PJSC LSR Group

Consolidated Interim Financial Statements for the six-month period ended 30 June 2015

Contents

Saint Petersburg branch of JSC "KPMG"
North-West Regional Center
69-71 A, Ul. Marata,
Saint Petersburg, Russia 191119

Telephone +7 (812) 313 7300
Fax +7 (812) 313 7301
Internet www.kpmg.ru

Auditors' Report on Review of Consolidated Interim Financial Statements

To the Board of Directors

PJSC LSR Group

Introduction

We have reviewed the accompanying consolidated interim statement of financial position of PJSC LSR Group (the "Company") and its subsidiaries (the "Group") as at 30 June 2015, and the related consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the 6 - month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information (the "consolidated interim financial statements"). Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.* Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Audited entity: Public Joint Stock Company LSR Group

Registered in the Unified State Register of Legal Entities on 14 August 2006 by Saint Petersburg Inter-Regional Tax Inspectorate No.15 of the Federal Tax Service of the Russian Federation, Registration No. 5067847227300, Certificate series 78 No. 005984878.

36 B, Kazanskaya street, office 15 N, Saint Petersburg, Russia, 190031

Independent auditor: JSC "KPMG", a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Registered by the Moscow Registration Chamber on 25 May 1992, Registration No. 011.585.

Entered in the Unified State Register of Legal Entities on 13 August 2002 by the Moscow Inter-Regional Tax Inspectorate No.39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700125628, Certificate series 77 No. 005721432.

Member of the Non-commercial Partnership "Chamber of Auditors of Russia". The Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: No.10301000804.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements do not present fairly, in all material respects, the financial position of the Group as at 30 June 2015, and its financial performance and its cash flows for the 6 - month period then ended in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

Sergey Kharichkin

Audit Director of Saint Petersburg Branch of JSC KPMG – North-West Regional Center, Power of Attorney dated 6 April 2015

JSC "KPMG"

27 August 2015

Saint Petersburg, Russian Federation

		Six-month period ended 30 June			
		2015	**2014**	**2015**	**2014**
	Note	**’000 RUB**	**’000 RUB**	**’000 USD**	**’000 USD**
Revenue		28,740,763	32,408,312	500,739	926,492
Cost of sales		(19,333,706)	(23,489,940)	(336,843)	(671,531)
Gross profit		9,407,057	8,918,372	163,896	254,961
Distribution expenses		(1,956,193)	(2,302,766)	(34,083)	(65,831)
Administrative expenses	7	(3,323,312)	(2,986,703)	(57,899)	(85,386)
Other income	8	77,865	494	1,357	14
Other expenses	8	(4,754)	(94,327)	(83)	(2,697)
Results from operating activities		4,200,663	3,535,070	73,188	101,061
Finance income	10	1,807,843	332,051	31,497	9,493
Finance costs	10	(1,473,945)	(2,313,014)	(25,681)	(66,125)
Profit before income tax		4,534,561	1,554,107	79,004	44,429
Income tax expense	11	(590,780)	(500,370)	(10,293)	(14,305)
Profit for the period		3,943,781	1,053,737	68,711	30,124
Other comprehensive income / (loss)					
Items that are or may be reclassified subsequently to profit or loss:					
Foreign currency translation differences		(419,467)	61,818	(7,308)	1,767
Items that will never be reclassified to profit or loss:					
Foreign currency translation difference		-	-	12,628	(52,795)
Total comprehensive income / (loss) for the period		3,524,314	1,115,555	74,031	(20,904)

The consolidated interim statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated interim financial statements set out on pages 15 to 96.

		Six-month period ended 30 June			
		2015	**2014**	**2015**	**2014**
	Note	**'000 RUB**	**'000 RUB**	**'000 USD**	**'000 USD**
Profit attributable to:					
Shareholders of the Company		3,945,094	1,052,465	68,734	30,088
Non-controlling interest		(1,313)	1,272	(23)	36
Profit for the period		3,943,781	1,053,737	68,711	30,124
Total comprehensive income attributable to:					
Shareholders of the Company		3,525,627	1,114,283	74,054	(20,940)
Non-controlling interest		(1,313)	1,272	(23)	36
Total comprehensive income / (loss) for the period		3,524,314	1,115,555	74,031	(20,904)
Basic and diluted earnings per share	22	38.67 RUB	10.22 RUB	0.67 USD	0.29 USD

These consolidated interim financial statements were approved by management on 27 August 2015 and were signed on its behalf by:

A.Y. Molchanov
Chief Executive Officer

D.V. Kutuzov
Chief Financial Officer

The consolidated interim statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated interim financial statements set out on pages 15 to 96.

	Note	30 June 2015 '000 RUB	31 December 2014 '000 RUB	30 June 2015 '000 USD	31 December 2014 '000 USD
ASSETS					
Non-current assets					
Property, plant and equipment	13	27,822,017	28,090,403	501,080	499,311
Intangible assets	14	4,398,071	4,376,474	79,210	77,792
Other investments	15	28,068	3,726	505	66
Deferred tax assets	16	2,463,986	1,698,006	44,377	30,183
Trade and other receivables	18	257,520	253,464	4,638	4,505
Restricted cash	20	11,690	26,374	211	469
Total non-current assets		34,981,352	34,448,447	630,021	612,326
Current assets					
Other investments	15	22,492	2,522,123	405	44,832
Inventories	17	120,469,245	105,259,475	2,169,676	1,870,999
Income tax receivable		199,426	388,730	3,592	6,910
Trade and other receivables	18	28,128,016	30,739,687	506,593	546,401
Cash and cash equivalents	19	18,939,700	25,277,805	341,108	449,316
Restricted cash	20	14,642	16,266	264	289
Assets classified as held for sale	32	499,501	349,116	8,996	6,206
Total current assets		168,273,022	164,553,202	3,030,634	2,924,953
Total assets		203,254,374	199,001,649	3,660,655	3,537,279

The consolidated interim statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated interim financial statements set out on pages 15 to 96.

	Note	30 June 2015 '000 RUB	31 December 2014 '000 RUB	30 June 2015 '000 USD	31 December 2014 '000 USD
EQUITY AND LIABILITIES					
Equity	21				
Share capital		34,577	34,577	1,241	1,241
Treasury shares		(900,226)	(751,255)	(22,148)	(19,553)
Share premium		26,408,386	26,408,386	959,987	959,987
Additional paid in capital		16,469,974	16,643,644	636,879	639,905
Foreign currency translation reserve		174,242	593,709	(1,120,563)	(1,125,883)
Retained earnings		18,823,429	22,914,203	639,752	711,024
Total equity attributable to shareholders of the Company		61,010,382	65,843,264	1,095,148	1,166,721
Non-controlling interest		(29,701)	(15,355)	3,128	3,378
Total equity		60,980,681	65,827,909	1,098,276	1,170,099
Non-current liabilities					
Loans and borrowings	23	15,592,905	18,712,966	280,831	332,625
Deferred tax liabilities	16	1,707,306	1,919,782	30,749	34,125
Trade and other payables	25	15,818,846	16,658,421	284,901	296,105
Provisions	24	45,273	27,797	815	494
Total non-current liabilities		33,164,330	37,318,966	597,296	663,349
Current liabilities					
Loans and borrowings	23	10,228,736	8,654,065	184,222	153,827
Income tax payable		385,018	504,402	6,934	8,966
Trade and other payables	25	97,785,018	84,764,150	1,761,130	1,506,695
Provisions	24	694,358	1,696,093	12,505	30,147
Liabilities classified as held for sale	32	16,233	236,064	292	4,196
Total current liabilities		109,109,363	95,854,774	1,965,083	1,703,831
Total liabilities		142,273,693	133,173,740	2,562,379	2,367,180
Total equity and liabilities		203,254,374	199,001,649	3,660,655	3,537,279

The consolidated interim statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated interim financial statements set out on pages 15 to 96.

	Six-month period ended 30 June			
	2015	2014	2015	2014
	'000 RUB	'000 RUB	'000 USD	'000 USD
OPERATING ACTIVITIES				
Profit for the period	3,943,781	1,053,737	68,711	30,124
Adjustments for:				
Depreciation and amortisation	1,464,559	1,813,443	25,517	51,843
(Gain) / loss on disposal of property, plant and equipment	(54,239)	25,252	(945)	722
Capitalized interest recognized in cost of sales	30,346	8,826	529	252
Net finance (income) / costs	(333,898)	1,980,963	(5,817)	56,632
Income tax expense	590,780	500,370	10,293	14,305
Operating profit before changes in working capital and provisions	5,641,329	5,382,591	98,288	153,878
Increase in inventories	(14,142,319)	(13,771,974)	(246,396)	(393,714)
Increase in trade and other receivables	(2,003,926)	(2,653,678)	(34,914)	(75,864)
Increase in trade and other payables	11,049,935	21,689,046	192,519	620,048
(Decrease) / increase in provisions	(984,259)	166,809	(17,148)	4,769
Cash flows (utilised by) / from operations before income taxes and interest paid	(439,240)	10,812,794	(7,651)	309,117
Income taxes paid	(1,499,316)	(1,096,318)	(26,122)	(31,342)
Interest paid	(1,689,933)	(1,664,283)	(29,443)	(47,579)
Cash flows (utilised by) / from operating activities	(3,628,489)	8,052,193	(63,216)	230,196

The consolidated interim statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated interim financial statements set out on pages 15 to 96.

	Six-month period ended 30 June			
	2015	**2014**	**2015**	**2014**
	'000 RUB	**'000 RUB**	**'000 USD**	**'000 USD**
INVESTING ACTIVITIES				
Proceeds from disposal of non-current assets	108,683	122,029	1,894	3,489
Interest received	1,798,095	296,988	31,327	8,490
Acquisition of property, plant and equipment	(1,662,884)	(794,511)	(28,972)	(22,714)
Decrease in restricted cash	16,308	138,313	284	3,954
Acquisition of intangible assets	(58,471)	(2,986)	(1,019)	(85)
Loans given	(242,378)	(11,653)	(4,223)	(333)
Loans repaid	2,214,155	4,841	38,576	138
Disposal of subsidiaries	5,000,000	-	87,113	-
Acquisition of other investments	(24,941)	(13,109)	(435)	(375)
Cash flows from / (utilised) by investing activities	7,148,567	(260,088)	124,545	(7,436)
FINANCING ACTIVITIES				
Proceeds from borrowings	-	12,025,588	-	343,789
Repayment of borrowings	(519,082)	(8,029,337)	(9,044)	(229,543)
Repayment of bonds	(1,016,585)	(2,854,930)	(17,711)	(81,617)
Payment of finance lease liabilities	(23,573)	(36,423)	(411)	(1,041)
Payment of outstanding balance for own shares	-	(176,174)	-	(5,036)
Dividends paid	(8,035,868)	-	(140,006)	-
Cash flows (utilised by) / from financing activities	(9,595,108)	928,724	(167,172)	26,552
Net (decrease) / increase in cash and cash equivalents	(6,075,030)	8,720,829	(105,843)	249,312
Cash and cash equivalents at the beginning of the period	25,277,805	5,899,479	449,316	180,251
Effect of exchange rate fluctuations on cash and cash equivalents	(263,075)	(45,967)	(2,365)	3,803
Cash and cash equivalents at the end of the period (note 19)	18,939,700	14,574,341	341,108	433,366

’000 RUB	**Attributable to shareholders of the Company**								
	Share capital	**Treasury share reserve**	**Share premium**	**Additional paid in capital**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2014	34,577	-	26,408,386	15,953,626	81,162	17,795,584	60,273,335	(14,724)	60,258,611
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	1,052,465	1,052,465	1,272	1,053,737
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	-	61,818	-	61,818	-	61,818
Total comprehensive income for the period	-	-	-	-	61,818	1,052,465	1,114,283	1,272	1,115,555
Transactions with owners recorded directly in equity									
Excess of consideration paid over minority interest acquired	-	-	-	(6)	-	-	(6)	2	(4)
Adjustment to non-controlling interest	-	-	-	-	-	-	-	(10)	(10)
Own shares purchased	-	(751,255)	-	751,255	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	(4,121,209)	(4,121,209)	-	(4,121,209)
Balance at 30 June 2014	34,577	(751,255)	26,408,386	16,704,875	142,980	14,726,840	57,266,403	(13,460)	57,252,943

The consolidated interim statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated interim financial statements set out on pages

15 to 96.

'000 RUB	**Attributable to shareholders of the Company**								
	Share capital	**Treasury share reserve**	**Share premium**	**Additional paid in capital**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2015	34,577	(751,255)	26,408,386	16,643,644	593,709	22,914,203	65,843,264	(15,355)	65,827,909
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	3,945,094	3,945,094	(1,313)	3,943,781
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	-	(419,467)	-	(419,467)	-	(419,467)
Total comprehensive (loss) / income for the period	-	-	-	-	(419,467)	3,945,094	3,525,627	(1,313)	3,524,314
Transactions with owners recorded directly in equity									
Acquisition of subsidiaries	-	-	-	-	-	-	-	(13,126)	(13,126)
Write off of the excess of book values of net assets acquired for entities under common control over consideration paid	-	-	-	(173,670)	-	-	(173,670)	-	(173,670)
Adjustment to non-controlling interest	-	-	-	-	-	-		93	93
Treasury shares acquired	-	(211,580)	-	-	-	-	(211,580)	-	(211,580)
Treasury shares sold	-	62,609	-	-	-	-	62,609	-	62,609
Dividends to shareholders	-	-	-	-	-	(8,035,868)	(8,035,868)	-	(8,035,868)
Balance at 30 June 2015	34,577	(900,226)	26,408,386	16,469,974	174,242	18,823,429	61,010,382	(29,701)	60,980,681

The consolidated interim statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated interim financial statements set out on pages 15 to 96.

’000 USD	**Attributable to shareholders of the Company**								
	Share capital	**Treasury share reserve**	**Share premium**	**Additional paid in capital**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2014	1,241	-	959,987	621,946	(323,243)	577,802	1,837,733	3,394	1,841,127
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	30,088	30,088	36	30,124
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	-	(51,028)	-	(51,028)	-	(51,028)
Total comprehensive (loss) / income for the period	-	-	-	-	(51,028)	30,088	(20,940)	36	(20,904)
Transactions with owners recorded directly in equity									
Excess of consideration paid over minority interest acquired	-	-	-	-	-	-	-	-	-
Adjustment to non-controlling interest	-	-	-	-	-	-	-	-	-
Own shares purchased	-	(21,477)	-	21,477	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	(117,817)	(117,817)	-	(117,817)
Balance at 30 June 2014	1,241	(21,477)	959,987	643,423	(374,271)	490,073	1,698,976	3,430	1,702,406

The consolidated interim statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated interim financial statements set out on pages 15 to 96.

’000 USD	**Attributable to shareholders of the Company**								
	Share capital	**Treasury share reserve**	**Share premium**	**Additional paid in capital**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2015	1,241	(19,553)	959,987	639,905	(1,125,883)	711,024	1,166,721	3,378	1,170,099
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	68,734	68,734	(23)	68,711
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	-	-	-	5,320	-	5,320	-	5,320
Total comprehensive income / (loss) for the period	-	-	-	-	5,320	68,734	74,054	(23)	74,031
Transactions with owners recorded directly in equity									
Acquisition of subsidiaries	-	-	-	-	-	-	-	(229)	(229)
Write off of the excess of book values of net assets acquired from entities under common control over consideration paid	-	-	-	(3,026)	-	-	(3,026)	-	(3,026)
Adjustment to non-controlling interest	-	-	-	-	-	-	-	2	2
Treasury shares acquired	-	(3,686)	-	-	-	-	(3,686)	-	(3,686)
Treasury shares sold	-	1,091	-	-	-	-	1,091	-	1,091
Dividends to shareholders	-	-	-	-	-	(140,006)	(140,006)	-	(140,006)
Balance at 30 June 2015	1,241	(22,148)	959,987	636,879	(1,120,563)	639,752	1,095,148	3,128	1,098,276

The consolidated interim statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated interim financial statements set out on pages

15 to 96.

Notes to the Consolidated Interim Financial Statements……………………………….Page

1 Background

(a) Organisation and operations

PJSC LSR Group (the "Company") and its subsidiaries (together referred to as the "Group") comprise Russian limited liability and open and closed joint stock companies as defined in the Civil Code of the Russian Federation, and companies located in other countries. The Company's shares are traded on the London Stock Exchange and Moscow Exchange.

The Company's registered office is at 36 B, Kazanskaya Ulitsa, office 15 N, Saint Petersburg, 190031, Russia.

The Group's principal activities include real estate development in Saint Petersburg, Munich and Moscow, prefabricated panel construction in Saint Petersburg and Yekaterinburg, commercial real estate development in Saint Petersburg and Moscow and Yekaterinburg, the production of building materials at plants located in Russia (Saint Petersburg, Leningrad region and Urals Region) and Ukraine, the extraction and processing of aggregates in different areas of Leningrad region, and the provision of construction services. These products and services are sold mainly in Russia.

The Group's significant subsidiaries are detailed in note 31.

The Group is ultimately controlled by a single individual, Andrey Molchanov. Related party transactions are detailed in note 30.

(b) Russian business environment

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation.

The recent conflict in Ukraine and related events has increased the perceived risks of doing business in the Russian Federation. The imposition of economic sanctions on Russian individuals and legal entities by the European Union, the United States of America, Japan, Canada, Australia and others, as well as retaliatory sanctions imposed by the Russian government, has resulted in increased economic uncertainty including more volatile equity markets, a depreciation of the Russian Ruble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. In particular, some Russian entities may be experiencing difficulties in accessing international equity and debt markets and may become increasingly dependent on Russian state banks to finance their operations. The longer term effects of recently implemented sanctions, as well as the threat of additional future sanctions, are difficult to determine.

The consolidated interim financial statements reflect management's assessment of the impact of the Russian 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

(a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting.*

The Group additionally presents the consolidated interim financial statements in Russian language in accordance with the Federal law #208-fz “On consolidated financial reporting”.

(b) Basis of measurement

The consolidated interim financial statements are prepared on the historical cost basis except for the following material items in the statement of financial position:

- investment properties and investment properties under development are measured at fair value;
- financial investments classified as available-for-sale are stated at fair value.

The carrying amounts of assets, liabilities and equity items in existence at 31 December 2002 may include adjustments for the effects of hyperinflation, which were calculated using conversion factors derived from the Russian Federation Consumer Price Index published by the Russian Statistics Agency, *GosKomStat*. Russia ceased to be hyperinflationary for IFRS purposes as at 1 January 2003.

(c) Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble (“RUB”), which is the Company’s functional currency and the currency in which these consolidated interim financial statements are presented. These consolidated interim financial statements are also presented in United States Dollars (“USD”) since the management believes that this currency is useful for the users of the consolidated interim financial statements. All financial information presented has been rounded to the nearest thousand, except if otherwise indicated. The RUB is not a readily convertible currency outside the Russian Federation and, accordingly, any conversion of RUB to USD should not be construed as a representation that the RUB amounts have been, could be, or will be in the future, convertible into USD at the exchange rate disclosed, or at any other exchange rate.

(d) Use of estimates and judgments

The preparation of the consolidated interim financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

- Note 12 – revenue recognition;
- Note 3 – useful lives of property, plant and equipment;
- Note 14 – impairment;
- Note 18 – allowances for trade receivables;
- Note 24 – provisions (for site and environment restoration; warranty and litigation; for unprofitable contracts);
- Note 29 – contingencies.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in 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) (see note 4).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated interim financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for at the date of transfer of shares to the Group. The assets and liabilities acquired are recognised at their carrying amounts in the financial statements of the entities transferred. If these companies previously have not prepared IFRS financial statements, assets and liabilities are determined in accordance with IFRS1. Any difference between the book value of net assets acquired and consideration paid is recognised as a contribution from, or distribution to, shareholders.

(iv) Disposals to entities under common control

Disposals of controlling interests in entities to the same controlling shareholder that controls the Company are accounted for at the date of transfer of shares from the Group. The assets and liabilities sold are derecognised at their book values as recognised in the financial statements of the Group. Any difference between the book value of net assets sold and consideration received is recognised as a contribution from, or a distribution to, shareholders.

(v) Acquisitions and disposals of non-controlling interests

Any difference between the consideration paid to acquire a non-controlling interest, and the carrying amount of that non-controlling interest, is recognised as a contribution from or a distribution to shareholders.

Any difference between the consideration received upon disposal of a minority portion of the Group’s interest in a subsidiary, and the carrying amount of that portion of the Group’s interest in the subsidiary, including attributable goodwill, is recognised as a distribution to, or a contribution from, shareholders.

(vi) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated interim financial statements.

(b) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in foreign currency translated at the exchange rate at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in the statement of profit or loss and other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to RUB at exchange rates at the reporting date. The income and expenses of foreign operations are translated to RUB at the weighted average exchange rate for the period which approximates the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. Since 1 January 2005, the Group’s date of transition to IFRSs, such differences have been recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to the statement of profit or loss and other comprehensive income as part of profit or loss on disposal.

Foreign exchange gains and losses arising from a monetary item received from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve.

(iii) Translation to presentation currency

The assets and liabilities of Group enterprises are translated to USD at exchange rates at the reporting date. Income and expenses are translated to USD at rates approximating exchange rates at the dates of the transactions. Translation differences are recognised directly in other comprehensive income as the foreign currency translation reserve.

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss and other comprehensive income) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers to right to receive the contractual cash flows on the financial asset in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss and other comprehensive income, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

The Group has the following non-derivative financial assets: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and loans issued.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items, are recognised in other comprehensive income and presented within equity in the additional paid-in capital. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the statement of profit or loss and other comprehensive income.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group currently has a legally enforceable right to set off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the Group and all counterparties.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(d) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit of the transaction is transferred to/from retained earnings.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, except for land, are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 January 2005, the date of transition to IFRSs, was determined by reference to its fair value at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the statement of profit or loss and other comprehensive income.

(ii) Reclassification of owner occupied property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain or loss on remeasurement is recognised in equity.

(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss and other comprehensive income as incurred.

(iv) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings 20 to 50 years;
- Machinery and equipment 5 to 29 years;
- Transportation equipment 8 to 20 years;
- Other fixed assets 5 to 20 years.

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

(f) Intangible assets

(i) Goodwill

Goodwill that arises on the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition (see note 3(a)(i)).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of profit or loss and other comprehensive income when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The capitalised expenditure includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in the statement of profit or loss and other comprehensive income as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of profit or loss and other comprehensive income as incurred.

(v) Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefit s embodied in the asset.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(g) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Group’s statement of financial position. Acquired rights to lease of land for development are recognised at cost in inventory or investment property under development.

(h) Investment property under development

Investment property under development consists of plots of land, wholly or partly owned by the Group or leased to the Group, on which commercial properties are being, or will be, built. These properties will be leased to third parties on completion.

Investment property under development consists of two components: land and buildings. Land and buildings are measured at fair value with any change therein recognised in the statement of profit or loss and other comprehensive income.

In the absence of current prices in an active market, the fair values of investment property under development are established by considering the aggregate of the estimated cash flows expected to be received from renting out the property less the estimated costs, including developer's profit margin, to complete the individual projects to the stage where they could be marketed. Discount rate that reflects the specific risks inherent in the net cash flows is applied to the net annual cash flows to arrive at the property valuation.

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. In the case when investment property forms part of a larger property unit, it is distinguished on the basis of the area which it occupies in the total area of the property unit. Investment property is measured at fair value with any change therein recognised in the statement of profit or loss and other comprehensive income.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(k) Construction work in progress

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date (see note 3(p) (iii)) less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work in progress is presented as part of trade and other receivables in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as trade and other payables in the statement of financial position.

(l) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss and other comprehensive income is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial asset (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less then suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in the statement of profit or loss and other comprehensive income and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of profit or loss and other comprehensive income.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the additional paid-in capital in equity, to the statement of profit or loss and other comprehensive income. The cumulative loss that is removed from other comprehensive income and recognised in the statement of profit or loss and other comprehensive income is the difference between the acquisition cost, net of any principal repayments and amortisation, and the current fair value, less any impairment loss previously recognised in the statement of profit or loss and other comprehensive income. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in the statement of profit or loss and other comprehensive income, then the impairment loss is reversed, with the amount of the reversal recognised in the statement of profit or loss and other comprehensive income. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, investment properties under development, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU's to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only 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.

Goodwill that forms part of the carrying amount of an investment in associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(m) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in statement of profit or loss and other comprehensive income. Gains are not recognised in excess of any cumulative impairment loss. Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated.

(n) Employee benefits

Obligations for contributions to defined contribution pension plans, including Russia's State pension fund, are recognised as an expense in the statement of profit or loss and other comprehensive income when they are due.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data.

(ii) Site and environment restoration

In accordance with the Group's environmental policy and applicable statutory requirements, provision is made for the Group's obligation to incur additional costs including costs associated with clean up the surrounding area after sand extraction and finishing the construction of apartment building. The related expense is recognised in the statement of profit or loss and other comprehensive income.

(iii) Litigation provision

A provision is recognized, if the probability is high that the Group will lose lawsuit in which the Group is a defendant, and there will be a need (requirement) to settle the obligation.

(iv) Provision for unprofitable contracts

A provision is recognized in the amount of the expected loss when the expected revenue is less than the planned costs of completion.

(p) Revenues

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards vary depending on the individual terms of the contract of sale.

Sales may be contracted under share participation agreements. In such instances, the significant risks and rewards of ownership are considered to have been transferred to individual buyers when the construction is completed, and the building has been approved by the State commission for acceptance of finished buildings.

(ii) Services

Revenue from services, rendered by the Group's companies is recognised in the statement of profit and loss and other comprehensive income when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably.

(iii) Construction contracts and designing

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the statement of profit and loss and other comprehensive income in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed as the proportion that contract costs incurred for work performed to date bear to estimated total contract costs. An expected loss on a contract is recognised immediately in the statement of profit and loss and other comprehensive income.

(iv) Rental income

Rental income from investment property is recognised in the statement of profit and loss and other comprehensive income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

(q) Other expenses

(i) Lease payments

Payments made under operating leases are recognised in the statement of profit and loss and other comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the contingency no longer exists and the lease adjustment is known.

(ii) Social expenditure

To the extent that the Group's contributions to social programs benefit the community at large and are not restricted to the Group's employees, they are recognised in the statement of profit and loss and other comprehensive income as incurred.

(r) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and foreign currency gains. Interest income is recognised as it accrues in the statement of profit or loss and other comprehensive income, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of profit or loss and other comprehensive income using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(s) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(u) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Inter-segment pricing is determined on an arm's length basis.

(v) New Standards and Interpretations not yet adopted

A number of new Standards, *amendments to Standards* and Interpretations are not yet effective as at 30 June 2015, and have not been applied in preparing this consolidated financial statements. The Group plans to adopt these pronouncements when they become effective. Of these pronouncements, potentially the following will have an impact on the Group's operations.

- IFRS 9 *Financial Instruments* will be effective for annual periods beginning on or after 1 January 2018 and will replace International Financial Reporting Standard IAS 39 *Financial Instruments: Recognition and Measurement*. The Group recognises that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on Group's consolidated financial statements. The Group does not intend to adopt this standard early.
- IFRS 15 *Revenue from Contracts with Customers* will be effective for annual periods beginning on or after 1 January 2018. The new standard is replace International Financial Reporting Standard 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*. The Group recognises that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on Group's consolidated financial statements.
- Various *Improvements to IFRSs* have been dealt with on a standard-by-standard basis. All amendments, which result in accounting changes for presentation, recognition or measurement purposes, will come into effect for annual periods beginning after 1 January 2015. The Group has not yet analysed the likely impact of the improvements on its financial position or performance.

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

When no quoted market prices are available, the fair value of property, plant and equipment is primarily determined using depreciated replacement cost. This method considers the cost to reproduce or replace the property, plant and equipment, adjusted for physical, functional or economical depreciation (via application of discounted cash flow method), and obsolescence.

(b) Investment property and investment property under development

The fair value of investment property and the investment property under development is based on valuations, performed by external independent valuation companies, who hold recognized and relevant professional qualifications and who have recent experience in the location and category of the investment property being valued. The valuations are based primarily on comparable rents, discount rates, yields and sales prices from recent market transactions on an arm's lengths basis, using the Discounted Cash Flow technique for investment property under development and market approach for investment property, undertaken according to the requirements of the United Kingdom's Royal Institution of Chartered Surveyors Appraisal and Valuation Manual.

(c) Intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(d) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(e) Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss and other comprehensive income, held to maturity investments and available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only. Investments in equity securities that are not quoted on a stock exchange are principally valued using valuation techniques such as discounted cash flow analysis, option pricing models and comparisons to other transactions and instruments that are substantially the same. Where fair value cannot be estimated on a reasonable basis by other means, investments are stated at cost less impairment losses.

(f) Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(g) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

5 Operating segments

The Group has five reportable segments as described below which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately, because they require different technology and marketing strategies. The format of reporting segments is based on Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

In 2015 the Group carried out internal reorganization and management accordingly changed composition of reportable operating segments. Comparative data has been changed accordingly.

(a) Operating segments

The following summary describes the operations in each of the Group's segments:

LSR.Building Materials. The building materials business units are engaged in the production of brick, concrete and reinforced concrete items, ready-mix concrete, aerated concrete blocks, crushed stone production, land-based and marine-dredged sand extraction. These business units are located in Saint Petersburg, Leningrad region and Moscow.

LSR.Construction. The construction business units specialize in panel construction, providing of construction contracting services, transportation of construction materials. These business units are located in Saint Petersburg, Moscow, and Ural region.

LSR. Project management. Business units specialize in providing of construction contracting services. This business unit is located in Saint Petersburg.

LSR. Cranes. Business unit specialize in providing of tower cranes services. This business unit is located in Saint Petersburg.

LSR.Real Estate. The Real Estate business units specialize in the development of elite, mass-market and business class residential real estate, gated communities and commercial real estate. These business units are located in Saint Petersburg, Moscow, Ural region and Germany.

There are varying levels of integration between the *LSR.Building Materials*, *LSR.Construction* and *LSR.Real Estate* reportable segments. This integration includes transfers of raw materials and services, respectively. Inter-segment pricing is determined on an arm's length basis. The accounting policies of the reportable segments are the same as described in notes 2 and 3.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The operations of the Group are conducted and managed primarily in North-West region, Moscow, Ural and in Germany, where the production facilities and sales offices of the Group are located. The Group has also operations in Ukraine, the volume of which is not significant to total operations of the Group. Accordingly, no geographical segmental information is presented.

The Group has aerated concrete production facilities in Ukraine. Net assets of Ukrainian subsidiary amounts to 0.78% of total net asset of the Group (31 December 2014: 1.32%) and EBITDA equals to 3.48% of EBITDA of the Group (30 June 2014: 4.14%). Ukraine is currently suffering from political and economic crisis, combined with social unrest and regional tensions. The final resolution and the effects of the political and economic crisis are difficult to predict but may have further severe effects on the Ukrainian economy. The impact of the crisis on business environment is disclosed in note 1 (b).

Whilst management believes it is taking appropriate measures to support the sustainability of the Group's Ukrainian subsidiary's business in the current circumstances, a continuation of the current unstable business environment could negatively affect the subsidiary's results and financial position in a manner not currently determinable. These consolidated interim financial statements reflect management's current assessment of the impact of the Ukrainian business environment on the operations and the financial position of the subsidiary. The future business environment may differ from management's assessment.

(b) Major customers

Revenues from the largest customer of the Group represents approximately RUB 742,016 thousand / USD 12,928 thousand (six-month period ended 30 June 2014: RUB 873,558 thousand / USD 24,973 thousand) of the Group's total revenues.

Revenue from the next four significant customers of the Group amounts approximately to RUB 1,202,984 thousand / USD 20,959 thousand (six-month period ended 30 June 2014: RUB 1,317,068 thousand / USD 37,652 thousand).

(i) Operating segments

For the six-month period ended 30 June 2015 ’000 RUB	**LSR. Building Materials**	**LSR. Construction**	**LSR. Project management**	**LSR. Cranes**	**LSR. Real Estate**	**Other entities**	**Total**
Revenue from external customers	7,130,036	1,370,895	747,123	633,534	17,524,890	208,049	27,614,527
Inter-segment revenue	276,859	12,980,535	29,007	89,281	65,118	-	13,440,800
Total segment revenue	7,406,895	14,351,430	776,130	722,815	17,590,008	208,049	41,055,327
Segment result	391,491	796,753	28,548	141,203	5,317,698	-	6,675,693
Depreciation/amortisation	900,644	346,554	249	88,229	30,687	98,196	1,464,559
Capital expenditure	256,257	315,571	64	16,569	396,408	778,411	1,763,280

For the six-month period ended 30 June 2014 ’000 RUB	**LSR. Building Materials**	**LSR. Construction**	**LSR. Project management**	**LSR. Cranes**	**LSR. Real Estate**	**Other entities**	**Total**
Revenue from external customers	9,242,227	1,910,068	1,013,421	650,129	17,911,727	468,926	31,196,498
Inter-segment revenue	608,097	9,582,100	121,296	86,161	19,338	-	10,416,992
Total segment revenue	9,850,324	11,492,168	1,134,717	736,290	17,931,065	468,926	41,613,490
Segment result	904,219	1,050,893	44,880	143,275	3,177,008	-	5,320,275
Depreciation/amortisation	1,241,606	320,274	439	117,005	34,396	99,723	1,813,443
Capital expenditure	310,194	283,838	237	91,247	64,241	324,356	1,074,113

For the six-month period ended 30 June 2015 '000 USD	**LSR. Building Materials**	**LSR. Construction**	**LSR. Project management**	**LSR. Cranes**	**LSR. Real Estate**	**Other entities**	**Total**
Revenue from external customers	124,224	23,885	13,017	11,038	305,329	3,624	481,117
Inter-segment revenue	4,824	226,154	505	1,556	1,135	-	234,174
Total segment revenue	129,048	250,039	13,522	12,594	306,464	3,624	715,291
Segment result	6,821	13,881	497	2,460	92,648	-	116,307
Depreciation/amortisation	15,692	6,038	4	1,537	535	1,711	25,517
Capital expenditure	4,465	5,498	1	289	6,906	13,563	30,722

For the six-month period ended 30 June 2014 '000 USD	**LSR. Building Materials**	**LSR. Construction**	**LSR. Project management**	**LSR. Cranes**	**LSR. Real Estate**	**Other entities**	**Total**
Revenue from external customers	264,218	54,605	28,972	18,586	512,062	13,406	891,849
Inter-segment revenue	17,384	273,934	3,468	2,463	553	-	297,802
Total segment revenue	281,602	328,539	32,440	21,049	512,615	13,406	1,189,651
Segment result	25,850	30,043	1,283	4,096	90,825	-	152,097
Depreciation/amortisation	35,495	9,156	13	3,345	983	2,851	51,843
Capital expenditure	8,868	8,114	7	2,609	1,837	9,272	30,707

As at 30 June 2015 **'000 RUB**	**LSR. Building Materials**	**LSR. Construction**	**LSR. Project management**	**LSR. Cranes**	**LSR. Real Estate**	**Other entities**	**Total**
Segment assets, excluding net financial position*	24,515,609	15,523,525	662,403	1,455,707	166,736,441	-	208,893,685
Segment liabilities, excluding net financial position*	8,609,568	17,498,249	507,845	305,740	106,825,511	-	133,746,913
Net financial position*	9,005,800	(8,831,942)	(240,246)	(36,169)	16,846,783	9,077,415	25,821,641

As at 31 December 2014 **'000 RUB**	**LSR. Building Materials**	**LSR. Construction**	**LSR. Project management**	**LSR. Cranes**	**LSR. Real Estate**	**Other entities**	**Total**
Segment assets, excluding net financial position*	26,849,194	15,563,682	1,510,262	1,594,429	154,490,886	-	200,008,453
Segment liabilities, excluding net financial position*	9,021,127	18,058,584	1,269,706	360,732	101,269,068	-	129,979,217
Net financial position*	10,872,026	(8,931,424)	(302,000)	113,573	12,838,787	12,776,069	27,367,031

* Net financial position is debt of the Group allocated to Operating Segments. Net financial positions is calculated as Loans and Borrowings, including finance lease payables, minus Loans given and receivables from finance leasing to Group companies.

As at 30 June 2015 **'000 USD**	**LSR. Building Materials**	**LSR. Construction**	**LSR. Project management**	**LSR. Cranes**	**LSR. Real Estate**	**Other entities**	**Total**
Segment assets, excluding net financial position*	441,532	279,582	11,930	26,218	3,002,962	-	3,762,224
Segment liabilities, excluding net financial position*	155,060	315,147	9,146	5,506	1,923,952	-	2,408,811
Net financial position*	162,197	(159,066)	(4,327)	(651)	303,415	163,485	465,053

As at 31 December 2014 **'000 USD**	**LSR. Building Materials**	**LSR. Construction**	**LSR. Project management**	**LSR. Cranes**	**LSR. Real Estate**	**Other entities**	**Total**
Segment assets, excluding net financial position*	477,248	276,646	26,845	28,341	2,746,095	-	3,555,175
Segment liabilities, excluding net financial position*	160,352	320,994	22,569	6,412	1,800,070	-	2,310,397
Net financial position*	193,253	(158,757)	(5,368)	2,019	228,210	227,095	486,452

* Net financial position is debt of the Group allocated to Operating Segments. Net financial positions is calculated as Loans and Borrowings, including finance lease payables, minus Loans given and receivables from finance leasing to Group companies.

Reconciliations of reportable segment revenues, profit, assets and liabilities and other material items

	Six-month period ended 30 June			
Revenue	**'000 RUB**		**'000 USD**	
	2015	**2014**	**2015**	**2014**
Total revenue for reportable segments	41,055,327	41,613,490	715,291	1,189,651
Other revenue	174,506	171,976	3,040	4,916
Transportation revenue	951,730	1,039,838	16,582	29,727
Elimination of intersegment revenue	(13,440,800)	(10,416,992)	(234,174)	(297,802)
Consolidated revenue	28,740,763	32,408,312	500,739	926,492

	Six-month period ended 30 June			
Profit for the period	**'000 RUB**		**'000 USD**	
	2015	**2014**	**2015**	**2014**
Total segment result	6,675,693	5,320,275	116,307	152,097
Other result	(1,117,151)	(637,237)	(19,464)	(18,218)
Unallocated expenses and income, net	(1,357,879)	(1,147,968)	(23,655)	(32,818)
Finance income	1,807,843	332,051	31,497	9,493
Finance costs	(1,473,945)	(2,313,014)	(25,681)	(66,125)
Income tax expense	(590,780)	(500,370)	(10,293)	(14,305)
Profit for the period	3,943,781	1,053,737	68,711	30,124

Assets	**'000 RUB**		**'000 USD**	
	30 June 2015	**31 December 2014**	**30 June 2015**	**31 December 2014**
Segment assets, excluding net financial position	208,893,685	200,008,453	3,762,224	3,555,175
Elimination of intersegment assets	(18,843,368)	(18,624,349)	(339,377)	(331,050)
Unallocated assets	13,204,057	17,617,545	237,808	313,154
Total assets	203,254,374	199,001,649	3,660,655	3,537,279

Liabilities	'000 RUB		'000 USD	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Segment liabilities, excluding net financial position	133,746,913	129,979,217	2,408,811	2,310,397
Elimination of intersegment liabilities	(19,809,899)	(26,740,066)	(356,782)	(475,308)
Unallocated liabilities	2,515,038	2,567,558	45,297	45,639
Consolidated loans and borrowings	25,821,641	27,367,031	465,053	486,452
Total liabilities	142,273,693	133,173,740	2,562,379	2,367,180

	Six-month period ended 30 June			
Other material items	'000 RUB		'000 USD	
	2015	2014	2015	2014
Capital expenditure	1,763,280	1,074,113	30,722	30,707
Elimination of intersegment purchases	(5,055)	(286,733)	(88)	(8,198)
Consolidated capital expenditure	1,758,225	787,380	30,634	22,509

6 Acquisitions and disposals of subsidiaries and non-controlling interests

(a) Acquisition of subsidiaries

During the six-month period ended 30 June 2014 and the six-month period ended 30 June 2015 the Group has not acquired any subsidiaries.

(b) Disposal of subsidiaries

During the six-month period ended 30 June 2014 and the six-month period ended 30 June 2015 the Group has not disposed any subsidiaries.

7 Administrative expenses

	Six-month period ended 30 June			
	2015	2014	2015	2014
	’000 RUB	’000 RUB	’000 USD	’000 USD
Wages and salaries	1,936,214	1,708,869	33,734	48,854
Services	431,206	517,634	7,512	14,799
Materials	55,976	61,938	975	1,771
Depreciation and amortisation	71,534	149,235	1,247	4,266
Taxes other than profit tax	185,390	180,393	3,230	5,157
Social expenditure	189,718	168,630	3,305	4,821
Insurance	31,896	6,014	556	172
Change in allowance recognised for doubtful debts	124,168	(19,755)	2,163	(832)
Overhead expenses on finished projects	102,424	29,116	1,784	832
Other administrative expenses	194,786	184,629	3,393	5,546
	3,323,312	2,986,703	57,899	85,386

8 Other income and expenses

	Six-month period ended 30 June			
	2015	2014	2015	2014
	’000 RUB	’000 RUB	’000 USD	’000 USD
Other income:				
Gain on disposal of property, plant and equipment	54,239	-	945	-
Gain on disposal of other assets	23,626	-	412	-
Other income	-	494	-	14
Total other income	77,865	494	1,357	14
Other expenses:				
Loss on disposal of property, plant and equipment	-	(25,252)	-	(722)
Other expenses	(4,754)	(69,075)	(83)	(1,975)
Total other expenses	(4,754)	(94,327)	(83)	(2,697)
Net other income / (expenses)	73,111	(93,833)	1,274	(2,683)

9 Total personnel costs

	Six-month period ended 30 June			
	2015	2014	2015	2014
	’000 RUB	’000 RUB	’000 USD	’000 USD
Wages and salaries:				
Cost of sales	4,316,390	4,082,869	75,203	116,721
Administrative expenses	1,936,214	1,708,869	33,734	48,854
Distribution expenses	142,575	160,035	2,484	4,575
	6,395,179	5,951,773	111,421	170,150

10 Finance income and finance costs

	Six-month period ended 30 June			
	2015	**2014**	**2015**	**2014**
	’000 RUB	**’000 RUB**	**’000 USD**	**’000 USD**
Recognised in profit or loss				
Finance income				
Foreign exchange gain	2,926	28,652	51	819
Interest income	1,798,095	296,988	31,327	8,490
Unwind of discount	6,017	5,059	105	145
Income from sale of available-for-sale investments	-	1,352	-	39
Other finance income	805	-	14	-
	1,807,843	332,051	31,497	9,493
Finance costs				
Interest expense	(1,290,223)	(1,624,604)	(22,480)	(46,444)
Unwind of discount	(44,775)	(38,024)	(780)	(1,087)
Foreign exchange loss	(137,797)	(639,585)	(2,401)	(18,285)
Repurchase of own bonds	(1,150)	(10,801)	(20)	(309)
	(1,473,945)	(2,313,014)	(25,681)	(66,125)
Net finance income/(costs) recognised in profit or loss	333,898	(1,980,963)	5,816	(56,632)
Recognised in other comprehensive income				
Finance (costs) / income				
Foreign currency translation differences for foreign operations	(419,467)	61,818	5,320	(51,028)
Finance (costs) / income recognised in other comprehensive income, net of tax	(419,467)	61,818	5,320	(51,028)
Attributable to:				
Equity holders of the Company	(419,467)	61,818	5,320	(51,028)

In addition to borrowing costs recognised as an expense during 6 months ended 30 June 2015, interest in the amount of RUB 371,696 thousand / USD 6,476 thousand (30 June 2014: RUB 166,260 thousand / USD 4,753 thousand) has been capitalized using a capitalization rate of 10.84% (30 June 2014: 9.96%) as part of the objects under construction.

In addition to unwind of discount for long-term payables for land plots and lease incentives, recognized as finance costs during 6 months ended 30 June 2015, unwind of discount in the amount of RUB 873,259 thousand / USD 15,214 thousand (30 June 2014: “null”) has been capitalized as part of the objects under construction.

11 Income tax expense

	Six-month period ended 30 June			
	2015	**2014**	**2015**	**2014**
	’000 RUB	**’000 RUB**	**’000 USD**	**’000 USD**
Current tax expense				
Current period	1,538,206	778,506	26,800	22,257
Deferred tax expense				
Origination and reversal of temporary differences	(947,426)	(278,136)	(16,507)	(7,952)
Income tax expense	590,780	500,370	10,293	14,305

The majority of the Group activities are taxed in Russia at a corporate income tax rate of 20.00% (2014: 20.00%).

Reconciliation of effective tax rate:

	Six-month period ended 30 June							
	2015		**2014**		**2015**		**2014**	
	’000 RUB	**%**	**’000 RUB**	**%**	**’000 USD**	**%**	**’000 USD**	**%**
Profit for the period	3,943,781		1,053,737		68,711		30,124	
Income tax expense	590,780		500,370		10,293		14,305	
Profit before income tax	4,534,561	100	1,554,107	100	79,004	100	44,429	100
Income tax at applicable tax rate	906,912	(20)	310,821	(20)	15,801	(20)	8,886	(20)
Non-taxable income	(140,747)	3	(87,649)	6	(2,452)	3	(2,506)	6
Tax effect on sale of shares	(342,580)	8	-	-	(5,969)	8	-	-
Non-deductible expenses	345,215	(8)	275,039	(18)	6,016	(8)	7,863	(18)
Current period (reverses of losses) losses for which no deferred tax asset was recognised	233	0	2,159	0	4	0	62	0
Tax incentives	(178,253)	4	-	-	(3,106)	4	-	-
Total income tax expenses for the period	590,780	(13)	500,370	(32)	10,294	(13)	14,305	(32)

12 Construction contracts

Significant share of the Group's revenue relates to construction services, provided under long-term construction contracts. Respective revenue and gross margin mainly relate to LSR. Construction segment and are presented below:

	Six-month period ended 30 June			
	2015	**2014**	**2015**	**2014**
	'000 RUB	**'000 RUB**	**'000 USD**	**'000 USD**
Contract revenue	2,156,198	2,312,253	37,567	66,103
Contract costs	(1,844,886)	(2,003,491)	(32,143)	(57,276)
Gross profit	311,312	308,762	5,424	8,827

13 Property, plant and equipment

’000 RUB	Land and buildings	Machinery and equipment	Transpor-tation equipment	Other fixed assets	Assets under construction	Total
Cost/Deemed cost						
At 1 January 2014	26,950,603	22,413,581	4,045,745	796,742	3,865,480	58,072,151
Additions	118,282	340,325	168,315	24,071	136,387	787,380
Disposals	(45,047)	(95,329)	(125,135)	(14,543)	(9,655)	(289,709)
Reclassifications to inventories	-	-	-	-	(38,329)	(38,329)
Transfers and reclassifications	1,087,482	1,433,054	(419)	1,830	(2,521,947)	-
Effect of movements in exchange rates	(270,044)	(242,828)	(12,525)	(3,786)	(4,100)	(533,283)
At 30 June 2014	27,841,276	23,848,803	4,075,981	804,314	1,427,836	57,998,210
At 1 January 2015	20,132,981	18,494,662	3,565,630	763,560	1,005,210	43,962,043
Additions	235,544	147,884	48,084	25,058	1,301,655	1,758,225
Disposals	(20,997)	(68,482)	(67,816)	(8,193)	(2,485)	(167,973)
Reclassifications to inventories	-	-	-	-	(5,768)	(5,768)
Reclassifications to assets held for sale	(199,252)	(473,317)	(511,595)	(7,891)	-	(1,192,055)
Transfers and reclassifications	297,463	282,283	6,440	3,215	(589,401)	-
Effect of movements in exchange rates	(218,634)	(198,019)	(11,646)	(3,292)	(6,331)	(437,922)
At 30 June 2015	20,227,105	18,185,011	3,029,097	772,457	1,702,880	43,916,550
Depreciation and impairment losses						
At 1 January 2014	(3,996,408)	(8,249,320)	(2,496,279)	(554,472)	-	(15,296,479)
Depreciation charge	(495,307)	(1,006,494)	(206,053)	(45,267)	-	(1,753,121)
Disposals	17,438	55,620	56,490	12,713	-	142,261
Transfers and reclassifications	(5)	40	-	(35)	-	-
Effect of movements in exchange rates	57,689	82,362	6,960	2,598	-	149,609
At 30 June 2014	(4,416,593)	(9,117,792)	(2,638,882)	(584,463)	-	(16,757,730)
At 1 January 2015	(3,944,524)	(9,043,254)	(2,301,522)	(582,340)	-	(15,871,640)
Depreciation charge	(347,490)	(862,643)	(177,849)	(46,571)	-	(1,434,553)
Disposals	12,774	65,002	46,000	5,404	-	129,180
Reclassifications to assets held for sale	131,946	386,745	414,701	6,757	-	940,149
Transfers and reclassifications	(393)	(5,111)	(170)	5,674	-	-
Effect of movements in exchange rates	53,643	79,953	6,614	2,121	-	142,331
At 30 June 2015	(4,094,044)	(9,379,308)	(2,012,226)	(608,955)	-	(16,094,533)
Net book value						
At 1 January 2014	22,954,195	14,164,261	1,549,466	242,270	3,865,480	42,775,672
At 30 June 2014	23,424,683	14,731,011	1,437,099	219,851	1,427,836	41,240,480
At 1 January 2015	16,188,457	9,451,408	1,264,108	181,220	1,005,210	28,090,403
At 30 June 2015	16,133,061	8,805,703	1,016,871	163,502	1,702,880	27,822,017

’000 USD	Land and buildings	Machinery and equipment	Transpor-tation equipment	Other fixed assets	Assets under construction	Total
Cost/Deemed cost						
At 1 January 2014	823,442	684,819	123,613	24,343	118,105	1,774,322
Additions	3,381	9,729	4,812	688	3,899	22,509
Disposals	(1,288)	(2,725)	(3,577)	(416)	(276)	(8,282)
Reclassifications to inventories	-	-	-	-	(1,096)	(1,096)
Transfers and reclassifications	31,089	40,968	(12)	52	(72,097)	-
Effect of movements in exchange rates	(28,769)	(23,651)	(3,637)	(751)	(6,079)	(62,887)
At 30 June 2014	827,855	709,140	121,199	23,916	42,456	1,724,566
At 1 January 2015	357,866	328,745	63,380	13,572	17,868	781,431
Additions	4,104	2,577	838	437	22,678	30,634
Disposals	(366)	(1,193)	(1,182)	(143)	(43)	(2,927)
Reclassifications to inventories	-	-	-	-	(100)	(100)
Reclassifications to assets held for sale	(3,471)	(8,246)	(8,913)	(137)	-	(20,767)
Transfers and reclassifications	5,183	4,918	112	56	(10,269)	-
Effect of movements in exchange rates	979	715	320	127	534	2,675
At 30 June 2015	364,295	327,516	54,555	13,912	30,668	790,946
Depreciation and impairment losses						
At 1 January 2014	(122,105)	(252,048)	(76,271)	(16,941)	-	(467,365)
Depreciation charge	(14,160)	(28,774)	(5,891)	(1,294)	-	(50,119)
Disposals	499	1,590	1,615	363	-	4,067
Transfers and reclassifications	-	1	-	(1)	-	-
Effect of movements in exchange rates	4,439	8,115	2,080	494	-	15,128
At 30 June 2014	(131,327)	(271,116)	(78,467)	(17,379)	-	(498,289)
At 1 January 2015	(70,114)	(160,745)	(40,910)	(10,351)	-	(282,120)
Depreciation charge	(6,054)	(15,029)	(3,099)	(811)	-	(24,993)
Disposals	223	1,133	801	94	-	2,251
Reclassifications to assets held for sale	2,299	6,738	7,225	118	-	16,380
Transfers and reclassifications	(7)	(89)	(3)	99	-	-
Effect of movements in exchange rates	(82)	(931)	(255)	(116)	-	(1,384)
At 30 June 2015	(73,735)	(168,923)	(36,241)	(10,967)	-	(289,866)
Net book value						
At 1 January 2014	701,337	432,771	47,342	7,402	118,105	1,306,957
At 30 June 2014	696,528	438,024	42,732	6,537	42,456	1,226,277
At 1 January 2015	287,752	168,000	22,470	3,221	17,868	499,311
At 30 June 2015	290,560	158,593	18,314	2,945	30,668	501,080

During the six-month period ended 30 June 2015 depreciation expense of RUB 1,329,858 thousand / USD 23,170 thousand has been charged in cost of goods sold (30 June 2014: RUB 1,593,494 thousand / USD 45,555 thousand), RUB 34,435 thousand / USD 600 thousand in distribution expenses (30 June 2014: RUB 39,795 thousand / USD 1,138 thousand) and RUB 69,267 thousand / USD 1,207 thousand in administrative expenses (30 June 2014: RUB 136,326 thousand / USD 3,897 thousand).

(a) Impairment

Property, plant and equipment were tested for impairment; the basis for impairment is disclosed in note 14.

(b) Security

Properties with a carrying amount of RUB 9,102,787 thousand / USD 163,943 thousand are subject to a registered debenture to secure bank loans (31 December 2014: RUB 6,278,354 thousand / USD 111,599 thousand) (refer to note 23).

Properties with a carrying amount of RUB 284,732 thousand / USD 5,128 thousand are pledged to secure payments under the purchase contracts with payments by instalments. (31 December 2014: RUB 115,880 thousand / USD 2,060 thousand).

(c) Leased plant and machinery

The Group leases production equipment under a number of finance lease agreements. At the end of each of the leases the Group has the option to purchase the equipment at a beneficial price. At 30 June 2015 the net book value of leased plant and machinery was RUB 184,800 thousand / USD 3,328 thousand (31 December 2014: RUB 219,577 thousand / USD 3,903 thousand).

14 Intangible assets

'000 RUB	Goodwill	Other	Total
Cost			
Balance at 1 January 2014	4,349,553	1,614,238	5,963,791
Additions	-	2,986	2,986
Disposals	-	(7,310)	(7,310)
Effects of movement in exchange rates	-	(869)	(869)
Balance at 30 June 2014	4,349,553	1,609,045	5,958,598
Balance at 1 January 2015	3,728,068	1,371,509	5,099,577
Additions	-	58,471	58,471
Disposals	-	(5,659)	(5,659)
Effects of movement in exchange rates	-	(763)	(763)
Balance at 30 June 2015	3,728,068	1,423,558	5,151,626
Amortisation and impairment losses			
Balance at 1 January 2014	(281,496)	(406,938)	(688,434)
Amortisation charge	-	(43,551)	(43,551)
Disposals	-	6,981	6,981
Effects of movement in exchange rates	-	361	361
Balance at 30 June 2014	(281,496)	(443,147)	(724,643)
Balance at 1 January 2015	(281,496)	(441,607)	(723,103)
Amortisation charge	-	(30,998)	(30,998)
Disposals	-	200	200
Effects of movement in exchange rates	-	346	346
Balance at 30 June 2015	(281,496)	(472,059)	(753,555)
Net book value			
At 1 January 2014	4,068,057	1,207,300	5,275,357
At 30 June 2014	4,068,057	1,165,898	5,233,955
At 1 January 2015	3,446,572	929,902	4,376,474
At 30 June 2015	3,446,572	951,499	4,398,071

’000 USD	Goodwill	Other	Total
Cost			
Balance at 1 January 2014	132,895	49,321	182,216
Additions	-	85	85
Disposals	-	(209)	(209)
Effect of movements in exchange rates	(3,562)	(1,352)	(4,914)
Balance at 30 June 2014	129,333	47,845	177,178
Balance at 1 January 2015	66,267	24,379	90,646
Additions	-	1,019	1,019
Disposals	-	(99)	(99)
Effect of movements in exchange rates	876	340	1,216
Balance at 30 June 2015	67,143	25,639	92,782
Amortisation and impairment losses			
Balance at 1 January 2014	(8,601)	(12,433)	(21,034)
Amortisation charge	-	(1,245)	(1,245)
Disposals	-	200	200
Effect of movements in exchange rates	231	302	533
Balance at 30 June 2014	(8,370)	(13,176)	(21,546)
Balance at 1 January 2015	(5,004)	(7,850)	(12,854)
Amortisation charge	-	(540)	(540)
Disposals	-	3	3
Effect of movements in exchange rates	(66)	(115)	(181)
Balance at 30 June 2015	(5,070)	(8,502)	(13,572)
Net book value			
At 1 January 2014	124,294	36,888	161,182
At 30 June 2014	120,963	34,669	155,632
At 1 January 2015	61,263	16,529	77,792
At 30 June 2015	62,073	17,137	79,210

Other intangible assets mainly include licences for extraction of sand and crushed granite in Saint Petersburg and Ural regions.

(a) Impairment testing of goodwill, other intangible assets and property, plant and equipment

Goodwill is allocated to the Group's entities or business units when appropriate. For the purpose of impairment testing these units represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each entity or business unit (BU) and the related impairment losses recognised are as follows:

		Allocated goodwill		Impairment losses		Net book value at 30 June 2015	
Entity / Business Unit	**Operating Segment**	**'000 RUB**	**'000 USD**	**'000 RUB**	**'000 USD**	**'000 RUB**	**'000 USD**
PJSC "Aeroc Obuchow"(Ukraine)	LSR.Building Materials	818,546	14,742	(164,594)	(2,964)	653,952	11,778
LSR Europe GmbH	LSR.Real Estate	50,093	902	-	-	50,093	902
BU LSR. Reinforced Concrete. NW	LSR.Building Materials	17,354	313	-	-	17,354	313
JOINT-STOCK COMPANY "CONSTRUCTION CORPORATION "REVIVAL OF SAINT-PETERSBURG"	LSR.Real Estate	22,451	404	-	-	22,451	404
BU Other	Other	128,269	2,310	(116,902)	(2,106)	11,367	204
BU LSR.Construction. Ural	LSR.Construction	736,429	13,263	-	-	736,429	13,263
BU LSR.Real Estate.Ural	LSR.Real Estate	1,276,844	22,996	-	-	1,276,844	22,996
BU LSR.Basic Materials. NW	LSR.Building Materials	155,317	2,797	-	-	155,317	2,797
OOO "LSR.Stroitelstvo-M"	LSR.Construction	11,250	203	-	-	11,250	203
LSR.Wall Materials.NW	LSR.Building Materials	511,515	9,213	-	-	511,515	9,213
		3,728,068	67,143	(281,496)	(5,070)	3,446,572	62,073

Goodwill will be tested for impairment for all BU as at 31 December 2015.

Although major assumptions remained unchanged, the Group performed impairment review of non-financial assets including goodwill as at 30 June 2015 with regard to those business units, for which impairment indicators were identified.

The cash flow projections and budgeted results were updated to take into consideration current economic circumstances.

Building Materials segments:

- Cash flows were projected based on budgeted operating results for 2016 and three – twelve years business plans;
- Cash flows for further years were extrapolated assuming 2.00% further growth in production;
- Pre-tax discount rate of 20.20% was applied in determining the recoverable amount of the plants. The discount rate was estimated based on the Group weighted average cost of capital, which was based on a possible range of debt leveraging of 48.54% at a market interest rate of 12.76% p.a. and an industry average beta-coefficient.

Construction segments:

- Cash flows were projected based on budgeted operating results for 2016 and three years business plans;
- Plan for 2016 is prepared based on the actual contract portfolio and the actual prices;
- Cash flows for further years were assuming 2.00% further growth in production;
- Pre-tax discount rate of 19.68% was applied in determining the recoverable amount of the plants. The discount rate was estimated based on the Group weighted average cost of capital, which was based on a possible range of debt leveraging of 50.07% at a market interest rate of 10.56% p.a. and an industry average beta-coefficient.

Real Estate segments:

- Cash flows were determined for the existing and planned investment projects on the basis of 4-year budgeted operating results.
- Cash flows for further years were assuming 2.00% further growth.
- Pre-tax discount rate of 19.68% was applied in determining the recoverable amount of the assets. The discount rate was estimated based on the Group weighted average cost of capital, which was based on a possible range of debt leveraging of 50.07% at a market interest rate of 10.56% p.a. and an industry average beta-coefficient.

The values assigned to the key assumptions represent management's assessment of future trends in the construction, development and construction materials production industry and are based on both external sources and internal sources.

No impairment loss was recognised in respect of goodwill allocated to the entities and business units above and other non-financial assets, as the impairment test demonstrates that for these entities and business units' values in use are significantly higher than carrying amounts in aggregate and individually.

15 Other investments

	30 June 2015	**31 December 2014**	**30 June 2015**	**31 December 2014**
	'000 RUB	**'000 RUB**	**'000 USD**	**'000 USD**
Non-current				
Available-for-sale investments:				
Stated at cost	27,274	1,502	491	27
Originated loans	794	2,224	14	39
	28,068	3,726	505	66
Current				
Held to maturity investments	550	550	10	10
Originated loans	21,942	2,521,573	395	44,822
	22,492	2,522,123	405	44,832

Available-for-sale investments stated at cost comprise unquoted equity securities in the construction industry. There is no market for these investments and there have not been any recent transactions that provide evidence of fair value. In addition, discounted cash flow techniques yield a wide range of fair values due to the uncertainty of future cash flows in this industry. However, management does not believe that the fair value at the end of the period would differ significantly from that carrying amount.

The Group's exposure to credit, currency and interest rate risks related to other investments is disclosed in note 26.

16 Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

'000 RUB	**Assets**		**Liabilities**		**Net**	
	30 June 2015	**31 December 2014**	**30 June 2015**	**31 December 2014**	**30 June 2015**	**31 December 2014**
Property, plant and equipment	(264,834)	(286,270)	1,150,742	1,177,600	885,908	891,330
Intangible assets	(447)	(452)	83,954	89,270	83,507	88,818
Inventories	(6,553,641)	(8,030,614)	181,319	233,631	(6,372,322)	(7,796,983)
Trade and other receivables	(611,935)	(497,610)	607,828	651,828	(4,107)	154,218
Loans and borrowings	(19,941)	(20,849)	18,032	275	(1,909)	(20,574)
Trade and other payables	(210,890)	(186,938)	6,202,137	7,981,382	5,991,247	7,794,444
Tax loss carry-forwards	(1,339,004)	(889,477)	-	-	(1,339,004)	(889,477)
Tax (assets)/liabilities	(9,000,692)	(9,912,210)	8,244,012	10,133,986	(756,680)	221,776
Set off of tax	6,536,706	8,214,204	(6,536,706)	(8,214,204)	-	-
Net tax (assets)/liabilities	(2,463,986)	(1,698,006)	1,707,306	1,919,782	(756,680)	221,776

'000 USD	**Assets**		**Liabilities**		**Net**	
	30 June 2015	**31 December 2014**	**30 June 2015**	**31 December 2014**	**30 June 2015**	**31 December 2014**
Property, plant and equipment	(4,770)	(5,088)	20,725	20,932	15,955	15,844
Intangible assets	(8)	(8)	1,512	1,587	1,504	1,579
Inventories	(118,033)	(142,745)	3,266	4,153	(114,767)	(138,592)
Trade and other receivables	(11,021)	(8,845)	10,947	11,586	(74)	2,741
Loans and borrowings	(359)	(371)	325	5	(34)	(366)
Trade and other payables	(3,798)	(3,323)	111,702	141,870	107,904	138,547
Tax loss carry-forwards	(24,116)	(15,811)	-	-	(24,116)	(15,811)
Tax (assets)/liabilities	(162,105)	(176,191)	148,477	180,133	(13,628)	3,942
Set off of tax	117,728	146,008	(117,728)	(146,008)	-	-
Net tax (assets)/liabilities	(44,377)	(30,183)	30,749	34,125	(13,628)	3,942

Deferred tax assets on tax losses carry-forwards recognised as at 30 June 2015 represent tax effect of accumulated unused tax losses recoverable by the future taxable profit. In accessing recoverability of deferred tax assets on tax losses carry-forward the Group applied the same data as it used for impairment testing of goodwill and property, plant and equipment (refer to note 14).The major part of those tax losses relates to business segments LSR. Building Materials and Other and expire in 2016-2025.

(b) Movement in temporary differences during the period

’000 RUB	1 January 2015	Recognised in profit or loss	Acquired/ disposed	Effect of movements in exchange rate	30 June 2015
Property, plant and equipment	891,330	(836)	(9,807)	5,221	885,908
Intangible assets	88,818	(5,311)	-	-	83,507
Inventories	(7,796,983)	1,424,661	-	-	(6,372,322)
Trade and other receivables	154,218	(140,061)	(18,264)	-	(4,107)
Loans and borrowings	(20,574)	18,665	-	-	(1,909)
Trade and other payables	7,794,444	(1,803,197)	-	-	5,991,247
Tax loss carry-forwards	(889,477)	(441,347)	(8,180)	-	(1,339,004)
	221,776	(947,426)	(36,251)	5,221	(756,680)

’000 RUB	1 January 2014	Recognised in profit or loss	Acquired/ disposed	Effect of movements in exchange rate	30 June 2014
Property, plant and equipment	758,788	(433)	4,479	(2,189)	760,645
Intangible assets	103,920	(3,264)	-	-	100,656
Inventories	(1,895,464)	(1,335,597)	-	-	(3,231,061)
Trade and other receivables	130,344	97,779	-	-	228,123
Loans and borrowings	(82,878)	(9,541)	-	-	(92,419)
Trade and other payables	1,128,316	1,168,627	-	-	2,296,943
Tax loss carry-forwards	(1,689,232)	(195,707)	(4,738)	-	(1,889,677)
	(1,546,206)	(278,136)	(259)	(2,189)	(1,826,790)

’000 USD	1 January 2015	Recognised in profit or loss	Acquired/ disposed	Effect of movements in exchange rate	30 June 2015
Property, plant and equipment	15,844	(15)	(171)	297	15,955
Intangible assets	1,579	(93)	-	18	1,504
Inventories	(138,592)	24,821	-	(996)	(114,767)
Trade and other receivables	2,741	(2,440)	(318)	(57)	(74)
Loans and borrowings	(366)	325	-	7	(34)
Trade and other payables	138,547	(31,416)	-	773	107,904
Tax loss carry-forwards	(15,811)	(7,689)	(143)	(473)	(24,116)
	3,942	(16,507)	(632)	(431)	(13,628)

’000 USD	1 January 2014	Recognised in profit or loss	Acquired/ disposed	Effect of movements in exchange rate	30 June 2014
Property, plant and equipment	23,184	(13)	127	(681)	22,617
Intangible assets	3,175	(93)	-	(89)	2,993
Inventories	(57,914)	(38,182)	-	21	(96,075)
Trade and other receivables	3,983	2,795	-	5	6,783
Loans and borrowings	(2,533)	(273)	-	58	(2,748)
Trade and other payables	34,474	33,409	-	416	68,299
Tax loss carry-forwards	(51,612)	(5,595)	(135)	1,153	(56,189)
	(47,243)	(7,952)	(8)	883	(54,320)

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	30 June 2015 ’000 RUB	31 December 2014 ’000 RUB	30 June 2015 ’000 USD	31 December 2014 ’000 USD
Tax losses	75,058	74,825	1,352	1,330
Deductible temporary differences on intercompany sales of investments	84,008	84,008	1,513	1,493
Total deferred tax assets have not been recognised	159,066	158,833	2,865	2,823

The tax losses expire in 2016-2025. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that the Group will sell investments in the foreseeable future and can utilize the benefits therefrom.

17 Inventories

	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	’000 RUB	’000 RUB	’000 USD	’000 USD
Work in progress, construction of buildings	85,574,122	71,992,893	1,541,208	1,279,681
Finished goods, construction of buildings	6,086,948	6,460,027	109,627	114,828
Finished goods and goods for resale	3,079,137	3,214,002	55,456	57,130
Raw materials and consumables	2,299,716	2,389,125	41,418	42,467
Work in progress	1,299,676	1,350,860	23,407	24,011
Lease incentives	22,129,646	19,852,568	398,560	352,882
	120,469,245	105,259,475	2,169,676	1,870,999

Inventories with a carrying amount of RUB 1,381,414 thousand / USD 24,880 thousand are subject to a registered debenture to secure bank loans (31 December 2014: RUB 1,381,414 thousand / USD 24,555 thousand) (refer to note 23).

Inventories with a carrying amount of RUB 3,074,929 thousand / USD 55,380 thousand are pledged to secure payments under the purchase contracts with payment by instalments (31 December 2014: RUB 3,087,195 thousand / USD 54,875 thousand).

Lease incentives are recognized at the present value (see Note 25).

18 Trade and other receivables

	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	’000 RUB	’000 RUB	’000 USD	’000 USD
Non-current				
Notes receivable on disposals of subsidiaries	221,597	240,703	3,991	4,279
Accounts receivable - trade	34,239	12,686	617	225
Other receivables	1,684	75	30	1
	257,520	253,464	4,638	4,505
Current				
Prepayments to suppliers	19,500,069	17,860,543	351,201	317,473
Accounts receivable – trade	2,150,140	2,366,623	38,725	42,067
Receivables from share participation agreements	2,073,786	1,589,862	37,349	28,260
Amounts due from customers for contract work	895,451	245,194	16,127	4,358
VAT receivable	885,268	288,611	15,944	5,130
Notes receivable	148,618	174,182	2,677	3,096
Deferred expenses	73,534	104,872	1,324	1,864
Current receivables on disposals of subsidiaries	4,676	5,317,894	84	94,526
Employee receivables	3,110	2,648	56	47
Other receivables	3,262,700	3,599,325	58,763	63,979
	28,997,352	31,549,754	522,250	560,800
Provision for doubtful debtors	(869,336)	(810,067)	(15,657)	(14,399)
	28,128,016	30,739,687	506,593	546,401

Non-current receivables on disposals of subsidiaries include discounted amount of receivables from sale of Aeroc International AS with discount rate 4.42%.

The Group’s exposure to credit and currency risks and impairment losses related to trade and other receivables (excluding construction work in progress) are disclosed in note 26.

Decrease in current receivables on disposals of subsidiaries is the result of cash receipt in amount of RUB 5,000,000 thousand for sale of LLC “LSR. Cement” made in December 2014.

19 Cash and cash equivalents

	30 June 2015 '000 RUB	31 December 2014 '000 RUB	30 June 2015 '000 USD	31 December 2014 '000 USD
Petty cash	6,297	3,293	113	59
Current accounts	9,487,531	3,824,695	170,873	67,984
Call deposits	9,445,872	21,449,817	170,122	381,273
Cash and cash equivalents in the consolidated statement of financial position	18,939,700	25,277,805	341,108	449,316
Cash and cash equivalents in the consolidated statement of cash flows	18,939,700	25,277,805	341,108	449,316

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 26.

Cash deposits of RUB 6,000,000 thousand, ending in December 2016 according to the contract terms, are classified as call deposits as the Group has right to withdraw it at any time without any penalties or significant change in value.

20 Restricted cash

	30 June 2015 '000 RUB	31 December 2014 '000 RUB	30 June 2015 '000 USD	31 December 2014 '000 USD
Non-current				
Restricted cash	11,690	26,374	211	469
Current				
Restricted cash	14,642	16,266	264	289
	26,332	42,640	475	758

Restricted cash (non-current) as at 30 June 2015 includes the amount of RUB 11,690 thousand / USD 211 thousand which was reserved in connection with confirmed letters of credit issued by the Group's bankers on equipment for production of ferroconcrete piles, plates, and also equipment for reconstruction of concrete-mixing unit (31 December 2014: RUB 26,374 thousand / USD 469 thousand).

Restricted cash (current) as at 30 June 2015 includes the amount of RUB 14,642 thousand / USD 264 thousand restricted for use by the Group according to the requirements of German legislation that regulates operations between parties (31 December 2014: RUB 16,266 thousand / USD 289 thousand).

21 Equity

(a) Share capital

Number of shares unless otherwise stated	**Ordinary shares**	
	30 June 2015	**31 December 2014**
Par value	RUB 0.25	RUB 0.25
On issue at beginning of the period	102,030,215	103,030,215
On issue at end of the period	101,796,672	102,030,215

The holders of ordinary shares are entitled to receive dividends which can be declared from time to time and are entitled to one vote per share at meetings of the Company.

(b) Treasury share reserve

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Company. At the reporting date the Company held 1,233,543 (31 December 2014: 1,000,000) of its own shares.

(c) Dividends

In accordance with Russian legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with Russian Accounting Principles. As at 30 June 2015 the Company had retained earnings, including the profit for the current period, of RUB 6,163,505 thousand / USD 111,006 thousand (as at 31 December 2014: RUB 14,288,894 thousand / USD 253,987 thousand).

In April 2015 the Group distributed dividends in the amount of RUB 8,035,868 thousand / USD 140,006 thousand at value RUB 78.00 / USD 1.36 per share for financial year ended 31 December 2014.

22 Earnings per share

The calculation of earnings per share is based on profit attributable to the shareholders of the Company divided by the weighted average number of ordinary shares outstanding during the period, refer to note 21 (a). The Company has no dilutive potential ordinary shares.

	2015	**2014**
Issued shares at 1 January	102,030,215	103,030,215
Effect of own shares held	(11,944)	-
Weighted average number of shares for the six-month period ended 30 June	102,018,271	103,030,215

23 Loans and borrowings

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, refer to note 26.

	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	'000 RUB	'000 RUB	'000 USD	'000 USD
Non-current				
Secured bank loans	8,508,458	9,598,835	153,239	170,620
Unsecured bank loans	6,950,000	7,950,000	125,171	141,312
Unsecured other loans	1,910	-	34	-
Unsecured bond issues	-	1,002,000	-	17,811
Finance lease liability	132,537	162,131	2,387	2,882
	15,592,905	18,712,966	280,831	332,625
Current				
Secured bank loans	3,660,351	2,088,846	65,924	37,129
Unsecured bank loans	4,500,000	4,500,000	81,046	79,988
Unsecured other loans	12,503	1,923	225	34
Unsecured bond issues	2,001,433	2,014,868	36,046	35,815
Finance lease liability	54,449	48,428	981	861
	10,228,736	8,654,065	184,222	153,827

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

				30 June 2015		31 December 2014	
'000 RUB	**Cur-rency**	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount**	**Face value**	**Carrying amount**
Secured facility	RUB	2.00% - 12.00%	2016 - 2021	12,168,809	12,168,809	11,687,681	11,687,681
Unsecured facility	RUB	0.00% - 13.68%	2015 - 2016	13,465,846	13,465,846	15,468,791	15,468,791
Finance lease liability		12.82% - 23.00%	2015 - 2020	186,986	186,986	210,559	210,559
				25,821,641	25,821,641	27,367,031	27,367,031

				30 June 2015		31 December 2014	
’000 USD	**Cur-rency**	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount**	**Face value**	**Carrying amount**
Secured facility	RUB	2.00% - 12.00%	2016 - 2021	219,163	219,163	207,749	207,749
Unsecured facility	RUB	0.00% - 13.68%	2015 - 2016	242,522	242,522	274,960	274,960
Finance lease liability		12.82% - 23.00%	2015 - 2020	3,368	3,368	3,743	3,743
				465,053	465,053	486,452	486,452

Covenants and other matters

The Credit Agreements require the Group to comply with certain general, informational and financial covenants, including:

– a limitation on the Group ability to incur additional debt beyond certain financial ratios;

– maintaining by the Group some of financial coefficients on a fixed level;

– subject to certain exceptions, a prohibition restricting the Group ability to make significant loans, or give credit, guarantees or indemnities to the third party;

– a restriction on paying or declaring any dividend or other distribution or interest on any unpaid interest (whether in cash or in kind);

– a liability to provide to the Banks with such financial and other information, the Banks may reasonably require in relation to the loan contracts, including the Group annual audited and unaudited consolidated financial statements, prepared in accordance with IFRS.

Finance lease liabilities are payable as follows:

’000 RUB	**30 June 2015**			**31 December 2014**		
	Payments	**Interest**	**Principal**	**Payments**	**Interest**	**Principal**
Less than one year	76,344	21,895	54,449	74,513	26,085	48,428
Between one and five years	155,660	23,123	132,537	195,482	33,351	162,131
	232,004	45,018	186,986	269,995	59,436	210,559

’000 USD	**30 June 2015**			**31 December 2014**		
	Payments	**Interest**	**Principal**	**Payments**	**Interest**	**Principal**
Less than one year	1,375	394	981	1,325	464	861
Between one and five years	2,803	416	2,387	3,475	593	2,882
	4,178	810	3,368	4,800	1,057	3,743

Bank loans are secured by the following:

– Property, plant and equipment with a carrying amount of RUB 9,102,787 thousand / USD 163,943 thousand is pledged as collateral to secure bank loans (31 December 2014: RUB 6,278,354 thousand / USD 111,599 thousand) – refer to note 13(b).

- Inventories with a carrying amount of RUB 1,381,414 thousand / USD 24,880 thousand are pledged as collateral to secure bank loans. (31 December 2014: RUB 1,381,414 thousand / USD 24,555 thousand) – refer to note 17.

The finance lease liabilities are secured by the leased assets (refer to note 13(c)).

Bank loans are secured by the pledge of the following shares in subsidiary companies as at 30 June 2015:

- 50.00% + 1 share of JOINT-STOCK COMPANY "CONSTRUCTION CORPORATION "REVIVAL OF SAINT PETERSBURG";
- 100.00% of LSR. Wall Materials-NW Ltd;
- 100.00% of ZAO "Industrial leasing".

24 Provisions

'000 RUB	**Site restoration**	**Environ-ment restoration**	**Warranty provision**	**Provision for unprofitable contracts**	**Litigation provision**	**Total**
Current						
Balance at 1 January 2015	1,636,400	315	10,115	2,635	46,628	1,696,093
Provisions made during the period	444,263	15,522	1,784	-	8,396	469,965
Provisions used during the period	(1,382,311)	(5,058)	(5,229)	(1,907)	(16,938)	(1,411,443)
Unused provisions	(43,192)	(315)	-	-	(15,740)	(59,247)
Exchange differences (+/-)	-	-	(1,010)	-	-	(1,010)
Balance at 30 June 2015	655,160	10,464	5,660	728	22,346	694,358
Non-current						
Balance at 1 January 2015	-	27,797	-	-	-	27,797
Provisions made during the period	-	23,011	-	-	-	23,011
Provisions used during the period	-	(3,390)	-	-	-	(3,390)
Unused provisions	-	(2,145)	-	-	-	(2,145)
Balance at 30 June 2015	-	45,273	-	-	-	45,273

'000 USD	Site restoration	Environ-ment restoration	Warranty provision	Provision for unprofitable contracts	Litigation provision	Total
Current						
Balance at 1 January 2015	29,085	6	180	47	829	30,147
Provisions made during the period	7,740	270	31	-	146	8,187
Provisions used during the period	(24,083)	(88)	(91)	(33)	(295)	(24,590)
Unused provisions	(753)	(5)	-	-	(274)	(1,032)
Exchange differences (+/-)	(189)	5	(18)	(1)	(4)	(207)
Balance at 30 June 2015	11,800	188	102	13	402	12,505
Non-current						
Balance at 1 January 2015	-	494	-	-	-	494
Provisions made during the period	-	401	-	-	-	401
Provisions used during the period	-	(59)	-	-	-	(59)
Unused provisions	-	(37)	-	-	-	(37)
Exchange differences (+/-)	-	16	-	-	-	16
Balance at 30 June 2015	-	815	-	-	-	815

(a) Site restoration

The Group records provisions in respect of the Group's obligation to incur additional costs including costs associated with clean up the surrounding area after finishing the construction of apartment buildings in Saint Petersburg, Moscow, Yekaterinburg and Leningrad region.

(b) Environment restoration

The Group records provisions in respect of the Group's obligation to clean up the surrounding area after quarrying sand in water and forested areas. The damage caused during quarrying is cleaned up after quarrying is completed. The amount of provision is estimated based on the available information. The Group expects the resulting outflow of economic benefits over the next five years.

(c) Warranty provision

The provision for warranties relates mainly to the residential units sold during the period. The provision is based on estimates made from historical warranty data associated with similar products and services and is required under the German legislation. The Group expects the resulting outflow of economic benefits over the next year. For the production companies warranty provision relates to the construction works done.

(d) Provision for unprofitable contracts

The Group records provisions in respect of the Group's loss contracts in connection of immediately reflection of loss on construction contracts. Amount of the provision is calculated based on contract price, contract expenses accounted contract stage per definite loss contract.

(e) Litigation provision

The Group recognises provision on legal obligations that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

25 Trade and other payables

	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	’000 RUB	’000 RUB	’000 USD	’000 USD
Non-current payables				
Accounts payable – trade	15,818,846	16,658,421	284,901	296,105
	15,818,846	16,658,421	284,901	296,105
Current payables				
Prepayments received for flats	79,655,477	67,931,368	1,434,612	1,207,489
Accounts payable trade	11,746,264	8,528,033	211,553	151,587
Advances from customers	2,432,455	2,470,836	43,809	43,920
Other taxes payable	1,452,154	1,745,659	26,154	31,029
Employee-related liabilities	1,308,696	1,069,912	23,570	19,018
Accounts due to customers for contract work	229,796	1,450,012	4,139	25,774
Interest payable	97,068	125,082	1,748	2,223
Deferred income	59,404	48,692	1,070	866
Notes payable	153	35,306	3	628
Other payables	803,551	1,359,250	14,472	24,161
	97,785,018	84,764,150	1,761,130	1,506,695

Prepayments received for flats include RUB 30,486,495 thousand / USD 549,069 thousand for flats, which are expected to be delivered after 12 months from the reporting date (31 December 2014: RUB 38,988,813 thousand / USD 693,031 thousand).

Trade payables include payables for land plots and lease incentives to be repaid in instalments. Payables for land plots and lease incentives are discounted at rates 10.60% and 10.70%, respectively.

The Group’s exposure to currency and liquidity risk related to trade and other payables is disclosed in note 26.

26 Financial risk management

(a) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk;
- operational risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout this consolidated interim financial statement.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit Committee, which is responsible for developing and monitoring the Group's risk management policies. The Audit Committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

(i) Trade and other receivables

Trade receivables from the largest five debtors of the Group represents approximately RUB 376,584 thousand / USD 6,782 thousand (31 December 2014: RUB 423,831 thousand / USD 7,534 thousand) of the Group's total Trade receivables. Geographically there is concentration of credit risk as the most significant part of Group's operations is located in Russia.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Managing Directors; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis.

Most of the Group's customers in the LSR. Building Materials, LSR. Construction operating segments have been transacting with the Group for over four years, and losses have occurred infrequently. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group does not have a unified policy for management of credit risk in place. Due to significant differences in operations at different business units specific credit policies are developed at the level of operational companies. Each of the operating companies has established procedures in place to review and collect outstanding receivables. New customers, as well as customers with significant outstanding and overdue balances are reviewed on a regular basis and resulting actions are put in place. All companies involved in the extraction and production of building materials have in place credit control procedures which require them to cancel despatching goods in case of the absence of a signed contract, previous fail to pay or previous violations of contract conditions. Also certain limits for the accounts receivable are established for particular customers.

In the LSR.Real Estate operating segment most sales are on prepayment and cash basis, as the customers are individuals.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. This allowance represents a specific loss component that relates to individually significant exposures.

(ii) Investments

The Group limits its exposure to credit risk by investing in credit notes of trade counterparties (customers and suppliers of the Group) that have an appropriate reputation in the market. The Group does not invest any of its assets in traded securities.

(iii) Guarantees

As at 30 June 2015 guarantees made to third parties were RUB 3,913,553 thousand / USD 70,484 thousand (31 December 2014: RUB 13,130,101 thousand / USD 233,389 thousand), including guarantees in amount of RUB 3,661,000 thousand / USD 65,935 thousand for LLC "LSR.Cement-NW" (since 2015 known as LLC "Peterburgcement"), which was disposed to third party in 2014.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

’000 RUB	Carrying amount	
	30 June 2015	31 December 2014
Available-for-sale financial assets	27,274	1,502
Loans and receivables	6,184,119	13,901,255
Held to maturity investments	550	550
Cash and cash equivalents	18,939,700	25,277,805
Restricted cash	26,332	42,640
	25,177,975	39,223,752

’000 USD	Carrying amount	
	30 June 2015	31 December 2014
Available-for-sale financial assets	491	27
Loans and receivables	111,379	247,097
Held to maturity investments	10	10
Cash and cash equivalents	341,108	449,316
Restricted cash	475	758
	453,463	697,208

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

’000 RUB	Carrying amount	
	30 June 2015	31 December 2014
Domestic	1,898,501	2,080,901
Euro-zone countries	73,886	96,090
Other CIS countries	16,886	10,267
	1,989,273	2,187,258

’000 USD	Carrying amount	
	30 June 2015	31 December 2014
Domestic	34,192	36,988
Euro-zone countries	1,331	1,708
Other CIS countries	304	182
	35,827	38,878

The Group’s most significant trade debtor, OOO “Petrovich STD”, accounts for RUB 112,408 thousand / USD 2,024 thousand of the trade receivables carrying amount at 30 June 2015 (31 December 2014 OOO “SDM-Stroytech”: RUB 111,223 thousand / USD 1,977 thousand).

The total amount of impaired trade receivables at the reporting date was RUB 195,106 thousand / USD 3,514 thousand (31 December 2014: RUB 192,051 thousand / USD 3,414 thousand).

The ageing of trade receivables at the reporting date was:

	Gross 30 June 2015	Impairment 30 June 2015	Gross 31 December 2014	Impairment 31 December 2014
	’000 RUB	’000 RUB	’000 RUB	’000 RUB
Not past due	1,066,817	-	1,110,982	-
Past due 0-30 days	474,823	-	582,225	(1,027)
Past due 31-180 days	304,654	(11,273)	405,360	(11,894)
Past due more than 180 days	338,085	(183,833)	280,742	(179,130)
	2,184,379	(195,106)	2,379,309	(192,051)

	Gross 30 June 2015	Impairment 30 June 2015	Gross 31 December 2014	Impairment 31 December 2014
	’000 USD	’000 USD	’000 USD	’000 USD
Not past due	19,214	-	19,748	-
Past due 0-30 days	8,552	-	10,349	(18)
Past due 31-180 days	5,487	(203)	7,205	(212)
Past due more than 180 days	6,089	(3,311)	4,990	(3,184)
	39,342	(3,514)	42,292	(3,414)

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

	2015	2014
	’000 RUB	’000 RUB
Balance at 1 January	(192,051)	(224,910)
Impairment loss	(3,055)	(62,938)
Balance at 30 June	(195,106)	(287,848)

	2015	2014
	’000 USD	’000 USD
Balance at 1 January	(3,414)	(6,872)
Impairment loss	(50)	(1,799)
Effect of movements in exchange rates	(50)	112
Balance at 30 June	(3,514)	(8,559)

The impairment loss at 30 June 2015 relates to several customers that have indicated that they are not expecting to be able to pay their outstanding balances, mainly due to economic circumstances. The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behaviour and internal analysis on the underlying customers' credit ratings.

The movement in the allowance for impairment in respect of advances paid and other receivables during the period was as follows:

	2015	**2014**
	'000 RUB	**'000 RUB**
Balance at 1 January	(618,016)	(262,023)
Impairment (loss) / reversal	(56,214)	23,037
Balance at 30 June	(674,230)	(238,986)

	2015	**2014**
	'000 USD	**'000 USD**
Balance at 1 January	(10,985)	(8,006)
Impairment (loss) / reversal	(914)	659
Effect of movements in exchange rates	(244)	241
Balance at 30 June	(12,143)	(7,106)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses cash flow budgets which are prepared for each year and quarter to forecast potential liquidity deficit and identify sources of covering that deficit. As at 30 June 2015 the Group's undrawn credit facilities amount is RUB 8,550,000 thousand / USD 153,987 thousand (31 December 2014: RUB 11,550,000 thousand / USD 205,303 thousand). Interest would be payable at the rate of 10.50% to 12.75%.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

30 June 2015	Average interest rate					
’000 RUB	**Contractual**	**Effective**	**Less than 1 year**	**1-5 years**	**Over 5 years**	**Total**
Secured bank loans:						
RUB*	2.00% - 12.00%	9.15%	3,660,351	7,820,895	687,563	12,168,809
Unsecured bank loans:						
RUB*	10.50% - 13.68%	12.66%	4,500,000	6,950,000	-	11,450,000
Unsecured other loans:						
RUB*	0.00% - 10.50%	3.23%	12,503	1,910	-	14,413
Unsecured bond issues:						
RUB*	0.10% - 10.15%	10.15%	2,001,433	-	-	2,001,433
Finance lease liabilities						
RUB*	12.82% - 14.11%	13.28%	52,681	131,154	-	183,835
Other*	15.00% - 23.00%	22.08%	1,768	1,383	-	3,151
Trade and other payables		-	12,647,036	15,818,846	-	28,465,882
Future interests**		-	2,245,742	1,579,985	34,723	3,860,450
Guarantees***		-	908,903	3,004,650	-	3,913,553
			26,030,417	35,308,823	722,286	62,061,526

*Fixed rate

** Future interests contain non-chargeable, expected interests. Future interests do not reflect current payables of the Company. Future interests are calculated based on current facilities of crediting process, which the Company had on 30 June 2015.

*** Guarantees contain guarantees made to third parties. Guarantees do not reflect current payables of the Company.

31 December 2014	**Average interest rate**					
'000 RUB	**Contractual**	**Effective**	**Less than 1 year**	**1-5 years**	**Over 5 years**	**Total**
Secured bank loans:						
RUB*	2.00% - 11.65%	8.77%	2,088,846	8,671,909	926,926	11,687,681
Unsecured bank loans:						
RUB*	8.90% - 22.40%	16.21%	4,500,000	7,950,000	-	12,450,000
Unsecured other loans:						
RUB*	0.00% - 8.25%	0.04%	1,923	-	-	1,923
Unsecured bond issues:						
RUB*	0.10% - 10.15%	10.09%	2,014,868	1,002,000	-	3,016,868
Finance lease liabilities						
RUB*	12.81% - 14.10%	12.31%	45,418	159,126	-	204,544
EUR*	15.00%	15.00%	136	-	-	136
Other*	21.99% - 23.00%	22.18%	2,874	3,005	-	5,879
Trade and other payables		-	10,047,671	16,658,421	-	26,706,092
Future interests**		-	2,942,887	2,263,706	46,381	5,252,974
Guarantees***		-	12,865,097	265,004	-	13,130,101
			34,509,720	36,973,171	973,307	72,456,198

*Fixed rate

** Future interests contain non-chargeable, expected interests. Future interests do not reflect current payables of the Company. Future interests are calculated based on current facilities of crediting process, which the Company had on 31 December 2014.

*** Guarantees contain guarantees made to third parties. Guarantees do not reflect current payables of the Company.

30 June 2015	**Average interest rate**					
’000 USD	**Contractual**	**Effective**	**Less than 1 year**	**1-5 years**	**Over 5 years**	**Total**
Secured bank loans:						
RUB*	2.00% - 12.00%	9.15%	65,924	140,856	12,383	219,163
Unsecured bank loans:						
RUB*	10.50% - 13.68%	12.66%	81,046	125,171	-	206,217
Unsecured other loans:						
RUB*	0.00% - 10.50%	3.23%	225	34	-	259
Unsecured bond issues:						
RUB*	0.10% - 10.15%	10.15%	36,046	-	-	36,046
Finance lease liabilities						
RUB*	12.82% - 14.11%	13.28%	949	2,362	-	3,311
Other*	15.00% - 23.00%	22.08%	32	25	-	57
Trade and other payables		-	227,776	284,901	-	512,677
Future interests**		-	40,446	28,456	625	69,527
Guarantees***		-	16,370	54,114	-	70,484
			468,814	635,919	13,008	1,117,741

*Fixed rate

** Future interests contain non-chargeable, expected interests. Future interests do not reflect current payables of the Company. Future interests are calculated based on current facilities of crediting process, which the Company had on 30 June 2015.

*** Guarantees contain guarantees made to third parties. Guarantees do not reflect current payables of the Company.

31 December 2014	Average interest rate					
’000 USD	**Contractual**	**Effective**	**Less than 1 year**	**1-5 years**	**Over 5 years**	**Total**
Secured bank loans:						
RUB*	2.00% - 11.65%	8.77%	37,129	154,144	16,476	207,749
Unsecured bank loans:						
RUB*	8.90% - 22.40%	16.21%	79,988	141,312	-	221,300
Unsecured other loans:						
RUB*	0.00% - 8.25%	0.04%	34	-	-	34
Unsecured bond issues:						
RUB*	0.10% - 10.15%	10.09%	35,815	17,811	-	53,626
Finance lease liabilities						
RUB*	12.81% - 14.10%	12.31%	808	2,829	-	3,637
EUR*	15.00%	15.00%	2	-	-	2
Other*	21.99% - 23.00%	22.18%	51	53	-	104
Trade and other payables		-	178,599	296,105	-	474,704
Future interests**		-	52,310	40,238	824	93,372
Guarantees***		-	228,679	4,710	-	233,389
			613,415	657,202	17,300	1,287,917

* Fixed rate

** Future interests contain non-chargeable, expected interests. Future interests do not reflect current payables of the Company. Future interests are calculated based on current facilities of crediting process, which the Company had on 31 December 2014.

*** Guarantees contain guarantees made to third parties. Guarantees do not reflect current payables of the Company.

(d) Market risk

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

(i) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Russian Rouble (RUB), but also Euro and Ukrainian Hryvna (UAH). The currencies in which these transactions primarily are denominated in Euro and USD.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily RUB, but also EUR and USD. This provides an economic hedge and no derivatives are entered into.

Exposure to currency risk

The Group's exposure to currency risk was based on the following principal amounts:

30 June 2015 **'000 RUB**	**EUR-denominated**	**USD-denominated**
Trade and other receivables	226,482	-
Finance lease liabilities	-	-
Trade and other payables	(743)	-
Gross balance sheet exposure	225,739	-

31 December 2014 **'000 RUB**	**EUR-denominated**	**USD-denominated**
Trade and other receivables	247,861	1,139,620
Finance lease liabilities	(136)	-
Trade and other payables	(11,335)	(35,162)
Gross balance sheet exposure	236,390	1,104,458

30 June 2015 **'000 USD**	**EUR-denominated**	**USD-denominated**
Trade and other receivables	4,079	-
Finance lease liabilities	-	-
Trade and other payables	(13)	-
Gross balance sheet exposure	4,066	-

31 December 2014 **'000 USD**	**EUR-denominated**	**USD-denominated**
Trade and other receivables	4,406	20,257
Finance lease liabilities	(2)	-
Trade and other payables	(201)	(625)
Gross balance sheet exposure	4,203	19,632

The following significant exchange rates applied during the period:

	30 June 2015 **RUB**	**31 December 2014** **RUB**
1 USD equals	55.5240	56.2584
1 EUR equals	61.5206	68.3427
1 UAH equals	2.6446	3.5564

Sensitivity analysis

A 10.00% strengthening of RUB against the above currencies would have increased profit by RUB 22,574 thousand / USD 407 thousand. A 10.00% weakening of the RUB against the above currencies would have the equal but opposite effect on the basis that all other variables remain constant.

(ii) Interest rate risk

Changes in 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 or 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.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

'000 RUB	**Carrying amount**	
	30 June 2015	**31 December 2014**
Fixed rate instruments		
Financial assets	50,560	2,525,849
Financial liabilities	(25,821,641)	(27,367,031)
	(25,771,081)	(24,841,182)

'000 USD	**Carrying amount**	
	30 June 2015	**31 December 2014**
Fixed rate instruments		
Financial assets	910	44,897
Financial liabilities	(465,053)	(486,452)
	(464,143)	(441,555)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and other comprehensive income, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect the statement of profit or loss and other comprehensive income.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and the statement of comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the six-month 2014.

’000 RUB	**Profit or loss**	
	100 bp increase	**100 bp decrease**
Six-month 30 June 2015		
Variable rate instruments	-	-
Cash flow sensitivity	-	-
Six-month 30 June 2014		
Variable rate instruments	(41,289)	41,289
Cash flow sensitivity	(41,289)	41,289

’000 USD	**Profit or loss**	
	100 bp increase	**100 bp decrease**
Six-month 30 June 2015		
Variable rate instruments	-	-
Cash flow sensitivity	-	-
Six-month 30 June 2014		
Variable rate instruments	(1,228)	1,228
Cash flow sensitivity	(1,228)	1,228

(e) Fair values versus carrying amounts

The fair value of unquoted equity investments is discussed in note 4. In other cases management believes that the fair value of its financial assets and liabilities approximates their carrying amounts except for loans.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

’000 RUB	**Note**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
		30 June 2015	**30 June 2015**	**31 December 2014**	**31 December 2014**
Financial assets					
Available-for-sale financial assets	15	27,274	27,274	1,502	1,502
Loans and receivables		6,184,119	6,184,119	13,901,255	13,901,255
Held to maturity investments	15	550	550	550	550
Cash and cash equivalents	19	18,939,700	18,939,700	25,277,805	25,277,805
Restricted cash	20	26,332	26,332	42,640	42,640
		25,177,975	25,177,975	39,223,752	39,223,752
Financial liabilities					
Secured bank loans	23	(12,168,809)	(11,077,429)	(11,687,681)	(9,552,325)
Unsecured bank loans	23	(11,450,000)	(11,279,960)	(12,450,000)	(12,281,385)
Unsecured other loans	23	(14,413)	(12,836)	(1,923)	(1,627)
Unsecured bond issues	23	(2,001,433)	(1,932,531)	(3,016,868)	(2,751,561)
Trade and other payables	25	(28,465,882)	(28,465,882)	(26,706,092)	(26,706,092)
Finance lease liabilities	23	(186,986)	(186,986)	(210,559)	(210,559)
		(54,287,523)	(52,955,624)	(54,073,123)	(51,503,549)

’000 USD	Note	Carrying amount	Fair value	Carrying amount	Fair value
		30 June 2015	30 June 2015	31 December 2014	31 December 2014
Financial assets					
Available-for-sale financial assets	15	491	491	27	27
Loans and receivables		111,379	111,379	247,097	247,097
Held to maturity investments	15	10	10	10	10
Cash and cash equivalents	19	341,108	341,108	449,316	449,316
Restricted cash	20	475	475	758	758
		453,463	453,463	697,208	697,208
Financial liabilities					
Secured bank loans	23	(219,163)	(199,507)	(207,749)	(169,794)
Unsecured bank loans	23	(206,217)	(203,155)	(221,300)	(218,303)
Unsecured other loans	23	(259)	(231)	(34)	(29)
Unsecured bond issues	23	(36,046)	(34,805)	(53,626)	(48,909)
Trade and other payables	25	(512,677)	(512,677)	(474,704)	(474,704)
Finance lease liabilities	23	(3,368)	(3,368)	(3,743)	(3,743)
		(977,730)	(953,743)	(961,156)	(915,482)

The interest rates used to discount estimated cash flows, where applicable, are based on marginal borrowing rates, available for the Group as at:

	30 June 2015	31 December 2014
Loans and borrowings	5.83% - 14.08%	7.83% - 18.28%
Leases	12.82% - 23.00%	12.81% - 23.00%

(f) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group’s processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group’s operations.

The Group’s objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group’s reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of the transactions;
- requirements for the reconciliation and monitoring of the transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessments of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit, to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

(g) Capital management

The Group has no formal policy for capital management but management seeks to maintain a sufficient capital base for meeting the Group's operational and strategic needs, and to maintain confidence of market participants. This is achieved with efficient cash management, constant monitoring of Group's revenues and profit, and long-term investment plans mainly financed by the Group's operating cash flows. With these measures the Group aims for steady profits growth.

The Group's liabilities to adjusted capital ratio at the end of the reporting period were as follows:

	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	'000 RUB	**'000 RUB**	**'000 USD**	**'000 USD**
Total liabilities	142,273,693	133,173,740	2,562,379	2,367,180
Less: cash and cash equivalents	(18,939,700)	(25,277,805)	(341,108)	(449,316)
Net liabilities	123,333,993	107,895,935	2,221,271	1,917,864
Total equity	60,980,681	65,827,909	1,098,276	1,170,099
Net liabilities to capital ratio	2.02	1.64	2.02	1.64

27 Operating leases

Non-cancellable operating lease rentals are payable as follows:

'000 RUB	**30 June 2015**	**31 December 2014**
Less than one year	389,668	329,552
Between one and five years	1,186,741	1,152,018
More than five years	9,656,308	7,926,492
	11,232,717	9,408,062

'000 USD	**30 June 2015**	**31 December 2014**
Less than one year	7,018	5,858
Between one and five years	21,373	20,477
More than five years	173,912	140,894
	202,303	167,229

The Group leases a number of land plots under operating leases. The leases typically vary from an initial period of four to forty nine years, with an option to renew the lease after that date. Lease payments are usually fixed.

For the production entities lease payments are expensed as incurred, while for the real estate construction entities lease payments are capitalised to the construction costs of the properties, located on the respective land plots. During the six-month period ended 30 June 2015 an amount of RUB 48,597 thousand / USD 847 thousand was recognised as an expense in the statement of profit or loss and other comprehensive income in respect of non-cancellable operating leases. During the six-month period ended 30 June 2015 an amount of RUB 164,286 thousand / USD 2,862 thousand was capitalized to the construction cost of the properties, located on the respective land plots.

28 Commitments

At 30 June 2015, the Group was committed to purchase property, plant and equipment for approximately RUB 256,373 thousand / USD 4,617 thousand (31 December 2014: RUB 58,138 thousand / USD 1,033 thousand) net of VAT.

29 Contingencies

(a) Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its plant facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

(b) Litigation

Existing litigations include a number of small claims relating to purchases from domestic customers. Based on experience in resolving such claims, management believes that they will be settled without significant cost to the Group. Accordingly, no provision has been made for such amounts.

(c) Taxation contingencies

The taxation system in the Russian Federation is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

The Group companies entered into transactions involving other Group companies at prices which management believed were consistent with applicable tax law. However, based on the uncertainty of legislation, the tax authorities could take a different position and attempt to assess additional tax and interest. The potential amount of such assessment cannot be reasonably estimated based on the uncertainty of transfer pricing rules, but could be significant. Management has not made any provision because it believes there will be no outflow of funds relating to any such assessment.

(d) Environmental liabilities

The Group is engaged in dredging sand from the sea bed and quarrying sand in forested areas. There is no liability to perform any restoration work in relation to the sea bed after the dredging is complete.

The Group is engaged in crushed stone production and extraction of clay in nine areas covered by forests. According to existing legislation and the terms of licenses obtained by the Group there is a liability for the Group to restore these sites when quarrying is complete. The costs associated with restoration cannot be determined as, in accordance with existing licences on crushed stone production, the methods of restoration and its cost will be determined in the future based on discussions between the Group and Russian Environment Authorities after the quarrying is complete. Accordingly, no provision has been recognised in the consolidated interim financial statements for expected expenses on restoration. It is planned that quarrying will be completed for the currently used areas in the periods from 2018 to 2033.

30 Related party transactions

(a) Control relationships

The Company is ultimately controlled by Andrey Molchanov.

(b) Transactions with management and close family members

The management and their close family members control 5.00% of the voting shares of the Group. (31 December 2014: 5.00%).

(i) Management remuneration

Key management received the following remuneration during the period, which is included in personnel costs (refer to note 9):

	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	’000 RUB	’000 RUB	’000 USD	’000 USD
Salaries and bonuses	422,353	270,954	7,358	7,746

(ii) Other transactions with management and close family members

	Transaction value period ended		Outstanding balance		Transaction value period ended		Outstanding balance	
	30 June 2015	30 June 2014	30 June 2015	31 December 2014	30 June 2015	30 June 2014	30 June 2015	31 December 2014
	’000 RUB	’000 RUB	’000 RUB	’000 RUB	’000 USD	’000 USD	’000 USD	’000 USD
Sale of goods and services	1,797	-	(14,049)	26,862	31	-	(253)	477
Loans received (included into unsecured other loans – refer to note 23)	-	-	(2,510)	(1,910)	-	-	(45)	(34)
Loans given to related parties	1,000	-	1,333	1,000	17	-	24	18
Other income (expenses), net	114	(537)	(1,089)	29	2	(15)	(20)	1

As at 30 June 2015 there were loans to executive directors at amount RUB 1,333 thousand / USD 24 thousand (31 December 2014: RUB 1,000 thousand / USD 18 thousand) (refer to notes 15, 18).

(c) Transactions with other related parties

The Group's other related party transactions are disclosed below:

(i) Revenue

	Transaction value period ended		Outstanding balance		Transaction value period ended		Outstanding balance	
	30 June 2015	30 June 2014	30 June 2015	31 December 2014	30 June 2015	30 June 2014	30 June 2015	31 December 2014
	'000 RUB	'000 RUB	'000 RUB	'000 RUB	'000 USD	'000 USD	'000 USD	'000 USD
Sale of goods and services provided to:								
Companies controlled or significantly influenced by or on behalf of, the Group's ultimate beneficial owners	12,939	10,250	34,651	31,941	225	293	624	568
	12,939	10,250	34,651	31,941	225	293	624	568

All outstanding balances with related parties are to be settled in cash within the six-month of the balance sheet date. None of the balances is secured.

Other expenses to companies controlled or significantly influenced by or on behalf of the Group's ultimate beneficial owners as at 30 June 2015 amounts to RUB 23,789 thousand / USD 414 thousand (other expenses 30 June 2014: RUB 39,676 thousand / USD 1,134 thousand). Outstanding balance amounts to RUB 319 thousand / USD 6 thousand (31 December 2014: RUB 307 thousand / USD 5 thousand).

There is no other income or expenses to companies controlled significantly influenced by the Group management as at 30 June 2015 (30 June 2014: nil). There is no outstanding balance as at 30 June 2015 (31 December 2014: nil).

(ii) Expenses and capital expenditures

	Transaction value period ended		Outstanding balance		Transaction value period ended		Outstanding balance	
	30 June 2015 ’000 RUB	**30 June 2014 ’000 RUB**	**30 June 2015 ’000 RUB**	**31 December 2014 ’000 RUB**	**30 June 2015 ’000 USD**	**30 June 2014 ’000 USD**	**30 June 2015 ’000 USD**	**31 December 2014 ’000 USD**
Purchase of goods and services from:								
Beneficial owner and companies controlled or significantly influenced by or on behalf of, the Group’s ultimate beneficial owners	5,724	6,460	122,711	120,785	100	185	2,210	2,147
	5,724	6,460	122,711	120,785	100	185	2,210	2,147

All outstanding balances with related parties are to be settled in cash within the six-month of the balance sheet date. None of the balances are secured.

(iii) Loans

	Transaction value period ended		Outstanding balance		Transaction value period ended		Outstanding balance	
	30 June 2015 ’000 RUB	**30 June 2014 ’000 RUB**	**30 June 2015 ’000 RUB**	**31 December 2014 ’000 RUB**	**30 June 2015 ’000 USD**	**30 June 2014 ’000 USD**	**30 June 2015 ’000 USD**	**31 December 2014 ’000 USD**
Loans received (included into unsecured other loans – refer to note 23):								
Beneficial owner and companies controlled or significantly influenced by or on behalf of, the Group’s ultimate beneficial owners	-	-	11,900	-	-	-	214	-
	-	-	11,900	-	-	-	214	-

	Transaction value period ended		Outstanding balance		Transaction value period ended		Outstanding balance	
	30 June 2015	**30 June 2014**	**30 June 2015**	**31 December 2014**	**30 June 2015**	**30 June 2014**	**30 June 2015**	**31 December 2014**
	’000 RUB	**’000 RUB**	**’000 RUB**	**’000 RUB**	**’000 USD**	**’000 USD**	**’000 USD**	**’000 USD**
Interest payable (included into other payables):								
Beneficial owner and companies controlled or significantly influenced by or on behalf of, the Group’s ultimate beneficial owners	35	230	-	-	1	7	-	-
	35	230	-	-	1	7	-	-

	Transaction value period ended		Outstanding balance		Transaction value period ended		Outstanding balance	
	30 June 2015	**30 June 2014**	**30 June 2015**	**31 December 2014**	**30 June 2015**	**30 June 2014**	**30 June 2015**	**31 December 2014**
	’000 RUB	**’000 RUB**	**’000 RUB**	**’000 RUB**	**’000 USD**	**’000 USD**	**’000 USD**	**’000 USD**
Loans given (included into other investments – originated loans category– refer to note 15):								
Beneficial owner and companies controlled or significantly influenced by or on behalf of, the Group’s ultimate beneficial owners	12,265	-	-	2,200,000	214	-	-	39,105
	12,265	-	-	2,200,000	214	-	-	39,105

	Transaction value period ended		Outstanding balance		Transaction value period ended		Outstanding balance	
	30 June 2015	**30 June 2014**	**30 June 2015**	**31 December 2014**	**30 June 2015**	**30 June 2014**	**30 June 2015**	**31 December 2014**
	’000 RUB	**’000 RUB**	**’000 RUB**	**’000 RUB**	**’000 USD**	**’000 USD**	**’000 USD**	**’000 USD**
Interest receivable (included into other receivables):								
Beneficial owner and companies controlled or significantly influenced by or on behalf of, the Group’s ultimate beneficial owners	49,483	9	-	9,945	862	-	-	177
	49,483	9	-	9,945	862	-	-	177

(iv) Transactions with shares / promissory notes

Purchase of shares/promissory notes from

	Transaction value period ended		Outstanding balance		Transaction value period ended		Outstanding balance	
	30 June 2015	30 June 2014	30 June 2015	31 December 2014	30 June 2015	30 June 2014	30 June 2015	31 December 2014
	’000 RUB	’000 RUB	’000 RUB	’000 RUB	’000 USD	’000 USD	’000 USD	’000 USD
Companies controlled or significantly influenced by or on behalf of, the Group’s ultimate beneficial owners	2,256,800	-	-	-	39,319	-	-	-
	2,256,800	-	-	-	39,319	-	-	-

31 Subsidiaries

Entity	Country of incorporation	Ownership/ voting interest 30 June 2015	Ownership/ voting interest 31 December 2014
JOINT-STOCK COMPANY “CONSTRUCTION CORPORATION “REVIVAL OF SAINT PETERSBURG”	Russia	100.00%	100.00%
OOO “LSR.Nedvizimost-SZ”	Russia	100.00%	100.00%
OOO "Lenstroyrekonstruktciya" (OAO "LSR")	Russia	100.00%	100.00%
OAO “LSR.Zelezobeton-SZ”	Russia	100.00%	100.00%
OOO “LSR.Stroitelstvo-SZ”	Russia	100.00%	100.00%
OAO “LSR.Krany-SZ”	Russia	100.00%	100.00%
AO “LSR.Nedvizimost-M” (ZAO “LSR.Nedvizimost-M”)	Russia	100.00%	100.00%
LSR. Wall Materials-NW Ltd	Russia	100.00%	100.00%
LLC “AEROC”	Ukraine	100.00%	100.00%
ZAO “Industrial leasing”	Russia	100.00%	100.00%
OOO “SPb GDC “YUNA”	Russia	100.00%	100.00%
OOO “MSR-Butovo”	Russia	100.00%	100.00%
Limited Liability Company Smolniy District	Russia	100.00%	100.00%
OOO “BaltStroyKomplekt”	Russia	100.00%	100.00%
OOO “LSR. Bazovye-M”	Russia	100.00%	100.00%
LSR Europe GmbH	Germany	100.00%	100.00%
Saargemunder Straße Wohnbau Gmbh & Co. KG	Germany	70.00%	70.00%
Saargemunder Straße Wohnbau Beteiligungs-GmbH	Germany	70.00%	70.00%
Max-Josephs-Hohe Immobilien und Projektentwicklungs GmbH	Germany	94.80%	94.80%
LSR - Vermögensverwaltungs GmbH	Germany	85.00%	85.00%
Oefelestraße Projektentwicklungsgesellschaft mbH & Co. KG	Germany	85.00%	85.00%
Projektgesellschaft Bayerstraße 79 mbH	Germany	80.00%	80.00%
Bereiteranger Vermogensverwaltungs GmbH	Germany	100.00%	100.00%
Bereiteranger Projektentwicklungs GmbH & Co KG	Germany	100.00%	100.00%
Aignerstraße Projektentwicklungsgesellschaft mbH	Germany	100.00%	100.00%
mysuithome Munchen GmbH**	Germany	-	70.00%
JSC “A Plus Estate”	Russia	100.00%	100.00%
OAO “Stroicorporatciya”	Russia	100.00%	100.00%
OAO MTO “ARHPROEKT”*	Russia	25.00%	25.00%
OOO “Velikan-XXI vek”	Russia	100.00%	100.00%
OOO “LSR.Stenovye-M”	Russia	100.00%	100.00%

Entity	Country of incorporation	Ownership/ voting interest 30 June 2015	Ownership/ voting interest 31 December 2014
Lsr Group Ltd	Russia	100.00%	100.00%
LSR.Construction-Urals Ltd	Russia	100.00%	100.00%
ZAO “LSR.Nedvizimost-Ural”	Russia	100.00%	100.00%
PJSC “Uralscheben”	Russia	100.00%	100.00%
PJSC “Aeroc Obuchow”	Ukraine	97.36%	97.36%
OOO “LSR.Stroitelstvo-M”	Russia	100.00%	100.00%
OOO “LSR-Stroy”	Russia	100.00%	100.00%
Limited Liability Company “KUZZhBI”	Russia	100.00%	100.00%
Limited Liability Company “AvtoKomBalt”	Russia	100.00%	100.00%
ZAO “LSR-Bazovye”	Russia	100.00%	100.00%
OOO “Kamenskoe-3”	Russia	100.00%	100.00%
OOO “Oktyabrskaya, 42”	Russia	100.00%	100.00%
OOO “Landshaft”	Russia	100.00%	100.00%
OOO “Zagorodnaya, 9”	Russia	99.99%	99.99%
OOO “Royal Gardens Hotel”	Russia	100.00%	100.00%
OAO “Tsementnyy Elevator”	Russia	100.00%	100.00%
OOO “Promobyekt”	Russia	100.00%	100.00%
OOO “Ravan”	Russia	100.00%	-
OOO “Oblastnye proekty”	Russia	100.00%	-
LLC “Sanatorium Dunes”	Russia	100.00%	-
OAO “Zavod ZhBI-6”	Russia	57.80%	-

* The Group retained de facto control.

** Not significant subsidiaries disposed to third or related parties during the six-month period ended 30 June 2015.

32 Disposal group held for sale

In December 2014 the Group’s management decided to sell part of a manufacturing facility within “LSR.Building Materials” segment due to low returns from the Ready-mix Concrete production in Moscow. Afterwards, in 2015 Group’s management decided to sell the Ready-mix Concrete production in Saint Petersburg for the same reason as Moscow.

Accordingly, Moscow and Saint Petersburg facilities related to the Ready-mix Concrete was presented as a disposal group held for sale.

Efforts to sell the disposal Group have commenced, and the sale is expected to take place during 2015.

At 30 June 2015 the disposal group comprised of the following assets and liabilities.

	Note	As at 30 June 2015	
		'000 RUB	**'000 USD**
Assets classified as held for sale			
Property, plant and equipment	13	460,721	8,298
Inventories	17	29,110	524
Trade and other receivables	18	9,670	174
		499,501	8,996
Liabilities classified as held for sale			
Trade and other payables	25	16,233	292
		16,233	292

(i) Cumulative income or expense recognised in other comprehensive income

There are no cumulative income or expense recognised in other comprehensive income relating to the disposal group.

(ii) Fair value hierarchy

The non-recurring fair value measurements for the disposal group as well as the estimated selling price exceed the carrying amount.

The non-recurring fair value measurement has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 2).

33 Events subsequent to the reporting date

(a) Financing events

There were no financing events subsequent to reporting date.

(b) Operating events

There were no operating events subsequent to reporting date.

34 Supplementary disclosures

The following Group entities are included in Segments and Business unit disclosures:

Division	Segment	Business unit	Product	Entity
Building Materials	LSR. Building Materials	LSR.Basic Materials.NW	Ready-mix Concrete	ZAO “LSR-Bazovye” Ready-mix Concrete
			Sand	OOO “Landshaft”
				OOO “Ravan”
				ZAO “LSR-Bazovye” Sand
			Crushed Granite	ZAO “LSR-Bazovye” Crushed Granite
		LSR.Basic Materials. Moscow	Ready-mix Concrete	OOO “LSR. Bazovye-M”
		LSR.Wall Materials.NW	Brick	LSR. Wall Materials-NW Ltd
				OOO “LSR.Stenovye-M”
			Aerated Concrete	PJSC “Aeroc Obuchow”
				LLC “AEROC”
				LSR Stenovye (Aerated Concrete)
		LSR.Reinforced Concrete.NW	Reinforced Concrete	OAO “LSR.Zelezobeton-SZ”
Real Estate and Construction	LSR. Construction. NW	LSR. Construction.NW	Construction	OOO “LSR.Stroitelstvo-SZ”
		LSR. Construction.Moscow	Construction	OOO “LSR.Stroitelstvo-M”
				OAO “Zavod ZhBI-6”
				AO “LSR.Nedvizimost-M” (ZAO “LSR.Nedvizimost-M”)
		LSR. Construction.Ural	Construction	LSR.Construction-Urals Ltd
				Limited Liability Company “KUZZhBI”
				OOO “Kamenskoe-3”
	LSR. Project management	LSR. Project management	Project management	OOO “LSR-Stroy”
	LSR. Cranes	LSR. Cranes	Cranes	OAO "LSR.Krany-SZ"
	LSR. Real Estate	LSR. Real Estate.NW	Real Estate	JOINT-STOCK COMPANY “CONSTRUCTION CORPORATION “REVIVAL OF SAINT-PETERSBURG”
				OOO “Oktyabrskaya, 42”
				Limited Liability Company Smolniy District
				OOO “SPB GDC “YUNA”
				OOO “Lenstroyrekonstruktciya” (OAO “LSR”)
				OAO "Tsementnyy Elevator"
				OOO “BaltStroyKomplekt”
				OAO “Stroicorporatciya”

Division	Segment	Business unit	Product	Entity
				Limited Liability Company “AvtoKomBalt”
				OOO “Royal Gardens Hotel”
				OOO “LSR.Nedvizimost-SZ”
		LSR.Real Estate.Moscow	Real Estate	AO “LSR.Nedvizimost-M” (ZAO “LSR.Nedvizimost-M”)
				OOO "Promobyekt"
				OOO “MSR-Butovo”
				OOO “Velikan-XXI vek”
		LSR.Real Estate.Urals	Real Estate	ZAO “LSR.Nedvizimost-Ural”
		LSR.Real Estate. Europe	Real Estate	LSR Europe GmbH
				Max-Josephs-Hohe Immobilien und Projektentwicklungs GmbH
				LSR - Vermögensverwaltungs GmbH
				Oefelestraße Projektentwicklungsgesellschaft mbH & Co. KG
				Saargemunder Straße Wohnbau Beteiligungs-GmbH
				Projektgesellschaft Bayerstraße 79 mbH
				Saargemunder Straße Wohnbau GmbH & Co.KG
				Bereiteranger Projektentwicklungs GmbH & Co. KG
				Bereiteranger Vermogensverwaltungs GmbH
				mysuithome Munchen GmbH
				Aignerstraße Projektentwicklungsgesellschaft mbH
Other	Other	Other	Other entities	ZAO “Industrial Leasing”
				PJSC LSR Group (OJSC LSR Group)
				OAO MTO “ARHPROEKT”
				Lsr Group Ltd
				JSC “A Plus Estate”
				OOO “Zagorodnaya, 9”
				OOO “Oblastnye proekty”
				LLC “Sanatorium Dunes”
				PJSC “Uralscheben”

Key financial performance indicators by business segment / business unit were as follows:

For the six-month ended 30 June 2015 '000 RUB	Revenue from external customers	Inter-group revenue	Total revenue	Operating profit (excl. management fee)	Depreciation/ Amortisation	Capitalized interest recognized in cost of sales	Write off of change in fair value of the disposed asset	EBITDA*
Ready-mix Concrete	1,456,500	82,725	**1,539,225**	(76)	58,826	-	-	**58,750**
Sand	737,676	145,356	**883,032**	60,463	76,743	-	-	**137,206**
Crushed Granite	835,573	355,932	**1,191,505**	(58,642)	123,585	-	-	**64,943**
Eliminations	-	(299,215)	**(299,215)**	-	-	-	-	-
LSR.Basic Materials.NW	3,029,749	284,798	**3,314,547**	1,745	259,154	-	-	**260,899**
LSR.Basic Materials. Moscow	102	-	**102**	(55,148)	-	-	-	**(55,148)**
Brick	1,655,518	9,184	**1,664,702**	157,786	427,218	-	-	**585,004**
Aerated Concrete	1,312,945	5,464	**1,318,409**	329,364	67,754	-	-	**397,118**
Eliminations	-	(5,430)	**(5,430)**	-	-	-	-	-
LSR.Wall Materials.NW	2,968,463	9,218	**2,977,681**	487,150	494,972	-	-	**982,122**
LSR.Reinforced Concrete.NW	1,131,722	81,913	**1,213,635**	(43,612)	146,518	-	-	**102,906**
Eliminations	-	(99,070)	**(99,070)**	1,356	-	-	-	**1,356**
Building Materials	**7,130,036**	**276,859**	**7,406,895**	**391,491**	**900,644**	**-**	**-**	**1,292,135**
LSR. Construction.NW	225,089	8,675,109	**8,900,198**	703,501	211,921	-	-	**915,422**
LSR. Construction. Moscow	888,711	2,569,992	**3,458,703**	(7,766)	45,424	-	-	**37,658**
LSR. Construction.Ural	257,095	1,746,246	**2,003,341**	104,964	89,209	-	-	**194,173**
Eliminations	-	(10,812)	**(10,812)**	(3,946)	-	-	-	**(3,946)**
LSR. Construction	1,370,895	12,980,535	**14,351,430**	796,753	346,554	-	-	**1,143,307**
LSR. Project management	747,123	29,007	**776,130**	28,548	249	-	-	**28,797**
LSR.Cranes	633,534	89,281	**722,815**	141,203	88,229	-	-	**229,432**
LSR.Real Estate.NW	15,732,886	8,400	**15,741,286**	5,478,930	25,681	(28,367)	(71,850)	**5,604,828**
LSR.Real Estate.Moscow	1,078,650	-	**1,078,650**	(88,977)	2,528	(1,979)	-	**(84,470)**
LSR.Real Estate.Urals	319,482	-	**319,482**	(76,306)	1,706	-	-	**(74,600)**
LSR.Real Estate. Europe	393,872	56,718	**450,590**	4,051	772	-	-	**4,823**
Eliminations	-	-	-	-	-	-	-	-
LSR.Real Estate	17,524,890	65,118	**17,590,008**	5,317,698	30,687	(30,346)	(71,850)	**5,450,581**
Eliminations	-	(13,040,969)	**(13,040,969)**	(1,118,203)	-	-	-	**(1,118,203)**
Real Estate and Construction	**20,276,442**	**122,972**	**20,399,414**	**5,165,999**	**465,719**	**(30,346)**	**(71,850)**	**5,733,914**
Other entities	208,049	-	**208,049**	-	98,196	-	-	**98,196**
Unallocated income and expenses	174,506	-	**174,506**	(1,357,879)	-	-	-	**(1,357,879)**
Transportation revenue	951,730	-	**951,730**	-	-	-	-	-
Eliminations	-	(399,831)	**(399,831)**	1,052	-	-	-	**1,052**
Consolidated	**28,740,763**	**-**	**28,740,763**	**4,200,663**	**1,464,559**	**(30,346)**	**(71,850)**	**5,767,418**

**EBITDA = Operating result + Depreciation/amortisation - Change in fair value of Investment property - Write off of change in fair value of the disposed asset - Impairment losses recognised during the reporting period - Capitalized interest recognized in cost of sales.*

For the six-month ended 30 June 2015 '000 USD	Revenue from external customers	Inter-group revenue	Total revenue	Operating profit (excl. management fee)	Depreciation/ Amortisation	Capitalized interest recognized in cost of sales	Write off of change in fair value of the disposed asset	EBITDA*
Ready-mix Concrete	25,376	1,441	**26,817**	(1)	1,025	-	-	**1,024**
Sand	12,852	2,532	**15,384**	1,053	1,337	-	-	**2,390**
Crushed Granite	14,558	6,201	**20,759**	(1,022)	2,153	-	-	**1,131**
Eliminations	-	(5,213)	**(5,213)**	-	-	-	-	-
LSR.Basic Materials.NW	52,786	4,961	**57,747**	30	4,515	-	-	4,545
LSR.Basic Materials. Moscow	2	-	**2**	(961)	-	-	-	**(961)**
Brick	28,843	160	**29,003**	2,749	7,443	-	-	**10,192**
Aerated Concrete	22,875	95	**22,970**	5,738	1,180	-	-	**6,918**
Eliminations	-	(95)	**(95)**	-	-	-	-	-
LSR.Wall Materials.NW	51,718	160	**51,878**	8,487	8,623	-	-	17,110
LSR.Reinforced Concrete.NW	19,718	1,427	**21,145**	(760)	2,554	-	-	**1,794**
Eliminations	-	(1,724)	**(1,724)**	25	-	-	-	**25**
Building Materials	**124,224**	**4,824**	**129,048**	**6,821**	**15,692**	**-**	**-**	**22,513**
LSR. Construction.NW	3,922	151,143	**155,065**	12,257	3,692	-	-	**15,949**
LSR. Construction. Moscow	15,484	44,776	**60,260**	(135)	791	-	-	**656**
LSR. Construction.Ural	4,479	30,424	**34,903**	1,828	1,555	-	-	**3,383**
Eliminations	-	(189)	**(189)**	(69)	-	-	-	**(69)**
LSR. Construction	23,885	226,154	**250,039**	13,881	6,038	-	-	19,919
LSR. Project management	13,017	505	**13,522**	497	4	-	-	**501**
LSR.Cranes	11,038	1,556	**12,594**	2,460	1,537	-	-	**3,997**
LSR.Real Estate.NW	274,107	146	**274,253**	95,457	447	(494)	(1,252)	**97,650**
LSR.Real Estate.Moscow	18,793	-	**18,793**	(1,550)	44	(34)	-	**(1,472)**
LSR.Real Estate.Urals	5,566	-	**5,566**	(1,329)	30	-	-	**(1,299)**
LSR.Real Estate. Europe	6,863	989	**7,852**	70	14	-	-	**84**
Eliminations	-	-	**-**	-	-	-	-	-
LSR.Real Estate	305,329	1,135	**306,464**	92,648	535	(528)	(1,252)	94,963
Eliminations	-	(227,207)	**(227,207)**	(19,482)	-	-	-	**(19,482)**
Real Estate and Construction	**353,269**	**2,143**	**355,412**	**90,004**	**8,114**	**(528)**	**(1,252)**	**99,898**
Other entities	3,624	-	**3,624**	-	1,711	-	-	**1,711**
Unallocated income and expenses	3,040	-	**3,040**	(23,655)	-	-	-	**(23,655)**
Transportation revenue	16,582	-	**16,582**	-	-	-	-	-
Eliminations	-	(6,967)	**(6,967)**	18	-	-	-	**18**
Consolidated	**500,739**	**-**	**500,739**	**73,188**	**25,517**	**(528)**	**(1,252)**	**100,485**

**EBITDA = Operating result + Depreciation/amortisation - Change in fair value of Investment property - Write off of change in fair value of the disposed asset - Impairment losses recognised during the reporting period - Capitalized interest recognized in cost of sales.*

For the six-month ended 30 June 2014 '000 RUB	Revenue from external customers	Inter-group revenue	Total revenue	Operating profit (excl. management fee)	Depreciation/ Amortisation	Capitalized interest recognized in cost of sales	EBITDA*
Ready-mix Concrete	1,523,116	86,089	**1,609,205**	(37,385)	67,698	-	**30,313**
Sand	741,885	144,113	**885,998**	179,150	77,919	-	**257,069**
Crushed Granite	1,585,638	393,948	**1,979,586**	350,723	141,729	-	**492,452**
Eliminations	-	(314,169)	**(314,169)**	-	-	-	**-**
LSR.Basic Materials.NW	3,850,639	309,981	**4,160,620**	492,488	287,346	-	**779,834**
LSR.Basic Materials. Moscow	652,934	41,252	**694,186**	(44,314)	35,235	-	**(9,079)**
LSR.Cement.NW	804,702	809,773	**1,614,475**	118,790	364,757	-	**483,547**
Brick	1,340,563	6,972	**1,347,535**	42,294	348,883	-	**391,177**
Aerated Concrete	1,415,879	469	**1,416,348**	344,152	78,130	-	**422,282**
Eliminations	-	(1,337)	**(1,337)**	-	-	-	**-**
LSR.Wall Materials.NW	2,756,442	6,104	**2,762,546**	386,446	427,013	-	**813,459**
LSR.Reinforced Concrete.NW	1,177,510	214,694	**1,392,204**	(56,043)	127,255	-	**71,212**
Eliminations	-	(773,707)	**(773,707)**	6,852	-	-	**6,852**
Building Materials	**9,242,227**	**608,097**	**9,850,324**	**904,219**	**1,241,606**	**-**	**2,145,825**
LSR. Construction.NW	261,935	7,400,401	**7,662,336**	761,464	201,861	-	**963,325**
LSR. Construction.Moscow	1,001,781	1,131,932	**2,133,713**	217,499	34,482	-	**251,981**
LSR. Construction.Ural	646,352	1,049,767	**1,696,119**	71,930	83,931	-	**155,861**
Eliminations	-	-	**-**	-	-	-	**-**
LSR. Construction	1,910,068	9,582,100	**11,492,168**	1,050,893	320,274	-	**1,371,167**
LSR. Project management	1,013,421	121,296	**1,134,717**	44,880	439	-	**45,319**
LSR.Cranes	650,129	86,161	**736,290**	143,275	117,005	-	**260,280**
LSR.Real Estate.NW	12,870,006	8,971	**12,878,977**	2,891,115	27,978	-	**2,919,093**
LSR.Real Estate.Moscow	3,776,748	10,367	**3,787,115**	245,552	4,520	(8,826)	**258,898**
LSR.Real Estate.Urals	1,261,470	-	**1,261,470**	69,950	1,418	-	**71,368**
LSR.Real Estate. Europe	3,503	-	**3,503**	(29,609)	480	-	**(29,129)**
Eliminations	-	-	**-**	-	-	-	**-**
LSR.Real Estate	17,911,727	19,338	**17,931,065**	3,177,008	34,396	(8,826)	**3,220,230**
Eliminations	-	(9,712,257)	**(9,712,257)**	(640,075)	-	-	**(640,075)**
Real Estate and Construction	**21,485,345**	**96,638**	**21,581,983**	**3,775,981**	**472,114**	**(8,826)**	**4,256,921**
Other entities	468,926	-	**468,926**	-	99,723	-	**99,723**
Unallocated income and expenses	171,976	-	**171,976**	(1,147,968)	-	-	**(1,147,968)**
Transportation revenue	1,039,838	-	**1,039,838**	-	-	-	**-**
Eliminations	-	(704,735)	**(704,735)**	2,838	-	-	**2,838**
Consolidated	**32,408,312**	**-**	**32,408,312**	**3,535,070**	**1,813,443**	**(8,826)**	**5,357,339**

**EBITDA = Operating result + Depreciation/amortisation - Change in fair value of Investment property - Write off of change in fair value of the disposed asset - Impairment losses recognised during the reporting period - Capitalized interest recognized in cost of sales.*

For the six-month ended 30 June 2014 '000 USD	Revenue from external customers	Inter-group revenue	Total revenue	Operating profit (excl. management fee)	Depreciation/ Amortisation	Capitalized interest recognized in cost of sales	EBITDA*
Ready-mix Concrete	43,543	2,461	**46,004**	(1,069)	1,935	-	**866**
Sand	21,209	4,120	**25,329**	5,122	2,228	-	**7,350**
Crushed Granite	45,330	11,262	**56,592**	10,027	4,052	-	**14,079**
Eliminations	-	(8,981)	**(8,981)**	-	-	-	-
LSR.Basic Materials.NW	110,082	8,862	**118,944**	14,080	8,215	-	22,295
LSR.Basic Materials. Moscow	18,666	1,179	**19,845**	(1,267)	1,007	-	**(260)**
LSR.Cement.NW	23,005	23,150	**46,155**	3,396	10,428	-	**13,824**
Brick	38,325	199	**38,524**	1,209	9,973	-	**11,182**
Aerated Concrete	40,477	13	**40,490**	9,839	2,234	-	**12,073**
Eliminations	-	(38)	**(38)**	-	-	-	-
LSR.Wall Materials.NW	78,802	174	**78,976**	11,048	12,207	-	23,255
LSR.Reinforced Concrete.NW	33,663	6,138	**39,801**	(1,602)	3,638	-	**2,036**
Eliminations	-	(22,119)	**(22,119)**	195	-	-	**195**
Building Materials	**264,218**	**17,384**	**281,602**	**25,850**	**35,495**	**-**	**61,345**
LSR. Construction.NW	7,488	211,563	**219,051**	21,769	5,771	-	**27,540**
LSR. Construction.Moscow	28,639	32,360	**60,999**	6,218	986	-	**7,204**
LSR. Construction.Ural	18,478	30,011	**48,489**	2,056	2,399	-	**4,455**
Eliminations	-	-	**-**	-	-	-	-
LSR. Construction	54,605	273,934	**328,539**	30,043	9,156	-	39,199
LSR. Project management	28,972	3,468	**32,440**	1,283	13	-	**1,296**
LSR.Cranes	18,586	2,463	**21,049**	4,096	3,345	-	**7,441**
LSR.Real Estate.NW	367,928	257	**368,185**	82,652	799	-	**83,451**
LSR.Real Estate.Moscow	107,970	296	**108,266**	7,020	129	(252)	**7,401**
LSR.Real Estate.Urals	36,064	-	**36,064**	1,999	41	-	**2,040**
LSR.Real Estate. Europe	100	-	**100**	(846)	14	-	**(832)**
Eliminations	-	-	**-**	-	-	-	-
LSR.Real Estate	512,062	553	**512,615**	90,825	983	(252)	92,060
Eliminations	-	(277,655)	**(277,655)**	(18,299)	-	-	**(18,299)**
Real Estate and Construction	**614,225**	**2,763**	**616,988**	**107,948**	**13,497**	**(252)**	**121,697**
Other entities	13,406	-	**13,406**	-	2,851	-	**2,851**
Unallocated income and expenses	4,916	-	**4,916**	(32,818)	-	-	**(32,818)**
Transportation revenue	29,727	-	**29,727**	-	-	-	-
Eliminations	-	(20,147)	**(20,147)**	81	-	-	**81**
Consolidated	**926,492**	**-**	**926,492**	**101,061**	**51,843**	**(252)**	**153,156**

*EBITDA = Operating result + Depreciation/amortisation - Change in fair value of Investment property - Write off of change in fair value of the disposed asset - Impairment losses recognised during the reporting period - Capitalized interest recognized in cost of sales.

Net financial position**

	30 June 2015 ’000 RUB	**31 December 2014 ’000 RUB**	**30 June 2015 ’000 USD**	**31 December 2014 ’000 USD**
LSR.Basic Materials.NW	(558,615)	(1,059,060)	(10,061)	(18,825)
LSR.Basic Materials.Moscow	(9,000)	(27,090)	(162)	(482)
LSR.Wall Materials.NW	(8,170,782)	(9,446,038)	(147,158)	(167,905)
LSR. Reinforced Concrete. NW	(267,403)	(339,838)	(4,816)	(6,041)
LSR. Building Materials	(9,005,800)	(10,872,026)	(162,197)	(193,253)
LSR. Construction.NW	9,064,500	8,722,500	163,254	155,044
LSR. Construction. Moscow	(438,370)	(215)	(7,895)	(4)
LSR. Construction. Ural	205,812	209,139	3,707	3,717
LSR. Construction	8,831,942	8,931,424	159,066	158,757
LSR. Project management	240,246	302,000	4,327	5,368
LSR. Cranes	36,169	(113,573)	651	(2,019)
LSR. Real Estate. NW	(6,218,551)	(3,271,650)	(111,998)	(58,154)
LSR. Real Estate. Moscow	(10,173,307)	(9,081,772)	(183,224)	(161,430)
LSR. Real Estate. Ural	-	-	-	-
LSR. Real Estate. Europe	(454,925)	(485,365)	(8,193)	(8,626)
LSR. Real Estate	(16,846,783)	(12,838,787)	(303,415)	(228,210)
Other entities	(9,077,415)	(12,776,069)	(163,485)	(227,095)
Consolidated	**(25,821,641)**	**(27,367,031)**	**(465,053)**	**(486,452)**

***NFP (Net financial position). Net financial position is debt of the Group allocated to Business Units. Calculated as Loans and Borrowings, including finance lease payables, minus Loans given and receivables from finance leasing to Group companies.*

Прошнуровано, сброшюровано, пронумеровано и скреплено печатью
(девяносто шесть) листов.

С.М. Харичкин
Директор по аудиту
Санкт-Петербургского филиала
АО "КПМГ"- Северо-западный региональный центр