

GREENOX LIMITED

**UNAUDITED CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

For the period from 1 January 2017 to 30 June 2017

Greenox Limited

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2017 to 30 June 2017

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Greenox Limited

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the period from 1 January 2017 to 30 June 2017

| | | Supplementary information | | | |
|--|------|---------------------------|--------------------|----------------------|----------------------|
| | Note | 30/06/2017 € | 30/06/2016 € | 30/06/2017 RUB | 30/06/2016 RUB |
| Net profit from investing activities | 5 | 1.969.601 | 6.469.876 | 133.081.180 | 437.153.768 |
| Administrative expenses | 6 | (86.763) | (25.836) | (5.862.348) | (1.745.676) |
| Other expenses | | (14.592) | - | (985.939) | - |
| Operating profit | | <u>1.868.246</u> | <u>6.444.040</u> | <u>126.232.893</u> | <u>435.408.092</u> |
| Finance income | | 656 | 741 | 44.348 | 50.034 |
| Finance expenses | | (1.986.776) | (2.042.267) | (134.241.632) | (137.991.022) |
| Net finance expenses | 7 | <u>(1.986.120)</u> | <u>(2.041.527)</u> | <u>(134.197.284)</u> | <u>(137.940.988)</u> |
| (Loss)/profit before tax | | (117.873) | 4.402.513 | (7.964.391) | 297.467.104 |
| Tax | 8 | <u>(519.348)</u> | <u>(474.741)</u> | <u>(35.091.091)</u> | <u>(32.077.106)</u> |
| (Loss)/profit for the period | | <u>(637.221)</u> | <u>3.927.772</u> | <u>(43.055.482)</u> | <u>265.389.998</u> |
| Other comprehensive income | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total comprehensive (expense)/income for the period | | <u>(637.221)</u> | <u>3.927.772</u> | <u>(43.055.482)</u> | <u>265.389.998</u> |

The notes on pages 5 to 15 are an integral part of these unaudited condensed consolidated interim financial statements.

Greenox Limited

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITIONAs at 30 June 2017

| | | Supplementary information | | | |
|---|------|---------------------------|-------------------|----------------------|----------------------|
| | Note | 30/06/2017 € | 31/12/2016 € | 30/06/2017 RUB | 31/12/2016 RUB |
| Assets | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | | 17.135 | 17.135 | 1.157.782 | 1.157.782 |
| VAT receivable | | <u>790</u> | <u>790</u> | <u>53.390</u> | <u>53.390</u> |
| Total non-current assets | | <u>17.925</u> | <u>17.925</u> | <u>1.211.172</u> | <u>1.211.172</u> |
| Current assets | | | | | |
| Inventories | | 1.690 | 1.690 | 114.199 | 114.199 |
| Trade and other receivables | | 28.033 | 42.625 | 1.894.133 | 2.880.072 |
| Loans receivable | | 224 | 224 | 15.161 | 15.161 |
| Financial assets at fair value through profit or loss | 9 | 73.660.654 | 74.276.848 | 4.977.071.186 | 5.018.705.960 |
| Cash and cash equivalents | 10 | <u>13.697</u> | <u>13.697</u> | <u>925.503</u> | <u>925.503</u> |
| Total current assets | | <u>73.704.298</u> | <u>74.335.084</u> | <u>4.980.020.182</u> | <u>5.022.640.895</u> |
| Total assets | | <u>73.722.223</u> | <u>74.353.009</u> | <u>4.981.231.354</u> | <u>5.023.852.067</u> |
| Equity | | | | | |
| Share capital | 11 | 5.966 | 5.966 | 403.100 | 403.100 |
| Capital reserve | | 5.180 | 5.180 | 350.000 | 350.000 |
| Accumulated losses | | <u>(1.188.605)</u> | <u>(551.384)</u> | <u>(80.311.174)</u> | <u>(37.255.692)</u> |
| Total equity | | <u>(1.177.459)</u> | <u>(540.238)</u> | <u>(79.558.074)</u> | <u>(36.502.592)</u> |
| Liabilities | | | | | |
| Non-current liabilities | | | | | |
| Loans and borrowings | 12 | <u>73.933.896</u> | <u>73.913.117</u> | <u>4.995.533.501</u> | <u>4.994.129.553</u> |
| Total non-current liabilities | | <u>73.933.896</u> | <u>73.913.117</u> | <u>4.995.533.501</u> | <u>4.994.129.553</u> |
| Current liabilities | | | | | |
| Loans and borrowings | 12 | 14.410 | 14.410 | 973.672 | 973.672 |
| Trade and other payables | 13 | <u>951.376</u> | <u>965.720</u> | <u>64.282.255</u> | <u>65.251.434</u> |
| Total current liabilities | | <u>965.786</u> | <u>980.130</u> | <u>65.255.927</u> | <u>66.225.106</u> |
| Total liabilities | | <u>74.899.682</u> | <u>74.893.247</u> | <u>5.060.789.428</u> | <u>5.060.354.659</u> |
| Total equity and liabilities | | <u>73.722.223</u> | <u>74.353.009</u> | <u>4.981.231.354</u> | <u>5.023.852.067</u> |

The notes on pages 5 to 15 are an integral part of these unaudited condensed consolidated interim financial statements.

GREENOX LIMITED**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the period from 1 January 2017 to 30 June 2017

Supplementary information

| | Share capital € | Capital reserve € | Accumulated losses € | Total € | Share capital RUB | Capital reserve RUB | Accumulated losses RUB | Total RUB |
|--|-----------------------|-------------------------|----------------------------|--------------------|-------------------------|---------------------------|------------------------------|----------------------|
| Balance at 1 January 2016 | 5.966 | 5.180 | (7.428.697) | (7.417.551) | 403.100 | 350.000 | (501.938.972) | (501.185.872) |
| Total comprehensive income for the period | - | - | <u>3.927.772</u> | <u>3.927.772</u> | - | - | <u>265.389.998</u> | <u>265.389.998</u> |
| Balance at 30 June 2016 | <u>5.966</u> | <u>5.180</u> | <u>(3.500.925)</u> | <u>(3.489.779)</u> | <u>403.100</u> | <u>350.000</u> | <u>(236.548.974)</u> | <u>(235.795.874)</u> |
| Balance at 1 January 2017 | 5.966 | 5.180 | (551.384) | (540.238) | 403.100 | 350.000 | (37.255.692) | (36.502.592) |
| Total comprehensive income for the period | - | - | <u>(637.221)</u> | <u>(637.221)</u> | - | - | <u>(43.055.482)</u> | <u>(43.055.482)</u> |
| Balance at 30 June 2017 | <u>5.966</u> | <u>5.180</u> | <u>(1.188.605)</u> | <u>(1.177.459)</u> | <u>403.100</u> | <u>350.000</u> | <u>(80.311.174)</u> | <u>(79.558.074)</u> |

The notes on pages 5 to 15 are an integral part of these unaudited condensed consolidated interim financial statements.

Greenox Limited

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWSFor the period from 1 January 2017 to 30 June 2017

| | | Supplementary information | | | |
|---|------|---------------------------|------------------|---------------------|---------------------|
| | Note | 30/06/2017 € | 30/06/2016 € | 30/06/2017 RUB | 30/06/2016 RUB |
| Cash flows from operating activities | | | | | |
| (Loss)/profit for the period | | (637.221) | 3.927.772 | (43.055.482) | 265.389.998 |
| Adjustments for: | | | | | |
| Net foreign exchange (profit)/ loss | 7 | (656) | 4.066 | (44.348) | 274.742 |
| Net profit from investing activities | 5 | (1.969.601) | (6.469.876) | (133.081.180) | (437.153.768) |
| Write off of accounts receivable | | 14.592 | - | 985.939 | - |
| Interest expense | 7 | 1.986.776 | 2.042.267 | 134.241.632 | 137.991.022 |
| Income tax expense | 8 | <u>519.348</u> | <u>474.741</u> | <u>35.091.091</u> | <u>32.077.106</u> |
| Cash used in operations before working capital changes | | (86.762) | (21.030) | (5.862.348) | (1.420.900) |
| Change in trade and other payables | | <u>606.111</u> | <u>329.598</u> | <u>40.953.439</u> | <u>22.270.140</u> |
| Cash generated from operations | | 519.349 | 308.568 | 35.091.091 | 20.849.240 |
| Tax paid | | <u>(519.349)</u> | <u>(308.568)</u> | <u>(35.091.091)</u> | <u>(20.849.240)</u> |
| Net cash generated from operating activities | | - | - | - | - |
| Cash and cash equivalents at beginning of the period | | <u>13.697</u> | <u>13.697</u> | <u>925.503</u> | <u>925.503</u> |
| Cash and cash equivalents at end of the period | 10 | <u>13.697</u> | <u>13.697</u> | <u>925.503</u> | <u>925.503</u> |

The notes on pages 5 to 15 are an integral part of these unaudited condensed consolidated interim financial statements.

Greenox Limited

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2017 to 30 June 2017

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Greenox Limited (the "Company") was incorporated in Cyprus on 19 November 2012 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 165 Spyrou Araouzou, Lordos Waterfront, 2nd Floor, Flat/Office 201, 3035 Limassol, Cyprus.

The principal activity of the Company is the holding of investments.

The principal activity of the Group is the development and management of a road bitumen production facility in Russia. The Group did not carry out its principal activity during the period.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the period from 1 January 2017 to 30 June 2017 consist of the financial statements of the Company and its subsidiary (which together referred to as "the Group").

(a) Statement of compliance

These unaudited interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2016.

(b) Basis of measurement

These unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention, except in the case of investments, which are shown at their fair value.

(c) Going concern basis

The Group incurred a loss of RUB43.055.482 during the period from 1 January 2017 to 30 June 2017 and, as of that date the Group's liabilities exceeded its assets by RUB79.558.074. These conditions, along with other matters as set forth in note 16 indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Notwithstanding the level of net liabilities as at the reporting date, the Group's financial statements have been prepared on a going concern basis on the assumption that the Company's shareholder have the ability to and will provide the Group the necessary financial support, or that alternative financial arrangements will be made, to enable it to operate as a going concern and to pay its liabilities as they fall due.

(d) Adoption of new and revised International Financial Reporting Standards and Interpretations as adopted by the European Union (EU)

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards and interpretations effective as of 1 January 2017.

Several new standards and amendments apply for the first time in 2017. However they do not impact the annual consolidated financial statements or the unaudited condensed consolidated financial statements of the Group.

Greenox Limited

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

For the period from 1 January 2017 to 30 June 2017

2. BASIS OF PREPARATION *(continued)*

(e) Use of estimates and judgments

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible.

Fair values are categorized 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 within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized 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 recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in notes:

- Note 9 - Financial assets at fair value through profit or loss
- Note 15 - Financial instruments

(f) Functional and presentation currency

The unaudited condensed consolidated financial statements are presented in Russian Rubles (RUB) which is the functional currency of the Group. In addition to presenting the financial statements in Russian Rubles, supplementary information in Euro has been presented only for primary financial statements, i.e. consolidated statements of profit or loss and other comprehensive income, financial position, changes in equity and cash flows, for the convenience of users of the financial statements. No supplementary information has been presented in the notes. All amounts in the financial statements are translated from Russian Rubles to Euro at the exchange rate at 30 June 2017 of RUB67,5449 to €1 as per the European Central Bank.

Greenox Limited

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2017 to 30 June 2017**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these unaudited condensed consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2016.

4. FAIR VALUE MEASUREMENT

The table below analyses assets and liabilities carried at fair value, by valuation method. The different levels have been defined as follows:

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

| 30 June 2017 | Level 1 RUB | Level 2 RUB | Level 3 RUB | Total RUB |
|---|----------------------|----------------|----------------|----------------------|
| Assets measured at fair value | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Listed debt instruments | 4.472.752.925 | - | - | 4.472.752.925 |
| Listed equity instruments | <u>504.318.261</u> | <u>-</u> | <u>-</u> | <u>504.318.261</u> |
| Total | <u>4.977.071.186</u> | <u>-</u> | <u>-</u> | <u>4.977.071.186</u> |
| 31 December 2016 | Level 1 RUB | Level 2 RUB | Level 3 RUB | Total RUB |
| Assets measured at fair value | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Listed debt instruments | 4.418.574.504 | - | - | 4.418.574.504 |
| Listed equity instruments | <u>600.131.456</u> | <u>-</u> | <u>-</u> | <u>600.131.456</u> |
| Total | <u>5.018.705.960</u> | <u>-</u> | <u>-</u> | <u>5.018.705.960</u> |

Transfers between levels

There have been no transfers between different levels during period.

Valuation techniques*Listed investments*

The fair values of investments traded on active liquid markets are determined with reference to quoted market prices. These investments are included within Level 1 of the hierarchy. If the quoted prices are observable in markets that are not active, these investments are included within Level 2 of the hierarchy.

Greenox Limited

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2017 to 30 June 2017**4. FAIR VALUE MEASUREMENT (continued)***Loans and borrowings*

The fair values of loans and borrowings and non-derivative debentures for disclosure purpose are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market interest rates prevailing at the measurement date for the loans and non-derivative debentures denominated in the same currency and with similar maturity dates.

5. PROFIT FROM INVESTING ACTIVITIES

| | 30/06/2017 RUB | 30/06/2016 RUB |
|--|--------------------|--------------------|
| Fair value (loss)/ gain on financial assets at fair value through profit or loss | (42.374.275) | 276.479.859 |
| Income from bonds and securities | <u>175.455.455</u> | <u>160.673.909</u> |
| | <u>133.081.180</u> | <u>437.153.768</u> |

6. ADMINISTRATIVE EXPENSES

| | 30/06/2017 RUB | 30/06/2016 RUB |
|-------------------------|-------------------|-------------------|
| Accounting fees | 102.114 | 106.386 |
| Professional fees | 165.393 | 158.090 |
| Consulting fees | 4.054.488 | 439.500 |
| Company levy fee | 22.114 | 26.985 |
| Trusty and custody fees | 631.825 | 913.407 |
| Sundry expenses | <u>886.414</u> | <u>101.308</u> |
| | <u>5.862.348</u> | <u>1.745.676</u> |

7. NET FINANCE INCOME AND EXPENSES

| | 30/06/2017 RUB | 30/06/2016 RUB |
|-----------------------------|----------------------|----------------------|
| Net foreign exchange profit | <u>44.348</u> | <u>50.034</u> |
| Finance income | <u>44.348</u> | <u>50.034</u> |
| Loan interest expense | (28.578.376) | (31.743.991) |
| Debenture interest | <u>(105.663.256)</u> | <u>(106.247.031)</u> |
| Finance expenses | <u>(134.241.632)</u> | <u>(137.991.022)</u> |
| Net finance expenses | <u>(134.197.284)</u> | <u>(137.940.988)</u> |

Greenox Limited**NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS****For the period from 1 January 2017 to 30 June 2017****8. TAXATION**

| | 30/06/2017 RUB | 30/06/2016 RUB |
|-----------------------------------|-------------------|-------------------|
| Overseas tax withheld on interest | <u>35.091.091</u> | <u>32.077.106</u> |

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 30/06/2017 RUB | 31/12/2016 RUB |
|----------------------------------|----------------------|----------------------|
| Balance at 1 January | 5.018.705.960 | 4.519.228.330 |
| Additions | - | 114.765.602 |
| Disposals | - | (109.458.000) |
| Fair value adjustment | <u>(41.634.774)</u> | <u>494.170.028</u> |
| Balance at 30 June / 31 December | <u>4.977.071.186</u> | <u>5.018.705.960</u> |

On 16 December 2013, the Company acquired a portfolio of listed debt and equity instruments from its ultimate beneficial owner, at market value. The consideration payable was converted into a long term debt towards the holding company (Note 12). Furthermore, on 2 June 2014, the Company received a portfolio of listed debt securities as a consideration for the debentures allotted through closed private placement, from the majority bondholder (Note 12).

Fair value adjustments

The financial assets at fair value through profit or loss are marketable securities and are valued at market value at the close of business on 31 December and 30 June by reference to Stock Exchange quoted prices. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the reporting date.

The fair value loss on investments for the current period was due mainly to the net effect of the decrease in the quoted prices of the equity securities (Sberbank of Russia) and increase in the quoted prices of debt securities (Russian Government Bonds) held by the Group at the period-end.

In the consolidated statement of cash flows, financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the consolidated statement of profit or loss and other comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in net gain or loss from investment activities.

Greenox Limited**NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS**For the period from 1 January 2017 to 30 June 2017**10. CASH AND CASH EQUIVALENTS**

Cash balances are analysed as follows:

| | 30/06/2017 RUB | 31/12/2016 RUB |
|--------------|-----------------------|-----------------------|
| Cash in hand | 924.953 | 924.953 |
| Cash at bank | <u>550</u> | <u>550</u> |
| | <u><u>925.503</u></u> | <u><u>925.503</u></u> |

11. SHARE CAPITAL

| | 30/06/2017 Number of shares | 30/06/2017 RUB | 31/12/2016 Number of shares | 31/12/2016 RUB |
|--|-----------------------------------|-----------------------|-----------------------------------|-----------------------|
| Authorised | | | | |
| Ordinary shares of €1 (RR40,3100) each | <u>10.000</u> | <u>403.100</u> | <u>10.000</u> | <u>403.100</u> |
| Issued and fully paid | | | | |
| Balance at 1 January | <u>10.000</u> | <u>403.100</u> | <u>10.000</u> | <u>403.100</u> |
| Balance at 30 June / 31 December | <u><u>10.000</u></u> | <u><u>403.100</u></u> | <u><u>10.000</u></u> | <u><u>403.100</u></u> |

Authorised capital

Under its Memorandum the Company fixed its share capital at 10.000 ordinary shares of nominal value of €1 (RR40,3100) each.

Issued capital

Upon incorporation on 19 November 2012 the Company issued to the subscribers of its Memorandum of Association 10.000 ordinary shares of €1 (RR40,3100) each at par.

During the prior period the beneficial owner, who holds 100% interest in the Group, changed from Mr. Artur Lagranskiy to Ms. Ljudmyla Bokochova.

12. LOANS AND BORROWINGS

| | 30/06/2017 RUB | 31/12/2016 RUB |
|----------------------------------|-----------------------------|-----------------------------|
| Balance at 1 January | 4.995.103.225 | 4.891.425.371 |
| Repayments | (132.837.684) | (173.997.883) |
| Interest expense | <u>134.241.632</u> | <u>277.675.737</u> |
| Balance at 30 June / 31 December | <u><u>4.996.507.173</u></u> | <u><u>4.995.103.225</u></u> |

Greenox Limited

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2017 to 30 June 2017**12. LOANS AND BORROWINGS** *(continued)*

| | 30/06/2017 RUB | 31/12/2016 RUB |
|---|----------------------|----------------------|
| Non-current liabilities | | |
| Debentures | 4.375.410.357 | 4.269.747.101 |
| Loan from parent company (note 14 (iii)) | <u>620.123.144</u> | <u>724.382.452</u> |
| | <u>4.995.533.501</u> | <u>4.994.129.553</u> |
| Current liabilities | | |
| Loans from related company (note 14 (ii)) | <u>973.672</u> | <u>973.672</u> |
| Total | <u>4.996.507.173</u> | <u>4.995.103.225</u> |

On 16 December 2013, the ultimate beneficial owner (UBO), sold an investment portfolio to the Company at market value (Note 9). The liability was converted into long term debt towards the holding company where the loan bears interest of 8% per annum and is repayable by 15 December 2023.

The Company issued 3.997.708 non-convertible debentures with face value of RUB1.000 each and the redemption date on 22 September 2018. The issue date was 22 September 2013. Lock up period was fixed to six months from the date of allotment. The debentures bear an interest rate of 4% per annum, non-compounded, from the date of their issue up to 22 September 2015, and 5,33% per annum, non-compounded, up to 22 September 2018. The interest is payable on two specific dates. The first payment was made on 22 September 2015 and the second payment will be made on 22 September 2018. The debentures were offered through private closed placement on 2 June 2014. The consideration was received partly in cash of RUB924.953 and partly in kind, in form of listed debt securities, in the amount equivalent to RUB4.107 million (Note 9).

A net debit balance with the shareholder amounting to RUB116 million on 30 June 2017 was set off with the loan payable to holding company during the current period, as a partial repayment of the loan principal and loan interest.

The short-term loans from related parties are interest-free, unsecured and repayable on demand.

13. TRADE AND OTHER PAYABLES

| | 30/06/2017 RUB | 31/12/2016 RUB |
|----------------|-------------------|-------------------|
| Accruals | 284.411 | 817.462 |
| Other payables | <u>63.997.844</u> | <u>64.433.972</u> |
| | <u>64.282.255</u> | <u>65.251.434</u> |

Other payables include a liability for the refund of 62.258 "OFZ" listed debt securities at fair value to Cassin Investments Ltd. These OFZs were originally transferred to the Company as a consideration for the subscription to the Company's non-convertible debentures. After that, Cassin Investments Ltd withdrew its interest in acquiring the Company's debentures. Therefore this amount is refundable.

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NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2017 to 30 June 2017**13. TRADE AND OTHER PAYABLES** *(continued)*

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

14. RELATED PARTY TRANSACTIONS

The parent company is Primeline Plc, incorporated in Seychelles, which owns 100% of the Company's ordinary shares. During the prior period the ultimate beneficial owner, who holds 100% interest in the Group, changed from Mr. Artur Lagranskiy to Ms. Ljudmyla Bokochova.

The transactions and balances with related parties are as follows:

(i) Interest expense

| | 30/06/2017 RUB | 30/06/2016 RUB |
|-----------------|-------------------|-------------------|
| Holding company | <u>28.578.376</u> | <u>31.743.991</u> |

(ii) Loans from related parties (note 12)

| | 30/06/2017 RUB | 31/12/2016 RUB |
|---|-------------------|-------------------|
| Loans payable to the Director of subsidiary | 720.078 | 720.078 |
| Loans payable to related companies | <u>253.594</u> | <u>253.594</u> |
| | <u>973.672</u> | <u>973.672</u> |

The loans are unsecured, interest-free and are repayable on demand.

(iii) Shareholders' current accounts - credit balances

| | 30/06/2017 RUB | 31/12/2016 RUB |
|---|--------------------|--------------------|
| Loan payable to the holding company (Note 12) | <u>620.123.144</u> | <u>724.382.452</u> |

The loan is unsecured, bears interest of 8% and is repayable by 15 December 2023.

15. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT**Financial risk management**

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended 31 December 2016.

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NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2017 to 30 June 2017**15. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT** *(continued)***A. Accounting classifications and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30/6/2017

| | Designated at fair value RUB | Carrying amount Borrowings and other Loans and receivables RUB | financial liabilities RUB | Total RUB | Level 1 RUB | Level 2 RUB | Level 3 RUB | Total RUB |
|---|------------------------------------|---|---------------------------------|----------------------|----------------|----------------|----------------|---------------|
| Financial assets measured at fair value | | | | | | | | |
| Debt securities | 4,472,752,925 | - | - | 4,472,752,925 | 4,472,752,925 | - | - | 4,472,752,925 |
| Equity securities | <u>504,318,261</u> | <u>-</u> | <u>-</u> | <u>504,318,261</u> | 504,318,261 | - | - | 504,318,261 |
| | <u>4,977,071,186</u> | <u>-</u> | <u>-</u> | <u>4,977,071,186</u> | | | | |
| Financial assets not measured at fair value | | | | | | | | |
| Trade and other receivables | - | 1,894,133 | - | 1,894,133 | | | | |
| Cash and cash equivalents | - | 925,503 | - | 925,503 | | | | |
| Loan receivable | <u>-</u> | <u>15,161</u> | <u>-</u> | <u>15,161</u> | - | - | - | - |
| | <u>-</u> | <u>2,834,797</u> | <u>-</u> | <u>2,834,797</u> | | | | |
| Financial liabilities not measured at fair value | | | | | | | | |
| Other short term loans | - | - | 973,672 | 973,672 | | | | |
| Other long term loans | - | - | 620,123,144 | 620,123,144 | - | - | - | 402,884,012 |
| Unsecured debenture issues | - | - | 4,375,410,357 | 4,375,410,357 | - | - | - | - |
| Trade and other payables | <u>-</u> | <u>-</u> | <u>63,997,844</u> | <u>63,997,844</u> | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>5,060,505,017</u> | <u>5,060,505,017</u> | | | | |

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NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTSFor the period from 1 January 2017 to 30 June 2017**15. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT** *(continued)***31/12/2016**

| | Designated at fair value RUB | Carrying amount Borrowings and receivables RUB | other financial liabilities RUB | Total RUB | Fair value Level 1 RUB | Level 2 RUB | Level 3 RUB | Total RUB |
|---|------------------------------------|---|---------------------------------------|----------------------|------------------------------|----------------|----------------|---------------|
| Financial assets measured at fair value | | | | | | | | |
| Debt securities | 4.418.574.504 | - | - | 4.418.574.504 | 4.418.574.504 | - | - | 4.418.574.504 |
| Equity securities | <u>600.131.456</u> | <u>-</u> | <u>-</u> | <u>600.131.456</u> | 600.131.456 | - | - | 600.131.456 |
| | <u>5.018.705.960</u> | <u>-</u> | <u>-</u> | <u>5.018.705.960</u> | | | | |
| Financial assets not measured at fair value | | | | | | | | |
| Trade and other receivables | - | 2.880.072 | - | 2.880.072 | | | | |
| Cash and cash equivalents | - | 925.503 | - | 925.503 | | | | |
| Loan receivable | <u>-</u> | <u>15.161</u> | <u>-</u> | <u>15.161</u> | - | - | - | - |
| | <u>-</u> | <u>3.820.736</u> | <u>-</u> | <u>3.820.736</u> | | | | |
| Financial liabilities not measured at fair value | | | | | | | | |
| Other short term loans | - | - | 973.672 | 973.672 | | | | |
| Other long term loans | - | - | 724.382.452 | 724.382.452 | - | - | - | 464.371.418 |
| Unsecured debenture issues | - | - | 4.269.747.101 | 4.269.747.101 | - | - | - | - |
| Trade and other payables | <u>-</u> | <u>-</u> | <u>65.251.434</u> | <u>65.251.434</u> | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>5.060.354.659</u> | <u>5.060.354.659</u> | | | | |

Greenox Limited**NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS**

For the period from 1 January 2017 to 30 June 2017

15. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(continued)***B. Measurements of Fair value**

The fair value of the unsecured non-convertible debentures could not be determined with sufficient reliability within constraints of timeliness and cost. Although there was no restrictions on trading at the measurement date, there was no active market for the Company's debentures and therefore, the quoted price at the measurement date does not represent fair value. Moreover, the Company does not have a credit rating and the observable market data for comparable debentures could not be identified reliably in order to be used in estimating the fair value using applicable valuation technique, such as discounted cash flows. Therefore, the fair value of the non-convertible debentures is not disclosed in the financial statements.

16. GOING CONCERN BASIS

The Group incurred a loss of RUB43.055.482 during the period from 1 January 2017 to 30 June 2017 and, as of that date the Group's liabilities exceeded its assets by RUB79.558.074. These conditions along with the obligation of the Company to repay its bondholders the amount with a current balance of RUB4.375.410.357 in September 2018, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Group is dependent upon the continuing financial support of its shareholder without which there would be significant doubt about its ability to continue as a going concern as well as its ability to realise its assets and discharge its liabilities in the ordinary course of business. The Company's shareholder has the ability to and will provide the Group the necessary financial support, or alternative financial arrangements will be made, to enable it to operate as a going concern and to pay its liabilities as they fall due.

17. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2017.

18. EVENTS AFTER THE REPORTING PERIOD

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