GREENOX LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

GREENOX LTD

STATEMENT BY THE MEMBERS OF THE BOARD OF DIRECTORS RESPONSIBLE FOR THE DRAFTING OF THE CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO THE CYPRUS SECURITIES AND EXCHANGE COMMISSION LEGISLATION

In accordance with the Article 140, section (1)(c) of the Securities and Cyprus Stock Exchange Law, We, the members of the Board of Directors responsible for the drafting of the consolidated financial statements of Greenox Ltd for the year ended 31 December 2015, confirm to the best of our knowledge which is a result of diligent work that the consolidated financial statements for the year ended 31 December 2015 which are presented on pages 8 to 33, have been prepared in accordance with IFRS as adopted by the EU, are true and complete.

Members of the Board of Directors

....
Charalambos Avaratzis

....
Marina Fedoseeva

....
Ljudmyla Bokochova

GREENOX LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

CONTENTS

GREENOX LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors	Charalambos Avaratzis
	Marina Fedoseeva (appointed on 3 December 2015)
	Ljudmyla Bokochova (appointed on 18 July 2016)
	Kirill Goloshchapov (appointed on 3 December 2015, resigned on 18 July 2016)
Secretary	Fuamari Secretarial Limited
Independent Auditors	KPMG Limited
Registered Office	165 Spyrou Araouzou Lordos Waterfront, 2nd Floor, Flat/Office 201 3035 Limassol Cyprus
Registration number	HE 315380

GREENOX LIMITED

BOARD OF DIRECTORS' REPORT

The Board of Directors of Greenox Limited (the "Company") presents to the members its Annual Report together with the audited consolidated financial statements of the Company and its subsidiary (together with the Company, the "Group") for the year ended 31 December 2015.

INCORPORATION

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.

PRINCIPAL ACTIVITY

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 activities during the year.

FINANCIAL RESULTS

The Group's financial results for the year ended 31 December 2015 are set out on page 8 to the consolidated financial statements. The net profit for the year attributable to the shareholders of the Group amounted to RUB964.661.606 (2014: net loss RUB1.460.938.816).

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE GROUP

As the Group is at an early stage of its formation, its primary target was to list the debentures in order to attract financing for the construction of the bitumen factory. This target was achieved and the Company's debentures were admitted to the Emerging Companies Market of CSE in April 2015, however, the trading was temporary suspended in June 2015. The Group's management mitigated the factors leading to the suspension and on 8 December 2015 the suspension from trading of the Company's securities was lifted. Due to these circumstances, the construction of the factory and its operation was not started during the year and the Group did not generate revenue from its principal activities during 2015. Moreover, given the deterioration of the economic situation in Russia during the past two years, devaluation of Ruble and the resulting delay in construction commencement, the project requires additional financing for the acquisition of imported equipment for the factory. Nevertheless, the Group's management is committed to completing the project as initially planned and to obtain additional financing from a third party.

DIVIDENDS

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

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Group and the steps taken to manage these risks, are described in note 18 to the consolidated financial statements.

FUTURE DEVELOPMENTS

The Group's management is planning to obtain additional finance from a third party, in order to improve the financial position of the Group and enable financing of construction of the bitumen production facilities by the Russian subsidiary. Its transparency advantage will help to attract investors and customers. The factory is expected to cover substantial part of the demand for bitumen in Tambov region of Russia. Furthermore, preliminary negotiations of contracts with potential customers have started in order to secure the demand once the production will commence.

SHARE CAPITAL

Authorised capital
Under its Memorandum the Company fixed its share capital at 10.000 ordinary shares of nominal value of €1 (RUB40,31) 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 (RUB40,31) each at par.

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

BRANCHES

During the year ended 31 December 2015 the Group did not operate any branches.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2015 and at the date of this report are presented on page 1. Mrs. Marina Fedoseeva and Mr. Kirill Goloshchapov were appointed on 3 December 2015. Mrs. Ljudmyla Bokochova was appointed on 18 July 2016 and Mr. Kirill Goloshchapov resigned on the same date.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

EVENTS AFTER THE REPORTING PERIOD

Any significant events that occurred after the end of the reporting period are described in note 21 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Disclosed in note 17 to the consolidated financial statements.

INDEPENDENT AUDITORS

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

Fuamari Secretarial Limited
Secretary

Nicosia, 25 July 2016

KPMG Limited
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

Greenox Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of parent company Greenox Limited (the "Company") and its subsidiary (together with the Company, the "Group") on pages 8 to 33, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

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

Independent auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

During the year 2014 the Group acquired and disposed a number of shares and bonds classified as financial assets at fair value through profit or loss for which we were unable to obtain sufficient appropriate audit evidence. The effect of such transactions was an increase in profit of loss for the year ended 31 December 2014 of RUB7.769.192 and increase in liabilities to shareholder at 31 December 2014 of RUB140.440.157 which affect the shareholder's current account and the loan payable to holding company as at 31 December 2015.

Qualified opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Emphasis of matter

We draw attention to note 19 to the financial statements which indicates that even though the Group has made a profit of RUB964.661.606 during the year ended 31 December 2015, as at that date its liabilities exceeded its assets by RUB501.185.872. These conditions, as set forth in note 19, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on other legal requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, L.42(I)/2009, as amended from time to time ("Law 42(I)/2009"), we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit, except that the scope of our work was limited by the matter discussed in the basis for qualified opinion paragraph.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books, except in the case of the matter discussed in the basis for qualified opinion paragraph.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of the information available to us and according to the explanations given to us, the consolidated financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.except in the case of the matter discussed in the basis for qualified opinion paragraph.
- In our opinion, the information given in the report of the Board of Directors on pages 2 to 4 is consistent with the consolidated financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of Law 42(I)/2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Marios G. Gregoriades, CPA
Certified Public Accountant and Registered Auditor

for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

26 July 2016

GREENOX LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

				Supplementary information	
	Note	2015 €	2014 € (restated)	2015 RUB	2014 RUB (restated)
Other operating income		645	23.800	52.055	1.920.000
Net profit/(loss) from investing activities	5	15.480.047	(15.730.717)	1.248.793.716	(1.269.015.595)
Administrative expenses	6	(41.057)	(54.271)	(3.312.087)	(4.378.074)
Other operating expenses		-	(20.204)	-	(1.629.868)
Operating profit/(loss)		15.439.635	(15.781.392)	1.245.533.684	(1.273.103.537)
Finance income	7	1.846	-	148.907	-
Finance expenses	7	(2.956.378)	(1.969.963)	(238.494.540)	(158.919.276)
Net finance expenses		(2.954.532)	(1.969.963)	(238.345.633)	(158.919.276)
Profit/(loss) before tax		12.485.103	(17.751.355)	1.007.188.051	(1.432.022.813)
Tax	8	(527.158)	(358.443)	(42.526.445)	(28.916.003)
Profit/(loss) for the year		11.957.945	(18.109.798)	964.661.606	(1.460.938.816)
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the year		11.957.945	(18.109.798)	964.661.606	(1.460.938.816)

The notes on pages 12 to 33 are an integral part of these consolidated financial statements.

GREENOX LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 €	2014 € (restated)	Supplementary information 2015 RUB	Supplementary information 2014 RUB (restated)
Assets					
Property, plant and equipment	9	14.352	14.352	1.157.782	1.157.782
VAT receivable		662	662	53.390	53.390
Total non-current assets		15.014	15.014	1.211.172	1.211.172
Inventories		1.416	1.416	114.199	114.199
Trade and other receivables	10	39.000	43.099	3.146.169	3.476.851
Loans receivable		188	188	15.161	15.161
Financial assets at fair value through profit or loss	11	56.020.354	47.756.510	4.519.228.330	3.852.574.209
Cash and cash equivalents	12	11.473	11.473	925.503	925.503
Total current assets		56.072.431	47.812.686	4.523.429.362	3.857.105.923
Total assets		56.087.445	47.827.700	4.524.640.534	3.858.317.095
Equity					
Share capital	13	4.997	4.997	403.100	403.100
Capital reserve		4.339	4.339	350.000	350.000
Accumulated losses		(6.222.035)	(18.179.980)	(501.938.972)	(1.466.600.578)
Total equity		(6.212.699)	(18.170.644)	(501.185.872)	(1.465.847.478)
Liabilities					
Loans and borrowings	14	60.619.101	58.861.558	4.890.214.699	4.748.431.602
Total non-current liabilities		60.619.101	58.861.558	4.890.214.699	4.748.431.602
Short term portion of long-term loans	14	15.007	3.979.455	1.210.672	321.027.314
Trade and other payables	15	1.666.036	3.157.331	134.401.035	254.705.657
Total current liabilities		1.681.043	7.136.786	135.611.707	575.732.971
Total liabilities		62.300.144	65.998.344	5.025.826.406	5.324.164.573
Total equity and liabilities		56.087.445	47.827.700	4.524.640.534	3.858.317.095

On 26 July 2016 the Board of Directors of Greenox Limited authorised these consolidated financial statements for issue.

....
Charalambos Averatzis
Director

....
Marina Fedoseeva
Director

The notes on pages 12 to 33 are an integral part of these consolidated financial statements.

GREENOX LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

Supplementary information

	Share capital	Capital reserve	Accumulated losses	Total	Share capital	Capital reserve	Accumulated losses	Total
	€	€	€	€	RUB	RUB	RUB	RUB
Balance at 1 January 2014	4.997	4.339	(70.182)	(60.846)	403.100	350.000	(5.661.762)	(4.908.662)
Total comprehensive income for the year as restated	-	-	(18.109.798)	(18.109.798)	-	-	(1.460.938.816)	(1.460.938.816)
Balance at 31 December 2014	4.997	4.339	(18.179.980)	(18.170.644)	403.100	350.000	(1.466.600.578)	(1.465.847.478)
Balance at 1 January 2015	4.997	4.339	(18.179.980)	(18.170.644)	403.100	350.000	(1.466.600.578)	(1.465.847.478)
Total comprehensive income for the year	-	-	11.957.945	11.957.945	-	-	964.661.606	964.661.606
Balance at 31 December 2015	4.997	4.339	(6.222.035)	(6.212.699)	403.100	350.000	(501.938.972)	(501.185.872)

The notes on pages 12 to 33 are an integral part of these consolidated financial statements.

GREENOX LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	2015 €	2014 € (restated)	Supplementary information 2015 RUB	Supplementary information 2014 RUB (restated)
Cash flows from operating activities					
Profit/(loss) for the year		11.957.945	(18.109.798)	964.661.606	(1.460.938.816)
Adjustments for:					
Unrealised exchange loss		57	21.501	4.591	1.734.360
Net (gains)/losses from investing activities		(15.480.047)	15.730.717	(1.248.793.716)	1.269.015.595
Interest expense	7	2.956.315	1.944.838	238.489.437	156.892.383
Income tax expense		527.158	358.443	42.526.445	28.916.003
		(38.572)	(54.299)	(3.111.637)	(4.380.475)
Change in trade and other receivables		4.099	(13.581)	330.682	(1.095.570)
Change in trade and other payables		561.631	426.100	45.307.400	34.374.013
Cash generated from operations		527.158	358.220	42.526.445	28.897.968
Tax paid		(527.158)	(358.443)	(42.526.445)	(28.916.003)
Net cash used in operating activities		-	(223)	-	(18.035)
Cash flows from financing activities					
Proceeds from debentures		-	11.466	-	924.953
Net cash generated from financing activities		-	11.466	-	924.953
Net increase in cash and cash equivalents		-	11.243	-	906.918
Cash and cash equivalents at beginning of the year		11.473	230	925.503	18.585
Cash and cash equivalents at end of the year	12	11.473	11.473	925.503	925.503

The notes on pages 12 to 33 are an integral part of these consolidated financial statements.

GREENOX LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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.

2. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2015 consist of the financial statements of the Company and its subsidiary (which together referred to as "the Group").

The Company has subsidiary undertakings and according to 142(1)(b) of the Cyprus Companies Law Cap. 113 is required to prepare consolidated financial statements and laid them before the members of the Company at the Annual General Meeting.

(a) Statement of compliance
The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

(b) Basis of measurement
These consolidated 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
Even though the Group has made a profit of RUB964.661.606 during the year ended 31 December 2015, as at that date its liabilities exceeded its assets by RUB501.185.872. These conditions, as set forth in note 19 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 has 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)
During the current year the Group adopted all the changes to International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2015. This adoption did not have a material effect on the accounting policies of the Group.

At the date of approval of these consolidated financial statements, Standards, Revised Standards and Interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a significant effect on the consolidated financial statements of the Group.

2. BASIS OF PREPARATION *(continued)*

(e) Use of estimates and judgements

The preparation of consolidated financial statements in accordance with IFRSs requires from Management the exercise of judgement, 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 estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

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 18 - Financial instruments
- Note 11 - Financial assets at fair value through profit or loss

(f) Functional and presentation currency

The 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. The supplementary information amounts in the financial statements are translated from Russian Rubles to Euro at the exchange rate at 31 December 2015 of RUB80,6736 to €1 as per the European Central Bank.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently for all the years presented in these consolidated financial statements.

Basis of consolidation

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

The financial statements of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date that control commences until the date control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring them in line with the accounting policies of the Group.

Finance income

Finance income include interest income on funds invested, dividend income and foreign exchange gain. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised when the right to receive payment is established.

Finance expenses

Interest expense and other borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency translation

(i) Functional currencies

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which each entity operates ('the functional currency').

(ii) Transactions and balances

Foreign currency transactions are translated into respective functional currencies of the Group companies using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

Tax

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date. Current tax includes any adjustments to tax payable in respect of previous periods.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

(i) Trade and other receivables
Trade and other receivables are stated at their nominal values after deducting the specific provision for doubtful debts, which is calculated based on an examination of all outstanding balances as at the year end. Bad debts are written off when identified.

(ii) Loans granted
Loans originated by the Group by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

(iii) Investments
Investments in debt and equity securities are classified as financial assets at fair value through profit or loss and are presented at their fair value at the reporting date. The fair value for investments in listed securities, which is considered to be the current bid prices, is calculated in accordance with the prices published by the Stock Exchange at the reporting date. Realised and unrealised gains or losses arising from the change in the fair value of investments are recognised in profit or loss.

(iv) Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

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

(vi) Trade and other payables
Trade payables are stated at their nominal values.

Share capital
Ordinary shares are classified as equity.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-current liabilities
Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

Comparatives
Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. Comparative information has been also adjusted for the prior year accounting error in accordance with IAS 8 (Note 22).

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).

31 December 2015	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	4.247.706.007	-	-	4.247.706.007
Listed equity instruments	271.522.209	-	-	271.522.209
Total	4.519.228.216	-	-	4.519.228.216

31 December 2014	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	3.551.173.209	-	-	3.551.173.209
Listed equity instruments	301.401.000	-	-	301.401.000
Total	3.852.574.209	-	-	3.852.574.209

Transfers between levels

There have been no transfers between different levels during year.

GREENOX LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

4. FAIR VALUE MEASUREMENT (continued)

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.

5. PROFIT/(LOSS) FROM INVESTING ACTIVITIES

	2015 RUB	2014 RUB (restated)[a]
Net profit/(loss) from investments	1.248.793.716	(1.269.015.595)

a) See note 22.

6. ADMINISTRATIVE EXPENSES

	2015 RUB	2014 RUB
Independent auditors' remuneration - current year	1.145.522	1.098.449
Independent auditors' remuneration - prior years	360.006	325.093
Trustee fees	893.019	-
Accounting fees	240.004	-
Compliance expenses	145.627	-
Other professional fees	168.003	-
Legal fees	-	852.520
Directors' fees	59.637	40.674
Consulting fees	-	907.594
Support of listing fees	-	312.877
Custody fees	-	312.877
Secretary and registered office fees	55.050	37.546
Company levy fee	21.561	37.056
Sundry expenses	223.658	453.388
	3.312.087	4.378.074

7. NET FINANCE INCOME AND EXPENSES

	2015 RUB	2014 RUB
Finance income		
Realised foreign exchange profit	148.907	-
	148.907	-
Finance costs		
Interest expense		
Loan interest	64.014.126	64.014.126
Debenture interest	174.475.311	92.878.257
Sundry finance expenses		
Bank charges	512	-
Net foreign exchange transaction losses		
Realised foreign exchange loss	-	292.533
Unrealised foreign exchange loss	4.591	1.734.360
	238.494.540	158.919.276

8. TAXATION

	2015 RUB	2014 RUB (restated)[a]
Overseas tax	42.526.445	28.916.003
Charge for the year	42.526.445	28.916.003

a) See note 22.

9. PROPERTY, PLANT AND EQUIPMENT

Represents pre-construction costs of the bitumen factory.

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10. TRADE AND OTHER RECEIVABLES

	2015 RUB	2014 RUB
Other receivables	3.146.169	3.476.851
	3.146.169	3.476.851

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

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 18 to the consolidated financial statements.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 RUB	2014 RUB
Balance at 1 January	3.852.574.209	799.337.497
Additions	8.701.658.972	12.830.296.513
Disposals	(9.294.333.331)	(8.493.124.861)
Fair value adjustment	1.259.328.480	(1.283.934.940)
Balance at 31 December	4.519.228.330	3.852.574.209

Additions and disposals

On 16 December 2013, the Company acquired a portfolio of listed debt and equity securities from its ultimate beneficial owner, at market value. The consideration payable was converted into a long term debt towards the shareholder (Note 14).

On 2 June 2014, the Company received a portfolio of listed debt securities as a consideration for the debentures alloted through closed private placement, from the majority bondholder (Note 14).

During the years 2014 and 2015 the Company entered in a number of transactions for sale and purchase of securities with its ultimate beneficial owner. The net receivable/payable balance arising from these transactions was setoff with the shareholder's current account and the resulting debit balance was used to partly settle loan payable to holding company on 31 December 2015, according to the agreement signed between the parties.

On 22 September 2015, the Company transferred a part of its equity securities with market value of RUB 209 million to its bondholders as a partial repayment of bond interest (Note 14).

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11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

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 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 gain on investments for the current year was due mainly to increase in the quoted prices of the equity securities (Sberbank) and debt securities (Russian Government Bonds) held by the Group at the year-end. This showed a recovery from the loss in value in the prior year, following the economic turbulence in Russia during 2014. The fall of oil prices, the weakening of Ruble and sanctions imposed by several countries following the Ukraine crisis, were the main reasons for this economic turbulence.

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.

Risks
The exposure of the Group to market risk in relation to financial assets is reported in note 18 to the consolidated financial statements.

12. CASH AND CASH EQUIVALENTS

Cash balances are analysed as follows:

	2015 RUB	2014 RUB
Cash in hand	924.953	924.953
Cash at bank	550	550
	925.503	925.503

The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 18 to the consolidated financial statements.

13. SHARE CAPITAL

	2015 Number of shares	2015 RUB	2014 Number of shares	2014 RUB
Authorised				
Ordinary shares of €1(RR40,31) each	10.000	403.100	10.000	403.100
Issued and fully paid				
Balance at 1 January	10.000	403.100	10.000	403.100
Balance at 31 December	10.000	403.100	10.000	403.100

Authorised capital
Under its Memorandum the Company fixed its share capital at 10.000 ordinary shares of nominal value of €1 (RUB40,31) 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 (RUB40,31) each at par.

14. LOANS AND BORROWINGS

	2015 RUB	2014 RUB (restated)[a]
Balance at 1 January	5.069.458.916	804.017.969
Additions	-	4.108.548.564
Repayments	(416.522.982)	-
Interest expense	238.489.437	156.892.383
Balance at 31 December	4.891.425.371	5.069.458.916

a) See note 22.

14. LOANS AND BORROWINGS *(continued)*

	2015 RUB	2014 RUB (restated)[a]
Non-current liabilities		
Debentures	4.056.085.489	3.881.610.179
Loan from parent company (note 17 (iii))	834.129.210	866.821.423
	4.890.214.699	4.748.431.602
Current liabilities		
Debentures	-	319.816.642
Loans from related companies (note 17 (ii))	1.210.672	1.210.672
	1.210.672	321.027.314
Total	4.891.425.371	5.069.458.916

Risks

The exposure of the Group to interest rate risk in relation to financial instruments is reported in note 18 to the consolidated financial statements.

Additions and disposals

On 16 December 2013, the ultimate beneficial owner (UBO), sold an investment portfolio to the Company at market value (Note 11). The liability was converted into long term debt towards the shareholder 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 11).

On 22 September 2015, the Company made the first payment of the interest to the bondholders in the total amount equivalent to RUB 319,8 million. An amount of RUB 209 million was paid by the Company in kind, by transferring its equity securities with same market value to the bondholders (Note 11). The remaining amount of RUB 110,8 million was paid by the ultimate beneficial owner on behalf of the Company (Note 15).

On 31 December 2015, a net debit balance with the shareholder amounting to RUB96,7 million was setoff with the loan payable to parent company, as per the agreement signed between the parties (Note 11).

Loans from related parties

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

15. TRADE AND OTHER PAYABLES

	2015 RUB	2014 RUB (restated)[a]
Shareholders' current accounts - credit balances (note 17 (iii))	71.423.012	202.658.289
Other payables	56.456.800	45.922.036
Accruals	2.713.945	968.411
Other creditors	3.807.278	5.156.921
	134.401.035	254.705.657

a) See note 22.

Other payables represent 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.

Shareholder's current account balance at 31 December 2014 represents net liability from the investment related transactions and financing of operating activities of the Company by the shareholder. During 2015 a part of this balance was netted off with the net debit balance arising from investment transactions with shareholder (Note 11).

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

The exposure of the Group to liquidity risk in relation to financial instruments is reported in note 18 to the consolidated financial statements.

16. OPERATING ENVIRONMENT OF THE GROUP

Cyprus

The Board of Directors is of the opinion that the Group's operations have not been adversely affected by the current economic conditions in Cyprus since the Group does not have any significant credit exposure with respect to local customers and banks.

The Group's management believes that it is taking all the necessary measures to maintain the viability of the Group and the development of its business in the current business and economic environment.

Taxation contingencies in Cyprus

Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Cyprus tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

16. OPERATING ENVIRONMENT OF THE GROUP *(continued)*

Russian Federation
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 Rubble, 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 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.

Taxation contingencies in the Russian Federation
The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes 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 generally 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 and substance-based 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 tax authorities and courts, especially due to reform of the supreme courts that are resolving tax disputes, could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.In addition, a number of new laws introducing changes to the Russian tax legislation have been recently adopted. In particular, starting from 1 January 2015 changes aimed at regulating tax consequences of transactions with foreign companies and their activities were introduced, such as concept of beneficial ownership of income, etc. These changes may potentially impact the Group's tax position and create additional tax risks going forward. This legislation is still evolving and the impact of legislative changes should be considered based on the actual circumstances.

16. OPERATING ENVIRONMENT OF THE GROUP *(continued)*

In addition, a number of new laws introducing changes to the Russian tax legislation have been recently adopted. In particular, starting from 1 January 2015 changes aimed at regulating tax consequences of transactions with foreign companies and their activities were introduced, such as concept of beneficial ownership of income, etc. These changes may potentially impact the Group's tax position and create additional tax risks going forward. This legislation is still evolving and the impact of legislative changes should be considered based on the actual circumstances.

17. RELATED PARTY TRANSACTIONS

The parent company is Primeline Plc, incorporated in Seychelles, which owns 100% of the Company's ordinary shares. The ultimate beneficial owner (UBO) of the Company is Artur Lagranskiy.

The transactions and balances with related parties are as follows:

(i) Interest expense

	2015 RUB	2014 RUB
Holding company	64.014.126	64.014.126

(ii) Loans from related parties (note 14)

	2015 RUB	2014 RUB
Loans payable to the director of subsidiary	720.078	720.078
Loans payable to related parties	490.594	490.594
	1.210.672	1.210.672

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

(iii) Shareholder's current accounts - credit balances

	2015 RUB	2014 RUB (restated)[a]
Payables to shareholder (Note 15)	71.423.012	202.658.289
Loan payable to the holding company (Note 14)	834.129.210	866.821.423
	905.552.222	1.069.479.712

a) See note 22.

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

Payables to shareholder are interest free, and have no specified repayment date.

18. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Financial risk factors
The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

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 monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Group's activities.

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18. 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.

31/12/2015	Carrying amount				Fair value			
	Designated at fair value RUB	Loans and receivables RUB	Borrowings and other financial liabilities RUB	Total RUB	Level 1 RUB	Level 2 RUB	Level 3 RUB	Total RUB
Financial assets measured at fair value								
Debt securities	4.247.706.007	-	-	4.247.706.007	4.247.706.007	-	-	4.247.706.007
Equity securities	271.522.209	-	-	271.522.209	271.522.209	-	-	271.522.209
	4.519.228.216	-	-	4.519.228.216				
Financial assets not measured at fair value								
Trade and other receivables	-	3.146.169	-	3.146.169				
Cash and cash equivalents	-	925.503	-	925.503				
Loan receivable	-	15.161	-	15.161	-	-	-	-
	-	4.086.833	-	4.086.833				
Financial liabilities measured at fair value								
Financial liabilities not measured at fair value								
Other short term loans	-	-	1.210.672	1.210.672				
Other long term loans	-	-	834.129.210	834.129.210	-	-	464.070.508	464.070.508
Unsecured debenture issues	-	-	4.056.085.489	4.056.085.489	-	-	-	-
Trade and other payables	-	-	134.401.035	134.401.035	-	-	-	-
	-	-	5.025.826.406	5.025.826.406				

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18. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(continued)*

31/12/2014	Carrying amount				Fair value			
	Designated at fair value RUB	Loans and receivables RUB	Borrowings and other financial liabilities RUB	Total RUB	Level 1 RUB	Level 2 RUB	Level 3 RUB	Total RUB
Financial assets measured at fair value								
Debt securities	3.551.173.209	-	-	3.551.173.209	3.551.173.209	-	-	3.551.173.209
Equity securities	301.401.000	-	-	301.401.000	301.401.000	-	-	301.401.000
	3.852.574.209	-	-	3.852.574.209				
Financial assets not measured at fair value								
Trade and other receivables	-	3.476.851	-	3.476.851				
Cash and cash equivalents	-	925.503	-	925.503				
Loan receivable	-	15.161	-	15.161	-	-	-	-
	-	4.417.515	-	4.417.515				
Financial liabilities measured at fair value								
Financial liabilities not measured at fair value								
Other short term loans	-	-	1.210.672	1.210.672				
Other long term loans	-	-	866.821.423	866.821.423	-	-	435.237.245	435.237.245
Unsecured bond issues	-	-	4.201.426.821	4.201.426.821	-	-	-	-
Trade and other payables	-	-	254.705.657	254.705.657	-	-	-	-
	-	-	5.324.164.573	5.324.164.573				

18. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(continued)*

B. Measurements of Fair value

Valuation techniques and significant unobservable inputs
The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used:

Financial instruments measured at fair value

Type of financial instrument	Valuation technique	Significant unobservable inputs
Other long term loans	Discounted cash flow	The discount rate was determined with reference to the market interest rate of 14,21% (2014: 14,22%) for long-term loans denominated in Rubles, prevailing at the measurement date. The source of the market interest rate is the data of the Central Bank of Russia.

The fair value of the unsecured non-convertible debentures could not be determined with sufficient reliability within constraints of timeliness and cost. Although the suspension from trading of debentures of the Company was lifted on 8 December 2015 and 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.

C. Financial risk management

(i) Credit risk
Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant concentration of credit risk.

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

	2015 RUB	2014 RUB
Financial assets at fair value through profit or loss	4.519.228.216	3.852.574.209
Loans receivable	15.161	15.161
Trade and other receivables	3.146.169	3.476.851
Cash at bank	550	550
	4.522.390.096	3.856.066.771

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18. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(continued)*

(i) *Credit risk (continued)*

Debt and equity securities

The Group limits its exposure to credit risk by investing only in listed debt and equity securities. The Group did not have any debt securities that were past due at 31 December 2015 and 2014.

(ii) *Liquidity risk*

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

31 December 2015	Carrying amounts RUB	Contractual cash flows RUB	3 months or less RUB	Between 3-12 months RUB	Between 1-5 years RUB	Over than 5 years RUB
Non-derivative financial liabilities						
Debentures	4.056.085.489	4.637.525.284	-	-	4.637.525.284	-
Trade and other payables	62.978.023	62.978.023	62.978.023	-	-	-
Payables to related parties	71.423.012	71.423.012	71.423.012	-	-	-
Loans to related parties	1.210.672	1.210.672	1.210.672	-	-	-
Loan from parent company	834.129.210	1.343.436.123	-	-	-	1.343.436.123
	5.025.826.406	6.116.573.114	135.611.707	-	4.637.525.284	1.343.436.123

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For the year ended 31 December 2015

18. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(continued)*

(ii) *Liquidity risk (continued)*

31 December 2014	Carrying amounts RUB	Contractual cash flows RUB	3 months or less RUB	Between 3-12 months RUB	Between 1-5 years RUB	More than 5 years RUB
Non-derivative financial liabilities						
Debentures	4.201.426.821	4.957.341.926	-	319.816.642	4.637.525.284	-
Trade and other payables	52.047.368	52.047.368	52.047.368	-	-	-
Payables to related parties	202.658.289	202.658.289	202.658.289	-	-	-
Loans from related companies	1.210.672	1.210.672	1.210.672	-	-	-
Loan from parent company	866.821.423	1.440.142.462	-	-	-	1.440.142.462
	5.324.164.573	6.653.400.717	255.916.329	319.816.642	4.637.525.284	1.440.142.462

The above calculations assume an interest rate of 8,00% (2014: 8,00%) for the loan payable to holding company, and interest rate of 4% up to 22 September 2015 and 5,33% thereon, for debentures.

(iii) *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.

Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices. The Group is exposed to market price risk in relation to debt and equity securities, which arises from investments measured ar fair value through profit or loss. The Group's management monitors the fluctuations in market prices on a continuous basis and acts accordingly.

Sensitivity analysis

An increase in equity prices by 10% at 31 December 2015 would have increased equity and profit or loss by RUB 27 million (2014: RUB 30 million). For a decrease of 10% there would be an equal and opposite impact.

An increase in prices for debt securities by 5% at 31 December 2015 would have increased equity and profit or loss by RUB 212 million (2014: RUB 177,5 million). For a decrease of 5% there would be an equal and opposite impact.

18. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT *(continued)*

(iii) Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

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

	2015 RUB	2014 RUB
Fixed rate instruments		
Financial liabilities	4.890.214.699	5.068.248.244

Sensitivity analysis

Any increase/(decrease) in interest rates will have no effect on results and equity of the Group, because, all financial instruments are fixed rate.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while increasing the return to shareholders through the strive to improve the debt to equity ratio. The Group's overall strategy remains unchanged from last year.

19. GOING CONCERN BASIS

Even though the Group has made a profit of RUB964.661.606 during the year ended 31 December 2015, as at that date its liabilities exceeded its assets by RUB501.185.872. 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.

20. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 December 2015.

21. EVENTS AFTER THE REPORTING PERIOD

On 11 May 2016, the trading of the Company's securities was suspended by the CSE (Cyprus Stock Exchange) due to the failure to comply with the issuer's continuous obligations by the Company, in particular, obligation to submit and publish the Annual Financial Report for the year ended 31 December 2015. With approval and filing of these consolidated financial statements, the Company will be in compliance with the issuer's continuous obligations and the CSE will consider lifting the suspension.

22. CORRECTION OF ERRORS

During 2015, the Group discovered that a number of investment related transactions included in financial assets at fair value through profit or loss in the consolidated statement of financial position were omitted from the prior year financial statements. As a result, a net loss from investment activities, tax and related liabilities were understated. The errors have been corrected by restating each of the affected financial statement line items for prior year. The following table summarises the impacts on the Group's consolidated financial statements.

i. Consolidated statement of financial position

	Impact of correction of error		
31 December 2014	As previously reported	Adjustments	As restated
	RUB	RUB	RUB
Total assets	3.858.317.095	-	3.858.317.095
Trade and other payables	(57.102.696)	(197.602.961)	(254.705.657)
Loans and borrowings	(4.982.994.916)	(86.464.000)	(5.069.458.916)
Total liabilities	(5.040.097.612)	(284.066.961)	(5.324.164.573)
Accumulated losses	1.182.533.617	284.066.961	1.466.600.578
Others	(753.100)	-	(753.100)
Total equity	1.181.780.517	284.066.961	1.465.847.478

ii. Consolidated statement of profit or loss and other comprehensive income

	Impact of correction of error		
For the year ended 31 December 2014	As previously reported	Adjustments	As restated
	RUB	RUB	RUB
Net loss from investing activities	(1.013.845.201)	(255.170.394)	(1.269.015.595)
Tax	(19.436)	(28.896.567)	(28.916.003)
Others	(163.007.218)	-	(163.007.218)
Profit	(1.176.871.855)	(284.066.961)	(1.460.938.816)
Total comprehensive income	(1.176.871.855)	(284.066.961)	(1.460.938.816)