RSG INTERNATIONAL LTD

FINANCIAL STATEMENTS
31 December 2020

RSG INTERNATIONAL LTD

FINANCIAL STATEMENTS
Year ended 31 December 2020

CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors	Georghios Fisentzides
Company Secretary	Georghios Fisentzides 5 Miaouli Street 6017 Larnaca Cyprus
Independent Auditors	Ernst & Young Cyprus Limited Certified Public Accountants and Registered Auditors Jean Nouvel Tower 6 Stasinou Avenue PO Box 21656 1511 Nicosia, Cyprus
Registered office	16 Spyrou Kyprianou Avenue H&S Center, 1st Floor, Apt 104 6018 Larnaca Cyprus
Registration number	C226111

MANAGEMENT REPORT (continued)

The Board of Directors of RSG INTERNATIONAL LTD (the "Company") presents to the members, its Management Report and audited parent separate financial statements of the Company for the year ended 31 December 2020.

Principal activities and nature of operations of the Company
The principal activities of the Company, which are unchanged from last year, are the holding of investments in subsidiaries and the provision of finance.

Review of current position, future developments and performance of the Company's business
The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory. The Board of Directors does not anticipate any changes in the Company's activity in the foreseeable future.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Company are disclosed in Notes 6 and 7 of the financial statements.

Branches
The Company did not operate through any branches during the year.

Results
The Company's results for the year are set out on page 7.

Dividends
The Board of Directors does not recommend the payment of a dividend.

Share capital
There were no changes in the share capital of the Company during the year under review.

Board of Directors
The sole member of the Company's Board of Directors as at 31 December 2020 and at the date of this report is presented on page 1. The sole Director was a member of the Board of Directors throughout the year ended 31 December 2020.

The Company's Articles of Association do not provide for the rotation of directors. Each appointed director shall hold office until next annual general meeting and shall be eligible for re-election.

During the year, there were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in Note 22 to the financial statements.

Independent Auditors
The independent auditors, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

RSG INTERNATIONAL LTD

Georghios Fisentzides
Director

Larnaca, 21 May 2021

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Independent Auditor's Report

To the Members of RSG INTERNATIONAL LTD

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the separate financial statements of parent company RSG INTERNATIONAL LTD (the "Company"), which are presented on pages 6 to 28 and comprise the separate statement of financial position as at 31 December 2020, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Qualified Opinion

As at 31 December 2020, the investments in subsidiaries are carried at US$ 216.755.827 out of total assets of US$217.111.954, representing 99.8% of total assets. The Company did not disclose a list of significant investments in subsidiaries including the names, place of business and the ownership interest held in those investees as required by IAS 27.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Separate Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Separate Financial Statements

The Board of Directors is responsible for the preparation of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

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- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the separate financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report, except as explained in the Basis for Qualified Opinion section of our report.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Consolidated financial statements

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2020.

The engagement partner on the audit resulting in this independent auditor's report is Nicolas Pavlou.

Nicolas Pavlou
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, 21 May 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	**2020 US$**	2019 US$
Net loss on disposal of investments in subsidiaries	13	**-**	(1.290.299)
Impairment of investments in subsidiaries	13	**(4.160.516)**	(4.849.803)
Gain on discounting of loans received from related parties	18	**5.766.572**	3.461.514
Unwinding of discount of loans received from related parties	18	**(3.213.401)**	(3.130.841)
Administration expenses	9	**(328.234)**	(381.916)
Other expenses	10	**(1.221)**	(56.534)
Operating loss		**(1.936.800)**	(6.247.879)
Net finance costs	11	**(6.949.295)**	(8.329.748)
Net foreign exchange income/ (loss)		**79.804**	(14.404)
Loss before tax		**(8.806.291)**	(14.592.031)
Tax	12	**-**	-
Net loss for the year		**(8.806.291)**	(14.592.031)
Other comprehensive (loss)/ income			
Exchange differences arising on the translation from the functional to presentation currency		**(28.958.302)**	20.594.585
Other comprehensive (loss)/ income for the year		**(28.958.302)**	20.594.585
Total comprehensive (loss)/ income for the year		**(37.764.593)**	6.002.554

STATEMENT OF FINANCIAL POSITION
As of 31 December 2020

	Note	2020 US$	2019 US$
ASSETS			
Non-current assets			
Investments in subsidiaries	13	**216.755.827**	279.407.389
		216.755.827	279.407.389
Current assets			
Receivables	15	**288.018**	354.576
Interest-bearing loans receivable	14	**-**	3.230.693
Cash at bank and in hand	16	**68.109**	20.171
		356.127	3.605.440
Total assets		**217.111.954**	283.012.829
EQUITY AND LIABILITIES			
Equity			
Share capital	17	**6.786.305**	6.786.305
Share premium	17	**682.223.082**	682.223.082
Other reserves		**(171.183.708)**	(171.183.708)
Translation reserve		**(347.327.892)**	(318.369.590)
Accumulated losses		**(28.269.205)**	(19.462.914)
Total equity		**142.228.582**	179.993.175
Non-current liabilities			
Borrowings	18	**74.749.462**	102.865.535
		74.749.462	102.865.535
Current liabilities			
Other payables and provisions	19	**47.084**	50.505
Borrowings	18	**86.826**	103.614
		133.910	154.119
Total liabilities		**74.883.372**	103.019.654
Total equity and liabilities		**217.111.954**	283.012.829

On 21 May 2021 the Board of Directors of RSG INTERNATIONAL LTD authorised these financial statements for issue.

RSG INTERNATIONAL LTD

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Georghios Fisentzides
Director

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2020

	Share capital (Note 17) US$	Share premium US$	Other reserves US$	Translation reserve US$	Accumulated losses US$	Total US$
Balance at 1 January 2019	**6.786.305**	**682.223.082**	**(171.183.708)**	**(338.964.175)**	**(4.870.883)**	**173.990.621**
Comprehensive income						
Net loss for the year	-	-	-	-	(14.592.031)	(14.592.031)
Other comprehensive income for the year	-	-	-	20.594.585	-	20.594.585
Total comprehensive income for the year	-	-	-	20.594.585	(14.592.031)	6.002.554
Balance at 31 December 2019/ 1 January 2020	**6.786.305**	**682.223.082**	**(171.183.708)**	**(318.369.590)**	**(19.462.914)**	**179.993.175**
Comprehensive loss						
Net loss for the year	-	-	-	-	(8.806.291)	(8.806.291)
Other comprehensive loss for the year	-	-	-	(28.958.302)	-	(28.958.302)
Total comprehensive loss for the year	-	-	-	(28.958.302)	(8.806.291)	(37.764.593)
Balance at 31 December 2020	**6.786.305**	**682.223.082**	**(171.183.708)**	**(347.327.892)**	**(28.269.205)**	**142.228.582**

Share premium is not distributable by way of dividends.

Exchange differences relating to the translation of the net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (i.e. United States Dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

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 defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. 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 defence is payable by the Company for the account of the shareholders.

STATEMENT OF CASH FLOWS
Year ended 31 December 2020

	Note	2020 US$	2019 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(8.806.291)**	(14.592.031)
Adjustments for:			
Depreciation		**-**	639
Unrealised exchange (income)/loss		**(79.804)**	14.404
Net loss on disposal of investments in subsidiaries	13	**-**	1.290.299
Other expenses	10	**1.221**	56.534
Impairment of investment in subsidiaries	13	**4.160.516**	4.849.803
Interest income on loans receivable and other income on other receivables	11	**(487.541)**	(572.363)
Interest expense on borrowings and other expenses on other payables	11	**7.436.836**	8.902.111
Gain on discounting of loans received from related parties	18	**(5.766.572)**	(3.461.514)
Unwinding of discount of loans received from related parties	18	**3.213.401**	3.130.841
		(328.234)	(381.277)
Changes in working capital:			
(Increase)/decrease in receivables		**(159.691)**	7.684.410
Decrease in other payables and provisions		**(3.421)**	(88.545)
Cash generated (used in)/ generated from operations		**(491.346)**	7.214.588
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in subsidiaries	13	**-**	(3.928.479)
Loans granted	14	**-**	(5.227)
Loans receivable that have been repaid	14	**-**	1.355
Proceeds from the disposal of subsidiaries	13	**-**	6.401.228
Reimbursement of contributions in subsidiaries	13	**17.058.939**	
Additional contribution in the share capital of subsidiaries	13	**(1.028.373)**	(517.359)
Net cash generated from investing activities		**16.030.566**	1.951.518
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings	18	**(16.945.799)**	(14.864.729)
Proceeds from borrowings	18	**1.044.599**	4.431.212
Net cash used in financing activities		**(15.901.200)**	(10.433.517)
Net decrease in cash and cash equivalents		**(361.980)**	(1.267.411)
Cash and cash equivalents at beginning of the year		**20.171**	54.872
Net foreign exchange difference		**409.918**	1.232.710
Cash and cash equivalents at end of the year	16	**68.109**	20.171

Non cash transactions disclosed in notes 13, 14.

1. Corporate information

Country of incorporation

The Company RSG INTERNATIONAL LTD (the "Company") was incorporated in Cyprus on 24 March 2008 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 16 Spyrou Kyprianou Avenue, H&S Center, 1st Floor, Apt 104, 6018 Larnaca, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments in subsidiaries and provision of finance.

2. Basis of preparation

The Company has prepared these parent's separate financial statements for compliance with the requirements of the Cyprus Income Tax Law and the Cyprus Companies Law, Cap. 113.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

The Company has also prepared consolidated financial statements in accordance with IFRSs as adopted by the EU for the Company and its subsidiaries (the "Group"). The consolidated financial statements can be obtained from Company's registered address at 16 Spyrou Kyprianou Avenue, H&S Center, 1st Floor, Apt 104, 6018 Larnaca, Cyprus.

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2020 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020. This adoption did not have a material effect on the accounting policies of the Company.

4. Summary of 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 years presented in these financial statements unless otherwise stated.

Going concern basis

The Company incurred a loss of US$8.806.291 for the year ended 31 December 2020 (loss of US$14.592.031 for the year ended 31 December 2019), and, as of that date the Company's current assets exceeded its current liabilities by US$227.217 (by US$3.451.321 as of 31 December 2019). On 31 December 2020 the total assets of the Company were US$217.111.954 (2019: US$283.012.829) and the net assets of the Company were US$142.228.582 (2019: US$179.993.175).

The abovementioned factors do not create going concern risks as at the Group level there is enough ability to settle its current financial and non-financial obligations in a normal course of business, current assets exceed current liabilities as at 31 December 2020 and 31 December 2019. In addition, the Group has the possibility to attract additional financing if necessary, since the unused borrowing facilities amount to US$3.397.599 as at 31 December 2020 (31 December 2019: US$5.395.619).

4. Summary of significant accounting policies (continued)

Going concern basis (continued)

In the next twelve months, the Group expects to finance its operating and investing activities primarily with cash generated from operations, through attraction of additional borrowings from banks and renegotiating of its short-term loans. Management believes that necessary financing will be available to the Group and it will be able to pay debts as they become due.

Based on the current market conditions the Board and the management have reasonable expectations that the Company and the Group has adequate resources to continue its operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparation of these financial statements.

Investments in subsidiaries

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

Revenue

- **Interest income**

  Interest income is recognized based on an accrual basis.

- **Dividend income**

  Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currency translation

(1) Functional and presentation currency
Items included in the Company's financial statements are measured using the Russian Roubles (RUB), the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US$), which is the Company's presentation currency. Management uses a different presentation currency because the United States Dollars (US$) is the currency used when controlling and monitoring the performance and financial position of the Company.

(2) Translation from functional to presentation currency
As at the reporting date, the assets and liabilities are translated into the presentation currency at the rate of exchange effective at the statement of financial position date, and their income and expenses are translated at the average exchange rate for the year, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions. The exchange differences arising on translation are taken to a separate component of equity through other comprehensive income, the translation reserve.

4. Summary of significant accounting policies (continued)

Foreign currency translation (continued)

(3) Transactions and balances

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 recognised in profit or loss. Translation differences on non-monetary items such as equity instruments held at fair value through profit and loss are reported as part of the fair value gain or loss.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's Directors. Interim dividends are deducted from equity when they are declared and approved by the Company's Directors.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

4. Summary of significant accounting policies (continued)

Financial assets - Recognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income. Financial assets measured at amortised cost (AC) comprise cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

FVOCI. Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of comprehensive income.

FVTPL. Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

4. Summary of significant accounting policies (continued)

Equity instruments (continued)

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets - impairment - credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within "net impairment losses on financial and contract assets".

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

Expected losses are recognised and measured according to one of two approaches: general approach or simplified approach.

For trade receivables including trade receivables with a significant financing component and contract assets and lease receivables, the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial asset that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in Note 6, Credit risk section.

Additionally, the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to Note 6, Credit risk section for a description of how the Company determines low credit risk financial assets.

4. Summary of significant accounting policies (continued)

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

4. Summary of significant accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Loans and receivables

Loan and receivables are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method. Loss on impairment of estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Provisions

Provisions are recognised 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 recognised as a separate asset but only when the reimbursement is virtually certain.

4. Summary of significant accounting policies (continued)

Other reserves

Other reserves include balances resulting from transactions with the parent. Such amounts are expected to be utilized in the future against the share premium account.

5. New accounting pronouncements

Standards issued but not yet effective

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

(i) Issued by the IASB and adopted by the European Union

Amendments
- *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform (issued on 27 August 2020) (effective for annual periods beginning on or after 1 January 2021).*
- *Amendments to IFRS 4 Insurance contracts – deferral of IFRS 9 (issued on 25 June 2020) (effective for annual periods beginning on or after 1 January 2021*

(ii) Issued by the IASB but not yet adopted by the European Union

New standards
- *IFRS 17 "Insurance Contracts" (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020).*

Amendments
- *Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively).*
- *Amendments to:*
  - *IFRS 3 Business Combinations;*
  - *IAS 16 Property, Plant and Equipment;*
  - *IAS 37 Provisions, Contingent Liabilities and Contingent Assets;*
  - *Annual improvements 2018-2020 (all issued 14 May 2020).*
- *Amendments to IAS 1 Presentation of Financial Statements and IFRS practice statement 2: Disclosure of Accounting policies (issued on 12 February 2021).*
- *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021).*

The above are expected to have no significant impact on the Company's financial statements when they become effective.

6. Financial risk management objectives and policies

Financial risk factors
The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

6.1 Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company` exposure to the risk of changes in market interest rates primarily to the Company`s borrowings and loans with floating interest rates. The Company does not have any floating rate instruments at the year end 31 December 2020 and 2019.

6. Financial risk management objectives and policies (continued)

6.1 Interest rate risk (continued)

At the reporting date the interest rate profile of interest-bearing financial instruments was as follows:

	2020	2019
	US$	US$
Fixed rate instruments		
Financial assets	**-**	3.230.693
Financial liabilities	**(74.836.288)**	(102.969.149)
	(74.836.288)	(99.738.456)

6.2 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets.

(i) Risk management

Credit risk is managed on a group basis.

For banks and financial institutions, only independently rated parties with a minimum rating of 'C' are accepted. If customers are independently rated, these ratings are used.

Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

(ii) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables
- financial assets at amortised cost
- cash and cash equivalents

(iii) Net impairment losses on financial and contract assets recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired financial assets:

Impairment losses	**2020**	2019
	US$	US$
Impairment charge - investments in subsidiaries (Note 13)	**(4.160.516)**	(4.849.803)
Provision for doubtful debts (Note 15)	**-**	(40.968)
Net impairment loss on financial and contract assets	**(4.160.516)**	(4.890.771)

(iv) Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Guarantees which represent irrevocable assurances that the Company will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. With respect to credit risk on commitments to extend credit, the Company is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. The Company monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

6. Financial risk management objectives and policies (continued)

6.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The Company has established procedures with the objective of maintaining a balance between continuity of funding and flexibility through the use of borrowings (Note 18). The Company is also financially supported by its related parties.

31 December 2020	**On demand**	**Less than 3 months**	**3 - 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
	US$	US$	US$	US$	US$	US$
Other payables (Note 19)	-	-	2.800	-	-	2.800
Borrowings from related companies (Note 18)	86.826	-	-	-	74.749.462	74.836.288
	86.826	**-**	**2.800**	**-**	**74.749.462**	**74.839.088**

31 December 2019	On demand	Less than 3 months	3 - 12 months	1 to 5 years	More than 5 years	Total
	US$	US$	US$	US$	US$	US$
Other payables (Note 19)	-	-	2.410	-	-	2.410
Borrowings from related companies (Note 18)	103.614	-	-	-	102.865.535	102.969.149
	103.614	-	2.410	-	102.865.535	102.971.559

6.4 Foreign currency risk

Foreign currency risk is the risk that the fair value or cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency.

The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the EUR and US$. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly. At 31 December 2020, the Company’s management estimated that the Company’s foreign currency risk exposure was not significant.

6.5 Capital risk management

Capital includes equity shares and share premium, convertible preference shares and loan from parent company.

Capital includes equity shares, share premium and all other equity reserves attributable to the equity holders.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions, in order to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company's overall objectives, policies and processes remain unchanged from last year.

7. Critical accounting estimates, judgments and assumptions

The preparation of the Company's financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

In the process of applying the Company's accounting policies, Management has made the following judgments, apart from those involving estimations, which had the most significant effect on the amounts recognised in the financial statements:

- **Going concern basis**

  The assessment of the Company for the appropriateness of the use of the going concern basis disclosed in Note 4.

- **Income taxes**

  Significant judgment 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 recognises 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.

- **Impairment of investments in subsidiaries**

  The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not fully recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write down to fair value is necessary. The estimated future cash flows include the net assets value of the subsidiaries at the date when the impairment assessment is performed, plus the expected net cash inflows as a result of the investees operating activities, discounted using the weighted average rate of group loans, which management considers reflective of the credit risk of the investees.

8. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or
In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Equity investments for which no active market exists and for which fair value cannot be measured reliably are carried at cost less impairment.

The carrying value less impairment provision for payables with a maturity of less than one year are assumed to approximate their fair values, as they are all payable within twelve months from the reporting date.

9. Administration expenses

	2020	2019
	US$	US$
Bank fees, property taxes and other expenses	**120.752**	95.755
Auditor's remuneration	**33.936**	37.368
Professional fees	**173.546**	248.793
	328.234	381.916

10. Other expenses

	2020 US$	2019 US$
Loss from receivable as a result of debt transfer	**-**	16.169
Write-off of unrecoverable receivables	**-**	39.177
Other operating expenses	**1.221**	1.188
	1.221	56.534

11. Finance income/(costs)

	2020 US$	2019 US$
Finance income		
Interest on bank accounts and deposits	**3.987**	22.086
Loan guarantee fees from related parties	**461.939**	318.842
Interest income on loans receivable (Note 14)	**21.615**	231.435
	487.541	572.363
Finance costs		
Interest expense		
Interest expense on borrowings (Note 18)	**(7.436.836)**	**(8.902.111)**
	(7.436.836)	**(8.902.111)**
	(6.949.295)	(8.329.748)

12. Tax

	2020 US$	2019 US$
Corporation tax	**-**	-
Charge for the year	**-**	**-**

The tax on the Company's results before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2020 US$	2019 US$
Loss before tax	**(8.806.291)**	(14.592.031)
Tax calculated at the applicable tax rates	**(1.100.786)**	(1.824.004)
Tax effect of expenses not deductible for tax purposes	**1.744.874**	2.010.205
Tax effect of allowances and income not subject to tax	**(730.958)**	(432.850)
Tax effect of tax losses brought forward	**86.860**	246.649
Tax charge	**-**	**-**

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

12. Tax (continued)

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 31 December 2020, the balance of tax losses which is available for offset against future taxable profits amounts to US$(7.589.011), which can be utilized as follows: US$3.842.187 until 2023, US$1.848.732 until 2024 and 1.898.092 until 2025. No deferred tax asset is recognised in respect of these losses, as the Company does not expect to generate sufficient taxable profits for these losses to be realised before the expiration dates.

13. Investments in subsidiaries

As at 31 December 2020, the Company had 11 subsidiaries (31 December 2019: 12 subsidiaries) incorporated in Russia and Cyprus with principal activities that include investments in and construction of real estate properties for their further sale, rent or holding for capital appreciation purposes and construction of business and residential property in Moscow and Moscow region, Ural Federal District and other regions of the Russian Federation. All subsidiaries are held with at least 99.9%.

As at 31 December 2020 and 2019 the structure of the investment in subsidiaries was as follows:

	2020	2019
	US$	US$
Balance at 1 January	**279.407.389**	256.350.793
Additions (1)	**4.359.270**	4.445.838
Sales proceeds (2)	**-**	(6.401.228)
Impairment of investments in subsidiaries (3)	**(4.160.516)**	(4.849.803)
Translation difference from functional to presentation currency	**(45.791.377)**	31.152.088
Reimbursement of contributions in subsidiaries (4)	**(17.058.939)**	-
Net loss on disposal of investments in subsidiaries (2)	**-**	(1.290.299)
Balance at 31 December	**216.755.827**	279.407.389

(1) Additions

On 7 February 2020, the Company entered into an agreement with its direct subsidiary to convert the debt of the subsidiary into 10 ordinary shares. On 26 February 2020, the consideration of US$3.330.897 was paid in kind by set-off of the subsidiary's debt.

On 26 March 2020, the Company made additional capital contributions to its existing direct subsidiary in the amount of US$1.028.373.

On 17 May 2019, the Company entered into an agreement with its direct subsidiary to acquire additional 0,1% of the existing subsidiary for a total consideration of US$39.777. On 27 September 2019, the Company made additional capital contributions to this subsidiary in the amount of US$3.888.702.

On 4 June 2019, the Company made additional capital contributions to its existing subsidiary in the amount of US$10.495.

During 2019, the Company made additional capital contributions to its existing subsidiary amounting to US$506.864.

(2) Disposal of the investments and sales proceeds

On 24 June 2020, the direct subsidiary of the Company was liquidated (disposal effect approximates to nil).

On 10 July 2019, the Company entered into an agreement with a third party to sell 99,9% share in the capital of one of its subsidiaries for a total consideration of US$155 and recognised loss on disposal in the amount of US$1.577.330.

On 12 December 2019, the Company entered into an agreement with a related party to sell 99,9% share in the capital of one of its subsidiaries for a total consideration of US$6.401.067 and recorded a loss on disposal of US$6.114.191.

13. Investments in subsidiaries (continued)

(3) Impairment of investments in subsidiaries

During the year ended 2020, investments in two of the Company's subsidiaries were impaired due to the reassessment of their future economic prospects in a total amount of US$4.160.516 (2019: US$4.849.803).

(4) Reimbursement of contributions in subsidiaries

During the year ended 2020, two of the Company's subsidiaries transferred (reimbursed) to the Company monetary funds in the total amount of US$17.058.939.

In accordance with the requirements of IAS 21 'The effect of changes in foreign exchange rates' the Company retranslates the investments from its functional currency (Russian Roubles "RUB") to the presentation currency ($US) at the closing exchange rate of each year.

14. Interest-bearing loans receivable

	2020	2019
	US$	US$
Balance at 1 January	**3.230.693**	2.664.237
Loans granted	**-**	5.227
Interest income on loans receivable (Note 11)	**21.615**	231.435
Loans repaid during the year	**-**	(1.355)
Loans netted off during the year	**(3.104.648)**	-
Loans written off during the year	**-**	(5.005)
Translation difference from functional to presentation currency	**(147.660)**	336.154
Balance at 31 December	**-**	3.230.693

On 7 February 2020 loan receivable (both principal and interest) from related party in the amount of US$ 3.104.648 was converted to contribution to capital of the lender. Outstanding balances as at 31 December 2019 were written-off in amount of US$5.005 due to liquidation of the lender in 2020.

	2020	2019
	US$	US$
Principal amount receivable from related parties	**-**	2.846.656
Interest receivable	**-**	384.037
	-	3.230.693

As at 31 December 2019, loans granted balances represent loans receivable from related parties with a low credit risk (Note 6). As at 31 December 2019, the expected credit losses are assessed by management as insignificant.

15. Receivables

	2020	2019
	US$	US$
Receivables and advances provided to direct and indirect subsidiaries (Note 20.2)	**249.518**	315.507
Provision for doubtful debts	**-**	(40.968)
Receivables from third parties	**38.500**	80.037
	288.018	354.576

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

The exposure of the Company to credit risk and impairment losses in relation to receivables is reported in Note 6 of the financial statements.

16. Cash at bank and in hand

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

	2020	2019
	US$	US$
Current accounts in banks	**68.109**	20.171
	68.109	20.171

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in Note 6 of the financial statements.

17. Share capital

	2020 Number of shares	**2020 US$**	2019 Number of shares	2019 US$
Authorised				
Ordinary shares of US$1 each	**6.786.305**	**6.786.305**	6.786.305	6.786.305
Issued and fully paid				
Balance at 1 January	**6.786.305**	**6.786.305**	6.786.305	6.786.305
Balance at 31 December	**6.786.305**	**6.786.305**	6.786.305	6.786.305

18. Borrowings

	2020	2019
	US$	US$
Balance at 1 January	**102.969.149**	93.020.824
Additions	**1.044.599**	4.431.212
Principal repayments	**(10.044.318)**	(7.951.036)
Interest expense on borrowings (Note 11)	**7.436.836**	8.902.111
Unwinding of discount of loans received from related parties	**3.213.401**	3.130.841
Interest repayment	**(6.901.481)**	(6.913.693)
Gain on discounting of loans received from related parties	**(3.010.734)**	(3.461.514)
Gain on modification of interest under loans received from related parties	**(2.755.838)**	-
Translation difference from functional to presentation currency	**(17.115.326)**	11.810.404
Balance at 31 December	**74.836.288**	102.969.149

As at 31 December 2020 and 2019, borrowings represent loans received from related parties (Note 20.5).

All outstanding borrowings are unsecured.

19. Other payables and provisions

	2020	2019
	US$	US$
Provision for audit fees	**39.418**	48.095
Other payables to third parties	**5.741**	2.410
Other payables to related companies (Note 20.4)	**1.925**	-
	47.084	50.505

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

20. Related party transactions

The Company is controlled by Kortros LLC, incorporated in the Russian Federation, which owns 100% of the Company's shares. As at 31 December 2020 and 2019, the Group did not have the ultimate controlling party.

The following transactions were carried out with related parties:

20.1 Income and expenses due to related parties

For the year ended 31 December 2020	**Net loss from disposal of subsidiaries (Note 13)**	**Interest income (Note 11)**	**Interest expense (Note 11)**	**Loan guarantee fees (Note 11)**
	US$	**US$**	**US$**	**US$**
Subsidiaries	-	21.615	(666.765)	-
Indirect subsidiaries	-	-	(6.770.071)	461.939
	-	**21.615**	**(7.436.836)**	**461.939**

For the year ended 31 December 2019	Net loss from disposal of subsidiaries (Note 13)	Interest income (Note 11)	Interest expense (Note 11)	Loan guarantee fees (Note 11)
	US$	US$	US$	US$
Subsidiaries	(1.290.299)	231.435	(1.047.373)	-
Indirect subsidiaries	-	-	(7.854.738)	318.842
	(1.290.299)	231.435	(8.902.111)	318.842

20.2 Receivables from related parties (Note 15)

	2020	2019
Name	**US$**	US$
Receivables from subsidiaries	**168.545**	257.352
Receivables from indirect subsidiaries	**80.973**	58.155
	249.518	315.507

20.3 Loans receivable from related parties (Note 14)

			2020	2019
	Maturity	Interest rate	**US$**	US$
Loan receivable from a subsidiary	2020	8,5%	**-**	3.230.693
			-	3.230.693

20.4 Payables to related parties (Note 19)

	2020	2019
Related party	**US$**	US$
Indirect subsidiaries	**1.925**	-
	1.925	-

20.5 Borrowings from related parties (Note 18)

			2020	2019
	Maturity range	Interest rate range	**US$**	US$
Borrowings from direct subsidiaries	2030	4,25%-6,75%	**11.102.537**	18.275.464
Borrowings from indirect subsidiaries	On demand-2030	4,25%-12,00%	**63.733.751**	84.693.685
			74.836.288	102.969.149

20. Related party transactions (continued)

20.6 Compensation to directors

Total compensation to directors was included in administration expenses (Note 9):

	2020	2019
	US$	US$
Salary	**65.532**	37.242
Social security taxes and other deductions	**15.682**	9.400
	81.214	46.642

21. Contingencies and commitments

The Company is acting as a guarantor for the issuance of bonds by its subsidiary company LLC "RSG-Finance" since 28 January 2013.

In May 2018 the Company announced interest rates for tenth, eleventh and twelfth coupon periods for the third tranche in bonds amounting to 10,45% p.a. On 22 May 2018 as part of the planned offer the bonds were redeemed in the amount of 537.220 at their par value 1.000 RUB each for a total amount of 537.220 kRUB. The period of circulation of the bonds was also extended till 19 November 2019. In November 2019, as part of the planned offer bonds were redeemed in the amount of 2.446 RUB at their par value 1.000 RUB each for a total amount of 2.446 kRUB. The Group announced an interest rate of 11,5% p.a. for the next three coupon periods for outstanding bonds and the bond circulation period was extended till 20 May 2021.

As of 31 December 2020, debt securities of the third issue comprised 2.022.134 kRUB (31 December 2019: 2.020.876 kRUB).

As of 31 December 2020, debt securities of the fifth issue comprised 806.635 kRUB (31 December 2019: 1.002.495 kRUB) with expected maturity on 18 June 2021.

In 2017 the Group issued the seventh, eighth and ninth tranches of bonds with a nominal value of 1.000 RUB each for a total amount of 10 billion RUB. These securities were issued at par value with a maturity in 2020-2022 at an annual interest rate 11,0-13,5% with interest paid every six months and under the Company's guarantee. Debt issuance costs paid by the Group in connection with the implementation of the seventh, eighth and ninth bond issues in amount 69.119 kRUB represent agency fees and organizational expenses.

In April 2019 the Company partially repurchased the seventh tranche of bonds in the amount of 511.944 at their par value of 1.000 RUB. The Group announced that the interest rate for outstanding bonds amounting to 12%, and the maturity of the bonds was extended to 1 April 2022.

As of December 31, 2020, debt securities of the seventh issue comprised 1.724.082 kRUB. Debt securities of the seventh, eighth and ninth issues as of 31 December 2019 was 6.002.119 kRUB. The Group fully repurchased bonds of the eighth and ninth issues in September and December 2020.

In August 2019 the Group issued tranches of bonds in the total amount 3.500 mln RUB at their par value 1.000 RUB with a maturity of 2022-2025 at an interest rate 12% p.a. with interest paid every six months and guaranteed by the Company. The cost of issuing debt obligations paid by the Group in connection with the issue of bonds amounted to 17.938 kRUB.

As of 31 December 2020, debt securities of the tenth and eleventh issues amounted 3.650.668 kRUB (31 December 2019: 3.642.803 kRUB).

As of December 31, 2020, debt securities of the third, fifth and sevenths issue in the total number of 1.473.907 amounting to 1.473.907 kRUB at amortized cost (31 December 2019: 4.104.756 kRUB) were repurchased by the Group’s subsidiaries and partially pledged as collateral for loans and borrowings in the amount of 880.120 kRUB (31 December 2019: nil) at amortized cost.

21. Contingencies and commitments (continued)

As at 31 December 2020, the Company acted as the guarantor for the borrowings provided to the Group companies. The total drawn borrowings by Group subsidiaries as of 31 December 2020 amounts to US$ 27 million (31 December 2019: US$ 33 million).

The limit of secured borrowings equalled to US$ 94 million as at 31 December 2020 (31 December 2019: US$ 104 million), with maturity varying between 2022-2026 (2019: 2021-2023). During 2020, the Company signed guarantee agreements with lenders to guarantee repayment of borrowings of its subsidiaries in total amount of US$ 324 million (2019: US$ 20 million), terminating between 2022-2024 (2019: in 2023).

As at 31 December 2020, shares of Company's indirect subsidiary with net asset value amounting to US$ 303 million were pledged as guarantee for bank borrowing repayment (31 December 2019: US$ 314 million).

22. Events after the reporting period

During 2021 the Company continues acting as a guarantor for direct and indirect subsidiaries for the full amount of its obligations.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

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