PJSC Dixy Group

Unaudited interim condensed consolidated financial statements

For the six months ended 30 June 2015

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For the six months ended 30 June 2015

Contents

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улучшаем мир

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Report on review of interim condensed consolidated financial statements

To the Board of Directors of PJSC Dixy Group

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of PJSC Dixy Group and its subsidiaries (the "Group"), comprising the interim consolidated statement of financial position as at 30 June 2015 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the-six month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young LLC

27 August 2015

Moscow, Russia

PJSC Dixy Group

Interim consolidated statement of financial position

At 30 June 2015

(in thousands of Russian roubles, unless otherwise indicated)

	Note	30 June 2015 (unaudited)	31 December 2014 (audited)
Assets			
Non-current assets			
Property, plant and equipment	7	37,236,678	36,823,389
Capital advances		769,270	291,612
Goodwill		17,665,526	17,665,526
Other intangible assets		3,113,658	2,887,930
Operating lease deposits		1,290,792	1,204,183
Initial lease costs		184,367	205,049
Loans		-	254,030
Deferred tax asset		521,445	178,747
Investments in an associate	5	1,759,261	37,530
		62,540,997	59,547,996
Current assets			
Inventories	8	16,402,989	14,867,080
Trade and other receivables		6,686,617	6,856,906
Taxes recoverable and prepayments		925,029	3,078,887
Income tax prepayments		1,536,585	1,157,507
Loans		1,048,464	3,908
Initial lease costs		60,585	58,522
Cash and cash equivalents	9	1,520,093	2,749,989
		28,180,362	28,772,799
Total assets		90,721,359	88,320,795
Equity and liabilities			
Equity attributable to equity holders of the Parent			
Share capital	9	1,248	1,248
Additional paid-in capital		20,443,341	20,443,341
Treasury shares		(554)	(554)
Retained earnings		12,382,159	11,574,738
		32,826,194	32,018,773
Non-controlling interest		-	125
Total equity		32,826,194	32,018,898
Non-current liabilities			
Borrowings	11	26,113,983	25,155,011
Unfavourable operating lease agreements		31,295	44,782
Deferred tax liability		583,183	655,227
		26,728,461	25,855,020
Current liabilities			
Trade and other payables		23,139,516	26,449,398
Borrowings	11	6,363,143	2,646,724
Finance leases		-	1,445
Advances from customers		302,471	224,890
Tax liability, other than income taxes		1,317,403	1,043,797
Income taxes payable		25,642	49,049
Unfavourable operating lease agreements		18,529	31,574
		31,166,704	30,446,877
		57,895,165	56,301,897
Total equity and liabilities		90,721,359	88,320,795

Signed and authorized for release by the General Director and the Head of IFRS Reporting of PJSC Dixy Group on 27 August 2015.

Fedor Rybasov,
General Director

Irina Kobyakina,
Head of IFRS Reporting

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

PJSC Dixy Group

Interim consolidated statement of comprehensive income

For the six months ended 30 June 2015

(in thousands of Russian roubles, unless otherwise indicated)

	Note	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Revenue		131,618,994	106,963,034
Cost of sales		(93,307,755)	(74,486,432)
Gross profit		**38,311,239**	**32,476,602**
Selling, general and administrative expenses		(35,091,764)	(28,147,008)
Operating profit		**3,219,475**	**4,329,594**
Finance income		54,559	86,647
Finance costs		(2,250,363)	(1,803,718)
Foreign exchange loss, net		(127,285)	(39,712)
Share of loss of an associate		(54,357)	-
Profit before income tax		**842,029**	**2,572,811**
Income tax expense	12	(34,865)	(608,115)
Profit for the period		**807,164**	**1,964,696**
Total comprehensive income for the year		**807,164**	**1,964,696**
Attributable to:			
Equity holders of the Parent		807,421	1,964,699
Non-controlling interest		(257)	(3)
		807,164	**1,964,696**
Profit per ordinary share attributable to the equity holders of the parent, basic and diluted (in Russian roubles per share)		**6.47**	**15.75**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

PJSC Dixy Group

Interim consolidated statement of cash flows

For the six months ended 30 June 2015

(in thousands of Russian roubles, unless otherwise indicated)

	Note	For the six months ended 30 June 2015	2014
		(unaudited)	
Cash flows from operating activities			
Profit before income tax		842,029	2,572,811
Adjustments for:			
Depreciation of property, plant and equipment	7	3,393,859	2,904,641
Amortisation of intangible assets		205,006	165,653
Amortisation of initial lease costs		18,620	19,126
Amortisation of unfavourable lease commitments		(26,532)	(22,056)
Gains less losses on disposals of property, plant and equipment and intangible assets		46,295	5,572
Increase in provision for impairment of taxes recoverable and prepayments		66,194	62,403
(Decrease)/increase in provision for impairment of trade and other receivables		(38,431)	37,724
Write down of inventory to net realizable value		103,041	58,731
Share of net loss of an associate		54,357	-
Loss on disposal of non-controlling interest		132	-
Finance costs		2,250,363	1,803,718
Finance income		(54,559)	(86,647)
Unrealised foreign exchange losses		127,285	39,712
Operating cash flows before working capital changes		**6,987,659**	**7,561,388**
Decrease/(increase) in trade and other receivables		208,720	(2,061,745)
Increase in inventories		(1,638,950)	(991,294)
Increase in operating lease deposits		(86,609)	(95,009)
Decrease in taxes recoverable and prepayments		2,013,186	341,249
(Decrease)/increase in trade and other payables		(3,409,545)	2,626,528
Increase in tax liability, other than income tax		273,606	237,451
Increase/(decrease) in advances from customers		77,579	(70,624)
Cash generated from operations		**4,425,646**	**7,547,944**
Income tax paid		(852,092)	(832,530)
Interest paid		(2,158,857)	(1,786,938)
Net cash from operating activities		**1,414,697**	**4,928,476**
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,284,842)	(3,145,672)
Proceeds from sale of property, plant and equipment		37,105	98,184
Proceeds from sale of intangible assets		8	24,351
Disbursement of loans		(1,001,000)	-
Loans repaid		115,017	-
Interest received		122,396	81,958
Purchases of intangible assets		(430,743)	(126,260)
Purchase of an associate		(1,776,088)	(37,530)
Net cash used in investing activities		**(7,218,147)**	**(3,104,969)**
Cash flows from financing activities			
Proceeds from loans and borrowings		6,630,555	-
Repayment of loans and borrowings		(2,055,556)	(2,001,176)
Finance lease payments		(1,445)	(22,954)
Net cash from/(used in) financing activities		**4,573,554**	**(2,024,130)**
Net decrease in cash and cash equivalents		**(1,229,896)**	**(200,623)**
Cash and cash equivalents at the beginning of the period	9	**2,749,989**	**4,397,044**
Cash and cash equivalents at the end of the period	9	**1,520,093**	**4,196,421**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

PJSC Dixy Group

Interim consolidated statement of changes in equity

For the six months ended 30 June 2015

(in thousands of Russian roubles, unless otherwise indicated)

		Attributable to equity holders of the Parent						
	Note	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
At 1 January 2014 (audited)		1,248	20,443,341	(554)	7,083,876	27,527,911	357	27,528,268
Total comprehensive income for the period		–	–	–	1,964,699	1,964,699	(3)	1,964,696
At 30 June 2014 (unaudited)		1,248	20,443,341	(554)	9,048,575	29,492,610	354	29,492,964
At 1 January 2015 (audited)		1,248	20,443,341	(554)	11,574,738	32,018,773	125	32,018,898
Total comprehensive income for the period		–	–	–	807,421	807,421	(257)	807,164
Disposal of non-controlling interest		–	–	–	–	–	132	132
At 30 June 2015 (unaudited)		1,248	20,443,341	(554)	12,382,159	32,826,194	–	32,826,194

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

1. Corporate information

CJSC "Company Uniland Holding" (the "Company") was incorporated in January 2003 in Moscow, Russian Federation, for the purpose of consolidation and reorganization of entities under common control. In March 2007 the Company was reorganized into an Open Joint Stock Company and renamed to "Dixy Group".

Since 24 May 2007 shares of PJSC Dixy Group are listed on the Russian Stock Exchange.

As at 30 June 2015 and 31 December 2014 the PJSC Dixy Group and its subsidiaries ("the Group") were controlled by Dixy Holding Limited (Cyprus), which as at 30 June 2015 owned 54.42% (31 December 2014: 54.42%) in PJSC Dixy Group.

As at 30 June 2015 and as at 31 December 2014 Dixy Holding Limited (Cyprus) was 18% owned by Megapolis Holdings (Overseas) Ltd and 82% owned by Dixy Retail Limited (BVI), which in its turn was 100% owned by Megapolis Holdings (Overseas) Ltd. Megapolis Holdings (Overseas) Ltd is a part of the Mercury Group. Mercury Group is ultimately controlled by Mr. Igor Kesaev.

These interim condensed consolidated financial statements of the Company were signed and authorized for release by the General Director and the Head of IFRS Reporting of PJSC Dixy Group on 27 August 2015.

2.1 Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2014.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new Standards and Interpretation listed below.

Adoption of new standards and interpretation

- *Defined Benefit Plans (Amendments to IAS 19)*

The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. These amendments have no impact on the Group.

3. Seasonality of operation

Due to the seasonal nature of the Group's operations, higher revenues in all operating segments (Note 4) are usually expected in the second half of the year. Higher sales during the fourth quarter are mainly attributable to the increase in customer demand for food and beverages during the peak holiday season (Christmas and New Year eve period).

4. Segment information

Since the second half of 2014 management has changed structure of components used to make decisions about operating matters, and the main profit measure used for the purposes of allocating resources to these components and measuring their performance. As part of this realignment, the previous Dixy-Moscow, Dixy-St.Petersburg, Dixy-Chelyabinsk segments have been aggregated into the Dixy segment and Victoria-Kaliningrad, Victoria-Moscow and Kvartal-Kaliningrad segments have been aggregated into the Victoria segment. The segment information for earlier periods has been restated to conform with these changes.

New segments have similar format of their stores which is described below:

- Dixy – representing retail sales through a chain of neighbourhood stores, which are present in Central, North-West and Chelyabinsk region.
- Megamart – representing retail sales through chains of compact hypermarkets and economy supermarkets (Minimart), which are present in Ural region.
- Victoria – representing retail sales through a chain of compact hypermarkets and neighbourhood stores in Kaliningrad and Moscow region.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements. The Group corporate expenses are managed on a group basis and are not allocated to operating segments.

Corporate expenses include payroll of head office employees, amortisation and depreciation of corporate assets and other expenses related to general management of the Group. Corporate non-current assets include trademarks, software and other non-current assets used for general management of the Group.

Transfer prices between segments are set on an arm's length basis in a manner similar to transactions with third parties. During the six months ended 30 June 2015 and 30 June 2014 there were no material transfers between reportable operating segments.

4. Segment information (continued)

Segment information for the main reportable business segments of the Group for the six months ended 30 June 2015 and 30 June 2014 is set out below:

	Dixy	Megamart	Victoria	Adjustments	Group
Six months ended 30 June 2015 (unaudited)					
Total segment revenue	105,903,904	9,133,716	16,581,374	-	**131,618,994**
Profit before taxation	3,828,306	1,079,642	782,578	(4,848,497)(A)	**842,029**
Depreciation and amortisation	2,848,160	121,766	497,952	130,987(B)	**3,598,865**
Other non-cash expenses					
Amortisation of initial lease costs and unfavourable lease rights	(18,293)	-	10,381	-	**(7,912)**

(A) Segment profit before taxation does not include corporate expenses of 2,525,408, finance costs of 2,250,363, finance income of 54,559 and net foreign exchange loss of 127,285;

(B) Segment depreciation and amortisation do not include depreciation and amortisation of corporate assets.

	Dixy	Megamart	Victoria	Adjustments	Group
Six months ended 30 June 2014 (unaudited)					
Total segment revenue	84,063,343	8,279,470	14,620,221	-	**106,963,034**
Profit before taxation	4,575,256	1,007,042	1,010,850	(4,020,337)(A)	**2,572,811**
Depreciation and amortisation	2,529,927	97,912	366,994	75,461(B)	**3,070,294**
Other non-cash expenses					
Amortisation of initial lease costs and unfavourable lease rights	(3,127)	-	197	-	**(2,930)**

(A) Segment profit before taxation does not include corporate expenses of 2,263,554, finance costs of 1,803,718, finance income of 86,647 and net foreign exchange loss of 39,712;

(B) Segment depreciation and amortisation do not include depreciation and amortisation of corporate assets.

5. Investment in an associate

On 23 April 2015, the Group acquired 31.8% share in the charter capital of LLC Albion-2002 (also known as Bristol) for the cash consideration of 1,776,088, increasing its ownership interest to 33.0%. The Group's share of the associate's loss for the reporting period amounted to 54,357.

6. Balances and transactions with related parties

Transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties. The management considers that the Group has appropriate procedures in place to identify, account and properly disclose transactions with related parties.

6. Balances and transactions with related parties (continued)

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions for the six-month period ended 30 June 2015 and 30 June 2014 or had significant balances outstanding at 30 June 2015 and 31 December 2014 are detailed below:

	Entities under common control	
	30 June 2015 (unaudited)	31 December 2014 (audited)
Trade receivables	89,561	48,697
Other receivables	–	79
Loans receivable – current	1,045,370	3,908
Loans receivable – non-current	–	254,030
Trade and other payables	664,106	1,000,764

The income and expense items with related parties for the six months ended 30 June 2015 and 30 June 2014 were as follows:

	Entities under common control	
	Six months ended 30 June 2015 (unaudited)	Six months ended 30 June 2014 (unaudited)
Interest income	50,911	4,540
Proceeds from sale of property, plant and equipment	26,596	122,192
Transportation expenses	56,591	30,186
Maintainance of software	24,192	26,139

Loans issued to entities under common control

As at 30 June 2015 and 31 December 2014 the Group issued some loans to entities under common control of the Group's ultimate shareholder. These loans are payable on demand and are mainly denominated in Russian Roubles (2014: in US dollar). The interest rate on these loans is 18% (2014: 11.5%). These loans are not secured.

Purchase of goods

During the six months ended 30 June 2015 and 30 June 2014 the Group purchased goods for resale in the normal course of business in the amount of 3,345,960and 2,239,270, respectively, from entities under control of its controlling shareholder Megapolis Holdings (Overseas). The Group's controlling shareholder operates in the wholesale business specializing in distribution of tobacco goods.

Purchase of property, plant and equipment

During the six months ended 30 June 2015 and 30 June 2014 the Group purchased trucks in the normal course of business in the amount of nil and 362,279, respectively, from entities under control of its controlling shareholder Megapolis Holdings (Overseas).

6. Balances and transactions with related parties (continued)

Compensation to key management personnel

In 2015 the Group extended a list of key management personnel to twelve people because new presentation better reflects governance structure of the Group. The comparative information was restated accordingly.

During the six months ended 30 June 2015 compensation paid to twelve (during the six months ended 30 June 2014: ten) directors for their services in full or part time executive management positions is made up of a contractual salary and a performance bonus depending on operating results, all of which represent short-term employee benefits as defined in IAS 19, *Employee Benefits*. Total compensation to key management personnel included in selling, general and administrative expenses in the interim consolidated statement of comprehensive income for the six months ended 30 June 2015 and 30 June 2014 amounted to 336,984 and 360,589, respectively.

7. Property, plant and equipment

Movements in the carrying amount of property, plant and equipment during the six-months ended 30 June 2015 were as follows:

	Land	Buildings	Renovation of stores	Equipment	Assets under construction and uninstalled equipment	Total
Cost						
At 31 December 2014 (audited)	**896,564**	**23,034,655**	**11,392,457**	**20,178,357**	**208,656**	**55,710,689**
Additions	2,811	-	-	-	3,887,738	**3,890,549**
Transfers	-	206,239	1,296,504	2,275,991	(3,778,734)	-
Disposals	-	(1,533)	(109,167)	(156,438)	(25,995)	**(293,133)**
At 30 June 2015 (unaudited)	**899,375**	**23,239,361**	**12,579,794**	**22,297,910**	**291,665**	**59,308,105**
Accumulated depreciation and impairment						
At 31 December 2014 (audited)	**-**	**3,303,287**	**5,764,829**	**9,819,184**	**-**	**18,887,300**
Disposals	-	(1,533)	(74,201)	(133,998)	-	(209,732)
Depreciation charge	-	375,154	1,180,120	1,838,585	-	3,393,859
At 30 June 2015 (unaudited)	**-**	**3,676,908**	**6,870,748**	**11,523,771**	**-**	**22,071,427**
Net book value						
At 31 December 2014 (audited)	**896,564**	**19,731,368**	**5,627,628**	**10,359,173**	**208,656**	**36,823,389**
At 30 June 2015 (unaudited)	**899,375**	**19,562,453**	**5,709,046**	**10,774,139**	**291,665**	**37,236,678**

8. Inventories

	30 June 2015 (unaudited)	31 December 2014 (audited)
Goods for resale (net of write-down to net realizable value of 602,277 (31 December 2014: 499,236)	16,369,659	14,833,786
Raw materials and operating supplies (at cost)	33,330	33,294
Total inventories at the lower of cost or net realisable value	**16,402,989**	**14,867,080**

Inventory write-down due to shrinkages identified during the physical inventory counting during the six months ended 30 June 2015 and 30 June 2014 comprised 4,678,687 and 2,480,000, respectively. No inventory was pledged as at 30 June 2015 and 31 December 2014.

9. Cash and cash equivalents

	30 June 2015 (unaudited)	31 December 2014 (audited)
Cash on hand – Russian roubles	590,267	872,590
Russian rouble denominated bank balances due on demand	136,784	307,751
US$ denominated bank balances due on demand	24,371	156
Cash in transit – Russian roubles	768,671	1,569,492
Total cash and cash equivalents	**1,520,093**	**2,749,989**

10. Share capital and equity

Issued and additional paid-in capital

As at 30 June 2015 the Group had 124,750,000 (31 December 2014: 124,750,000) authorized ordinary shares of which 1,500 (31 December 2014: 1,500) ordinary shares were held as treasury stock. All ordinary shares are fully paid. Ordinary shares have par value of 0.01 Russian rouble per share. The shares rank equally. Each share carries one vote.

Dividends paid and proposed

No dividends were paid during the six months ended 30 June 2015 and 30 June 2014.
No dividends were declared or paid subsequent to 30 June 2015 up to the date of authorization of these interim condensed consolidated financial statements for issue.

11. Loans and borrowings

Terms and conditions in respect of borrowings are detailed below:

	Maturity			Interest rate		Collateral			
Source of financing	**30 June 2015 (unaudited)**	**31 December 2014 (audited)**	**Cur-rency**	**30 June 2015 (unaudited)**	**31 December 2014 (audited)**	**30 June 2015 (unaudited)**	**31 December 2014 (audited)**	**30 June 2015 (unaudited)**	**31 December 2014 (audited)**
Long term bank loans	2016-2018	2017-2018	RUB	11.45%-19.65%	11.45%-12.15%	-	-	26,113,983	25,155,011
Short term bank loans	2015-2016	2015	RUB	11.45%-20.00%	11.45%-12.15%	-	-	5,288,154	1,715,459
Bank overdrafts	2015	2015	RUB	12.17%-29.70%	12.17%-25.90%	-	-	1,074,989	931,265
								32,477,126	27,801,735

The Group does not apply hedge accounting and has not entered into any hedging arrangements in respect of its interest rate exposures.

In accordance with terms and conditions of certain borrowing agreements the Group has to maintain certain ratios – maximum level of Total Financial Debt / EBITDA, minimum level of EBITDA/Interest expense, minimum level of EBITDAR/Fixed costs. As of 30 June 2015 and 31 December 2014 the Group was in compliance with externally imposed capital requirements.

12. Income taxes

Income tax expense comprises the following:

	Six months ended 30 June 2015 (unaudited)	**Six months ended 30 June 2014 (unaudited)**
Current income tax charge	827,440	717,987
Adjustment in respect of current income tax of previous years	(377,830)	–
Deferred income tax credit charge	(414,745)	(109,872)
Income tax expense	**34,865**	**608,115**

13. Contingencies, commitments and operating risks

Operating environment of the Group

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

13. Contingencies, commitments and operating risks (continued)

Operating environment of the Group (continued)

In 2015, the Russian economy continued to be negatively impacted by a significant drop in crude oil prices and a significant devaluation of the Russian Rouble, as well as sanctions imposed on Russia by several countries in 2014. The Rouble interest rates remained high after the Central Bank of Russia raised its key rate in December 2014, with subsequent gradual decrease in 2015. The combination of the above resulted in reduced access to capital, a higher cost of capital, increased inflation and uncertainty regarding economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Tax legislation

The Group's main subsidiaries, from which the Group's income is derived, operates in Russia. Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group's subsidiary may be challenged by the relevant regional and federal authorities.

Because of the uncertainties associated with the Russian tax and legal systems, the ultimate amount of taxes, penalties and interest assessed, if any, may be in excess of the amount expensed to date and accrued as of 30 June 2015 and 31 December 2014. It is not practical to determine the amount of unasserted claims that may manifest, if any, or the likelihood of any unfavourable outcome. Should the Russian tax authorities decide to issue a claim and prove successful in the court, they would be entitled to recover the amount claimed, together with fines amounting to 20% of such amount and interest at the rate of 1/300 of the Central Bank of the Russian Federation rate for each day of delay for late payment of such amount. Fiscal periods remain open to review by the authorities in respect of taxes for the three calendar years preceeding the year of review. Under certain circumstances reviews may cover longer periods.

Although historically there have been no significant liabilities arising from tax assessments, the potential for assessments over amounts provided or accrued remains. Management estimates that the order of magnitude as at 30 June 2015 of potential liabilities that have not been provided for because management believes they are less than probable amounts to 383,494 (31 December 2014: 382,761).

Litigation

During the six months ended 30 June 2015 the Group was involved in litigation with tax authorities in respect of tax claims arisen as a result of tax audits. The Group believes that the risk that they would not be able to defend their position in court is possible and the amount of related tax risks not recognized in these consolidated statements amounted to nil as at 30 June 2015 (31 December 2014: nil).

14. Events after the reporting date

There were no significant events after the reporting date.