A replay facility will be available for 1 week following the call. To access the recording, please dial +44 (0) 20 8196 1998 and enter access code 1981185.

Prior to the conference call, the Q1 2013 Investor Presentation of AFI Development will be published on the Company website at http://investors.afi-development.ru/presentations/ on 21 May 2013 by 16:00 Moscow (1pm BST).

- ends -

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About AFI Development

AFI Development is one of the leading real estate development companies operating in Russia. Established in 2001, AFI Development is a publicly traded subsidiary of Africa Israel Investments Ltd.

AFI Development is listed on the Main Market of the London Stock Exchange and aims to deliver shareholder value through a commitment to innovation and continuous project development, coupled with the highest standards of design, construction, and quality and customer service.

AFI Development focuses on developing and redeveloping high quality commercial and residential real estate assets across Russia, with Moscow being its main market. The Company's existing portfolio comprises commercial projects focused on offices, shopping centres, hotels and mixed-use properties, and residential projects. AFI Development's strategy is to sell the residential properties it develops and to either lease the commercial properties or sell them for a favourable return.

AFI Development is a leading force in urban regeneration, breathing new life into city squares and neighbourhoods and transforming congested and underdeveloped areas into thriving new communities. The Company's long-term, large-scale regeneration and city infrastructure projects establish the necessary groundwork for the successful launch of commercial and residential properties, providing a strong base for future.

Legal Disclaimer

Some of the information in these materials may contain projections or other forward-looking statements regarding future events, the future financial performance of the Company, its intentions, beliefs or current expectations and those of its officers, directors and employees concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies and business. You can identify forward looking statements by terms such as "expect", "believe", "anticipate", "estimate", "intend", "will", "could," "may" or "might" or the negative of such terms or other similar expressions. These statements are only predictions and that actual events or results may differ materially. Unless otherwise required by applicable law, regulation or accounting standard, the Company does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of the Company, including, among others, general economic conditions, the competitive environment, risks associated with operating in Russia and market change in the industries the Company operates in, as well as many other risks specifically related to the Company and its operations.

Chairman and Executive Director's Combined Statement

The Company has started 2013 with strong results reflecting steady progress in both performing assets and development projects.

Our flagship project, AFIMALL City, demonstrated positive trends in all its operational indicators and has continued to provide strong support for Group revenues. At the end of Q1 2013, we launched construction of the first phase of Otradnoe – our large scale residential project in Odintsovo, Moscow Region. Significant progress was made across the entire portfolio of our development projects: Tverskaya Plaza Ic is on track for detailed design submission and receipt of the construction permit. At the same time, the approval process at Plazas IIa and IV is progressing as expected, whilst pre-design works are underway at our Bolshaya Pochtovaya and Paveletskaya projects. Finally, construction works are advancing at Kossinskaya.

We are also pleased to report that our achievements and strong reputation in the Russian real estate market have been recognised at the prestigious Russian Commercial Real Estate Awards where AFI Development was named "Developer of the Year 2012".

Looking ahead to the remainder of 2013, our focus will remain on progressing further with our development projects and continually improving the performance of our current assets. We expect the favourable economic climate in Russia to continue to support demand levels for high quality real estate assets, allowing us to further strengthen our market position and capitalise on attractive opportunities for further growth in returns from rental income and asset sales.

Projects update

AFIMALL City

As a result of additional leases signed during Q1 2013, occupancy levels increased to 81%. By March 2013, footfall to the centre also increased to 42,000 visitors per day on a monthly average, up 40% compared to Q1 2012. The revenue contribution of AFIMALL City in Q1 2013 reached US$23.2 million, up 7% compared to Q1 2012 and 21% compared to Q4 2012.

The first quarter of 2013 brought noticeable progress in construction at Moscow-City, the high-rise business district where AFIMALL City is located. The newly built Novotel Hotel, featuring 360 guest rooms, has opened its doors in the immediate vicinity of AFIMALL City. The office towers of Moscow-City generate continuing interest from potential tenants: in Q1 2013 Japan Tobacco International completed the acquisition of c. 10,000 sq. m. of gross office space in the Mercury City Tower.

The Moscow authorities are also progressing with the construction of an additional metro station in the vicinity of AFIMALL City, "Delovoy Centre", which is due to be completed by the end of 2013.

Otradnoe

During Q1 2013, AFI Development completed preparations for the start of construction of the first phase of its Otradnoe residential project. These included the appointment of a general contractor and site preparations for construction. Construction itself started with works on the first stage of the first phase of the project (54,000 sq.m. gross buildable area) at the end of the quarter.

In addition to construction works, the Company is preparing a marketing programme for the project.

Ozerkovskaya III

On 28 January 2013, the Company's subsidiary Krown Investments Ltd refinanced its construction costs for Ozerkovskaya III project with a credit line from JSC VTB Bank. The credit line totalling US$220 million carries an annual interest rate of 3 months Libor + 5.7%. The credit line was fully drawn down in two tranches in February and in March 2013.

In February 2013, AFI Development completed the purchase of the remaining 50% interest in the Ozerkovskaya project from its joint venture partner, Super Passion Limited, for a total cash consideration of US$227.5 million and settled all outstanding liabilities to its partner in Krown Investments LLC (the holding company with the rights to the project). As a consequence of the acquisition, the Company became the sole owner of Ozerkovskaya III project.

Negotiations with potential buyers and tenants for the project are on-going.

Tverskaya Plaza Ic

AFI Development is progressing with the preliminary design works for **Tverskaya Plaza Ic**, the Company's new Class A office project. On 7 May 2013, the Company obtained planning approval for the land plot ('GPZU'), which paves the way for developing a detailed building design necessary to apply for the construction permit. AFI Development is preparing for a tender to appoint a general contractor for the project and is planning to apply for a construction permit in Q4 2013.

Lev Leviev	**Mark Groysman**
Executive Chairman of the Board	**Executive Director**

ANNEX A

31.3.13 – Very significant property disclosure

1. AFIMALL City

(Data based on 100%. Share of the Company in the property – 100%)	Current quarter (Q1 2013)	Comparative data			
	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Value of the property (000'USD)	1,160,000	1,160,000	1,160,000	1,160,000	1,205,014
NOI in the period (000'USD)	14,632	9,482	12,506	12,509	13,749
Revaluation gains (losses) in the period (000'USD)	14,040	(12,697)	(44,874)	22,181	(17,598)
Average occupancy rate in the period (%)	81%	77%	77%	76%	77%
Rate of return (%)	4.9%	4.2%	4.4%	4.5%	4.6%
Average rent per sq.m. (USD/annum)	1,257	1,243	1,254	1,245	1,278
Average rent per sq.m. in agreements signed in the period (USD/annum)	964	1,214	2,651	2,026	2,408

2. Ozerkovskaya III

(Data based on 100% beginning in Q1 2013. Share of the Company in the property – 100%)	Current quarter (Q1 2013)	Comparative data (Based on 50% share of the company)			
	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Value of the property (000'USD)	388,503	194,127	193,497	193,497	191,442
Revaluation gains (losses) in the period (000'USD)	2,547	1,401	(6,176)	7,911	2,388

3. Tverskaya Plaza IV

(Data based on 100%. Share of the Company in the property subsidiary –95%)	Current quarter (Q1 2013)	Comparative data			
	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Value of the property (000'USD)	168,000	168,000	164,632	164,632	182,600
Revaluation gains (losses) in the period (000'USD)	18	2,988	0	(17,754)	17,652

4. Tverskaya Plaza II

(Data based on 100%. Share of the Company in the property – 100%)	Current quarter (Q1 2013)	Comparative data			
	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Value of the property (000'USD)	30,600	30,600	31,500	31,500	N/A
Revaluation gains (losses) in the period (000'USD)	434	(26,023)	24,608	(832)	N/A

5. Bolshaya Pochtovaya

(Data based on 100%. Share of the Company in the property – 99,7%)	Current quarter (Q1 2013)	Comparative data			
	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Value of the property (000'USD)	141,300	141,300	140,600	140,600	213,600
Revaluation gains (losses) in the period (000'USD)	708	(622)	(1,197)	(71,999)	(785)

6. Kossinskaya

(Data based on 100%. Share of the Company in the property – 100%)	Current quarter (Q1 2013)	Comparative data			
	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Value of the property (000'USD)	102,700	102,700	102,280	102,280	152,600
Revaluation gains (losses) in the period (000'USD)	(1,577)	(531)	(1,060)	(48,625)	4,886

ANNEX B

31.3.13 – Very significant loans disclosure

Balance as of 31.03.2013	Lender type: Bank, Institutional etc.	Indexation/ currency exposure & interest rate	Liens and material legal restrictions on the property	Covenants	Cross default mechanism	Any other covenants or restriction that might increase the cost of debt	In-case it is a credit line facility - what are the terms&conditions for draw downs	The methods/way that the covenant is calculated	Covenant calculation results	The date of Q1 2013 financial statement were reported	The date that the lender is checking the borrower is line with the covenants
USD 309,385,605 and RUR 9,513,728,458 (USD 309,385,605). Total amount in USD as of 31.03.2013 is USD 615,456,641	Specific project financed by a Bank, member of the VTB Group	RUR/USD loan provided in five tranches totalling RUR 21 billion. Each tranche can be drown down either in US Dollars or in Rubles (at Company's discretion). The loan facility has differentiated interest rates which are currency dependent: 9.5% for loans drawn down in Russian rubles and 3 months LIBOR + 6.7% for loans drawn down in US dollars. The interest on the loans is payable on a quarterly basis, throughout the term of the credit line. The principal is due to be fully repaid in April 2018. The RUR interest rate may be unilaterally increased by the lending bank, should one of the interest indicators stipulated by the Russian Central Bank and specified in the loan agreement be increased; the interest rate will be increased by the amount of the interest indicator increase.	1. Liens over all the Bellgate's shares 2. AFI Development PLC company guarantee, limited to USD 1,000,000 3. Mortgage over 100% of the premises of AFIMALL City 4. Mortgage over the premises in the Parking owned by Bellgate, upon registration of Bellgate's rights to land plot under the Parking 5. Permission to debit Bellgate's account held in the lending bank 6. Additional mortgage over the premises of the "Aquamarine" Hotel in Moscow, to be removed in case Bellgate (the borrower) redeems USD 20 million of the principal 7. Additional guarantee by Semprex LLC, a Russian Company - an indirect subsidiary of AFI Development Plc, to be removed in case Bellgate (the borrower) redeems USD 20 million of the principal	(1) Bellgate'(the Borrower) should have minumum quarterly revenues, ranging from RUR 651,000,000 in Q3 2012 to RUR 1,139,000,000 in Q1 2018. Penalty: 1% per annum extra charge to the interest rate applicable under the loan agreement-applicable only for the quarter when the aforesaid revenue threshold was not achieved; (2) Liquidation Value of the property should be higher than sum of the outstanding principal and six months interest.	N/A	N/A	The loan is given in five tranches: 1st tranche drawn down on 29 June 2012, 2nd tranch draw down on 3 August 2012 on the amount USD 69, 385,604.64 (RUR 2,252,000,000), 3rd tranche of RUR 1,300,000,000 drawn down on 01.02.2013, 4th tranche of RUR 1,333,333,333.33 drawn down on 28.02.2013 , 5th tranche of RUR 1,333,333,333.34 is available during the period from 14.05.2013 till 28.05.2013 . The changers referring the terms of available period for the tranche 5 (till 28.02.14) was initiated by AFID 28.03.2013. After the expiration of the aforesaid drowdown periods, the tranches, which were not claimed, cannot be drown down.	(1) The total of revenue, including VAT , calculated quarterly; (2) The Liquidation Value is determined by an external valuer appointed by the Bank.	**(1)** The minimum quarterly revenue for Q1 2013 was 732M Rubbles ; **(2)** Liquidation Value determined by an external valuer appointed by the Bank is USD 822 billion.	20 May 2013	(1) Borrowers revenues are checked quarterly; (2) Liquidation value is checked twice a year, on 22 December and on 22 June.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2013 to 31 March 2013

AFI DEVELOPMENT PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2013 to 31 March 2013

C O N T E N T S

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Independent auditors' report on review of condensed consolidated interim financial information to the members of AFI DEVELOPMENT PLC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of AFI Development PLC as at 31 March 2013 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and a summary of significant accounting policies and other explanatory notes (interim financial information). The Company's Board of Directors is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

Marios G. Gregoriades CPA
Certified Public Accountant and Register Auditor
For and on behalf of

KPMG Limited
Certified Public Accountants and Register Auditors

20 May 2013

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CONDENSED CONSOLIDATED INCOME STATEMENT

For the period from 1 January 2013 to 31 March 2013

	Note	1/1/13-31/3/13 US$ '000	1/1/12-31/3/12 US$ '000
Revenue		33,365	32,334
Other income		3,229	105
Operating expenses		(21,424)	(14,841)
Carrying value of trading properties sold	14	(194)	(1,352)
Administrative expenses	5	(3,983)	(3,045)
Other expenses	6	(1,777)	(235)
Total expenses		(27,378)	(19,473)
Share of the after tax loss of joint ventures	11	(637)	(8,438)
Gross Profit		8,579	4,528
Profit on disposal of investment in joint venture	23	32,088	2,337
Valuation gain on properties	9, 10	16,516	6,893
Results from operating activities		57,183	13,758
Finance income		15,736	19,656
Finance costs		(56,224)	(15,495)
Net finance (costs)/income	7	(40,488)	4,161
Profit before tax		16,695	17,919
Tax expense	8	(1,100)	(10,046)
Profit for the period		15,595	7,873
Profit attributable to:			
Owners of the Company		15,308	7,888
Non-controlling interests		287	(15)
Profit for the period		15,595	7,873
Earnings per share			
Basic and diluted earnings per share (cent)		1.46	0.75

The notes on pages 7 to 24 form an integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January 2013 to 31 March 2013

	1/1/13-31/3/13 US$ ’000	1/1/12-31/3/12 US$ ’000
Profit for the period	15,595	7,873
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Translation difference reclassified to income statement on disposal of joint venture	30,288	206
Foreign currency translation differences for foreign operations	(10,581)	65,696
Total comprehensive income for the period	35,302	73,775
Total comprehensive income attributable to:		
Owners of the parent	35,158	73,847
Non-controlling interests	144	(72)
	35,302	73,775

The notes on pages 7 to 24 form an integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 January 2013 to 31 March 2013

	Attributable to the owners of the Company					Non-controlling interests	Total
	Share Capital US$ '000	Share Premium US$ '000	Translation Reserve US$ '000	Retained Earnings US$ '000	Total US$ '000	US$ '000	US$ '000
Balance at 1 January 2012	1,048	1,763,409	(178,491)	277,503	1,863,469	3,887	1,867,356
Total comprehensive income for the period							
Profit for the period	-	-	-	7,888	7,888	(15)	7,873
Total other comprehensive income	-	-	65,959	-	65,959	(57)	65,902
Total comprehensive income for the period	-	-	65,959	7,888	73,847	(72)	73,775
Balance at 31 March 2012	1,048	1,763,409	(112,532)	285,391	1,937,316	3,815	1,941,131
Balance at 1 January 2013	1,048	1,763,409	(144,610)	9,661	1,629,508	(2,976)	1,626,532
Total comprehensive income for the period							
Profit for the period	-	-	-	15,308	15,308	287	15,595
Total other comprehensive income	-	-	19,850	-	19,850	(143)	19,707
Total comprehensive income for the period	-	-	19,850	15,308	35,158	144	35,302
Transactions with owners of the Company, recognised directly in equity							
Share option expense	-	-	-	1,191	1,191	-	1,191
Balance at 31 March 2013	1,048	1,763,409	(124,760)	26,160	1,665,857	(2,832)	1,663,025

The notes on pages 7 to 24 form an integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	Note	31/3/13 US$ ’000	31/12/12 US$ ’000
Assets			
Investment property	9	1,680,803	1,292,300
Investment property under development	10	568,286	567,737
Share of investment in joint ventures	11	6,029	82,414
Property, plant and equipment	12	74,046	76,555
Long-term loans receivable	13	21,706	113,491
VAT recoverable		597	493
Goodwill		-	153
Non-current assets		2,351,467	2,133,143
Trading properties	14	39,774	3,597
Trading properties under construction	15	114,386	141,787
Inventory		681	623
Short-term loans receivable		91	92
Trade and other receivables	16	71,026	78,276
Current tax assets		3,047	2,341
Cash and cash equivalents	17	200,805	174,849
Assets held for sale	18	-	71,292
Current assets		429,810	472,857
Total assets		2,781,277	2,606,000
Equity			
Share capital		1,048	1,048
Share premium		1,763,409	1,763,409
Translation reserve		(124,760)	(144,610)
Retained earnings		26,160	9,661
Total equity attributable to owners of the Company	19	1,665,857	1,629,508
Non-controlling interests		(2,832)	(2,976)
Total equity		1,663,025	1,626,532
Liabilities			
Long-term loans and borrowings	20	846,586	554,551
Long-term amounts payable	21	-	38,324
Deferred tax liabilities		103,209	81,947
Deferred income		20,957	20,163
Non-current liabilities		970,752	694,985
Short-term loans and borrowings	20	9,610	17,345
Trade and other payables	22	137,890	267,138
Current liabilities		147,500	284,483
Total liabilities		1,118,252	979,468
Total equity and liabilities		2,781,277	2,606,000

The condensed consolidated interim financial statements were approved by the Board of Directors on 20 May 2013.

The notes on pages 7 to 24 form an integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 January 2013 to 31 March 2013

	Note	1/1/13-31/3/13 US$ '000	1/1/12-31/3/12 US$ '000
Cash flows from operating activities			
Profit for the period		15,595	7,873
Adjustments for:			
Depreciation	12	423	438
Interest income	7	(730)	(4,442)
Interest expense		16,050	15,061
Share option expense		1,191	-
Net valuation gain on properties		(16,516)	(6,893)
Share of loss in joint ventures		637	8,438
Profit on disposal of investments in joint venture/subsidiaries	23	(32,088)	(2,337)
Translation reserve reclassified upon disposal of joint venture	7	30,288	-
Loss/(profit) on sale of property, plant and equipment		202	(26)
Goodwill written off		153	-
Loans written off	7	(15,006)	-
Unrealised loss/(profit) on foreign exchange	7	9,184	(15,214)
Tax expense	8	1,100	10,046
		10,483	12,944
Change in trade and other receivables		10,787	(4,092)
Change in inventories		(58)	(625)
Change in trading properties and trading properties under construction		(3,444)	1,141
Change in trade and other payables		(30,359)	(3,385)
Change in deferred income		(2)	1,336
Cash generated from operating activities		(12,593)	7,319
Taxes (paid)/received		(467)	(459)
Net cash from operating activities		(13,060)	6,860
Cash flows from investing activities			
Net cash inflow from the disposal of subsidiaries	23	3,380	5,789
Net cash outflow for the acquisition of assets and liabilities	11	(202,462)	-
Proceeds from sale of property, plant and equipment		-	53
Interest received		387	4,576
Change in advances to builders	16,22	4,574	(6,281)
Payments for construction of investment property under development	9, 10	(4,669)	(3,154)
Payments for the acquisition of investment property	21	(43,544)	(43,967)
Capital contributions in joint ventures		-	(17)
Change in VAT recoverable		1,178	20,678
Acquisition of property, plant and equipment	12	(244)	(2,454)
Net cash used in investing activities		(241,400)	(24,777)
Cash flows from financing activities			
Payments for loans receivable		-	(108)
Proceeds from repayment of loans receivable		-	1,709
Proceeds from loans and borrowings	20	306,854	49,524
Repayment of loans and borrowings		(30)	(1,260)
Repayment of a loan from a related party		(14,354)	-
Interest paid		(13,287)	(15,129)
Net cash from financing activities		279,183	34,736
Effect of exchange rate fluctuations		1,233	8,040
Net increase in cash and cash equivalents		25,956	24,859
Cash and cash equivalents at 1 January		174,849	71,837
Cash and cash equivalents at 31 March		200,805	96,696

The notes on pages 7 to 24 form an integral part of the condensed consolidated interim financial statements.

1. INCORPORATION AND PRINCIPAL ACTIVITY

AFI Development PLC (the "Company") was incorporated in Cyprus on 13 February 2001 as a limited liability company under the name Donkamill Holdings Limited. In April 2007 the Company was transformed into public company and changed its name to AFI Development PLC. The address of the Company's registered office is 165 Spyrou Araouzou Street, Lordos Waterfront Building, 5th floor, Flat/office 505, 3035 Limassol, Cyprus. The Company is a 64.88% subsidiary of Africa Israel Investments Ltd ("Africa-Israel"), which is listed in the Tel Aviv Stock Exchange ("TASE"). The remaining shareholding of "A" shares is held by a custodian bank in exchange for the GDRs issued and listed in the London Stock Exchange ("LSE"). On 5 July 2010 the Company issued by way of a bonus issue, 523,847,027 "B" shares, which were admitted to a premium listing on the Official List of the UK Listing Authority and to trading on the main market of LSE. On the same date, the ordinary shares of the Company were designated as "A" shares.

These condensed consolidated interim financial statements of the Company for the period from 1 January 2013 to 31 March 2013 comprise of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in jointly controlled entities. The principal activity of the Group is real estate investment and development.

The principal activity of the Company is the holding of investments in subsidiaries and joint ventures.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information and disclosures required for the full annual financial statements.

Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2012.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013.

2. BASIS OF PREPARATION (continued)

New standards, interpretations and amendments adopted by the Group (continued)
The Group applies, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 13 Fair Value Measurement and amendments to IAS 1 Presentation of Financial Statements. As required by IAS 34, the nature and the effect of these changes are disclosed below.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The nature and the impact of each new standard/amendment is described below:

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The amendment affected presentation only and had no impact on the Group's financial position or performance.

IAS 1 Clarification of the requirement for comparative information (Amendment)
The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements.

An opening statement of financial position must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include an opening statement of financial position.

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)
The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group has been providing this disclosure already as total segment assets were reported to the chief operating decision maker (CODM).

2. BASIS OF PREPARATION (continued)

New standards, interpretations and amendments adopted by the Group (continued)

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements
IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including:
(a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Group.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.
The application of this new standard impacted the financial position of the Group by replacing proportionate consolidation of all the joint ventures of the Group, with the equity method of accounting. IFRS 11 is effective for annual periods beginning on or after 1 January 2013. The effect of IFRS 11 is described in more detail in note 11, which includes quantification of the effect on the financial statements.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements period. The Group provides these disclosures in note 24.

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

2. BASIS OF PREPARATION (continued)

Functional and presentation currency

These consolidated financial statements are presented in United States Dollars which is the Company's functional currency. All financial information presented in United States Dollars has been rounded to the nearest thousand, except when otherwise indicated.

Foreign operations

Each entity of the Group determines its own functional currency and items included in the financial statements of each entity are measured using its functional currency. Where the functional currency of an entity of the Group is other than US Dollars, which is the presentation currency of the Group, then the financial statements of the entity are translated in accordance with IAS 21 'The effects of changes in foreign exchange rates.

The table below shows the exchange rates of Russian Roubles, which is the functional currency of the Russian subsidiaries of the Group, to the US Dollar which is the presentation currency of the Group:

	Exchange rate Russian Roubles for US$1	Change
As of:		
31 March 2013	31.0834	2.3 %
31 December 2012	30.3727	(5.7) %
31 March 2012	29.3282	(8.9) %
Average rate during:		
Three-month period ended 31 March 2013	30.4142	1.3 %
Three-month period ended 31 March 2012	30.0278	3.5 %

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013 as described in the previous note.

4. OPERATING SEGMENTS

The Group has 5 reportable segments, as described below, which are the Group's strategic business units. The following summary describes the operation in each of the Group's reportable segments:

- Development Projects – Commercial projects: Include construction of property for future lease.
- Development Projects – Residential projects: Include construction and selling of residential properties.
- Asset Management: Includes the operation of investment property for lease.
- Hotel Operation: Includes the operation of Hotels.
- Other – Land bank: Includes the investment and holding of property for future development.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's management team. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

4. OPERATING SEGMENTS (continued)

	Development projects				**Asset management**		**Hotel Operation**		**Other - land bank**		**Total**	
	Commercial projects		Residential projects									
	31/3/13 US$'000	31/3/12 US$'000	31/3/13 US$'000	31/3/12 US$'000	31/3/13 US$'000	31/3/12 US$'000	31/3/13 US$'000	31/3/12 US$'000	31/3/13 US$'000	31/3/12 US$'000	31/3/13 US$'000	31/3/12 US$'000
External revenues	1	-	243	1,600	25,489	23,660	3,863	2,220	3,769	4,854	33,365	32,334
Inter-segment revenue	-	-	-	1	-		5	10	117	190	122	201
Reportable segment (loss)/profit before tax	(8,014)	11,028	102	(105)	(1,531)	10,842	(385)	(805)	(7,058)	(3,704)	(16,886)	17,256
	31/3/13 US$'000	31/12/12 US$'000	31/3/13 US$'000	31/12/12 US$'000	31/3/13 US$'000	31/12/12 US$'000	31/3/13 US$'000	31/12/12 US$'000	31/3/13 US$'000	31/12/12 US$'000	31/3/13 US$'000	31/12/12 US$'000
Reportable segment assets	655,274	267,282	145,380	133,019	1,263,085	1,263,642	34,718	32,288	433,220	442,312	2,531,677	2,138,543
Reportable segment liabilities	263,135	217,960	-	11,151	813,600	724,353	16,347	23,469	3,885	5,657	1,096,967	982,590

4. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items.

	1/1/13-31/3/13 US$ '000	1/1/12-31/3/12 US$ '000
Revenues		
Total revenue for reportable segments	33,487	32,535
Elimination of inter-segment revenue	(122)	(201)
Consolidated revenue	33,365	32,334

	1/1/13-31/3/13 US$ '000	1/1/12-31/3/12 US$ '000
Profit or loss		
Total profit or loss for reportable segments	(16,886)	17,256
Other profit or loss	(14,386)	(129)
Share of the after tax loss of joint ventures	(637)	(8,438)
Profit on disposal of investment in joint venture/subsidiaries	32,088	2,337
Valuation gain on properties	16,516	6,893
Consolidated profit before tax	16,695	17,919

5. ADMINISTRATIVE EXPENSES

	1/1/13-31/3/13 US$ '000	1/1/12-31/3/12 US$ '000
Consultancy fees	495	310
Legal fees	261	342
Auditors' remuneration	222	199
Valuation expenses	40	14
Directors' remuneration	360	64
Salaries and wages	39	91
Depreciation	32	419
Insurance	107	70
Provision for Doubtful Debts	(582)	(1)
Share option expense	1,191	-
Donations	1,053	1,050
Other administrative expense	765	487
	3,983	3,045

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2013 to 31 March 2013

6. OTHER EXPENSES

	1/1/13-31/3/13 US$ '000	1/1/12-31/3/12 US$ '000
Prior year's VAT non recoverable	665	157
Compensation paid for fire damages	700	-
Sundries	412	78
	1,777	235

7. FINANCE COST AND FINANCE INCOME

	1/1/13-31/3/13 US$ '000	1/1/12-31/3/12 US$ '000
Interest income	730	4,442
Loans write off	15,006	-
Net foreign exchange gain	-	15,214
Finance income	15,736	19,656
Interest expense on loans and borrowings	(157)	(758)
Interest expense on bank loans	(13,956)	(14,677)
Interest capitalised	-	1,991
Net change in fair value of financial assets	(51)	(85)
Translation reserve reclassified upon disposal of joint venture	(30,288)	-
Net foreign exchange loss	(9,184)	-
Other finance costs	(2,588)	(1,966)
Finance costs	(56,224)	(15,495)
Net finance (costs)/income	(40,48	4,161

8. TAX EXPENSE

	1/1/13-31/3/13 US$ '000	1/1/12-31/3/12 US$ '000
Current tax expense		
Current year	3,370	432
Deferred tax (benefit)/expense		
Origination and reversal of temporary differences	(2,270)	9,614
Total income tax expense	1,100	10,046

9. INVESTMENT PROPERTY

	31/3/13 US$ '000	31/12/12 US$ '000
Balance 1 January	1,292,300	1,246,988
Transfer from investment property under development	-	40,600
Acquisitions/(disposals)	388,254	(3,160)
Renovations/additional cost	2,456	16,557
Fair value adjustment	18,254	(50,334)
Effect of movement in foreign exchange rates	(20,461)	41,649
Balance 31 March / 31 December	1,680,803	1,292,300

The carrying amount of investment property is the fair value of the property as determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment property. The same applies for investment property under development in note 10 below. The last valuation took place on 31 December 2012. The cumulative adjustments for all projects, for both valuation dates are shown in line "Fair value adjustment" in the table above.

The decrease due to the effect of the foreign exchange rates is a result of the weakening of the rouble compared to the US Dollar by 2.3%, during the first quarter of 2013. The fair value adjustment gain in investments property is mostly related to this rouble weakening.

10. INVESTMENT PROPERTY UNDER DEVELOPMENT

	31/3/13 US$ '000	31/12/12 US$ '000
Balance 1 January	567,737	805,998
Construction costs	2,213	3,833
Acquisition	846	-
Capitalised interest	-	4,761
Transfer to investment property	-	(40,600)
Fair value adjustment	(1,226)	(215,543)
Effect of movements in foreign exchange rates	(1,284)	9,288
Balance 31 March / 31 December	568,286	567,737

The decrease due to the effect of the foreign exchange rates is a result of the Rouble weakening compared to the US Dollar by 2.3% during the first quarter of 2013.

11. SHARE OF INVESTMENT IN JOINT VENTURES

	31/3/13 US$ '000	31/12/12 US$ '000
Balance 1 January	82,414	174,975
Capital contribution	-	37
Dividends received	-	(52,441)
Share of (loss)/profit (net of share of tax)	(637)	23,881
Acquisition of 100% of assets of joint venture	(75,599)	-
Transfer to assets held for sale	-	(71,292)
Effect of movements in exchange rates	(149)	7,254
Balance 31 March / December	6,029	82,414

The group joint ventures are as follows:

50% interest in Nouana Limited with its subsidiary Tirel LLC, owner of a hotel in Kislovodsk and Craespon Management Ltd with its subsidiary Sanatorium Plaza LLC that operates the aforementioned hotel.

The Group also had a 50% interest in Westec Four Winds with its subsidiary Dulverton Ltd, owner of investment property in Moscow, which was disposed early January 2013, see notes 18 and 23.

The Group also had a 50% interest in Crown Investments Ltd, owner of investment and trading properties in Moscow. On 12 February 2013 the Group acquired the remaining 50% shareholding, deemed as acquisition of assets and liabilities. The impact of this acquisition on Group's assets and liabilities is described further below in the note.

Under IAS 31 Interests in Joint Ventures (prior to the transition to IFRS 11), the Group's interest in these joint ventures was reclassified as a jointly controlled entity and the Group's share of the assets, liabilities, revenue, income and expenses were proportionately consolidated in the consolidated financial statements. Upon adoption of IFRS 11, the Group has determined its interest to be a joint venture and it is required to be accounted for using the equity method. The effect of applying IFRS 11 is as follows:

	1/1/12- 31/3/12 US$ '000
Impact on the income statement	
Decrease in the reported revenue	(7,976)
Decrease in other income	(17)
Decrease in operating expenses	1,436
Decrease in administration expense	312
Decrease in other expenses	11
Increase in valuation gain of investment property	5,825
Decrease in the carrying value of trading properties sold	539
Increase in gross profit	130
Decrease in finance cost	10,215
Increase in operating profit	10,345
Increase in share of loss on joint venture	(8,438)
Increase in profit before tax	1,907
Increase in income tax expense	(1,907)
Net impact on profit after tax	-

11. SHARE OF INVESTMENT IN JOINT VENTURES (continued)

	31/12/12 US$ '000
Impact on statement of financial position	
Increase in net investment in joint venture (non-current)	82,414
Decrease in investment property and investment property under development	(194,550)
Increase in loans receivable	112,732
Decrease in inventories and trade and other receivables	(868)
Decrease in cash and cash equivalents	(3,346)
Decrease in current tax assets	(536)
Increase in trading properties	1,485
Decrease in property, plant and equipment	(26,355)
Decrease in assets held for sale	(114,596)
Decrease in trade and other payables (current)	6,377
Decrease in deferred tax liability	22,646
Decrease in liabilities held for sale	114,597
Net impact on equity	-

There is no material impact on the interim condensed consolidated statement of cash flows or the basic and diluted Earnings per share.

The above mentioned acquisition of the 50% shareholding in the previously joint venture Crown Investments LLC had the following effect on the Group's assets and liabilities:

	31/3/13 US$ '000
Assets	
Investment property	194,127
Investment property under development	423
Trading properties	6,944
Trade and other receivables	3,483
Current tax asset	833
Cash	684
	206,494
Liabilities	
Trade and other payables	(3,348)
Total net assets at fair value/Purchase consideration transferred	203,146
Analysis of cash flows on acquisition:	
Consideration paid	(203,146)
Cash acquired	684
Net cash outflow for acquisition of assets and liabilities	(202,462)

12. PROPERTY, PLANT AND EQUIPMENT

	31/3/13 US$ '000	31/12/12 US$ '000
Balance 1 January	76,555	66,663
Additions	244	7,134
Interest capitalised	-	368
Depreciation for the period/year	(423)	(1,971)
Disposals	(202)	(450)
Effect of movements in foreign exchange rates	(2,128)	4,811
Balance 31 March / 31 December	74,046	76,555

13. LOANS RECEIVABLE

	31/3/13 US$ '000	31/12/12 US$ '000
Long-term loans		
Loans to joint ventures	20,943	112,732
Loans to non-related companies	763	759
	21,706	113,491
Short-term loans		
Loans to non-related companies	91	92

Terms and loan repayment schedule

Terms and conditions of outstanding loans were as follows:

	Currency	Nominal interest rate	Year of maturity	31/3/13 US$ '000	31/12/12 US$ '000
Unsecured loans to joint ventures	USD	7-11.5%	2014	11,253	95,426
	RUR	8-19.5%	2014	9,690	17,306
Unsecured loans to non-related companies	RUR	"CBR Rate"*1.1	2014	36	36
	JSD	2.5%	2014	727	723
	RUR	11%	On demand	91	92
				21,797	113,583

Due to the reason that the Group acquired, during the period, the remaining assets and liabilities of the joint venture Crown Investments any loan balance with other group entities are now eliminated in full upon consolidation. As a result the unsecured loans to joint ventures have significantly decreased.

14. TRADING PROPERTIES

	31/3/13 US$ '000	31/12/12 US$ '000
Balance 1 January	3,597	7,372
Acquisition	6,944	-
Transfer from trading properties under construction	29,772	-
Disposals	(194)	(3,846)
Effect of movements in exchange rates	(345)	71
Balance 31 March / 31 December	39,774	3,597

Trading properties comprise of the unsold apartments and parking spaces. During the period the Group has sold a number of the remaining parking places and their cost was transferred to income statement. The transfer from trading properties under construction represents the completion of the construction of the 643 parking places units which are now ready for disposal according to note 15 below.

15. TRADING PROPERTIES UNDER CONSTRUCTION

	31/3/13 US$ '000	31/12/12 US$ '000
Balance 1 January after reclassification of comparative	141,787	129,598
Transfer to trading properties	(29,772)	-
Construction costs	3,114	9,592
Effect of movements in exchange rates	(743)	2,597
Balance 31 March / 31 December	114,386	141,787

Trading properties under construction comprise of “Otradnoye” project which involves primarily the construction of residential properties. The 643 parking places underneath AFIMALL City were completed during the period and reclassified to Trading properties as the company has the intention to sell based on the below agreement.

In November 2012 Bellgate Constructions Limited (“Bellgate”), the Company’s subsidiary owning and operating AFIMALL City, entered into an agreement to dispose approximately 643 parking lots to VTB Bank. The transaction is structured in two stages. The first stage entailed a sale-purchase transaction between Bellgate and VTB Bank on 21,354 sq.m. of parking space. During the second stage 9,247 sq.m. owned (at completion) by VTB Bank will be exchanged for 7,847 sq. m. owned by Bellgate. This two-tier transaction structure stemmed from the fact that part of the parking space that VTB Bank is interested in purchasing is located on a land plot to which Bellgate has not yet registered leasehold rights. The resulting estimated total net cash flow for AFI Development is US$54.5 million and net profit is circa US$20 million. In December 2012 the Company received 90% of the total consideration in the amount of US$51.4 million (net of VAT), which are presented in current liabilities as advances for the sale of trading properties. The remaining 10% is expected to be received at completion, when Bellgate registers the title to the parking to VTB Bank.

16. TRADE AND OTHER RECEIVABLES

	31/3/13 US$ '000	31/12/12 US$ '000
Advances to builders	27,688	29,836
Amounts receivable from related parties	309	5,280
Trade receivables net	12,152	13,901
Other receivables	14,542	12,827
VAT recoverable	13,752	15,033
Tax receivables	2,583	1,399
	71,026	78,276

Trade receivables net

Trade receivables are presented net of an accumulated provision for doubtful debts of US$13,154 thousand (2012: US$13,736 thousand).

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:	31/3/13 US$ '000	31/12/12 US$ '000
Cash at banks	200,643	174,750
Cash in hand	162	99
	200,805	174,849

18. ASSETS HELD FOR SALE

In December 2012 the Company entered into an agreement to dispose of, its 50% of stake in Westec Four Winds Limited (along with its partner, Snegiri Development), which had developed and operated Four Winds. The deal was completed in January 2013 with total consideration received by the Company of circa US$103.4 million. The transaction also resulted in reduction of overall debt of AFI Development following the removal of the project loan by Nordea Bank from its consolidated balance sheet. The total profit on disposal was US$50,725 thousand, US$18,637 thousand of which were recognised as a fair value gain in 2012 and the rest upon completion. The corresponding translation reserve was reclassified to profit or loss upon the disposal of the joint venture in January 2013. An amount of US$30,288 was reclassified as realised foreign exchange loss in financing expenses.

19. SHARE CAPITAL AND RESERVES

Share Capital	31/3/13 US$ '000	31/12/12 US$ '000
Authorised		
2,000,000,000 shares of US$0.001 each	2,000	2,000
Issued and fully paid		
523,847,027 A shares of US$0.001 each	524	524
523,847,027 B shares of US$0.001 each	524	524
	1,048	1,048

19. SHARE CAPITAL AND RESERVES (continued)

Employee Share option plan
There were no changes as to the employee share option plan during the three-month period ended 31 March 2013.

Translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations to the Group presentation currency and the foreign exchange differences on loans designated as loans to an investee company which are accounted for as part of the investor's investment (IAS21.15) as their repayment is not planned or likely to occur in the foreseeable future. These foreign exchange differences are recognised directly to Translation Reserve.

Retained earnings
The amount at each reporting date is available for distribution. No dividends were proposed, declared or paid during the period ended 31 March 2013.

20. LOANS AND BORROWINGS

	31/3/13 US$ '000	31/12/12 US$ '000
Non-current liabilities		
Secured bank loans	846,586	554,551
Current liabilities		
Secured bank loans	8,799	1,357
Unsecured loans from other non-related companies	811	15,988
	9,610	17,345

There were no material changes to loans during the quarter ended 31 March 2013 apart from the following:

On 25 January 2013 OOO Krown Investments ("Krown"), a 100% subsidiary, acquired a new secured loan from JSC VTB Bank for refinancing the repayment of borrowings due to related parties. This loan agreement offers a credit line of US$220 million, which was drawn down during the first quarter of 2013. The agreed interest is three-month LIBOR plus 5.7% p.a., payable every quarter. The loan repayment date is in 731 days from the date of signing the loan agreement. Securities provided to the Bank are on the 100% of the shares of Krown and on properties/buildings of Aquamarine Phase III. A decrease in the market value of the pledged buildings by more than 15% will enable the bank to demand repayment of the loan before the agreed maturity date. In case of disposal of the pledged building, at least 80% of sale proceeds should be directed to the Bank for the repayment of the loan.

During the period the Group received the third and the fourth tranche, of total apprx US$86,854 million (RUR 2,333 million), of the secured loan from a bank of the VTB Group ("the Bank") signed on 22 June 2012 by its subsidiary Bellgate Construction Ltd ("Bellgate"). This new loan facility agreement offers a credit line totalling RUR 21 billion, which can be drawn down in 5 tranches, each with a designated purpose: the majority of the funds are designated to refinance existing loans previously issued by JSC VTB Bank. The remaining funds are designated for the refinancing of construction costs related to the AFIMALL City parking and for the financing of the outstanding payments constituting part of the consideration for the acquisition of the parking.

21. LONG TERM AMOUNTS PAYABLE

Represented an amount payable to the City of Moscow, for the acquisition of the parking area under the AFIMALL City. The amount is payable in three yearly installments starting from February 2012 and with the last falling due in February 2014. On the 28 February 2013 the company paid the second installment of RUR 1,333 million (appor. US$ 43,544 thousand) and the third installment, which is payable within the next twelve months, is presented as current liability in “Trade and other payables”, see note 22 below.

22. TRADE AND OTHER PAYABLES

	31/3/13 US$ ’000	31/12/12 US$ ’000
Trade payables	9,385	3,062
Payables to related parties	4,132	5,854
Amount payable to builders	8,425	5,999
VAT and other taxes payable	8,287	17,074
Receipts in advance from sale of investment	-	100,000
Receipts in advance for the sale of parking places	60,323	61,734
Amount payable for the acquisition of properties (note 21)	38,531	43,068
Other payables	8,807	30,347
	137,890	267,138

Payables to related parties

Include an amount of US$3,654 thousand (31/12/12: US$3,761 thousand) payable to Danya Cebus Rus LLC, related party of the Group, for new contracts signed in relation to the completion of AFIMALL City.

Receipts in advance from sale of investment

The company received an advance payment for the disposal of the Westec Four Winds plaza which was classified as current liability until the completion of the transaction in January 2013.

23. DISPOSAL OF INVESTMENTS IN JOINT VENTURE/SUBSIDIARIES

	31/3/13 US$ ’000	31/3/12 US$ ’000
The profit on disposal of joint venture consists of:		
Profit on disposal of Westec Four Winds Ltd	32,088	-
Profit on disposal of OOO Ozerkovka	-	2,626
Loss on disposal of Roppler Engineering Limited and its subsidiary OOO CDM	-	(289)
	32,088	2,337

The selling price of the disposal of Westec Four Winds Ltd was US$103,380 thousand. The resulting profit on sale amounting to US$32,088 thousand and a Translation reserve of US$30,288 thousand was reclassified as a realised exchange loss in financing expenses of the income statement.

23. DISPOSAL OF INVESTMENTS IN JOINT VENTURE/SUBSIDIARIES (continued)

The above disposal had the following effect on the Group's assets and liabilities:

	31/3/13 US$ '000
Investment property	(177,996)
Property, plant and equipment	(109)
VAT recoverable	(2)
Trading properties	(322)
Trade and other receivables	(2,769)
Cash disposed off reclassified to assets held for sale at the end of 2012	(4,691)
Long-term loans and borrowings	81,408
Deferred tax liabilities	26,614
Deferred income	3,366
Trade and other payables	2,690
Current tax payable	519
Net identifiable assets	(71,292)
Consideration received in cash	103,380
Amount received in advance in the prior year	(100,000)
Net cash inflow from the disposal of joint venture during the period	3,380

24. FINANCIAL INSTRUMENTS

Set out below an overview of the financial instruments, other than cash and short term deposits, held by the group as at 31 March 2013:

Financial assets	Loans and receivables USD'000
Loans receivable	21,706
Total non-current	21,706
Trade and other receivables	54,691
Loans receivable	91
Total current	54,782
Total	76,488
Financial liabilities	
Interest bearing loans and borrowings	837,751
Total non-current	837,751
Trade and other payables	69,280
Interest bearing loans and borrowings	9,610
Total current	78,890
Total	925,476

24. FINANCIAL INSTRUMENTS (continued)

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 31 March 2013

	Carrying amount USD'000	Fair value USD'000
Financial assets		
Loans receivable	21,706	21,706
Total non-current	21,706	21,706
Loans receivable	91	91
Total current	91	91
Total	21,797	21,797
Financial liabilities		
Interest bearing loans and borrowings	837,751	850,567
Total non-current	837,751	850,567
Interest bearing loans and borrowings	9,610	9,610
Total current	9,610	9,610
Total	846,586	860,177

25. CONTINGENCIES

There weren't any contingent liabilities as at 31 March 2013.

26. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended 31 December 2012.

Cyprus business and economic environment

In regards to the recent events and the current economic conditions in Cyprus, the Board of Directors is of the opinion that the Company's operations have not been adversely affected by the current economic conditions in Cyprus as the Company does not have significant credit exposure with respect to local credit institutions and customers and all of its investments and their operations are outside Cyprus.

27. RELATED PARTIES

Outstanding balances with related parties	31/3/13 US$ '000	31/12/12 US$ '000
Assets		
Amounts receivable from joint ventures	15	4,978
Amounts receivable from other related companies	294	302
Long term loan receivable from joint ventures	20,943	112,732
Liabilities		
Amounts payable to joint ventures	23	1,631
Amounts payable to ultimate holding company	435	461
Amounts payable to other related companies	3,674	3,762

27. RELATED PARTIES (continued)

Transactions with the key management personnel	31/3/13 US$ ’000	31/3/12 US$ ’000
Key management personnel compensation Short-term employee benefits	848	555
Share option scheme expense	1,191	-

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The person is a member of the key management personnel of the entity or its parent (includes the immediate, intermediate or ultimate parent). Key management is not limited to directors; other members of the management team also may be key management.

Other related party transactions	31/3/13 US$ ’000	31/3/12 US$ ’000
Revenue		
Joint venture – consulting services	-	303
Joint venture – interest income	643	4,124
Expenses		
Ultimate holding company – operating expenses	99	-

28. GROUP ENTITIES

During the three-month period ended 31 March 2013 the Group disposed of its 50% share in the joint venture Westec Four Winds Ltd and its subsidiary Dulverton Ltd as described in note 23 above. The Group also acquired the remaining 50% of the assets and liabilities of OOO Krown Investments and now owns 100% of Krown’s share capital.

29. SUBSEQUENT EVENTS

There were no material events that took place after the three month period end until the date of the approval of these financial statements by the Board of Directors on 20 May 2013.