

**OAQ Group of Companies PIK
Consolidated Interim Condensed
Financial Statements
as at and for the six-month period ended
30 June 2014**

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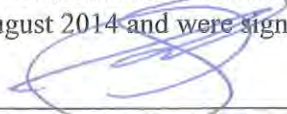
Consolidated Interim Condensed Financial Statements

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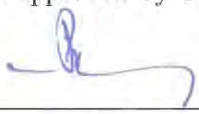
Consolidated Interim Condensed Statement of Financial Position

mln RUB	Note	30 June 2014 (unaudited)	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment		9,006	9,049
Intangible assets		19,620	20,069
Investments in equity accounted investees		248	257
Other investments		7	7
Deferred tax assets		1,183	887
Total non-current assets		30,064	30,269
Current assets			
Inventories		61,033	66,237
Other investments		10	30
Income tax receivable		568	334
Trade and other receivables		6,901	9,272
Cash and cash equivalents		9,704	11,089
Total current assets		78,216	86,962
Total assets		108,280	117,231
EQUITY AND LIABILITIES			
Equity			
Share capital		41,295	41,295
Additional paid-in capital		(8,470)	(8,470)
Retained earnings		(11,444)	(12,750)
Total equity attributable to equity holders of the Company		21,381	20,075
Non-controlling interest		701	548
Total equity		22,082	20,623
Non-current liabilities			
Loans and borrowings	11	1,200	3,631
Trade and other payables		19	2
Deferred tax liabilities		955	1,397
Total non-current liabilities		2,174	5,030
Current liabilities			
Loans and borrowings	11	24,064	25,469
Trade and other payables		47,279	53,198
Provisions		12,392	12,695
Income tax payable		289	216
Total current liabilities		84,024	91,578
Total liabilities		86,198	96,608
Total equity and liabilities		108,280	117,231

These consolidated interim condensed financial statements were approved by Management on 29 August 2014 and were signed on its behalf by:



 Sergey E. Gordeev
 President



 Andrey M. Rodionov
 Vice-President, Economics and Finance

Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income

mln RUB	Note	Six-months period ended 30 June 2014 (unaudited)	30 June 2013 (unaudited)
Revenue	6	28,634	25,041
Cost of sales		<u>(21,201)</u>	<u>(17,955)</u>
Gross profit		<u>7,433</u>	<u>7,086</u>
Distribution expenses		(439)	(418)
Administrative expenses		(1,326)	(958)
Impairment losses, net	10	(2,365)	(458)
Other income and expenses, net		(230)	(221)
Finance income	7	373	828
Finance costs	7	<u>(1,607)</u>	<u>(2,539)</u>
Profit before income tax		1,839	3,320
Income tax expense	8	<u>(375)</u>	<u>(690)</u>
Profit and total comprehensive income for the period		<u>1,464</u>	<u>2,630</u>
<i>Attributable to:</i>			
Owners of the Company		1,306	2,048
Non-controlling interest		<u>158</u>	<u>582</u>
Profit and total comprehensive income for the period		<u>1,464</u>	<u>2,630</u>
Basic and diluted earnings per share	9	<u>1.98</u>	<u>3.98</u>

Consolidated Interim Condensed Statement of Changes in Equity

mln RUB	Attributable to equity holders of the Company				Total	Non-controlling interest	Total equity
	Share capital	Additional paid-in-capital	Prepaid shares reserve	Retained earnings			
Balance as at 1 January 2013	30,843	(8,424)	-	(19,544)	2,875	470	3,345
Profit and total comprehensive income for the period (unaudited)	-	-	-	2,048	2,048	582	2,630
Share issue, net of related costs (unaudited)	-	(46)	10,452	-	10,406	-	10,406
Contributions by and distributions to owners (unaudited)	-	-	-	-	-	(211)	(211)
At 30 June 2013 (unaudited)	30,843	(8,470)	10,452	(17,496)	15,329	841	16,170
Balance as at 1 January 2014	41,295	(8,470)	-	(12,750)	20,075	548	20,623
Profit and total comprehensive income for the period (unaudited)	-	-	-	1,306	1,306	158	1,464
Contributions by and distributions to owners (unaudited)	-	-	-	-	-	(5)	(5)
Balance as at 30 June 2014 (unaudited)	41,295	(8,470)	-	(11,444)	21,381	701	22,082

Consolidated Interim Condensed Statement of Cash Flows

mln RUB	Six-months period ended	
	30 June	30 June
	2014	2013
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Profit for the period	1,464	2,630
<i>Adjustments for:</i>		
Depreciation and amortisation	360	335
Impairment losses including those in cost of sales, net	2,492	614
Foreign exchange losses/ (gains), net	72	(141)
Losses/ (gains) on disposal of property, plant and equipment	36	(8)
Impairment losses/ (reversals) on financial assets, net	53	(201)
Share of loss of equity accounted investees	7	-
Interest expense	1,465	2,539
Change in non-controlling interest in limited liability companies	17	(210)
Interest income	(352)	(141)
Income tax expense	375	690
Cash from operating activities before changes in working capital and provisions	5,989	6,107
Decrease/ (increase) in inventories	3,690	(2,697)
Decrease/ (increase) in trade and other receivables	2,367	(525)
(Decrease)/ increase in trade and other payables	(6,096)	6,572
Decrease in provision for cost to complete	(303)	(429)
Cash flows from operations before income taxes and interest paid	5,647	9,028
Income taxes paid	(1,274)	(1,256)
Interest paid	(1,830)	(3,187)
Net cash from operating activities	2,543	4,585
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	4	6
Interest received	352	140
Acquisition of property, plant and equipment	(318)	(377)
Acquisition of development rights and other intangible assets	(428)	(744)
Proceeds from equity accounted investees	2	-
Proceeds from repayment of loans given	6	90
Net cash used in investing activities	(382)	(885)
FINANCING ACTIVITIES		
Proceeds from borrowings	24,646	216
Repayment of borrowings	(28,192)	(6,793)
Proceeds from share issue	-	10,406
Dividends paid by a subsidiary	-	(264)
Net cash (used in)/ from financing activities	(3,546)	3,565
Net (decrease)/ increase in cash and cash equivalents	(1,385)	7,265
Effect of exchange rate fluctuations on cash and cash equivalents	-	283
Cash and cash equivalents at the beginning of the period	11,089	5,067
Cash and cash equivalents at the end of the period	9,704	12,615

Notes to the Consolidated Interim Condensed Financial Statements

1 Background

(a) Organisation and operations

OA Group of Companies PIK (the “Company”) and its subsidiaries (together referred to as the “Group”) comprise of closed and open joint stock companies and limited liability companies incorporated under requirements of the Civil Law of the Russian Federation and entities registered in Cyprus, Netherlands and in the British Virgin Islands. The Company was established as a privately owned enterprise in 1994. Since 1 June 2007 the Company’s shares are traded on the London Stock Exchange (in the form of global depository receipts and Moscow Exchange (MOEX) in Russia.

The Company’s registered office is 19 Barrikadnaya Str., Moscow, 123001, Russian Federation.

The primary activities of the Group are investing in development projects for construction of residential buildings and sales of real estate properties; construction services; production of construction materials, including concrete panels, window frames and other construction elements. During 2014 and 2013 the Group primarily operated in Moscow, Moscow region and other regions of Russia.

(b) Business environment

The Group’s operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. The consolidated interim condensed financial statements reflect management’s assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

2 Basis for preparation

(a) Statement of compliance

These consolidated interim condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2013. These consolidated interim condensed financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

(b) Use of estimates and judgments

The preparation of consolidated interim condensed financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these consolidated interim condensed financial statements, the significant judgments made by Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

3 Significant accounting policies

The accounting policies applied by the Group in these consolidated interim condensed financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2013, except that the Group has adopted those new and amended standards and interpretations that are mandatory for financial annual periods beginning on 1 January 2014.

<u>Standards and Interpretations</u>	<u>Effective for annual periods beginning on or after</u>
IAS 27 (Amended) "Separate Financial Statements"	1 January 2014
IAS 32 (Amended) "Financial Instruments: Presentation"	1 January 2014
IAS 36 (Amended) "Impairment of assets"	1 January 2014
IAS 39 (Amended) "Financial Instruments: Recognition and Measurement"	1 January 2014
IFRS 7 (Amended) "Financial Instruments: Disclosure"	1 January 2015
IFRS 9 (Amended) "Financial Instruments"	1 January 2015
IFRS 10 (Amended) "Consolidated Financial Statements"	1 January 2014
IFRS 12 (Amended) "Disclosure of Interests in Other Entities"	1 January 2014
IFRIC 21 "Levies"	1 January 2014

The amended standards and interpretations did not have significant effect on the Group's consolidated interim condensed financial statements.

New accounting pronouncements

A number of new standards, amendments to standards and interpretations were not yet effective for the six months ended 30 June 2014, and have not been applied in these consolidated interim condensed financial statements.

<u>Standards</u>	<u>Effective for annual periods beginning on or after</u>
IAS 16 (Amended) "Property, Plant and Equipment"	1 July 2014, 1 January 2016
IAS 19 (Amended) "Employee Benefits (2011)"	1 July 2014
IAS 24 (Amended) "Related Party Disclosures"	1 July 2014
IAS 37 (Amended) "Provisions, Contingent Liabilities and Contingent Assets"	1 July 2014
IAS 38 (Amended) "Intangible Assets"	1 July 2014, 1 January 2016
IAS 39 (Amended) "Financial Instruments: Recognition and Measurement"	1 July 2014
IAS 40 (Amended) "Investment Property"	1 July 2014
IAS 41 (Amended) "Agriculture"	1 January 2016
IFRS 1 (Amended) "First-time Adoption of International Financial Reporting Standards"	1 July 2014, 1 January 2016
IFRS 2 (Amended) "Share-based Payment"	1 July 2014
IFRS 3 (Amended) "Business Combinations"	1 July 2014
IFRS 7 (Amended) "Financial Instruments: Disclosures"	1 January 2015
IFRS 8 (Amended) "Operating Segments"	1 July 2014
IFRS 9 "Financial Instruments"	1 January 2018
IFRS 11 (Amended) "Joint Arrangements"	1 January 2016
IFRS 13 (Amended) "Fair Value Measurement"	1 July 2014
IFRS 14 (Amended) "Regulatory Deferral Accounts"	1 January 2016
IFRS 15 "Revenue from Contracts with Customers"	1 January 2017

The adoption of the pronouncement listed above is not expected to have a significant impact on the Group's consolidated financial statements in future periods except for the standard described below.

- IFRS 15 *Revenue from Contracts with Customers* will be effective for annual periods beginning on or after 1 January 2017. The new standard was issued in May 2014. IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The Group recognises that the new standard introduces many changes to the accounting for revenue and potentially may have a significant impact on Group's consolidated financial statements. The impact of these changes will be analysed during the course of standard adoption. The Group does not intend to adopt this standard early.

4 Operating segments

mln RUB	Real estate development		Construction segment		Industrial segment		Other		Total	
	Six-month period ended		Six-month period ended		Six-month period ended		Six-month period ended		Six-month period ended	
	30 June		30 June		30 June		30 June		30 June	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
External revenues	24,922	20,791	1,207	2,238	1,205	1,046	1,300	966	28,634	25,041
Inter-segment revenue	23	13	6,616	6,540	634	564	215	486	7,488	7,603
Total revenue for reportable segments	24,945	20,804	7,823	8,778	1,839	1,610	1,515	1,452	36,122	32,644
Reportable segment gross profit	6,737	6,259	189	403	160	103	347	321	7,433	7,086
Gross profit margin	27%	30%	16%	18%	13%	10%	27%	33%	26%	28%

(i) Geographical information

Real estate development, Construction segment, Industrial segment and Other segments' operations are located in Russia and operate in four principal geographical areas: Moscow, New Moscow, the Moscow Region and Other Regions.

In presenting information on the basis of geography, external revenues of the Real estate development are based on the geographical location of development sites.

	Real estate development	
	30 June 2014	30 June 2013
	mln RUB	mln RUB
	(unaudited)	(unaudited)
Moscow	9,659	6,794
New Moscow	3,859	1,469
Moscow Region	9,208	9,744
Other regions	2,196	2,784
	24,922	20,791

(ii) Reconciliations of reportable segment revenues and profit or loss

	30 June 2014	30 June 2013
	mln RUB	mln RUB
	(unaudited)	(unaudited)
Reconciliation of Revenue		
Total revenue for reportable segments	36,122	32,644
Elimination of Inter-segment revenue	(7,488)	(7,603)
Group revenue	28,634	25,041
Gross profit reconciliation		
Reportable segment profit	7,433	7,086
Group gross profit	7,433	7,086
Unallocated amounts		
Distribution expenses	(439)	(418)
Administrative expenses	(1,326)	(958)
Impairment losses, net	(2,365)	(458)
Other income and expenses, net	(230)	(221)
Finance income	373	828
Finance costs	(1,607)	(2,539)
Consolidated profit before income tax	1,839	3,320

(iii) Major customers

During the six-month period ended 30 June 2014, revenue from one customer of the Group's Real estate development segment represented approximately 11% of the Group's total revenue. In 2013 no customer represented more than 10% of the Group's total revenue.

5 Seasonality of operations

Higher revenues in the construction industry in Russia are usually experienced in the second half of each year when construction works are completed and formally accepted by state commissions.

6 Revenue

Revenue from sale of apartments

	Moscow (unaudited)		New Moscow (unaudited)		Moscow region (unaudited)		Other regions (unaudited)		Total (unaudited)	
	30 June		30 June		30 June		30 June		30 June	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Completions										
Buildings, units	4	3	4	-	8	6	4	5	20	14
Sellable area (PIK share), thousand square meters	61	41	61	-	76	146	49	66	247	253
Sellable parking spaces, units	-	-	-	-	-	-	-	91	-	91
Sale of premises, thousand square meters										
Premises sold in buildings completed in current period	52	33	47	-	74	80	35	48	208	161
Premises sold in buildings completed in prior periods	12	20	-	18	40	45	16	17	68	100
	64	53	47	18	114	125	51	65	276	261
Parking spaces sold, units	202	351	-	-	57	-	18	7	277	358

During the six-month period ended 30 June 2014, revenue from sale of apartments in exchange of goods and services received amounted to RUB 5 million (2013: RUB 1,017 million).

Sale of construction services

In the six-month period ended 30 June 2014, construction services in the amount of RUB 1,207 million (2013: RUB 2,238 million) were provided to developers of buildings where the Group participates as a constructor and included in total revenue.

Construction contracts in progress

	30 June 2014 mln RUB (unaudited)	30 June 2013 mln RUB (unaudited)
Cost incurred to date	6,111	8,050
Profits recognized to date	998	1,105
Revenue recognized to date	7,109	9,155
Progress payments received	(7,001)	(9,013)
	108	142
Amounts due to customers	(86)	(394)
Amounts due from customers	194	536

7 Finance income and costs

Finance income

mln RUB	30 June 2014	30 June 2013
	mln RUB (unaudited)	mln RUB (unaudited)
Interest income	352	141
Foreign exchange gains	-	141
Reversal of impairment of financial assets	-	201
Other finance income	21	135
Change in non-controlling interest in limited liability companies	-	210
	<u>373</u>	<u>828</u>

Finance costs

mln RUB	30 June 2014	30 June 2013
	mln RUB (unaudited)	mln RUB (unaudited)
Interest expense	1,465	2,539
Foreign exchange losses	72	-
Impairment of financial assets	53	-
Change in non-controlling interest in limited liability companies	17	-
	<u>1,607</u>	<u>2,539</u>

8 Income tax expense

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to pre-tax income of the interim period.

	30 June 2014	30 June 2013
	mln RUB (unaudited)	mln RUB (unaudited)
<i>Current tax expense</i>		
Current year	(1,112)	(742)
(Overprovided)/ Underprovided in prior years	(1)	13
	<u>(1,113)</u>	<u>(729)</u>
<i>Deferred tax benefit</i>		
Origination and reversal of temporary differences	738	39
	<u>738</u>	<u>39</u>
	<u>(375)</u>	<u>(690)</u>

9 Equity

In June 2013, the Group completed its secondary public offering that has increased the Group's capital by RUB 10,452 million. The total number of ordinary shares issued was 167,237 thousand with the nominal value of RUB 62.50 per share, as a result, the total number of ordinary shares outstanding as at 30 June 2013 constituted 660,497 thousand.

Earnings per share

	30 June 2014 (unaudited)	30 June 2013 (unaudited)
Profit for the period attributable to the owners of the Company, mln RUB	1,306	2,048
Weighted average number of shares for the period ended 30 June, thousand shares	660,497	514,511
Basic and diluted earnings per share, RUB	1.98	3.98

Weighted average number of shares, thousand shares

	30 June 2014 (unaudited)	30 June 2013 (unaudited)
Issued shares at the beginning of the reporting period	660,497	493,260
Effect of shares issued in 7 June 2013	-	21,251
Weighted average number of shares, thousand shares	660,497	514,511

10 Impairment losses on non-financial assets

During the six-month period ended 30 June 2014, the Group conducted a comprehensive review of the upcoming development portfolio. As a result, several regional and Moscow based projects were concluded to be no longer feasible for development. These projects accounted for as intangible assets and work in progress, have been valued based on the possibility of immediate sale. In relation to this portfolio review, the Group recognized impairment losses of RUB 876 million and RUB 1,440 million related to the intangible assets and to the work in progress respectively. Additionally, the Group recognized impairment losses of RUB 49 million in respect of advances paid for construction work and other advances. Management believes that no further costs will be necessary to proceed with the projects' discontinuing.

11 Loans and borrowings

	30 June 2014 mln RUB (unaudited)	31 December 2013 mln RUB
Secured bank loans		
RUB - fixed at 12-14%	-	26,364
USD - fixed at 9-11%	-	1,160
RUB - fixed at 10.9%-11.4%	25,262	1,200
Interest payable	2	376
	25,264	29,100

As at 30 June 2014, the bank loans were secured with:

- property, plant and equipment with a carrying value of RUB 5,124 million (2013: RUB 2,596 million);
- inventory with a carrying value of RUB 8,177 million (2013: RUB 9,091 million);
- development rights with a carrying value of RUB 9,511 million (2013: RUB 11,148 million);

- shares of the following subsidiaries which comprise a substantial part of the Group:

	30 June 2014 (unaudited)	31 December 2013
	% of share capital	% of share capital
ОАО КНЗ	92	92
ОАО PIK-Industries	95	93
ЗАО Первая Ипотечная Компания-Region (PIK-Region)	100	100
ЗАО Stroybusinesscenter	100	100
ЗАО Подмосковие 160 DSK	-	63
ЗАО Monetchik	100	100
ООО NSS	100	100
ООО Status Land	100	100
100 KHI	77	77
480 KHI	100	100
ОАО KSRZ	100	100
ОАО Zavod Gazstroy mash	84	89
ООО Waystone	100	100
ООО Park Presnya	100	-
ЗАО Бизнес-Парк Фили	100	-
ЗАО SDZ Trud	100	-
ЗАО PIK Kuban	100	-
ОАО 3-d TMP	93	-
ООО Zarechje-Sport	100	-
ООО Rostovkapstroy	100	-
ООО MFS-PIK	100	-
ООО PIK Sluzhba Zakazchika	100	-

As at 30 June 2014, there were no pledges of residential and commercial real estate premises (2013: 102 thousand square meters and 3,756 parking lots in Moscow and the Moscow Region with carrying value of RUB 7,641 million and RUB 1,806 million).

In June 2014, the Group signed a one year loan agreement in the amount of RUB 24,300 million which may be extended up to five years subject to certain conditions. Proceeds from the loan amounting to RUB 24,053 million, net of related issuing costs, were used to refinance existing credit facilities from two major lenders and to finance current working capital needs. The Group's loans fall due in 2015. Should the Group fail to extend the loan term, it is very likely that some of the Group's land plots might be put on sale to generate cash flows of at least RUB 17,870 million (which represents 80% of their fair values). Such proceeds, in addition to the current operational cash flows, will be sufficient to settle the Group's obligations in due course.

12 Commitments

The Group develops residential buildings and entered into a number of purchasing contracts with individual customers at the early stages of development. The Group receives advance payments under these purchasing contracts. Therefore, the Group has contractual obligations to complete the buildings within normal operating cycle of development. As at 30 June 2014, commitments under these contracts totalled approximately RUB 16,360 million (2013: RUB 14,049 million). These payments cover the costs to construct apartments or/and social infrastructure for municipal authorities.

13 Contingencies

Except as described below, the contingencies of the Group related to insurance and warranties did not change significantly from the contingencies reported in the consolidated financial statements as at and for the year ended 31 December 2013.

Litigation contingencies

The Group is involved as a defendant in legal proceedings relating to supply and services contracts in the total amount of RUB 476 million (2013: RUB 2,729 million). Management believes, based on a legal advice, that the actions can be successfully defended and therefore no losses will be incurred. The legal claims are expected to be settled in the course of the next reporting period.

Taxation contingencies

As at 30 June 2014 other contingent liabilities related to taxation amounted to approximately RUB 557 million (2013: RUB 889 million). This amount mainly includes contingent profit tax and VAT liabilities resulting from tax treatment of some income and expenses applied by the Group that may be challenged by the tax authorities.

14 Related party transactions

(a) Control relationships

As at 30 June 2014 and 2013 there were no immediate or ultimate parent companies and ultimate controlling party of the Group.

(b) Management remuneration

Key management received remuneration of RUB 122 million during the six-month period ended 30 June 2014 (2013: RUB 83 million) including contributions to the state pension fund.

(c) Transactions with associates

As at 30 June 2014, there were no advances from customers related to the Group's associates (ZPFNs) (2013: RUB 174 million). During the reporting period the Group sold residential properties to two of its associates (ZPFNs) for RUB 174 million. (2013: RUB 7 million). The unrealized gain, attributable to the Group's share, of RUB 7 million resulting from the sale was eliminated against the balance of equity accounted investees.

(d) Transactions with other related parties

During the six-month period ended 30 June 2014, the executive directors of the Group entered into purchase agreements for two parking spaces in a building which had not been completed as of reporting date for a total consideration of RUB 2 million (2013: residential property for the total consideration of RUB 35 million). Prepayments received under these agreements in amount of RUB 1 million, were included in advances from customers as at 30 June 2014.

15 Events subsequent to the reporting date

The Board of Directors of the Group has approved a RUB coupon bond placement in the total amount up to RUB 29,000 million with a maturity up to 10 years. Proceeds from the bond issue will be used to refinance the current credit facilities, finance the Company's working capital and investments in new development projects. The planned transaction is subject to necessary approvals from financial regulators and favourable market conditions.

16 Supplementary information: non-IFRS measures

Net debt:

	30 June 2014 mln RUB (unaudited)	31 December 2013 mln RUB
Loans and borrowings, current	24,064	25,469
Plus: Loans and borrowings, non-current	1,200	3,631
Less: Cash and cash equivalents	(9,704)	(11,089)
Net debt	15,560	18,011

Earnings before interest, taxes, depreciation and amortisation (EBITDA):

	30 June 2014 mln RUB (unaudited)	30 June 2013 mln RUB (unaudited)
Profit for the period	1,464	2,630
Plus: Depreciation and amortisation	360	335
Plus: Interest expense	1,465	2,539
Less: Interest income	(352)	(141)
Plus: Income tax expense	375	690
EBITDA	3,312	6,053
Impairment losses, net	2,365	458
Impairment losses/ (reversals) on financial assets, net	53	(201)
Foreign exchange losses/ (gains), net	72	(141)
Losses/ (gains) on disposal of property, plant and equipment	36	(8)
Penalties and fines, including reversals	76	170
Adjusted EBITDA	5,914	6,331



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Auditors' Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholders and Board of Directors

OA Group of Companies PIK

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of OA Group of Companies PIK (the "Company") and its subsidiaries (the "Group") as at 30 June 2014, and the related consolidated interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the consolidated interim condensed financial information (the "consolidated interim condensed financial information"). Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed financial information 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 consolidated interim condensed 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.

Audited entity: OA Group of Companies PIK

Registered by Government Agency Moscow Registration Chamber on 20 September 1994 Registration No. 756.924

Entered in the Unified State Register of Legal Entities of Legal Entities on 30 August 2002 by the Moscow Inter-Regional Tax Inspectorate No. 30 of the Ministry for Taxes and Duties of the Russian Federation Registration No. 1027739137084 Certificate series 77 No. 007637627

bldg. 1, 19 Barrikadnaya Street, Moscow, 123242

Independent auditor: ZAO KPMG, a company incorporated under the Laws of the Russian Federation, a part of the KPMG Europe LLP group, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Registered by the Moscow Registration Chamber on 25 May 1992, Registration No. 011.585.

Entered in the Unified State Register of Legal Entities on 13 August 2002 by the Moscow Inter-Regional Tax Inspectorate No.39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700125628, Certificate series 77 No. 005721432.

Member of the Non-commercial Partnership "Chamber of Auditors of Russia". The Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: No.10301000804.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 30 June 2014 and for the six-month period then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.



Altukhov K.V.

Director, (power of attorney dated 1 October 2013 No. 65/13)

ZAO KPMG

29 August 2014

Moscow, Russian Federation