
Delance Limited

Original

*Report and
consolidated
financial
statements*

31 December 2015

Delance Limited

**International Financial Reporting Standards
Consolidated Financial Statements and
Independent Auditor's Report**

31 December 2015

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Board of Directors and Other Officers

Board of Directors as at 31 December 2015

Stelios Moniatis

Phidias Pilides

Ekaterina Kolmakova (appointed on 19 January 2015)

Andrew Michael Simmons (resigned on 31 January 2016)

Igor Salita Gavrilovich (appointed on 1 February 2016)

Company Secretary

PricewaterhouseCoopers Corporate Secretarial Services Limited

Julia House Building, 1st floor

3 Themistocles Dervis Street

CY-1066 Nicosia

Cyprus

Registered office

Julia House

3 Themistocles Dervis Street

P.O. Box 21612

CY-1066 Nicosia

Cyprus

Report of the Board of Directors

- 1 The Board of Directors presents its report together with the consolidated financial statements of Delance Limited (the "Company") and its subsidiary companies (together with the Company referred to as "Rolf Group" or the "Group") for the year ended 31 December 2015.

Principal activity

- 2 The Group's principal business activity is described in Note 1.

Review of developments, position and performance of the Group's business

- 3 The financial position and performance of the Group, as presented in the consolidated financial statements, is considered acceptable. During the year ended 31 December 2015, the Group achieved a profit margin before income tax and net foreign exchange differences of positive 4.5% (2014: positive 4.9%). The Group is among the largest independent retailers of vehicles in the Russian Federation. By the end of 2015, there were 41 showrooms in operation for new and pre-owned vehicles and 3 more under construction (2014: 40 showrooms in operation for new and pre-owned vehicles and 3 more under construction).

Principal risks and uncertainties

- 4 The principal risks facing the Group are the ability of its suppliers to continue to provide it with competitively priced vehicles taking into account current market conditions and to keep customers satisfied with full range of products and services supplied considering current decline in demand and the Group's strategic aim for growth.
- 5 Risks and uncertainties relating to the business and operating environment of the Group are further disclosed in Notes 2, 4 and 29, and financial risks are disclosed in Note 30.

Future developments

- 6 The management expects further positive performance of the Group to continue and the Group is to keep and strengthen its market position among the industry leaders in the Russian car market.

Results

- 7 The Group's consolidated results for the year are set out on pages 7 and 8.
- 8 During the year ended 2015 the Board of Directors of the Company declared and paid interim dividends for 2014 and 2015 in the amount of RR 940,750 thousand (Note 17).

Share capital

- 9 In November 2015 the Company issued 2 thousand shares as a bonus issue settled by the reserves (Note 17).

Board of Directors

- 10 The members of the Board of Directors throughout the year ended 31 December 2015 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2015, except Mrs Ekaterina Kolmakova who was appointed as Director on 19 January 2015 and Mr Salita Igor Gavrilovich who was appointed as Director on 1 February 2016. Mr Andrew Michael Simmons, who held office at 1 January 2015, resigned on 31 January 2016.
- 11 In accordance with the Company's Articles of Association Mrs Ekaterina Kolmakova and Mr Salita Igor Gavrilovich retire at the next Annual General Meeting and being eligible, offer themselves for re-election. The other Directors continue in office.
- 12 There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Report of the Board of Directors (Continued)

Events after the reporting period

- 13 Details of significant events after the reporting period are disclosed in Note 32.

Branches

- 14 The Group operated through branches in Russia during the year ended 31 December 2015.

Auditors

- 15 The independent auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the next Annual General Meeting.

By Order of the Board



Stelios Moniatis

Director
Nicosia 28 June 2016



Independent auditor's report **To the Members of Delance Limited**

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Delance Limited (the "Company"), and its subsidiaries (together with the Company, the "Rolf Group" or the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated income statement, statement of 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, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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.

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 auditor's judgment, 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 auditor considers internal control 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 control. 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 audit opinion.



Opinion

In our opinion, 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.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, 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 appears from our examination of these books.
- The Company's consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the 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 the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 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.

A handwritten signature in blue ink, appearing to read 'Yiingos Kaponides', written over a light blue horizontal line.

Yiingos Kaponides
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 28 June 2016

Delance Limited
Consolidated Statement of Financial Position



<i>In thousands of Russian Roubles</i>	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment	9	13,305,962	13,938,479
Goodwill	10	276,608	276,608
Intangible assets	11	191,630	206,359
Other financial assets	12	1,562	1
Deferred income tax asset	28	225,882	257,779
Total non-current assets		14,001,644	14,679,226
Current assets			
Inventories	13	14,880,326	8,814,453
Trade and other receivables	14	4,312,117	5,561,825
Current income tax prepayments		42,330	54,163
Other financial assets	12	2,725,691	-
Cash and cash equivalents	15	6,787,364	5,482,521
Total current assets		28,747,828	19,912,962
TOTAL ASSETS		42,749,472	34,592,188
EQUITY			
Share capital	17	421	292
Share premium	17	1,040	1,169
Retained earnings		10,567,084	7,214,791
Other reserves	18	2,376,270	2,750,352
Equity attributable to the Company's Owners		12,944,815	9,966,604
TOTAL EQUITY		12,944,815	9,966,604
LIABILITIES			
Non-current liabilities			
Borrowings	19	1,494,313	10,255,403
Deferred income tax liability	28	1,143,264	1,283,007
Other liabilities		90,007	-
Total non-current liabilities		2,727,584	11,538,410
Current liabilities			
Borrowings	19	15,959,977	4,200,616
Trade and other payables	20	9,787,914	5,741,511
Other taxes payable	21	559,397	1,434,389
Current income tax payable		167,547	303,811
Advances from customers		602,238	1,406,847
Total current liabilities		27,077,073	13,087,174
TOTAL LIABILITIES		29,804,657	24,625,584
TOTAL LIABILITIES AND EQUITY		42,749,472	34,592,188

Approved for issue and signed on behalf of the Board of Directors of Delance Limited on 28 June 2016.


 Stelios Moniatis, Director


 Ekaterina Kolmakova, Director

Delance Limited
Consolidated Income Statement



<i>In thousands of Russian Roubles</i>	Note	2015	2014
Revenue			
Vehicles		93,380,887	111,166,119
Spare parts, maintenance and other		20,760,090	19,934,891
Total revenue		114,140,977	131,101,010
Vehicles, consumables and services	22	(96,315,292)	(112,369,062)
Logistics, insurance and advertising	23	(1,015,509)	(1,345,184)
Employee compensation and benefits	24	(6,920,205)	(7,660,248)
Office costs, business travel and services	25	(1,432,184)	(1,563,924)
Depreciation, amortisation and impairment	9, 11	(1,243,054)	(1,290,147)
Other operating expenses, net	26	(570,771)	(513,726)
Foreign exchange (losses)/gains, net		(64,741)	34,265
Operating profit		6,579,221	6,392,984
Finance income		368,209	149,665
Finance costs	27	(1,850,885)	(1,640,645)
Foreign exchange gains on cash and loans issued, net		1,010,581	16,637
Share of profit of associates and joint ventures	8	-	1,589,362
Profit before income tax		6,107,126	6,508,003
Income tax expense	28	(1,416,429)	(1,276,300)
Profit for the year		4,690,697	5,231,703
Profit attributable to the Owners of the Company		4,690,697	5,231,703
Profit attributable to equity holders arises from:			
- Continuing operations		4,690,697	3,642,341
- Discontinued operations		-	1,589,362

Delance Limited
Consolidated Statement of Comprehensive Income



<i>In thousands of Russian Roubles</i>	Note	2015	2014
Profit for the year		4,690,697	5,231,703
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation to presentation currency	18	-	59,951
Recycling of currency translation reserve due to disposal of foreign investment	18	-	(76,511)
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation (deficit)/surplus of premises and land, pre-tax	18	(339,670)	584,230
Income tax recorded directly in other comprehensive income/(loss)	18	67,934	(116,845)
Total other comprehensive income		4,418,961	450,825
Total comprehensive income for the year		4,418,961	5,682,528
Total comprehensive income for the year attributable to:			
- Owners of the Company		4,418,961	5,682,528
Total comprehensive income attributable to equity holders arises from:			
- Continuing operations		4,418,961	4,109,726
- Discontinued operations		-	1,572,802
Total comprehensive income for the year		4,418,961	5,682,528

Delance Limited
Consolidated Statement of Changes in Equity



<i>In thousands of Russian Roubles</i>	Note	Attributable to Owners of the Company				Total
		Share capital	Share Premium	Other reserves*	Retained earnings	
Balance at 1 January 2014		292	1,169	2,401,873	9,725,698	12,129,032
Profit for the year		-	-	-	5,231,703	5,231,703
Other comprehensive income	18	-	-	450,825	-	450,825
Realised revaluation reserve, net of tax	18	-	-	(102,346)	102,346	-
Total comprehensive income for the year		-	-	348,479	5,334,049	5,682,528
Dividends, including withholding tax	17	-	-	-	(3,435,081)	(3,435,081)
Distribution to owners	16	-	-	-	(4,392,534)	(4,392,534)
Recycling of currency translation due to foreign investment disposal		-	-	-	76,511	76,511
Unrealised margin disposal due to investments disposal		-	-	-	(93,852)	(93,852)
Transactions with owners		-	-	-	(7,844,956)	(7,844,956)
Balance at 31 December 2014		292	1,169	2,750,352	7,214,791	9,966,604
Profit for the year		-	-	-	4,690,697	4,690,697
Other comprehensive loss	18	-	-	(271,736)	-	(271,736)
Realised revaluation reserve, net of tax	18	-	-	(102,346)	102,346	-
Total comprehensive (loss)/ income for the year		-	-	(374,082)	4,793,043	4,418,961
Dividends	17	-	-	-	(940,750)	(940,750)
Shares issue	17	129	499,871	-	(500,000)	-
Share premium reduction	17	-	(500,000)	-	-	(500,000)
Transactions with owners		129	(129)	-	(1,440,750)	(1,440,750)
Balance at 31 December 2015		421	1,040	2,376,270	10,567,084	12,944,815

*The other reserves are not available for distribution by way of dividend. The only reserve which is available for distribution is the retained earnings.

Delance Limited
Consolidated Cash Flow Statement



<i>In thousands of Russian Roubles</i>	Note	2015	2014
Cash flows from operating activities		6,107,126	6,508,003
Total Profit before income tax		6,107,126	6,508,003
Adjustments for:			
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	9, 11	1,243,054	1,243,926
Change in provision for impairment of available for sale investments		-	46,221
Change in provision for impairment and direct receivables write-off	14	32,969	14,886
Change in provision for impairment of inventory	13	85,730	(17,543)
Share of result of associates and joint ventures	8	-	(1,589,362)
Net gain on disposal of property, plant, equipment		(773)	(8,704)
Finance costs		1,850,885	1,640,645
Finance income		(368,209)	(149,665)
Foreign exchange differences		(945,840)	(50,902)
Operating cash flows before working capital changes		8,004,942	7,637,505
Decrease/ (increase) in trade and other receivables, excluding income taxes		1,216,739	(2,162,821)
(Increase)/decrease in inventories		(6,151,603)	2,163,554
Increase/(decrease) in trade and other payables, excluding dividends		3,393,208	(4,408,053)
(Decrease)/ increase in advances from customers		(804,609)	690,320
(Decrease)/ increase in taxes payable, excluding income taxes		(856,936)	622,184
Cash generated from operations		4,801,741	4,542,689
Income taxes paid		(1,598,827)	(107,716)
Interest paid		(1,817,150)	(1,606,285)
Interest received		341,982	148,461
Net cash generated from operating activities		1,727,746	2,977,149
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,157,124)	(1,018,288)
Proceeds from sale of property, plant and equipment		456,233	484,123
Purchase of intangible assets		(85,630)	(55,062)
Loans issued		(1,978,653)	(120,000)
Proceeds from loans repayments		-	610,937
Contribution to available for sale investments		-	(154,950)
Dividend received		-	382,286
Net cash received due to subsidiaries disposals	16	-	(13,550)
Net cash (used in)/generated from investing activities		(2,765,174)	115,496
Cash flows from financing activities			
Proceeds from borrowings		26,127,000	19,834,955
Repayment of borrowings		(23,162,000)	(18,177,284)
Dividends paid to the Company's owners	17	(925,593)	(2,246,044)
Net cash generated from/(used in) financing activities		2,039,407	(588,373)
Effect of exchange rate changes on cash and cash equivalents		302,864	15,086
Net increase in cash and cash equivalents		1,304,843	2,519,358
Cash and cash equivalents at the beginning of the year		5,482,521	2,963,163
Cash and cash equivalents at the end of the year		6,787,364	5,482,521

1 The Rolf Group and its Operations

These consolidated financial statements have been prepared for the year ended 31 December 2015 for Delance Limited (the "Company") and its subsidiaries (together referred to as the "Group" or "Rolf Group").

The Company was incorporated in Cyprus on 13 September 2004, and is 100% owned by Sinoco Ltd as from December 2014. The Group is ultimately controlled by a trust acting in the interests of Petrov's family.

Principal activity. The Group's principal business activity is the sale of vehicles and related services within the Russian Federation. The Group has non-exclusive purchasing arrangements with Mitsubishi, Ford, Mazda, Audi, Hyundai, Mercedes, Smart, Renault, Land Rover, Skoda, Toyota, Lexus, Jaguar, Jeep, Porsche, Alfa Romeo and UAZ. During the year ended 31 December 2015, the Group sold a total of 84,926 vehicles (2014: 116,384 vehicles).

Registered address and place of business. The Company's registered address is Julia House Building, 3 Themistocles Dervis Street, P.O. Box 21612, CY-1066 Nicosia, Cyprus.

2 Operating Environment of the Group

Russian Federation. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretation (Note 29). During 2015 the Russian economy was negatively impacted by low oil prices, ongoing political tension in the region and continuing international sanctions against certain Russian companies and individuals, all of which contributed to the country's economic recession characterised by a decline in gross domestic product. The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Russia's credit rating was downgraded to below investment grade. This operating environment has a significant impact on the Group's operations and financial position.

The Russian car market demonstrates continuing decline highly dependent on general economic environmental conditions and availability of government supportive programmes effected by lasting drop in demand and increased competition requiring best quality for competitive prices for customers.

Management believes it is taking all necessary measures to support the sustainability and development of the Group's business in the current business and economic environment. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

3 Summary of Significant Accounting Policies

Basis of preparation. These consolidated financial statements 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.

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and financial assets and liabilities at fair value through profit or loss. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (Note 5).

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Functional and presentation currency. All amounts in these consolidated financial statements are presented in thousands of Russian Roubles, unless otherwise stated. The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the Russian rouble ("RR").

3 Summary of Significant Accounting Policies (Continued)

Consolidated financial statements, business combinations and goodwill. Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have a practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than the majority of the voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of the investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries that do not involve entities or businesses under common control with the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt are deducted from its carrying amount and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Associates and joint ventures. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Each venturer usually contributes cash or other resources to the jointly controlled entity. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates and joint ventures are accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates or joint ventures includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. All other changes in the Group's share of the carrying value of net assets of associates and joint ventures are recognised in profit or loss within the share of result of associates and joint ventures. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Dividends received from associates or joint-ventures reduce the carrying value of the related investment. When the Group's share of losses in an associate and joint ventures equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit (loss) of associates in the consolidated income statement. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group applied policy choice to eliminate the unrealised profit generated in transactions with joint ventures or associates against the carrying amount of the asset transferred.

3 Summary of Significant Accounting Policies (Continued)

Disposal of subsidiaries, associates or joint ventures. When the Group ceases to have control or significant influence any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Transactions with equity holders. The Group enters into transactions with its shareholders. When consistent with the nature of the transaction (i.e. when these transactions are not at arm's length prices), the Group's accounting policy is to recognise any gains or losses with equity holders, directly through equity and consider these transactions as the receipt of additional capital contribution or the distribution of dividends. Similar transactions with non-equity holders, or parties which are not under the control of the parent company, are recognised through the income statement.

Financial instruments – key measurement terms. Depending on their classification financial instruments are carried at fair value, cost, or amortised cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition and includes transaction costs. Measurement at cost is only applicable to investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured and derivatives that are linked to, and must be settled by, delivery of such unquoted equity instruments.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument.

An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the consolidated statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Classification of financial assets. Financial assets of the Group have the following categories: (a) loans and receivables; (b) available-for-sale financial assets.

Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments other than those that the Group intends to sell in the near term.

All other financial assets are included in the *available-for-sale* category, which includes investment securities which the Group intends to hold for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. The Group's available-for-sale assets comprise of 'available-for-sale investments'.

3 Summary of Significant Accounting Policies (Continued)

Available-for-sale investments. Available-for-sale investments are carried at fair value. Interest income on available-for-sale debt securities is calculated using the effective interest method and recognised in profit or loss for the year as finance income. Dividends on available-for-sale equity instruments are recognised in profit or loss for the year as finance income when the Group's right to receive payment is established and it is probable that the dividends will be collected. All other elements of changes in the fair value are recognised in other comprehensive income until the investment is derecognised or impaired at which time the cumulative gain or loss is reclassified from other comprehensive income to finance income in profit or loss for the year.

Impairment losses are recognised in profit or loss for the year when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of available-for-sale investments. A significant or prolonged decline in the fair value of an equity security below its cost is an indicator that it is impaired. The cumulative impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss – is reclassified from other comprehensive income to finance costs in profit or loss for the year.

Impairment losses on equity instruments are not reversed and any subsequent gains are recognised in other comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through current period's profit or loss.

Classification of financial liabilities. Financial liabilities of the Group are represented by other financial liabilities that include trade and other payables and borrowings. Other financial liabilities are carried at amortised cost.

Initial recognition of financial instruments. Financial instruments are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price.

A gain or loss on initial recognition is only recorded if there is a difference between fair value and the transaction price, which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Derecognition of financial liabilities. A financial liability is derecognised by the Group only when the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability have been substantially modified, this replacement or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments. Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

Property, plant and equipment. Property, plant and equipment are stated at cost or revalued amounts, as described below, less accumulated depreciation and provision for impairment, where required.

Freehold land and buildings are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in the carrying amount arising on revaluation are credited to other comprehensive income, which increased the revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and decrease the previously recognised revaluation surplus in equity; all other decreases are charged to profit or loss for the year. At the time of each revaluation, the balance of accumulated depreciation is restated in proportion to the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. The revaluation reserve in equity is transferred directly to retained earnings when the revaluation surplus is realised on the retirement or disposal of the asset or the asset is used by the Group; in the latter case, the amount of the surplus realised is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

3 Summary of Significant Accounting Policies (Continued)

Management updates the carrying value of land and buildings measured in accordance with its revaluation model as at the reporting date using market-based evidence if it is satisfied that sufficient evidence is available to support the updated fair values. If there is insufficient market-based evidence of fair value, fair value is estimated using an income approach.

At each reporting date, management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year, unless it relates to an earlier revaluation in which case it is charged to the revaluation reserve. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell. Costs of minor repairs and maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in profit or loss for the year within the other operating income and expenses.

Depreciation. Freehold land and assets under construction are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to reduce their cost or revalued amounts to their residual values over their estimated useful lives:

	Useful lives in years
Buildings	up to 40
Other	3 to 15

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Operating leases. Where the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments, including those on expected termination, are charged to the consolidated income statement on a straight-line basis over the period of the lease term.

Goodwill. Goodwill on acquisitions of subsidiaries is presented separately in the consolidated statement of financial position. Goodwill is carried at cost less accumulated impairment losses, if any.

The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment. Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the operation disposed of, generally measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit which is retained.

Intangible assets. The Group's intangible assets other than goodwill have definite useful lives and primarily include acquired software licences, patents, trademarks and leasehold interests.

Acquired software licences, patents and trademarks are capitalised on the basis of the costs incurred to acquire and bring them to use. Payments made for new or acquired leasehold interests are capitalised. Intangible assets are amortised using the straight-line method over their useful lives:

	Useful life in years
Leasehold interests	49
Acquired software licences	Shorter of the useful life or 5
Acquired trade marks	10
Other	Shorter of the useful life or 20

Software product development costs that are directly associated with identifiable and unique software controlled by the Group are recorded as intangible assets if an inflow of incremental economic benefits exceeding costs is probable. Capitalised costs include staff costs of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred. Software product development costs are amortised from the date when they are brought to use.

If there is an indicator of impairment, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

3 Summary of Significant Accounting Policies (Continued)

Income taxes. Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, or in other comprehensive income or in equity if it relates to transactions that are recognised in those statements, in the same or a different period. Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit.

Deferred tax balances are measured at tax rates which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred tax assets and liabilities are netted only within the individual companies of the Group. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised. The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

Inventories. Inventories are recorded at the lower of actual cost and net realisable value at the date when risks and rewards have passed to the Group. The cost of inventory is determined on the first in first out (FIFO) basis. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

Trade and other receivables. Trade and other receivables are carried at amortised cost using the effective interest method. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in profit or loss. The primary factors that the Group considers whether a receivable is impaired is its overdue status, the creditworthiness of the counterparty and realisability of related collateral, if any.

Prepayments. Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Cash and cash equivalents. Cash and cash equivalents include cash in hand, cash in bank, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method.

Share capital. Ordinary shares are classified as equity. Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital. Share premium reduction is recognised as a liability in the Company's financial statements in the year in which it is appropriately authorised and is no longer to the discretion of the Company.

Dividends. Dividends are recognised as a liability and deducted from equity in the period, when they are declared and approved. Any dividends declared after the reporting period and before the consolidated financial statements are authorised for issue are disclosed in the subsequent events note. Dividends distribution settled by means of transfer of a subsidiary between entities under common controls are recognised at the book value of investment that is being distributed.

Russian value added tax. Output value added tax ("VAT") is payable to the tax authorities on the earlier of (a) collection of the receivables from customers or (b) delivery of the goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of a VAT invoice. The tax authorities permit the settlement of VAT on a net basis.

3 Summary of Significant Accounting Policies (Continued)

VAT related to sales and purchases is recognised in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and liability.

Borrowings. Borrowings are initially recognised at fair value, net of transaction costs incurred. Subsequently borrowings are carried at amortised cost using the effective interest method, and are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting period. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) form part of the cost of that asset.

Trade and other payables. Trade and other payables are accrued when the counterparty has performed its obligations under the contract and are carried at amortised cost using the effective interest method.

Provisions for liabilities, charges and contingencies. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are only used to cover those expenses which they had been set up for. Other possible or present obligations that arise from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability, are disclosed in the notes to the consolidated financial statements as contingent liabilities.

Financial guarantees. Financial guarantees are irrevocable contracts that require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the obligation at the end of the reporting period.

Foreign currency transactions are initially translated into each entity's functional currency at official exchange rates at the date of each transaction. Monetary assets and liabilities are translated at official exchange rates at the respective reporting dates. Translation at year-end rates does not apply to non-monetary items, including equity investments that are measured at historical cost. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates are recognised in the consolidated income statement.

Revenue recognition. Revenues from sales of vehicles are recognised at the point of transfer of risks and rewards of ownership to the buyer, after the registration process has been completed. Sales are shown net of VAT and discounts. Sales of spare parts are recognised when title and risks have been transferred and maintenance services (including spares consumed and maintenance carried out under manufacturer's warranty) are recognised when the services have been completed and the vehicle has been accepted by the customer.

Interest income is recognised on a time-proportion basis using the effective interest rate method.

Incentives receivable and payable which are based on quantities of vehicles purchased and sold are accounted for in the consolidated income statement when the conditions applicable under the relevant scheme have been met, usually when the vehicle has been sold to the buyer and no right of return exists. Incentives receivable are deducted from the cost of vehicles, consumables and services, and incentives payable are deducted from sales in the consolidated income statement.

Employee benefits. Wages, salaries, contributions to the Russian Federation state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group. These are included in "accrued employee benefit costs" and the Group has no further obligations once the obligations have been paid.

Uncertain tax positions, additional taxes and contingencies. The Group's uncertain tax positions are reassessed by management at every date of consolidated statement of financial position. Liabilities are recorded for income tax positions that are determined by management as less likely than not to be sustained if challenged by the tax authorities, based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period.

Liabilities for additional taxes, penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

3 Summary of Significant Accounting Policies (Continued)

Provisions for additional taxes, and related interest and penalties, are recognised when the Group has a present legal obligation, and a reliable estimate of the amount can be made. A provision is recognised for additional taxes and interest when they become payable according to the law and for penalties at the time of filing of the related tax return.

The provisions are maintained, and updated if necessary, for the period over which the respective tax positions remain subject to review by the tax and customs authorities, being 3 years from the year of filing. Upon expiry of the review period, the provisions are released and disclosed as a contingent liability until the accounting documentation maintenance period expires, being an additional 2 years (i.e. 5 years in total).

Non-current assets classified as held for sale. Non-current assets and disposal groups (which may include both non-current and current assets) are classified in the consolidated statement of financial position as “non-current assets held for sale” if their carrying amount will be recovered principally through a sale transaction (including loss of control of a subsidiary holding the assets) within twelve months after the reporting period and sale is considered highly probable. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group’s management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for a sale at a reasonable price; (d) the sale is expected within one year; and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

Non-current assets or disposal groups classified as held for sale in the current period’s consolidated statement of financial position are not reclassified or re-presented in the comparative consolidated statement of financial position to reflect the classification at the end of the current period. A disposal group is a group of assets (current or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Goodwill is included if the disposal group includes an operation within a cash-generating unit to which goodwill has been allocated on acquisition.

Non-current assets are assets that include amounts expected to be recovered or collected more than twelve months after the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified. Held for sale disposal groups as a whole are measured at the lower of their carrying amount and fair value less costs to sell. Held for sale property, plant and equipment, are not depreciated or amortised.

Liabilities directly associated with the disposal group that will be transferred in the disposal transaction are reclassified and presented separately in the consolidated statement of financial position.

Discontinued operations. A discontinued operation is a component of the Group that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Earnings and cash flows of discontinued operations, if any, are disclosed separately from continuing operations with comparatives being re-presented.

4 Critical Accounting Estimates and Judgments in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities and their carrying amounts within the next financial year. Estimates and judgments are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Estimated impairment of goodwill. The Group tests goodwill for impairment at least annually. The recoverable amounts of cash-generating unit have been determined based on value-in-use calculations. These calculations require the use of estimates as further detailed in Note 10.

Estimated income and deferred taxes. The Group’s companies are subject to income tax mainly in the Russian Federation, where tax and currency legislation is subject to varying interpretations. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that there are sufficient taxable temporary differences, or that it is probable that future taxable profit will be available, against which the deductions can be utilised.

In determining future taxable profits and the amount of tax benefits that are probable in the future, management makes judgments and applies estimations based on expectations of future results that are believed to be reasonable under the circumstances. The future taxable profits and the amount of tax benefits that are probable in the future are based on medium term business plans prepared by management and extrapolated results thereafter.

4 Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

The Group has recognised a deferred tax asset of RR 32,785 thousand at 31 December 2015 (2014: RR 40,246 thousand) in respect of several subsidiaries, which made a loss in the current and previous accounting periods and where the utilisation of the asset is dependent on future taxable profits in excess of those arising from the reversal of existing taxable temporary differences. Management's current forecasts show that the tax losses will probably be utilised in full before the end of the expiry period.

5 Adoption of New or Revised Standards and Interpretations and New Accounting Pronouncements

The following new standards and interpretations became effective from 1 January 2015 and did not have any significant effect on the Group's balance and transactions measurement:

IFRIC 21 – Levies (issued on 20 May 2013 and effective for annual periods beginning 17 June 2014). The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax.

Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 January 2015).

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2016, and which the Group has not early adopted.

IFRS 9 "Financial Instruments" * (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018).

IFRS 15, Revenue from Contracts with Customers* (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.

IFRS 16 "Leases"* (issued in January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases.

The Group is currently assessing the impact of the new standards on its financial statements.

The following other new pronouncements are not expected to have any material impact on the Group when adopted: IFRS 14 - Regulatory Deferral Accounts*, Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations, Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception*, Amendments to IAS 19 – Defined benefit plans: Employee contributions, Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation, Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, Amendments to IAS 27 - Equity Method in Separate Financial Statements, Amendments to IAS 1 – Disclosure Initiative, Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses*, Amendments to IAS 7 – Disclosure Initiative*, Amendments to IFRS 15 - Revenue from Contracts with Customers*, Annual Improvements to IFRSs 2012 and Annual Improvements to IFRSs 2014. Pronouncements not yet endorsed by the European Union are indicated with an asterisk (*). The Group does not adopt pronouncements until they have been endorsed by the European Union.

6 Balances and Transactions with Related Parties

For the purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of relationships, not merely the legal form. The Company's ultimate controlling party is disclosed in Note 1. Amounts are unsecured and interest-free unless otherwise stated.

i Balances due from/ (to) beneficiaries and the ultimate controlling party

<i>In thousands of Russian Roubles</i>		2015	2014
Other payables		(1)	(1)
Current term loan receivable (interest rate: 2%-3 %)	12	2,506,454	-
Net balance due from/ (to) beneficiaries of the ultimate controlling party		2,506,453	(1)

6 Balances and Transactions with Related Parties (Continued)

ii Balances due (to)/ from the immediate parent

<i>In thousands of Russian Roubles</i>	Note	2015	2014
Trade receivables and other receivables		-	242
Trade and other payables and advances received		(564,049)	(4)
Current term loan receivable (interest rate: 2%-3 %)	12	219,205	-
Net balance due (to)/ from entities under common control		(344,844)	238

At 31 December 2015 other payables to immediate parent in the amount of RR 564,049 thousand related to share premium reduction. Liability was settled in full in January 2016.

iii Balances due from other related parties

<i>In thousands of Russian Roubles</i>	2015	2014
Trade receivables and other receivables	105,403	269,744
Prepayments made	2,769	450,930
Trade and other payables and advances received	(25,183)	(121,331)
Net balance due from entities under common control	82,989	599,343

iv Income/ (expenses) with the ultimate controlling party

<i>In thousands of Russian Roubles</i>	2015	2014
Interest income	25,114	-
Net foreign exchange gains on cash and loans issued	704,452	-
Net income with the ultimate controlling party	729,566	-

v Income/ (expenses) with the immediate parent

<i>In thousands of Russian Roubles</i>	2015	2014
Revenue from logistic services, auto service and other	-	97
Interest income	557	937
Net foreign exchange gains on cash and loans issued	18,437	8,003
Net foreign exchange loss from operations	(48,284)	-
Other income/(expenses), net	-	6
Net (expense)/ income with the immediate parent	(29,290)	9,043

vi Income/ (expenses) with other related parties

<i>In thousands of Russian Roubles</i>	2015	2014
Revenue from logistic services, auto service and other	331,181	221,824
Revenue from sale of vehicles and spare parts	8,219	7,257
Purchases of vehicles and spare parts	(12,540,688)	(19,679,138)
Logistics, insurance and advertising	(47,076)	(56,209)
Net foreign exchange gains on cash and loans issued	101	4,489
Other (expenses)/ income, net	(1,098)	6,236
Net expenses with other related parties	(12,249,361)	(19,495,541)

vii Movements in loans receivable

<i>In thousands of Russian Roubles</i>	Immediate parent	Ultimate controlling party
At 1 January 2014	16,033	-
Loans issued	120,000	-
Loans repaid	(137,735)	-
Foreign exchange gains	1,702	-
At 31 December 2014	-	-
Loans issued	200,211	1,776,888
Interest accrued	557	25,114
Foreign exchange gains	18,437	704,452
At 31 December 2015	219,205	2,506,454

6 Balances and Transactions with Related Parties (Continued)

viii Other rights and obligations connected to entities under common control, associates and joint ventures

<i>In thousands of Russian Roubles</i>	2015	2014
Guarantees issued to other related parties at the year end (total amount guaranteed)	-	(4,430,337)
Other rights and obligations, net	-	(4,430,337)

ix Key management personnel compensation

Compensation of 4 directors and 3 other key management personnel (2014: 5 directors and 3 other key management personnel) consists of fixed remuneration and a performance bonus depending on operating results. The amounts paid for their services were as follows:

<i>In thousands of Russian Roubles</i>	Note	2015	2014
Short-term benefits	24	238,972	198,839
Total key management personnel compensation		238,972	198,839

7 Principal Subsidiaries

The table below summarises the information of the Group's principal subsidiaries at 31 December 2015 and 31 December 2014.

Name	Nature of business	Percentage of voting rights	Percentage of ownership	Country of registration
Subsidiaries				
Rolf LLC		100%	100%	Russia
ROLF MOTORS LLC	Retail sale of vehicles, spare parts and related services	100%	100%	Russia
ROLF Estate SPB LLC	Retail long-term assets holding and management	100%	100%	Russia
ROLF ESTATE CJSC		100%	100%	Russia

8 Investments in Associates and Joint Ventures

During 2014, the Group held a 49% interest in the associate Crownvision Limited and its subsidiary Rolf-Logistic LLC ("Logistics") and a 42% interest in the joint venture FF Sheffe B.V. and its subsidiaries MMC Rus LLC and MMC Kaz LLP ("Mitsubishi Distribution"). In December 2014 both investments in associate and joint venture were transferred to the parent company of the Group in settlement of dividends (Note 16).

<i>In thousands of Russian Roubles</i>	Associate (Logistics)	Joint Venture (Mitsubishi Distribution)	Total
At 1 January 2014	1,654,123	2,207,924	3,862,047
Share of profit	47,635	1,541,727	1,589,362
Share of other comprehensive income	-	59,951	59,951
Dividends declared by joint ventures	-	(328,011)	(328,011)
Add back of eliminated share of unrealised loss*	-	(249,785)	(249,785)
Investment disposal (Note 16)	(1,701,758)	(3,231,806)	(4,933,564)
At 31 December 2014	-	-	-

* According to adopted accounting policy share of unrealised profit is recognised in inventories and is eliminated.

The results of the Group's unlisted associate and joint venture, and their aggregated assets (excluding goodwill) and liabilities are as follows:

<i>In thousands of Russian Roubles</i>	Associate	Joint Venture	Total
At 31 December 2014			
Revenue	4,459,273	80,633,292	85,092,565
Depreciation and amortisation	(364,649)	(136,103)	(500,752)
Interest expense	(218,590)	(1,344,003)	(1,562,593)
Income tax expense	(37,286)	(818,935)	(856,221)
Profit	97,215	3,076,052	3,173,267
Other comprehensive income	-	142,740	142,740
Total comprehensive income	97,215	3,218,792	3,316,007

9 Property, Plant and Equipment

<i>In thousands of Russian Roubles</i>	Buildings	Freehold land	Other	Assets under construction	Total
Carrying amount at 31 December 2013	11,008,122	560,105	1,847,257	529,612	13,945,096
Cost at 31 December 2013	14,058,085	560,105	3,359,571	529,612	18,507,373
Accumulated depreciation	(3,049,963)	-	(1,512,314)	-	(4,562,277)
Carrying amount at 31 December 2013	11,008,122	560,105	1,847,257	529,612	13,945,096
Additions	-	12,426	919,022	86,840	1,018,288
Capitalised borrowing costs	-	-	-	4,058	4,058
Transfers	382,134	-	48,502	(430,636)	-
Disposals	-	-	(475,419)	-	(475,419)
Impairment	-	-	-	(7,947)	(7,947)
Depreciation charge	(468,493)	-	(658,603)	-	(1,127,096)
Effect of revaluation - impairment in consolidated income statement	(2,731)	-	-	-	(2,731)
Effect of revaluation- consolidated statement in changes of equity	-	584,230	-	-	584,230
Reclassification due to revaluation	(99,540)	99,540	-	-	-
Carrying amount at 31 December 2014	10,819,492	1,256,301	1,680,759	181,927	13,938,479
Cost at 31 December 2014	14,368,662	1,256,301	3,407,113	181,927	19,214,003
Accumulated depreciation	(3,549,170)	-	(1,726,354)	-	(5,275,524)
Carrying amount at 31 December 2014	10,819,492	1,256,301	1,680,759	181,927	13,938,479
Additions	-	-	884,464	414,457	1,298,921
Capitalised borrowing costs	-	-	-	6,392	6,392
Transfers	55,830	-	-	(55,830)	-
Disposals	-	-	(455,465)	-	(455,465)
Impairment	-	-	-	(6,767)	(6,767)
Depreciation charge	(481,199)	-	(600,648)	-	(1,081,847)
Effect of revaluation - impairment in consolidated income statement	(41,276)	(2,218)	-	(10,587)	(54,081)
Effect of revaluation- consolidated statement in changes of equity	(360,248)	20,578	-	-	(339,670)
Carrying amount at 31 December 2015	9,992,599	1,274,661	1,509,110	529,592	13,305,962
Cost at 31 December 2015	13,916,686	1,274,661	3,471,711	529,592	19,192,650
Accumulated depreciation	(3,924,087)	-	(1,962,601)	-	(5,886,688)
Carrying amount at 31 December 2015	9,992,599	1,274,661	1,509,110	529,592	13,305,962

Land and building have been revalued to market value at 31 December 2015. The revaluation deficit, net of applicable deferred income tax, was debited to "other comprehensive income/(loss)" in "revaluation reserve" (Note 18). The valuation was carried out by an independent firm of valuers, who hold a recognised and relevant professional qualification and who have recent experience in valuation of assets of similar location and category. Fair values of land and buildings are included in level 2 in the fair value hierarchy table. To determine fair value independent valuer applied the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

The carrying amount that would have been recognised in the consolidated financial statements had the assets been carried at historical cost is RR 304,099 thousand for the freehold land (2014: RR 304,099 thousand) and RR 6,758,820 thousand for the buildings (2014: RR 7,188,643 thousand) respectively. At 31 December 2015 buildings, land and production equipment carried at RR 5,144,545 thousand (2014: RR 5,591,167 thousand) have been pledged to third parties as collateral for borrowings (Note 19).

10 Goodwill

Goodwill impairment test

Total amount of goodwill is attributable to Avtoprime dealership centre. For the purposes of goodwill impairment testing the recoverable amount was determined based on value in use calculations.

These calculations use cash flow projections based on financial budgets approved by management covering a five-year period or longer period if such period is more appropriate to assess the economic conditions affecting cash flows projections of the CGU. Cash flows beyond the five-year period are extrapolated assuming a growth rate of 2%.

10 Goodwill (Continued)

Assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

	2015	2014
Growth rate in terminated period	2%	2%
Pre-tax discount rate	16,52% p.a.	17,73% p.a.
Period	2016 – 2020	2015 – 2019
Total revenue for the projected period	RR 58,790 million	RR 53,489 million
Total EBITDA for the projected period	RR 3,603 million	RR 3,272 million

Management determined the budgeted gross margin of CGU based on the past performance and market expectations. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs.

If the revised estimated EBITDA used for the discounted cash flows of Retail CGU (Avtoprime) had been 20% lower than management's estimates, the Group would still have a positive headroom of RR 1,253,906 thousand (2014: the Group would need to reduce the carrying value of goodwill for Avtoprime by RR 47,460 thousand).

The recoverable amount of Avtoprime CGU exceeds its carrying amount by RR 2,492,627 thousand (2014: for Avtoprime by RR 1,098,102 thousand). Management believes that no reasonably possible change in any other of the key assumptions mentioned above would cause its carrying value to materially exceed its recoverable amount.

11 Intangible Assets

<i>In thousands of Russian Roubles</i>	Leasehold interests	Acquired software licences	Acquired trade mark	Other	Software products under development	Total
Cost at 31 December 2013	103,023	936,250	91,512	327,893	13,597	1,472,275
Accumulated amortisation	(13,403)	(829,332)	(49,226)	(322,865)	-	(1,214,826)
Carrying amount at 31 December 2013	89,620	106,918	42,286	5,028	13,597	257,449
Additions	-	47,713	-	4,873	2,476	55,062
Amortisation charge	(1,906)	(90,220)	(9,151)	(3,930)	-	(105,207)
Impairment	-	(318)	-	(338)	(289)	(945)
Transfer	-	10,525	-	666	(11,191)	-
Carrying amount at 31 December 2014	87,714	74,618	33,135	6,299	4,593	206,359
Cost at 31 December 2014	103,023	994,170	91,512	333,094	4,593	1,526,392
Accumulated amortisation	(15,309)	(919,552)	(58,377)	(326,795)	-	(1,320,033)
Carrying amount at 31 December 2014	87,714	74,618	33,135	6,299	4,593	206,359
Additions	-	84,919	-	260	451	85,630
Amortisation charge	(1,906)	(86,452)	(9,152)	(2,849)	-	(100,359)
Carrying amount at 31 December 2015	85,808	73,085	23,983	3,710	5,044	191,630
Cost at 31 December 2015	103,023	1,007,053	91,512	328,049	5,044	1,534,681
Accumulated amortisation	(17,215)	(933,968)	(67,529)	(324,339)	-	(1,343,051)
Carrying amount at 31 December 2015	85,808	73,085	23,983	3,710	5,044	191,630

12 Other Financial Assets

<i>In thousands of Russian Roubles</i>	31 December 2015	31 December 2014
Investments in related companies	1	1
Promissory notes: yield to maturity 7,3 % p.a.	1,561	-
Total non-current other financial assets	1,562	1

12 Other Financial Assets (Continued)

<i>In thousands of Russian Roubles</i>	Note	31 December 2015	31 December 2014
Loans issued to related parties	6	2,725,659	-
Other financial assets		32	-
Total current other financial assets		2,725,691	-

At 31 December 2015 the current loans to related parties (Note 6) include current term loans receivable of RR 2,725,659 thousand denominated in USD (2014: nil) with interest rate 2-3 %, non-current financial assets include promissory notes held to maturity of RR 1,561 thousand with interest rate 7,3 %.

13 Inventories

<i>In thousands of Russian Roubles</i>	31 December 2015	31 December 2014
Vehicles at storage areas, warehouses and Group dealer centres	13,391,321	7,434,322
Spare parts for vehicles and maintenance in progress	1,576,728	1,385,410
Other materials	60,023	56,737
Impairment provision on vehicles	(54,393)	(36,355)
Impairment provision on spare parts	(93,353)	(25,661)
Total inventories	14,880,326	8,814,453

At 31 December 2015 vehicles, carried at RR 2,754,709 thousand (2014: RR 1,224,105 thousand), have been pledged to third parties as collateral under vehicles purchasing schemes.

14 Trade and Other Receivables

<i>In thousands of Russian Roubles</i>	31 December 2015	31 December 2014
Trade receivables	3,205,196	3,151,555
Other receivables	312,060	215,468
Less impairment loss provision against trade and other receivables	(52,311)	(39,326)
Trade and other receivables excluding prepayments, net of impairment loss provision	3,464,945	3,327,697
VAT recoverable and other taxes prepaid	43,983	73,560
Prepayments for vehicles to third parties	716,574	2,006,116
Other prepayments	86,615	154,452
Total trade and other receivables	4,312,117	5,561,825

Trade and other receivables of RR 3,129 thousand (2014: 2,962 thousand), net of an impairment loss provision, are denominated in foreign currency, mainly in USD - 64% (2014: in USD -55%).

Trade and other monetary receivables are mainly represented by balances due from cars distributors (subsidiaries of well-known international automotive production groups) and large Russian insurance companies.

<i>In thousands of Russian Roubles</i>	31 December 2015	31 December 2014
Not overdue	3,148,977	3,080,847
Overdue, not impaired	304,512	239,840
Overdue, impaired	63,767	46,336
Total trade and other receivables excluding prepayments	3,517,256	3,367,023

Any debts are considered overdue after expiry of the payment term from 30 to 60 days. The balances of overdue and not impaired debts at 31 December 2015 and 31 December 2014 were less than 60 days overdue.

Movements in the impairment provision for trade and other receivables are as follows:

<i>In thousands of Russian Roubles</i>	31 December 2015	31 December 2014
Provision for impairment at 1 January	39,326	47,915
Reclassification to advances in Construction in Progress	-	(9,146)
Reversal of provision for impairment during the year	(13,096)	(4,239)
Amounts written off during the year as uncollectible	(12,973)	(4,784)
Increase in provision for impairment during the year	39,054	9,580
Provision for impairment at 31 December	52,311	39,326

14 Trade and Other Receivables (Continued)

Trade and other receivables that were written off to the consolidated income statement during the year ended 31 December 2015 as uncollectible and not previously provided for amounted to RR 7,011 thousand (2014: RR 9,545 thousand).

Ageing analysis of overdue and impaired and overdue and not impaired trade accounts receivable and other receivables is as follows:

<i>In thousands of Russian Roubles</i>	At 31 December 2015		At 31 December 2014	
	Overdue not impaired	Overdue impaired	Overdue not impaired	Overdue impaired
Overdue period				
- less than 30 days overdue	223,277	-	155,766	-
- 30 to 90 days overdue	46,253	-	55,010	-
- over 90 days overdue	34,982	63,767	29,064	46,336
Total	304,512	63,767	239,840	46,336

Movements in prepayments are as follows:

<i>In thousands of Russian Roubles</i>	Trade	Other	Total
Carrying value at 1 January 2014	209,898	194,905	404,803
Additions	34,339,198	1,407,675	35,746,873
Receipt of related goods or services	(32,542,980)	(1,448,128)	(33,991,108)
Total prepayments at 31 December 2014	2,006,116	154,452	2,160,568
Additions	39,156,474	639,706	39,796,180
Receipt of related goods or services	(40,446,016)	(707,543)	(41,153,559)
Total prepayments at 31 December 2015	716,574	86,615	803,189

15 Cash and Cash Equivalents

<i>In thousands of Russian Roubles</i>	31 December 2015	31 December 2014
RR denominated balances	512,281	933,628
US\$ denominated balances	49,010	17,802
Euro and other currency denominated balances	3,332	2,091
RR denominated term deposits (2015: interest rate – 9%; 2014 – 10.4% – 27.2%)	100,000	4,529,000
US\$ denominated term deposits (2015: interest rate – 0.48% – 0.56%)	6,122,741	-
Total cash and cash equivalents	6,787,364	5,482,521

All term deposits have original maturities of less than 3 months. All term deposits are neither overdue nor impaired.

Analysis by credit quality of cash and cash equivalents is as follows (see also Note 31):

<i>In thousands of Russian Roubles</i>	31 December 2015			31 December 2014		
	Bank balances payable on demand	Term deposits	Cash in hand	Bank balances payable on demand	Term deposits	Cash in hand
Rating by Standard and Poor's, Fitch						
A – to A+ rated	-	-	-	287,875	-	-
BB – to BB+ rated	189,555	100,000	-	235,445	500,000	-
BBB – to BBB+ rated	205,330	6,122,741	-	248,702	4,029,000	-
Not rated	166,247	-	3,491	179,669	-	1,830
Total cash and cash equivalents	561,132	6,222,741	3,491	951,691	4,529,000	1,830

16 Disposals

Reorganisation. In December 2014, the Company disposed of the shareholding of 49% in its associate to the Company's subsidiary Sinoco Limited and subsequently in December 2014, the Company distributed 100% shareholding in Sinoco Limited (which held investments in the associate, joint-venture and available for sale investment) to the parent company. The shares of Sinoco Limited were distributed as dividends in kind in the amount of RR 1,187,638 thousand.

16 Disposals (Continued)

The details of the disposed assets and liabilities and cash outflow on disposal are as follows:

<i>In thousands of Russian Roubles</i>		Distributed assets
		31 December 2014
Date of disposal	Note	
Available for sale investment		637,882
Investment in associates	8	1,701,758
Investment in joint venture	8	3,231,806
Disposed subsidiary's cash and cash equivalents		13,550
Disposed subsidiary's other liabilities		(4,824)
Carrying amount of disposed net assets		5,580,172
Cash outflow on disposal		(13,550)

<i>In thousands of Russian Roubles</i>		31 December 2014
Carrying amount of disposed net assets		5,580,172
Dividends in kind		(1,187,638)
Distribution to owners		4,392,534

The dividends declared and settled, were based on the carrying amounts of Sinoco Limited in the Company's separate financial statements. The difference between the carrying amount of the disposed net assets at the Group level and the dividend declared and settled at the Company level is presented as "Distribution to owners" in the Consolidated Statement of Changes in Equity.

17 Share Capital, Share Premium and Dividends

<i>In thousands of Russian Roubles</i>	Share capital	Share premium	Total
At 31 December 2014	292	1,169	1,461
Bonus issue	129	499,871	500,000
Share premium reduction	-	(500,000)	(500,000)
At December 2015	421	1,040	1,461

The Company was incorporated with a share capital of US\$ 10 thousand, representing 10 thousand authorised and issued fully paid ordinary shares of US\$ 1 each, issued in September 2004 at a premium of 4 times the nominal amount. On 26 October 2015, the authorised share capital of the Company was increased from US\$ 10 000 divided into 10 000 ordinary shares to US\$ 20 000 divided into 20 000 ordinary shares. In November 2015, 2 thousand ordinary shares of US\$ 1 each issued at the total price of RR 500,000 thousand. This issue was bonus issue through the capitalisation of "other reserves". A share premium in the amount of RR 499,871 thousand was recorded out of this issue. In December 2015 share premium in the amount of RR 500,000 thousand was distributed to owners through the share capital reduction process.

In 2015 the Board of Directors of the Company declared and paid interim dividends for 2014 and 2015 in the amount of RR 940,750 thousand.

Dividends declared and paid during the years ended 31 December 2015 and 2014 were as follows:

<i>In thousands of Russian Roubles</i>	2015	2014
Dividends payable at 1 January	-	-
Dividends declared during the year	940,750	2,110,831
Withholding tax on dividends	-	135,213
Dividends paid during the year	(925,593)	(2,110,831)
Withholding tax on dividends paid	-	(135,213)
Net foreign exchange gain	(15,157)	-
Dividends in kind accrued	-	1,189,037
Dividends in kind distributed	-	(1,189,037)
Dividends payable at 31 December	-	-
<i>In Russian Roubles</i>		
Total dividends per share declared	78,396	329,987

18 Other Reserves

<i>In thousands of Russian Roubles</i>	Revaluation reserve	Currency translation reserve	Total
At 1 January 2014	2,385,313	16,560	2,401,873
Realised revaluation reserve	(102,346)	-	(102,346)
Revaluation surplus of premises and land, net of tax	467,385	-	467,385
Exchange differences on translation to presentation currency	-	59,951	59,951
Recycling of currency translation due to disposal of foreign investment	-	(76,511)	(76,511)
At 31 December 2014	2,750,352	-	2,750,352
Realised revaluation reserve	(102,346)	-	(102,346)
Revaluation deficit of premises and land, net of tax	(271,736)	-	(271,736)
At 31 December 2015	2,376,270	-	2,376,270

Other reserves are not available for distribution by way of dividends.

19 Borrowings

<i>In thousands of Russian Roubles</i>	31 December 2015	31 December 2014
Revolving credit facility	11,098,743	8,974,220
Term loans	6,355,547	5,481,799
Total borrowings	17,454,290	14,456,019
Less current portion	(15,959,977)	(4,200,616)
Non-current borrowings	1,494,313	10,255,403

The Group's borrowings mature as follows:

<i>In thousands of Russian Roubles</i>	31 December 2015	31 December 2014
Borrowings due: - within 1 year	15,959,977	4,200,616
- between 2 and 5 years	1,494,313	10,255,403
Total borrowings	17,454,290	14,456,019

The Group's borrowings at 31 December 2015 and 31 December 2014 were denominated in Russian Roubles.

The balance of revolving credit facility at 31 December 2015 consists of a short-term portion in the amount of RR 11,102,093 thousand less transaction costs of RR 3,350 thousand (at 31 December 2014: a short-term portion in the amount of RR 4,206,571 thousand less transaction costs of RR 9,560 thousand and a long-term portion in the amount of RR 4,800,000 thousand less transaction costs of RR 22,791 thousand).

The fair value of total current and non-current borrowings with fixed interest rates amounts to RR 17,349,694 thousand (31 December 2014: RR 13,510,744 thousand).

At 31 December 2015, the interest rates for the Russian Rouble loans were 11.00-13.55% (31 December 2014: 8.75-13.32%). The total unused facilities available to the Group at 31 December 2015 were RR 9,135,000 thousand (31 December 2014: RR 4,500,000 thousand).

20 Trade and Other Payables

<i>In thousands of Russian Roubles</i>	31 December 2015	31 December 2014
Trade payables	5,219,247	2,563,735
Trade financing	1,477,894	580,000
Other payables	2,294,131	1,687,126
Accrued employee benefit costs	796,642	910,650
Total trade and other payables	9,787,914	5,741,511

Trade and other payables of RR 570,435 thousand (2014: RR 19,691 thousand) are denominated in foreign currency, mainly in USD – 99% (2014: in EUR – 77%).

At 31 December 2015, trade and other payables included trade financing of RR 1,477,894 thousand (2014: RR 580,000 thousand), where payment to creditors is made on deferred terms and is subject to interest rate depending on terms of credit period: 12.0% -36.5% (2014: 11.0% -32.8%). The unused facility of trade financing available to the Group at 31 December 2015 was RR 5,185,232 thousand (2014: RR 4,940,957 thousand).

21 Other Taxes Payable

<i>In thousands of Russian Roubles</i>	31 December 2015	31 December 2014
Value-added tax	360,490	1,226,292
Property and other taxes	198,907	208,097
Total current income and other taxes payable	559,397	1,434,389

22 Vehicles, Consumables and Services

<i>In thousands of Russian Roubles</i>	2015	2014
Vehicles purchased	92,570,959	109,139,882
Spare parts and materials purchased	10,621,606	9,512,201
Incentives from manufacturers	(7,015,280)	(6,425,617)
Customer relations	44,162	40,147
Other	93,845	102,449
Total vehicles, consumables and services	96,315,292	112,369,062

23 Logistics, Insurance and Advertising

<i>In thousands of Russian Roubles</i>	2015	2014
Advertising and promotion	741,928	1,003,841
Customs clearance, storage and related costs	182,006	225,075
Transportation	83,105	110,639
Insurance	8,470	5,629
Total logistics, insurance and advertising	1,015,509	1,345,184

24 Employee Compensation and Benefits

<i>In thousands of Russian Roubles</i>	Note	2015	2014
Employee compensation and benefits		6,681,233	7,461,409
Short-term benefits to key management personnel	6	238,972	198,839
Total employee compensation and benefits		6,920,205	7,660,248

In 2015 employee compensation and benefits include statutory social security and pension contributions of RR 1,361,550 thousand (2014: RR 1,360,293 thousand).

25 Office Costs, Business Travel and Services

<i>In thousands of Russian Roubles</i>	2015	2014
Repair and maintenance	583,805	616,151
Rent and utilities	339,897	331,402
Professional services	116,470	169,477
Security	106,960	112,365
Materials, office stationary	78,728	111,487
Postal expenses	49,985	55,791
Travel and motoring	28,948	33,392
Representative expenses	28,407	34,398
Recruitment and training	20,109	14,781
Other services	25,595	35,915
Directors' fees	19,289	5,094
Other	33,991	43,671
Total office costs, business travel and services	1,432,184	1,563,924

The professional expenses stated above include fees of RR 3,438 thousand (2014: RR 4,646 thousand) for audit services, RR 3,752 thousand (2014: RR 3,331 thousand) for the tax consultancy services and RR 14,918 thousand (2014: RR 17,824 thousand) for other services charged by the Company's statutory auditor.

26 Other Operating Expenses, net

<i>In thousands of Russian Roubles</i>	2015	2014
Non-recoverable VAT and taxes other than on income	276,645	310,521
Bank and other commissions	134,657	113,109
Entertainment	108,974	106,992
Impairment of trade and other receivables	32,969	14,886
Charitable donations	31,232	5,838
Gain from disposal of property, plant and equipment, net	(773)	(8,704)
Other operating income	(12,933)	(28,916)
Total other operating expenses, net	570,771	513,726

27 Finance Costs

<i>In thousands of Russian Roubles</i>	2015	2014
Interest expense on borrowings	1,734,169	1,377,549
Interest expense on trade finance	123,108	267,154
Capitalised borrowing costs on assets under construction	(6,392)	(4,058)
Total finance costs	1,850,885	1,640,645

28 Income and Deferred Taxes

<i>In thousands of Russian Roubles</i>	2015	2014
Current income tax expense of Group companies in Russia	1,116,143	403,271
Withholding tax on dividends	344,551	-
Deferred tax (benefit)/expense	(39,912)	813,618
(Over)/under provision of current tax in prior years	(4,353)	59,411
Total income tax expense for the year	1,416,429	1,276,300

A reconciliation between the theoretical and the actual income tax expense is provided below:

<i>In thousands of Russian Roubles</i>	2015	2014
Profit before income tax of Group companies in Russia	5,093,127	6,522,385
Profit/(loss) of Group companies in other jurisdictions	1,013,999	(14,382)
Profit before income tax	6,107,126	6,508,003
Theoretical income tax expense at Russian statutory rate of 20%	1,018,625	1,304,477
Theoretical tax expense/(benefit) at other jurisdictions' statutory rate of 12.5%	126,750	(1,798)
Tax effect of items which are not deductible or assessable for taxation purposes:		
Non-taxable income	(127,990)	(318,000)
Non-deductible expenses	59,436	88,306
Withholding tax on dividends	344,551	-
Utilisation of previously unrecognised tax loss carry forward	-	(233,246)
(Over)/Under provision of current and deferred tax in prior years	(4,943)	59,411
Write-off of tax loss carry forward for the year	-	377,150
Total income tax expense for the year	1,416,429	1,276,300

In 2015 non-deductible expenses mainly include expenses on goods and services transfer free-of-charge, VAT related to this activity, charity and fixed assets depreciation. In 2014 non-deductible expenses mostly comprised of depreciation and amortisation of intangible and fixed assets due to different recognition and measurement basis.

In 2015 non-taxable income mainly include foreign exchange gains on loans issued by Cyprus companies (2014: share of profit of associates and joint-ventures).

The gross movement on the deferred income tax accounts is as follows:

<i>In thousands of Russian Roubles</i>	2015	2014
Net deferred tax (liability)/asset at 1 January	(1,025,228)	(150,797)
Income statement benefit/(expense)	39,912	(813,618)
Reclassification from current income tax	-	56,032
Income tax recorded directly in other comprehensive income	67,934	(116,845)
Total net deferred tax liability at 31 December	(917,382)	(1,025,228)

28 Income and Deferred Taxes (Continued)

Differences between IFRS and Russian statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rate of 20% or 12.5%, as applicable (2014: 20% or 12.5%).

<i>In thousands of Russian Roubles</i>	1 January 2014	(Charged)/ credited to income statement	Reclassification from current income tax	31 December 2014
Tax effect of deductible temporary differences				
Interest payable	-	10,320	-	10,320
Losses carried forward	600,500	(560,254)	-	40,246
Employee benefits	89,435	20,216	-	109,651
Inventories	39,191	(4,190)	-	35,001
Other	57,802	(51,273)	56,032	62,561
Total recognised deferred tax asset	786,928	(585,181)	56,032	257,779

<i>In thousands of Russian Roubles</i>	1 January 2014	(Charged)/ credited to income statement	(Charged)/ credited to other comprehensive income	31 December 2014
Tax effect of taxable temporary differences				
Property, plant and equipment	(105,540)	(209,125)	-	(314,665)
Revaluation reserve	(596,328)	25,585	(116,845)	(687,588)
Intangible assets	(14,473)	(13,787)	-	(28,260)
Interest payable	-	(10,779)	-	(10,779)
Accounts receivable	(221,384)	(19,885)	-	(241,269)
Other	-	(446)	-	(446)
Total recognised deferred tax liability	(937,725)	(228,437)	(116,845)	(1,283,007)

<i>In thousands of Russian Roubles</i>	1 January 2015	(Charged)/ credited to income statement	31 December 2015
Tax effect of deductible temporary differences			
Intangible assets	10,320	(10,320)	-
Losses carried forward	40,246	(7,461)	32,785
Employee benefits	109,651	3,862	113,513
Inventories	35,001	18,080	53,081
Other	62,561	(36,058)	26,503
Total recognised deferred tax asset	257,779	(31,897)	225,882

<i>In thousands of Russian Roubles</i>	1 January 2015	(Charged)/ credited to income statement	(Charged)/ credited to other comprehensive income	31 December 2015
Tax effect of taxable temporary differences				
Property, plant and equipment	(314,665)	20,109	-	(294,556)
Revaluation reserve	(687,588)	25,586	67,934	(594,068)
Intangible assets	(28,260)	348	-	(27,912)
Interest payable	(10,779)	8,677	-	(2,102)
Accounts receivable	(241,269)	16,643	-	(224,626)
Other	(446)	446	-	-
Total recognised deferred tax liability	(1,283,007)	71,809	67,934	(1,143,264)

28 Income and Deferred Taxes (Continued)

<i>In thousands of Russian Roubles</i>	2015	2014
Recoverability of deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	-	56,291
Deferred tax asset to be recovered within 12 months	225,882	201,488
Total recognised deferred tax asset	225,882	257,779

<i>In thousands of Russian Roubles</i>	2015	2014
Settlement of deferred tax liabilities		
Deferred tax liabilities to be settled after more than 12 months	(943,225)	(1,030,513)
Deferred tax liabilities to be settled within 12 months	(200,039)	(252,494)
Total recognised deferred tax liability	(1,143,264)	(1,283,007)

In the context of the Group's current structure, tax losses and current tax assets of different Group companies may not be offset against current tax liabilities and taxable profits of other Group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity.

The Group has not recorded a deferred tax liability in respect of taxable temporary differences of RR 3,266,292 thousand (2014: RR 6,208,104 thousand) associated with investments in subsidiaries as the Group is able to control the timing of the reversal of those temporary differences and does not intend to reverse them in the foreseeable future.

The Company and its Cypriot subsidiaries are subject to income tax on taxable profits at the rate of 12.5%. As from tax year 2012 brought forward losses of only five years may be utilised. From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 10%; increased to 15% as from 31 August 2011, and to 30% as from 29 April 2013. In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% as from 1 January 2012; reduced to 17% as from 1 January 2014. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence. Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon, etc) are exempt from Cyprus income tax.

29 Contingencies, Commitments and Operating Risks

Legal proceedings. During the year, the Group was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding which could have a material effect on the result of operations or financial position of the Group and which have not been accrued or disclosed in the consolidated financial statements.

Tax contingencies. Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be successfully challenged by relevant authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

The Russian transfer pricing legislation is to a large extent aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). This legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length.

Management believes that its pricing policy used in 2015 and preceding years is arm's length and it has implemented internal controls to be in compliance with this transfer pricing legislation.

Given the specifics of transfer pricing rules, the impact of any challenge of the Group's transfer prices cannot be reliably estimated, however, it may be significant to the financial conditions and/or the overall operations of the Group.

29 Contingencies, Commitments and Operating Risks (Continued)

The Group includes companies incorporated outside of Russia. The tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profits tax, because they do not have a permanent establishment in Russia. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group. In 2014, the Controlled Foreign Company (CFC) legislation introduced Russian taxation of profits of foreign companies and non-corporate structures (including trusts) controlled by Russian tax residents (controlling parties). The management of the Group is aware about changes in legislation, analyses possible effect of new regulations on the Group and necessary actions.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that an outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

In addition to above matters management estimates that as at 31 December 2015 the Group has possible obligations from exposure to other than remote tax risks in the amount of RR 322,275 thousand (2014: RR 322,275 thousand). These exposures primarily relate to profits tax, and associated interest and penalties. At 31 December 2015 there are no possible obligations for uncertain tax position for which inspections rights of tax authorities expired, but which may be challenged by regulatory bodies under certain circumstances. In management's estimate no losses are anticipated from these contingent liabilities.

Contractual commitments. At 31 December 2015 the Group had contractual capital commitments in respect of purchase or construction of property, plant and equipment totalling RR 86,824 thousand (2014: RR 88,190 thousand). The properties on which the Group's buildings are situated in Moscow and St. Petersburg are on land leased from the respective city authorities under operating leases. Currently, private ownership of land is not common in those cities and in fact most land is held on a long-term leasehold basis (typically a 49 year lease with an option for a 49 year extension). The leases have varying terms and renewal rights, and an annual rent is payable to the city authorities based on indexation.

The Group has future aggregate minimum lease payment commitments under these non-cancellable operating leases, based on the latest available annual rents, as follows:

<i>In thousands of Russian Roubles</i>	31 December 2015	31 December 2014
Not later than one year	187,320	147,347
Later than one year and not later than five years	389,694	394,045
Later than five years	2,982,656	3,090,678
Total non-cancellable operating leases	3,559,670	3,632,070

Compliance with covenants. The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group. The Group is in compliance with the covenants as at 31 December 2015 and 31 December 2014.

30 Financial Risk Management

The risk management function within the Group is carried out in respect of financial risks (credit, market, foreign exchange, liquidity and interest rate), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

Credit risk. The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's sales of products on credit terms and other transactions with counterparties giving rise to financial assets. Financial assets which potentially subject Group companies to credit risk consist principally of trade receivables. The Group sells to retail customers on the basis of cash or bank transfer paid in advance. The carrying amount of accounts receivable, net of provision for impairment of receivables, represents the maximum amount of credit risk. The Group's management reviews ageing analysis of outstanding trade receivables and follows up on overdue balances. Management therefore considers it appropriate to provide information about credit risk as disclosed in Note 14.

30 Financial Risk Management (Continued)

Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the provision already recorded.

The Group's bank deposits are held with 3 banks (2014: 2 bank). Cash is placed in financial institutions which are considered at the time of deposit to have minimal risk of default. The largest amount in a single bank at the year ended 31 December 2015 was RR 4,081,431 thousand (2014: RR 4,029,000 thousand).

The Group's maximum exposure to credit risk of RR 12,979,562 thousand (2014: RR 13,240,556 thousand) by class of assets is presented in Note 31 Reconciliation of Classes of Financial Instruments with Measurement Categories (including guarantees issued presented in Note 6).

Foreign exchange risk. Foreign currency denominated assets (Notes 14 and 15) and liabilities (Note 20) give rise to foreign exchange exposure.

In respect of foreign exchange risk, management sets limits on the level of exposure by currency and in total.

The table below summarises the Group's exposure to foreign currency exchange rate risk at the reporting period:

<i>In thousands of Russian Roubles</i>	At 31 December 2015			At 31 December 2014		
	Monetary financial assets	Monetary financial liabilities	Net statement of financial position	Monetary financial assets	Monetary financial liabilities	Net statement of financial position
RR	4,075,660	(27,398,714)	(23,323,054)	8,790,323	(21,916,036)	(13,125,713)
US\$	8,899,433	(564,052)	8,335,381	17,803	(4,458)	13,345
Euro	4,470	(6,383)	(1,913)	2,093	(15,237)	(13,144)
Total	12,979,563	(27,969,149)	(14,989,586)	8,810,219	(21,935,731)	(13,125,512)

At 31 December 2015 the principal rates of exchange used for translating foreign currency balances were US\$ 1 = RR 72.8827, Euro 1 = RR 79.6972 (2014: US\$ 1 = RR 56.2584, Euro 1 = RR 68.3427).

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the reporting period relative to the Group's functional currency, with all other variables held constant:

<i>In thousands of Russian Roubles</i>	2015	2014
<i>Impact on profit or loss and equity to:</i>		
US dollar strengthening by 50% (2014: 50%), profit for the year higher/(lower) by	3,334,000	5,338
US dollar weakening by 50% (2014: 50%), profit for the year (lower)/ higher by	(3,334,000)	(5,338)

In case of changes in exchange rates applied at the relative reporting period post-tax profit would be higher/lower as a result of foreign exchange gains/losses on translation of US dollar-denominated cash at banks, term deposits, other financial receivables and other payables.

Interest rate risk. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarises the Group's exposure to interest rate risks.

The table presents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates.

<i>In thousands of Russian Roubles</i>	Note	Less than 6 months	From 6 to 12 months	More than 1 year	Total
31 December 2015					
- Cash at banks and in hand	15	564,623	-	-	564,623
- Term deposits	15	6,222,741	-	-	6,222,741
- Loans issued	12	2,725,691	-	-	2,725,691
- Trade finance	20	(1,477,894)	-	-	(1,477,894)
- Borrowings	19	(13,961,913)	(1,998,063)	(1,494,314)	(17,454,290)
Net interest sensitivity gap at 31 December 2015		(5,926,752)	(1,998,063)	(1,494,314)	(9,419,129)
31 December 2014					
- Cash at banks and in hand	15	953,521	-	-	953,521
- Term deposits	15	4,529,000	-	-	4,529,000
- Trade finance	20	(580,000)	-	-	(580,000)
- Borrowings	19	(4,200,616)	-	(10,255,403)	(14,456,019)
Net interest sensitivity gap at 31 December 2014		701,905		(10,255,403)	(9,553,498)

30 Financial Risk Management (Continued)

Cash flow and fair value interest rate risk. The Group's income and operating cash flows are dependent on changes in market interest rates. The Group is exposed to fair value interest rate risk through market value fluctuations of interest-bearing short-term and long-term borrowings.

At 31 December 2015 term loans, including revolving credit facility, of RR 17,454,290 thousand (31 December 2014: RR 14,456,019 thousand) have fixed interest rate and are free from any cash flow interest rate risk, but are subject to fair value interest rate risk.

Liquidity risk. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources.

Liquidity risk is managed by Treasury department of the Group. Management monitors monthly rolling forecasts of the Group's cash flows.

Prudent liquidity risk management includes maintaining sufficient cash and availability of funding from an adequate amount of committed credit facilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amounts included in the consolidated statement of financial position because the consolidated statement of financial position amounts are based on discounted cash flows. Balances of trade and other payables due within 12 months equal their carrying balances, as the impact of discounting is not significant.

<i>In thousands of Russian Roubles</i>	Note	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
At 31 December 2015				
Borrowings		16,757,297	238,300	1,519,798
Trade and other payables	20	9,787,914	-	-
Total cash flows		26,545,211	238,300	1,519,798
At 31 December 2014				
Borrowings		5,709,431	9,410,024	1,788,387
Trade and other payables	20	5,741,511	-	-
Financial guarantees	6	4,430,337	-	-
Total cash flows		15,881,279	9,410,024	1,788,387

Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

Capital risk management. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

The gearing ratios at 31 December 2015 and 2014 were as follows:

<i>In thousands of Russian Roubles</i>	Note	31 December 2015	31 December 2014
Total borrowings	19	17,454,290	14,456,019
Less: cash and cash equivalents	15	(6,787,364)	(5,482,521)
Net debt		10,666,926	8,973,498
Total equity		12,944,815	9,966,604
Total capital		23,611,741	18,940,102
Gearing ratio		45,2%	47,4%

Key measurement and covenant ratio. The Ratio (Net debt to adjusted EBITDA) is calculated and controlled by the Group on a monthly basis for the management purposes and according to the group covenants requirements (Note 29). For that ratio calculation adjusted EBITDA is defined as: consolidated operating profit before income tax, finance costs (net), foreign exchange gains/(losses) from operations, foreign exchange gains/(losses) on cash and loans issued and depreciation, amortisation and impairment, adjusted for certain items. EBITDA is not a standard IFRS measure and the Group's definition of EBITDA may differ from that of other companies.

30 Financial Risk Management (Continued)

The ratios for the 2015 and 2014 years are presented in the table below:

<i>In thousands of Russian Roubles</i>	Note	31 December 2015	31 December 2014
Total borrowings	19	17,454,290	14,456,019
Less: cash and cash equivalents	15	(6,787,364)	(5,482,521)
Net debt		10,666,926	8,973,498
Adjusted EBITDA		7,887,016	9,238,228
Ratio Net debt/EBITDA		1.35	0.97

The reconciliation of reportable profit or loss to adjusted EBITDA is in the table below:

<i>In thousands of Russian Roubles</i>	2015	2014
Adjusted EBITDA	7,887,016	9,238,228
Foreign exchange (losses)/gains from operations, net	(64,741)	34,265
Foreign exchange gains on cash and loans issued, net	1,010,581	16,637
Finance costs, net	(1,482,676)	(1,490,980)
Depreciation, amortisation and impairment	(1,243,054)	(1,290,147)
Income tax expense	(1,416,429)	(1,276,300)
Profit for the year as reported under IFRS	4,690,697	5,231,703

Financial instruments carried at fair value

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Available-for-sale investments are carried at their fair value in the consolidated statement of financial position. The available for sale investments are categorised in Level 3 of fair value hierarchy.

Valuation technique used for fair value measurement of above investments is based on calculation of investment group consolidated net assets multiplied by share held. The sensitivity of fair value measurements based on above technique shows the direction that an increase or decrease in the respective input (group net assets) variables would have on the valuation result: increase in net assets will result in increase in fair value.

Level 3 valuations are reviewed on a regularly basis by the Group's management, considering the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques. In selecting the most appropriate valuation model it is considered which model's results have historically aligned most closely to actual market transactions.

Financial assets carried at amortised cost. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. The carrying amounts of trade receivables and originated loans approximate their fair values. Their fair values are within level 2 of the fair value hierarchy.

Financial liabilities carried at amortised cost. The estimated fair value of fixed interest rate instruments with stated maturity is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The carrying amounts of trade and other payables approximate their fair values. Their fair values are within level 2 of the fair value hierarchy. The fair value of borrowings at 31 December 2015 and 31 December 2014 are disclosed in Notes 19. The fair value of borrowings is within level 2 of the fair value hierarchy.

31 Reconciliation of Classes of Financial Instruments with Measurement Categories

For the purposes of measurement, the Group classifies its financial assets into the following measurement categories: (a) loans and receivables; (b) available-for-sale financial assets. The following table provides a reconciliation of classes of financial assets with these measurement categories as at 31 December 2015:

<i>In thousands of Russian Roubles</i>	Loans and receivables	Available-for-sale assets	Total
ASSETS			
Cash and cash equivalents (Note 15)			
- Cash on hand and bank balances payable on demand	564,623	-	564,623
- Term deposits	6,222,741	-	6,222,741
Trade and other receivables (Note 14)			
- Trade and other receivables (excluding prepayments)	3,464,945	-	3,464,945
Other financial assets (Note 12)			
- Promissory notes	1,561	-	1,561
- Other loans	2,725,691	-	2,725,691
- Investments in related companies	-	1	1
TOTAL FINANCIAL ASSETS	12,979,561	1	12,979,562
NON-FINANCIAL ASSETS	-	-	29,769,910
TOTAL ASSETS	-	-	42,749,472

The following table provides a reconciliation of classes of financial assets with these measurement categories at 31 December 2014:

<i>In thousands of Russian Roubles</i>	Loans and receivables	Available-for-sale assets	Total
ASSETS			
Cash and cash equivalents (Note 15)			
- Cash on hand and bank balances payable on demand	953,521	-	953,521
- Term deposits	4,529,000	-	4,529,000
Trade and other receivables (Note 14)			
- Trade and other receivables (excluding prepayments)	3,327,697	-	3,327,697
Other financial assets (Note 12)			
- Investments in related companies	-	1	1
TOTAL FINANCIAL ASSETS	8,810,218	1	8,810,219
NON-FINANCIAL ASSETS	-	-	25,781,969
TOTAL ASSETS	-	-	34,592,188

At 31 December 2015 and 2014 all of the Group's financial liabilities are carried at amortised cost.

32 Events after the Reporting Period

New brands and dealerships. In 2016 the Group continues expansion of brands in its existing dealership centres by starting to retail Ford at Rolf City (Moscow). In June 2016, the Group opened new showroom 'Nikolskaya' in Moscow provided for retailing Audi extra premium models.

Loans and borrowings. In February 2016 the Group received a loan in the amount of RR 4,800,000 thousand at an interest rate of 12,6% from PJSC Sberbank under a non-revolving 3-year credit facility agreement signed in November 2015.

In March 2016 the Group signed a non-revolving credit facility agreement with OJSC Moscow Credit Bank for RR 2,000,000 thousand at an interest rate of 13% repayable in equal monthly installments starting from September 2017 with a maturity in March 2018 and received a loan in the amount of RR 1,000,000 thousand under the agreement with OJSC UniCredit Bank signed in September 2015 at an interest rate of 13,25% and due in September 2018.

In April 2016 the Group signed two non-revolving 3-year credit facilities with PJSC Sberbank in the amount of RR 1,000,000 thousand each at an interest rate of 12,5% and a revolving credit facility agreement with JSC Alfa-Bank with outstanding limit of RR 2,000,000 thousand and maturity in December 2019.

In May 2016 the Group signed 3-year credit facility agreement with PJSC VTB Bank with outstanding amount of RR 5,000,000 thousand. Credit facilities from JSC Alfa-Bank and PJSC VTB Bank are subject to market interest rate.

The purpose of these loans is to refinance the portion of borrowings maturing in 2016 and to finance the expansion of Rolf's activity.

32 Events after the Reporting Period (Continued)

In March 2016 the Group repaid the term loan provided by SMP Bank to Pelican-Avto LLC and Pelican-Primary LLC (Business combinations) in the amount of RR 2,289,861 thousand.

Dividends. In 2016 the Group declared and paid dividends for 2015 in the amount of RR 3,976,997 thousand.

Business combinations. On February 2016 the Group acquired 100% of the share capital of "Pelican-Avto" LLC and "Pelican-Primary" LLC (retailing and servicing of Nissan, BMW, Skoda branded vehicles in Moscow and its suburbs) by shares exchange when 1.68% of Group's shares were transferred to the Seller (Mr. Igor Malyarov) as purchase consideration. The acquired subsidiary will increase the Group's penetration of its chosen retail and corporate markets and is expected to improve profitability through the economies of scale. The preliminary acquisition-date fair value of the total purchase consideration and its components are as follows:

<i>In thousands of Russian Roubles</i>	29 February 2016
Fair value of new issued shares of the acquirer	922,566
Total consideration transferred	922,566
Less indemnification asset	(349,172)
Total purchase consideration and previously held interest in the acquiree	573,394

Acquisition related transaction costs of RR 19,980 thousand were expensed as general and administrative expenses.

The consideration paid by the Group was based on results of an appraisal of the acquiree's business taken as a whole. However, in accordance with IFRS 3 "Business Combinations", the Group must account for acquisitions based on fair values of the identifiable assets acquired and liabilities and contingent liabilities assumed. These two different approaches can lead to differences; and, as set out in the table below, recognition of goodwill.

The Group is currently in the process of purchase price allocation, provisional amounts are summarised in the table below:

<i>In thousands of Russian Roubles</i>	Attributed fair value
Cash and cash equivalents	55,732
Property, plant and equipment	2,329,211
Inventory	1,075,141
Trade and other receivables	264,453
Other assets	184,497
Borrowings	(2,408,013)
Trade and other payables	(1,350,983)
Provision for income and other taxes risks	(349,172)
Other liabilities	(80,804)
Fair value of identifiable net assets of subsidiary	(279,938)
Goodwill arising from the acquisition	853,332
Total purchase consideration and previously held interest in the acquiree	573,394
Less: Non-cash consideration (items as disclosed above)	(573,394)
Less: Cash and cash equivalents of subsidiary acquired	(55,732)
Inflow of cash and cash equivalents on acquisition	55,732

Provision for tax risks is mainly attributable to income tax risks and expire within three years from acquisition. The goodwill is primarily attributable to the profitability of the acquired business, the significant synergies and combined cost savings expected to arise. The goodwill will not be deductible for tax purposes in future periods.

See Auditor's Report on pages 4-5.