GREENOX LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

Greenox Limited

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 2016, 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 2016 which are presented on pages 9 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 2016

CONTENTS

Greenox Limited

OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors	Charalambos Avaratzis Marina Fedoseeva Ljudmyla Bokochova (appointed on 18 July 2016) Kirill Goloshchapov (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

MANAGEMENT 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 2016.

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. The Company's debentures were admitted to the Emerging Companies Market of CSE in April 2015.

PRINCIPAL ACTIVITY AND NATURE OF OPERATIONS OF THE GROUP

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 2016 are set out on page 9 to the consolidated financial statements. The net profit for the year attributable to the shareholders of the Group amounted to RUB464.683.280 (2015: RUB964.661.606).

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

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 2016. Moreover, given the deterioration of the economic situation in Russia during the past years, devaluation of Rouble 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 and the net profit for the year is retained.

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.

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 2016 the Group did not operate any branches.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2016 and at the date of this report are presented on page 1. 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

Fuamari Secretarial Limited
Secretary

Nicosia, 28 April 2017

KPMG Limited
Chartered Accountants
14 Esperidon Street, 1087 Nicosia, Cyprus
P.O. Box 21121, 1502 Nicosia, Cyprus
T: +357 22 209000, F: +357 22 678200

Independent Auditors' report

to the Members of

Greenox Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of parent company Greenox Limited (the "Company") and its subsidiaries (the "Group"), which are presented on pages 9 to 33 and comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2016, 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 (IFRS-EU) and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *"Auditors' responsibilities for the audit of the consolidated financial statements"'* section of our report. We are independent of the the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Material uncertainty related to going concern

We draw attention to note 19 to the financial statements which indicates that even though the Group has made a profit of RUB464.683.280 during the year ended 31 December 2016 as at that date its liabilities exceeded its assets by RUB36.502.592. As stated in note 19, These conditions, along with other matters as set forth in note 19, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Our report in this regard is presented in the *"Report on other legal requirements"* section.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of 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.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditors' responsibilities for the audit of the consolidated financial statements *(continued)*

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal requirements

Pursuant to the additional 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.
- In our opinion, proper books of account have been kept by the Company, so far as it appears from our examination of those 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.

KPMG

Report on other legal requirements *(continued)*

- 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 Management Report on pages 2 to 4, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In the light of the knowledge and understanding of the business and the Group's environment obtained in the course of our audit, we have not identified material misstatements in the Management Report.

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

28 April 2017

Greenox Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

				Supplementary information	
	Note	2016 €	2015 €	2016 RUB	2015 RUB
Other operating income		374	810	24.058	52.055
Net profit from investing activities	5	12.699.342	19.421.240	816.572.898	1.248.793.716
Administrative expenses	6	(144.269)	(51.510)	(9.276.549)	(3.312.087)
Operating profit		12.555.447	19.370.540	807.320.407	1.245.533.684
Finance income	7	8.897	2.316	572.110	148.907
Finance expenses	7	(4.322.799)	(3.709.067)	(277.957.725)	(238.494.540)
Net finance expenses		(4.313.901)	(3.706.751)	(277.385.615)	(238.345.633)
Profit before tax		8.241.546	15.663.789	529.934.792	1.007.188.051
Tax	8	(1.014.792)	(661.371)	(65.251.512)	(42.526.445)
Profit for the year		7.226.754	15.002.418	464.683.280	964.661.606
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		7.226.754	15.002.418	464.683.280	964.661.606

The notes on pages 13 to 33 are an integral part of these consolidated financial statements.

Greenox Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016 €	2015 €	Supplementary information 2016 RUB	Supplementary information 2015 RUB
Assets					
Property, plant and equipment	9	18.006	18.006	1.157.782	1.157.782
VAT receivable		830	830	53.390	53.390
Total non-current assets		18.836	18.836	1.211.172	1.211.172
Inventories		1.776	1.776	114.199	114.199
Trade and other receivables	10	44.791	48.929	2.880.072	3.146.169
Loans receivable		236	236	15.161	15.161
Financial assets at fair value through profit or loss	11	78.050.915	70.283.039	5.018.705.960	4.519.228.330
Cash and cash equivalents	12	14.393	14.393	925.503	925.503
Total current assets		78.112.111	70.348.373	5.022.640.895	4.523.429.362
Total assets		78.130.947	70.367.209	5.023.852.067	4.524.640.534
Equity					
Share capital	13	6.269	6.269	403.100	403.100
Capital reserve		5.443	5.443	350.000	350.000
Accumulated losses		(579.401)	(7.806.155)	(37.255.692)	(501.938.972)
Total equity		(567.689)	(7.794.443)	(36.502.592)	(501.185.872)
Liabilities					
Loans and borrowings	14	77.668.703	76.052.619	4.994.129.553	4.890.214.699
Total non-current liabilities		77.668.703	76.052.619	4.994.129.553	4.890.214.699
Short term portion of long-term loans	14	15.143	18.828	973.672	1.210.672
Trade and other payables	15	1.014.790	2.090.205	65.251.434	134.401.035
Total current liabilities		1.029.933	2.109.033	66.225.106	135.611.707
Total liabilities		78.698.636	78.161.652	5.060.354.659	5.025.826.406
Total equity and liabilities		78.130.947	70.367.209	5.023.852.067	4.524.640.534

On 28 April 2017 the Board of Directors of Greenox Limited approved and authorised these consolidated financial statements for issue.

Charalambos Avaratzis
Director

Ljudmyla Bokochova
Director

The notes on pages 13 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 2016

					Supplementary information
	Share capital	Capital reserve	Accumulated losses	Total	Share capital
	€	€	€	€	RUB
Balance at 1 January 2015	6.269	5.443	(22.808.572)	(22.796.860)	403.100
Total comprehensive income for the year as restated	-	-	15.002.417	15.002.417	-
Balance at 31 December 2015	6.269	5.443	(7.806.155)	(7.794.443)	403.100
Balance at 1 January 2016	6.269	5.443	(7.806.155)	(7.794.443)	403.100
Total comprehensive income for the year	-	-	7.226.755	7. 226.755	-
Balance at 31 December 2016	6.269	5.443	(579.400)	(567.688)	403.100

The notes on pages 13 to 33 are an integral part of these consolidated financial statements.

Greenox Limited

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

				Supplementary information	
	Note	2016 €	2015 €	2016 RUB	2015 RUB
Cash flows from operating activities					
Profit for the year		7.226.754	15.002.417	464.683.280	964.661.606
Adjustments for:					
Unrealised exchange loss		2.301	71	147.885	4.591
Net profit from investing activities	5	(12.699.342)	(19.421.240)	(816.572.898)	(1.248.793.716)
Interest expense	7	4.318.413	3.708.988	277.675.737	238.489.437
Income tax expense	8	1.014.792	661.371	65.251.512	42.526.445
		(137.082)	(48.393)	(8.814.484)	(3.111.637)
Change in trade and other receivables	10	4.138	5.143	266.097	330.682
Change in trade and other payables		1.147.736	704.621	73.799.899	45.307.400
Cash generated from operations		1.014.792	661.371	65.251.512	42.526.445
Tax paid		(1.014.792)	(661.371)	(65.251.512)	(42.526.445)
Net cash generated from operating activities		-	-	-	-
Net increase in cash and cash equivalents		-	-	-	-
Cash and cash equivalents at beginning of the year		14.393	14.393	925.503	925.503
Cash and cash equivalents at end of the year	12	14.393	14.393	925.503	925.503

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. The Company's debentures were admitted to the Emerging Companies Market of CSE in April 2015. 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 activities during the year.

2. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2016 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 conventionexcept 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 RUB464.683.280 during the year ended 31 December 2016 as at that date its liabilities exceeded its assets by RUB36.502.592. These conditions, along with other matters 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 shareholders 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)
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 2016. This adoption did not have a material effect on the financial statements of the Group.

2. BASIS OF PREPARATION *(continued)*

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

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.

(e) Use of estimates and judgments

The preparation of consolidated 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 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 11 - Financial assets at fair value through profit or loss
- Note 18 - Financial instruments

2. BASIS OF PREPARATION *(continued)*

(f) Functional and presentation currency
The consolidated financial statements are presented in Russian Rubles (RUB) which is the functional currency of the Company. 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 2016 of RUB64,30 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 and finance expenses
Finance expenses include interest expense and other borrowings costs which are recognised in profit or loss, using the effective interest method.

Foreign currency gain or loss on financial assets and financial liabilities is reported on a net basis as either finance income or finance expenses depending on whether foreign currency movements are in a net gain or net loss position.

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').

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency translation (continued)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments (continued)

(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.

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.

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 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	600.131.456	-	-	600.131.456
Total	5.018.705.960	-	-	5.018.705.960

4. FAIR VALUE MEASUREMENT (continued)

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	4.247.706.077	-	-	4.247.706.077
Listed equity instruments	271.522.253	-	-	271.522.253
Total	4.519.228.330	-	-	4.519.228.330

Transfers between levels
There have been no transfers between different levels during year.

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. NET PROFIT FROM INVESTING ACTIVITIES

	2016 RUB	2015 RUB
Dividend income	6.824.006	-
Net profit from investments	491.091.560	1.248.793.716
Coupon interest income received	318.657.332	-
	816.572.898	1.248.793.716

6. ADMINISTRATIVE EXPENSES

	2016 RUB	2015 RUB
Independent auditors' remuneration - current year	870.767	1.145.522
Independent auditors' remuneration - prior years	-	360.006
Accounting fees	202.032	240.004
Directors' fees	-	59.637
Other professional fees	5.118.546	168.003
Secretary and registered office fees	-	55.050
Compliance expenses	1.690.290	145.627
Company levy fee	26.985	21.561
Trustee fees	913.407	893.019
Sundry expenses	454.522	223.658
	9.276.549	3.312.087

7. NET FINANCE INCOME AND EXPENSES

	2016 RUB	2015 RUB
Finance income		
Net foreign exchange profit	572.110	148.907
	572.110	148.907
Finance expenses		
Interest expense		
Loan interest	64.014.126	64.014.126
Debenture interest	213.661.611	174.475.311
Sundry finance expenses		
Bank charges	-	512
Net foreign exchange transaction losses		
Net foreign exchange loss	281.988	4.591
	277.957.725	238.494.540
Net Finance expenses	277.385.615	238.345.633

8. TAXATION

	2016 RUB	2015 RUB
Overseas tax withheld	65.251.512	42.526.445
	65.251.512	42.526.445

9. PROPERTY, PLANT AND EQUIPMENT

Represents pre-construction costs of the bitumen factory.

10. TRADE AND OTHER RECEIVABLES

	2016 RUB	2015 RUB
Other receivables	2.880.072	3.146.169
	2.880.072	3.146.169

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

	2016 RUB	2015 RUB
Balance at 1 January	4.519.228.330	3.852.574.209
Additions	114.765.602	8.701.658.972
Disposals	(109.458.000)	(9.294.333.331)
Fair value adjustment	494.170.028	1.259.328.480
Balance at 31 December	5.018.705.960	4.519.228.330

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 holding company (Note 14). Furthermore, 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 current year, the Group acquired additional listed equity securities of Sberbank of Russia for a total consideration of RUR114,8 million (Note 14).

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

In addition, during the current year the Group received interest income and proceeds from redemption of the Volgograd region, Uralsib and Komi bonds upon their maturity. The net amount receivable arising from the above transactions was received by the shareholder and was set off against the current account and the remaining balance was used as partial repayment of the loan payable to holding company on 31 December 2016 according to the agreement signed between the parties.

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:

	2016 RUB	2015 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

	2016 Number of shares	2016 RUB	2015 Number of shares	2015 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.

During the current year the beneficial owner, who holds 100% interest in the Group, changed from MR. Artur Lagranskiy to Ms. Ljudmyla Bokochova.

14. LOANS AND BORROWINGS

	2016 RUB	2015 RUB
Balance at 1 January	4.891.425.371	5.069.458.916
Repayments	(173.997.883)	(416.522.982)
Interest expense	277.675.737	238.489.437
Balance at 31 December	4.995.103.225	4.891.425.371

Greenox Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

14. LOANS AND BORROWINGS *(continued)*

	2016 RUB	2015 RUB
Non-current liabilities		
Debentures	4.269.747.101	4.056.085.489
Loan from holding company (note 17 (iii))	724.382.452	834.129.210
	4.994.129.553	4.890.214.699
Current liabilities		
Loans from related company (note 17 (ii))	973.672	1.210.672
	973.672	1.210.672
Total	4.995.103.225	4.891.425.371

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 holding company where the loan bears interest of 8% per annum and is repaybale 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, noncompounded, 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).

During the year a partial repayment against loan payable from parent was recorded as a result of an amount received directly by the shareholder, see note 15 for more details.

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

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.

15. TRADE AND OTHER PAYABLES

	2016 RUB	2015 RUB
Shareholders' current accounts - credit balances (note 17 (iii))	-	71.423.012
Accruals	817.462	2.713.945
Other payables	64.433.972	60.264.078
	65.251.434	134.401.035

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.

The credit balance in the shareholder's current account on 31 December 2015 represents financing of the operating activities of the Company by the shareholder in the previous years. During 2016 the balance was fully settled off with an amount received from investment transactions directly by the shareholder. The investment transaction resulted in net receipt of RUB174 million on 31 December 2016 and which was set off with the shareholder current account and loan payable to holding company as a partial repayment of the loan interest (note 14).

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 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.

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, taxation of controlled foreign companies, tax residency rules, etc. These changes may potentially impact the Group's tax position and create additional tax risks going forward. This legislation and practice of its application is still evolving and the impact of legislative changes should be considered based on the actual circumstances.

All 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.

17. RELATED PARTY TRANSACTIONS

The parent company is Primeline Plc, incorporated in Seychelles, which owns 100% of the Company's ordinary shares. During the current year 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

	2016 RUB	2015 RUB
Holding company	64.014.126	64.014.126

(ii) Loans from related parties (note 14)

	2016 RUB	2015 RUB
Loans payable to the director of subsidiary	720.078	720.078
Loans payable to related parties	253.594	490.594
	973.672	1.210.672

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

(iii) Shareholder's current accounts - credit balances

	2016 RUB	2015 RUB
Payables to shareholder (Note 15)	-	71.423.012
Loan payable to the holding company (Note 14)	724.382.452	834.129.210
	724.382.452	905.552.222

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

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

Financial risk factors *(continued)*

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.

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, includ does not include fair value information for financial assets and financial liabilities not measured at fair val approximation of fair value.

31/12/2016

	Carrying amount			
	Designated at fair value RUB	Loans and receivables RUB	Borrowings and other financial liabilities RUB	Total RUB
Financial assets measured at fair value				
Debt securities	4.418.574.504	-	-	4.418.574.504
Equity securities	600.131.456	-	-	600.131.456
	5.018.705.960	-	-	5.018.705.960
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	-	15.161	-	15.161
	-	3.820.736	-	3.820.736
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
Unsecured debenture issues	-	-	4.269.747.101	4.269.747.101
Trade and other payables	-	-	65.251.434	65.251.434
	-	-	5.060.354.659	5.060.354.659

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

31/12/2015	Carrying amount			
	Designated at fair value RUB	Loans and receivables RUB	Borrowings and other financial liabilities RUB	Total RUB
Financial assets measured at fair value				
Debt securities	4.247.706.077	-	-	4.247.706.077
Equity securities	271.522.253	-	-	271.522.253
	4.519.228.330	-	-	4.519.228.330
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 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
Unsecured bond 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

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 12,62% (2015: 14,21%) 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:

	2016 RUB	2015 RUB
Financial assets at fair value through profit or loss	5.018.705.960	4.519.228.330
Loans receivable	15.161	15.161
Trade and other receivables	2.880.072	3.146.169
Cash at bank	550	550
	5.021.601.743	4.522.390.210

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

(i) *Credit risk (continued)*

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. Further details of concentration of revenue are included in note 10.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

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 2016 and 2015.

(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 2016	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	4.269.747.101	4.637.525.284	-	-	4.637.525.284	-
Trade and other payables	65.251.434	65.251.434	65.251.434	-	-	-
Loans to related parties	973.672	973.672	973.672	-	-	-
Loan from parent company	724.382.452	1.201.682.301	-	-	-	1.201.682.301
	5.060.354.659	5.905.432.691	66.225.106	-	4.637.525.284	1.201.682.301

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

(ii) Liquidity risk (continued)

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	More 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 from related companies	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

The above calculations assume an interest rate of 8,00% (2015: 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.

Sensitivity analysis

An increase in equity prices by 10% at 31 December 2016 would have increased equity and profit or loss by RUB 60 million (2015: RUB 27 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 2016 would have increased equity and profit or loss by RUB 221 million (2015: RUB 212 million). For a decrease of 5% there would be an equal and opposite impact.

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.

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

(iii) Market risk (continued)

Interest rate risk (continued)

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

	2016 RUB	2015 RUB
Fixed rate instruments		
Financial liabilities	4.994.129.553	4.890.214.699

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 RUB464.683.280 during the year ended 31 December 2016 as at that date its liabilities exceeded its assets by RUB36.502.592. These conditions 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.

20. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 December 2016.

21. EVENTS AFTER THE REPORTING PERIOD

On 28 April 2017 the Board of Directors of Greenox Limited approved and authorised these consolidated financial statements for issue.