Unaudited interim consolidated financial statements

CCS-Group

30 June 2015

Contents

Consolidated Statement of Financial Position

	Notes	30 June 2015 RUB'000	30 June 2014 RUB'000
ASSETS			
Non-current			
Property, plant and equipment	5	550 701	511 956
Intangible assets and goodwill	6	20 559	15 482
Long-term investments	7	33 562	13 447
Deferred tax assets	15	6 975	30 209
Other assets		-	5 739
		611 797	**576 833**
Current			
Inventories	8	56 825	22 918
Trade and other receivables	9	425 634	315 860
Subsidies receivable	10	37 000	35 224
Other assets	11	79 983	22 234
Cash and cash equivalents	12	476 465	218 399
		1 075 907	**614 635**
Total Assets		**1 687 704**	**1 191 468**
Equity			
Share capital	13	25 109	25 109
Treasury shares	13	(46 145)	(46 145)
Share premium	13	333 846	333 846
Revaluation reserve		299 398	304 529
Retained earnings		93 196	108 711
Total Equity		**705 404**	**726 050**
LIABILITIES			
Non-current			
Loans and borrowings	14	308 479	123
Deferred tax liabilities	15	65 551	82 339
		374 030	**82 462**
Current			
Loans and borrowings	14	62 172	16 200
Trade and other payables	16	481 894	306 065
Other liabilities	17	64 204	60 691
		608 270	**382 956**
Total Liabilities		**982 300**	**465 418**
Total Equity and Liabilities		**1 687 704**	**1 191 468**

The consolidated financial statements were approved by the Management and signed on 27 August 2015.

General Director
CCS-Group

Российская Федерация
Закрытое Акционерное Общество
ОГРН 1097154022547
«ККС - Групп»
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город Тула

Finance Director
CCS-Group

Consolidated Statement of Comprehensive Income

	Notes	1 H 2015 RUB'000	1 H 2014 RUB'000
Sales revenue	18	1 099 333	932 963
Government subsidies	18	62 647	56 172
Cost of sales	19	(1 107 889)	(873 862)
Gross profit		**54 091**	**59 101**
Selling and marketing expenses	20	(3 806)	(5 737)
Administrative expenses	21	(84 751)	(67 991)
Other operating expenses, net	22	(12 795)	(5 132)
Operating profit		**(47 261)**	**(19 758)**
Net finance income / (costs)	23	(9 795)	(907)
Other expenses, net	24	(28 753)	4 423
Profit before income tax		**(85 809)**	**(16 243)**
Income tax expense	25	8 563	(1 255)
Profit for the period		**(77 246)**	**(17 498)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Deferred tax write-off due to disposal of revalued assets		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		**(77 246)**	**(17 498)**

Consolidated Statement of Cash Flows

	Notes	1 H 2015 RUB'000	1 H 2014 RUB'000
Cash flows from operating activities			
Profit for the period before taxation		**(85 810)**	**(16 244)**
Adjustments for:			
Depreciation and amortisation		43 858	36 753
Net foreign exchange gain		13 739	4 791
Impairment of doubtful trade and other receivables and prepayments		24 458	(11 005)
Interest income		(28 238)	(4 204)
Interest expense		23 014	4 239
Loss from disposal of property, plant and equipment		(200)	(1 829)
VAT non-deductable		7 635	35
Provision for unused vacation		4 888	6 375
Profit from disposal of subsidiaries		-	-
		3 344	**18 911**
Adjustments for:			
Change in inventories in course of operational activities		(16 547)	3 660
Change in trade and other receivables in course of operational activities		(42 198)	28 791
Change in other assets			1 063
Change in subsidies receivable		(11 381)	-
Change in trade and other payables in course of operational activities		87 968	(21 828)
Interest paid		(21 516)	(3 338)
Interest received		28 238	4 204
Income taxes paid		(15 261)	3 569
Net cash from operating activities		**12 647**	**35 032**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(63 440)	(32 296)
Proceeds from disposal of property, plant and equipment		-	10 900
Proceeds from disposal of subsidiaries		-	-
Purchase of investments		(20 035)	-
Disposal in investments			(81)
Acquisition of subsidiary, net of cash acquired		-	-
Net cash used in investing activities		**(83 475)**	**(21 477)**
Cash flows from financing activities			
Proceeds from loans and borrowings		101 000	128 400
Repayment of loans and borrowings		(124 700)	(184 000)
Payment of commission related to EBRD and IFC loans		-	-
Government grants used		-	123
Purchase of treasury shares		-	(42 803)
Issue of share capital		-	-
Net cash from financing activities		**(23 700)**	**(98 280)**
Effect of exchange rate changes on cash and cash equivalents		**(13 739)**	(4 791)
Net change in cash and cash equivalents		**(108 267)**	**(89 516)**
Cash and cash equivalents at beginning of the period	13	584 732	307 915
Cash and cash equivalents at end of the period	13	**476 465**	**218 399**

Consolidated Statement of Changes in Equity

	Share capital RUB'000	Treasury shares RUB'000	Share premium RUB'000	Asset revaluation reserve RUB'000	Retained earnings RUB'000	**Total RUB'000**
Balance at 1 January 2014	**25 109**	**(3 342)**	**333 846**	**304 529**	**123 740**	**783 882**
Treasury shares purchase	-	(42 803)	-	-	-	(42 803)
Total transactions with shareholders	-	(42 803)	-	-	-	(42 803)
Profit for the period	-	-	-	-	40 289	40 289
Other comprehensive income / (loss)						
Asset revaluation reserve	-	-	-	(5 131)	5 131	-
Deferred tax write-off due to revalued assets disposal	-	-	-	-	1 282	1 282
Total comprehensive income / (loss) for the period	-	-	-	(5 131)	46 702	41 571
Balance at 31 December 2014	**25 109**	**(46 145)**	**333 846**	**229 398**	**170 442**	**782 650**
Balance at 1 January 2015	**25 109**	**(46 145)**	**333 846**	**229 398**	**170 442**	**782 650**
Total transactions with shareholders	-	-	-	-	-	-
Profit/loss for the period	-	-	-	-	(77 246)	(77 246)
Other comprehensive income / (loss)						
Asset revaluation reserve	-	-	-	-	-	-
Deferred tax write-off due to revalued assets disposal	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	-	-	-	-	-	-
Balance at 30 June 2015	**25 109**	**(46 145)**	**333 846**	**299 398**	**93 196**	**705 404**

1. Background

1.1 Principal activities

The primary activities of OJSC "CCS-Group" ("the Company") and its subsidiaries (together referred to as "the Group") are production and distribution of heat energy to population and commercial customers as well as providing other communal services. In 2014 the Group started production and distribution of electricity as a result of acquisition of Klintsovskaya TEC in 4th quarter 2014. The production and distribution facilities of the Group for production and distribution are located mostly in Tula, Bryansk and Kemerovo regions of Russia.

The Group's total headcount as at 30 June 2015 was 1,215 (30 June 2014: 1,059).

OJSC "CCS-Group" permanently domiciled in Russian Federation since 1 October 2009. The Company's registered office is located at 106, Boldina street, Tula, 300028, Russian Federation.

The Company is owned 18.52% by the fund Magna Carta Capital Limited, 18.20% by IFC, 18.20% by EBRD and 18.81% by the fund Specialised Power Master Fund Limited. From its formation, the Group has expanded substantially through acquisition of assets and incorporation of subsidiaries. A list of subsidiaries is presented in Note 33 "Subsidiaries".

1.2 Operating environment of the Group

Business of the Group is concentrated in the Russian Federation. While the world economy recovers after crisis, Russia is exposed to difficulties related to fall of oil prices and sanctions imposed by the United States, the European Union and some other countries in connection with crisis in Ukraine.

The accompanying consolidated financial statements reflect current management's assessment of the impact of the current business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted and published by the International Accounting Standards Board ("the IASB).

2.2 Basis of measurement

The consolidated financial statements are prepared on the historical or amortised cost basis except that property, plant and equipment are revalued periodically.

2.3 Functional and presentation currency

The presentation currency used in the preparation of these consolidated financial statements is Russian Rubles ("RUB"). Management has used the RUB to manage most financial risks and exposures and to manage performance of the Group.

The functional currencies of the Group subsidiaries are chosen to reflect the economic substance of the underlying events and circumstances relevant for the given entity. The functional currency of the Group is Russian Rouble ("RUB").

Financial information has been rounded to the nearest thousand RUB.

2.4 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies are described in the following notes:

- Trade and other receivables as described in Note 9 "Trade and other receivables";
- Impairment of other assets as described in Note 3.7 "Impairment";
- Revaluation of property, plant and equipment as described in Note 5 "Property, plant and equipment";
- Tax contingencies as described in Note 29.3 "Contingencies".

2.5 Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes the realisation of assets and the settlement of liabilities in the normal course of business.

3. Summary of significant accounting policies

The following significant accounting policies have been consistently applied in the preparation of the consolidated financial statements.

3.1 Subsidiaries

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 30 June 2015. Subsidiaries are those enterprises and businesses controlled by the Group. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised gains and losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the consolidated financial statements have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Acquired subsidiaries are consolidated using the purchase method of accounting. This involves the revaluation at fair value of all identifiable assets and liabilities including contingent liabilities of the subsidiary as at the acquisition date regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their revalued amounts which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies. The cost of acquisition is measured at fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange including costs directly attributable to the acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

If the cost of acquisition is less than the fair value of the identifiable net assets of the subsidiary acquired the difference is recognised directly in the consolidated statement of comprehensive income.

3.2 Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled enterprises are eliminated to the extent of the Group's interest in the enterprise. Unrealised gains resulting from transactions with associates are eliminated against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

3.3 Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every five years, valuations by external independent appraisers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

3. Summary of significant accounting policies (continued)

3.3 Property, plant and equipment (continued)

A revaluation increase on an item of property, plant and equipment is recognised directly in equity except to the extent that it reverses a previous revaluation decrease recognised in the consolidated statement of comprehensive income. A revaluation decrease on an item of property, plant and equipment is recognised in the consolidated statement of comprehensive income except to the extent that it reverses a previous revaluation increase recognised directly in equity.

Items of property, plant and equipment acquired after periodic revaluation are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes cost of materials, direct labour and an appropriate portion of production overheads. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other expenditure is recognised in the consolidated statement of comprehensive income as an expense as incurred.

Property, plant and equipment, other than land and buildings are accounted for using historical cost model.

Depreciation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the individual assets. Land is not depreciated. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. The estimated useful lives are as follows:

Buildings	15 – 55 years
Machinery and equipment	3 – 15 years
Vehicles	5 – 7 years
Furniture, fixture and fittings	2 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

3.4 Intangible assets

Lease rights are shown at historical cost. Lease rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of lease rights over their estimated useful lives, which is 10 years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3 to 5 years). Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding 3 years). Costs associated with maintaining computer software are expensed as incurred.

3. Summary of significant accounting policies (continued)

3.4 Intangible assets (continued)

Amortisation is charged on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Such intangible assets are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains or losses arising from derecognition of an intangible asset are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

Goodwill
Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.5 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

3.6 Financial instruments

Recognition, initial measurement and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets
For the purpose of subsequent measurement financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss (FVTPL);
- held-to-maturity (HTM) investments;
- available-for-sale (AFS) financial assets.

3. Summary of significant accounting policies (continued)

3.6 Financial instruments (continued)

All financial assets except for those at FVTPL are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at FVTPL
Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

HTM investments
HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the intention and ability to hold them until maturity.

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes in the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

AFS financial assets
AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

AFS financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss.

3. Summary of significant accounting policies (continued)

3.6 Financial instruments (continued)

Interest calculated using the effective interest method and dividends are recognised in profit or loss within finance income.

Reversals of impairment losses for AFS debt securities are recognised in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For AFS equity investments impairment reversals are not recognised in profit loss and any subsequent increase in fair value is recognised in other comprehensive income.

Classification and subsequent measurement of financial liabilities
The Group's financial liabilities include borrowings, trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

3.7 Impairment

The carrying amounts of Group's financial assets carried at amortised cost/cost and non-financial assets, not including deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Financial assets carried at amortised cost
The Group reviews its loans and receivables, to assess impairment on a regular basis. A loan or receivable is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan or receivable and that event (or events) has an impact on the estimated future cash flows of the loan that can be reliably estimated. The Group first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed loan or receivable, whether significant or not, it includes the receivable in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan or receivable has been incurred, the amount of loss is measured as difference between the carrying amount of the loan or receivable and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the loan or receivables original effective interest rate. Contractual cash flows and historical loss experience adjusted on the basis of relevant observable data that reflect current economic conditions provide the basis for estimating expected cash flows.

In some cases the observable data required to estimate the amount of impairment loss on a loan or receivable may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data relating to similar borrowers. In such cases, the Group uses its experience and judgement to estimate the amount of any impairment loss.

3. Summary of significant accounting policies (continued)

3.7 Impairment (continued)

Financial assets carried at cost
Financial assets carried at cost include unquoted equity instruments included in available-for-sale assets that are not carried at fair value because their fair value can not be reliably measured. If there is objective evidence that such investments are impaired the impairment loss is calculated as the difference between the carrying amount of the investment and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

All impairment losses in respect of loans and receivables are recognised in the consolidated statement of comprehensive income and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Non-financial assets
Non-financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non-financial assets are recognised in the consolidated statement of comprehensive income and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the weighted-average basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

3.9 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3.10 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3. Summary of significant accounting policies (continued)

3.11 Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

3.12 Equity

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as a share premium.

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is recognised as a decrease in equity.

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue.

3.13 Employee benefits

The Group provides remuneration package consisting of basic salary and bonuses. They are charged to cost of sales and operating expenses. In the normal course of business the Group contributes to the local state pension funds on behalf of its employees. The mandatory contributions to the governmental pension funds are expensed as incurred.

3.14 Taxation

Income tax on profit for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the period using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. Summary of significant accounting policies (continued)

3.14 Taxation (continued)

Deferred tax is the change in the amount of income taxes payable (recoverable) in future periods in respect of the temporary taxable (deductible) differences and carry-forward of unused tax losses. Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability settled based on the tax rates that have been enacted or substantively enacted at the reporting date.

3.15 Revenue

Revenue from production and distribution of heat energy to population and commercial customers are recognised when heat are supplied to customers.

Revenue from other communal services is recognised in the consolidated statement of comprehensive income when services are rendered.

No revenue is recognised if there are significant uncertainties regarding recoverability of the consideration due and associated costs.

3.16 Government subsidies

Subsidies provided by the Kiselevsk Government to compensate the Group for the losses incurred as a result of selling heat to public at regulated reduced tariffs, are recognized in profit or loss in the period in which they were incurred.

3.17 Borrowing costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of funds. Interest expense is recognised in the consolidated statement of comprehensive income in the amount of change of the carrying amount of liability other than from cash payments or cash receipts. All interest costs incurred in connection with borrowings, which are not directly attributable to the acquisition, construction or production of qualifying assets, are expensed as incurred.

3.18 Finance income / costs

Finance income / costs comprise interest expense on borrowings, interest income on funds invested, dividend income, bank fees and foreign exchange gains and losses recognised in the consolidated statement of comprehensive income.

4. Application of new and revised International Financial Reporting Standards

4.1 New and revised standards that are effective for annual periods beginning on or after 1 January 2015

There are no new and revised standards are effective for annual periods beginning on or after 1 January 2015.

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

The IASB issued Annual Improvements to IFRSs 2012–2014 Cycle on 25 September 2014, amending the following standards:

Standard	Amendments
IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	**Changes in methods of disposal.** Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
IFRS 7 *Financial Instruments: Disclosures*	**Servicing contracts.** Adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required.
(with consequential amendments to IFRS 1)	**Applicability of the amendments to IFRS 7 to condensed interim financial statements.** Clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.
IAS 19 *Employee Benefits*	**Discount rate: regional market issue.** Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).
IAS 34 *Interim Financial Reporting*	**Disclosure of information 'elsewhere in the interim financial report'.** Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference

These amendments apply to annual periods beginning on or after 1 January 2016. Earlier application is permitted.

4. Application of new and revised International Financial Reporting Standards (continued)

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group (continued)

IFRS 15 *Revenue from Contracts with Customers* establishes the principles shat an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

IFRS 15 replaces the following standards and interpretations

- IAS 11 Construction contracts
- IAS 18 Revenue
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 18 Transfers of Assets from Customers
- SIC-31 Revenue - Barter Transactions Involving Advertising Services

IFRS 15 effective for an entity's first annual IFRS financial statements for periods beginning on or after 1 January 2017. Earlier application is permitted.

The International Accounting Standards Board (IASB) has published 'Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)'. The amendments provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

IAS 27 Separate Financial Statements Amended was amended by *Equity Method in Separate Financial Statements (Amendments to IAS 27)*. Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

5. Property, plant and equipment

In thousands of RUB	Land and buildings	Machinery and equipment	Vehicles	Fixtures and fittings	Assets under construction	Total
Cost / revalued amount						
At 31 December 2014	678 958	45 903	31 380	1 450	34 932	792 623
Additions	19 644	2 499	6 506	101	1 090	29 840
Disposals	(87)	-	(1 202)	-	(6 698)	(7 987)
At 30 June 2015	**698 515**	**48 402**	**36 684**	**1 551**	**29 324**	**814 476**
Depreciation and impairment						
At 31 December 2014	195 802	11 830	12 770	1 130	-	221 532
Depreciation charge	37 029	3 222	3 931	148	-	44 330
Disposals	(117)	(213)	(1 743)	(14)	-	(2 087)
At 30 June 2015	**232 714**	**14 839**	**14 958**	**1 264**	**-**	**263 775**
Revalued amounts at						
At 30 June 2015	**465 801**	**33 563**	**21 726**	**287**	**29 324**	**550 701**
At 30 June 2014	476 522	16 795	13 988	390	4 261	511 956

In thousands of RUB	Land and buildings	Machinery and equipment	Vehicles	Fixtures and fittings	Assets under construction	Total
Cost / revalued amount						
At 31 December 2013	623 367	24 116	21 507	1 270	1 634	671 894
Additions	19 070	1 826	3 038	91	4 475	28 500
Disposals	(9 364)	(797)	(57)	-	(1 848)	(12 066)
	-		-	-		-
At 30 June 2014	**633 073**	**25 145**	**24 488**	**1 361**	**4 261**	**688 328**
Depreciation and impairment						
At 31 December 2013	125 956	7 149	8 845	790	-	142 740
Depreciation charge	32 506	1 848	1 693	181	-	36 228
Disposals	(1 911)	(647)	(38)	-	-	(2 596)
						-
At 30 June 2014	**156 551**	**8 350**	**10 500**	**971**	**-**	**176 372**
Revalued amounts at						
At 30 June 2014	**476 522**	**16 795**	**13 988**	**390**	**4 261**	**511 956**
At 30 June 2013	508 513	16 890	11 459	605	-	537 466

5. Property, plant and equipment (continued)

Assets pledged as security
Land and buildings with a collateral amount of RUB 193,772 thousand (31 December 2013: RUB 193,772 thousand) are pledged to secure bank loans (refer to Note 15 "Loans and borrowings").

Revaluation
Management based their estimate of the fair value of the property, plant and equipment mostly on the results of the independent appraisals. The independent appraisals were performed by ZAO NP Consult, a member of the Moore Stephens International Limited. As at 31 December 2011 land and buildings owned by the Group were evaluated in course of periodic valuation in accordance with the adopted accounting policy.

Two methods were used during the valuation of assets: Income capitalisation approach and Cost approach.

The test for adequate profitability of the assets and possible impairment was performed using discounted cash flow (DCF) method. DCF model included projections over 7 year period and was based on the following main assumptions:

- Revenue growth assumption — 7-10% for earlier periods gradually decreasing to 3%;
- Macroeconomic assumptions per official government forecasts;
- Discount rate — WACC estimated at 21,2% applied to RUB cash flows;
- EBITDA margin: 1,7-7,1%.

Historical cost
The net book value of property, plant and equipment that would have been recognised under the historic cost method is RUB 310,835 thousand as at 30 June 2015 (30 June 2014: RUB 236,832 thousand).

6. Intangible assets and goodwill

In thousands of RUB	Goodwill	Acquired software licenses	Acquired lease rights	Technical documentation	Prepayment for technical documentation	Total
Cost						
Cost at 31 December 2014	6 045	1 241	4 311	6 271	6 355	24 223
Additions	-	89	-	-	-	89
At 30 June 2015	**6 045**	**1 330**	**4 311**	**6 271**	**6 355**	**24 312**
Amortisation and impairment						
At 31 December 2014	-	675	1 786	575	-	3 036
Amortisation charge	-	212	61	444	-	717
At 30 June 2015	**-**	**887**	**1 847**	**1 019**	**-**	**3 753**
Carrying value						
At 30 June 2015	**6 045**	**443**	**2 464**	**5 252**	**6 355**	**20 559**
At 30 June 2014	-	400	2 813	6 010	6 355	15 482

6. Intangible assets (continued)

In thousands of RUB	Acquired software licenses	Acquired lease rights	Technical documentation	Prepayment for technical documentation	Total
Cost					
Cost at 31 December 2013	688	4 312		8 591	13 591
Additions	216		6 271	4 036	4 092
Disposals				6 271	
	-	-		-	-
At 30 June 2014	**904**	**4 312**	**6 271**	**6 355**	**17 683**
Amortisation and impairment					
At 31 December 2013	376	1 404	-		1 780
Amortisation charge	128	192	261		581
	-	-	-		-
At 30 June 2014	**504**	**1 596**	**261**		**2 361**
Carrying value					
At 30 June 2014	**400**	**2 813**	**6 010**	**6 355**	**15 482**
At 30 June 2013	294	3 195	-	7 636	11 125

Prepayment for technical documentation includes Tula region heating scheme design with estimated useful life of 13 years and expected date of transfer to intangible assets is 2015.

7. Long-term investments

	30 June 2015 RUB'000	30 June 2014 RUB'000
Promissory notes	13 568	13 447
Equity investments	19 954	-
Total long-term investments	**33 562**	**13 447**

Promissory notes were issued by LLC "FinTrade" at maturity date on May 2018.
Equity investments are investments in share capital of LLC "Klintsovskaya teplosetevaya kompaniya".

8. Inventories

	30 June 2015 RUB'000	30 June 2014 RUB'000
Raw materials other than coal	29 331	17 372
Heating oil	21 062	-
Coal	6 299	5 448
Consumables	98	98
Work in progress	35	-
Total inventories	**56 825**	**22 918**

9. Trade and other receivables

	30 June 2015 RUB'000	30 June 2014 RUB'000
Trade receivables	463 677	331 777
Allowance for doubtful trade receivables	(66 350)	(34 140)
Trade receivables, net	397 327	297 637
Other receivables	29 408	19 525
Allowance for doubtful other receivables	(1 101)	(1 302)
Other receivables, net	28 307	18 223
Total trade and other receivables	**425 634**	**315 860**

There is no significant concentration of credit risk, as the amounts recognised mostly relate to a large quantity of receivables from medium and small customers based in Russia.

The maximum exposure to credit risk at the reporting date is the carrying value of receivables mentioned above. The Group does not hold any collateral as security over these balances.

Trade receivables that are past due but less than 6 months are not considered impaired unless there is indication that such impairment exists.

The aging analysis of overdue trade and other receivables are as follows:

	30 June 2015 RUB'000	30 June 2014 RUB'000
Receivables not overdue	74 501	39 269
Receivables overdue	418 584	347 257
Not more than 1 month	63 498	68 816
More than 1 month but not more than 6 months	171 734	185 057
More than 6 months but not more than 9 months	75 342	6 712
More than 9 months but not more than 1 year	5 457	2 398
More than 1 year	102 553	84 274
Total	**493 085**	**386 526**

Trade and other receivables that are past due more than 6 months have been reviewed for indications of impairment. Certain trade and other receivables were found to be impaired and provision for impairment in the amount of RUB 67,451 thousand (30 June 2014: RUB 35,442 thousand) was created. The impaired receivables are mostly due from companies that are experiencing financial difficulties or went bankrupt and due from individuals based on percentage of collectability of this type of trade and other receivables. The aging of these receivables is as follows:

	30 June 2015 RUB'000	30 June 2014 RUB'000
More than 6 months but not more than 9 months	31 108	12 182
More than 9 months but not more than 1 year	3 970	2 305
More than 1 year	32 373	20 956
Balance at end of period	**67 451**	**35 442**

9. Trade and other receivables (continued)

Movements in the allowance for doubtful trade and other receivables are as follows:

	1 H 2015 RUB'000	1 H 2014 RUB'000
Balance at the beginning of the period	42 973	45 990
Charge for the period, net	24 456	14 487
Recovered during the period	22	
Write-offs during the period		(25 035)
Balance at end of period	**67 451**	**35 442**

10. Subsidies receivable

	30 June 2015 RUB'000	30 June 2014 RUB'000
Subsidies from Kiselevsk Government, Kemerovo Oblast	37 000	35 224
Total subsidies receivable	**37 000**	**35 224**

11. Other assets

	30 June 2015 RUB'000	30 June 2014 RUB'000
Income tax prepayment	16 331	1 229
VAT to be reclaimed	6 469	-
Prepayments for materials and supplies	56 875	3 567
Allowance for doubtful prepayments		6 816
Other tax prepayments	308	10 622
Total other assets	**79 983**	**22 234**

Prepayments for materials and supplies includes prepayment of RUB 40,800 thousand for construction of 3 modular boiler houses in Novomoskovsk.

12. Cash and cash equivalents

	30 June 2015 RUB'000	30 June 2014 RUB'000
Short-term deposits	448 970	68 981
Cash at bank	27 170	149 247
Cash in hand	325	171
Total cash and cash equivalents	**476 465**	**218 399**

As of 30 June 2015 total cash and cash equivalents includes bank deposits in Rubles and foreign currency placed in Sberbank and Gazprombank on the following terms:

Deposit	Currency	Amount in currency	Annual interest rate,	Maturity date
Deposit 1	USD	2 033 921	2.48%	12.08.2015
Deposit 2	EURO	1 790 589	1.76%	12.08.2015
Deposit 3	RUB	173 000 000	11.40%	15.07.2015
Deposit 4	RUB	35 000 000	11.50%	01.07.2015
Deposit 5	RUB	5 640 000	12.25%	06.08.2015
Deposit 6	RUB	3 290 000	10.24%	06.08.2015

13. Share Capital

As at 30 June 2015 authorized and issued share capital of the Company consisted of 5,021,816,787 ordinary shares with the nominal value of 0.005 RUB each (5,021,816,787 ordinary shares as at 30 June 2014).

	30 June 2015	30 June 2014
As at 30 June		
Shares issued and fully paid at 1 January	5 021 816 787	5 021 816 787
Total authorised and issued shares at 30 June	**5 021 816 787**	**5 021 816 787**

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at annual and general meetings of the Group. The Company did not declare dividends for 2012 - 2014.

List of shareholders of the Company is presented below.

Shareholder's name	The part of Share Capital as of 30 June 2015 %	30 June 2014 %
Specialised Power Master Fund Limited	18.81	11.86
EBRD	18.20	18.20
IFC	18.20	18.20
Magna Carta Capital Limited	18.52	18.52
Reserved shares issued by the Company and held by subsidiaries of the Group	9.02	9.02
Treasury shares	5.06	5.06
Halcyon Power Investment Company Limited	2.48	-
HH GENERATION INC.	-	9.44
Hedgehog Investments Limited	1.57	1.50
Other	8.14	8.20
Total	**100**	**100**

13. Share Capital (continued)

On 19.09.2013 Put and Call Option Agreement between Magna Carta Capital Limited, LLC "Kiselevskaya ob'edinennaya teplovaya kompaniya" (KOTK LLC), LLC "Novomoskovskaya teplovaya kompaniya" (NTK LLC), LLC "Regionalnye teplovye seti" (RTS LLC) , LLC "Resurs Plavsk" (Resource Plavsk LLC) (the "Grantors") and European Bank for Reconstruction and Development ("EBRD") (the "Put and Call Option Agreement") and Amended and Restated Put and Call Option Agreement between Magna Carta Capital Limited, KOTK LLC, NTK LLC, RTS LLC, Resource Plavsk LLC and International Finance Corporation ("IFC") originally dated 20.12.2012 and amended and restated on 19.09.2013 (the "Amended and Restated Put and Call Option Agreement") were signed.

According to provisions of the Put and Call Option Agreement EBRD shall have a right, exercisable in its sole discretion, at any time during the Exit Put Period, to sell to the Grantors all but not less than all of the EBRD Shares held by EBRD on the relevant Option Settlement Date at the Exit Put Price determined as of such Option Settlement Date in accordance with Section 3.02 (Exit Put Price) of the Put and Call Option Agreement and the Grantors agreed, on a joint and several basis, to purchase and pay for such EBRD Shares.

According to provisions of the Amended and Restated Put and Call Option Agreement IFC shall have the right (the "Exit Put Option"), exercisable in its sole discretion, at any time during the Exit Put Period, to sell to the Grantors all but not less than all of the IFC Shares held by IFC on the relevant Option Settlement Date at the Exit Put Price determined as of such Option Settlement Date in accordance with Section 3.02 (Exit Put Price) of the Amended and Restated Put and Call Option Agreement and the Grantors agreed, on a joint and several basis, to purchase and pay for such IFC Shares.

Based on confirmations received by the Company in case during the Exit Put Period EBRD will exercise the right to sell all but not less than all of the EBRD Shares held by EBRD on the relevant Option Settlement Date at the Exit Put Price determined as of such Option Settlement Date in accordance with Section 3.02 (Exit Put Price) of the Put and Call Option Agreement or in case during the Exit Put Period IFC will exercise the right to sell all but not less than all of the IFC Shares held by IFC on the relevant Option Settlement Date at the Exit Put Price determined as of such Option Settlement Date in accordance with Section 3.02 (Exit Put Price) of the Amended and Restated Put and Call Option Agreement, Magna Carta Capital Limited will pay for the shares in full. Due to mentioned above, exit put options owned by EBRD and IFC do not give rise to any liabilities for CCS-Group and management elected not to disclose these options in the financial statements of CCS-Group for the period ended 30 June 2015.

14. Loans and borrowings

	30 June 2015 RUB'000	30 June 2014 RUB'000
Non-current		
Loans and borrowings	308 479	-
Current		
Secured bank loans	50 000	15 500
Interest payable	12 172	700
Total loans and borrowings	**370 651**	**16 200**

Terms and repayment schedule are as follows:

Loans outstanding as at 30 June 2015:

Lender	Currency	Outstanding principal RUB'000	Nominal annual interest rate	Effective interest rate	Year of maturity
Gazprombank	RUB	50 000	16.0%	16.0%	2015
IFC	RUB	75 000	10.60%	11.71%	2022
IFC	RUB	175 000	10.42%	11.71%	2022
EBRD	RUB	75 000	15.6%	24.66%	2023

Loans outstanding as at 30 June 2014:

Lender	Currency	Outstanding principal RUB'000	Nominal annual interest rate	Effective interest rate	Year of maturity
Gazprombank	RUB	15 500	11.5%	11.5%	2015

The table below represents collateral amounts of loans securities as of 30 June 2015 and 30 June 2014:

	30 June 2015 RUB'000	30 June 2014 RUB'000
Property, plant and equipment (Ref. Note 6)	193 772	193 772

In 2013 the Group signed the loan agreement with Gazprombank for loan facility by several one-year tranches. In the current period the Group received in amount of RUB 101,000 thousand and repaid principal in amount of RUB 124,700 thousand. The full repayment of the loan received is scheduled for 2015.

The objective of receiving of this loan was financing of working capital of the Group.

In December 2012 the Group entered into a loan agreement with the International Finance Corporation (IFC) in the amount of RUB 250,000 thousand with a maturity date up to 2022 year. At the reporting date the Group received RUB 250 000 000.

In September 2013 the Group entered into a loan agreement with the European Bank for Reconstruction and Development (EBRD) in the amount of RUB 350,000 thousand with a maturity date up to 2023 year. At the reporting date the Group received RUB 75 000 000.

The objective of receiving of these loans was financing of investment programs of the Group.

14. Loans and borrowings (continued)

In these consolidated financial statements the loans received are carried at amortised cost which accounts for costs incurred by the Group directly attributable to receiving of the loans. The offering memorandum of guaranteed notes and loan agreements impose financial covenants tested on every reporting date. Based on these consolidated financial statements the Group has met these covenants.

15. Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	30 June 2015 RUB'000	30 June 2014 RUB'000	30 June 2015 RUB'000	30 June 2014 RUB'000	30 June 2015 RUB'000	30 June 2014 RUB'000
Property, plant and equipment	1 786	21 851	(82 281)	(81 749)	**(80 495)**	**(59 898)**
Intangible assets	-	-	(546)	(534)	**(546)**	**(534)**
Inventories	9	9	(33)	(4)	**(24)**	**5**
Receivables and prepayments	33 334	18 500	(15 361)	(12 924)	**17 973**	**5 576**
Payables and accruals	1 405	2 773	(669)	(52)	**736**	**2 721**
Tax losses carried forward	3 780	-	-	-	**3 780**	-
	40 314	**43 133**	**(98 890)**	**(95 263)**	**(58 576)**	**(52 130)**

	Assets		Liabilities		Net	
	30 June 2014 RUB'000	30 June 2013 RUB'000	30 June 2014 RUB'000	30 June 2013 RUB'000	30 June 2014 RUB'000	30 June 2013 RUB'000
Property, plant and equipment	21 851	14 655	(81 749)	(81 374)	**(59 898)**	**(66 719)**
Intangible assets	-	-	(534)	(672)	**(534)**	**(672)**
Inventories	9	16	(4)	-	**5**	**16**
Receivables and prepayments	18 500	9 906	(12 924)	12 599	**5 576**	**22 505**
Payables and accruals	2 773	470	(52)	629	**2 721**	**1 099**
Tax losses carried forward	-	6 396	-	-	-	**6 396**
	43 133	**31 443**	**(95 263)**	**(68 817)**	**(52 130)**	**(37 376)**

The applicable income tax rate for the Russian Group companies is 20% (2013: 20%). This rate has been used in the calculation of deferred tax assets and liabilities.

Deferred tax assets and liabilities shown above are offset within each legal entity. Total amount of positive net balances resulted in RUB 6,975 thousand of deferred tax assets and total amount of negative net balances resulted in RUB 65,551 thousand of deferred tax liability, as shown in the consolidated statement of financial position as at 30 June 2015 (30 June 2014: deferred tax assets and liabilities were already offset).

15. Deferred tax assets and liabilities (continued)

Movements in deferred taxes during the period were as follows:

In thousands of RUB	Property, plant and equipment	Intangibles assets	Inven-tories	Receivables and prepayments	Payables and accruals	Tax losses carried forward	Total
Balance as at 1 January 2015	(80 448)	(608)	13	(10 615)	1 658	12 030	(77 970)
Recognized in income — origination and reversal of timing differences	(47)	62	(37)	28 588	(922)	(8 250)	19 394
Release of deferred tax from disposal of revalued assets	-	-	-	-	-	-	-
Balance as at 30 June 2015	**(80 495)**	**(546)**	**(24)**	**17 973**	**736**	**3 780**	**(58 576)**

Movements in deferred taxes during the previous year were as follows:

In thousands of RUB	Property, plant and equipment	Intangibles assets	Inven-tories	Receivables and prepayments	Payables and accruals	Tax losses carried forward	Total
Balance as at 1 January 2014	(64 140)	(623)	4	(1 061)	2 663	-	**(63 157)**
Recognized in income — origination and reversal of timing differences	4 242	89	1	6 637	58	-	**11 027**
Release of deferred tax from disposal of subsidiaries		-	-	-			-
Release of deferred tax from disposal of revalued assets							
Balance as at 30 June 2014	**(59 898)**	**(534)**	**5**	**5 576**	**2 721**	-	**(52 130)**

16. Trade and other payables

	30 June 2015 RUB'000	30 June 2014 RUB'000
Trade payables	424 165	293 580
Wages, salaries and other related accruals	14 379	11 080
Other payables	43 350	1 405
Total trade and other payables	**481 894**	**306 065**

17. Other liabilities

	30 June 2015 RUB'000	30 June 2014 RUB'000
Provision for unused vacation	19 683	17 890
Other taxes payable	18 318	13 256
VAT payable	18 561	19 207
Corporate income tax payable	4 382	4 360
Advances from customers	3 260	5 978
Total other liabilities	**64 204**	**60 691**

18. Sales revenue

	1 H 2015 RUB'000	1 H 2014 RUB'000
Heating	914 490	829 666
Water supply and waste water	104 905	76 331
Housing management	33 239	25 182
Electricity	38 266	-
Other revenue	8 433	1 784
Total sales revenue	**1 099 333**	**932 963**

The heat energy is provided to individual residential customers at regulated social tariffs, significantly lower than the rates applicable to commercial customers. The difference in tariffs is compensated to the Group in the form of subsidies from the Kiselevsk Government, Kemerovo Oblast. For the first half 2015, the subsidy amounted to RUB 62,647 thousand (first half 2014: RUB 56,172 thousand).

19. Cost of sales

	1 H 2015 RUB'000	1 H 2014 RUB'000
Raw materials	752 977	591 821
Wages, salaries and other personnel expenses	117 615	96 422
Rent, repair and maintenance	55 452	47 966
Electricity	60 839	54 434
Depreciation and amortisation	42 593	35 679
Social security costs	39 405	31 583
Fees and services	26 654	9 624
Utilities	8 020	3 488
Communication and other deliveries	2 544	1 670
Right and insurances	1 738	1 088
Other expenses	52	87
Total cost of sales	**1 107 889**	**873 862**

20. Selling and marketing expenses

	1 H 2015 RUB'000	1 H 2014 RUB'000
Commission	3 805	5 737
Advertising	-	-
Total selling and marketing expenses	**3 805**	**5 737**

21. Administrative expenses

	1 H 2015 RUB'000	1 H 2014 RUB'000
Wages, salaries and other personnel expenses	56 591	39 862
Social security costs	13 058	9 525
Rent, repair and maintenance	7 060	4 984
Stationery	2 081	1 210
Consulting and audit services	1 388	1 828
Depreciation and amortisation	1 265	1 073
Legal expenses	655	502
Transport expenses	239	4 562
Electricity	405	339
Other expenses	2 009	4 106
Total administrative expenses	**84 751**	**67 991**

22. Other operating expenses, net

	1 H 2015 RUB'000	1 H 2014 RUB'000
Taxes	5 360	6 926
VAT non deductible	7 635	35
Other operating expenses	(200)	(1 829)
Total other operating expenses, net	**12 795**	**5 132**

23. Net finance income / (costs)

	1 H 2015 RUB'000	1 H 2014 RUB'000
Interest income	28 020	4 204
Other finance costs	(1 143)	(956)
Income from sale of equity investments	81	84
Interest expense	(23 014)	(4 239)
Exchange losses	(13 739)	
Total finance income / (costs), net	**(9 795)**	**(907)**

24. Other income/ (expenses), net

	1 H 2015 RUB'000	1 H 2014 RUB'000
Impairment of receivables	(24 478)	10 548
Loss on trade receivables	22	457
Exchange gain/(loss)		(4 791)
Other income	446	1 400
Other expenses	(4 743)	(3 192)
Total other income/ (expenses), net	**(28 753)**	**4 423**

25. Income tax expense

	1 H 2015 RUB'000	1 H 2014 RUB'000
Current		
Current income tax expense	10 831	12 282
Deferred		
Effect of utilisation and origination of tax losses carried forward	12 030	-
Origination and reversal of temporary differences	(31 424)	(11 027)
Total income tax expense	**(8 563)**	**(1 255)**

Reconciliation of theoretical income tax expense with actual income tax expenses

	1 H 2015 RUB'000	1 H 2014 RUB'000
Profit before tax	(85 809)	(16 243)
Income tax using the tax rate (20 %)	(17 162)	(3 249)
Adjustment for tax exempt income and non-deductible expenses	8 599	4 504
Total income tax expense in the consolidated statement of comprehensive income	**(8 563)**	**(1 255)**

The applicable income tax rate for the Russian Group companies is 20%. This rate has been used in the calculation of deferred tax assets and liabilities.

26. Consolidated EBITDA reconciliation

	1 H 2015 RUB'000	1 H 2014 RUB'000
Consolidated profit for the period	(77 246)	(17 498)
Adjustments for:		
Income tax expense	(8 563)	1 255
Interest expense, net	(5 006)	35
Consolidated EBIT	**(90 815)**	**(16 208)**
Adjustment for depreciation and amortization	43 858	36 753
Consolidated EBITDA	**(46 957)**	**20 545**

Decrease of Consolidated EBITDA for 1 H 2015 by RUB 67,502 thousand in comparison to 1 H 2014 is due to following reasons:

	1 half 2015	1 half 2014	Δ
Exchange loss	13 739	4 791	8 948
Loss from VTK operations (started in 3 quarter 2014), before consolidated bad debt provision	4 521	-	4 521
Loss from Klintsovskaya TEC operations (purchased in 4 quarter 2014), before consolidated bad debt provision	31 880	-	31 880
Bad debts provision on individuals: - Due to collection ration decrease - Due to volume	10 466	3 826	6 640 3 003 3 637
Bad debts provision on legal entities: - KOTK - Klintsovskaya TEC - VTK			 9 691 3 485 3 659

As a requirement of investors, the Group calculate the "Consolidated reccuring EBITDA" the consolidated profit or loss before taking into account:

(a) any interest, commissions, discounts and other fees and costs related to Financial Debt;
(b) any interest, commissions, discounts, dividends, and other fees earned on Financial Debt;
(c) share of profits or losses of associates and equity method joint-ventures;
(d) any provision for or payment on account of taxation;
(e) any depreciation on fixed assets, amortisation of goodwill and other intangible assets;
(f) any amount attributable to discontinued operations; and
(g) any amount attributable to extraordinary, unusual or non-recurring items, including restructuring charges;
(h) net finance costs other than interest.

26. Consolidated EBITDA reconciliation (continued)

	1 H 2015 RUB'000	1 H 2014 RUB'000
Consolidated profit for the period	(77 246)	(17 498)
Adjustments for:		
Financial income expenses (excluding interest)	14 801	872
Income tax expense	(8 563)	1 255
Interest expense, net	(5 006)	35
Consolidated reccuring EBIT	**(76 014)**	**(15 336)**
Adjustment for depreciation and amortisation	43 858	36 753
Adjustment for non-recurring operations, including:		-
Adjustment of legal costs to be reimbursed to IFC		(418)
Consolidated reccuring EBITDA	**(32 156)**	**20 999**

27. Capital risk management

The Group's objectives when managing capital are to ensure that the Group will be able to operate as a going concern in order to maximize return to shareholders and benefits to other stakeholders through the optimization of debt and equity balance. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of loans and borrowings (refer to Note 15 "Loans and borrowings"), cash and cash equivalents and equity.

Capital structure is reviewed by the Group's management on regular basis.

There were no changes in the Group's approach to capital management during the period. The return on assets ratios for the reporting and comparative periods were as follows:

	1 H 2015 RUB'000	1 H 2014 RUB'000
Operating profit	(47 261)	(75 931)
Total averaged assets	1 704 107	1 257 540
Return on assets ratio for the year	**-2,77%**	**-6,04%**

The increase in ROA ratio mostly resulted from the fact that in 1 half 2014 subsidies in the amount of RUB 56,172 thousand were included in other income. Also total averaged assets increased after receipt of loans from EBRD and IFC in 3 quarter 2014.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital.

The gearing ratios were as follows:

	30 June 2015 RUB'000	30 June 2014 RUB'000
Loans and borrowings	370 651	16 200
Less: Cash and cash equivalents	476 465	218 399
Net debt	**(105 814)**	**(202 199)**
Total equity	**705 404**	**726 050**
Gearing ratio	**N/a**	**N/a**

27. Capital risk management (continued)

As a requirement of investors, the company also monitors the following ratios as at 30.06.2015.

	RUB'000	Benchmark
Current assets	1 075 907	
- Prepaid expenses	(46 882)	
Current assets less prepaid expenses	1 029 025	
Current liabilities	608 270	
Current ratio	**1.69**	**1,2 and more**
Total Liabilities	982 300	
Equity	705 404	
Deferred tax assets	-	
Intangible assets	6 975	
Tangible Net Worth	677 870	
Tangible Net Worth ratio	**1.45**	**Not exceeding 2**
Profit for the period	(19 459)	
Non-cash items, including		
depreciation and amortisation	93 046	
Income taxes	36 651	
Payments due on account of interest and other charges on all Financial debt	35 182	
CAPEX	(110 636)	
Sub total 1	35 024	
Scheduled payments	25 217	
Historic Debt Service Coverage Ratio	**1.39**	**1,3 and more**
Loans and borrowings	367 351	
Less: Cash and cash equivalents	(476 465)	
Net debt	**(109 114)**	
Consolidated recurring EBITDA	48 385	
Net Debt to EBITDA ratio	**-2.26**	**Not exceeding 4**

28. Financial risk management

Exposure to credit, liquidity and market risk (including currency, fair value interest rate risk and price risk) arises in the normal course of the Group's business. Risk management is carried out by a central treasury department.

The Group does not use derivative financial instruments to reduce exposure to fluctuations in foreign exchange rates and interest rates. The most significant financial risks to which the Group is exposed are described below.

These risks are attributable to the following categories of financial instruments:

	30 June 2015 RUB'000	30 June 2014 RUB'000
Financial assets		
Trade and other receivables	425 634	315 860
Subsidies receivable	37 000	35 224
Cash and cash equivalents	476 465	218 399
Financial liabilities		
Trade and other payables	481 894	306 065
Loans and borrowings	370 651	16 200
Government grants	-	123

28.1 Credit risk analysis

Credit risk is the risk that counterparty may default or not meet its obligations to the Group when contractually due leading to financial losses of the Group.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The Group does not require collateral in respect of the majority of its financial assets.

The table below represents five largest balances of accounts receivable from the major counterparties as at the reporting date:

	30 June 2015 RUB'000
Individuals	266 319
Department of housing and public utilities of Kiselevsky region	47 924
Nash Dom – Plavsk, LLC	8 170
MUP Teplovye seti, LLC	5 308
LLC «Management company «Comfort-Style»	2 883

	30 June 2014 RUB'000
Individuals	234 442
Department of housing and public utilities of Kiselevsky region	35 224
LLC «Domashnuy uyut»	8 823
Management Company "Comfort-style"	7 495
LLC «Housing company -1»	7 069

28. Financial risk management (continued)

28.2 Interest rate risk

Interest rate risk is the risk that movements in market interest rates will adversely impact the financial results of the Group.

Interest rates on the Group's debt finance are either fixed or variable. Changes in market interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans and borrowings, management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

The Group bear variable interest rate risk as the borrowings are fixed rate instruments only for one (EBRD) or two year period (IFC).

Loan provider	Amount, RUB'000	Fixed rate, %	Maturity date
IFC	75 000	10.60	15.09.2016
IFC	175 000	10.42	15.09.2016
EBRD	75 000	15.60	06.08.2015

28.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle its liabilities when they are contractually due.

The Group manages liquidity risk with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due by preparing annual budgets, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of financial liabilities. Contractual cash flows represent undiscounted cash flows of financial liabilities based on earliest date on which the Group can be required to pay and include both the principal and interest cash flows.

30 June 2015	Carrying amount	6 months or less	6 -12 months	1 – 2 years	2 – 5 years	More than 5 years	Contractual cash flows
Financial liabilities							
Loans received from EBRD	69 151	8 881	9 042	20 788	53 664	43 262	135 638
Loans received from IFC	251 500	13 383	5 455	26 549	196 820	43 262	285 469
Loan received from Gazprombank	50 000			-	-	-	-
Trade and other payables and other monetary liabilities	**692 181**	**692 181**	-				**692 181**
Total financial liabilities	**1 062 832**	**714 445**	**14 498**	**47 337**	**250 484**	**86 524**	**1 113 288**

28. Financial risk management (continued)

28.3 Liquidity risk

30 June 2014	Carrying amount	Contractual cash flows: 6 months or less	Contractual cash flows: 6 – 12 months	Contractual cash flows: Total contractual cash flows
	RUB'000	RUB'000	RUB'000	RUB'000
Financial liabilities				
Loans received	15 500	891	891	1 783
Interest on loans	700	700		700
Trade and other payables and other monetary liabilities	306 065	306 065	-	306 065
Total financial liabilities	**322 265**	**307 656**	**891**	**308 548**

28.4 Fair value of financial instruments

Management of the Group considers that the carrying amounts of the financial instruments approximate their fair values.

The estimated fair values of financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date. The estimates of fair value are intended to approximate the amount to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of assets or settlement of liabilities.

29. Contingencies

29.1 Insurance

In 2013 the Group signed insurance contracts with OJSC Insurance company Allianz in order to obtain insurance cover for its property, plant and equipment, business interruption and third party liability in respect of property or environmental damage arising from accidents on Group's property or relating to Group's operations. In 2014 the Group signed insurance contracts with OJSC Insurance company Allianz for the same risks for the period from 08.10.2014 till 07.10.2015.

29.2 Litigation

From time to time and in the normal course of business, claims against the Group are received. On the basis of own estimates and internal and external professional advice the Management is of the opinion that no material losses will be incurred. Besides, disputes with tax authorities are sometime solved through the appellations to courts.

29.3 Taxation contingencies

The taxation system in the Russian Federation is relatively new and is characterized by numerous official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretations by different authorities. Taxes are subject to audit and investigation by a number of authorities of different levels, which are empowered by law to impose severe fines, penalties and interest charges for late payments.

29. Contingencies (continued)

29.3 Taxation contingencies (continued)

These facts may create tax risks in the Russian Federation substantially more significant than in other countries. Management believes that it has adequately provided for the tax liabilities based on its interpretation of the tax legislation. However, the relevant tax authorities may have different interpretations and the effects could be significant.

29.4 Environmental matters

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

29.5 Uncertainties of operating environment

The Group's all operations are in the Russian Federation. During the year, there have been a number of political developments that affect the overall business and investment climate of the Russian Federation leading to risks that are not typically associated with developed markets; such as capital markets instability, deterioration of liquidity in the business sector and tighter credit conditions. The Russian Government has introduced a range of stabilization measures aimed at ensuring solvency and providing liquidity and financing for Russian companies.

The future stability of the Russian economy is largely dependent upon the reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

During the year certain sanctions were applied on Russian Federation by the USA and European Union. Management believes that currently those sanctions had no significant impact on Group's business.

Inflation

According to the State Committee on Statistics of the Russian Federation, the rate of inflation, as measured by changes in the Consumer Price Index, was 8.5% for 1 half 2015 (1 half 2014: 4.8%). The financial results of the Russian economy and consequently of the Group will be affected if inflation is not controlled effectively.

Recoverability of financial assets

As a result of recent economic turmoil in capital and credit markets in the Russian Federation, and the consequential economic uncertainties existing as at reporting date, there exists the potential that assets may not be recovered at their carrying amount in the regular course of business.

Management of the Group believes that in current economical situation there is no significant impact on the Group and it could arise only in situation where the USD/RUR exchange rates will further increase significantly.

30. Related-party transactions

The Group has related-party relationship with its shareholders, directors, senior officers and some other parties.

30.1 Transactions with shareholders

	1 H 2015 RUB'000	1 H 2014 RUB'000
Sales and purchases of goods and services (net of VAT)		
Legal costs reimbursement	-	447
Financial charges		
Interest charge	18 967	-
Commitment charge	682	1 496
Period-end balances		
Loan received (nominal value)	325 000	-
Trade and other payables	10 477	1 205
Treasury shares disposal	-	-
Treasury shares purchase	-	(42 803)

30.2 Transactions with key management personnel

Remuneration paid to key management personnel for 1 half 2015 was RUB 16,315 thousand (in 1 half 2014: RUB 9,115 thousand).

	30 June 2015 RUB'000	30 June 2014 RUB'000
Period-end balances		
Trade and other payables	992	900

30.3 Transactions with other related parties

In the normal course of its business activities the Group purchases services and raw materials or fixed assets, and makes sales to related parties other than disclosed above. Transactions with those related parties were as follows:

	30 June 2015 RUB'000	30 June 2014 RUB'000
Period-end balances		
Trade and other payables	60	7

	1 H 2015 RUB'000	1 H 2014 RUB'000
Transactions for sales and purchases of goods and services (net of VAT)		
Purchases of services (rent)	804	806

31. Commitments

31.1 Operating leases

The Group has the following operating lease commitments at the reporting date:

	30 June 2015 RUB'000	30 June 2014 RUB'000
Less than one year	15 824	11 228
Between one and five years	62 305	57 455
More than five years	63 381	42 885
Total operating leases	**142 010**	**111 568**

32. Fair value hierarchy

The tables below analyse assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value hierarchy as at 30 June 2015, RUB'000	**Level 1**	**Level 2**	**Level 3**	**Total**
Property, plant and equipment	-	-	550 701	**550 701**
Promissory notes	-	-	13 608	**13 608**

Fair value hierarchy as at 30 June 2014, RUB'000	Level 1	Level 2	Level 3	Total
Property, plant and equipment	-	-	511 956	511 956
Promissory notes	-	-	13 447	13 447

There were no transfers between levels of fair value hierarchy during the reporting periods. Details of assumptions used in valuation have been disclosed in the relevant notes.

33. Subsidiaries

The following comprise the list of the Group subsidiaries as at 30 June 2015 and 30 June 2014:

Entity	Principal activities	Country of incorporation	Control, % 30 June 2015	30 June 2014
KOTK LLC	Heating, Water supply and removal	Russia	100	100
Nash dom LLC	Housing management	Russia	100	100
NTK LLC	Heating	Russia	100	100
Resource Plavsk LLC	Delivery, Distribution and production of thermal energy, Water supply	Russia	100	100
RTS LLC	Delivery, Distribution and production of thermal energy	Russia	100	100
TEK Centra LLC	Delivery, Distribution and production of thermal energy	Russia	100	100
DKK LLC	Heating	Russia	100	100
RKC Plavsk LLC	Housing management	Russia	100	100
CCS Capital LLC	Investing	Russia	100	100
VTK LLC	Heating	Russia	100	100
INVEK OJSC	Consulting services	Russia	100	100
TEK Kiselevska LLC	Delivery, Distribution and production of thermal energy	Russia	100	100
Klintsovskaya TEC LLC	Electricity supply, heating	Russia	100	-

34. Events after the reporting period

Subsequent the reporting date there have been the following material events:

Investment agreements with IFC and EBRD contain provisions on motivation of key management personnel of the Group (Managers) thorough their participation in share capital of OJSC "CCS-Group".
Shares are available for purchase during 3 periods till full reimbursement of IFC and EBRD loans. In order to be able to purchase shares Managers are required to continue employment with the Group. General meeting of shareholders approved sales of OJSC "CCS-Group" shares to managers of the Company (minutes dated 24.03.2015). 19.08.2015 the contracts were signed by the management.

06.07.2015 OJSC "CCS-Group" established 100% subsidiary - LLC "Klintsovskaya teplosetevaya companiya". Share capital of the company is 19,935,213.03 RUB, out of which 19,835,213 RUB represents cost of pipelines and 100,000 RUB is contribution in share capital in cash.

09.07.2015 LLC «Klintsovskaya GPU» was registered. Share capital of the company amounted to 1,000,000 RUB; including 90% - share of OJSC "INVEK" and 10% - share of OJSC "CCS-Group".

13.07.2015 OJSC "CCS-Group" changed its name to PJSC "CCS-Group" due to legislation requirements.

There have been no other material events requiring disclosure subsequent to the reporting date.

Appendix A

OJSC "CCS-Group"
Statement of Financial Position

	30 June 2015 RUB'000	30 June 2014 RUB'000
ASSETS		
Non-current		
Property, plant and equipment	67 491	62 476
Intangible assets	6 379	6 358
Long-term investments	492 402	473 137
Deferred tax assets	620	7 449
Other assets	-	5 739
	566 892	**555 159**
Current		
Inventories	21 232	2 041
Trade and other receivables	63 681	72 691
Other assets	7 651	5 266
Short-term investments	134 980	41136
Cash and cash equivalents	441 959	203 425
	669 503	**324 559**
Total Assets	**1 236 395**	**879 718**
Equity		
Share capital	27 598	27 598
Treasury shares	(43 397)	-
Share premium	424 234	424 234
Revaluation reserve	19 509	19 509
Retained earnings	451 503	390 094
	879 447	**861 435**
LIABILITIES		
Non-current		
Loans and borrowings	308 479	-
Deferred tax liabilities	10 606	9 793
	319 085	**9 793**
Current		
Loans and borrowings	12 172	700
Trade and other payables	23 110	2 501
Other liabilities	2 581	5 289
	37 863	**8 490**
Total Liabilities	**356 948**	**18 283**
Total Equity and Liabilities	**1 236 395**	**879 718**

OJSC "CCS-Group"
Income Statement

	1 H 2015 RUB'000	1 H 2014 RUB'000
Sales revenue	21 300	13 137
Cost of sales	(13 672)	(10 358)
Gross profit / (loss)	**7 628**	**2 779**
Administrative expenses	(11 971)	(8 743)
Other operating income / (expenses), net	(419)	1 014
Operating profit /(loss)	**(4 762)**	**(4 950)**
Net finance income/ (costs)	3 125	12 229
Other expense, net	(1 120)	(5 781)
Profit/ (loss) before income tax	**(2 757)**	**1 498**
Income tax benefit / (expense)	(175)	460
Profit / (loss) for the period	**(2 932)**	**1 958**

OJSC "CCS-Group"
Statement of Cash Flows

	1 H 2015 RUB'000	1 H 2014 RUB'000
Cash flows from operating activities		
Profit / (loss) for the period before taxation	(2 758)	1 498
Adjustments for:		
Depreciation and amortisation	7 272	5 639
Net foreign exchange (gain) /loss	13 739	4 791
Impairment and write-off of doubtful trade and other receivables	(1)	(793)
Interest income	(7 438)	(1 266)
Interest expense	22 040	1 856
Gain / (loss) from disposal of property, plant and equipment	(227)	(1 740)
VAT non-deductable	-	75
Provision for unused vacation	(243)	169
	32 384	**10 229**
(Increase)/ decrease in inventories in course of operational activities	(5 219)	(2)
(Increase)/ decrease in trade and other receivables in course of operational activities	(25 708)	(57 717)
Increase / (decrease) in trade and other payables in course of operational activities	21 296	4 318
Interest paid	(19 722)	(5 022)
Interest received	7 438	1 266
Income taxes paid	(14 063)	-
Net cash (used in) / from operating activities	**(3 594)**	**(46 928)**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(2 303)	2 617
Investment purchase	(19 954)	-
Proceeds from investment disposal	-	-
Loans granted	(13 000)	(40 000)
Net cash used in investing activities	**(35 257)**	**(37 383)**
Cash flows from financing activities		
Purchase of own shares	-	(42 803)
Sale of own shares	-	43 397
Net cash (used in) / from financing activities	**-**	**594**
Effect of exchange rate changes on cash and cash equivalents	**(13 739)**	**(4 791)**
	(52 590)	**(88 508)**
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of year	494 549	291 933
Cash and cash equivalents at end of year	**441 959**	**203 425**

OJSC "CCS-Group"
Statement of Changes in Equity

	Share capital RUB'000	Treasury shares RUB'000	Share premium RUB'000	Revaluation reserves RUB'000	Retained earnings RUB'000	Total Net Assets RUB'000
Balance at 1 January 2014	**27 598**	**(594)**	**424 234**	**19 509**	**388 136**	**852 081**
Profit for the period	-	-	-	-	66 299	66 299
Transactions with owners recorded directly in equity:						
Shares purchased	-	(42 803)	-	-	-	(42 803)
Balance at 31 December 2014	**27 598**	**(43 497)**	**424 234**	**19 509**	**454 435**	**882 379**
Balance at 1 January 2015	**27 598**	**(43 497)**	**424 234**	**19 509**	**454 435**	**882 379**
Profit/ (loss) for the period					(2 932)	**(2 932)**
Transactions with owners recorded directly in equity:						
Shares purchased						
Balance at 30 June 2015	**27 598**	**(43 497)**	**424 234**	**19 509**	**451 503**	**879 447**

LLC "NTK"
Statement of Financial Position

	30 June 2015 RUB'000	30 June 2014 RUB'000
ASSETS		
Non-current		
Property, plant and equipment	233 713	230 401
Intangible assets	6 718	7 614
Long-term investments	-	-
Deferred tax assets	6 598	26 042
	247 029	**264 057**
Current		
Inventories	16 235	8 464
Trade and other receivables	222 556	176 455
Other assets	46 547	1 880
Short-term investments	17 500	11 000
Cash and cash equivalents	13 627	999
	316 465	**198 798**
Total Assets	**563 494**	**462 855**
Net Assets		
Share capital	303 099	303 099
Retained earnings	(44 589)	(77 957)
	258 510	**225 142**
LIABILITIES		
Non-current		
Loans and borrowings	32 000	40 000
Deferred tax liabilities	3	4
	32 003	**40 004**
Current		
Loans and borrowings	50 000	15 862
Trade and other payables	194 085	155 404
Other liabilities	28 896	26 443
	272 981	**197 709**
Total Liabilities	**304 984**	**237 713**
Total Net Assets and Liabilities	**563 494**	**462 855**

LLC "NTK"
Income Statement

	1 H 2015 RUB'000	1 H 2014 RUB'000
Sales revenue	550 207	529 181
Cost of sales	(528 505)	(518 515)
Gross profit / (loss)	**21 702**	**10 666**
Selling and marketing expenses	-	(3 026)
Administrative expenses	(20 391)	(17 754)
Other operating expenses, net	(2 600)	(2 615)
Operating profit / (loss)	**(1 289)**	**(12 729)**
Net finance costs	294	(970)
Other income / (expense), net	1 562	(96)
Profit / (loss) before income tax	**567**	**(13 795)**
Income tax expense, net	(8 919)	(2 493)
Profit / (loss) for the period	**(8 352)**	**(16 288)**

LLC "NTK"
Statement of Cash Flows

	1 H 2015 RUB'000	1 H 2014 RUB'000
Cash flows from operating activities		
Profit / (loss) for the period before taxation	567	(13 794)
Adjustments for:		
Depreciation and amortisation	26 893	23 698
Impairment and write-off of doubtful trade and other receivables	(1 187)	684
Interest income	(755)	(1 806)
Interest expense	2 995	2 586
VAT non deductible	12	-
Provision for unused vacation	1 263	1 396
Loss from disposal of equity investment		
	29 788	**12 764**
(Increase) in inventories in course of operational activities	(9 081)	(3 817)
(Increase) in trade and other receivables in course of operational activities	(26 626)	10 904
Increase / (decrease) in trade and other payables in course of operational activities	41 853	(2 164)
Interest paid	(4 189)	(2 718)
Income taxes paid	4 481	23 954
Net cash from operating activities	**36 226**	**38 923**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(53 936)	(24 560)
Proceeds from investment disposal		
Loans granted	(5 000)	
Interest received	756	1 806
Net cash used in investing activities	**(58 180)**	**(22 754)**
Cash flows from financing activities		
Proceeds from loans and borrowings	173 000	168 400
Repayment of loans and borrowings	(204 700)	(184 000)
Net cash (used in) / from financing activities	**(31 700)**	**(15 600)**
Net increase in cash and cash equivalents	**(53 654)**	**569**
Cash and cash equivalents at beginning of year	67 281	430
Cash and cash equivalents at end of period	**13 627**	**999**

LLC "NTK"
Statement of Changes in Net Assets

	Share capital RUB'000	Retained earnings RUB'000	Total Net Assets RUB'000
Balance at 1 January 2014	**303 099**	**(61 670)**	**241 428**
Profit for the period	-	25 434	25 434
Balance at 31 December 2014	**303 099**	**(36 237)**	**266 862**
Balance at 1 January 2015	**303 099**	**(36 237)**	**266 862**
Loss for the period	-	(8 352)	(8 352)
Balance at 30 June 2015	**303 099**	**(44 589)**	**258 510**

LLC "RTS"
Statement of Financial Position

	30 June 2015 RUB'000	30 June 2014 RUB'000
ASSETS		
Non-current		
Property, plant and equipment	2 776	1 122
Intangible assets	1 204	1 410
Long-term investments	1 294	1 294
Deferred tax assets	2 056	360
	7 330	**4 186**
Current		
Inventories	2 826	2 696
Trade and other receivables	81 941	74 676
Other assets	12 051	7 762
Cash and cash equivalents	2 177	-
		2 489
	98 995	**87 623**
Total Assets	**106 325**	**91 809**
Net Assets		
Share capital	5 000	5 000
Capital reserve	589	589
Retained earnings	9 325	18 790
	14 914	**24 298**
LIABILITIES		
Non-current		
Deferred tax liabilities	-	60
	-	**60**
Current		
Loans and borrowings	4 024	-
Trade and other payables	85 305	65 652
Other liabilities	2 082	1 799
	91 411	**67 451**
Total Liabilities	**91 411**	**67 511**
Total Net Assets and Liabilities	**106 325**	**91 809**

LLC "RTS"
Income Statement

	1 H 2015 RUB'000	1 H 2014 RUB'000
Sales revenue	151 671	145 551
Cost of sales	(140 098)	(134 125)
Gross profit / (loss)	**11 573**	**11 426**
Selling and marketing expenses	(572)	(1 027)
Administrative expenses	(10 493)	(10 173)
Other operating expenses, net	(78)	259
Operating profit / (loss)	**430**	**485**
Net finance costs	(651)	(616)
Other income, net	(13)	178
Profit / (loss) before income tax	**(234)**	**47**
Income tax benefit / (expense), net	1 008	227
Profit / (loss) for the period	**774**	**274**

LLC "RTS"
Statement of Cash Flows

	1 H 2015 RUB'000	1 H 2014 RUB'000
Cash flows from operating activities		
Profit / (loss) for the period before taxation	(234)	47
Adjustments for:		
Depreciation and amortisation	216	216
Interest expense	25	-
Impairment and write-off of doubtful trade and other receivables	2	(254)
Gain / (loss) from disposal of property, plant and equipment	-	(72)
VAT non-deductable	2	(253)
Provision for unused vacation	566	462
	577	**146**
(Increase) in inventories in course of operational activities	(1 386)	(568)
(Increase) in trade and other receivables in course of operational activities	(18 564)	(10 173)
Increase / (decrease) in trade and other payables in course of operational activities	20 209	15 497
Interest paid	(2)	-
Income taxes paid	(5 123)	(8 003)
Net cash from operating activities	**(4 289)**	**(3 101)**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(887)	1 090
Net cash used in investing activities	**(887)**	**1 090**
Cash flows from financing activities		
Proceeds from loans and borrowings	4 000	-
Net cash (used in) / from financing activities	**4 000**	-
Net increase in cash and cash equivalents	**(1 176)**	**(2 011)**
Cash and cash equivalents at beginning of year	3 353	4 500
Cash and cash equivalents at end of year	**2 177**	**2 489**

LLC "RTS"
Statement of Changes in Net Assets

	Share capital RUB'000	Revaluation reserves RUB'000	Retained earnings RUB'000	Total RUB'000
Balance at 1 January 2014	**5 000**	**589**	**18 435**	**24 024**
Loss for the period	-	-	(9 884)	(9 884)
Balance at 31 December 2014	**5 000**	**589**	**8 551**	**14 140**
Balance at 1 January 2015	**5 000**	**589**	**8 551**	**14 140**
Profit/ (loss) for the period	-	-	774	774
Balance at 30 June 2015	**5 000**	**589**	**9 325**	**14 914**

LLC "Resource Plavsk"
Statement of Financial Position

	30 June 2015 RUB'000	30 June 2014 RUB'000
ASSETS		
Non-current		
Property, plant and equipment	29 544	736
Intangible assets	31	52
Deferred tax asset	399	5 112
Long-term investments	5 036	399
	35 010	**6 299**
Current		
Inventories	1 140	700
Trade and other receivables	18 501	30 165
Other assets	1 394	1 056
Cash and cash equivalents	760	784
	21 795	**32 705**
Total Assets	**56 805**	**39 004**
Net Assets		
Share capital	1 000	1 000
Revaluation reserves	124	124
Retained earnings	(40 741)	(25 367)
	(39 617)	**(24 243)**
LIABILITIES		
Non-current		
Loans and borrowings	32 180	123
Deferred tax liabilities	300	445
	32 480	**568**
Current		
Loans and borrowings	20 443	15 173
Trade and other payables	40 128	41 685
Other liabilities	3 371	5 821
	63 942	**62 679**
Total Net Assets and Liabilities	**56 805**	**39 004**

LLC "Resource Plavsk"
Income Statement

	1 H 2015 RUB'000	1 H 2014 RUB'000
Sales revenue	69 260	66 516
Cost of sales	(61 857)	(66 185)
Gross profit / (loss)	**7 403**	**331**
Selling and marketing expenses	(104)	(407)
Administrative expenses	(6 318)	(6 045)
Other operating expenses, net	(230)	(2 488)
Operating profit / (loss)	**751**	**(8 609)**
Net finance costs	(2 440)	(1 908)
Other expense, net	(9 286)	12 941
Profit / (loss) before income tax	**(10 975)**	**2 424**
Income tax (expense) / benefit, net	394	1 757
Profit / (loss) for the period	**(10 581)**	**4 181**

LLC "Resource Plavsk"
Statement of Cash Flows

	1 H 2015 RUB'000	1 H 2014 RUB'000
Cash flows from operating activities		
Profit / (loss) for the period before taxation	(10 975)	2 424
Adjustments for:		
Depreciation and amortisation	1 166	109
Impairment and write-off of doubtful trade and other receivables	8 080	(13 081)
Interest expense	2 356	1 806
Gain / (loss) from disposal of property, plant and equipment	-	(18)
VAT not deductible	-	-
Provision for unused vacation	304	222
	931	**(8 538)**
Decrease in inventories in course of operational activities	(382)	73
(Increase) in trade and other receivables in course of operational activities	6 111	1 500
Increase / (decrease) in trade and other payables in course of operational activities	(2 902)	6 055
Interest paid	-	-
Income taxes paid	-	-
Net cash (used in) / from operating activities	**3 758**	**(910)**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(1 054)	(127)
Net cash used in investing activities	**(1 054)**	**(127)**
Cash flows from financing activities		
Government grants recieved	11 000	123
Repayment of loans and borrowings	(13 600)	-
Net cash (used in) / from financing activities	**(2 600)**	**123**
Net increase in cash and cash equivalents	**104**	**(914)**
Cash and cash equivalents at beginning of year	656	1 698
Cash and cash equivalents at end of year	**760**	**784**

LLC "Resource Plavsk"
Statement of Changes in Net Assets

	Share capital RUB'000	Revaluation reserves RUB'000	Retained earnings RUB'000	Total RUB'000
Balance at 1 January 2014	**1 000**	**124**	**(32 016)**	**(30 892)**
Profit for the period	-	-	1 857	1 857
Balance at 31 December 2014				
Balance at 1 January 2015	**1 000**	**124**	**(30 159)**	**(29 035)**
Profit/(loss) for the period	-	-	(10 581)	(10 581)
Balance at 30 June 2015	**1 000**	**124**	**(40 740)**	**(39 616)**

LLC "KOTK"
Statement of Financial Position

	30 June 2015 RUB'000	30 June 2014 RUB'000
ASSETS		
Non-current		
Property, plant and equipment	357	236
Intangible assets	54	3
Investments	13 608	13 447
Deferred tax asset	-	2 080
	14 019	**15 766**
Current		
Inventories	9 895	8 519
Trade and other receivables	33 805	21 276
Subsidies receivable	37 000	35 224
Other assets	5 909	4 251
Cash and cash equivalents	1 719	4 032
	88 238	**73 302**
Total Assets	**102 347**	**89 068**
Net Assets		
Share capital	6 000	6 000
Revaluation reserve	-	-
Retained earnings	10 511	18 802
	16 511	**24 802**
LIABILITIES		
Non-current		
Deferred tax liabilities	574	-
Current		
Trade and other payables	69 924	50 573
Other liabilities	15 338	13 693
	85 262	**64 266**
Total Net Assets and Liabilities	**102 347**	**89 068**

LLC "KOTK"
Income Statement

	1 H 2015 RUB'000	1 H 2014 RUB'000
Sales revenue	92 661	93 250
Government subsidies	62 647	56 172
Cost of sales	(129 868)	(123 126)
Gross profit	**25 441**	**26 296**
Selling and marketing expenses	-	-
Administrative expenses	(21 310)	(19 254)
Other operating expenses, net	(265)	(114)
Operating profit	**3 866**	**6 928**
Net finance costs	39	41
Other income / (expense), net	(11 637)	(653)
Profit before income tax	**(7 732)**	**6 316**
Income tax expense, net	(2 252)	(3 997)
Profit for the period	**(9 984)**	**2 319**

LLC “KOTK”
Statement of Cash Flows

	1 H 2015 RUB’000	1 H 2014 RUB’000
Cash flows from operating activities		
Profit / (loss) for the period before taxation	(7 732)	6 316
Adjustments for:		
Depreciation and amortisation	154	105
Impairment and write-off of doubtful trade and other receivables	11 323	318
(Gain)/ loss from disposal of property, plant and equipment	(15)	
(Gain)/ loss from disposal of equity investment	(81)	
VAT non deductible		
Provision for unused vacation	339	434
	3 988	**7 173**
Decrease/ (increase) in inventories in course of operational activities	252	8 028
Decrease/ (increase) in trade and other receivables in course of operational activities	(6 377)	43 424
Increase / (decrease) in trade and other payables in course of operational activities	3 710	(50 459)
Income taxes paid	(52)	(8 482)
Net cash from operating activities	**1 521**	**(316)**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(207)	-
Proceeds from investment disposal	81	-
Net cash used in investing activities	**(126)**	-
	-	
Cash flows from financing activities		
Net cash (used in) / from financing activities	-	-
Net increase in cash and cash equivalents	**1 395**	**(316)**
Cash and cash equivalents at beginning of year	324	4 348
Cash and cash equivalents at end of period	**1 719**	**4 032**

LLC “KOTK”
Statement of Changes in Net Assets

	Share capital RUB'000	Revaluation reserves RUB'000	Retained earnings RUB'000	Total Net Assets RUB'000
Balance at 1 January 2014	**6 000**	**-**	**16 483**	**22 483**
Profit for the period	-	-	4 012	4 012
Balance at 31 December 2014	**6 000**	**-**	**20 494**	**26 494**
Balance at 1 January 2015	**6 000**	**-**	**20 494**	**26 494**
Profit for the period	-	-	(9 984)	(9 984)
Balance at 30 June 2015	**6 000**	**-**	**10 510**	**16 510**

LLC "TEK Centra"
Statement of Financial Position

	30 June 2015 RUB'000	30 June 2014 RUB'000
ASSETS		
Non-current		
Property, plant and equipment	29 003	31 359
Intangible assets	5	-
Investments	13 262	13 262
Deferred tax assets	6 040	6 092
	48 310	**50 713**
Current		
Inventories	-	66
Trade and other receivables	6 478	12 774
Other assets	457	-
Cash and cash equivalents	8 595	4 626
	15 530	**17 466**
Total Assets	**63 840**	**68 179**
Net Assets		
Share capital	56 651	56 651
Revaluation reserves	1 103	769
Retained earnings	(2 536)	(424)
	55 218	**59 996**
LIABILITIES		
Non-current		
Deferred tax liabilities	752	837
	752	**837**
Current		
Trade and other payables	6 752	8 939
Other liabilities	1 118	1 407
	7 870	**10 346**
Total Liabilities	**8 622**	**11 183**
Total Equity and Liabilities	**63 840**	**68 179**

LLC "TEK Centra"
Income Statement

	1 H 2015 RUB'000	1 H 2014 RUB'000
Sales revenue	9 029	8 952
Cost of sales	(1 582)	(1 442)
Gross profit	**7 477**	**7 510**
Administrative expenses	(4 883)	(1 582)
Other operating expenses, net	(582)	(602)
Operating profit	**1 982**	**5 326**
Net finance costs	148	(9)
Other income / (expense), net	(194)	(1)
Profit before income tax	**1 936**	**5 316**
Income tax expense, net	(439)	(1 017)
Profit for the period	**1 497**	**4 299**

LLC "TEK Tsentra"
Statement of Cash Flows

	1 H 2015 RUB'000	1 H 2014 RUB'000
Cash flows from operating activities		
Profit / (loss) for the period before taxation	1 936	5 316
Adjustments for:		
Depreciation and amortisation	1 355	1 322
Provision for unused vacation	109	-
Impairment and write-off of doubtful trade and other receivables	-	-
Gain/ loss on disposal of property, plant and equipment	-	-
	3 400	**6 638**
(Increase) in inventories in course of operational activities	63	3
(Increase) in trade and other receivables in course of operational activities	(1 719)	1 437
Increase / (decrease) in trade and other payables in course of operational activities	6 843	6 132
Income taxes paid	(333)	(1 260)
Net cash from operating activities	**8 254**	**12 950**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(10)	-
Net cash used in investing activities	**(10)**	-
Cash flows from financing activities		
Dividends paid	(6 356)	(9 000)
Net cash (used in) / from financing activities	**(6 356)**	**(9 000)**
Net increase in cash and cash equivalents	**1 888**	**3 950**
Cash and cash equivalents at beginning of year	6 707	676
Cash and cash equivalents at end of year	**8 595**	**4 626**

LLC "TEK Tsentra"
Statement of Changes in Net Assets

	Share capital RUB'000	Revaluation reserves RUB'000	Retained earnings RUB'000	Total Net Assets RUB'000
Balance at 1 January 2014	**56 651**	**412**	**4 633**	**61 696**
Profit for the period	-	-	7 381	7 381
Dividend	-	-	(9 000)	(9 000)
Balance at 31 December 2014	**56 651**	**412**	**3 014**	**60 077**
Balance at 1 January 2015	**56 651**	**412**	**3 014**	**60 077**
Profit for the period	-	-	1 497	1 497
Other comprehensive income	-	-	(6 356)	(6 356)
Dividend payments			(6 356)	(6 356)
Balance at 30 June 2015	**56 651**	**412**	**(1 845)**	**55 218**

LLC "TEK Kiselevska"
Statement of Financial Position

	30 June 2015 RUB'000	30 June 2014 RUB'000
ASSETS		
Non-current		
Property, plant and equipment	172 950	176 927
Intangible assets	4	3
	172 954	**176 930**
Current		
Inventories	1	-
Trade and other receivables	7 787	5 810
Cash and cash equivalents	571	781
	8 359	**6 591**
Total Assets	**181 313**	**183 521**
Net Assets		
Share capital	74 100	74 100
Revaluation reserves	90 374	90 374
Retained earnings	(6 454)	(4 553)
	158 020	**159 921**
LIABILITIES		
Non-current		
Deferred tax liabilities	22 593	22 593
	22 593	**22 593**
Current		
Trade and other payables	54	28
Other liabilities	646	979
	700	**1 007**
Total Liabilities	**23 293**	**23 600**
Total Equity and Liabilities	**181 313**	**183 521**

LLC "TEK Kiselevska"
Income statement

	1 H 2015 RUB'000	1 H 2014 RUB'000
Sales revenue	7 178	6 240
Cost of sales	(5 441)	(5 043)
Gross profit / (loss)	**1 737**	**1 197**
Administrative expenses	(359)	(270)
Other operating expenses, net	(806)	(252)
Operating profit / (loss)	**572**	**675**
Net finance costs	(6)	(8)
Other income / (expense), net	(4)	(16)
Profit / (loss) before income tax	**562**	**651**
Income tax expense, net	(1 034)	(842)
Profit /(loss) for the period	**(472)**	**(191)**

LLC "TEK Kiselevska"
Statement of Cash Flows

	1 H 2015 RUB'000	1 H 2014 RUB'000
Cash flows from operating activities		
Profit / (loss) for the period before taxation	561	651
Adjustments for:		
Depreciation and amortisation	5 446	5 047
	6 007	**5 698**
(Increase) / decrease in inventories in course of operational activities	(1)	-
(Increase) / decrease in trade and other receivables in course of operational activities	249	(3 005)
Increase / (decrease) in trade and other payables in course of operational activities	(951)	(55)
Income taxes paid	(825)	(770)
Net cash from operating activities	**4 479**	**1 868**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(4 432)	(1 133)
Net cash used in investing activities	**(4 432)**	**(1 133)**
Cash flows from financing activities		
Net cash (used in) / from financing activities	-	-
Net increase in cash and cash equivalents	**47**	**735**
Cash and cash equivalents at beginning of year	524	46
Cash and cash equivalents at end of year	**571**	**781**

LLC "TEK Kiselevska"
Statement of Changes in Net Assets

	Share capital RUB'000	Revaluation reserves RUB'000	Retained earnings RUB'000	Total Net Assets RUB'000
Balance at 1 January 2014	**74 100**	**90 374**	**(4 362)**	**160 112**
Loss for the period	-	-	(1 620)	(1 620)
Balance at 31 December 2014	**74 100**	**90 374**	**(5 982)**	**158 492**
Balance at 1 January 2015	**74 100**	**90 374**	**(5 982)**	**158 492**
Loss for the period	-	-	(9 276)	(9 276)
Balance at 30 June 2015	**74 100**	**90 374**	**(15 258)**	**149 216**