

**THE HALF-YEARLY FINANCIAL REPORT
FOR THE 1st SIX MONTHS OF THE YEAR 2009**

The obligation of the Issuer follows from § 35 and following of the Act No. 429/2002 file on stock exchange.

I. Identification of the Issuer

Business name	ISTROKAPITAL SE
Legal form	European company
Registered seat	41-43 Klimentos Street, Klimentos Tower, 1 st Floor, Flat 12, P.C. 1061 Nicosia, Cyprus
Registration number	SE2
Subject of business	holding and investing company
Date of foundation	1 st February 2007
Share capital	€ 45.766.576,80 split into 24.087.672 shares in nominal value of € 1,90 per share
Email	office@istrokapital.eu
Web site	www.istrokapital.eu
Phone/Fax	+35722759555/+35722758877

II. Report and financial statements of the Issuer

Interim Management Report – **part A**

Unaudited financial statements of the Issuer ISTROKAPITAL SE from 1st January 2009 to 30th June 2009 – **part B**

III. Issued bonds

ISIN: SK4120004847 series 01

Type and form: bearer bond

Appearance: registered

Number: 1200 pieces

Nominal value of € 16.596,96 per one bond

Description of rights: without transmissibility restriction

Date of issue: 6th December 2005

The maturity date of the nominal value: 6th December 2010

The way of determination of the gain: 12M EURIBOR+3,00% fixed 2 working days before the commencement of every interest period

The payment date: every year to 6th December of common year

The possibility of untimely repayment: the issuer reserves the right for untimely repayment of the nominal value of the bonds including repayment of the aliquot interest gain to date of untimely repayment

The guaranty: no other person, only the issuer

Registration Number: SE2

Business name: ISTROKAPITAL SE (former ISTROKAPITÁL, a.s.)

Registered seat: 41-43 Klimentos Street, Klimentos Tower, 1st Floor, Flat 12, 1061 Nicosia, Cyprus

IV. Declaration of responsible persons of the Issuer in accordance § 35 article 2 letter c) of the Act No. 429/2002 on stock exchange

We, the members of the Board of Directors: Mario Hoffmann, the Chairman, Jozef Salaj, the Member, Boris Krehel', the Member, Ľuboš Áč, the Member, Marek Tarda, the Member, Ladislav Timulák, the Member, Daniel Legéň, the Member, as the responsible persons of the Issuer, declare that according to our best knowledge the interim financial statements provide true and accurate description of the asset, debit and financial situation and management result of the Issuer , in

accordance with the requirements of § 35 of the Act No. 429/2002 on stock exchange and the interim management report consists of true review of information.

V. The Financial Annual Report will be released on the Issuer's web site www.istrokapital.eu and at the Issuer's registered office on 31st August 2009

The Board of Directors of ISTROKAPITAL SE:

Mario Hoffmann – Chairman

Boris Krehel – Member

Josef Salaj – Member

Ľuboš Áč – Member

Marek Tarda – Member

Daniel Legén – Member

Ladislav Timulák – Member

Part A

1. OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors	Mario Hoffmann – Chairman Jozef Salaj – Member Boris Krehel’ – Member Luboš Áč – Member Marek Tarda – Member Daniel Legéň – Member Ladislav Timuľák – Member
Secretary	Cymanco Services Ltd.
Independent Auditors	KPMG Limited Cyprus
Bankers	Poštová banka, a.s. J&T Banka, a.s. Societe Generale Cyprus Ltd.

2. SHAREHOLDER INFORMATION AS AT 30th JUNE 2009

The structure of shareholders of ISTROKAPITAL SE as at 30th June 2009:

WEYLIN INVESTMENT LLC	74,3526 %
Mario Hoffmann	12,4546 %
JCG, a.s.	9,8183 %
WEYLIN ENTERPRISES LIMITED	2,8930 %
Other shareholders	0,4815 %

The structure of shareholders of ISTROKAPITAL SE as at the date of issue of this report:

WEYLIN INVESTMENT LLC	74,5658 %
Mario Hoffmann	12,4546 %
JCG, a.s.	9,8183 %
WEYLIN ENTERPRISES LIMITED	2,8930 %
Other shareholders	0,2683 %

3. CORPORATE GOVERNANCE

The Company ISTROKAPITAL SE as the Issuer of the bonds, which are listed and traded on the parallel market of the stock exchange – Burza cenných papierov v Bratislave, a.s., applies the principles of good corporate governance in accordance with the Corporate Governance Code which is part of the Stock Exchange's rules for bonds admission to main listed market and parallel market and is accessible on the web site of Burza cenných papierov v Bratislave, a.s. on www.bcpb.sk.

The corporate governance is applied in accordance with the valid law, the Memorandum and Articles of Association of the Company, the resolutions of the General Meetings of the Company and the resolutions of the Board of Directors of the Company. The management and the governance are executed by the General Meeting of the Company and the Board of Directors of the Company. Information about the management and the governance of the Company are the part of the Corporate Governance Code accessible on web site www.bcpb.sk.

No variations arise from the management and governance of the Company towards the provisions of the Corporate Governance Code and the Memorandum and Articles of Association of the Company.

Information about the methods of governance and the data where the information about the methods of governance are to be released:

As for all important information about the methods of governance and the data where the information about the methods of governance are to be released – the Issuer holds the methods of governance in accordance with the Corporate Governance Code which is the part of the Stock Exchange's rules for bonds admission to the main listed market and the parallel market and is accessible on web site of Burza cenných papierov v Bratislave, a.s. on www.bcpb.sk and in accordance with the Cyprus Companies Law, Cap. 113 and the Memorandum and Articles of Association of the Issuer which is to be found and released in the registered seat of the Issuer at: 41-43 Klimentos Street, Klimentos Tower, 1st Floor, Flat 12, P.C. 1061 Nicosia, Cyprus. The methods and the aims of the Issuer's governance are followed from the policy of the Issuer and are directed towards the improvement of the quality of the relations with business partners and the improvement of effectiveness of its activities.

Information about the activity of the General Meeting of the Issuer, its powers, description of shareholders' rights and the method of their keeping – activity of the General Meeting of the Issuer for the year 2008 and 1st six months of the year 2009:

The highest-level controlling organ of the Company is the General Meeting of the Company which supervises the execution of the management of the Board of Directors and the implementation of the business plan of the Company. The General Meeting of the Company appoints and removes the members of the Board of Directors. The Audit Committee as the advisory organ in the area of controlling seeks the preparation and the composition of the final accounts, the independence of the auditors and the application of the respecting laws.

The highest-level controlling organ of the Company – the General Meeting of the Company realizes the functions and applies powers in accordance with the Law of the Republic of Cyprus and the Memorandum and Articles of Association of the Company. The General Meeting of the Company consists of all present shareholders on the meeting. The shareholders have property rights from which follows that their shares are able to be purchased, sold or transferred. Except from that, the shareholders have the right to participate on the profit of the Company in extent of their size of their investment. These basic rights of the shareholders, the right to participate on the profit of the Company, the right to sell the shares, are the fundamental elements forming the value for the shareholders. The shareholders by the arrangement of the corporate governance and by the increasing of the value of shares have certain responsibility and duties for the fulfillment of which they have the right for information about the Company at their disposal, and the right to influence the course of the Company especially through their presence and their voting on the General Meeting of the Company. The shareholder is able to execute his rights via the proxy and the instrument of proxy is valid for one General Meeting of the Company including its possible repeated call. The Company calls every year the General Meeting of the Company as the Annual General meeting except of other General Meetings in given year and such General Meeting shall be marked in the notices for this General Meeting, between the date of one Annual General Meeting and the following one shall not elapse more than fifteen months. All General Meetings which are not the annual ones are Extraordinary General Meetings. The Annual General Meeting of the Company ISTROKAPITAL SE for the year 2007 was held on 31st July 2008 (the 1st General Meeting of the company) and where the financial statements of ISTROKAPITAL SE for the year ended 31st December 2007, the report of directors and auditors, the Annual report of ISTROKAPITAL SE for the year 2007 and the reappointment of the auditors KPMG CYPRUS as the auditor till next Annual General Meeting of the Company were approved. The Annual General Meeting of the Company which will approve the financial statements and accounts for the year ended 31st December 2008 shall be held till 31st October 2009. No General Meetings whether the annual or extraordinary was held in 1st six months of the year 2009.

Information about the structure and activity of the Board of Directors and its committees – activity of the Board of Directors for the 1st six months of the year 2009:

The Board of Directors is the statutory organ which manages the activities of the Company, acting on behalf of the Company, representing the Company in all matters towards the third parties, courts and other authorities. The Board of Directors manages the activities and decides about all matters concerning the Company to the extent that the law or the Memorandum and Articles of Association of the Company do not allocate these matters to the activity of other organs of the Company. The Board of Directors has seven members: Mario Hoffmann – Chairman, Jozef Salaj – Member, Boris Krehel' – Member, Ľuboš Áč – Member, Marek Tarda – Member, Daniel Legéň – Member, Ladislav Timuľák – Member. The General Meeting of the Company appoints and removes the Chairman of the Board of Directors and the Members of the Board of Directors. The meetings of the Board of Directors are to be held every three months at least.

Activity of the Board of Directors – the meetings of the Board of Directors have been held periodically pursuant to the Memorandum and Articles of Association of the Issuer with the agenda consisting of dealing with the matters, such as: business activities and development, and solving the matters concerning the Issuer and its activities in accordance with the Memorandum and Articles of Association of the Issuer and the Cyprus Companies Law, Cap. 113.

The Audit Committee of the Company has been executing its functions as the Audit Committee for the Group of ISTROKAPITAL SE. The Audit Committee consists of the members appointed by the Board of Directors of the Company, while one member of the Audit Committee is independent, not property and personally interconnected with any company within the Group of ISTROKAPITAL SE. The Audit Committee has four members. The meetings of the Audit Committee are held every three months at least.

The structure of the share capital including the data about the securities which were not admitted on the dealing on regulated market in any member state or state of the European economic space with the description of the securities, rights and obligations connected, and their percentage on the total share capital:

Share capital of the Company:

Amount of the share capital: € 45.776.576,80

Number of shares: 24.087.672

Issued registered non-bearer shares with nominal value of € 1,90 per share

Number of shareholders as at 30th June 2009: 681 shareholders

Without transmissibility restriction

Issued bonds:

ISIN: SK4120004847 series 01

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Appearance: registered

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Date of issue: 6th December 2005

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The way of determination of the gain: 12M EURIBOR + 3,00% fixed 2 working days before the commencement of every interest period

The payment date: every year to 06th December of common year

The possibility of untimely repayment: the issuer reserves the right for untimely repayment of the nominal value of the bonds including repayment of the aliquot interest gain to date of untimely repayment

The guaranty: no other person, only the issuer

Registration Number: SE2

Business name: ISTROKAPITAL SE (former ISTROKAPITÁL, a.s.)

Registered seat: 41-43 Klimentos Street, Klimentos Tower, 1st Floor, Flat 12, 1061 Nicosia, Cyprus

Transmissibility of the securities described above is without any restriction.

Qualified share on the share capital of the Company as at 30th June 2009:

Mario Hoffmann – 99,5185 %.

The Company does not keep files about any owners of securities with special controlling rights. In relation to the way of controlling the system of employee shares the Company did not issue any employee shares.

The Company declares that there are no restrictions of the voting rights.

The Company has no knowledge about the contracts and agreements concluded between the shareholders leading to restriction of the security transmissibility or voting rights.

In relation to regulations determining the appointment and removal of the members of the Board of Directors of the Company and the changes of the Memorandum and Articles of Association of the Company, the members of the Board of Directors are appointed and removed by the General Meeting of the Company. The Memorandum and Articles of Association of the Company and its changes approves the General Meeting of the Company. In accordance with the Memorandum and Articles of Association of the Company the Board of Directors is able to appoint the new member of the Board of Directors with the validity only till the next following Annual General Meeting of the Company.

The Board of Directors of the Company disposes of the powers determined by the Law of the Republic of Cyprus and the Memorandum and Articles of Association of the Company, and there are no special powers to decide about the issue and redeem the shares of the Company.

There are no contracts and agreements where the Company is the contracting party and which became effective, which change or whose validity ends in consequence of changes of its controlling affairs which would arise in relation to the offer for takeover and its effects with the exception of the case when its revelation would cause damages to it, and this exception shall not apply when the Company is obliged to publish this information within the fulfillment of the obligations according to special rules.

The Company has no knowledge about the contracts and agreements concluded between the Company and the members of its organs or employees on the basis of which there shall be provided compensation to them if their function or working relation terminates by giving up their function, by notice of employee, their removal, by notice of the employer without stating the reason, or their function or working relation terminates in consequence to the offer for takeover.

Information about acquiring of own securities, temporary securities, shares and securities, temporary securities and shares of the mother accounting unit:

Information about acquiring of own securities, temporary securities, shares – no significant acquisition of own securities, temporary securities and shares has been realized by the Issuer.

Information about acquiring of own securities, temporary securities, shares of the mother accounting unit – there was no significant acquisition of own securities, temporary securities and shares of the mother accounting unit. The acquisition of own securities was realized only among existing shareholders.

Information about the aims and methods of the governance of the risks in the accounting unit together with the policy for security of main types of planned trades with using of security derivatives:

The Issuer did not use security derivatives.

4. REPORT

The Board of Directors of the Company presents the half-yearly financial report together with the unaudited individual financial statements of the Company for the period from 1st January 2009 to 30th June 2009 prepared in accordance with International Financial Reporting Standards (IFRS).

The Board of Directors is responsible for ensuring that the Company keeps accounting records, which comply with local laws and regulations and also the Company's Internal Regulations and enable it to prepare IFRS financial statements, which disclose fairly, in all material respects, its financial position and results of operations and cash flows in accordance with IFRS. The Board of Directors also has a general responsibility for taking such steps as are reasonably available to it to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Board of Directors considers that in preparing the individual financial statements for the period from 1st January 2009 to 30th June 2009 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and that appropriate International Financial Reporting Standards have been complied with.

INCORPORATION:

The Company was incorporated in the Republic of Cyprus on 1st February 2007 as the European Public Limited Liability Company under the provisions of the Companies Law, Cap. 113. It was the result of the merger of merging companies – the company ISTROKAPITÁL, a.s. registered in the Slovak Republic and the company Kangima Investments Public Company Ltd. registered in the Republic of Cyprus.

PRINCIPAL ACTIVITIES:

During the period the Company and the Group continued its principal activities which are primarily classified as:

- Financing activities such as retail banking, corporate banking, financing, general and life insurance services, advisory and asset management, collective investment, unit trusts, shares funds
- Investing activities such as holding and trading of investments and acquisition of new ownership interests and investments in real estate funds

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE COMPANY AND MAIN RISKS AND UNCERTAINTIES:

The current financial position is considered satisfactory. The Board of Directors expects expanding the activities in existing areas of operation of business and by entering into other financial markets, banking sectors, insurance sector, shares funds sector, real estate area, in present and other countries, especially located in Europe. The most significant risks faced by the group and the steps taken to manage these risks, are described in the financial statements in part B.

The Company within the realization of its business activities, and through business activities of its subsidiaries, grants the loans to its subsidiaries, its business partners and the clients of the Group of ISTROKAPITAL SE.

PLANS AND EXPECTED DEVELOPMENT OF THE ACTIVITIES:

The main areas of the Company's aim are as follows:

- Investment opportunities on financial markets
- Provision of a wide range portfolio of advisory and consultancy services for its business partners and clients
- Arrangement and realization of new business opportunities especially in the financial market and real estate market
- Expansion in the area of real estate markets especially in the Central and Eastern Europe
- Exploiting any relevant opportunities that appear in the insurance and banking sectors
- Expansion in the provision of financial and insurance services in banking, insurance and collective investment sectors through its subsidiaries

The main goals and strategies of the Group are following:

- to arrange permanent and steady profitability and to maximize the profit within the group
- to increase the assets of the group in long-term horizon

- to develop the group further by expansion of the business activities in various areas of the business markets

DECLARATIONS:

The Company hereby declares that the business activities for the reported period did not have any environmental impact. The Company's influence to the employment was insignificant. The expenses on research and development activities were nil. The Company and its subsidiaries did not establish any foreign branches.

BOARD OF DIRECTORS:

The members of the Board of Directors of the company ISTROKAPITAL SE as at 30th June 2008 and at the date of this report are shown in point 1 of this Part A. All of them were the members of the Board of Directors of the Company from 1st January 2009 to 30th June 2009. In accordance with the Company's Articles of Association all Directors presently members of the Board of Directors continue in office.

JUDr. Daniel Legéň
Member of the Board of Directors
ISTROKAPITAL SE

JUDr. Ladislav Timulák
Member of the Board of Directors
ISTROKAPITAL SE

Part B

ISTROKAPITAL SE

UNAUDITED FINANCIAL STATEMENTS

For the period from 1st January 2009 to 30th June 2009

ISTROKAPITAL SE

UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2009 to 30 June 2009

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ISTROKAPITAL SE**OFFICERS AND PROFESSIONAL ADVISORS**

Board of Directors	Mario Hoffmann Boris Krehel Jozef Salaj Luboš Áč Marek Tarda Daniel Legěň Ladislav Timulák
Secretary	Cymanco Services Ltd
Independent Auditors	KPMG Limited
Bankers	Poštová banka, a.s. J&T Banka a.s. Societe Generale Cyprus Ltd
Registered office	Klimentos Street 41-43 Klimentos Tower, 1st Floor, flat 12 1061 Nicosia Cyprus

ISTROKAPITAL SE

UNAUDITED INCOME STATEMENT

For the 6 month period ended 30 June 2009

	01/01/2009- 30/06/2009	01/01/2008- 30/06/2008
	€	€
Note		
Revenue		
Interest receivable	3.238.144	1.862.756
Realized exchange gain	81.656	1.052.618
Gain from execution of forward contracts	<u>-</u>	<u>7.339.530</u>
Gross revenue	3.319.800	10.254.904
Interest payable	(2.242.529)	(1.067.149)
Realized exchange loss	<u>(196.961)</u>	<u>(312.137)</u>
Net revenue	5 880.310	8.875.618
Other income	2.276	-
Administration expenses	<u>(467.226)</u>	<u>(361.726)</u>
Operating profit before financing income/expenses	<u>415.360</u>	<u>8.513.892</u>
Finance income	180.860	6.090.617
Finance expenses	<u>(32.506)</u>	<u>(6.817.756)</u>
Net finance income / (expenses)	6 <u>148.354</u>	<u>(727.139)</u>
Profit before taxation	563.714	7.786.753
Taxation	7 <u>(41.273)</u>	<u>(850.950)</u>
Profit for the period	<u>522.441</u>	<u>6.935.803</u>

The notes on pages 6 to 25 are an integral part of these unaudited financial statements.

ISTROKAPITAL SE**UNAUDITED STATEMENT OF RECOGNISED INCOME AND EXPENSE****For the 6 month period ended 30 June 2009**

	01/01/2009- 30/06/2009 €	01/01/2008- 30/06/2008 €
Net change in fair value of investments available for sale	(8.474)	-
Net change in fair value of investments in subsidiaries	11.758.065	35.971.951
Effective portion of changes in fair value of forward contracts	<u>-</u>	<u>1.804.506</u>
Gains and losses not recognized in the income statement	11.749.591	37.776.457
Profit for the period	<u>522.441</u>	<u>6.935.803</u>
Total recognized income for the period	<u><u>12.272.032</u></u>	<u><u>44.712.260</u></u>

All income and expenses of the Company are recognized through the income statement. There is no income or expenses during the years, except those mentioned above.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defense at 15% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defense is payable for the account of the shareholders.

As at the date of this report the shareholders of the Company that are Cyprus tax residents are Weylin Enterprises Ltd and Mr. Daniel Legéň, therefore the provisions for the special contribution for defense on dividend and deemed dividends will apply.

The notes on pages 6 to 25 are an integral part of these unaudited financial statements.

ISTROKAPITAL SE

UNAUDITED BALANCE SHEET

As at 30 June 2009

		30/6/2009	31/12/2008
		€	€
	Note		
Assets			
Property, plant and equipment	8	19.890	23.334
Investments in subsidiaries	9	133.227.968	117.669.300
Long-term loans receivable from related parties	10	10.235.429	10.095.671
Long-term loans receivable from third parties	11	-	3.070.302
Total non-current assets		<u>143.483.287</u>	<u>130.858.607</u>
Short-term loans receivable from related parties	12	10.298.754	7.358.214
Short-term loans receivable from third parties	13	46.517.506	54.239.508
Trade and other receivables	14	1.933.255	1.725.251
Receivables from related parties		-	85.776
Investments available for sale	15	114.360	122.834
Cash and cash equivalents	16	1.142.744	23.854.826
Total current assets		<u>60.006.619</u>	<u>87.386.409</u>
Total assets		<u>203.489.906</u>	<u>218.245.016</u>
Equity			
Share capital	17	45.766.577	45.766.577
Reserves	18	69.355.789	57.083.757
Total equity attributable to shareholders of the Company		<u>115.122.366</u>	<u>102.850.334</u>
Liabilities			
Bonds issued	19	19.916.352	19.916.352
Long-term loans payable to related parties	20	49.958.638	49.819.730
Total non-current liabilities		<u>69.874.990</u>	<u>69.736.082</u>
Short-term loans payable to related parties	21	16.275.000	14.771.294
Short-term loans payable to third parties	22	-	28.783.991
Trade and other payables	23	2.115.440	1.575.413
Tax payable	24	102.110	527.902
Total current liabilities		<u>18.492.550</u>	<u>45.658.600</u>
Total liabilities		<u>88.367.540</u>	<u>115.394.682</u>
Total equity and liabilities		<u>203.489.906</u>	<u>218.245.016</u>

JUDr. Daniel Legěň)
)
) Directors
)
 JUDr. Ladislav Timuřák)

The notes on pages 6 to 25 are an integral part of these unaudited financial statements.

ISTROKAPITAL SE

UNAUDITED CASH FLOW STATEMENT

For the period from 1 January 2009 to 30 June 2009

	01/01/2009- 30/06/2009	01/01/2008- 30/06/2008
	€	€
Note		
Cash flows from operating activities		
Profit for the period	522.441	6.935.803
Adjustments for:		
Depreciation of property, plant and equipment	3.444	3.444
Unrealised exchange (gain)/loss	(150.986)	722.746
Income tax expense	<u>41.273</u>	<u>850.950</u>
<i>Cash flows from operations before working capital changes</i>	416.172	8.512.943
(Increase)/decrease in trade and other receivables	(208.004)	8.012.705
Decrease/(increase) in investments available for sale	8.474	(5.768)
Increase/(decrease) in trade and other payables	540.027	(9.489.530)
Decrease/(increase) in amount receivable from related parties	<u>85.776</u>	<u>(851.346)</u>
Cash flows from operations	842.445	6.179.004
Tax paid	<u>(187.355)</u>	<u>(14.175)</u>
Net cash from operating activities	<u>655.090</u>	<u>6.164.829</u>
Cash flows from investing activities		
Payment for purchases of property, plant and equipment	-	(4.089)
Payment for purchase of investments in subsidiaries	(3.800.604)	(184.260)
Net decrease/(increase) in loans granted	<u>7.574.809</u>	<u>(5.316.781)</u>
Net cash from/(used in) investing activities	<u>3.774.205</u>	<u>(5.505.130)</u>
Cash flows from financing activities		
Net (decrease)/increase in borrowings	<u>(27.141.377)</u>	<u>7.186.197</u>
Net cash (used in)/from financing activities	<u>(27.141.377)</u>	<u>7.186.197</u>
Net (decrease)/ increase in cash and cash equivalents	(22.712.082)	7.845.896
Cash and cash equivalents at beginning of the period	<u>23.854.826</u>	<u>811.346</u>
Cash and cash equivalents at the end of the period	16 <u><u>1.142.744</u></u>	<u><u>8.657.242</u></u>

The notes on pages 6 to 25 are an integral part of these unaudited financial statements.

ISTROKAPITAL SE**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

For the period from 1 January 2009 to 30 June 2009

1. INCORPORATION AND PRINCIPAL ACTIVITIES

ISTROKAPITAL SE was incorporated in Cyprus on 01 February 2007 as a European Public Limited Liability Company under the Companies Law, Cap. 113. It was the result of the merger of ISTROKAPITAL a.s. a company registered in Slovak Republic and Kangima Investments Public Company Ltd a company registered in Cyprus. Its registered office is at Klimentos Street 41-43, Klimentos Tower, 1st Floor, flat 12, 1061 Nicosia, Cyprus.

The principal activities of the Company are the holding of investments in subsidiary companies, acquisition of new ownership interests, as well as financing of the needs of the ISTROKAPITAL Group.

2. UNAUDITED INTERIM FINANCIAL STATEMENTS

The interim financial statements have not been audited by the independent external auditors of the Company.

3. BASIS OF PREPARATION**(a) Statement of compliance**

The unaudited summarised interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) including International Accounting Standard 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB). The interim financial statements comply with both these reporting frameworks because at the time of their preparation all applicable IFRSs issued by the IASB have been adopted by the EU through the endorsement procedure established by the European Commission. In addition, the interim financial statements have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113 and have to be read in connection with the annual audited financial statements of the Company.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention, except in the case of investments and loans, which are shown at their fair value.

(c) Adoption of new and revised International Financial Reporting Standards

During the current period the Company adopted all new and revised IFRSs which related to its operations and they have been effective for the accounting periods beginning from January 1, 2009. The adoption of these standards does not have a significant effect on the Company's accounting policies.

(d) Use of estimates and judgements

The preparation of financial statements in accordance with IFRSs requires from Management the exercise of judgment, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognized in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

ISTROKAPITAL SE**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

For the period from 1 January 2009 to 30 June 2009

3. BASIS OF PREPARATION (continued)**(d) Use of estimates and judgements (continued)**

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described below:

- Income taxes
Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognized liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.
- Fair value of financial assets
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The fair value of the financial assets available for sale has been estimated based on the fair value of the particular assets held.
- Impairment of available-for-sale financial assets
The Company follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.
- Valuation of non-listed investments
The Company uses various valuation methods to value non-listed investments. These methods are based on assumptions made by the Board of Directors which are based on market information at the balance sheet date.

(e) Functional and presentation currency

The financial statements are presented in Euro (€) which is the functional currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

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

Subsidiary companies

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognized as an expense in the period in which the impairment is identified.

ISTROKAPITAL SENOTES TO THE UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2009 to 30 June 2009**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Revenue recognition

- Income from investments in securities

Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to the income statement.

The difference between the fair value of investments at fair value through profit or loss as at 30 June 2009 and the mid cost price represents recognized gains and losses and are included in the income statement in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as fair value gains or losses on investments, taking into account any amounts charged or credited to the income statements in previous periods.

- Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

Finance income

Finance income includes unrealized exchange gain.

Financing expenses

Finance expenses include bank charges and unrealized exchange losses.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Monetary assets and liabilities denominated in foreign currencies are translated into Euro using the rate of exchange ruling at the balance sheet date. The exchange differences that arise are transferred to the income statement, and are presented separately when considered material.

Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Dividends

Dividend distribution to the Company's shareholders is recognized in the Company's financial statements in the year in which they are approved by the Company's shareholders.

ISTROKAPITAL SE

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2009 to 30 June 2009

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognized in the income statement on the straight-line method over the useful lives of each part of an item of property, plant and equipment. The annual depreciation rates used for the current and comparative periods are as follows:

	%
Motor vehicles	20
Furniture, fixtures and office equipment	10
Computer hardware	20

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

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

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

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the income statement.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

(i) Loans granted

Loans originated by the Company by providing money directly to the borrower are recognized as loans and are carried at amortized cost. This is defined as the fair value of cash consideration given to originate those loans as is determined by reference to market prices at origination date. All loans are recognized when cash is advanced to the borrower.

An allowance for loan impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

(ii) Investments

The Company classifies its investments in equity and debt securities in the following categories: financial assets at fair value through income statement, held-to-maturity investments and available for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of investments at initial recognition and re-evaluates this designation at every balance sheet date.

ISTROKAPITAL SENOTES TO THE UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2009 to 30 June 2009**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments (continued)(ii) Investments (continued)• Financial assets at fair value through income statement

This category has two sub-categories: financial assets held for trading and those designated at fair value through income statement at inception. A financial asset is classified in the held for trading category if acquired principally for the purpose of generating a profit from short-term fluctuations in price. Assets in this category are classified as current assets if they are either held for trading or are expected to be recognized within twelve months of the balance sheet date.

• Held-to-maturity investments

Investments with fixed or determinable payments and fixed maturity that the management has the positive intent and ability to hold to maturity, other than loan and receivables originated by the Company, are classified as held-to-maturity investments. Such investments are included in non-current assets, except for maturities within twelve months from the balance sheet date, which are classified as current assets.

• Available-for-sale financial assets

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Regular way purchases and sales of investments are recognized on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through income statement. Investments are recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through income statement are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

Realized and recognized gains and losses arising from changes in the fair value of financial assets at fair value through income statement are included in the income statement in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognized at cost less impairment.

ISTROKAPITAL SENOTES TO THE UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2009 to 30 June 2009**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments (continued)**(ii) Investments (continued)**

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in income statement, is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

(iii) Derivatives

The Company's activities expose it primarily to the financial risks of changes in interest rates. The significant interest rate risk arises from its bank borrowings. The Company's policy is to convert a significant proportion of its floating rate debt to fixed rates through interest rate swaps. The Company designates these as cash flow hedges of interest rate risk.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognized directly in equity and the ineffective portion is recognized immediately in profit or loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative that had been previously recognized in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or liability, amounts deferred in equity are recognized in profit or loss in the same period in which the hedged item affects profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in profit and loss as they arise.

(iv) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in banks and in hand.

(i) Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any differences between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

(ii) Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

ISTROKAPITAL SENOTES TO THE UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2009 to 30 June 2009**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments (continued)Impairment of assets

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

Share capital

Ordinary shares are classified as equity.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Non-current liabilities

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

ISTROKAPITAL SE

NOTES TO THE UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2009 to 30 June 2009**5. NET REVENUE**

	01/01/2009- 30/06/2009 €	01/01/2008- 30/06/2008 €
Gain from forward contracts	-	7.339.530
Net interest received from financing activities	995.615	795.607
Net realized exchange (loss) / gain	<u>(115.305)</u>	<u>740.481</u>
	<u>880.310</u>	<u>8.875.618</u>

6. FINANCE INCOME / (EXPENSES)

	01/01/2009- 30/06/2009 €	01/01/2008- 30/06/2008 €
Unrealized exchange gain	<u>180.860</u>	<u>6.090.617</u>
Finance income	<u>180.860</u>	<u>6.090.617</u>
Unrealized exchange loss	(29.874)	(6.813.363)
Other finance expenses	<u>(2.632)</u>	<u>(4.393)</u>
Finance expenses	<u>(32.506)</u>	<u>(6.817.756)</u>
Net finance income / (expenses)	<u>148.354</u>	<u>(727.139)</u>

7. TAXATION

	01/01/2009- 30/06/2009 €	01/01/2008- 30/06/2008 €
Corporation tax for the period	<u>41.273</u>	<u>850.950</u>

Reconciliation of taxation based on the taxable income and taxation based on accounting profits:

	01/01/2009- 30/06/2009 €	01/01/2008- 30/06/2008 €
Accounting profit before tax	<u>563.714</u>	<u>7.786.753</u>
Tax calculated at the applicable tax rates	56.371	778.675
Tax effect of expenses not deductible for tax purposes	3.332	681.681
Tax effect of allowances and income not subject to tax	<u>(18.430)</u>	<u>(609.406)</u>
Tax charge	<u>41.273</u>	<u>850.950</u>

ISTROKAPITAL SE**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

For the period from 1 January 2009 to 30 June 2009

7. TAXATION (continued)

According to the Income tax law that was applied from 1st January 2003, the Company is subject to corporation tax at the normal rate of 10% from 1st January 2006.

In addition, the Company is subject to a special contribution for defense at the rate of 3% on rental income and of 10% on interest received.

In accordance with the new Defense tax law of 2002 which has been in effect since January 1st 2003, Companies are no longer subject to defense tax on taxable profits but companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. A special contribution for defense at 15% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents.

The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year during the following two years. This special contribution for defense is payable for the account of the shareholders.

In case where any actual dividend is paid after the second year any deemed distribution reduces the actual dividend on to which defense tax is withheld. The deemed distribution is not applicable to profits attributable to shareholders that are not residents in Cyprus.

ISTROKAPITAL SE

NOTES TO THE UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2009 to 30 June 2009**8. PROPERTY, PLANT AND EQUIPMENT**

	Motor vehicles	Furniture, fixtures and office equipment	Computer hardware	Total
	€	€	€	€
Cost				
Balance at 1 June 2008	23.997	626	6.042	30.665
Additions	<u>-</u>	<u>-</u>	<u>4.090</u>	<u>4.090</u>
Balance at 31 December 2008	<u>23.997</u>	<u>626</u>	<u>10.132</u>	<u>34.755</u>
Balance at 1 June 2009	<u>23.997</u>	<u>626</u>	<u>10.132</u>	<u>34.755</u>
Balance at 30 June 2009	<u>23.997</u>	<u>626</u>	<u>10.132</u>	<u>34.755</u>
Depreciation				
Balance at 1 January 2008	3.600	26	906	4.532
Depreciation for the year	<u>4.800</u>	<u>63</u>	<u>2.026</u>	<u>6.889</u>
Balance at 31 December 2008	<u>8.400</u>	<u>89</u>	<u>2.932</u>	<u>11.421</u>
Balance at 1 January 2009	8.400	89	2.932	11.421
Depreciation for the period	<u>2.400</u>	<u>31</u>	<u>1.013</u>	<u>3.444</u>
Balance at 30 June 2009	<u>10.800</u>	<u>120</u>	<u>3.945</u>	<u>14.865</u>
Carrying amounts				
Balance at 31 December 2008	<u>15.597</u>	<u>537</u>	<u>7.200</u>	<u>23.334</u>
Balance at 30 June 2009	<u>13.197</u>	<u>506</u>	<u>6.187</u>	<u>19.890</u>

ISTROKAPITAL SE**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**For the period from 1 January 2009 to 30 June 2009**9. INVESTMENTS IN SUBSIDIARIES**

	30/6/2009	31/12/2008
	€	€
Balance at 1 January	117.669.300	87.192.472
Additions	3.800.604	183.480
Net change in fair values	11.758.064	20.562.642
Exchange difference	<u>-</u>	<u>9.730.706</u>
Balance at 31 December	<u>133.227.968</u>	<u>117.669.300</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Holding</u>
Poštová banka, a.s.	Slovak Republic	Bank	93,81%
ISTROKAPITÁL SLOVENSKO a.s.	Slovak Republic	Investment and consulting	100%
ISTROKAPITÁL DEVELOPMENT, a.s.	Slovak Republic	Real estate development	60%
ABS SPRINTER LIMITED	Ireland		66,67%

10. LONG TERM LOANS RECEIVABLE FROM RELATED PARTIES

	30/6/2009	31/12/2008
	€	€
Loans to subsidiaries	<u>10.235.429</u>	<u>10.095.671</u>

The loans to subsidiaries represent loans receivable from ISTROKAPITÁL DEVELOPMENT, a.s.

The fair values of the long-term loans receivable from related parties approximate to their carrying amounts as presented above.

ISTROKAPITAL SE

NOTES TO THE UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2009 to 30 June 2009**11. LONG TERM LOANS RECEIVABLE FROM THIRD PARTIES**

	30/6/2009 €	31/12/2008 €
ABS SPRINTER LIMITED	-	3.070.302
SUNNYHILL INVESTMENTS LIMITED	-	-
	<u>-</u>	<u>3.070.302</u>

The fair values of the loans approximate to their carrying amount as presented above.

12. SHORT-TERM LOANS RECEIVABLE FROM RELATED PARTIES

	30/6/2009 €	31/12/2008 €
Loans receivable from subsidiaries	5.045.049	3.041.775
Loans receivable from other related parties	<u>5.253.705</u>	<u>4.316.439</u>
	<u>10.298.754</u>	<u>7.358.214</u>

The fair values of the loans approximates to their carrying amount as presented above.

- The loans receivable from subsidiaries represent the following:

<u>Company</u>	<u>Amount €</u>
ISTROKAPITÁL DEVELOPMENT, a.s.	1.352.674
ISTROKAPITÁL SLOVENSKO a.s.	505.269
ABS SPRINTER LIMITED	<u>3.187.106</u>
	<u>5.045.049</u>

- The loans receivable from other related parties represent the following:

<u>Company</u>	<u>Amount €</u>
WEYLIN ENTERPRISES LIMITED	2.092.455
BPT Trade, a.s.	<u>3.161.250</u>
	<u>5.253.705</u>

ISTROKAPITAL SE**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**For the period from 1 January 2009 to 30 June 2009**13. SHORT-TERM LOANS RECEIVABLE FROM THIRD PARTIES**

	30/6/2009	31/12/2008
	€	€
J & T Private Equity B.V.	-	13.988.399
BEZ MOTORY LIMITED	3.735.165	3.680.935
SUNNYHILL INVESTMENTS LIMITED	41.635.538	35.458.423
TRAJEKT a.s.	<u>1.146.803</u>	<u>1.111.751</u>
	<u>46.517.506</u>	<u>54.239.508</u>

The fair values of the loans approximate to their carrying amounts.

14. TRADE AND OTHER RECEIVABLES

	30/6/2009	31/12/2008
	€	€
Other receivables	<u>1.933.255</u>	<u>1.725.251</u>

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

15. INVESTMENTS AVAILABLE FOR SALE

	30/6/2009	31/12/2008
	€	€
Balance at 1 January	122.834	197.835
Net change in fair value	(8.474)	(97.237)
Exchange difference	-	22.236
Balance at 30 June / 31 December	<u>114.360</u>	<u>122.834</u>

ISTROKAPITAL SE

NOTES TO THE UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2009 to 30 June 2009**16. CASH AND CASH EQUIVALENTS**

	30/6/2009	31/12/2008
	€	€
Cash at bank and in hand	1.142.744	1.443.225
Short-term bank deposit	-	22.411.601
	<u>1.142.744</u>	<u>23.854.826</u>

17. SHARE CAPITAL

	30/6/2009	30/6/2009	31/12/2008	31/12/2008
	Number of shares	€	Number of shares	€
Authorised, issued and fully paid				
Balance at 31 December	<u>24.087.672</u>	<u>45.766.577</u>	<u>24.087.672</u>	<u>45.766.577</u>

Authorised capital

The total authorized share capital of the Company at 30 June 2009 amounts to 45.766.577 comprising of 24.087.672 ordinary shares with nominal value of 1,90 each.

Issued capital

The total issued and fully paid share capital of the Company as at 30 June 2009 amounts to 45.766.577 comprising of 24.087.672 ordinary shares with nominal value of 1,90 each.

18. RESERVES

	Revaluation reserve €	Merger reserve €	Retained earnings €	Total €
Balance at 1 January 2008	-	2.999.927	17.390.336	20.390.263
Profit for the year	-	-	16.228.089	16.228.089
Net change in fair value of investments	<u>20.465.405</u>	-	-	<u>20.465.405</u>
Balance at 31 December 2008	<u>20.465.405</u>	<u>2.999.927</u>	<u>33.618.425</u>	<u>57.083.757</u>

ISTROKAPITAL SE

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2009 to 30 June 2009

18. RESERVES (continued)

	Revaluation reserve €	Merger reserve €	Retained earnings €	Total €
Balance at 1 January 2009	20.465.405	2.999.927	33.618.425	57.083.757
Net change in fair value of investments	11.749.591	-	-	11.749.591
Profit for the period	<u>-</u>	<u>-</u>	<u>522.441</u>	<u>522.441</u>
Balance at 30 June 2009	<u>32.214.996</u>	<u>2.999.927</u>	<u>34.140.866</u>	<u>69.355.789</u>

The merger reserve was created from the merger of ISTROKAPITAL a.s. and Kangima Investments Public Co. Ltd.

According to the Cyprus Companies Law and the Company's Memorandum of Association there is no restriction in the distribution of the Company's retained earnings.

19. BONDS ISSUED

	30/6/2009 €	31/12/2008 €
Nominal value	<u>19.916.352</u>	<u>19.916.352</u>

- The bonds were issued initially by ISTROKAPITAL a.s. on 6 December 2005 with maturity date on 6 December 2010.
- The bonds are traded in the Bratislava Stock Exchange since 4 July 2006.
- The total amount of bonds issued included 1200 bonds with nominal value EUR 16.596,96 each.
- The interest on bonds is the 12 month BRIBOR plus 3% fixed two working days before the beginning of the interest period.
- For the period from 6 December 2007 to 5 December 2008 the interest rate was 7,46% and for the period from 6 December 2008 to 5 December 2009 the interest rate is 7,10%.

20. LONG TERM LOANS PAYABLE TO RELATED PARTIES

	30/6/2009 €	31/12/2008 €
Loan payable to Parent Company	<u>49.958.638</u>	<u>49.819.730</u>

The fair values of the loans payable to related parties approximate to their carrying amounts.

ISTROKAPITAL SE

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2009 to 30 June 2009

21. SHORT-TERM LOANS PAYABLE TO RELATED PARTIES

	30/6/2009	31/12/2008
	€	€
Loans payable to subsidiaries	<u>16.275.000</u>	<u>14.771.294</u>

The fair values of the loans payable to related parties approximate their carrying amounts.

22. SHORT-TERM LOANS PAYABLE TO THIRD PARTIES

	30/6/2009	31/12/2008
	€	€
Promissory note – J & T BANKA a.s.	-	13.985.362
Promissory note – PPF BANKA a.s.	<u>-</u>	<u>14.798.629</u>
	<u>-</u>	<u>28.783.991</u>

23. TRADE AND OTHER PAYABLES

	30/6/2009	31/12/2008
	€	€
VAT payable	3.510	150.450
Shareholders' current accounts – credit balances	1.124.192	1.126.715
Accruals	178.581	200.049
Interest payable on bonds	<u>809.157</u>	<u>98.199</u>
	<u>2.115.440</u>	<u>1.575.413</u>

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

24. TAX PAYABLE

	30/6/2009	31/12/2008
	€	€
Corporation tax	<u>102.110</u>	<u>527.902</u>

Corporation tax is payable within one year.

ISTROKAPITAL SE

NOTES TO THE UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2009 to 30 June 2009**25. RELATED PARTY TRANSACTIONS****(a) During the year the Company had transactions with the following related parties:**

Name	Relationship	Country
WEYLIN INVESTMENTS LLC	Parent Company	USA
WEYLIN ENTERPRISES Ltd	Shareholder	Cyprus
ABS SPRINTER LIMITED	Subsidiary	Ireland
ISTROKAPITÁL DEVELOPMENT, a.s.	Subsidiary	Slovak Republic
ISTROKAPITÁL SLOVENSKO a.s.	Subsidiary	Slovak Republic
Poštová banka, a.s.	Subsidiary	Slovak Republic
BPT Trade, a.s.	Common ownership	Slovak Republic
Daniel Legéň	Member of the Board	Slovak Republic
Ladislav Timulák	Member of the Board	Slovak Republic

(b) Type and sum of transactions:

Name	Interest received	Interest payable	Services received	Salaries paid
	€	€	€	€
WEYLIN INVESTMENTS LLC	-	246.908	-	-
WEYLIN ENTERPRISES LTD	46.358	-	-	-
ABS SPRINTER LIMITED	116.804	-	-	-
ISTROKAPITÁL DEVELOPMENT, a.s.	582.808	-	-	-
ISTROKAPITÁL SLOVENSKO a.s.	39.114	-	1.000	-
Poštová banka, a.s.	5.331	587.425	-	-
BPT Trade, a.s.	97.769	-	-	-
Daniel Legéň	-	-	-	17.846
Ladislav Timulák	-	-	-	17.846

ISTROKAPITAL SE

NOTES TO THE UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2009 to 30 June 2009**25. RELATED PARTY TRANSACTIONS (continued)****(c) Related party balances:****Loans receivable from:** €Non-currentISTROKAPITÁL DEVELOPMENT, a.s. 10.235.429Current

ABS SPRINTER LIMITED 3.187.106

ISTROKAPITÁL DEVELOPMENT, a.s. 1.352.674

ISTROKAPITÁL SLOVENSKO a.s. 505.269

WEYLIN ENTERPRISES LIMITED 2.092.455

BPT Trade, a.s. 3.161.25010.298.754**Loans payable to:**

€

Non-currentWEYLIN INVESTMENTS LLC 49.958.638CurrentPoštová banka, a.s. 16.275.000

ISTROKAPITAL SE**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

For the period from 1 January 2009 to 30 June 2009

26. FINANCIAL RISK MANAGEMENT**Financial risk factors**

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market price risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(i) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

(ii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the Company's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Czech Kronas (CZK). The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

ISTROKAPITAL SE**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS**

For the period from 1 January 2009 to 30 June 2009

26. FINANCIAL RISK MANAGEMENT (continued)**Capital management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from last period.

27. FAIR VALUES

The fair value represents the amount at which an asset can be exchanged or a liability can be settled in an arm's length basis. Most of the assets and liabilities are presented at their estimated fair values.

The Directors believe that the fair values of financial assets and liabilities are not materially different from their carrying values at the balance sheet date.

28. CONTINGENT LIABILITIES

- The Company is the guarantor for the Company REBOD s.r.o. in three loans which have been provided by Poštová banka a.s., amounting to EUR 5.311.027.
- The Company is the guarantor for the Company ABS PROPERTY LIMITED in loan which has been provided by Disko Leasing GmbH amounting to USD 12.381.998 (Euro 8.814.065).
- The Company is the guarantor for the Company ABS BRAVO LIMITED in loan which has been provided by Disko Leasing GmbH amounting to USD 3.484.810 (Euro 2.480.645).
- The Company is the guarantor for the company LOGRACO, a.s. in loan which has been provided by Poštová banka, a.s. amounting to EUR 6.638.784.

29. COMMITMENTS

The Company had no capital or other commitments as at 30th June 2009.

