WESTA ISIC S.A.

Quarterly report for the three months ended September 30, 2012

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FOREWORD BY
DMYTRO NIKITIN,

Executive Director of WESTA ISIC S.A.

Dear Shareholders,

We report on the results of WESTA ISIC S.A. after 9 months of operations in 2012.

For the 9-months period the Group's sales amounted to 2.8 million of conventional batteries, 19% lower comparing to the 9 months of 2011, revenue decreased by 38% to USD 76.8 million and EBITDA amounted to USD 4.3 million.

In 2012 the Group operates in the challenging market conditions driven by deteriorated economic environment. Market demand remains low and consumer preferences turn to lower-priced products. Dealers minimize their inventory levels on the back of high financing costs and uncertain demand.

Despite deferred demand we see high level of uncertainty for market conditions in Winter 2012-13 on the back of continuing economic slowdown. In the current conditions WESTA aims to retain its liquidity position, which will enable us to finance working capital needs when market demand rebounds.

Based on 9m 2012 results we forecast WESTA 2012 FY sales volumes to amount to 4.0-4.3 million conventional units.

Sincerely yours,

Dmytro Nikitin

The Board of Directors presents the report for the financial three months ending 30 September 2012, which constitutes the management report ("Management Report") as defined by Luxembourg Law, together with the condensed consolidated financial statements as of and for the three months ended 30 September 2012, and for the accounting period then ended.

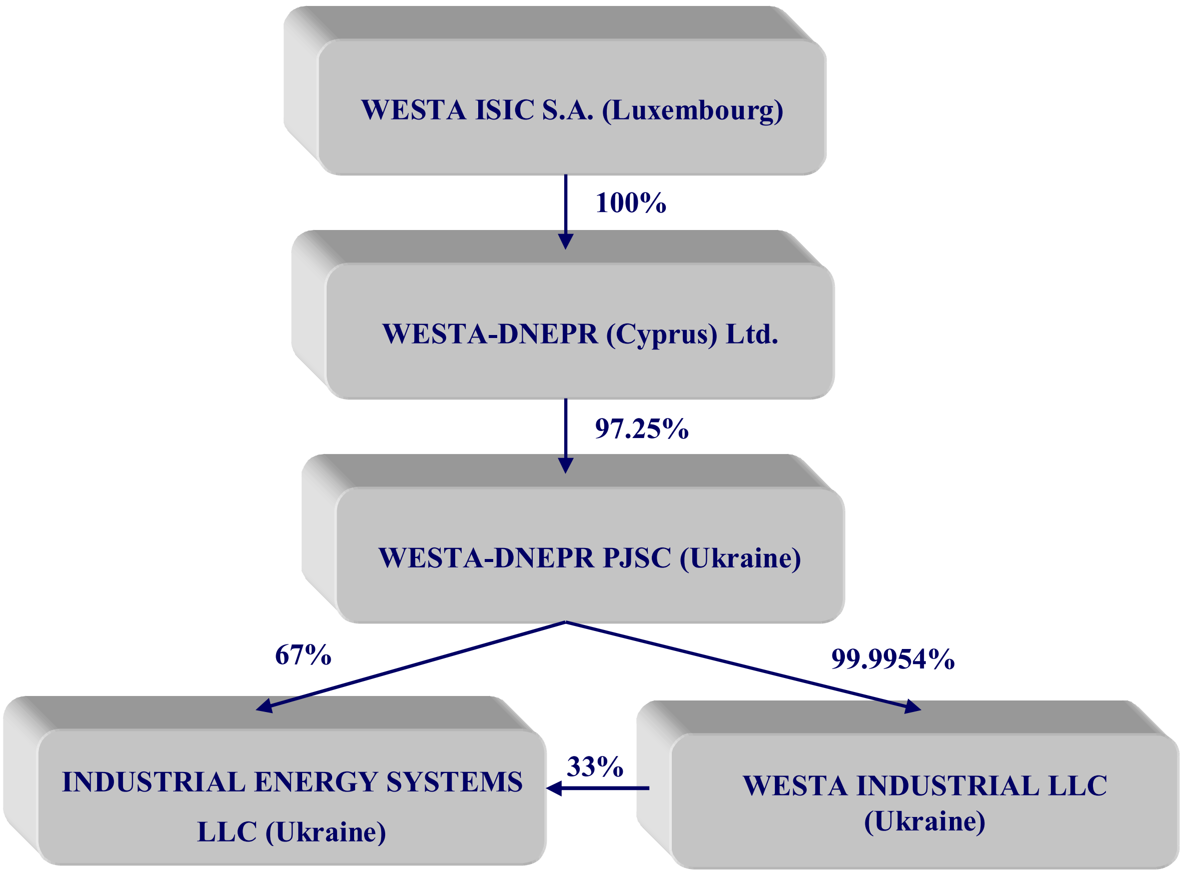
PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

WESTA ISIC S.A., incorporated in the Grand Duchy of Luxembourg, is a holding company of group of companies incorporated and operating in Ukraine in the battery manufacturing industry (the "Group" or the "WESTA Group").

The Group produces wide range of starting, lighting and ignition (SLI) lead-acid batteries, which are used primarily as automotive starter batteries, and for storage of energy. All the Group's subsidiaries are primarily involved in all the stages of battery design, manufacturing and marketing.

Organizational structure

As of 30 September 2012 Westa ISIC S.A. comprised of two holding companies and three operating companies:



Financial and operational highlights

Key operational highlights for the nine months ended 30 September 2012:

- Battery production decreased to 2,714 thousand conventional units[1] as compared to 3,690 thousand conventional units[1] in the nine months ended 30 September 2011, representing a 26% y-o-y decrease
- Battery sales decreased to 2,798 thousand conventional units[1] as compared to 3,440 thousand conventional units[1] in the nine months ended 30 September 2011, representing a 19% y-o-y decrease
- Net sales decreased to USD 76.8 million as compared to USD 124.4 million for the nine months ended 30 September 2011, representing a 38% y-o-y decrease.

Key operational highlights for the three months ended 30 September 2012:

- Battery production decreased to 1,290 thousand conventional units[1] as compared to 1,590 thousand conventional units[1] in the three months ended 30 September 2011, representing a 19% y-o-y decrease
- Battery sales decreased to 1,240 thousand conventional units[1] as compared to 1,670 thousand conventional units[1] in the three months ended 30 September 2011, representing a 26% y-o-y decrease
- Net sales decreased to USD 33 million as compared to USD 58.7 million for the three months ended 30 September 2011, representing a 44% y-o-y decrease.

[1] *Conventional battery is measure that enables to unify all the range of products (which vary from capacity of 44A*h to 225 A*h) to the analogue of 60A*h battery as the most widespread product. As battery's cost and price correlate perfect with its capacity (which is mainly defined by lead content), it is possible to unify all the range of batteries to a unified measure. For instance, a single 180A*h battery is equivalent to three 60A*h (conventional) batteries.*

Selected financial data for the three months ended 30 September 2012 year is presented in the table below:

in thousand USD unless otherwise stated	**As at and for the nine months ended September 30**		**As at and for the three months ended September 30**	
	2012	**2011**	**2012**	**2011**
Revenue	76,779	124,366	33,015	58,734
Gross profit	8,427	29,847	4,539	11,725
EBITDA[2]	4,319	25,392	1,879	9,425
Total comprehensive loss	(23,801)	(9,543)	(10,305)	(2,101)
Operating profit before working capital changes	5,812	24,345	1,428	7,595
Net cash (used)/generated in operating activities	(497)	(5,187)	(1,672)	12,727
Net cash generated/(used) in investing activities	(3,940)	4,419	5,532	10,034
Net cash generated/(used) from financing activities	955	58,502	120	(12,174)
Total net cash flow	(3,481)	57,734	3,980	10,587
Total assets	301,749	396,216	301,749	396,216
Non-current liabilities	169,807	223,782	169,807	223,782
Current liabilities	107,579	134,978	107,579	134,978
Total equity	24,362	37,456	24,362	37,456
Weighted average number of shares	44,133,333	37,909,402	44,133,333	44,133,333
Profit (loss) per ordinary share (USD)	(0.52)	(0.25)	(0.23)	(0.05)

Please refer to financial report for more detailed information.

[2] *EBITDA is defined as gross profit less general and administrative expenses, less selling and distribution expenses, plus depreciation and amortization as derived from the Financial Statements. EBITDA is non IFRS measure.*

DESCRIPTION OF SIGNIFICANT EVENTS FOR THREE MONTHS ENDED 30 SEPTEMBER 2012

There were no other significant events during three months ended 30 September 2012.

DESCRIPTION OF SIGNIFICANT EVENTS OCCURRED SINCE THE END OF THREE MONTHS

Notification of shareholding

On 4th October 2012 ING Otwarty Fundusz Emerytalny dispose shares of the Parent in stock-market transactions in Warsaw Stock Exchange and inform the Parent that on 9th October 2012 ING Otwarty Fundusz Emerytalny is the owner of 9.87% of the Parent initial capital. No further notification has been received from ING Otwarty Fundusz Emerytalny by the Parent.

Resignation of Director A and transfer of beneficial ownership

The Board of Directors accepted the resignation of Mr. Denys Dzenzers'kyy, A Director of the Board of Directors of the Parent, starting from November 19, 2012 after being elected to Verkhovna Rada, the legislative body of Ukraine. The Board of Directors of WESTA ISIC S.A. also informs that Mr. Denys Dzenzers'kyy, after being elected to Verkhovna Rada, transferred 2,000 shares of Vankeria Consultants Limited registered in Cyprus (100% of share capital) to his father Mr. Viktor Dzenzers'kyy. Hereafter, Mr. Viktor Dzenzers'kyy indirectly owns 75% of share capital of WESTA ISIC S.A. Vankeria Consultants Limited holds 75% of share capital of WESTA ISIC S.A.

RELATED PARTIES TRANSACTIONS

The Group performs transactions with related parties in the ordinary course of business. The Group purchases lead, lead alloys, polypropylene from its related parties, both domestic and foreign companies. Related parties comprise the Group parent's associates, the shareholders, companies are under common control of the Group's controlling owners, key management personnel of the Group and their close family members, and companies that are controlled or significantly influenced by shareholders.

Information in respect of related party transactions is disclosed in Note 25 of the condensed consolidated financial statement as of and for the period ending 30 September 2012.

PRINCIPAL RISKS AND UNCERTAINTIES

Currency exchange rates fluctuations

Fluctuations in the value of USD, which is the Group's reporting currency, against other currencies, such as UAH, RUB and EUR may have an adverse effect on its financial results. Approximately 25% of the Group's sales are invoiced in USD and EURO and approximately 40% - in RUB for goods sold on the international markets. The remaining 35% represent the sales of batteries in the Ukrainian domestic market.

Moreover, the loan facilities of the Group are denominated in USD, EURO and UAH. A change in the value of EURO or UAH compared to USD could have a negative effect on the financial results of the Group.

The Group also encounters currency exchange risks to the extent that it incurs operating expenses in a currency other than that in which it has obtained financing or those in which it generates revenues.

Since lead constitutes more than a half in the cost of a battery, any fluctuation in its price affects the battery producers. The costs of lead are volatile and are beyond of the Group's control. The increase of price might cause a reduction in profit margin unless WESTA is able to hedge these risks or to pass on to its customers the increased costs of the raw materials.

Global economic conditions may worsen

Since the Group operates on the international scale, it is exposed to the global economic and financial conditions and change in consumers' purchasing power. In case of a further slowdown in the global economy, the Group's business may be affected by shortfall of the demand for its products or by decrease in availability of financing, which could in turn negatively impact its sales and revenue generation and result in a material adverse effect on its financial results.

Risks relating to operating in Ukraine

Since all Group's production capacities are located in Ukraine, risks and events that have a material adverse effect on the Group's operations in Ukraine could, in turn, have a material adverse effect on its overall business, financial condition, operating results or prospects. Some of such risks are presented below:

- Political or economic instability or uncertainty in Ukraine may worsen
- Any unfavorable changes in Ukraine's regional relationships, especially with Russia
- The business environment in Ukraine could deteriorate etc.

RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS

We confirm that to the best of our knowledge and belief:

• the condensed consolidated financial statements of Westa ISIC S.A. ("Company") presented in this Quarterly Report for the three months ended 30 September 2012 and established in conformity with International Financial Reporting Standards as adopted in the European Union give a true and fair view of the assets, liabilities, financial position, cash flows and loss of the Company and the undertakings included within the consolidation taken as a whole; and

• the Management Report includes a fair review of the development and performance of the business and position of the Company and the undertakings included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties it faces.

In reference to the Article 4 (5) of the law of 11 January 2008 on transparency requirements for issuers of securities, published in Mémorial A – No. 5 of 15 January 2008, we hereby declare the following: the condensed consolidated financial statements as at and for three months ended 30 September 2012 have not been audited.

By Order of the Board of Directors

Dmytro Nikitin,
Executive Director A

28 November 2012,
Luxembourg

WESTA ISIC S.A.

Condensed consolidated Financial Statements

Three Months Ended 30 September 2012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2012

(in thousands of US Dollars)

	Notes	30 September 2012 Unaudited	31 December 2011 Audited	30 September 2011 Unaudited
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment	5	171,386	171,070	173,518
Prepayments for property, plant and equipment	6	18,468	17,864	19,121
Intangible assets		88	96	615
Investments in associates	7	161	161	161
Deferred tax assets	8	1,442	1,458	1,766
Other non-current assets	9	6,192	6,308	1,437
Total non-current assets		197,737	196,957	196,618
CURRENT ASSETS:				
Inventories	10	18,566	18,957	25,476
Trade and other accounts receivable	11	36,457	49,149	45,836
Advances to suppliers and prepaid expenses	12	26,395	14,897	37,893
Taxes recoverable and prepaid	13	5,079	8,728	14,381
Other financial assets		-	1,734	7,650
Cash and cash equivalents	14	17,515	21,068	68,362
Total current assets		104,012	114,533	199,598
TOTAL ASSETS		301,749	311,490	396,216
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	15	621	621	621
Share premium		45,180	45,180	45,180
Additional paid-in capital	1	16,665	16,665	16,665
Revaluation reserve		26,756	26,756	26,756
Accumulated deficit		(63,600)	(40,520)	(51,135)
Cumulative translation difference		(1,302)	(1,252)	(1,196)
Equity attributable to Shareholders of the Parent		24,320	47,450	36,891
Non-controlling interests		43	714	565
Total equity		24,363	48,164	37,456
NON-CURRENT LIABILITIES:				
Long-term borrowings	16	145,582	118,326	217,367
Bonds issued		-	-	6,415
Long-term finance leases	17	3,387	925	-
Long-term accounts payable		20,838	24,695	-
Total non-current liabilities		169,807	143,946	223,782
CURRENT LIABILITIES:				
Trade and other accounts payable	18	38,262	26,241	19,148
Advances received		15,009	9,787	10,851
Short-term borrowings and current portion of the long-term borrowings	16	49,861	75,460	101,925
Bonds issued			4,833	
Short-term finance leases	17	1,096	175	-
Taxes payable		450	467	572
Provisions and accruals		2,901	2,417	2,482
Total current liabilities		107,579	119,380	134,978
TOTAL LIABILITIES		277,386	263,326	358,760
TOTAL EQUITY AND LIABILITIES		301,749	311,490	396,216

On behalf of the Board of Directors of Westa Group:

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Dmytro Nikitin,
Director A of Westa ISIC S.A.

The notes on pages 17 to 56 form an integral part of these condensed consolidated financial statements.

WESTA ISIC S.A.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2012
(in thousands of US Dollars)

	Notes	2012 Unaudited	2011 Unaudited
REVENUE	19	33,015	58,734
COST OF SALES	20	(28,476)	(47,009)
GROSS PROFIT		4,539	11,725
General and administrative expenses	21	(1,906)	(1,859)
Selling and distribution expenses	22	(2,376)	(2,234)
Other income/(expenses), net	23	250	3,538
Foreign exchange gain/(loss), net		(1,559)	(3,680)
Finance costs	24	(8,436)	(10,503)
Interest income		161	1,282
LOSS BEFORE INCOME TAX		(9,327)	(1,731)
INCOME TAX EXPENSE	8	(893)	(289)
NET LOSS FOR THE PERIOD		(10,220)	(2,020)
Other comprehensive loss		(85)	(81)
TOTAL COMPREHENSIVE LOSS		(10,305)	(2,101)
Loss for the period attributable to:			
Shareholders of the Parent		(9,932)	(1,992)
Non-controlling interests		(288)	(28)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Shareholders of the Parent		(10,015)	(2,072)
Non-controlling interests		(290)	(29)
LOSS PER SHARE	28		
Basic and diluted (USD per share)		(0.23)	(0.05)

On behalf of the Board of Directors of Westa Group:

Dmytro Nikitin,
Director A of Westa ISIC S.A.

The notes on pages 17 to 56 form an integral part of these condensed consolidated financial statements.

WESTA ISIC S.A.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2012

(in thousands of US Dollars)

	Attributable to Shareholders of the Parent							Non-controlling interests	Total equity
	Combined contributed capital/ Share capital	Share premium	Additional paid-in capital	Revaluation reserve	Accumulated deficit	Cumulative translation difference	Total		
30 June 2011 Unaudited	**621**	**45,180**	**16,665**	**28,248**	**(50,635)**	**(1,116)**	**38,963**	**594**	**39,557**
Transfer to retained earnings, net of tax	-	-	-	(1,492)	1,492	-	-	-	-
Net loss for the three months	-	-	-	-	(1,992)	-	(1,992)	(28)	(2,020)
Translation adjustment	-	-	-	-	-	(80)	(80)	(1)	(81)
Total comprehensive loss for the three months	**-**	**-**	**-**	**(1,492)**	**(500)**	**(80)**	**(2,072)**	**(29)**	**(2,101)**
30 September 2011 Unaudited	**621**	**45,180**	**16,665**	**26,756**	**(51,135)**	**(1,196)**	**36,891**	**565**	**37,456**
Net profit for the three months ended 31 December 2011	-	-	-	-	10,615	-	10,615	151	10,766
Translation adjustment	-	-	-	-	-	(56)	(56)	(2)	(58)
Total comprehensive income for the three months ended 31 December 2011	**-**	**-**	**-**	**-**	**10,615**	**(56)**	**10,559**	**149**	**10,708**
31 December 2011 Audited	**621**	**45,180**	**16,665**	**26,756**	**(40,520)**	**(1,252)**	**47,450**	**714**	**48,164**
Net loss for the six months ended 30 June 2012	-	-	-	-	(13,148)	-	(13,148)	(383)	(13,531)
Translation adjustment	-	-	-	-	-	33	33	2	35
Total comprehensive loss for the six months ended 30 June 2012	**-**	**-**	**-**	**-**	**(13,148)**	**33**	**(13,115)**	**(381)**	**(13,496)**
30 June 2012 Unaudited	**621**	**45,180**	**16,665**	**26,756**	**(53,668)**	**(1,219)**	**34,335**	**333**	**34,668**
Net loss for the three months ended 30 September 2012	-	-	-	-	(9,932)	-	(9,932)	(288)	(10,220)
Translation adjustment	-	-	-	-	-	(83)	(83)	(2)	(85)
Total comprehensive loss for the three months ended 30 September 2012	**-**	**-**	**-**	**-**	**(9,932)**	**(83)**	**(10,015)**	**(290)**	**(10,305)**
30 September 2012 Unaudited	**621**	**45,180**	**16,665**	**26,756**	**(63,600)**	**(1,302)**	**24,320**	**43**	**24,363**

On behalf of the Board of Directors of Westa Group:

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Dmytro Nikitin,
Director A of Westa ISIC S.A.

The notes on pages 17 to 56 form an integral part of these condensed consolidated financial statements.

WESTA ISIC S.A.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2012
(in thousands of US Dollars)

	2012 Unaudited	2011 Unaudited
OPERATING ACTIVITIES:		
Loss before income tax	(9,327)	(1,731)
Adjustments to reconcile loss to net cash provided by operations:		
Finance costs	8,436	10,503
Depreciation and amortization expense	1,622	1,793
Loss on disposal of property, plant and equipment	(1)	(4,194)
Interest income	(161)	(1,282)
Non-operating foreign exchange gain	859	2,506
Operating cash flow before working capital changes	1,428	7,595
Increase in trade and other accounts receivable	(3,038)	(4,637)
(Increase)/decrease in advances to suppliers and prepaid expenses	(6,469)	33,417
(Increase)/decrease in inventories	526	(1,159)
(Decrease)/increase in taxes payable (other than income tax)	73	(428)
Increase/(decrease) in trade and other accounts payable	4,824	(8,185)
Increase in provisions and accruals	333	318
(Decrease)/increase in advances received	5,729	(2,697)
Increase in taxes recoverable and prepaid (other than income tax)	(718)	(1,489)
Cash generated by operations	2,688	22,735
Income tax paid	-	(233)
Interest paid	(4,360)	(9,775)
Net cash generated/(used) in operating activities	(1,672)	12,727
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment and intangible assets	5,558	(658)
Proceeds from disposal of property, plant and equipment		6,734
Interest received	161	1,331
Decrease in other financial assets	-	2,341
Change in other non-current assets	(187)	286
Net cash generated in investing activities	5,532	10,034

WESTA ISIC S.A.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2012
(in thousands of US Dollars)

FINANCING ACTIVITIES:	2012 Unaudited	2011 Unaudited
Payments on bonds redeemed	-	(1,734)
Proceeds from bonds issuance	-	108
Proceeds from borrowings	2,149	2,668
Principal payments on finance leases	(1,127)	-
Principal payments on borrowings	(902)	(13,216)
Net cash generated/(used) from financing activities	120	(12,174)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,980**	**10,587**
CASH AND CASH EQUIVALENTS, at the beginning	**13,584**	**57,822**
Effect of translation to presentation currency and exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(49)	(47)
CASH AND CASH EQUIVALENTS, at the end	**17,515**	**68,362**

Non-cash movements for the three months ended 30 September 2012 and 2011 were as follows:

	2012	2011
Property, plant and equipment acquired under finance lease agreements	1,824	-

On behalf of the Board of Directors of Westa Group:

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Dmytro Nikitin,
Director A of Westa ISIC S.A.

The notes on pages 17 to 56 form an integral part of these condensed consolidated financial statements.

1. NATURE OF THE BUSINESS AND CORPORATE REORGANIZATION

Nature of the business – Westa ISIC S.A. (the "Parent" or "Westa ISIC"), a public limited company (société anonyme) registered under the laws of Luxembourg, was incorporated on 10 December 2009 under the name of Tramine Development S.A. The Parent was acquired in 2010 by Vankeria Consultants Limited to serve as the ultimate holding company of "WESTA-DNEPR" PJSC (the "WESTA-DNEPR") and its subsidiaries. The Parent's name was changed from Tramine Development S.A. to Westa ISIC S.A. on 24 November 2010. Hereinafter, Westa ISIC S.A. and its subsidiaries are referred to as the "Westa Group" or the "Group". The registered address of Westa ISIC is 412 F Route d'Esch, L-1471 Luxembourg, Grand Duchy of Luxembourg.

The controlling shareholder of Westa ISIC is the Chief Executive Officer of the Group Mr. Denys Dzenzers'kyy (the "Controlling Shareholder"), who owns 100% of the shares of Vankeria Consultants Limited registered in Cyprus, which holds 75% of share capital of Westa ISIC. Other 25% of Westa ISIC share capital is a free-float.

On 14 June 2011 ING Otwarty Fundusz Emerytalny has acquired the shares of the Parent in the public offering, settled on 14 June 2011, and became an owner of 5,750,000 (five million seven hundred and fifty thousand) shares which is 13.03% of share capital of Westa ISIC. Then following regulations ING Otwarty Fundusz Emerytalny notified the Parent that the threshold of 5% of voting rights in Westa ISIC S.A. was crossed.

The principal operating office of the Group is located at 34, Budivelnykiv St., Dnipropetrovsk, 49055, Ukraine.

Principal operating activity of Westa Group started in January 2005. Westa Group is leading manufacturing group in Ukraine involved in the production and distribution of starter accumulator batteries that refer to a maintenance-free category and category of batteries requiring maintenance. The extent of batteries application is as follows:

- Commercial vehicles, tractors, combine harvesters equipped with petrol and diesel engines;
- Cars of any class with petrol and diesel engines;
- Batteries for heavy-duty trucks, including those of special-purpose.

Batteries are sold in Ukraine, Russia and other countries, collectively in more than 30 countries.

As of 30 September 2012 and 2011 the structure of the Group and principal activities of the companies forming the Group were as follows:

Name of the company	Principal activity	Place of incorporation and operation	Effective ownership interest of the Group	
			30 Sept 2012	30 Sept 2011
Parent:				
Westa ISIC S.A.	Holding company	Luxemburg	Parent	Parent
Subsidiary:				
WESTA-DNEPR CYPRUS LIMITED	Sub-holding company	Cyprus	100.00%	100.00%
PJSC "WESTA-DNEPR"	Manufacturing of batteries (operating company)	Ukraine, Dnipropetrovsk	97.25%	97.25%
Limited company "WESTA INDUSTRIAL"	Manufacturing of batteries (operating company)	Ukraine, Dnipropetrovsk	97.20%	97.20%
LIMITED COMPANY "INDUSTRIAL ENERGY SYSTEMS"	Researcher and development of the third generation battery	Ukraine, Dnipropetrovsk	97.24%	97.19%
Limited Company "TECHKOMPLEKT"	Trade house (operating company)	Ukraine, Dnipropetrovsk	-	97.19%
Associates:				
PJSC "DNIPROTELECOM"	Maintenance of transmission equipment	Ukraine, Dnipropetrovsk	21.00%	21.00%

The Group also has an ownership in two dormant subsidiaries, namely LLC "WF Production" and LLC "FW Trading", which were not engaged in significant operating activities as of 30 September 2012 and 2011 and for the three months then ended. These subsidiaries are stated at cost due to their insignificance to the consolidated financial statements of the Group.

Corporate reorganization in 2010 – Prior to 31 December 2010 the ownership in the companies forming the Group was not united in the form of a legal holding and was represented by the following Ukrainian entities: "WESTA-DNEPR" and its subsidiary, Limited Company "TECHKOMPLEKT" and LTD "INDUSTRIAL ENERGY SYSTEMS". All of these companies were in operation as of 1 January 2008 (the date of the Group's transition to International Financial Reporting Standards). During the year ended 31 December 2010 the possession of various entities in which the Principal Shareholder previously held ownership interests were contributed into Westa ISIC S.A. The Group accounted for this contribution as a transaction between entities under common control, meaning that all transfers were done at the pre-acquisition carrying amounts. In particular, the following processes were completed during the year ended 31 December 2010 to form the business engaged in production and distribution of starter accumulator batteries as described above in this Note:

- The ownership in the Ukrainian entities of the Group was united under a single holding company WESTA-DNEPR. Then WESTA-DNEPR was transferred by the Principal Shareholder to Westa Dnepr (Cyprus) Limited for USD 1,758 thousand. This amount remained unpaid as of 30 September 2012 and was shown within trade and other accounts payable (Note 18);

- Westa ISIC S.A. was acquired by Vankeria Consultants Limited in 2010 to serve as a holding company of the Group;
- Westa Dnepr (Cyprus) Limited was established in Cyprus and ownership in this entity was transferred to Westa ISIC S.A. for an insignificant consideration;

Following the above, the consolidated financial information for the periods up to the formal date of the Group formation has been prepared based on the following assumptions:

- The assets, liabilities and the profit or loss of the entities comprising the Group have been aggregated for all periods presented, based on when the Principal Shareholder obtained its ownership interests in the entities;
- All transactions and balances between Group entities have been eliminated;
- Transactions and balances with entities controlled by the Principal Shareholder that are not within the Group are classified as related party transactions and balances;
- The share capital presented as of 31 December 2010 represents that of the Parent. The excess of net assets of WESTA-DNEPR acquired from the Principal Shareholder over the consideration paid to him in the amount USD 16,665 thousand was recognized as additional paid-in capital in the statement of changes in equity upon legal reorganization of the Group. The share capital before legal reorganization of each of the Group entities has been combined and was presented as combined contributed capital. The Group retained earnings balance therefore represents the historical retained earnings of the entities comprising the Group;
- All other items within equity have been aggregated in a manner consistent with the assets and liabilities;
- The non-controlling interests' share, which has been increased and reduced throughout the periods presented as a result of a number of further direct and indirect acquisitions and disposals by the Group was presented as equity transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance – These consolidated financial statements for the three months ended 30 September 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The accompanying consolidated financial statements have been prepared in accordance with the requirements of all IAS, IFRS, and Interpretations of International Financial Reporting Interpretations Committee ("IFRIC"), which were effective as of 30 September 2012.

The entities of the Group maintain their accounting records in accordance with accounting standards and other statutory requirements to financial reporting in the country of their incorporation. Local statutory accounting principles and procedures differ from accounting principles generally accepted under IFRS. Accordingly, the accompanying financial statements, which have been prepared from the Group entities' statutory accounting records, reflect adjustments necessary for such financial statements to be presented in accordance with IFRS.

The accompanying financial statements of the Company are prepared on the historical cost basis, except for the revaluation of plant and equipment and certain financial instruments.

Adoption of new and revised International Financial Reporting Standards **-** The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2011:

- IAS 24 "Related Party Disclosures" Revised definition of related parties. Effective 1 January 2011;
- IAS 32 "Financial Instruments: Presentation" Amendments relating to classification of rights issues. Effective 1 February 2010;
- IFRIC 14 "Prepayments of a Minimum Funding Requirement" Amendments to IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. Effective 1 January 2011.

The adoption of the standards or interpretations is described below:

IAS 24 Related Party Disclosures (Amendment) - The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

IAS 32 Financial Instruments: Presentation (Amendment) - The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these type of instruments.

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment) - The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group is not subject to minimum funding requirements in Euroland, therefore the amendment of the interpretation has no effect on the financial position nor performance of the Group.

Standards and Interpretations in issue but not effective – At the date of authorization of these consolidated financial statements, the following Standards and Interpretations, as well as amendments to the Standards were in issue but not yet effective:

Standards and Interpretations	Effective for annual period beginning on or after
IAS 27 "Separate Financial Statements" (revised 2011)	1 January 2013
IAS 28 "Investments in Associates and Joint Ventures" (revised 2011)	1 January 2013
IFRS 10 "Consolidated Financial Statements"	1 January 2013
IFRS 11 "Joint Arrangements"	1 January 2013
IFRS 12 "Disclosure of Interests in Other Entities"	1 January 2013
IFRS 13 "Fair Value Measurement"	1 January 2013
Amendments to IAS 19 "Employee benefits" – Post employment benefits and termination benefits projects	1 January 2013
Amendments to IFRS 7 "Financial instruments: Disclosures" – Offsetting of financial assets and financial liabilities	1 January 2013
Amendments to IAS 32 "Financial instruments: Presentation" – Application guidance on the offsetting of financial assets and financial liabilities	1 January 2014
Amendments to IFRS 7 "Financial instruments: Disclosures" – Disclosures about the initial application of IFRS 9	1 January 2015
IFRS 9 "Financial Instruments: Classification and Measurement and Accounting for financial liabilities and derecognition"	1 January 2015

Management is currently evaluating the impact of the adoption of IFRS 9 "Financial Instruments", IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities", IFRS 13 "Fair Value Measurement", amendment to IFRS 7 "Financial instruments: Disclosures" and amendments to IAS 12 "Income Taxes". For other Standards and Interpretations management anticipates that their adoption in future periods will not have material effect on the financial statements of the Group.

Functional and presentation currency – The functional currency of the consolidated financial statements of the Group is the Ukrainian Hryvnia ("UAH"). The currency of presentation is United States dollars ("USD"). The assets and liabilities of the subsidiaries denominated in functional currencies are translated into presentation currency at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income or loss.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The relevant exchange rates were as follows:

	As of 30 September 2012	Average for the three months ended 30 September 2012	As of 30 September 2011	Average for the three months ended 30 September 2011
UAH/USD	7.993	7.993	7.9727	7.9717
UAH/EUR	10.2902	9.9861	11.85	11.2778
UAH/RUB	0.25629	0.2495	0.2501	0.2752

Basis of consolidation **–** The consolidated financial statements incorporate the financial statements of the Parent and entities controlled by the Parent (its subsidiaries). Control is achieved when the Parent has the power to govern the financial and operating policies of an entity, either directly or indirectly, so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date when control effectively commences.

All significant intercompany transactions, balances and unrealized gains/(losses) on transactions are eliminated on consolidation, except when the intragroup losses indicate an impairment that requires recognition in the consolidated financial statements.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those adopted by the Group.

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

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

Accounting for acquisitions from third parties – Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

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

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 “Income Taxes” and IAS 19 “Employee Benefits”, respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 “Share-based Payment at the acquisition date” (see 3.16.2); and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquired subsidiary, and the fair value of the Group’s previously held equity interest in the acquired subsidiary (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, the amount of non-controlling interest in the subsidiary and the fair value of the Group’s previously-held interest in the subsidiary (if any), the excess is recognized in the profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the subsidiary’s net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the recognized amounts of the subsidiary’s identifiable net assets. The choice of measurement basis is made on transaction-by-transaction basis. Other types of non-controlling interests, if any, are measured at fair value or, when applicable, on the basis specified in other Standards.

When the consideration transferred by the Group in a business combination includes assets and liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and is included as part of the consideration transferred. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which may not exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 "Financial Instruments: Recognition and Measurement", or IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

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

When an acquisition of a legal entity does not constitute a business, the cost of the group of assets is allocated between the individual identifiable assets in the group based on their relative fair values.

Accounting for acquisitions from entities under common control –The assets and liabilities of subsidiaries acquired from entities under common control are recorded in these consolidated financial statements at pre-acquisition carrying values. Any difference between the carrying value of net assets of these subsidiaries, and the consideration paid by the Group is accounted for in these consolidated financial statements as an adjustment to shareholders' equity. The results of the acquired entity are reflected from the earliest period presented.

Any gain or loss on disposals to entities under common control are recognized directly in equity and attributed to Shareholders of the Parent.

Non-controlling interests – Non-controlling interests in subsidiaries and consolidated entities are identified separately from the Group's equity therein. The interests of non-controlling shareholders consist of the amount of those interests at the date of the original business combination (see above) and the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling shareholders in excess of the non-controlling shareholders' interest in the subsidiary's equity are attributed to the non-controlling shareholders even if this results in the non-controlling shareholders having a debit balance.

Investments in associates – An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of IAS 39 "Financial Instruments: Recognition and Measurement" are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 "Impairment of Assets" to the extent that the recoverable amount of the investment subsequently increases.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Financial instruments – Financial assets and financial liabilities are recognized on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of the financial assets and liabilities are recognized using settlement date accounting. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the entity, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the entity.

Financial assets and liabilities are initially recognized at fair value plus, in the case when financial asset or financial liability are not stated at fair value through profit or loss, transaction costs that are directly attributable to acquisition or issue of the financial asset or financial liability. The accounting policies for subsequent re-measurement of these items are disclosed in the respective accounting policies set out below in this Note.

Financial assets and financial liabilities are only offset and the net amounts are reported in the statement of financial position when the Group has a legally enforceable right to set-off the recognized amounts and intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Financial assets – Financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss" (FVTPL), "held-to-maturity investments", "available-for-sale" (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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

Accounts receivable – Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as receivables. Accounts receivable are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Short-term accounts receivable, which are non-interest bearing, are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognized in the profit or loss when there is objective evidence that the asset is impaired.

Other financial assets – Other financial assets include deposits with original maturity of more than three months held for investment purposes or as guarantees for the Group's borrowings and are measured at amortized cost using the effective interest method less any impairment, with revenue recognized on an effective yield basis.

Cash and cash equivalents – Cash and cash equivalents include cash on hand, cash with banks and deposits with original maturity of less than three months.

Impairment of financial assets – Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

If the Group determines that no objective evidence exists that impairment has incurred for individually assessed accounts receivable, whether significant or not, it includes the account receivable in a group of accounts receivable with similar credit risk characteristics and collectively assesses them for impairment.

For the purposes of a collective evaluation of impairment accounts receivable are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of accounts receivable that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets and the experience of management in respect of the extent to which amounts will become overdue as a result of past loss events and the success of recovery of overdue amounts. Past experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect past periods and to remove the effects of past conditions that do not exist currently.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets – The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

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

Equity instruments – An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

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

Financial liabilities – Financial liabilities are classified as either financial liabilities ‘at FVTPL' or ‘other financial liabilities'.

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

Financial liabilities at FVTPL – A financial liability is classified as held for trading if:

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

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the ‘other gains and losses' line item in the consolidated statement of comprehensive income/income statement. Fair value is determined in the manner described in Note 27.

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

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

Contributed capital of consolidated entities – Contributed capital is recognized at the fair value of the contributions received by the Group's consolidated entities.

Trade and other payables – Accounts payable are subsequently measured at amortized cost using the effective interest rate method. Accounts payable are classified as long-term if they are due for settlement in period longer than twelve months from the reporting date. Accounts payable which are expected to be settled within twelve months from the reporting date are classified as current accounts payable.

Borrowings and bonds issued – Interest-bearing borrowings and bonds are initially measured at fair value net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption amount is recognized over the term of the borrowings and bonds issued and recorded as finance costs.

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

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

All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.

Property, plant and equipment – Buildings and structures, machinery and equipment and vehicles held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such buildings and structures, machinery and equipment and vehicles, is recognized in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such buildings and structures, machinery and equipment and vehicles, is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset recognized previously in other comprehensive income.

On the subsequent sale or retirement of revalued items of property, plant and equipment, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognized.

Fixtures and other depreciable assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The historical cost of an item of property, plant and equipment comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the item to the location and condition necessary for it to be capable of operating in the manner intended by the management of the Group; (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Group incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. The cost of self-constructed assets includes the cost of material, direct labour and an appropriate portion of production overheads.

As the historical cost information was not available, the Group elected to use a fair value as a deemed cost as of the date of transition to IFRS. The management used valuation performed by independent professionally qualified appraisers to arrive at the fair value as of the date of transition to IFRS. The fair value was defined as the amount for which an asset could have been exchanged between knowledgeable willing parties in an arm's length transaction. The fair value of marketable assets was determined at their market value.

If there is no market-based evidence of fair value because of the specialized nature of the item of property, plant and equipment and the item is rarely sold, except as part of a continuing business, an income or a depreciated replacement cost approach was used to estimate the fair value.

Depreciation is recognized so as to write off the cost or revalued amount of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

Subsequently capitalized costs include major expenditures for improvements and replacements that extend the useful lives of the assets or increase their revenue generating capacity. Repairs and maintenance expenditures that do not meet the foregoing criteria for capitalization are charged to the profit or loss as incurred.

Depreciable amount represents the cost, deemed cost or revalued amount of an item of property, plant and equipment less its residual value. The residual value is the estimated amount that the Group would currently obtain from disposal of the item of property, plant and equipment, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Useful lives of the groups of property, plant and equipment are as follows:

Buildings and structures	25 - 85 years
Machinery and equipment	5 - 30 years
Vehicles	5 - 25 years
Furniture and other depreciable assets	1 - 12 years

Construction in progress comprises costs directly related to construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction. Construction in progress is not depreciated. Depreciation of the construction in progress, on the same basis as for other property, plant and equipment items, commences when the assets become available for use, i.e. when they are in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Intangible assets – Intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment of tangible and intangible assets – At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

Income tax – Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax – Income taxes have been computed in accordance with the laws currently enacted in Ukraine. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit or loss as reported in the consolidated profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax – Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period – Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss.

Inventories – Inventories are stated at the lower of cost and net realizable value. The costs comprise raw materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present locations and condition.

Cost is calculated using FIFO (first-in, first-out) method. Net realizable value is determined as the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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

Assets held by the Group under finance leases are recognized as assets of the Group at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised directly to the statement of comprehensive income and are classified as finance costs.

Rental income or expenses under operating leases are recognized in the consolidated statement of comprehensive income on a straight line basis over the term of the lease.

Provisions – Provisions are recognized when the Group has a present legal or constructive obligation (either based on legal regulations or implied) as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made.

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

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

Contingent liabilities and assets − Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are recognized only when the contingency is resolved.

Dividends − Dividends declared during the reporting period are recognized as distributions of retained earnings to equity holders during the period, the amount of recognized but unpaid dividends is included in current liabilities. Dividends declared after the reporting date but before the financial statements were authorized for issue are not recognized as a liability at the reporting date, but are disclosed in the notes to the consolidated financial statements.

Segment information – IFRS 8 "Operating segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision-maker has been identified as the Chief Executive Officer (CEO) of the Group. The CEO reviews the Group's internal reporting in order to assess performance and allocate resources. Currently, the CEO evaluates the business from a single perspective as one unit manufacturing starter batteries. No further analysis to assess profitability based on types of batteries sold or based on geography of sales (while revenue per regions and distributors is reviewed) is made by the CEO. For this reason the CEO and the Group's management considers the entire Group to be a single operating and reportable segment.

Revenue recognition – Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods in the normal course of business, net of discounts, net of value added tax ("VAT") or other sales related taxes.

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is recognised using the effective interest method.

The Group derives its revenue from sales to distributors operating on aftermarket. Specifically, revenue from the sale of goods to distributors is recognized when goods are dispatched and the risk and rewards are passed to the distributor based on the provision of applicable terms for the sale (the Group uses Incoterms).

Defined contribution plan – The employees of the Ukrainian entities of the Group receive pension benefits from the government in accordance with the laws and regulations of Ukraine. Group's contributions to the State Pension Fund are recorded in the profit or loss on the accrual basis. The Group is not liable for any supplementary pensions, post-retirement health care, insurance benefits or retirement indemnities to its current or former employees, other than pay-as-you-go expenses.

Warranty provisions – Provisions for warranty costs are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Government grants – Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both current and future periods.

Key sources of estimation uncertainty – The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Impairment allowance for accounts receivable –After analysis performed as of 30 September 2012 and 2011 the Group's management considered past due but not considered to be impaired account receivable as recoverable and no allowance was provided in these financial statements based on the past experience of the Group as well as current arrangements and expectations about respective debtors' ability to settle their debt to the Group. If there is deterioration in creditworthiness of such debtors the actual results could differ from these estimates.

Recoverability of property, plant and equipment – As part of the valuation of property, plant and equipment as of 31 December 2009 the Group assessed the existence of external (economic) obsolescence. Such analysis is necessary to determine whether the fair value of items of specialized nature, which was valued using the depreciated replacement cost approach, is recoverable. The assessment of absence of external (economic) obsolescence was determined using projections of future cash flows of the Group discounted using a weighted average cost of capital of 17%. Future cash flows projections were built on the following key assumption: production of 4 million of conventional batteries in 2010, with subsequent growth rate in 2011 at 14%, 5.4% in 2012, 3% in 2013, and 1% thereafter, and growth rate for terminal value at 2%. As of 30 September 2011 the Group assessed that the Group performance was better than assumptions used and hence there is no indication that the recoverable amount of the Group's property, plant and equipment has declined below the carrying value. As of 30 September 2012 the Group assessed that the Group performance upon assumptions previously used and determined that there is no indication that the recoverable amount of the Group's property, plant and equipment has declined below the carrying value.

Useful lives of property, plant and equipment – The estimation of the useful life of an item of property, plant and equipment is a matter of management estimate based upon experience with similar assets. In determining the useful life of an asset, management considers the expected usage, estimated technical obsolescence, physical wear and tear and the physical environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments for future depreciation rates.

Deferred tax assets – Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. As of 30 September 2012 and 2011 the Group recognized deferred tax asset related to tax losses carried forward at individual entities of the Group in the amount of USD 2,754 thousand and USD 3,722 thousand, respectively, as the Group intends to utilize such deferred tax assets against set off with related deferred tax liabilities. The management judgment to recognize respective deferred tax assets was also based on the ability of the Group to carry forward respective losses for indefinite time in future based on existing requirements of tax legislation in Ukraine. Meantime, in the past, there were instances when other Ukrainian laws provided specific periods within which tax losses could be utilized. If any new law enacted subsequently to 30 September 2012 provides specific period for utilization of the amount of the Group's tax losses carry forward, the Group can lose its ability to utilize part or all of the deferred tax assets currently recognized.

VAT recoverable – The balance of VAT recoverable may be realized by the Group either through a cash refund from the state budget or by set off against VAT liabilities with the state budget in future periods. Management classified VAT recoverable balance as current or non-current based on expectations as to whether it will be realized within twelve months from the reporting date.

In making this assessment, management considered past history of receiving VAT refunds from the state budget. For VAT recoverable expected to be set off against VAT liabilities in future periods, management based its estimates on detailed projections of expected excess of VAT output over VAT input in the normal course of the business.

4. SEGMENT INFORMATION

During the three months ended 30 September 2012 and 2011, all revenues of the Group from external customers were derived from subsidiaries located in Ukraine, irrespectively of the destination of sales. Except for prepayments for machinery and equipment in the amount of USD 18,468 thousand as at 30 September 2012 and USD 10,000 thousand as at 30 September 2011 that were made by WESTA-DNEPR CYPRUS LIMITED, all other non-current assets of the Group were located in Ukraine.

5. PROPERTY, PLANT AND EQUIPMENT

The following table represents movements in property, plant and equipment for the nine months ended 30 September 2012:

	Buildings and structures	Machinery and equipment	Vehicles	Furniture and other depreciable assets	Construction in progress and equipment due for installation	Total
Cost, deemed cost or valuation						
As of 31 December 2011	**50,674**	**118,009**	**1,247**	**932**	**11,271**	**182,133**
Additions	-	9	46	36	5,437	5,528
Disposals	-	(74)	-	(154)	(35)	(263)
Transfers	504	2,444	-	445	(3,393)	-
Translation difference	(5)	(5)	(1)	(2)	9	(4)
As of 30 September 2012	**51,173**	**120,383**	**1,292**	**1,257**	**13,289**	**187,394**
Accumulated depreciation						
As of 31 December 2011	**(993)**	**(9,404)**	**(399)**	**(267)**	**-**	**(11,063)**
Depreciation charge for the nine months	(510)	(4,256)	(109)	(89)	-	(4,964)
Disposals	-	-	-	-	-	-
Translation difference	5	12	2	-	-	19
As of 30 September 2012	**(1,498)**	**(13,648)**	**(506)**	**(356)**	**-**	**(16,008)**
Net book value						
As of 30 September 2012	**49,675**	**106,735**	**786**	**901**	**13,289**	**171,386**
As of 31 December 2011	**49,681**	**108,605**	**848**	**665**	**11,271**	**171,070**

The following table represents movements in property, plant and equipment for the nine months ended 30 September 2011:

	Buildings and structures	Machinery and equipment	Vehicles	Furniture and other depreciable assets	Construction in progress and equipment due for installation	Total
Cost, deemed cost or valuation						
As of 31 December 2010	**50,780**	**113,564**	**1,148**	**665**	**18,009**	**184,166**
Additions	-	-	-	-	1,504	1,504
Disposals	(65)	(236)	(237)	(64)	(1,612)	(2,214)
Transfers	198	5,306	308	620	(6,432)	-
Translation difference	(76)	(182)	(18)	(2)	(189)	(467)
As of 30 September 2011	**50,837**	**118,452**	**1,201**	**1,219**	**11,280**	**182,989**
Accumulated depreciation						
As of 31 December 2010	**(319)**	**(3,743)**	**(231)**	**(165)**	**-**	**(4,458)**
Depreciation charge for the nine month	(512)	(4,408)	(282)	(118)	-	(5,320)
Disposals	65	119	212	30	-	426
Translation difference	(62)	(52)	(7)	2	-	(119)
As of 30 September 2011	**(828)**	**(8,084)**	**(308)**	**(251)**	**-**	**(9,471)**
Net book value						
As of 30 September 2011	**50,009**	**110,368**	**893**	**968**	**11,280**	**173,518**
As of 31 December 2010	**50,461**	**109,821**	**917**	**500**	**18,009**	**179,708**

As of 31 December 2009 all Group's property, plant and equipment, excluding furniture and other depreciable assets, were revalued by independent valuators in accordance with the requirements of International Valuation Standards. The valuation of specialized items of revalued property, plant and equipment was determined based on depreciable replacement cost, while the analogues method was used to determine the valuation of the remaining items.

As of 30 September 2012 and 2011, had the Group's property, plant and equipment, excluding furniture and other depreciable assets, been carried at historical cost less accumulated depreciation where applicable, their carrying amount would have been the following:

	2012	2011
Buildings and structures	42,954	44,169
Machinery and equipment	89,149	85,472
Vehicles	474	481
Construction in progress and equipment due to installation	13,512	3,902
Total	**146,089**	**134,024**

As of 30 September 2012 and 2011, fully depreciated assets with a cost of USD 505 thousand and USD 520 thousand, respectively, were included into property, plant and equipment.

As of 30 September 2012 and 2011 the Group has property, plant and equipment pledged to secure the Group's bank borrowings (Note 16).

6. PREPAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT

As of 30 September 2012 and 2011 prepayments for property, plant and equipment were as follows:

	2012	2011
Machinery and equipment	18,468	10,000
Construction works	-	9,111
Other	-	10
Total	**18,468**	**19,121**

As of 30 September 2012 and 30 September 2011 there was a prepayment for the amount of USD 18,468 thousand and USD 10,000 thousand, respectively, for construction of new facility for VRLA (valve-regulated lead-acid) battery manufacturing.

As of 30 September 2011 there were prepayments for property, plant and equipment for the amount of 9,012 thousand, respectively, pledged as collateral to secure bank borrowings of the Group (Note 16).

7. INVESTMENTS IN ASSOCIATES

As of 30 September 2012 and 2011 investments in associates were represented as follows:

		2012		2011
PJSC "DNIPROTELECOM"	21.00%	161	21.00%	161
Total		**161**		**161**

As of 30 September 2012 the Group's investment in PJSC "DNIPROTELECOM" was carried at cost since effect of its operations was not material.

As of 30 September 2012 and 2011 the Group has pledged its investment in associate to secure the Group's bank borrowings (Note 16).

8. INCOME TAX

During the three months ended 30 September 2012, the Group companies which have the status of the Corporate Income Tax (the "CIT") payers in the Ukraine were subject to income tax at a rate 21%. During 2011 the Group companies which have the status of the CIT payers in the Ukraine were subject to income tax at: 1 January – 1 April - 25% rate, 1 April – 31 December – 23% rate.

The new Tax Code of Ukraine, which was enacted in December 2010, introduced gradual decreases in income tax rates over the future years (from 21% effective 1 January 2012 to 16% effective 1 January 2014), as well as certain changes to the rules of income tax assessment starting from 1 April 2011. The deferred income tax assets and liabilities as of 30 September 2012 were measured based on the tax rates expected to be applied to the period when the temporary differences are expected to reverse.

The net results of the Group companies incorporated in jurisdictions other than Ukraine (Luxemburg and Cyprus) were not significant during the three months ended 30 September 2012 and 2011.

The main components of income tax expense for the three months ended 30 September 2012 and 2011 were as follows:

	2012	2011
Current tax expense	-	87
Deferred tax (benefit)/expense	893	202
Income tax (benefit)/expense	**893**	**289**

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

The following amounts, determined after appropriate offsetting, are presented in the consolidated statement of the financial position as of 30 September 2012 and 2011:

	2012	2011
Deferred tax assets	1,442	1,766
Deferred tax liabilities	-	-
Net deferred tax position	**1,442**	**1,766**

The movements in deferred taxes during the six months ended 30 September 2012 and 2011 were as follows:

	2012	2011
Deferred tax assets /(liabilities) as of the beginning of the period	**2,335**	**1,966**
Deferred tax benefit/(expense)	(893)	(202)
Translation difference	-	2
Deferred tax assets as of the end of the year	**1,442**	**1,766**

9. OTHER NON-CURRENT ASSETS

As of 30 September 2012 and 2011 other non-current assets of the Group were represented by the bank term deposit in the amount of USD 6,025 thousand and USD 1,364 thousand, respectively, being pledged as collateral to secure bank borrowing with the maturity in January 2017 as of 30 September 2012, and February 2012 as of 30 September 2011 (Note 16). The deposit provided 10.00% and 7.75% interest per annum as of 30 September 2012 and 30 September 2011, respectively.

As of 30 September 2012 and 2011 the balance also included available-for-sale investments in the amount of USD 167 thousand and USD 73 thousand, respectively.

10. INVENTORIES

Inventories as of 30 September 2012 and 2011 were as follows:

	2012	2011
Raw materials	6,967	7,727
Finished goods	5,755	9,987
Work in progress	5,716	7,603
Other inventories	128	159
Total	**18,566**	**25,476**

As of 30 September 2012 and 2011 the Group had inventories pledged as collateral to secure the Group's bank borrowings (Note 16).

11. TRADE AND OTHER ACCOUNTS RECEIVABLE

Trade and other accounts receivable as of 30 September 2012 and 2011 were as follows:

	2012	2011
Trade receivables, including:		
-UAH denominated	15,734	20,358
-USD denominated	2,757	2,637
-RUB denominated	251	14,360
-EUR denominated	349	40
Receivables for securities sold (UAH denominated)	9,274	2,271
Other receivables, including:		
-UAH denominated	8,092	6,170
-USD denominated	-	-
Total	**36,457**	**45,836**

As of 30 September 2012 and 2011 trade and other receivables included balances with related parties in the amount of USD 10,121 thousand and USD 19,216 thousand, respectively (Note 25).

As of 30 September 2012 and 2011 the Group had trade and other accounts receivable pledged as collateral to secure the Group's bank borrowings (Note 16).

The average credit period for the Group's customers was 45 days for the three months ended 30 September 2012 and 2011. No interest is charged on trade receivables.

The Group's management performed regular analysis of trade and other accounts receivable recoverability based on past experience, facts and circumstances existing and best management's estimates as of each reporting date. Included in the Group's trade and other accounts receivable balances as of 30 September 2012 and 2011 were debtors which were past due at the respective reporting date and which the Group still considered recoverable (i.e. not impaired). The Group does not hold any collateral over these outstanding balances.

Ageing of past due but not impaired trade and other accounts receivable as of 30 September 2012 and 2011 were as follows:

	2012	2011
Neither past due nor impaired	36,048	45,287
Past due but not impaired:		
Past due up to 90 days	376	250
Past due from 90 to 180 days	-	
Past due from 180 to 365 days	-	246
More than 1 year	33	53
Total	**36,457**	**45,836**

Management believes that there were no trade and other receivables that required allowance for irrecoverable amounts as there were no individually impaired receivables as of 30 September 2012 and 2011. No allowance for irrecoverable trade and other accounts receivable was provided in these consolidated financial statements.

12. ADVANCES TO SUPPLIERS AND PREPAID EXPENSES

As of 30 September 2012 and 2011 advances to suppliers and prepaid expenses were as follows:

	2012	2011
Advances for raw materials	23,733	33,965
Advances for utilities	2,028	2,301
Advances for services	312	474
Other advances and prepaid expenses	322	1,153
Total	**26,395**	**37,893**

As of 30 September 2012 and 2011 advances to suppliers and prepaid expenses included balances with related parties in the amount of USD 1,290 thousand and USD 33,842 thousand, respectively (Note 25).

Management believes that there were no advances to suppliers and prepaid expenses that required allowance for irrecoverable amounts as there were no individually impaired balances as of 30 September 2012 and 2011.

As of 30 September 2012 and 2011 the Group has pledged its rights related to advances made to secure the Group's bank borrowings (Note 16).

13. TAXES RECOVERABLE AND PREPAID

Taxes recoverable and prepaid as of 30 September 2012 and 2011 were as follows:

	2012	2011
VAT recoverable	4,524	14,135
CIT prepaid	537	238
Other taxes prepaid	18	8
Total	**5,079**	**14,381**

As of 30 September 2012 and 2011 the Group has pledged its rights on proceeds from taxes recoverable to secure the Group's bank borrowings (Note 16).

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of 30 September 2012 and 2011 were as follows:

	2012	2011
Cash equivalents held in banks in USD	11,300	-
Cash held at current accounts in banks in UAH	3,385	633
Cash held at current accounts in banks in USD	1,887	20,627
Cash equivalents held in banks in UAH	850	46,755
Cash held at current accounts in banks in EUR	48	78
Cash held at current accounts in banks in RUB	45	269
Total	**17,515**	**68,362**

As of 30 September 2011 the Group has pledged its cash and cash equivalents to secure the Group's bank borrowings (Note 16).

15. SHARE CAPITAL

As discussed in Note 1 as of 31 December 2010 the authorized, issued and fully paid share capital of the Parent was EUR 31 thousand (USD 41 thousand) comprising of 310 shares of EUR 100 each at nominal value. On 18 March 2011 the Parent decreased par value of Parent's shares from EUR 100 to EUR 0,01 and increased its authorized share capital from EUR 31 thousand to EUR 331 thousand consisting of 33,100,000 shares of EUR 0.01, by the creation of additional 30,000,000 ordinary shares of EUR 0.01 each. On 3 June 2011 the Parent issued additional 11,033,333 shares with a par value of EUR 0.01 each. These shares were distributed to new shareholders during initial public offering on Warsaw Stock Exchange. Total proceeds from initial public offering amounted to USD 47,882 thousand and were accounted as follows:

- Share capital of the Parent increased by USD 580 thousand to EUR 441 thousand (or USD 621 thousand) comprising of 44,133,333 shares of EUR 0,01 each at a nominal value;
- Remaining proceeds in the amount of USD 47,302 thousand were recognized as share premium, net of costs of initial public offering in the amount of USD 2,122 thousand.

The controlling shareholder of Westa ISIC is the Chief Executive Officer of the Group Mr. Denys Dzenzers'kyy, who owns 100% of the shares of Vankeria Consultants Limited registered in Cyprus, which holds 75% of share capital of Westa ISIC. On 14 June 2011 ING Otwarty Fundusz Emerytalny has acquired the shares of the Westa ISIC in the public offering and became an owner of 5,750,000 (five million seven hundred and fifty thousand) shares which is 13.03% of share capital of Westa ISIC.

16. BORROWINGS

The following table summarizes long-term bank loans and credit lines outstanding as of 30 September 2012 and 2011:

Currency	Weighted average interest rate	2012	Weighted average interest rate	2011
USD	11%	123,954	12%	212,405
EUR	11%	46,831	10%	44,433
UAH	17%	15,135	19%	21,021
		185,920		277,859
Less: Current portion of long-term bank borrowings		(40,338)		(60,492)
Total long-term borrowings		145,582		217,367

As of 30 September 2012 and 2011 short-term loans, borrowings and credit lines due within one year consisted of the following:

Currency	Weighted average interest rate	2012	Weighted average interest rate	2011
USD	n/a	-	11%	19,476
Total bank borrowings due within one year		**-**		**19,476**
Add:				
Current portion of long-term bank borrowings		40,338		60,492
Payables for factoring operations		-		4,020
Interest accrued		9,523		17,937
Total short-term borrowings		**49,861**		**101,925**
Total borrowings		**195,443**		**319,292**

The Group's borrowings are drawn from Ukrainian banks and subsidiaries of foreign banks as term loans and credit line facilities. Repayment terms of principal amounts of bank borrowings vary from monthly repayment to repayment on maturity depending on the agreement reached with each bank. The interest on the borrowings is payable on a monthly or quarterly basis.

Term bank loans and credit line facilities were as follows as of 30 September 2012 and 2011:

	2012	2011
Closed-end credit lines	95,187	204,755
Revolving credit lines	76,724	77,235
Term loans	14,009	15,345
Total bank borrowings	**185,920**	**297,335**

The following table summarizes fixed and floating interest rates bank loans and credit lines held by the Group as of 30 September 2012 and 2011:

	2012	2011
Fixed interest rate	185,920	277,726
Floating interest rate	-	19,609
Total	**185,920**	**297,335**

As of 30 September 2012 and 2011 the Group's total bank borrowings and respective interest forecasted based on contractual repayment schedule were repayable as follows:

	2012	2011
Due within three months	21,330	29,222
Due from three months to six months	5,772	22,215
Due from six months to twelve months	31,221	42,273
Total current portion repayable in one year	**58,323**	**93,710**
Due in the second year	40,991	81,004
Due thereafter	142,275	213,645
Total	**241,589**	**388,359**
Less interest forecasted	(55,669)	(87,004)
Add accrued interest	9,523	17,937
Total borrowings	**195,443**	**319,292**

The Group as well as particular subsidiaries has to comply with certain covenants imposed by the banks providing the loans. The main covenants which are to be complied by the Group related to the financial performance of the Group companies, change in the assets level and usage of loan funds in accordance with the stated purpose. The Group entities should also obtain approval from the lenders regarding the property to be used as collateral.

As of 30 September 2012 and 2011 the Group's borrowings were secured by the following pledged assets:

	2012	2011
Property, plant and equipment	167,675	153,881
Trade and other accounts receivables	23,329	42,836
Advances to suppliers and prepaid expenses	22,634	11,890
Inventories	16,963	19,610
Other non-current assets	6,025	1,364
Taxes recoverable and prepaid	4,038	3,682
Cash and cash equivalents	2,175	865
Investments in associates	161	161
Intangible assets, net	88	98
Prepayments for property, plant and equipment	-	9,012
Other financial assets	-	5,175
Total	**243,088**	**248,574**

The table above includes all assets of PJSC "WESTA-DNEPR" as of 30 September 2012 and 2011 that were pledge under the agreements with the Ukrainian banks.

17. OBLIGATION UNDER FINANCE LEASES

During 2011 the Group concluded finance lease agreements for its new manufacturing equipment. The lease term is 5 years. The Group has options to purchase the equipment for a net book value at the end of the lease terms. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

Interest rate underlying all obligations under finance leases is fixed at respective contract dates ranging at 13% per annum.

	Minimum lease payments as of 30 September 2012	Present value of minimum lease payments 30 September 2012
Not later than one year	1,524	1,096
Later than one year and not later than five years	4,045	3,387
	5,569	**4,483**
Less: future finance charges	(1,086)	-
Present value of minimum lease payments	**4,483**	**4,483**

18. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable as of 30 September 2012 and 2011 were as follows:

	2012	2011
Trade payables for raw materials, including:		
-UAH denominated	15,779	10,876
-EUR denominated	2,292	1,066
-USD denominated	420	181
Trade payables for services, including:		
-UAH denominated	1,397	2,098
-EUR denominated	-	14
-RUR denominated	3,139	-
-USD denominated	-	643
Unsettled liabilities for the acquisition of property, plant and equipment, including:		
-EUR denominated	4,128	752
Accounts payable for available-for-sale investments, including:		
-UAH denominated	7,408	2,222
Other current liabilities, including:		
-UAH denominated	3,679	1,296
-USD denominated	20	-
Total	**38,262**	**19,148**

As of 30 September 2012 and 2011 accounts payable for available-for-sale investments included USD 1,752 thousand of remained unpaid amount for transfer of holding company WESTA-DNEPR by Controlling Shareholder to Westa Dnepr (Cyprus) Limited (Note 25).

As of 30 September 2012 and 2011 trade and other accounts payable included balances with related parties in the amount of USD 10,258 thousand and USD 10,044 thousand, respectively (Note 25).

The average credit period rendered to the Group by trade suppliers comprises 122 days in the three months ended 30 September 2012 and 2011. No interest is charged on trade and other accounts payable.

The table below summarizes the maturity profile of the Group's trade and other payables as of 30 September 2012 and 2011 based on contractual undiscounted payments:

	2012	2011
Due within three months	34,655	17,288
Due from three to six months	934	534
Due from six months to twelve months	2,673	1,326
Total	**38,262**	**19,148**

19. REVENUE

Revenue for the three months ended 30 September 2012 and 2011 was as follows:

	2012	2011
Sales of finished goods	31,157	56,673
Other sales	1,858	2,061
Total	**33,015**	**58,734**

For the three months ended 30 September 2012 and 2011, revenue included transactions with related parties in amount of USD 841 thousand and USD 6,799 thousand, respectively (Note 25).

20. COST OF SALES

Cost of sales for the three months ended 30 September 2012 and 2011 was as follows:

	2012	2011
Inventory	23,744	40,791
Salaries, wages and related charges	1,794	1,386
Utilities	933	2,621
Depreciation	1,376	1,485
Repairs and maintenance	102	16
Warranty costs	84	395
Transportation costs	334	1
Other expenses	109	314
Total	**28,476**	**47,009**

For the three months ended 30 September 2012 and 2011 the Group purchases included transactions with related parties in amount of USD 4,796 thousand and USD 38,277 thousand, respectively (Note 25).

21. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three months ended 30 September 2012 and 2011 were as follows:

	2012	2011
Salaries, wages and related charges	410	435
Transportation costs	369	602
Depreciation and amortization	193	201
Non-refundable taxes	114	59
Bank charges	80	224
Communication services	75	53
Repairs and maintenance	21	13
Other services	375	67
Other expenses	269	205
Total	**1,906**	**1,859**

For the three months ended 30 September 2012 and 2011 general and administrative expenses included transactions with related parties in amount of USD 208 thousand and USD 205 thousand, respectively (Note 25).

22. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the three months ended 30 September 2012 and 2011 were as follows:

	2012	2011
Transportation costs	1,392	967
Inventory	436	1,044
Salaries, wages and related charges	108	155
Advertisement	364	-
Other	76	68
Total	**2,376**	**2,234**

23. OTHER (INCOME)/EXPENSES, NET

Other (income)/expenses for the three months ended 30 September 2012 and 2011 were as follows:

	2012	2011
Allowance for irrecoverable VAT	18	2
Other expenses/(income), net	67	323
Income on disposal of other assets	(335)	(3,863)
Total	**(250)**	**(3,538)**

24. FINANCE COSTS

Finance costs for the three months ended 30 September 2012 and 2011 were as follows:

	2012	2011
Interest expense on bank borrowings	5,629	9,034
Interest expense on factoring	787	844
Interest expense on bonds	-	625
Interest expense on financial leasing	69	-
Other finance costs	1,951	-
Total	**8,436**	**10,503**

Other finance cost represents changes in amortized cost of the Group accounts payable.

25. RELATED PARTIES TRANSACTIONS AND OUTSTANDING BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include common ultimate owners, affiliates and entities under common ownership and control with the Group and members of key management personnel. Terms and conditions of business with related parties are determined based on arrangements specific to each contract or transaction and cannot be executed on terms similar to those used for third parties. These terms and conditions could vary to those that would have been obtained had underlying transactions been transactions been transacted with third parties.

The Group enters into transactions with related parties that are under the common control of the Controlling Shareholder of the Group and other related parties (entities where the Controlling shareholder exercises significant influence). In the ordinary course of business, there are following major types of transactions and operations with such related parties:

- Sales of finished goods;
- Provision of tolling services starting from 2010;
- Purchases of lead and other supplies used in production;
- Purchases of miscellaneous services;

The revenues from sales to related parties for the three months ended 30 September 2012 and 2011 were as follows:

	2012	2011
Companies under common control	841	2,847
Other related parties	-	3,952
Total revenues from sales to related parties	**841**	**6,799**
Total per caption revenue (Note 19)	**33,015**	**58,734**

The purchases from related parties for the three months ended 30 September 2012 and 2011 were as follows:

	2012	2011
Purchases		
Companies under common control	4,737	7,241
Other related parties	59	31,036
Total purchases from related parties	**4,796**	**38,277**
Total purchases	**22,588**	**50,277**
General and administrative expenses		
Companies under common control	203	205
Other related parties	5	-
Total general and administrative expenses from related parties	**208**	**205**
Total per caption general and administrative expenses (Note 21)	**1,906**	**1,859**

During the three months ended 30 September 2012 and 30 September 2011 the sales to related parties were made on terms which did not differ significantly from those used in sales to third parties. The purchases from related parties in the amount of USD 4,796 thousand during three months ended 30 September 2012 and USD 38,277 for the three months ended 30 September 2011 were made at market prices. For the remaining purchases such assessment was not made as there are no alternative suppliers for some inventory purchased by Group from related parties.

The balances of trade and other accounts receivable due from related parties (Note 11) were as follows as of 30 September 2012 and 2011:

	2012	2011
Trade receivables		
Companies under common control	3,454	14,369
Other related parties	1,231	300
Receivables for securities sold		
Companies under common control	1,579	-
Other related parties	-	-
Other receivables		
Companies under common control	281	580
Other related parties	3,576	3,967
Total	**10,121**	**19,216**
Total per caption trade and other accounts receivable (Note 11)	**36,457**	**45,836**

As of 30 September 2012 and 2011 the Group did not create any allowance for irrecoverable trade and other accounts receivable due from related parties.

The balances of advances made to related parties (Note 12) as of 30 September 2012 and 2011 were as follows:

	2012	2011
Companies under common control	109	2,792
Common ultimate shareholder	9	9
Other related parties	1,172	31,041
Total advances to related parties	**1,290**	**33,842**
Total per caption advances to suppliers and prepaid expenses (Note 12)	**26,395**	**37,893**

The balances of advances received from related parties were as follows as of 30 September 2012 and 2011:

	2012	2011
Companies under common control	604	895
Other related parties	170	126
Total advances received from related parties	**774**	**1,021**
Total per caption advances received	**15,009**	**10,851**

The balances of trade and other accounts payable due to related parties as of 30 September 2012 and 2011 were as follows (Note 18):

	2012	2011
Trade accounts payable		
Companies under common control	5,938	7,090
Other related parties	2,566	877
Accounts payable for available-for-sale investments		
Companies under common control	-	-
Other related parties		65
Common ultimate shareholder	1,752	1,758
Unsettled liabilities for the acquisition of property, plant and equipment		
Companies under common control	-	171
Other current liabilities		
Companies under common control	1	81
Other related parties	1	2
Total	**10,258**	**10,044**
Total per caption trade and other accounts payable (Note 18)	**38,262**	**19,148**

As of 30 September 2012 and 2011 accounts payable for available-for-sale investments included USD 1,752 thousand of remained unpaid amount for transfer of holding company WESTA-DNEPR by Controlling Shareholder to Westa Dnepr (Cyprus) Limited (Note 18).

The remuneration of the key management personnel of the Group for the three months ended 30 September 2012 and 2011 amounted to USD 120 thousand and USD 294 thousand, respectively.

26. CONTINGENCIES AND CONTRACTUAL COMMITMENTS

Contractual commitments on purchases – During the three months ended 30 September 2012 and 2011, the Group entered into a number of contracts with suppliers of equipment and construction contracts. As of 30 September 2012 the amount of such outstanding purchase commitments under these contracts was USD 1,896 thousand (2011: USD 10,000 thousand).

Operating lease commitments – As of 30 September 2012 and 2011 there were no significant commitments under non-cancellable operating lease agreements.

Operating environment – Emerging markets such as Ukraine are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Ukraine and the Ukraine economy in general.

Laws and regulations affecting businesses in Ukraine continue to change rapidly. Tax, currency and customs legislation within Ukraine are subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in Ukraine. The future economic direction of Ukraine is heavily influenced by the economic, fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. Additionally there is increased uncertainty about the creditworthiness of some sovereign states in the Eurozone and financial institutions with exposure to the sovereign debt of such states. These conditions could slow or disrupt the Ukraine's economy, adversely affect the Group's access to capital and cost of capital for the Group and, more generally, its business, results of operations, financial condition and prospects.

Taxation – Ukrainian tax authorities are increasingly directing their attention to the business community as a result of the overall Ukrainian economic environment. In respect of this, the local and national tax environment in Ukraine is constantly changing and subject to inconsistent application, interpretation and enforcement. Non-compliance with Ukrainian laws and regulations can lead to the imposition of severe penalties and interest. Future tax examinations could raise issues or assessments which are contrary to the Group companies' tax filings. Such assessments could include taxes, penalties and interest, and these amounts could be material. While the Group believes it has complied with local tax legislation, there have been many new tax and foreign currency laws and related regulations introduced in recent years which are not always clearly written.

In year 2011 the Group was involved in transactions that can be differently treated by the tax authorities. Despite the fact that the recent tax inspections have not identified significant issues, the Group's tax returns remain open and could be a subject to retrospective examination for the three-year period after their submission. Future tax examinations could raise issues and assessments which are contrary to the Group tax filings. As of 30 September 2012 maximum tax exposure related to such transactions was estimated as USD 810 thousand.

In 2012 and 2011 the Group rendered manufacturing services based on tolling arrangements with one of its related parties. In some instances the Group subsequently purchased raw materials imported in Ukraine based on tolling arrangements for subsequent use in its own production. The Group management is sure it followed all local tax legislation applicable for such transactions. Meantime, the tax authorities could challenge an approach of the Group used for these transactions and additional tax charges and penalties could be imposed on the Group. No reliable estimate of the Group's tax exposure to these transactions is possible to make.

Management believes that it is not likely that any significant settlement will arise from the above cases and, therefore, the Group's consolidated financial statements do not include any amount of provision in this respect.

Legal – In the ordinary course of business, the Group is subject to legal actions and complaints. The management of the Group believes that the ultimate liability, if any, arising from such legal actions or complaints will not have a material effect on the financial position or results of future operations of the Group. There were no material claims against the Group as of 30 September 2012 and 2011.

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

Estimated fair value disclosures of financial instruments are made in accordance with the requirements of International Financial Reporting Standard 7 "Financial Instruments: Disclosure". Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. As no readily available market exists for a large part of the Group's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

As of 30 September 2012 and 2011 the following methods and assumptions were used by the Group to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value.

The fair value is estimated to be the same as the carrying value for cash and cash equivalents, other financial assets, trade and other accounts receivable, trade and other accounts payable, provisions and accruals, payables for factoring operations due to the short-term nature of the financial instruments.

The fair value of the Group's borrowings is estimated at USD 202,025 thousand compared to carrying amount of USD 195,443 thousand (Note 16). Fair value was estimated by discounting the expected future cash outflows by a market rate of interest.

28. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in calculation of earnings per share are as follows:

	2012	2011
Loss for the three months attributable to Shareholders of the Parent	(9,932)	(1,992)
Loss used in calculation of earnings per share	**(9,932)**	**(1,992)**
Weighted average number of shares outstanding	44,133,333	44,133,333
Loss per share	(0.23)	(0.05)

The Group has no dilutive potential ordinary shares; therefore, the diluted earnings per share equal basic earnings per share.

29. SUBSEQUENT EVENTS

On 4th October 2012 ING Otwarty Fundusz Emerytalny dispose shares of the Parent in stock-market transactions in Warsaw Stock Exchange and inform the Parent that on 9th October 2012 ING Otwarty Fundusz Emerytalny is the owner of 9.87% of the Parent initial capital. No further notification has been received from ING Otwarty Fundusz Emerytalny by the Parent.

The Board of Directors accepted the resignation of Mr. Denys Dzenzers'kyy, A Director of the Board of Directors of the Parent, starting from November 19, 2012 after being elected to Verkhovna Rada, the legislative body of Ukraine. The Board of Directors of WESTA ISIC S.A. also informs that Mr. Denys Dzenzers'kyy, after being elected to Verkhovna Rada, transferred 2,000 shares of Vankeria Consultants Limited registered in Cyprus (100% of share capital) to his father Mr. Viktor Dzenzers'kyy. Hereafter, Mr. Viktor Dzenzers'kyy indirectly owns 75% of share capital of WESTA ISIC S.A. Vankeria Consultants Limited holds 75% of share capital of WESTA ISIC S.A.

30. APPROVAL OF THE FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Group for the three months ended 30 September 2012 were approved by Board of Directors of Westa ISIC S.A. on 28 November 2012.