RSG International Ltd

Consolidated financial statements

For the year ended 31 December 2018

Contents

General information

Board of Directors

Georghios Fisentzides (appointed on 21 June 2016)
Savvas Lazarides (appointed on 17 February 2012, resigned on 6 April 2018)
Stelios Trikou (appointed on 13 April 2016, resigned on 6 April 2018)

Company secretary

Georghios Fisentzides (appointed 6 April 2018)
5 Miaouli, Larnaka, 6017
Cyprus

A.J.K. Management Services Limited (resigned on 6 April 2018)
1 Naousis, Karapatakis bldg
Larnaca, 6018

Registration number

C226111

Registered office

16, Spyrou Kyprianou Avenue, H&S Centre, First Floor, Office 104
Larnaca, 6018
Cyprus

Independent auditors

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors
6 Stasinou Avenue P.O. Box 21656
1511 Nicosia
Cyprus

Management report

The Board of Directors of RSG International Ltd (the "Company") presents herewith its report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2018.

Principal activities

The Group is involved in real estate development in the Russian Federation. There were no changes in the Group's activities from last year.

Examination of the development, position and performance of the activities of the Group

The Board of Directors has assessed the risks set out in this report and believes that steps taken to mitigate the risks are sufficient to prevent their material adverse effect on the financial performance and financial position of the Group. Therefore: (i) the current financial position as presented in the consolidated financial statements is considered satisfactory; (ii) the Board of Directors does not expect major changes in the principal activities of the Group in the foreseeable future.

Financial results and dividends

The results of the Group for the respective periods are set out in the Statement of Profit or Loss and Statement of Comprehensive Income on pages 1 and 2 of the consolidated financial statements.

Main risks and uncertainties

In the ordinary course of business activity, the Group is exposed to a variety of risks the most important of which are credit risk, liquidity risk and market risk. These risks are identified, measured and monitored through various control mechanisms at the operating level of subsidiaries. Detailed information relating to these risks is set out in Note 26, financial risk management objectives and policies.

Share capital

In March 2018, the Group declared increase in its share capital by creation of one hundred ordinary shares of $1 each with a premium of $105,102.6 per share (Note 17). The authorized and issued share capital of RSG International Ltd as of 31 December 2018 consists of 6,786,305 ordinary shares of $1 each.

Branches

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

Events subsequent to the reporting date

Events subsequent to the statement of financial position date are disclosed in Note 28 "Subsequent events".

Board of Directors

The members of the Company's Board of Directors as at 31 December 2018 and at the date of this report are presented on page 1.

The Company's Articles of Association do not provide for the rotation of directors. Each appointed director shall hold office until the 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.

Management report (continued)

Auditors

The independent auditors of the Company, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office. A resolution proposing their re-appointment and authorizing the Board of Directors to fix their remuneration will be submitted to the Members at the Annual General Meeting of the Company.

By order of the Board

RSG INTERNATIONAL LTD

Georghios Fisentzides
Secretary

Larnaca,
7 June 2019

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Independent auditor's report

To the Members of RSG International Ltd

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of RSG International Ltd (the "Company"), and its subsidiaries (the "Group"), which are presented in pages 1 to 59 and comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated 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 opinion

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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. 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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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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 o Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environm obtained in the course of the audit, we have not identified material misstatements in the management rep

Other matter

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

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

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
7 June 2019

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

(in thousands of Russian rubles)

	Notes	Year ended 31 December 2018	Year ended 31 December 2017 Restated*
Continuing operations			
Revenue	7.1	19,154,624	17,530,328
Cost of sales	7.3	(14,514,059)	(13,537,758)
Gross profit		**4,640,565**	**3,992,570**
General and administrative expenses	7.4	(1,201,007)	(1,063,586)
Other operating income	7.6	419,662	69,640
Other operating expenses	7.6	(1,907,505)	(2,598,145)
Change in fair value of investment property	11	782,887	(217,657)
Operating profit		**2,734,602**	**182,822**
Finance income	7.5	761,196	997,697
Finance costs	7.5	(1,939,878)	(2,272,993)
Foreign exchange gain/(losses), net		59,802	(16,982)
Share of profit of associate	6	12,293	14,112
Profit/(loss) before income tax from continuing operations		**1,628,015**	**(1,095,344)**
Income tax expense	8	(1,021,324)	(294,624)
Net profit/(loss) for the year from continuing operations		**606,691**	**(1,389,968)**
Discontinued operations			
Profit/(loss) after tax for the year from discontinued operations	5	–	(379,186)
Profit/(loss) for the year		**606,691**	**(1,769,154)**
Attributable to:			
Equity holders of the parent		606,704	(1,778,486)
Non-controlling interests		(13)	9,332
Total comprehensive income/(loss) for the year		**606,691**	**(1,769,154)**
Attributable to:			
Equity holders of the parent		606,704	(1,778,486)
Non-controlling interests		(13)	9,332

* *The amounts shown here do not correspond to the consolidated statement of financial position for the period ended 31 December 2017 and reflect adjustments from correction of errors as described in Note 4.*

Consolidated statement of financial position

At 31 December 2018

(in thousands of Russian rubles)

	Notes	31 December 2018	31 December 2017 Restated*	1 January 2017 Restated*
Assets				
Non-current assets				
Property, plant and equipment	9	682,024	611,542	572,468
Intangible assets	10	3,957,770	1,552,597	1,461,261
Investments in associates	6	59,276	43,675	29,566
Investment properties	11	10,293,917	11,075,675	11,188,016
Inventories	13	1,419,980	1,407,542	1,364,146
Trade and other receivables	14	117,751	154,250	118,808
Interest-bearing loans receivable	12	–	805,794	650,309
Interest-bearing loans receivable at FVPL	12	517,225	–	–
Deferred tax assets		583,334	578,160	352,769
		17,631,277	16,229,235	15,737,343
Current assets				
Inventories	13	24,703,321	19,121,066	21,004,074
Trade and other receivables	14	957,075	1,326,616	1,388,021
Contract assets	22	355,198	377,520	–
Prepayments	15	1,166,639	1,360,576	981,861
Income tax receivable		237,787	249,390	213,703
Taxes recoverable		926,766	410,126	381,148
Interest-bearing loans receivable	12	–	2,218,878	482,375
Interest-bearing loans receivable at amortised cost	12	893	–	–
Interest-bearing loans receivable at FVPL	12	265,650	–	–
Cash and cash equivalents	16	6,628,484	7,793,715	8,852,157
		35,241,813	32,857,887	33,303,339
Investment properties held for sale	11	–	50,000	254,136
Assets held for sale	5	–	276,742	–
		35,241,813	33,184,629	33,557,475
Total assets		52,873,090	49,413,864	49,294,818
Equity and liabilities				
Equity				
Issued capital	17	211,941	211,935	211,935
Share premium		21,575,263	20,978,269	20,978,269
Capital contribution reserve	17	(4,495,649)	(4,530,335)	(4,618,735)
Business combination reserve		2,692,177	2,692,177	2,692,177
Accumulated losses		(2,270,325)	(2,986,920)	(247,434)
Equity attributable to equity holders of the parent		17,713,407	16,365,126	19,016,212
Total non-controlling interests		-	571,223	561,891
Total equity		17,713,407	16,936,349	19,578,103
Non-current liabilities				
Interest-bearing loans and borrowings	18	3,377,149	2,994,392	3,154,135
Debt securities issued	19	7,985,291	9,980,226	5,117,256
Provisions	22	–	–	24,189
Contract liabilities	22	1,429,946	1,429,946	–
Other liabilities	21	2,198,432	656,256	2,011,137
Deferred income tax liabilities		3,552,007	2,934,060	2,755,109
		18,542,825	17,994,880	13,061,826
Current liabilities				
Interest-bearing loans and borrowings	18	1,258,785	1,451,326	2,986,947
Debt securities issued	19	5,251,653	3,600,917	2,669,606
Trade and other payables	20	2,289,106	1,803,538	2,471,632
Contract liabilities	22	5,851,709	6,489,130	7,001,746
Income taxes payable		440,737	401,644	564,596
Other taxes payable		159,382	120,154	143,274
Provisions	22	49,822	79,291	5,034
Other liabilities	21	637,778	452,528	812,054
Liabilities directly associated with the assets held for sale	5	–	78,107	–
		15,938,972	14,482,635	16,654,889
Net assets attributable to non-controlling participants in LLC	17	677,886	–	–
		16,616,858	14,482,635	16,654,889
		35,159,683	32,477,515	29,716,715
Total equity and liabilities, including net assets attributable to non-controlling participants in LLC		52,873,090	49,413,864	49,294,818

* *The amounts shown here do not correspond to the consolidated statement of financial position for the period ended 31 December 2017 and reflect adjustments from correction of errors as described in Note 4 and Note 2.5.*

On 7 June 2019 the Board of Directors of RSG International Ltd authorized these consolidated financial statements for issue.

Georghios Fisentzides _____________ Director

The accompanying notes on pages 6 to 59 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2018

(in thousands of Russian rubles)

	Year ended 31 December 2018	*Year ended 31 December 2017 Restated**
Cash flows from operating activities		
Profit/(loss) before tax from continuing operations	1,628,015	(1,095,344)
Loss before tax from discontinuing operations	–	(386,354)
Profit/(loss) before tax	**1,628,015**	**(1,481,698)**
Adjustments for:		
Depreciation and amortization (Note 7.2)	46,645	49,520
Finance income (Note 7.5)	(761,196)	(997,697)
Finance costs (Note 7.5)	1,939,878	2,272,993
Change in fair value of investment properties (Note 11)	(782,887)	217,657
(Gain)/loss on sale of property, plant and equipment (Note 7.6)	2,585	(6,874)
Write-down of inventory to net realizable value (Note 13)	506,790	480,471
Gain on change of allowance for expected credit loss recognized on interest-bearing loans receivable (Note 7.6)	(7,189)	–
Allowance for expected credit loss recognized on trade and other receivables, impairment of prepayments (Note 7.6)	113,532	16,931
Change in legal provisions (Note 7.6)	(6,780)	11,408
Foreign exchange (gain)/loss	(59,802)	16,982
Change in bonuses and unused vacation accruals	75,162	(13,418)
Losses from write-off of VAT receivable	58,543	58,733
Share of profit of associate (Note 6)	(12,293)	(14,112)
Gain on derecognition of accounts payable (Note 7.6)	(297,251)	(14,866)
Barter revenue (Note 7.1)	(59,869)	(190,474)
Cost of capitalized development rights (Note 7.3)	83,765	137,025
Capitalized significant financing component on contract liability recognized in cost of sales	369,339	66,829
Significant financing component on contract liability recognized in revenue	(438,722)	(442,458)
Loss on disposal of subsidiary (Note 7.6)	11,048	–
Loss on write off of other inventory	9,801	–
Other non-cash operations	2,106	24,555
Non-cash adjustments for discontinued operations	–	366,451
Operating cash flow before working capital changes	**2,421,220**	**557,958**
Decrease in inventories	1,761,046	1,713,656
Decrease/(increase) in trade and other receivables, contract assets	671,272	(363,812)
Decrease/(increase) in prepayments	375,502	(463,370)
Increase in VAT receivable	(566,843)	(101,762)
Decrease in trade and other payables	(9,728)	(776,204)
Decrease in contract liabilities	(552,280)	(875,178)
Increase/(decrease) in other taxes payable	41,279	(11,440)
Decrease in provisions	(1,492)	(3,999)
Decrease in other liabilities	(404,217)	(191,873)
Cash flows from / (used in) operating activities	**3,735,759**	**(516,024)**
Income tax paid	(279,360)	(546,530)
Interest received	416,853	876,233
Interest paid	(2,166,878)	(1,991,492)
Net cash flows from / (used in) operating activities from continuing operations	**1,706,374**	**(2,157,910)**
Net cash flows used in operating activities from discontinued operations	**–**	**(6,609)**
Net cash flows from / (used in) operating activities	**1,706,374**	**(2,164,519)**
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired (Note 17)	(1,271,662)	–
Purchase of investment properties	(108,405)	(80,320)
Purchase of property, plant and equipment	(100,979)	(61,787)
Proceeds from sale of property, plant and equipment and investment properties	31,592	155,835
Contribution to investment in associate (Note 6)	(3,308)	–
Disposal of subsidiaries, net of cash disposed	5,010	134
Purchase of intangible assets	(24,891)	–
Issuance of loans receivable	(2,335,677)	(2,545,020)
Repayment of loans receivable	1,472,236	831,050
Net cash flows used in investing activities from continuing operations	**(2,336,084)**	**(1,700,108)**
Net cash flows used in investing activities from discontinued operations	**–**	**(572)**
Net cash used in investing activities	**(2,336,084)**	**(1,700,680)**
Cash flows from financing activities		
Proceeds from borrowings and bonds (Note 26)	3,099,728	11,265,998
Repayment of borrowings and bonds (Note 26)	(4,330,846)	(7,456,576)
Dividends paid to shareholders (Note 17)	–	(961,000)
Payment for acquisition of non-controlling interest (Note 17)	(20,616)	–
Issuance of share capital and share premium (Note 17)	597,000	–
Proceeds from cash contribution of non-controlling interest (Note 17)	87,395	–
Repayment of finance lease obligations (Note 26)	(15,320)	(16,432)
Net cash flows (used in) / from financing activities from continuing operations	**(582,659)**	**2,831,990**
Net cash flows used in financing activities from discontinued operations	–	**(1,280)**
Net cash flows (used in) / from financing activities	**(582,659)**	**2,830,710**
Effect of exchange rate changes on cash and cash equivalents	47,138	(1,220)
Net decrease in cash and cash equivalents	**(1,165,231)**	**(1,035,709)**
Excluding the effect of cash and cash equivalents change for discontinued operations	–	22,733
Cash and cash equivalents at the beginning of the year	7,793,715	8,852,157
Cash and cash equivalents at the end of the year	**6,628,484**	**7,793,715**

* *The amounts shown here do not correspond to the consolidated financial statements for the year ended 31 December 2017 and reflect adjustments from correction of errors and discontinued operations described in Note 4 and Note 5, accordingly.*

Consolidated statement of changes in equity

For the year ended 31 December 2018

(in thousands of Russian rubles)

	Attributable to equity holders of the parent							
	Issued capital	***Share premium***	***Capital contribution reserve***	***Business combination reserve***	***Accumulated losses***	***Total***	***Non-controlling interests***	***Total equity***
As at 31 December 2016 (audited)	**211,935**	**20,978,269**	**(4,618,735)**	**2,692,177**	**(126,018)**	**19,137,628**	**561,891**	**19,699,519**
Impact of adopting IFRS 15	–	–	–	–	(121,416)	**(121,416)**	–	**(121,416)**
Restated opening balance as at 1 January 2017 under IFRS 15	**211,935**	**20,978,269**	**(4,618,735)**	**2,692,177**	**(247,434)**	**19,016,212**	**561,891**	**19,578,103**
Net (loss)/income for the year (as previously reported)	–	–	–	–	(1,778,486)	**(1,778,486)**	9,332	**(1,769,154)**
Net (loss)/income for the year (restated*)	**–**	**–**	**–**	**–**	**(1,778,486)**	**(1,778,486)**	**9,332**	**(1,769,154)**
Dividends paid to the equity holders of the parent (Note 17)	–	–	–	–	(961,000)	**(961,000)**	–	**(961,000)**
Capital contributions from shareholders (Note 17)	–	–	88,400	–	–	**88,400**	–	**88,400**
As at 31 December 2017 (restated*)	**211,935**	**20,978,269**	**(4,530,335)**	**2,692,177**	**(2,986,920)**	**16,365,126**	**571,223**	**16,936,349**

Consolidated statement of changes in equity (continued)

	Attributable to equity holders of the parent							
	Issued capital	***Share premium***	***Capital contribution reserve***	***Business combination reserve***	***Accumulated losses***	***Total***	***Non-controlling interests***	***Total equity***
As at 31 December 2017 (audited)	**211,935**	**20,978,269**	**(4,530,335)**	**2,692,177**	**(2,915,353)**	**16,436,693**	**571,223**	**17,007,916**
Adjustment on correction of errors (Note 4)	–	–	–	–	(71,567)	**(71,567)**	–	**(71,567)**
As at 31 December 2017 (restated*)	**211,935**	**20,978,269**	**(4,530,335)**	**2,692,177**	**(2,986,920)**	**16,365,126**	**571,223**	**16,936,349**
Impact of adopting IFRS 9 (Note 3.2)	–	–	–	–	(414,262)	**(414,262)**	–	**(414,262)**
Restated opening balance as at 1 January 2018 under IFRS 9	**211,935**	**20,978,269**	**(4,530,335)**	**2,692,177**	**(3,401,182)**	**15,950,864**	**571,223**	**16,522,087**
Net (loss)/income for the year	–	–	–	–	606,704	**606,704**	(13)	**606,691**
Other comprehensive loss	–	–	–	–	–	**–**	–	**–**
Total comprehensive income	**–**	**–**	**–**	**–**	**606,704**	**606,704**	**(13)**	**606,691**
Issuance of share capital and share premium (Note 17)	6	596,994	–	–	–	**597,000**	–	**597,000**
Acquisition of non-controlling interests (Note 17)	–	–	–	–	524,153	**524,153**	(565,388)	**(41,235)**
Dividends paid to the non-controlling interests holders (Note 17)	–	–	–	–	–	**–**	(5,822)	**(5,822)**
Capital contributions from shareholder (Note 17)	–	–	50,799	–	–	**50,799**	–	**50,799**
Capital distributions to shareholder (Note 17)	–	–	(16,113)	–	–	**(16,113)**	–	**(16,113)**
As at 31 December 2018	**211,941**	**21,575,263**	**(4,495,649)**	**2,692,177**	**(2,270,325)**	**17,713,407**	–	**17,713,407**

.

(in thousands of Russian rubles)

1. Corporate information

The consolidated financial statements of RSG International Ltd (hereinafter "the Company") and its subsidiaries (hereinafter, "RSG International" or "the Group") for the year ended 31 December 2018 were authorized for issue on 6 June 2019.

RSG International Ltd was incorporated in the Republic of Cyprus on 24 March 2008 as a limited liability company under the Republic of Cyprus Companies Law, Cap.113. The Company's registered office is located at 16, Spyrou Kyprianou Avenue, H&S Centre, First Floor, Office 104, 6018, Larnaca, Republic of Cyprus. The parent company of the Group is Kortros LLC.

Mr. Victor Vekselberg is the ultimate controlling party of the Group.

Principal activities

Principal activities of the Group 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, Northwestern Federal District and other regions of the Russian Federation. The Group specializes on projects of Complex Territories Development (CTD), which envisage the creation of balanced city-building solution (residential properties, infrastructure, work, social sphere, leisure) and its implementation on the specific land plot.

The consolidated financial statements include the financial statements of RSG International Ltd and its more than forty wholly owned subsidiaries and one subsidiary located in Moscow in which a minority shareholder holds 35% interest (Note 17).

Going concern

These consolidated financial statements have been prepared on a going concern basis that contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business. For the year ended 31 December 2018, the Group reported operating cash inflow from continuing operations of 1,706,374 and net income from continuing operations of 606,691. For the year ended 31 December 2017, the Group reported operating cash outflow from continuing operations of 2,157,910 and net loss from continuing operations of 1,389,968.

Abovementioned factors do not create going concern risks as the Group still has the ability to settle its current financial and non-financial obligations in a normal course of business (current assets exceed current liabilities by 18,624,955 as at 31 December 2018 (31 December 2017: 18,701,994). In addition the Group has the possibility to attract additional financing if necessary since the unused borrowing facilities amount to 4,466,266 as at 31 December 2018 (31 December 2017: 4,226,727).

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 Group has adequate resources to continue its operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparation of these consolidated financial statements.

2. Significant accounting policies

2.1 Basis of preparation

Statement of compliance

The consolidated financial statements of the Group for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

(in thousands of Russian rubles)

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except when otherwise stated further.

The consolidated financial statements are presented in Russian rubles and all values are rounded to the nearest thousand except when otherwise indicated. The functional currency of the Company and its subsidiaries is the national currency of the Russian Federation, Russian ruble (“RUR”).

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2018.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company’s, using consistent accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated.

2.2 Significant accounting judgements, estimates and assumptions

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Acquisition of companies

The Group exercises judgment in deciding whether the acquisition of companies is an acquisition of asset or a business combination, considering relevant factors, analyzing transaction terms and applying the definitions of asset and business combination stated in respective IFRS.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Litigations

The Group exercises judgement in measuring and recognizing provisions and the exposure to contingent liabilities related to pending litigations or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the final settlement. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. These estimates are subject to change as new information becomes available, primarily with the support of internal specialists or with the support of outside consultants. Revisions to the estimates may significantly affect future operating results. More details are provided in Note 23.

(in thousands of Russian rubles)

2. Significant accounting policies (continued)

2.2 Significant accounting judgements, estimates and assumptions (continued)

Fair value of investment properties

Investment property is stated at fair value as at the reporting date. Gains or losses arising from changes in the fair values are included in the statement of profit or loss in the year in which they arise.

The fair value of investment properties is determined based on valuations performed by an accredited independent appraiser. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. Estimates to determine the fair value are based on valuation techniques which require considerable judgement in forecasting future cash flows and developing other assumptions. The Group performed selection of the method of valuation considering the following methods:

- Income approach / discounted cash flow (DCF) method;
- Market approach.

In the course of this analysis the advantages and disadvantages of each applied technique were considered in relationship to the property being appraised and to the market. In the end the final conclusions on the Investment property market and fair values are made based on all relevant factors and best judgment.

Techniques used for valuing investment property

The Discounted Cash Flow Method involves the projection of a series of periodic cash flows either to an operating property or a development property. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the property.

The calculated periodic cash flow is typically estimated as gross income less vacancy and collection losses and less operating expenses/outgoings. A series of periodic net operating incomes, along with an estimate of the reversion/ terminal/exit value (which uses the traditional valuation approach) anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the market value of the property.

Market approach includes collection of data of sales and offers of properties similar to evaluated properties. The prices for similar properties are then adjusted for significant parameters which differentiate the properties. After adjustment prices may be used for determining market prices of the evaluated properties. The market approach takes into account the supply and demand parity on the market, as well as other external factors.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Fair values of assets and liabilities acquired in business combinations

The Group is required to recognize separately, at the acquisition date, the identifiable assets, liabilities and contingent liabilities acquired or assumed in a business combination at their fair values, which involves estimates.

Such estimates are based on valuation techniques (the Discounted Cash Flow Method or Market approach), which require considerable judgment in forecasting future cash flows and developing other assumptions.

Impairment of property, plant and equipment

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. In 2016, an impairment loss of 439,047 was identified and recognized by the Group. In 2017 and 2018, no impairment loss was identified.

(in thousands of Russian rubles)

2. Significant accounting policies (continued)

2.2 Significant accounting judgements, estimates and assumptions (continued)

The determination of impairment of property, plant and equipment involves the use of estimates that include, but are not limited to, the cause, timing and amount of the impairment. Impairment is based on a large number of factors, such as changes in current competitive conditions, expectations of growth in the industry, increased cost of capital, changes in the future availability of financing, technological obsolescence, discontinuance of service, current replacement costs and other changes in circumstances that indicate impairment exists. The determination of the recoverable amount of a CGU involves the use of estimates by management. Methods used to determine the value in use include discounted cash flow-based methods, which require the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. These estimates, including the methodologies used, may have a material impact on the value in used and, ultimately, the amount of any impairment.

Development costs

Development costs are capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model.

Current taxes

The Group recognizes liabilities for current taxes 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 expenses in the period in which the determination is made. More details are provided in Note 26.

Inventory allowance

Inventory is stated at the lower of cost and net realizable value (NRV) (Note 13). NRV is assessed with reference to market conditions and prices existing at the statement of financial position date and is determined by the Group's sales and marketing managers. Estimates of NRV of inventories are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the end of the reporting period to the extent that such events confirm conditions existing at the end of the period. As of 31 December 2018 and 2017, allowance for net realizable value in respect of inventories amounted to 1,884,916 and 1,852,529, respectively.

Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 and IAS 39 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group makes allowances for expected credit losses (ECL) for trade and other accounts receivable and loans receivable to account for estimated losses resulting from inability of customers to make required payments. When evaluating the adequacy of an allowance for ECL, management bases its estimates on the current overall economic conditions, the ageing of accounts receivable balances, historical write-off experience, customer creditworthiness and changes in payment terms. Changes in the economy, industry or specific customer conditions may require adjustments to the allowance for ECL recorded in the consolidated financial statements. Allowances for ECL in respect of accounts receivable and prepayments had been made in the amount of 710,127 and 104,540 as of 31 December 2018, and 632,977 and 84,758 as of 31 December 2017, respectively (Note 14, Note 15).

Deferred income tax assets

Deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. The estimation of that probability includes judgments based on the expected performance. Various factors are considered to assess the probability of the future utilisation of deferred tax assets, including past operating results, operational plan, expiration of tax losses carried forward, and tax planning strategies. If actual results differ from that estimates or if these estimates must be adjusted in future periods, the financial position, results of operations and cash flows may be negatively affected. In the event that the assessment of future utilisation of deferred tax assets must be reduced, this reduction will be recognised in the statement of profit or loss.

(in thousands of Russian rubles)

2. Significant accounting policies (continued)

2.3 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The non-controlling interest (formerly known as minority interest) is measured at the proportionate share of the acquiree's identifiable net assets.

Consideration transferred in a business combination is initially measured at its fair value calculated as the sum of the acquisition-date fair values of the assets transferred and the liabilities incurred to the former owners of the acquired company and the equity interest issued.

Goodwill is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the fair value of acquiree's acquisition-date identifiable assets acquired and liabilities assumed. If the sum above is lower than the fair value of acquiree's acquisition-date identifiable assets acquired and liabilities assumed, the difference is recognized in profit or loss as gain on a bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The Group determines whether goodwill is impaired at least on an annual basis. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of the CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Acquisition of non-controlling interest

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity in business combination reserve and attributed to the owners of the parent.

Business combinations under common control

Business combinations involving transactions with parties under common control with the Group are accounted for using the pooling of interests method.

The assets and liabilities of entities transferred under common control are recorded at the carrying amounts of the transferring entity (the predecessor) at the date of the transfer. Related goodwill inherent in the predecessor's original acquisition is also recorded in the financial statements. Any difference between the total carrying values of the acquired net assets, and the consideration paid is accounted for within equity in the consolidated financial statements. Assets, liabilities, income and expenses of the acquired entity are included in the consolidated financial statements from the date of the business combination.

2.4 Investments in associates

The Group's investments in its associates are accounted for using the equity method and are initially recognized at cost, including goodwill. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the associate. The Group's share of its associates' profits or losses is recognized in the statement of profit or loss, and its share of movements in other comprehensive income is recognized in other comprehensive income. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless the Group is obliged to make further payments to, or on behalf of, the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(in thousands of Russian rubles)

2. Significant accounting policies (continued)

2.5 Foreign currency translation

The companies of the Group which are incorporated in the Republic of Cyprus and in the Russian Federation maintain their accounting records in Russian rubles and prepare their statutory financial statements in accordance with IFRS as adopted by the European Union (EU) and the requirements of the Republic of Cyprus Companies Law, Cap.113 and in accordance with the Regulations on Accounting and Reporting of the Russian Federation, respectively. These financial statements are based on the statutory accounting records, with adjustments and reclassifications recorded for the purpose of fair presentation in accordance with the Group's accounting policies. The principal adjustments relate to use of fair values and income taxes.

The functional currency of each Group's entity (both Russian companies and overseas) is the Russian ruble, the currency of the main economic environment in which they operate.

Starting from 1 January 2018 the Group changed its presentation currency from the US dollars to the Russian ruble, which coincides with the Group entities' functional currency and according to management of the Group, allows users (owners and investors) of consolidated financial statements to assess the actual dynamics of the consolidated financial statements of the Group, taking into account the relevant sector circumstances and practices.

The change of presentation currency is a change of the accounting policy that is accounted for retrospectively. The mandatory financial information included in the consolidated financial statements of the Group for the years ended 31 December 2017 and 31 December 2016 and previously recorded in US dollars has been converted into rubles using the procedures described below:

- Assets and liabilities at each reporting date were translated at the exchange rates on the relevant reporting dates;
- The authorized capital and additional capital were recalculated at the historical rates;
- Income and expenses were translated at the rates on the dates of operations (or at the average rate, using which the amount of income and expenses is approximately equal to the value when calculating at the rates on the actual dates of operations).

All resulting exchange differences were recognised in other comprehensive income.

For this change of the presentation currency in the financial statements for 2018 the Group has performed a recalculation on a retrospective basis starting from 2008 when the Group was initially established.

Translations were made using official rates of the Central Bank of Russia.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the statement of financial position date. All resulting differences are taken to the statement of profit or loss as foreign exchange gains/losses.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

As the interim condensed consolidated financial statements for the six months period ended 30 June 2018 were issued in US dollars in Note 4 it is shown the restatement of these financial statement due to the change in the presentation currency accounting policy.

2.6 Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

(in thousands of Russian rubles)

2. Significant accounting policies (continued)

2.6 Financial instruments (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

(in thousands of Russian rubles)

2. Significant accounting policies (continued)

2.6 Financial instruments (continued)

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

(in thousands of Russian rubles)

2. Significant accounting policies (continued)

2.6 Financial instruments (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Impairment of financial assets under IAS 39

Before 1 January 2018, the Group assessed at each reporting date whether there was any objective evidence that a financial asset or a group of financial assets was impaired. A financial asset or a group of financial assets was deemed to be impaired if, and only if, there was objective evidence of impairment as a result of one or more events that had occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or the group of financial assets that could be reliably estimated. Evidence of impairment may have included indications that the borrower or a group of borrowers was experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they would enter bankruptcy or other financial reorganisation and where observable data indicated that there was a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlated with defaults. For available-for-sale financial instruments, evidence of impairment also included significant or prolonged decline in fair value of investment below its cost.

The Group assessed whether objective evidence of impairment existed individually for financial assets that were individually significant, or collectively for financial assets that were not individually significant.

If there was an objective evidence that an impairment loss had been incurred, the amount of the loss was measured in accordance with IAS 39 requirements. Assets together with the associated allowance were written off when there is no realistic prospect of future recovery and all collateral had been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss decreased because of an event occurring after the impairment had been recognised, the previously recognised impairment loss was reversed in consolidated statement of profit or loss, except for equity investments available-for-sale, for which increase in their fair value after impairment were recognised in other comprehensive income.

Impairment of financial assets under IFRS 9

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group’s debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category by the Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Group’s policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

(in thousands of Russian rubles)

2. Significant accounting policies (continued)

2.6 Financial instruments (continued)

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 18.

Derecognition

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(in thousands of Russian rubles)

2. Significant accounting policies (continued)

2.6 Financial instruments (continued)

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.7 Cash and cash equivalents

Cash in the statement of financial position comprises cash at banks and in hand, short-term deposits with an original maturity of three months or less.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Completed property and property under development

Completed property and property under development is property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation. Such property is stated at the lower of cost or net realizable value. Cost is based on the individual cost method and includes the following:

- Freehold and leasehold rights for land;
- Planning and design costs, costs of site preparation;
- Cost of raw materials;
- Labor costs and amounts paid to subcontractors for construction;
- Construction overheads allocated proportionately to the stage of completion of the inventory based on normal operating capacity;
- Borrowing costs.

The cost of completed property and property under development recognised in profit or loss on disposal is determined with reference to the specific costs incurred on inventories sold and an allocation of any non-specific costs based on the relative size of the property sold.

Inventories are classified as current when the following conditions are met: i) construction is ongoing; ii) the completion and the sale of the asset is anticipated to occur in near future and as part of the normal construction period, which is longer than one calendar year, and no significant delays in construction are expected. Otherwise, the inventory is classified as non-current.

The operating cycle of a construction project may exceed 12 months. Inventories are classified as current, even if within 12 months after the reporting date their sale is not expected.

The Group concludes investment and co-investment contracts for construction of residential premises with local authorities. These investment contracts could impose on the Group the requirements to construct and transfer to the local authorities:

- Certain social objects, such as schools and kindergartens, after the completion;
- Certain infrastructure objects (water, heat and electricity supply systems, roads and etc.) related to constructing residential districts.

If such costs are directly attributable to buildings under construction, then costs for the construction of abovementioned objects are included in total costs of construction of buildings, to which these investment rights are related.

(in thousands of Russian rubles)

2. Significant accounting policies (continued)

2.9 Property, plant and equipment

Property, plant and equipment are recorded at purchase or construction cost less accumulated depreciation and accumulated impairment. Such cost includes the cost of replacing part of plant and equipment when that cost is incurred if the recognition criteria are met. At each reporting date management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount, and the difference is recognized as an expense (impairment loss) in the statement of profit or loss.

An impairment loss recognized for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount.

Depreciation is calculated on a straight-line basis. The depreciation periods, which represent the estimated useful economic lives of the respective assets, are as follows:

	Number of years
Buildings	30 to 50
Fitting and fixtures	30
Office equipment and others	3 to 10
Leasehold improvements	Lower of useful life and operating lease term

An item of property, plant and equipment and any its significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted as appropriate, at each financial year-end.

Repair and maintenance expenditure is expensed as incurred. Major renewals and improvements are capitalized, and the assets replaced are retired.

When each major inspection is performed, its cost is recognized as a component in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

2.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is either recognized in the statement of profit or loss in the expense category consistent with the function of the intangible asset or is capitalized in cost of inventories being under construction.

Investment contracts with local authorities for the rights of development and construction may require the Group to provide apartments or other constructed real estate free of charge. Such an exchange of assets may represent barter transaction (Note 2.19). Development rights are amortized on a straight-line basis proportionally to stage of completion of the related project. Leasehold rights are amortized using straight-line method over duration of rent agreement.

(in thousands of Russian rubles)

2. Significant accounting policies (continued)

2.10 Intangible assets (continued)

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash generating unit level. When there is an indication that the carrying value of these assets may be impaired, the test for impairment is performed immediately. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assumption continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

2.12 Investment property

Investment property comprises the land with currently undetermined future use and completed property (principally offices, commercial warehouse and residential property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held to earn rentals or for capital appreciation or both.

A property interest that is held by a Group under an operating lease is classified and accounted for as an investment property if the property meets the definition of an investment property and the Group uses the fair value model for the asset recognised.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the statement of financial position date. Gains and losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of retirement or disposal. Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

(in thousands of Russian rubles)

2. Significant accounting policies (continued)

2.12 Investment property (continued)

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the statement of profit or loss. When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the statement of profit or loss.

Interest costs on borrowings to finance the construction and development of investment property are capitalized, during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

2.13 Deferred income taxes

Deferred tax assets and liabilities are calculated in respect of temporary differences using the statement of financial position method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.14 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the statement of profit or loss.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognized as an expense in the statement of profit or loss on a straight line basis over the lease term.

(in thousands of Russian rubles)

2. Significant accounting policies (continued)

2.14 Leases (continued)

Operating lease contracts − Group as lessor

The Group has entered into commercial property leases on its property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these property and so accounts for the leases as operating leases.

Operating lease payments from lessees are recognized as revenue in the statement of profit or loss on a straight line basis over the lease term.

2.15 Provisions

Provisions are recognized when the Group 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 Group 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.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

2.16 Equity

Issued capital and share premium

Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognized as a share premium.

Capital contribution reserve

Capital contribution reserve includes the effect of discounting of loans received from and granted to the entities under common control under the terms different from the market terms, and distribution to and contribution from shareholders.

Business combination reserve

Business combination reserve represents:

- The difference between net assets of the acquired subsidiaries and consideration paid at the acquisition, that have been accounted for using the pooling of interests method, and also the effect of changes in group structure including the reorganization of parent company.
- The differences between the carrying values of non-controlling interest in entities acquired and the consideration given for such increase.

Foreign currency translation reserve

Foreign currency translation reserve reflected the effect of translation of accounts from functional currency to presentation currency when the presentation and functional currency were different.

Dividends

Dividends are recognized as a liability and deducted from equity at the statement of financial position date only if they are declared before or on the statement of financial position date. Dividends are disclosed when they are proposed before the statement of financial position date or proposed or declared after the statement of financial position date but before the financial statements are authorized for issue.

(in thousands of Russian rubles)

2. Significant accounting policies (continued)

2.17 Revenue recognition

The Group recognises revenue from the following major sources:

- Construction of residential properties;
- Sales of uncompleted projects;
- Lease of commercial property;
- Heating, electricity and energy services;
- Technical supervision services;
- Barter revenue.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Construction of residential properties

Amount of revenue is determined on the basis of the consideration promised in a contract with a customer, excluding amounts collected on behalf of third parties and adjusted for the effects of a significant financing component. Financing component represent amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer (i.e. the cash selling price).

Amount of financing component is estimated using the discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception. Interest expense recognized as a result of adjustments for a significant financing component is presented in the same way as financing costs.

As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers property to a customer and when the customer pays for that property is one year or less.

Revenue is recognised when the customer obtains control over residential properties. Moment of transfer of control depends on the conditions of the contract. The Group constructs and sells residential properties to customers under two major types of contracts: (a) sales contracts and (b) long-term co-investment contracts.

(a) Revenues from sales contracts is recognized at point in time when the act of delivery and acceptance is signed by the Group and the customer.

(b) Co-investment contracts are usually entered into at the early stages of construction of the residential properties. Under the terms of these contracts, the Group is contractually restricted from redirecting the properties to another customer:

    (i) Revenue under co-investment contracts signed before 1 January 2017 is recognized at point in time when the act of delivery and acceptance is signed by the Group and the customer.

    (ii) Starting from 1 January 2017 the Group has an enforceable right to payment for work done due to changes in Federal Law *On Participation in the Joint-share Construction of Apartment Buildings and Other Real Properties* No. 214-FZ. Therefore, revenue on co-investment contracts signed after 1 January 2017 is recognized over time using input method. Under the input method revenue is recognized on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The Group considers that input method using costs is an appropriate measure of the progress towards complete satisfaction of these performance obligations. The Group calculates progress of completion based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. For the purpose of measuring progress towards complete satisfaction of these performance obligations the cost of land plots and permissions are excluded from actual costs incurred and estimated total contract costs, as such costs does not contribute to the progress of properties construction, and treated as a fulfilment costs.

Under co-investment contracts customers ordinary pay the full consideration up-front and the Group concluded that all such contracts contain significant financing component.

(in thousands of Russian rubles)

2. Significant accounting policies (continued)

2.17 Revenue recognition (continued)

Sales of uncompleted projects

The Group considers real estate investments (purchase of land plots) and sales as its principal activity and, consequently, recognizes such income as revenue at a point of land plot transfer to a customer.

Lease of commercial property

The Group leases out commercial premises and land plots to related and third parties. Rental income receivable under operating leases is recognized on a straight-line basis over the term of the lease, except for contingent rental income which is recognized when it arises. Premiums received to terminate leases are recognized in the statement of operations when they arise.

Heating, electricity and energy supply services

The Group provides heating, electricity and energy services to related and third parties (transfer of heating energy and electricity through the Group's public facility networks) and services on connection of third parties to the public facility networks. The Group recognizes revenue over the time when respective services are supplied.

Technical supervision services

The Group performs technical supervision services with respect to construction of projects to related and third parties and recognizes revenue over the time when respective services are supplied.

Barter revenue

The Group concludes investment contracts with local authorities for development and construction of residential districts. According to these investment contracts the Group is required to provide apartments to a number of individuals or construct social objects and transfer them to local authorities free of charge in exchange of the development rights. Such exchange of assets represents barter transaction. Transfer of the apartments and social objects constitutes sale, and respective liabilities are recognized at the estimated fair value of the apartments/social objects to be transferred as of the date of gaining of the development rights. The barter revenue is recognized at a point of time when apartment or social objects are accepted by local authorities and/or transferred to third parties.

2.18 Interest income

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss.

2.19 Exchange transactions

The Group enters into investment agreements to construct buildings, where a certain number of apartments and/or commercial area should be given away to the local authorities (as well as certain infrastructure facilities should be constructed) in exchange for development rights. This exchange is regarded as a transaction that generates revenue. When the fair value of development rights received can be measured reliably the revenue is measured at the fair value of the development rights, adjusted for any cash or cash equivalents transferred. When the fair value of development rights received cannot be measured reliably the revenue is measured at the fair value of real estate properties given up, adjusted for any cash or cash equivalents transferred.

2.20 Employee benefits

State pension scheme

In the normal course of business the Group contributes to the Russian state pension, social insurance, medical insurance and unemployment funds at the statutory rates in force, based on gross salary payments. Mandatory contributions to the governmental pension scheme are expensed when incurred. The Group has no legal or constructive obligation to pay further contributions in respect of those benefits.

(in thousands of Russian rubles)

2. Significant accounting policies (continued)

2.21 Classification of assets and liabilities

Assets and liabilities are classified as current if they are expected to be realized or settled within the twelve months after the balance sheet date, except for the Inventory and contract liabilities, which are classified as current if the Company expects to realise them or intends to settle them in its normal operating cycle, which may exceed 12 months. All other assets and liabilities are classified as non-current.

3. Changes in accounting policies and disclosures

3.1 New and revised standards and interpretations

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards adopted by the EU and effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 15 *Revenue from Contracts with Customers* became effective as of 1 January 2018 as adopted by EU, however this standard was already applied by the Group for the first time in the consolidated financial statements of the Group for 2017 year using the modified retrospective method starting from 1 January 2017. The nature and effect of these changes for 2017 financial statement amounts were disclosed in the annual consolidated financial statements for 2017.

The following new standards and amendments which became effective as of 1 January 2018 as adopted by the EU were applied by the Group for the first time:

- IFRS 9 *Financial Instruments*;
- IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*;
- Amendments to IAS 40 *Transfers of Investment Property*;
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*;
- Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*;
- Amendments to IAS 28 *Investments in Associates and Joint Ventures − clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice*;
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards − deletion of short-term exemptions for first-time adopters*.

The application of IFRS 9 has had a significant impact on the financial position and financial performance of the Group and is described in Note 3.2 below.

Other new standards and amendments applied for the first time in 2018, did not have any significant impact on the consolidated financial statements of the Group.

3.2 Application of new and revised International Financial Reporting Standards (IFRSs)

Amendments to IAS 40 *Transfers of Investment Property* clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have significant impact on the Group's consolidated financial statements.

(in thousands of Russian rubles)

3. Changes in accounting policies and disclosures (continued)

3.2 Application of new and revised International Financial Reporting Standards (IFRSs)

Clarification on over time transfer of constructed good (IAS 23 Borrowing Costs)

In March 2019 the IFRS Interpretations Committee issued a clarification regarding over time transfer of constructed good in connection with IAS 23 *Borrowing Costs*. The fact pattern described a real estate developer constructing a residential multi-unit real estate development (building) and sells the individual units in the building to customers. The Committee concluded that inventory (work-in-progress) for unsold units under construction that the entity recognises is not a qualifying asset. This asset is ready for its intended sale in its current condition – i.e. the entity intends to sell the part-constructed units as soon as it finds suitable customers and, on signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer. In such case the entity is not allowed to capitalise borrowing costs as they are not directly attributable to the acquisition, construction or production of a qualifying asset. The Group plans to adopt the clarification for reporting periods starting 1 January 2019.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that, in determining spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it), on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This interpretation does not have a significant impact on the Group's consolidated financial statements.

IFRS 9 Financial Instruments

The Group applies, for the first time, IFRS 9 *Financial Instruments*, which replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting.

The Group has not applied IFRS 9 retrospectively and has not adjusted the comparative information for the period beginning 1 January 2017. Therefore, comparative information for the year 2017 is presented in compliance with IAS 39 and is not consistent with the information for the year ended 31 December 2017. Adjustments arising from IFRS 9 implementation have been recognized directly in Equity as at 1 January 2018 and are disclosed further.

(a) Classification and measurement

Under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

(in thousands of Russian rubles)

3. Changes in accounting policies and disclosures (continued)

3.2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

The new classification and measurement of the Group's debt financial assets are, as follows:

- *Debt instruments at amortised cost* for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's Trade and other receivables, and Interest-bearing loans receivable to individuals.
- *Financial assets at FVPL* comprise debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. As of 1 January 2018, the Group's analysis highlighted that certain loans receivable did not meet the SPPI criterion. Therefore, these loans previously measured at amortised cost are classified by the Group as financial assets at FVPL. As a result of the reclassification, no significant impact was recognised by the Group as of 1 January 2018.

The assessment of the Group's business models was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. Similar to the requirements of IAS 39, IFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For *contract assets* and *trade and other receivables*, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Please refer to par. 2.6 for more details of accounting policies.

(c) Effect of IFRS 9 implementation

A reconciliation as at 1 January 2018 between the carrying amounts of financial and non-financial assets measured in accordance with IAS 39 and IFRS 9 is presented below.

For other debt financial assets (i.e., loans and debt securities at FVOCI), the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

(in thousands of Russian rubles)

3. Changes in accounting policies and disclosures (continued)

3.2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

The adoption of the ECL requirements of IFRS 9 resulted in increases in impairment allowances of the Group's debt financial assets. The increase in allowance resulted in adjustment to Retained earnings.

		IAS 39 measurement			*IFRS 9 measurement*		
	Note	***Category***	***Amount***	***Reclassi-fication***	***Provisions remeasure-ment***	***Amount***	***Category***
Financial assets							
Cash and cash equivalents	16	L&R*	7,793,715	–	–	7,793,715	Amortised cost
Trade and other receivables	14	L&R*	1,326,616	–	–	1,326,616	Amortised cost
Interest-bearing loans receivable	12	L&R*	3,024,672	(3,024,672)	–	–	–
Loans receivable at FVPL	12	–	–	1,655,196	–	1,655,196	FVPL
Loans receivable at amortised cost	12	–	–	1,369,476	(414,262)	955,214	Amortised cost
Non-financial assets							
Deferred tax assets			578,160	–	–	578,160	
Total assets			**12,723,163**	**–**	**(414,262)**	**12,308,901**	

* *Loans and receivables.*

Impact of IFRS 9 implementation to Accumulated losses is reflected below:

	Accumulated losses
Balance as at 31 December 2017 (in compliance with IAS 39)	**(2,986,920)**
Allowance for expected credit losses	(414,262)
Restated opening balance as at 1 January 2018 under IFRS 9	**(3,401,182)**

A reconciliation of the impairment provision under IAS 39 and IFRS 9 is presented below:

	Impairment provision under IAS 39 as at 31 December 2017	***Remeasurement***	***Impairment provision under IFRS 9 as at 1 January 2018***
Loans receivable at amortised cost	–	(414,262)	(414,262)

3.3 Standards issued that are not effective

New and revised IFRSs adopted by the EU that are not mandatorily effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 16 Leases

IFRS 16 replaces the existing accounting guidance in IAS 17 *Leases*, IFRIC 4 *Determining whether an arrangement Contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Recognition exemptions exist for short-term leases and leases of low-value items. Lessor accounting remains similar to current standard – i.e. lessor continue to classify leases as a finance or operating leases.

The Group plans to apply IFRS 16 initially on 1 January 2019, using a modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

(in thousands of Russian rubles)

3. Changes in accounting policies and disclosures (continued)

3.3 Standards issued that are not effective (continued)

The Group completed an initial assessment of the potential impact of initial application of IFRS 16 on the consolidated financial statements, but has not yet completed its detailed assessment. The most significant are the recognition by the Group of new assets and liabilities under operating lease agreements of land plots intended for the construction of residential and commercial property and long-term office lease agreements.

In addition, the nature of the costs associated with such a lease will now change, as IFRS 16 replaces operating lease expenses for depreciation of right-of-use asset and interest on lease obligations. The actual effect of the application of IFRS 16 on the financial statements during the initial application period will depend on future economic conditions, including Group's effective interest rate, composition of the Group's lease portfolio as of this date, the Group's actual estimate of that whether it intends to exercise its right to extend the lease agreements and others.

IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments

The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. The Group will apply the interpretation since it is effective. The management does not expect a significant impact of the application of interpretation on the consolidated financial statements.

IFRS 9: Prepayment features with negative compensation (Amendment)

The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. The management does not expect a significant impact of the application of interpretation on the consolidated financial statements.

IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)

The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28. These Amendments have not yet been endorsed by the EU.

IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)

The Amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The Amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements.

Annual Improvements to IFRSs 2015-2017 Cycle

The IASB has issued the Annual Improvements to IFRSs 2015-2017 Cycle, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted.

- IFRS 3 *Business Combinations* and IFRS 11 *Joint Arrangements*: the amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 *Income Taxes*: the amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
- IAS 23 *Borrowing Costs*: the amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

(in thousands of Russian rubles)

3. Changes in accounting policies and disclosures (continued)

3.3 Standards issued that are not effective (continued)

Published IASB financial reporting standards, amendments and interpretations that are not yet mandatory and that the EU has not yet endorsed

Conceptual Framework in IFRS standards

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

IFRS 17: Insurance Contracts

The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* have also been applied. IFRS 17 *Insurance Contracts* establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity.

IFRS 3: Business Combinations (Amendments)

The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)

The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards.

4. Restatement of comparative information

4.1 Net realizable value of inventories and provision for onerous contracts

In the process of preparation of these consolidated financial statements for the year ended 31 December 2018, the Group identified and corrected the following errors through restatement of the comparative information:

(a) The Group identified error in the calculation of net realizable value of inventories and provision for onerous contracts. As a result of this error, carrying value of inventories as at 31 December 2017 was overstated by 89,459 and other operating expenses for 2017 year was understated by 89,459.

(b) Deferred income tax effects related to all the above adjustments were recognised accordingly.

(in thousands of Russian rubles)

4. Restatement of comparative information (continued)

4.1 Net realizable value of inventories and provision for onerous contracts (continued)

Impact of the above errors on the statement of profit and loss for the year ended 31 December 2017 is as follows:

		For the year ended 31 December 2017		
		As reported	*Correction of errors*	*As restated*
Consolidated statement of profit or loss				
Continuing operations				
Other operating expenses	(a)	(2,508,686)	(89,459)	(2,598,145)
Operating profit/(loss)		272,281	(89,459)	182,822
Loss before income tax		**(1,005,885)**	**(89,459)**	**(1,095,344)**
Income tax expense	(b)	(312,516)	17,892	(294,624)
Loss for the year from continuing operations		**(1,318,401)**	**(71,567)**	**(1,389,968)**
Loss for the year from discontinued operations		**(379,186)**	**–**	**(379,186)**
Loss for the year		**(1,697,587)**	**(71,567)**	**(1,769,154)**
Attributable to:				
Equity holders of the parent		(1,706,919)	(71,567)	(1,778,486)
Non-controlling interests		9,332	–	9,332

Impact of the above errors on the statement of financial position as at 31 December 2017 is as follows:

		As of 31 December 2017		
		As reported	*Correction of errors*	*As restated*
Consolidated statement of financial position				
Non-current assets				
Deferred tax assets	(b)	560,268	17,892	578,160
Total non-current assets		**16,211,343**	**17,892**	**16,229,235**
Current assets				
Inventories	(a)	19,210,525	(89,459)	19,121,066
Total current assets		**33,274,088**	**(89,459)**	**33,184,629**
Total assets		**49,485,431**	**(71,567)**	**49,413,864**
Equity				
Accumulated losses	(a, b)	(848,175)	(71,567)	(919,742)
Equity attributable to equity holders of the Parent		**16,436,693**	**(71,567)**	**16,365,126**
Total non-controlling interests		**571,223**	**–**	**571,223**
Total equity		**17,007,916**	**(71,567)**	**16,936,349**

		For the year ended 31 December 2017		
		As reported	*Correction of errors*	*As restated*
Consolidated statement of cash flows				
Loss before tax from continuing operations		(1,005,885)	(89,459)	(1,095,344)
Loss before tax from discontinued operations		(386,354)	–	(386,354)
Loss before tax for the year		**(1,392,239)**	**(89,459)**	**(1,481,698)**
Other operating expenses	(a)	391,012	89,459	480,471

(in thousands of Russian rubles)

4. Restatement of comparative information (continued)

4.2 Correction of deferred tax liabilities and change in accounting policy

In the process of preparation of these consolidated financial statements the Group identified and corrected the following errors and also reflected the effect of change of accounting policy (presentation currency) with respect to interim financial statements for the six month period ended 30 June 2018:

(a) the Group decided to change its presentation currency from US dollars to rubles after it had issued interim financial statements for the six month period ended 30 June 2018, therefore the information for six months ended 30 June 2018 was recalculated in rubles (see p. 2.5 of accounting policy);

(b) The Group incorrectly calculated the deferred tax liability related to the investment property and inventories contributed to one of its subsidiaries during first half of 2018.

	Six months ended			*Six months ended*
	30 June 2018 (unaudited), thousand of US dollars	***30 June 2018 (unaudited), thousand of rubles***	***Effect of correction, thousand of rubles***	***30 June 2018 (unaudited), thousand of rubles***
Continuing operations				
Revenue	128,586	7,632,077	–	7,632,077
Cost of sales	(98,202)	(5,828,641)	–	(5,828,641)
Gross profit	**30,384**	**1,803,436**	**–**	**1,803,436**
General and administrative expenses	(11,395)	(676,337)	–	(676,337)
Other operating income	2,274	135,006	–	135,006
Other operating expenses	(14,602)	(866,698)	–	(866,698)
Change in fair value of investment property	2,008	119,173	–	119,173
Operating profit/(loss)	**8,669**	**514,580**	**–**	**514,580**
Finance income	7,278	431,978	–	431,978
Finance costs	(17,364)	(1,030,588)	–	(1,030,588)
Foreign exchange gain/(losses), net	538	31,931	–	31,931
Share of losses of associates	(51)	(3,037)	–	(3,037)
Loss before income tax from continuing operations	**(930)**	**(55,137)**	**–**	**(55,137)**
Income tax (expense)/benefit	(4,271)	(253,503)	(114,977)	(368,480)
Net loss for the year	**(5,201)**	**(308,640)**	**(114,977)**	**(423,617)**
Attributable to:				
Equity holders of the parent	(5,306)	(314,889)	(114,977)	(429,866)
Non-controlling interests	105	6,249	–	6,249

	Six months ended			*Six months ended*
	30 June 2018 (unaudited), thousand of US dollars	***30 June 2018 (unaudited), thousand of rubles***	***Effect of correction, thousand of rubles***	***30 June 2018 (unaudited), thousand of rubles***
Net loss	**(5,201)**	**(308,640)**	**(114,977)**	**(423,617)**
Other comprehensive income				
Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods				
Effect of translation to presentation currency − attributable to non-controlling interests	(811)	–	–	–
Effect of translation to presentation currency − attributable to equity holders of the parent	(23,465)	–	–	–
Other comprehensive (loss)/income, net of tax	**(24,276)**	**–**	**–**	**–**
Total comprehensive loss, net of tax	**(29,477)**	**(308,640)**	**(114,977)**	**(423,617)**
Attributable to:				
Equity holders of the parent	(28,771)	(314,889)		(429,866)
Non-controlling interests	(706)	6,249		6,249

(in thousands of Russian rubles)

4. Restatement of comparative information (continued)

The effects of the abovementioned factors on balances as of 30 June 2018 are stated below:

	30 June 2018 (unaudited), US dollar thousand	*30 June 2018 (unaudited) restated*	*Effect of correction, thousand of rubles*	*30 June 2018 (unaudited) restated*
Assets				
Non-current assets				
Property, plant and equipment	10,409	653,227	–	653,227
Investment properties	165,268	10,371,666	–	10,371,666
Investments in associates	700	43,945	–	43,945
Intangible assets	23,884	1,498,899	–	1,498,899
Inventories	22,433	1,407,788	–	1,407,788
Trade and other receivables	2,208	138,565	–	138,565
Interest-bearing loans receivable at FV	9,455	593,336	–	593,336
Deferred tax assets	9,514	597,042	–	597,042
	243,871	**15,304,468**	**–**	**15,304,468**
Current assets				
Inventories	323,126	20,278,301	–	20,278,301
Trade and other receivables	12,750	800,145	–	800,128
Contract assets	7,400	464,371	–	464,388
Prepayments	24,192	1,518,203	–	1,518,203
Income tax receivable	5,087	319,255	–	319,255
Taxes recoverable	9,052	568,097	–	568,097
Interest-bearing loans receivable at amortised cost	20,407	1,280,672	–	1,280,672
Interest-bearing loans receivable at FV	25,032	1,570,891	–	1,570,891
Cash and cash equivalents	123,690	7,762,360	–	7,762,360
	550,736	**34,562,295**	**–**	**34,562,295**
Total assets	**794,607**	**49,866,763**	**–**	**49,866,763**
Equity and liabilities				
Equity				
Issued capital	6,787	211,941	–	211,941
Share premium	682,222	21,575,263	–	21,575,263
Capital contribution reserve	(69,011)	(4,546,926)	–	(4,546,926)
Business combination reserve	112,009	2,692,177	–	2,692,177
Accumulated losses	(128,585)	(3,704,793)	(114,977)	(3,819,770)
Foreign currency translation reserve	(346,049)	–	–	–
Equity attributable to equity holders of the parent	**257,373**	**16,227,662**	**(114,977)**	**16,112,685**
Total non-controlling interests	10,116	559,038	–	559,038
Total equity	**267,489**	**16,786,700**	**(114,977)**	**16,671,723**
Non-current liabilities				
Interest-bearing loans and borrowings	37,849	2,375,250	–	2,375,250
Debt securities issued	171,446	10,759,343	–	10,759,343
Contract liabilities	23,270	1,460,344	–	1,460,344
Other liabilities	9,773	613,337	–	613,337
Deferred income tax liabilities	49,009	3,075,607	114,977	3,190,584
	291,347	**18,283,881**	**114,977**	**18,398,858**
Current liabilities				
Interest-bearing loans and borrowings	36,947	2,318,666	–	2,318,666
Debt securities issued	39,391	2,472,071	–	2,472,071
Trade and other payables	35,497	2,227,667	–	2,227,667
Contract liabilities	108,705	6,821,945	–	6,821,945
Income taxes payable	5,293	332,172	–	332,172
Other taxes payable	2,077	130,343	–	130,343
Provisions	1,149	72,096	–	72,096
Other liabilities	6,712	421,222	–	421,222
	235,771	**14,796,182**	**–**	**14,796,182**
Total liabilities	**527,118**	**33,080,063**	**(114,977)**	**33,195,040**
Total equity and liabilities	**794,607**	**49,866,763**	**–**	**49,866,763**

(in thousands of Russian rubles)

5. Discontinued operations

In the second half of 2017, the Group decided to close its operating segment in the Central Federal District of the Russian Federation, which is represented by the one subsidiary of the Group. At 31 December 2017, assets and liabilities of the company were classified as a disposal group held for sale and as a discontinued operations. The business of the company represented the entirety of the Group's Central region operating segment until 1 July 2017. With subsidiary being classified as discontinued operations, the Central region segment is no longer presented in the segment note (Note 27).

The results of the disposal segment are presented below:

	Year ended 31 December 2017
Revenue	212,945
Cost of sales	(210,360)
Gross profit	**2,585**
General and administrative expenses	(4,043)
Other operating expenses	(45,973)
Operating loss	**(47,431)**
Finance income	3,162
Impairment loss recognized	(342,085)
Loss for the period before income tax from discontinued operations	**(386,354)**
Tax benefit	
Related to pre-tax loss from the ordinary activities for the period	7,168
Loss for the year from discontinued operations	**(379,186)**

The major classes of assets and liabilities classified as held for disposal as at disposal date are, as follows:

	2017
Assets	
Property, plant and equipment	360
Deferred tax assets	6,623
Inventories	191,097
Trade and other receivables	4,328
Prepayments	48,232
Taxes recoverable	3,369
Cash and cash equivalents	22,733
Assets held for sale	**276,742**
Liabilities	
Trade and other payables	(5,838)
Contract liabilities	(72,269)
Liabilities directly associated with assets held for sale	**(78,107)**
Net assets directly associated with disposal group	**198,635**

On 12 February 2018 the Group has lost control over respective subsidiary. No cash consideration was received before 30 June 2018. Results on the sale of discontinued operations are presented below:

Consideration	198,635
Net assets of the disposal group	(198,635)
Loss on the sale of discontinued operations	**–**
Income tax effects	–
Post tax loss on the sale of discontinued operations	**–**

The net cash flows generated from the sale of subsidiary are, as follows (net cash outflow was disclosed in financial statements as of 31 December 2017 at the classification of assets as relate to discontinued operations):

Consideration	198,636
Offset with the liabilities	(198,636)
Cash sold as part of discontinued operations	(22,733)
Net cash flow	**(22,733)**

(in thousands of Russian rubles)

6. Investment in associates

The Group accounts for investments in associates under the equity method.

The Group has 25% + 1 share in the entity that provides services to citizens of Ural Region of the Russian Federation. In June 2018, the Group recognized additions to its investments in associates due to cash contribution in the associate entity, the Group's share remained unchanged.

The effect on financial statements of movement of investment in the associate was as follows:

	For the years ended 31 December	
	2018	***2017***
Opening balance as at 1 January	**43,675**	**29,563**
Cash contribution	3,308	–
Share of profit for the year	12,293	14,112
Closing balance at 31 December	**59,276**	**43,675**

7. Income and expenses

7.1 Revenues

Revenues include the following:

	For the years ended 31 December	
	2018	***2017***
Revenue from contracts with customers		
Sales of residential property	18,644,114	16,811,111
Barter revenue	59,869	190,474
Technical supervision services	97,442	169,366
Sale of heating, electricity and energy supply services	103,178	167,840
Other revenue	159,298	115,742
Total revenue from contracts with customers	**19,063,901**	**17,454,533**
Rental income	90,723	75,795
Total	**19,154,624**	**17,530,328**

Revenues from contracts with customers include the following:

	For the years ended 31 December	
	2018	***2017***
Revenue recognized over time		
Sales of residential property	11,707,355	4,759,002
Sale of heating, electricity and energy supply services	103,178	167,840
Technical supervision services	97,442	169,366
Total revenue recognized over time	**11,907,975**	**5,096,208**
Revenue recognized at point in time		
Sales of residential property	6,936,759	12,052,109
Barter revenue	59,869	190,474
Other revenue	159,298	115,742
Revenue recognized at point in time	**7,155,926**	**12,358,325**
Total revenue from contracts with customers	**19,063,901**	**17,454,533**

Revenue of each reportable segment, presented in the Note 27, mainly comprise of revenue from sales of residential property, except for the segment "Management Company" which revenue mainly comprise of rental income.

Sale of heating, electricity and energy supply services represents the revenue from transfer of electricity and heating energy from the provider of public facilities to third and related parties and revenue from connection of customers to public facilities networks.

(in thousands of Russian rubles)

7. Income and expenses (continued)

7.1 Revenues (continued)

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	For the years ended 31 December	
	2018	***2017***
Receivables, which are included in "Trade and other receivables"	300,643	305,080
Contract assets	355,198	377,520
Contract liabilities	5,815,529	6,381,596

The contract assets primarily relate to the Group enforceable right to payment for work performed as at reporting date. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advances consideration received from customers. Significant changes in the contract assets and the contract liabilities are described in Note 22.

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting year amounts to 5,460,331 (2017: 6,004,075) and is going to be recognized within subsequent one or two years.

7.2 Employee benefits, depreciation and amortization

Staff costs, depreciation of property, plant and equipment and amortization of intangible assets included in cost of sales, general and administrative expenses and other expenses amounted to the following:

	For the years ended 31 December	
	2018	***2017***
Staff costs, including social security taxes	837,755	653,997
- Payroll costs and other staff costs	*707,225*	*538,923*
- Social security taxes	*130,530*	*115,074*
Depreciation and amortisation	46,645	49,520

Staff costs capitalized as a part of additions to inventories amounted to 1,267,204 for the year ended 31 December 2018 (31 December 2017: 736,940).

An average annual number of employees for the year ended 31 December 2018 was 574 (31 December 2017: 526).

7.3 Cost of sales

Cost of sales includes the following:

	For the years ended 31 December	
	2018	***2017***
Cost of sales of residential property	14,282,266	13,272,427
Cost of sales for rent	9,136	9,625
Other costs	222,657	255,706
Total	**14,514,059**	**13,537,758**

For the years ended 31 December 2018 and 2017, cost of sales of residential property contain non-cash cost related to capitalized development rights in the amount of 83,765 and 137,025 respectively.

(in thousands of Russian rubles)

7. Income and expenses (continued)

7.4 General and administrative expenses

The structure of general and administrative expenses was the following:

	For the years ended 31 December	
	2018	***2017***
Staff costs, including social security taxes	486,662	380,147
Consulting	252,499	239,925
Statutory audit	30,502	31,270
Other professional services	15,678	8,692
Other assurance services	14,584	14,958
Tax services	3,107	5,684
Rent	94,482	100,300
Security	64,151	66,952
Taxes other than income tax	62,444	56,598
Depreciation of property, plant and equipment	29,208	35,625
Repair and maintenance	17,956	23,107
Telecommunications	23,203	20,626
Materials	31,615	15,671
Representation expenses	17,837	11,446
Utilities services	3,366	4,581
Amortization of intangible assets	3,570	1,859
Other	50,143	46,145
Total	**1,201,007**	**1,063,586**

7.5 Finance income and costs

The components of finance income were as follows:

	For the years ended 31 December	
	2018	***2017***
Interest on bank accounts and deposits	416,367	810,349
Interest on loans receivable	304,449	143,526
Income on unwinding of discount on receivables	40,380	43,822
Total	**761,196**	**997,697**

The components of finance costs were as follows:

	For the years ended 31 December	
	2018	***2017***
Interest expense	1,932,007	2,178,598
Other financial expenses	7,871	94,395
Total	**1,939,878**	**2,272,993**

7.6 Other operating income and expenses

The components of other operating income were as follows:

	For the years ended 31 December	
	2018	***2017***
Gain on derecognition of accounts payable (note 21)	297,251	14,866
Gain on sale of property plant and equipment	62,855	6,874
Penalty fees income	36,825	–
Gain on change of allowance for expected credit loss recognized on interest-bearing loans receivable	7,189	–
Gain on decrease of legal provision	6,780	–
Other income	8,762	47,900
Total	**419,662**	**69,640**

(in thousands of Russian rubles)

7. Income and expenses (continued)

7.6 Other operating income and expenses (continued)

	For the years ended 31 December	
	2018	***2017***
Commercial expenses	944,438	1,498,019
Write-down of inventories to net realizable value (Note 13)	506,790	480,471
Rent and maintenance of completed real estate property	125,764	187,370
Allowance for expected credit loss recognized on trade and other receivables, impairment of prepayments (Notes 14, 15)	113,532	16,931
Other taxes (excluding income tax)	80,767	62,733
Charity	29,176	153,421
Loss on disposal of subsidiary	11,048	–
Increase in legal provisions	–	11,408
Bank services	7,282	11,600
Penalties fees	7,188	78,228
Write-off of irrecoverable accounts receivable	3,968	85
Loss on sale and write-off of property plant and equipment	2,585	–
Other expenses	74,967	97,879
Total	**1,907,505**	**2,598,145**

8. Income tax

Corporate tax

The Group's income was subject to tax at the following tax rates:

	2018	***2017***
The Russian Federation (ordinary rate)	20.00%	20.00%
The Republic of Cyprus	12.50%	12.50%

Major components of income tax expense for the years ended 31 December 2018 and 2017, were as follows:

	For the years ended 31 December	
	2018	***2017***
Income tax expense − current	(407,929)	(435,747)
Reversal of tax risks provision	104,004	50,000
Income tax for previous years	(22,572)	45,173
Dividend tax	(9,412)	–
Deferred tax (expense)/benefit − origination and reversal of temporary differences, net	(685,415)	45,950
Income tax (expense)/benefit reported in consolidated statement of profit or loss	**(1,021,324)**	**(294,624)**
Income tax benefit attributable to discontinued operations	**–**	**7,168**

The major part of income taxes is paid in the Russian Federation.

(in thousands of Russian rubles)

8. Income tax (continued)

Corporate tax (continued)

A reconciliation of income tax expense applicable to profit before income tax using the Russian statutory tax rate to income tax expense as reported in the Group's consolidated financial statements for the years ended 31 December is as follows:

	For the years ended 31 December	
	2018	***2017***
Profit/(loss) before income tax from continuing operations	**1,628,015**	**(1,095,344)**
Profit/(loss) of companies taxable at income tax rate:		
20%	3,078,143	610,827
12.5%	(1,566,993)	(1,706,171)
0%	116,867	–
Loss before income tax from discontinued operations	**–**	**(386,354)**
At the Russian statutory income tax rate of 20%	**(325,603)**	**296,340**
Deferred income tax benefit/(expense) resulting from reduction in tax rate	890	9,335
Effect of income exempt from tax (i)	46,371	53,103
Effect of non-deductible expenses	(446,651)	(262,412)
Effect of the difference in tax rates in countries other than the Russian Federation	(94,151)	(127,963)
Unrecognised deferred tax assets	(294,474)	(364,143)
Benefit from a previously unrecognised deferred tax asset on tax losses carried forward	20,274	13,112
Income tax (expense)/benefit for previous years	(22,572)	45,172
Dividend tax	(9,412)	–
Reversal/(accrual) of tax risks provision	104,004	50,000
Income tax expense reported in consolidated statement of profit or loss	**(1,021,324)**	**(287,456)**
Income tax expense attributable to continuing operations	(1,021,324)	(294,624)
Income tax benefit/(expense) attributable to discontinued operations	–	7,168

(i) Included gain on disposal of qualifying titles (including shares, bonds, debentures etc.) that are exempt from Cyprus income tax.

Deferred income tax assets and liabilities and their movements during the year ended 31 December 2018 were as follows:

	31 December 2018	***Change recognised in statement of profit or loss***	***Disposal of subsidiary***	***Acquisition of subsidiary***	***31 December 2017***
Deferred income tax assets					
Property, plant and equipment, intangible assets	131,730	(15,169)	(616)	–	147,515
Investment property	22,280	(14,900)	–	–	37,180
Inventory	745,760	288,749	(12,613)	22,768	446,856
Accounts receivable and loans receivable	26,778	(4,052)	(309)	–	31,139
Accounts payable and accruals	56,978	1,291	(130)	1,968	53,849
Tax losses carried forward	631,211	(62,772)	(37,525)	63,923	667,585
Other	18,448	(3,739)	(108)	9	22,286
Total deferred tax assets	**1,633,185**	**189,408**	**(51,301)**	**88,668**	**1,406,410**
Deferred income tax liabilities					
Property, plant and equipment, intangible assets	(51,726)	(59)	379	–	(52,046)
Investment property	(2,012,749)	169,022	–	–	(2,181,771)
Inventory	(524,829)	120,509	4,189	–	(649,527)
Accounts receivable and loans receivable	(107,668)	(31,817)	–	–	(75,851)
Accounts payable, contract liabilities and accruals	(1,893,205)	(1,131,263)	24,077	–	(786,019)
Other	(11,681)	(1,215)	7	–	(10,473)
Total deferred tax liabilities	**(4,601,858)**	**(874,823)**	**28,652**	**–**	**(3,755,687)**
Total deferred tax assets/(liability)	**(2,968,673)**	**(685,415)**	**(22,649)**	**88,668**	**(2,349,277)**
Represented by the following					
Net deferred income tax asset	583,334	(60,845)	(22,649)	88,668	578,160
Net deferred income tax liability	**(3,552,007)**	**(617,947)**	**–**	**–**	**(2,934,060)**

(in thousands of Russian rubles)

8. Income tax (continued)

Corporate tax (continued)

Deferred income tax assets and liabilities and their movements during the year ended 31 December 2017 were as follows:

	31 December 2017	*Change recognised in statement of profit or loss*	*Disposal of subsidiary*	*Restated opening balance as at 1 January 2017 under IFRS 15*	*Impact of adopting IFRS 15 (Note 3.3)*	*31 December 2016*
Deferred income tax assets						
Property, plant and equipment, intangible assets	147,515	(13,492)	–	161,007	–	161,007
Investment property	37,180	(8,172)	–	45,352	–	45,352
Inventory	446,856	150,086	–	296,770	–	296,770
Accounts receivable and loans receivable	31,139	(16,763)	–	47,902	–	47,902
Accounts payable and accruals	53,849	(37,642)	–	91,491	–	91,491
Tax losses carried forward	667,585	359,468	(55)	308,172	–	308,172
Other	22,286	14,049	–	8,237	–	8,237
Total deferred tax assets	**1,406,410**	**447,534**	**(55)**	**958,931**	**–**	**958,931**
					–	
Deferred income tax liabilities						
Property, plant and equipment, intangible assets	(52,046)	(41,647)	–	(10,399)	–	(10,399)
Investment property	(2,181,771)	100,900	–	(2,282,671)	–	(2,282,671)
Inventory	(649,527)	260,276	–	(909,803)	–	(909,803)
Accounts receivable and loans receivable	(75,851)	(75,551)	–	(300)	–	(300)
Accounts payable and accruals, contract liabilities	(786,019)	(633,927)	–	(152,092)	30,354	(182,446)
Investments	(8,688)	(2,822)	–	(5,866)	–	(5,866)
Other	(1,785)	(1,670)	–	(115)	–	(115)
Total deferred tax liabilities	**(3,755,687)**	**(394,441)**	**–**	**(3,361,246)**	**30,354**	**(3,391,600)**
Total deferred tax assets/(liability)	**(2,349,277)**	**53,093**	**(55)**	**(2,402,315)**	**30,354**	**(2,432,669)**
Represented by the following						
Net deferred income tax asset	578,160	225,476	(55)	352,739	(26,840)	379,579
Net deferred income tax liability	**(2,934,060)**	**(179,006)**	**–**	**(2,755,054)**	**57,194**	**(2,812,248)**

The following table discloses the breakdown between deferred tax from continuing and discontinued operations:

	31 December 2018	*31 December 2017*
Deferred tax assets	**583,334**	**584,783**
Continuing operations	583,334	578,160
Discontinued operations	–	6,623
Deferred tax liabilities	**(3,552,007)**	**(2,934,060)**
Deferred tax liabilities, net	**(2,968,673)**	**(2,349,277)**

As at 31 December 2018, the balance of tax losses carried forward which is available for offset against future taxable profits, but for which deferred asset is recognised in the statement of financial position amounts to 3,156,052 (2017: 3,337,923). Deferred tax asset on unused tax losses in the amount of 1,979,465 (31 December 2017: 1,708,763) have not been recorded as it is not probable that sufficient taxable profits will be available in the foreseeable future to offset these losses. For assessment of deferred tax assets recoverability where the utilization of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences management of the Group used business plans prepared by the management of specific projects.

Taxable differences of 4,538,468 and 3,636,895 as of 31 December 2018 and 31 December 2017, respectively, were associated with investments in subsidiaries. At 31 December 2018 and 2017, the Group did not recognise any deferred tax liability in respect of these temporary differences, as the Group is able to control the timing of the reversal of those temporary differences and does not intend to reverse them in the foreseeable future.

There is no withholding tax on payments of dividends by the Company to non-resident shareholders or shareholders that are companies resident in Cyprus.

(in thousands of Russian rubles)

9. Property, plant and equipment

Property, plant and equipment consisted of the following:

	Land	*Buildings*	*Fittings and fixtures*	*Leasehold improvements and other equipment*	*Assets under construction*	*Total*
Cost						
Balance as at 31 December 2016	**1,968**	**244,009**	**735,514**	**191,802**	**50,803**	**1,224,096**
Additions	–	1,257	–	16,967	74,066	**92,290**
Disposals	–	(32,327)	–	(16,377)	–	**(48,704)**
Reclass to assets held for sale	–	–	–	(3,255)	–	**(3,255)**
Transfers	–	8,891	50,326	8,266	(67,483)	**–**
Transfer from inventory (Note 13)	–	18,342	1,755	–	–	**20,097**
Balance as at 31 December 2017	**1,968**	**240,172**	**787,595**	**197,403**	**57,386**	**1,284,524**
Additions	–	–	–	–	122,675	**122,675**
Disposals	–	(14,084)	–	(18,258)	–	**(32,342)**
Transfers	–	26,736	47,138	29,300	(103,174)	–
Transfer from inventory (Note 13)	–	5,691	–	(983)	–	**4,708**
Balance as at 31 December 2018	**1,968**	**258,515**	**834,733**	**207,462**	**76,887**	**1,379,565**
Accumulated depreciation and impairment						
Balance as at 31 December 2016	**–**	**(26,962)**	**(508,155)**	**(116,511)**	**–**	**(651,628)**
Depreciation charge	–	(22,561)	(10,890)	(25,280)	–	**(58,731)**
Disposals	–	21,977	–	12,505	–	**34,482**
Reclass to assets held for sale	–	–	–	2,895	–	**2,895**
Transfers	–	(4,092)	–	4,092	–	**–**
Balance as at 31 December 2017	**–**	**(31,638)**	**(519,045)**	**(122,299)**	**–**	**(672,982)**
Depreciation charge	–	(14,234)	(12,658)	(23,741)	–	**(50,633)**
Disposals	–	9,822	–	15,279	–	**25,101**
Transfer from inventory (Note 13)	–	–	–	973	–	**973**
Balance as at 31 December 2018	**–**	**(36,050)**	**(531,703)**	**(129,788)**	**–**	**(697,541)**
Net book value						
At 31 December 2017	**1,968**	**208,534**	**268,550**	**75,104**	**57,386**	**611,542**
At 31 December 2018	**1,968**	**222,465**	**303,030**	**77,674**	**76,887**	**682,024**

Fittings and fixures represent electricity networks used by the Group to provide public facility services, buildings represent offices for employees.

Additions to construction in progress for the year ended 31 December 2018 in the total amount of 122,675 (31 December 2017: 74,066) were mainly represented by construction costs incurred on continued construction of utilities networks in the amount of 87,281 and expenditures on modernization of new offices and other office equipments in Moscow and Saint-Petersburg regions during 2018 in the amount of 30,045.

Additions to buildings for the year 2018 in the total amount of 26,736 (2017:10,148) were mainly represented by expenditure on modernization new offices in Moscow.

Additions to leasehold improvements and other equipment for the year 2018 in the total amount of 29,300 (2017: 25,233) were mainly represented by office equipments in amount of 26,444 (2017: 20,729 by office equipment and cars).

Interest (net of the interest reimbursed by the governmental bodies), capitalized as part of additions to property, plant and equipment, amounted to 17,096 in 2018 (2017: 12,960). The weighted average rate for the borrowings which were obtained for construction purposes (either in part, or in full) for the year ended 31 December 2018 equals 12.87% (2017: 14.38%).

For the year ended 31 December 2018 the Group recognized depreciation charge of 50,633 (for the yaer ended 31 December 2017: 58,731).

During 2017, the Group disposed one of sales offices in Ural Region of the Russian Federation with a net book value of 8,292.

The Group identified a disposal group as of 31 December 2017 and reclassified other equipment related to this subsidiary to assets held for sale having a gross book value of 3,255 and accumulated depreciation of 2,895.

(in thousands of Russian rubles)

10. Intangible assets other than goodwill

Intangible assets other than goodwill consisted of the following:

	Leasehold rights (land)	*Development rights*	*Other*	*Total*
Cost				
Balance as at 31 December 2016	**39,035**	**1,587,120**	**11,604**	**1,637,759**
Additions	–	260,143	–	**260,143**
Disposals	(39,035)	(132,965)	–	**(172,000)**
Balance as at 31 December 2017	**–**	**1,714,298**	**11,604**	**1,725,902**
Additions	–	2,554,605	24,891	**2,579,496**
Disposals	–	(119,870)	(181)	**(120,051)**
Balance as at 31 December 2018	**–**	**4,149,033**	**36,313**	**4,185,347**
Accumulated amortization and impairment				
Balance as at 31 December 2016	**(39,035)**	**(131,728)**	**(5,735)**	**(176,498)**
Amortization charge	–	(166,949)	(1,859)	**(168,808)**
Disposals	39,035	132,965	–	**172,000**
Balance as at 31 December 2017	**–**	**(165,711)**	**(7,594)**	**(173,305)**
Amortization charge	–	(170,753)	(3,570)	**(174,323)**
Disposals	–	119,870	181	**120,051**
Balance as at 31 December 2017	**–**	**(216,594)**	**(10,983)**	**(227,577)**
Net book value as at 31 December 2017	**–**	**1,548,587**	**4,010**	**1,552,597**
Net book value as at 31 December 2018	**–**	**3,932,439**	**25,331**	**3,957,770**

Leasehold rights (land) were mainly represented by contractual rights for rent of land plots. During 2016 contractual rights for rent of several land plots were written-off due to decision not to develop project in South Russia. During 2016 and 2017 contractual rights for rent of land were also written-off due to completion of construction works for several projects.

In 2018 the Group obtained development rights in the amount of 2,554,605 that represents liabilities for permitted use of land alteration in new project in Moscow.

The Group concluded investment contracts with local authorities for construction of residential districts. As a result, the Group obtained development rights of 1,454,155 in 2016 (mostly related to Moscow region projects) and recognized them as intangible assets in exchange for obligation to transfer residential premises to certain number of individuals or constructed social objects to administration free of charge. Carrying value of recognized development rights was determined as market value of residential premises / social objects to be transferred.

Disposal of development rights in 2017 and 2018 relates to fully depreciated development rights due to completion of construction.

In 2017, the Group concluded a contract with local authorities to construct some social objects such as park, kindergarten, sports ground and a monument as a part of project in Ural Region of the Russian Federation. These obligations were accounted for as development rights in the amount of 260,143 as of 31 December 2017, depreciation charge amounted to 45,567 for the year 2018 (2017: 105,276).

Amortization of development and leasehold rights in amount of 170,753 was included in the carrying amount of constructed property as at 31 December 2018 (2017: 165,711).

(in thousands of Russian rubles)

11. Investment properties

Investment property consisted of the following:

	2018	*2017*
Opening balance as at 1 January − investment property	**11,075,675**	**11,188,016**
Opening balance as at 1 January − investment property held for sale	**50,000**	**254,136**
Additions (subsequent expenditure)	170,824	135,971
Transfer to inventory (Note 13)	(1,758,533)	(7,716)
Disposal	(26,936)	(227,075)
Increase/(decrease) in fair value of investment property	782,887	(217,657)
Closing balance at 31 December − investment property	**10,293,917**	**11,075,675**
Closing balance at 31 December − investment property − held for sale	**–**	**50,000**

Interest capitalized as part of subsequent expenditure to investment properties amounted to 62,419 and 55,651 for the years ended 31 December 2018 and 2017, respectively. The weighted average rate used to determine the amount of borrowing costs eligible for capitalization in 2018 year was 7.95% (2017: 6.11%). The Group had income from rent of investment property of 6,824 and direct operating expenses arising from investment property that generated rental income of 1,877 in 2018 (2017: 12,401 and 4,152 respectively).

During the years ended 31 December 2018 and 2017, the fair value of investment property was primary determined based on valuation performed by an accredited independent appraiser, who holds recognised and relevant professional qualification and who has had recent experience in the locations and category of the investment property being valued.

As at 31 December 2017, the Group had an intention to sell land plots in Ural Region of the Russian Federation. Therefore, the Group transferred following land plots to the Investment property held for sale, the fair value of the assets was measured based on the expected sale price of 50,000, respectively.

The fair value of investment property was determined using the income approach and/or the sales comparison approach. The income approach is based on the assumption that the value of the property is conditional on the future benefits that the property will bring the owner within a certain period of time, and the risks associated with receiving the benefits. The sales comparison approach is based on comparative analysis of actual sales and/or asking prices for comparable properties.

Investment property fair values relate to the Level 3 of fair value hierarchy. Fair value hierarchy disclosures for investment properties have been provided in Note 26.

Description of valuation techniques used and key inputs to valuation on investment properties

The Group used income and comparable approaches for valuation of investment property.

Below are the major projects of the Group and description of valuation techniques for each as at 31 December 2018 and 2017. The investment properties are represented by the land plots for project of Complex Territories Development (CTD) in Ural Region of the Russian Federation.

Project of CTD in Ural Region of the Russian Federation had the fair value of investment property of 9,844,822 and 95.64% share in total consolidated value of investment property as of 31 December 2018 (31 December 2017: 10,616,408 and 95.42% respectively).

(in thousands of Russian rubles)

11. Investment properties (continued)

Unobservable inputs for project were as follows:

Description	*Methods of assessment*	*Unobservable inputs for project*	*Range (weighted average)*	*Sensitivity of the fair value to the inputs*
Land plots	Income approach, discounted cash flow method	Discount rate for investor's cash flows	19.00%	Increase of investor's cash flows discount rate to 1%, 2% and 3% would decrease fair value by 600,000, 1,175,000 and 1,726,000
		Discount rate for developer's cash flows	25.00%	Increase of developer's discount rate to 1%, 2% and 3% would decrease fair value by 237,000, 461,000 and 671,000
		Annual change of sales price for residential areas	4.00%, 4.00%, 4.00%, 4.00%	Annual change of sales price for residential areas by 3%, 3%, 4%, 4% would decrease fair value by 809,000
		Sales volume of land plot	0.55-0.5 and 0.50-0.40	Decrease of sales volume of land plot down to 0.35-0.45 and 0.40-0.50 land plot per annum would decrease fair value by 557,000-242,000 kRUR and 333,000-65,000 kRUR respectively. Increase of sales volume of land plot up to 0.55 land plot per annum would increase fair value by 37,000 kRUR

Significant increases/(decreases) in price adjustments to the comparable plots and discount rate in isolation would result in a significantly higher/(lower) fair value of the properties.

12. Interest-bearing loans receivable

Current and non-current interest-bearing loans receivable were as follows as of:

	Effective interest rate 2018	*31 December 2018*	*Effective interest rate 2017*	*31 December 2017*
Non-current loans receivable				
Loans receivable from third parties	–	–	12.00-17.00%	414,989
Loans receivable from related parties (Note 24)	–	–	12.50%	390,805
Loans receivable from third parties at FVPL	9.00%	6,894	–	–
Loans receivable from related parties (Note 24) at FVPL	12.50-13.02%	510,331	–	–
Total non-current loans receivable		**517,225**		**805,794**
Current loans receivable				
Loans receivable from third parties	–	–	12.35-24.00%	2,218,878
Loans receivable from third parties at amortised cost	5.5%	893	–	–
Loans receivable from related parties (Note 24) at FVPL	8.20%	102,561	–	–
Loans receivable from third parties at FVPL	19.00-24.00%	163,089	–	–
Total current loans receivable		**266,543**		**2,218,878**

As at 1 January 2018 and 31 December 2018 a loan receivable from third party accounted for at amortized cost for the amount of 414,262 is fully credit-impaired and relate to the Stage 3 (refer to Note 3.2 for the effect of implementation of IFRS 9).

(in thousands of Russian rubles)

13. Inventories

Inventories consisted of the following as of:

	31 December 2018	*31 December 2017*
Inventory properties under construction		
- at cost	15,150,435	15,966,298
- at net realizable value	287,697	731,346
Constructed inventory properties		
- at cost	8,811,872	2,684,414
- at net realizable value	1,856,906	1,040,626
Other inventory, at cost	16,391	105,924
Total	**26,123,301**	**20,528,608**
Including:		
- current	24,703,321	19,121,066
- non-current	1,419,980	1,407,542

Inventories are classified as current when the following conditions are met: i) construction is ongoing; ii) the completion and the sale of the asset is anticipated to occur in near future and as part of the normal construction period, which is longer than one calendar year, and no significant delays in construction are expected. Otherwise, the inventory is classified as non-current.

As of 31 December 2018 and 2017, non-current inventory mainly represents one of the Group's construction projects, which is currently suspended due to the change of construction plans.

As of 31 December 2018 and 2017, the cumulative write-down to net realizable value in respect of inventories amounted to 1,884,916 and 1,852,529, respectively.

A summary of movement in inventories is set out in the table below:

	31 December 2018	*31 December 2017*
Opening balance at 1 January (audited)	**20,618,067**	**22,368,220**
Opening balance adjustment	(89,459)	–
Opening balance at 1 January (restated)	**20,528,608**	**22,368,220**
Construction costs incurred	12,443,578	11,674,890
Purchase of inventory (Note 17)	5,499,761	–
Other costs incurred	65,957	79,518
Interest capitalized	721,762	925,493
Transfer to property, plant and equipment	(5,681)	(20,097)
Transfer from investment property (Note 11)	1,758,533	7,716
Write-down to net realizable value (Note 7.6)	(506,790)	(480,471)
Disposals (recognized in cost of sales of residential property) (Note 7.3)	(14,316,470)	(13,341,132)
Disposals (recognized in cost of other sales and other expenses)	(65,957)	(84,134)
Reclass to assets held for sale	–	(601,395)
Closing balance at 31 December	**26,123,301**	**20,528,608**

The weighted average rate used to determine the amount of borrowing costs eligible for capitalization for the year ended 31 December 2018 was 12.83% (31 December 2017: 14.38%).

(in thousands of Russian rubles)

14. Trade and other receivables

Trade and other receivables in current assets consisted of the following as at:

	31 December 2018	***31 December 2017***
Trade accounts receivable due from third parties	271,667	261,974
Trade accounts receivable due from related parties (Note 24)	28,976	43,106
Other accounts receivable due from third parties	1,014,669	1,251,192
Other accounts receivable due from related parties (Note 24)	351,890	403,321
Allowance for expected credit losses	(710,127)	(632,977)
	957,075	**1,326,616**

See table below for the allowance for expected credit losses on trade and other receivables:

	31 December 2018
At 1 January	**632,977**
Provision for expected credit loss for the reporting year (Note 7.6)	58,532
Utilised	(6,340)
Foreign exchange differences	24,958
At 31 December	**710,127**

See below for the movements in the provision for impairment of trade and other receivables:

	31 December 2017
At 1 January	**712,868**
Charge for the reporting year (Note 7.6)	(2,660)
Utilised	(77,231)
At 31 December	**632,977**

The significant changes in the balances of trade receivables and contract assets are disclosed in Note 7.1 while the information about the credit exposures are disclosed in Note 26.

Trade and other receivables in non-current assets represent mainly the trade receivables from third parties for the sale of residential property.

15. Prepayments

Prepayments consisted of the following as at:

	31 December 2018	***31 December 2017***
Prepayments made to third parties	1,049,652	1,325,954
Prepayments made to related parties (Note 24)	221,527	119,380
Impairment loss	(104,540)	(84,758)
	1,166,639	**1,360,576**

See below for the movements in the provision for impairment of prepayments:

	31 December 2018	***31 December 2017***
At 1 January	**84,758**	**66,279**
Charge for the year (Note 7.6)	55,000	19,591
Utilised	(35,218)	(1,112)
At 31 December	**104,540**	**84,758**

(in thousands of Russian rubles)

16. Cash and cash equivalents

Cash and cash equivalents consisted of the following as of:

	31 December 2018	***31 December 2017***
Cash	5,788,601	7,492,571
Short-term deposits	839,883	301,144
	6,628,484	**7,793,715**

17. Equity

Total number of outstanding shares is comprised of the following:

Authorized, issued and fully paid	***Number of shares***	***Share capital***
At 31 December 2017	6,786,205	211,935
At 31 December 2018	6,786,305	211,941

In June 2018, one of the Group subsidiaries declared dividends for the year 2017. The amount of dividends attributable to a non-controlling party equalled 5,822. As of the date of these financial statements the dividends remained unpaid.

In March 2018, the Group declared issue of share capital by creation of one hundred ordinary shares of $1 each (equivalent 6 kRUR) with a premium of $105,102.6 per share and price of $10,510.26 (equivalent 596,994 kRUR). The share capital increase was fully paid on 19 June 2018 in Russian rubles.

In January 2017, the Group declared dividends for the year 2016 in total amount 961,000. Dividends were paid in Russian rubles on 9 March 2017.

In February 2018, the Group acquired 25% stake in the Group's subsidiary for cash consideration of 3 and thus the company became a wholly-owned subsidiary of the Group. That fact has been reflected in the consolidated statement of changes in equity of the Group in the amount of 12,612.

In August 2018, the Group purchased a 3% share in its subsidiary for the consideration of 41,232 (20,616 were paid as at 31 December 2018) and thus the company became a wholly-owned subsidiary of the Group. That fact has been reflected in in the consolidated statement of changes in equity of the Group in the amount of 565,388.

In March 2018, the Group provided a loan to an entity under common control maturing in February 2023. This loan was recognized at fair value on initial recognition based on the market rate of interest for similar loans at the date of issue, the difference between the fair value and the nominal value of the loan was recorded as distribution to shareholders in the consolidated statement of changes in equity of the Group and amounted to 16,113. The loan receivable outstanding amounted to 412,032 as at 31 December 2018.

In previous period, the Group borrowed funds from an entity under common control maturing in December 2022. These borrowings were recognized at fair value on initial recognition based on the market rate of interest for similar loans at the date of issue, the difference between the fair value and the nominal value of the loan was recorded as contribution from shareholders in the consolidated statement of changes in equity of the Group and amounted to 50,799.

The loans payable outstanding amounted to 99,201 as at 31 December 2018.

In April 2016, the Group provided a loan to an entity under common control maturing in April 2019. This loan was recognized at fair value on initial recognition based on the market rate of interest for similar loans at the date of issue. The loan receivable was fully repaid in first half of 2017. Net effect of this repayment was reflected as contribution from shareholders in the consolidated statement of changes in equity of the Group and amounted to 88,400 the year ended 31 December 2017.

In September 2018, the Group acquired 65% stake in a company located in in Moscow.

The acquisition of the new company constituted a group of assets and liabilities associated with new construction project, rather than business.

(in thousands of Russian rubles)

17. Equity (continued)

The assets and liabilities recognized in the consolidated statement of financial position on the date of the acquisition were as follows:

	Fair value of assets and liabilities
Cash and cash equivalents	10,786
Inventories (Note 13)	5,499,761
Intangible assets (Note 10)	2,554,605
Trade and other receivables	325,368
Defered tax assets (Note 8)	88,667
Other liabilities (Note 21)	(2,387,725)
Interest bearing loans and borrowings	(2,692,266)
Trade and other payables	(487,903)
Total net assets	**2,911,293**
Less net assets attributable to non-controlling participants in LLC	(590,491)
Total net assets less net assets attributable to non-controlling participants in LLC	**2,320,802**
Cash consideration paid	(1,282,448)
Non-cash consideration	(1,038,354)
Total purchase consideration	**(2,320,802)**

Non-cash consideration represents the offset of loans receivable and respective interest receivable from the previous owners of the company acquired.

Analysis of cash flows on acquisition is as follows:

Cash consideration	(1,282,448)
Less cash aquired	(10,786)
Net cash outflow on acquisition of subsidiary	**(1,271,662)**

From the date of acquisition newly acquired subsidiary received 87,395 as capital contribution from the non-controlling interest holders for further project development.

18. Interest-bearing loans and borrowings

The Group had the following interest-bearing loans and borrowings as at 31 December 2018 and 2017:

	Effective interest rate 2018	***31 December 2018***	***Unused borrowing facilities***	***Effective interest rate 2017***	***31 December 2017***	***Unused borrowing facilities***
Non-current interest-bearing loans and borrowings						
Loans and borrowings from third parties	10.68-13.25%	3,233,225	4,466,266	10.67-13.94%	2,813,922	4,226,727
Loans and borrowings from related parties (Note 24)	14.38%	143,924	–	13.94%	180,470	–
Total non-current interest-bearing loans and borrowings		**3,377,149**	**4,466,266**		**2,994,392**	**4,226,727**
Current portion of non-current interest-bearing loans and borrowings						
Loans and borrowings from third parties	11.63-12.08%	1,240,499	–	13.22-13.34%	1,429,893	–
Total current portion of non-current interest-bearing loans and borrowings		**1,240,499**	**–**		**1,429,893**	**–**
Current interest-bearing loans and borrowings						
Loans and borrowings from third parties	10.68-12.08%	18,286	–	10.67-13.34%	21,433	–
Total current interest-bearing loans and borrowings		**18,286**	**–**		**21,433**	**–**
Total interest-bearing loans and borrowings		**4,635,934**	**4,466,266**		**4,445,718**	**4,226,727**

(in thousands of Russian rubles)

18. Interest-bearing loans and borrowings (continued)

Compliance with covenants

According to loan agreements terms, the companies of the Group are required to comply with debt covenants. The covenants impose restrictions in respect of certain transactions and financial ratios, including restrictions in respect of indebtedness. The Group complied with all covenants as at 31 December 2018 and 2017.

Pledged assets

As at 31 December 2018, investment property with the carrying value of nil (31 December 2017: 5,159,077), inventory with the carrying value of 7,923,317 (31 December 2017: 9,450,350) and property, plant and equipment with the carrying value of 6,313 (31 December 2017: 24,192) are pledged as a collateral for loans and borrowings.

As at 31 December 2018 and 2017, the Group had pledged shares in its subsidiaries:

As at	***Share of pledged subsidiaries in the total consolidated assets of the Group***	***Share of pledged subsidiaries in the total consolidated revenue of the Group***	***Net assets of pledged subsidiaries (including intra-group balances)***
31 December 2018	49.42%	67.98%	22,681,478
31 December 2017	52.03%	40.82%	20,323,021

19. Debt securities issued

In 2017, the Group announced the interest rate for the fourth, fifth and sixth coupon periods for the fourth tranche of bonds amounting to 15.0% p.a. No bonds of the fourth tranche were presented for redemption in March 2017, the date of buy-back option, so the period of bonds circulation was extended till September 2018.

In 2017, the Group issued the seventh, eighth and ninth tranches of 10 billion rubles denominated bonds with a par value of 1,000 ruble each. These securities were issued at par value, mature in 2020-2022, bear interest rate of 11.00-13.50% per annum, payable semi-annually, and were guaranteed by the Company. Debt issuance costs paid by the Group in relation to the arrangement of sevenths, eighths and ninths issues of bonds in the amount of 69,119 represented agent commission and arrangement costs.

In February 2018, the Group announced the interest rate for the fourth, fifth and sixth coupon periods for the sixth tranche of bonds amounting to 9.0% p.a. No bonds of the sixth tranche were presented for redemption on 22 February 2018, the date of buy-back option, so the period of bonds circulation was extended till 22 August 2019.

In May 2018, the Group announced the interest rate for the tenth, eleventh and twelfth coupon periods for the third tranche of bonds amounting to 10.45% p.a. No bonds of the third tranche were presented for redemption on 22 May 2018, the date of buy-back option, so the period of bonds circulation was extended till 19 November 2019.

In February 2018, debt securities of the sixth tranche in the total number of 432,481 were partially repurchased from the market at their par value of 1,000 ruble each for 432,481.

In May 2018, debt securities of the third tranche in the total number of 537,220 were partially repurchased from the market at their par value of 1,000 ruble each for 537,220.

As of 31 December 2018, debt securities of the third, fourth, sixth, seventh and eight issue in the total number 3,084,561 amounting to 3,084,561 at amortized cost (31 December 2017: 6,704,799) were repurchased by the Group’s subsidiary.

(in thousands of Russian rubles)

20. Trade and other payables

Trade and other payables consisted of the following as of:

	31 December 2018	***31 December 2017***
Trade accounts payable due to third parties	1,437,219	1,153,104
Trade accounts payable due to related parties (Note 24)	84,817	45,290
Other accounts payable due to third parties	536,223	514,549
Other accounts payable due to related parties (Note 24)	29,417	526
Bonus accrual	71,460	24,962
Unused vacation accrual	129,970	65,107
Total	**2,289,106**	**1,803,538**

21. Other liabilities

Other liabilities consisted of the following as of:

	31 December 2018	***31 December 2017***
Non-current financial liabilities		
Liabilities for permitted use of land alteration (e)	1,589,735	37,769
Liabilities for purchasing of land lease rights and assets (a)	607,466	607,466
Lease obligations	1,231	11,021
	2,198,432	**656,256**
Current financial liabilities		
Liabilities for permitted use of land alteration (e)	600,495	38,296
Liabilities associated with sale of subsidiary (c)	−	270,000
Liabilities for purchasing of land lease rights, related parties (Note 24) (b)	−	86,448
Liabilities for purchase of land lease rights and assets − current portion	−	19,362
Liabilities to finance social object construction (d)	−	10,000
Lease obligations − current portion	7,402	9,877
Other current liabilities	29,881	24,545
	637,778	**458,528**

(a) As of 31 December 2018, the Group had outstanding non-current financial liabilities in respect of the purchase of new CTD project (purchase of asset performed in 2015 in amount of 607,466 (31 December 2017: 607,466).

(b) As of 31 December 2017, the Group had outstanding accounts payable in respect of the purchase of the project (purchase of land lease right in 2012 and subsequent sale in 2015) in the amount of 86,448. Payable was settled in November 2018.

(c) In second half of 2016, the Group sold its subsidiary to a third party. In connection with this deal, the Group is obliged to contribute to Charity Fund on behalf of the buyer. The Group accrued a financial liability for 270,000 as of 31 December 2017. In November 2018 obligation was cancelled and the Group recognized other operating income in the amount of derecognition of accounts payable.

(d) In 2017, the Group was obliged to pay 10,000 to Educational and sports complex for possibility to connect to transit engineering communications of the new project. As of 31 December 2018, the Group had outstanding liability of nil (31 December 2017: 10,000) as the liability has been fulfilled in 2018.

(e) In 2016 and 2018, the Group purchased subsidiary with permitted use of land to land for residential construction for the one of its project resulted in payables for that change in permission to local authorities. The Group accrued non-current financial liability for 1,589,735 and current financial liability of 600,495 (31 December 2017: 37,769 and 38,296).

As of 31 December 2017 the Group reclassified Other liabilities that represent liabilities under contract with customers where the Group is required to provide apartments to a number of individuals or construct social objects and transfer them to local authorities in exchange of the development rights, in the amount of 1,613,544 to Contract liabilities.

(in thousands of Russian rubles)

22. Contract assets and liabilities

At 31 December 2018 and 2017, contract liabilities in the amount of 5,815,529 and 6,381,596, respectively, mainly related to advance payments received from individuals and legal entities for residential properties.

Contract liabilities consisted of the following as of:

	31 December 2018	***31 December 2017***
Non-current non-financial contract liabilities		
Liabilities for investment contracts with local authorities (a)	1,234,285	1,234,285
Liabilities for construction of social objects (b)	195,661	195,661
	1,429,946	**1,429,946**
Current non-financial contract liabilities		
Advances from Customers − third parties	5,808,393	6,374,341
Advances from Customers − related parties	7,136	7,255
Liabilities for investment contracts with local authorities (a)	36,180	93,052
Liabilities for construction of social objects (b)	−	14,482
	5,851,709	**6,489,130**

(a) The Group concluded a number of investment contracts with local authorities for development and constructions of residential districts. According to these investment contracts, the Group is required to provide apartments to individuals or construct social objects and transfer them to local authorities. Current non-financial liabilities represent liabilities of the Group for provision of apartments and social objects under these investment contracts in amount of 36,180 and 93,052 as of 31 December 2018 and 31 December 2017, respectively. Decrease in these current non-financial liabilities in 2018 is related to transfer of apartments in projects to individuals. Non-curent non-financial liability represents provision for construction of social objects under investment contract of new CTD project in the amount if 1,234,285 as of 31 December 2018 and 31 December 2017, respectively.

(b) In 2017, the Group concluded a contract with local authorities for construction of social objects such as park, kindergarten, sports ground and a monument as a part of the further project in Ural Region development. As of 31 December 2018, the Group had outstanding non-current contract liability of 195,661 and current non-financial liability of nil (31 December 2017: 195,661 and 14,482) according to this contract.

See below for the movements in contract assets and contract liabilities:

	2018		***2017***	
	Contract assets	***Contract liabilities***	***Contract assets***	***Contract liabilities***
At 1 January	**377,520**	**(7,919,076)**	**−**	**(8,461,983)**
Revenue recognised that was included in contract liability balance at the beginning of the year	−	5,731,889	−	3,458,602
Increases due to cash received,excluding amounts recognized as revenue during the year	−	(4,830,381)	−	(4,296,664)
Recognition of financial component	−	(335,441)	−	(349,227)
Decrease of other contract liabilities (a), (b)	−	71,354	−	74,547
Repaiment of advances received	−	−	−	1,624,561
Reclassification of subsidiary to discontinued operations	−	−	−	31,088
Payments received from individuals and legal entities for residential properties	(350,548)	−	−	−
Recognition of contract assets	328,226	−	377,520	−
At 31 December	**355,198**	**(7,281,655)**	**377,520**	**(7,919,076)**

(in thousands of Russian rubles)

23. Provisions

Provisions consisted of the following:

	Onerous contracts	***Legal claims***	***Construction of social objects***	***Provision for completion construction works***	***Total***
At 31 December 2016	**–**	**5,034**	**24,189**	**–**	**29,223**
Accrued	32,585	34,027	50,150	–	**116,762**
Used amounts	(6,294)	(3,999)	–	–	**(10,293)**
Unused amounts reversed	(9,580)	(22,619)	(24,202)	–	**(56,401)**
At 31 December 2017	**16,711**	**12,443**	**50,137**	**–**	**79,291**
Accrued	5,486	5,547	–	45,651	**56,684**
Used amounts	(2,916)	(1,492)	(50,137)	–	**(54,545)**
Unused amounts reversed	(19,281)	(12,327)	–	–	**(31,608)**
At 31 December 2018	**–**	**4,171**	**–**	**45,651**	**49,822**

In 2017, the Group concluded onerous contracts for sale of commercial property and parking places in several projects. The respective provision as of 31 December 2017 amounted to 16,711 and nil as of 31 December 2018.

Provision for construction of social objects in the amount of 50,137 as of 31 December 2017 related to constructive obligation for construction of kindergarten and represent costs to be incurred in the future periods to finish the construction works. During 2018 provision was used and amounted to nil as of 31 December 2018.

In 2018, in projects that were put into operation the Group concluded contracts for works to be implemented in 2019 and the respective provision was accrued in the amount of 45,651 as of 31 December 2018 (31 December 2017: nil).

24. Balances and transactions with related parties

Related parties may enter into transactions which unrelated parties might not enter into, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties. The management considers that the Group has appropriate procedures in place to identify and properly disclose transactions with the related parties.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding as at 31 December 2018 and 2017 are detailed below:

31 December 2018	***Interest-bearing loans receivable at FVPL***	***Trade and other receivables***	***Prepay-ments***	***Interest-bearing loans and borrowings***	***Trade and other payables, other liabilities***	***Advances received***
Associates	–	618	61,482	–	20,267	1,932
Shareholder	–	1,005	–	–	–	–
Entities under common control	612,892	379,243	160,045	143,924	93,967	5,204
Total	**612,892**	**380,866**	**221,527**	**143,924**	**114,234**	**7,136**

31 December 2017	***Loans receivable***	***Trade and other receivables***	***Prepay-ments***	***Interest-bearing loans and borrowings***	***Trade and other payables, other liabilities***	***Advances received***
Associates	–	960	61,488	–	15,625	2,194
Entities under common control	390,805	445,467	57,892	180,470	116,639	5,061
Total	**390,805**	**446,427**	**119,380**	**180,470**	**132,264**	**7,255**

(in thousands of Russian rubles)

24. Balances and transactions with related parties (continued)

For the year ended 31 December 2018	*Revenue*	*Finance income*	*Costs*	*Finance costs*	*Other expenses*	*Purchases*
Associates	28,698	–	22,796	–	(44,406)	637
Shareholder	263	–	–	–	–	–
Entities under common control	406,473	67,033	16,708	24,382	(1,941)	256,816
Total	**435,434**	**67,033**	**39,504**	**24,382**	**(46,347)**	**257,453**

For the year ended 31 December 2017	*Revenue*	*Finance income*	*Costs*	*Finance costs*	*Other expenses*	*Purchases*
Associates	1,561	122,016	17,706	120,184	(44,887)	–
Entities under common control	298,518	79,454	12,290	32,455	(1,725)	269,986
Total	**300,079**	**201,470**	**29,996**	**152,639**	**(46,612)**	**269,986**

Entities under common control are the companies under direct or indirect control of the ultimate controlling party. The balances with related parties as at 31 December 2018 and 2017, are unsecured and settlement occurs in cash. Loans and borrowings are interest bearing, while trade receivables, cash and advances granted are not interest bearing. The terms of the transactions are disclosed in other corresponding Notes. There have been no guarantees provided or received for any related party receivables or payables.

Compensation to key management personnel

Key management personnel include top managers of the Group and major subsidiaries.

Total compensation to key management personnel was included in general and administrative expenses in the consolidated statement of profit or loss and consisted of short-term employee benefits:

	31 December 2018	*31 December 2017*
Salary	282,812	265,041
Performance bonuses	320,859	78,390
Other compensations	5,138	939
Social security taxes	20,879	11,702
Total	**629,688**	**356,072**

25. Contingencies, commitments and operating risks

Operating environment of the Group

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

In 2018, the Russian economy continued to be negatively impacted by a decline in oil prices and sanctions imposed on Russia by a number of countries. The ruble interest rates remained high. The combination of the above resulted in reduced access to capital, a higher cost of capital and uncertainty regarding economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Taxation

The Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities.

(in thousands of Russian rubles)

25. Contingencies, commitments and operating risks (continued)

Taxation (continued)

Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in its interpretation of the legislation and assessments and, as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. As such, significant additional taxes, penalties and interest may be assessed. Fiscal periods in the Russian Federation remain open to review by the authorities in respect of taxes for three calendar years preceeding the year of review. Under certain circumstances reviews may cover longer periods.

Separately, new deoffshorization rules, which came into force starting 1 January 2015, may have significant influence on tax consequences of the Group and should be mentioned. In accordance with these rules the Russian tax authorities have right to challenge application of the double tax treaty benefits (beneficial ownership concept) and define foreign companies as the Russian tax residents if these companies are effectively managed from Russia. These amendments as well as the introduction of taxation of controlled foreign companies and the concept of taxation of capital gains from indirect sale of property-rich companies may have significant negative impact on interpretation of different transactions performed by the Group.

Management believes that it has paid or accrued all taxes that are applicable. Where uncertainty exists, the Group has accrued tax liabilities based on the management’s best estimate of the probable outflow of resources embodying economic benefits, which will be required to settle these liabilities.

The Group estimated that as of 31 December 2018 it had possible obligations from exposures to various tax risks primarily related to new deoffshorization rules, financing and investment arrangements of the Group’s companies. These exposures are estimates that result from uncertainties in interpretation of applicable legislation and its practical application in the Russian Federation. In some instances, court practice, which was previously positive for the taxpayers, has changed to negative.

Uncertainties in interpretation of applicable legislation and its practical application in Russian Federation may also lead to possible non-recoverability of certain tax assets. Russian members of our Group may be affected by this development of tax practice, which could have a significant effect on the Group’s financial condition and results of operations.

Insurance policies

The Group holds insurance policies in relation to its assets, covering a number of cases such as accidents, fire, wrongful actions, force majeure, etc., as well as insurance policies covering vehicles and voluntary medical insurance of employees of the Group’s entities.

Contractual commitments

The Group has signed a number of contracts for the construction works as of 31 December 2018. The Group had firm contractual commitments for the construction works for an approximate amount of 6,216,770 (including VAT) as at 31 December 2018 (31 December 2017: 7,002,053).

However, many of the contracts provide for payments stage-wise based on specifically agreed cost per stage. It is not practicable to measure the amount of these purchase commitments, though they constitute significant amount and concern most of the construction and investment projects of the Group.

Legal proceedings

The Group is involved in a number of legal proceedings. All legal proceedings which, individually or in aggregate, may have a significant effect on the Group’s financial operations or financial position, have been accrued in these consolidated financial statements (Note 23).

The Group is also involved in legal proceedings with the total maximum possible risk estimated at 21,039 as at 31 December 2018 (31 December 2017: 53,453).

(in thousands of Russian rubles)

26. Financial risk management objectives and policies

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of cash and loans receivable.

To manage credit risk related to cash, the Group maintains its available cash, mainly in rubles, in reputable Russian banks. Management periodically reviews the creditworthiness of the banks in which it deposits cash.

There are no significant concentrations of credit risk within accounts receivable balances of the Group, as the Group requires prepayments from the major part of its customers.

The maximum exposure to credit risk is equal to the carrying amount of financial assets, without taking into account of any collateral held or other credit enhancements, which is disclosed below.

	31 December 2018	*31 December 2017*
Non-current assets		
Interest-bearing loans receivable	−	805,794
Interest-bearing loans receivable at FVPL	517,225	−
Non-current receivables	100,059	227,678
Contract assets	355,198	377,520
Total non-current assets	**972,482**	**1,410,992**
Current assets		
Cash and cash equivalents	6,628,484	7,793,715
Interest-bearing loans receivable	−	2,218,878
Interest-bearing loans receivable at FVPL	265,650	−
Interest-bearing loans receivable at amortized cost	893	−
Trade and other receivables	957,075	1,334,820
Total current assets	**7,852,102**	**11,347,413**

As at 31 December, the ageing analysis of trade and other receivables and loans receivable is as follows:

			Past due but not impaired			
	Total	*Neigther past due nor impaired*	*Less than 6 months*	*6 months − 1 year*	*Over 1 year*	*Past due and impaired*
2017	**5,597,667**	4,866,268	40,023	−	58,399	632,977
2018	**2,906,227**	2,058,921	30,344	40,132	66,703	710,127

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group prepares monthly budgets which ensure that the Group has sufficient cash to meet expected operational expenses, financial obligations and investing activities for a period of 30 days. In addition, the Group maintains credit lines and overdraft facilities that can be drawn down to meet short-term financing needs.

The Group developed standard payment periods in respect of trade accounts payable and monitors the timeliness of payments to its suppliers and contractors.

(in thousands of Russian rubles)

26. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

All of the Group's financial liabilities represent non-derivative financial instruments. The following tables summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

31 December 2018

	Less than 12 months	*1-2 years*	*2-5 years*	*More than 5 years*	*Total*
Non-interest bearing debt					
Trade and other payables	2,079,891	–	–	–	**2,079,891**
Other liabilities	74,786	–	1,796,875	–	**1,871,661**
Interest bearing debt					
Other liabilities	584,208	1,072,054	940,696	–	**2,596,958**
Interest-bearing loans and borrowings	1,578,180	3,043,664	986,688	–	**5,608,532**
Debts securities issued	6,614,959	8,881,581	–	–	**15,496,540**
Total	**10,932,024**	**12,997,299**	**3,724,259**	**–**	**27,653,582**

31 December 2017

	Less than 12 months	*1-2 years*	*2-5 years*	*More than 5 years*	*Total*
Non-interest bearing debt					
Trade and other payables	1,699,708	–	–	–	**1,699,708**
Other liabilities	–	–	1,796,875	–	**1,796,875**
Interest bearing debt					
Other liabilities	465,274	48,525	–	–	**513,799**
Interest-bearing loans and borrowings	1,877,195	2,928,299	553,882	–	**5,359,376**
Debts securities issued	5,082,432	10,923,303	1,067,137	–	**17,072,872**
Total	**9,124,609**	**13,900,127**	**3,417,894**	**–**	**26,442,630**

Changes in liabilities arising from financing activities

The Group provides disclosures in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

	1 January 2018	*Cash inflows*	*Cash outflows*	*Cash flows from interest paid*	*Effect of reclassi-fications*	*Other*	*31 December 2018*
Current interest-bearing loans and borrowings	1,451,326	78,034	(1,507,893)	(472,448)	1,234,437	475,329	1,258,785
Debt securities issued (current portion)	3,600,917	179,517	(516,352)	(650,165)	2,000,301	637,435	5,251,653
Current obligations under finance leases	9,877	–	(15,320)	–	9,790	3,055	7,402
Non-current interest-bearing loans and borrowings	2,994,392	2,842,177	(2,300,848)	(19,924)	(1,234,437)	1,095,789	3,377,149
Debt securities issued (non-current portion)	9,980,226	–	(5,753)	(1,024,341)	(2,000,301)	1,035,460	7,985,291
Non-current obligations under finance leases	11,021	–	–	–	(9,790)	–	1,231
Dividends payable	–	–	–	–	–	–	–
Total liabilities from financing activities	**18,047,759**	**3,099,728**	**(4,346,166)**	**(2,166,878)**	**–**	**3,247,068**	**17,881,511**

(in thousands of Russian rubles)

26. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	1 January 2017	*Cash inflows*	*Cash outflows*	*Cash flow from discon-tinued operations*	*New leases*	*Cash flows from interest paid*	*Effect of reclassi-fications*	*Other*	*31 December 2017*
Current interest-bearing loans and borrowings	2,986,947	34	(2,781,327)	–	–	(698,856)	1,267,581	676,947	1,451,326
Debt securities issued (current portion)	2,669,606	–	(3,484,484)	–	–	(839,780)	4,354,820	900,755	3,600,917
Current obligations under finance leases	10,047	–	(16,433)	(1,280)	6,305	–	6,299	4,938	9,877
Non-current interest-bearing loans and borrowings	3,154,135	5,907,685	(4,841,999)	–	–	(591)	(1,267,581)	42,743	2,994,392
Debt securities issued (non-current portion)	5,117,256	8,935,832	(19,864)	–	–	(346,560)	(4,354,820)	648,382	9,980,226
Non-current obligations under finance leases	11,622	–	–	–	5,698	–	(6,299)	–	11,021
Dividends payable	–	–	(961,000)	–	–	–	–	961,000	–
Total liabilities from financing activities	**13,949,613**	**14,843,551**	**(12,105,107)**	**(1,280)**	**12,003**	**(1,885,787)**	**–**	**3,234,765**	**18,047,759**

The *Other* column includes the accrual of special dividends that were not yet paid at the year-end, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings and debt securities issued. The Group classifies interest paid as cash flows from operating activities.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures, while optimising the return on risk.

Fair value sensitivity analysis for interest bearing instruments

The Group does not account for any interest bearing financial assets or liabilities at fair value through profit or loss. A change in interest rates at the reporting date would not affect the Group's profits.

The Group does not account for any fixed rate financial assets as assets available for sale. A change in interest rates at the reporting date would not siginificantly affect the Group's equity.

Currency risk

The Group's exposure to foreign currency relates to the risks on loans receivable, payable from the related parties and borrowings that are denominated in a currency other than the respective functional currencies of the Group's subsidiaries.

The Group does not have formal arrangements to mitigate currency risks of the Group's operations. However, management believes that the Group is secured from currency risks as the Group has very limited volume of transactions in currencies other than ruble.

Fair value of financial instruments

The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values: long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the estimated losses of these receivables.

Fair value of the debt securities is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

(in thousands of Russian rubles)

26. Financial risk management objectives and policies (continued)

Market risk (continued)

The following table shows financial instruments which carrying amounts differ from fair values as at:

	31 December 2018	
	Carrying amount	***Fair value***
Assets		
Interest-bearing loans receivable at amortised cost	893	873
Total assets	**893**	**873**
Liabilities		
Interest-bearing loans and borrowings	4,635,934	4,529,598
Debts securities issued	13,236,944	13,536,217
Total liabilities	**17,872,878**	**18,065,815**

	31 December 2017	
	Carrying amount	***Fair value***
Assets		
Interest-bearing loans receivable	3,024,672	2,897,519
Total assets	**3,024,672**	**2,897,519**
Liabilities		
Interest-bearing loans and borrowings	4,445,718	4,089,207
Debts securities issued	13,581,143	13,416,790
Total liabilities	**18,026,861**	**17,505,997**

The fair value of long-term loans was calculated based on the present value of future principal and interest cash flows, discounted at the market rates of interest at the reporting dates.

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 to by the Group. 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 Group 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.

Fair value hierarchy

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.

(in thousands of Russian rubles)

26. Financial risk management objectives and policies (continued)

Fair value hierarchy (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group 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.

There have been no transfers between Level 1, Level 2 and Level 3 during the period.

Fair value measurement hierarchy for assets and liabilities as at 31 December 2018:

	Total	***Level 1***	***Level 2***	***Level 3***
Non-financial assets measured at fair value				
Investment property	**10,293,917**	–	–	10,293,917
Financial assets measured at fair value				
Interest-bearing loans receivable at FVPL	**782,875**	–	–	782,875
Financial liabilities for which fair value is disclosed				
Interest-bearing loans and borrowings	**4,529,598**	–	–	4,529,598
Debts securities issued	**13,536,217**	–	13,536,217	–

Fair value measurement hierarchy for assets and liabilities as at 31 December 2017:

	Total	***Level 1***	***Level 2***	***Level 3***
Non-financial assets measured at fair value				
Investment property	**11,075,675**	–	–	11,075,675
Financial assets for which fair value is disclosed				
Interest-bearing loans receivable	**2,897,519**	–	–	2,897,519
Financial liabilities for which fair value is disclosed				
Interest-bearing loans and borrowings	**4,089,207**	–	–	4,089,207
Debts securities issued	**13,416,790**	–	13,416,790	–

27. Segment information

For management purposes, the Group is organized into business units based on geographical stratification correlating to the regional division of the Russian Federation. All business units are located in Russian Federation. Management monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment revenue is income from main activity reported in the Group's management accounts that are directly attributable to a segment being consideration received from customers for sale of residential or investment property being under construction, or for operating rent of premises and rendering of services.

Segment expense is expenses reported in the Group's management accounts that are directly attributable to the segment and the relevant portion of an expense that can be allocated on a reasonable basis to the segment.

Segment result is segment revenue less segment expense for the reporting period.

(in thousands of Russian rubles)

27. Segment information (continued)

The following tables present measures of segment revenues and segment results on management accounts in accordance with IFRS 8 and a reconciliation of revenue and segment result used by management for decision making and revenue and net result per the consolidated financial statements prepared under IFRS:

Year ended 31 December 2018

	Ural region	*Moscow*	*Northwest region*	*Moscow region*	*Management company*	*Total*
External segment revenue	**10,433,064**	**5,940,456**	**1,618,626**	**225,782**	**186,322**	**18,404,250**
Intersegment revenue	282,848	–	1,146	25	1,638,227	**1,922,246**
Total segment revenue	**10,715,912**	**5,940,456**	**1,619,772**	**225,807**	**1,824,549**	**20,326,496**

	Ural region	*Moscow*	*Northwest region*	*Moscow region*	*Management company*	*Total*
External segment operating profit/(loss)	**1,114,614**	**1,439,973**	**373,541**	**(158,472)**	**(763,622)**	**2,006,034**
Intersegment operations	(409,195)	(460,991)	(42,805)	(95,848)	1,444,764	**435,925**
Total segment operating profit/(loss)	**705,419**	**978,982**	**330,736**	**(254,320)**	**681,142**	**2,441,959**

Year ended 31 December 2017

	Ural region	*Moscow*	*Northwest region*	*Moscow region*	*Management company*	*Total*
External segment revenue	**10,347,811**	**3,099,893**	**269,047**	**3,227,869**	**227,725**	**17,172,345**
Intersegment revenue	163,652	–	–	599	–	**164,251**
Total segment revenue	**10,511,463**	**3,099,893**	**269,047**	**3,228,468**	**227,725**	**17,336,596**

	Ural region	*Moscow*	*Northwest region*	*Moscow region*	*Management company*	*Total*
External segment operating profit/(loss)	**754,556**	**549,319**	**(57,495)**	**4,165**	**(1,049,517)**	**201,028**
Intersegment operations	(54,032)	62,905	796	(17,935)	(17,543)	**(25,809)**
Total segment operating profit/(loss)	**700,524**	**612,224**	**(56,699)**	**(13,770)**	**(1,067,060)**	**175,219**

Finance income and expenses, fair value gains and losses on financial assets, forex exchange gains/(losses) are not allocated to individual segments as the underlying instruments are managed on a group basis.

(in thousands of Russian rubles)

27. Segment information (continued)

Reconciliation of segments' results to net profit/(loss)

	For the years ended 31 December	
	2018	***2017***
Revenue reconciliation		
Total revenue from reportable segments	20,326,496	17,336,596
Elimination of intersegment revenue	(1,922,246)	(164,251)
Revenue from non-reportable segments	750,374	282,188
Total Group revenue from contracts with customers	**19,624,154**	**17,454,533**
Operating profit reconciliation		
Total operating profit from reportable segments	2,441,959	175,219
Elimination of intersegment operations	(435,925)	25,809
Operating (loss)/profit from non-reportable segments	(54,319)	199,451
Change in fair value of investment property	782,887	(217,657)
Total Group operating profit	**2,734,602**	**182,822**
Finance income	761,196	997,697
Finance costs	(1,939,878)	(2,272,993)
Foreign exchange gain/(losses), net	59,802	(16,982)
Share of profit of associate	12,293	14,112
Profit/(loss) before income tax	**1,628,015**	**(1,095,344)**
Income tax expense	(1,021,324)	(294,624)
Net profit/(loss) for the year from continuing operations	**606,691**	**(1,389,968)**
Loss after tax for the year from discontinued operations	**–**	**(379,186)**

The main differences between revenue and operating profit under IFRS and management accounts are represented by different amount of inventories write-down to net realizable value (Notes 7.6, 13) and other provisions, accrued under IFRS.

28. Subsequent events

In January-June 2019 the Group made a coupon yield payments for the sixth and eighth tranche of its bonds issued in total amount of 775,876.

In January-June 2019 the Group partially repaid its obligations under existing credit facilities in the total amount of 999,594.

In January-June 2019 the Group received loan facilities in the total amount of 1,056,663.