

**OA0 Group of Companies PIK
Consolidated Interim Condensed
Financial Statements
as at and for the six-month period ended
30 June 2013**

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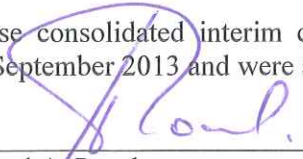
Consolidated Interim Condensed Financial Statements

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Consolidated Interim Condensed Statement of Financial Position

mln RUB	Note	30 June 2013 (unaudited)	31 December 2012
ASSETS			
Non-current assets			
Property, plant and equipment		9,060	9,076
Intangible assets	10	18,115	16,618
Investments in equity accounted investees		140	140
Deferred tax assets		1,493	1,537
Total non-current assets		28,808	27,371
Current assets			
Inventories		84,446	82,318
Other investments		48	160
Income tax receivable		705	309
Trade and other receivables		11,899	11,276
Cash and cash equivalents		12,615	5,067
Total current assets		109,713	99,130
Total assets		138,521	126,501
EQUITY AND LIABILITIES			
Equity			
Share capital		30,843	30,843
Additional paid-in capital		(8,470)	(8,424)
Prepaid shares reserve	9	10,452	-
Retained earnings		(17,496)	(19,544)
Total equity attributable to equity holders of the Company		15,329	2,875
Non-controlling interest		841	470
Total equity		16,170	3,345
Non-current liabilities			
Loans and borrowings	11	9,820	33,014
Trade and other payables		-	212
Deferred tax liabilities		1,672	1,753
Total non-current liabilities		11,492	34,979
Current liabilities			
Loans and borrowings	11	26,303	10,197
Trade and other payables		57,431	50,293
Provisions		26,949	27,378
Income tax payable		176	309
Total current liabilities		110,859	88,177
Total liabilities		122,351	123,156
Total equity and liabilities		138,521	126,501

These consolidated interim condensed financial statements were approved by Management on 25 September 2013 and were signed on its behalf by:



 Pavel A. Poselenov
 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 2013 (unaudited)	30 June 2012 (unaudited)
Revenue	6	25,041	14,547
Cost of sales		<u>(17,930)</u>	<u>(11,416)</u>
Gross profit		<u>7,111</u>	<u>3,131</u>
Distribution expenses		(418)	(324)
Administrative expenses		(1,035)	(1,255)
Reversal of impairment losses and impairment loss, net		(249)	24
Other income and expenses, net		(169)	238
Finance income	7	627	77
Finance costs	7	<u>(2,547)</u>	<u>(3,184)</u>
Profit/ (loss) before income tax		3,320	(1,293)
Income tax (expense)/ benefit	8	<u>(690)</u>	<u>331</u>
Profit/ (loss) and total comprehensive income for the period		<u>2,630</u>	<u>(962)</u>
<i>Attributable to:</i>			
Owners of the Company		2,048	(1,172)
Non-controlling interest		<u>582</u>	<u>210</u>
Profit/ (loss) and total comprehensive income for the period		<u>2,630</u>	<u>(962)</u>
Basic and diluted profit/ (loss) per share	9	<u>3,98</u>	<u>(2.38)</u>

Consolidated Interim Condensed Statement of Changes in Equity

mln RUB	Note	Attributable to equity holders of the Company				Non-controlling interest	Total equity	
		Share capital	Additional paid-in-capital	Prepaid shares reserve	Retained earnings			Total
Balance as at 1 January 2012		30,843	(8,424)	-	(22,706)	(287)	505	218
Loss and total comprehensive income for the period (unaudited)		-	-	-	(1,172)	(1,172)	210	(962)
At 30 June 2012 (unaudited)		30,843	(8,424)	-	(23,878)	(1,459)	715	(744)
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)	9	-	(46)	10,452	-	10,406	-	10,406
Contributions by and distributions to owners (unaudited)		-	-	-	-	-	(211)	(211)
Balance as at 30 June 2013 (unaudited)		30,843	(8,470)	10,452	(17,496)	15,329	841	16,170

Consolidated Interim Condensed Statement of Cash Flows

mln RUB	Six-months period ended	
	30 June	30 June
	2013	2012
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Profit/ (loss) for the period	2,630	(962)
<i>Adjustments for:</i>		
Depreciation and amortisation	335	346
Impairment losses and reversal of impairment losses including those in cost of sales, net	405	(24)
Foreign exchange (gains)/ losses, net	(141)	44
(Gains)/ losses on disposal of property, plant and equipment	(8)	40
Impairment losses on financial assets	8	246
Losses from disposal of subsidiaries and development rights	-	22
Interest expense	2,539	2,831
Change in non-controlling interest in limited liability companies	(210)	11
Interest income	(141)	(43)
Income tax expense/ (benefit)	690	(331)
Cash from operating activities before changes in working capital and provisions	6,107	2,180
Increase in inventories	(2,697)	(6,011)
Increase in trade and other receivables	(525)	(142)
Increase in trade and other payables	6,572	6,785
Decrease in provision for cost to complete	(429)	(220)
Cash flows from operations before income taxes and interest paid	9,028	2,592
Income taxes paid	(1,256)	(367)
Interest paid	(3,187)	(2,665)
Net cash from/ (used in) operating activities	4,585	(440)
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	6	17
Interest received	140	23
Acquisition of property, plant and equipment	(377)	(330)
Acquisition of development rights and other intangible assets	(744)	-
Proceeds from sale of development rights	-	273
Proceeds from repayment of loans given	90	-
Net cash used in investing activities	(885)	(17)
FINANCING ACTIVITIES		
Proceeds from borrowings	216	1,813
Repayment of borrowings	(6,793)	(1,562)
Proceeds from share issue	10,406	-
Dividends paid by a subsidiary	(264)	-
Net cash from financing activities	3,565	251
Net increase/ (decrease) in cash and cash equivalents	7,265	(206)
Effect of exchange rate fluctuations on cash and cash equivalents	283	-
Cash and cash equivalents at beginning of year	5,067	2,874
Cash and cash equivalents at end of year	12,615	2,668

Notes to the Consolidated Interim Condensed Financial Statements

1 Background

(a) Organisation and operations

OAo 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), Russian Trading System (RTS) and Moscow Interbank Currency Exchange (MICEX) in Russia.

The Company’s registered office is 19 Barrikadnaya st., 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 2013 and 2012 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 2012. 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 2012.

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 2012, except that the Group has adopted those new and amended standards that are mandatory for financial annual periods beginning on 1 January 2013.

Standards	Effective for annual periods beginning on or after
IAS 1 (Amended) "Presentation of Financial Statements"	July 1, 2012, January 1, 2013
IAS 16 (Amended) "Property, Plant and Equipment"	January 1, 2013
IAS 27 (Amended) "Separate Financial Statements"	January 1, 2013
IAS 28 (Amended) "Investments in Associates and Joint ventures"	January 1, 2013
IAS 32 (Amended) "Financial Instruments: Presentation"	January 1, 2013
IAS 34 (Amended) "Interim Financial Reporting"	January 1, 2013
IFRS 1 (Amended) "First-time Adoption of International Financial Reporting Standards"	January 1, 2013
IFRS 7 (Amended) "Financial Instruments: Disclosure"	January 1, 2013
IFRS 10 (Amended) "Consolidated Financial Statements"	January 1, 2013
IFRS 11 (Amended) "Joint Arrangements"	January 1, 2013
IFRS 12 (Amended) "Disclosure of Interests in Other Entities"	January 1, 2013
IFRS 13 " Fair Value Measurement"	January 1, 2013

The amended standards 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 2013, and have not been applied in these consolidated interim condensed financial statements.

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

The adoption of the pronouncements listed above is not expected to have a significant impact on the Group's Consolidated Financial Statements in future periods.

Reclassification of costs

In order to conform to the current period's presentation, a reclassifications of certain costs amounting to RUB 65 million were made from general and administrative expenses to the cost of sales and certain costs of sales amounting to RUB 538 million were netted with revenue as reported in the consolidated interim condensed statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2012.

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	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
External revenues	20,791	9,504	2,238	2,757	1,046	1,287	966	999	25,041	14,547
Inter-segment revenue	13	56	6,540	5,752	564	546	486	375	7,603	6,729
Total revenue for reportable segments	20,804	9,560	8,778	8,509	1,610	1,833	1,452	1,374	32,644	21,276
Reportable segment gross profit	6,259	2,310	403	385	103	104	346	332	7,111	3,131
Gross profit margin	30%	24%	18%	14%	10%	8%	36%	33%	28%	22%

(i) Geographical information

Real estate development, Construction segment, Industrial segment and Other segments' operations are located in Russia and operate in three principal geographical areas: 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 2013	30 June 2012
	mln RUB	mln RUB
	(unaudited)	(unaudited)
Moscow	6,794	1,017
Moscow Region	11,213	7,433
Other regions	2,784	1,054
	20,791	9,504

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

	30 June 2013	30 June 2012
	mln RUB	mln RUB
	(unaudited)	(unaudited)
Reconciliation of Revenue		
Total revenue for reportable segments	32,644	21,276
Elimination of Inter-segment revenue	(7,603)	(6,729)
Group revenue	25,041	14,547
Gross profit or loss reconciliation		
Reportable segment profit	7,111	3,131
Group gross profit	7,111	3,131
Unallocated amounts		
Distribution expenses	(418)	(324)
Administrative expenses	(1,035)	(1,255)
Reversal of impairment losses and impairment loss, net	(249)	24
Other income and expenses, net	(169)	238
Finance income	627	77
Finance costs	(2,547)	(3,184)
Consolidated profit/ (loss) before income tax	3,320	(1,293)

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		Moscow region		Other regions		Total	
	30 June		30 June		30 June		30 June	
	2013	2012	2013	2012	2013	2012	2013	2012
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Completions								
Buildings, units	3	-	6	5	5	2	14	7
Sellable area (PIK share), thousand square meters	41	-	146	96	66	13	253	109
Sellable parking spaces, units	-	-	-	-	91	10	91	10
Sale of premises, thousand square meters								
Premises sold in buildings completed in current period	33	-	80	75	48	12	161	87
Premises sold in buildings completed in prior periods	38	7	45	30	17	14	100	51
	71	7	125	105	65	26	261	138
Parking spaces sold, units	351	407	-	2	7	33	358	442

During the six-month period ended 30 June 2013 revenue from sale of apartments in exchange of goods and services received amounted to RUB 1,017 million (2012: RUB 366 million).

Sale of construction services

Construction services in the amount of RUB 2,238 million (2012: RUB 2,757 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 2013 mln RUB (unaudited)	30 June 2012 mln RUB (unaudited)
Cost incurred to date	8,050	3,631
Profits recognized to date	1,105	633
Revenue recognized to date	9,155	4,264
Progress payments received	(9,297)	(4,798)
	(142)	(534)
Amounts due to customers	(394)	(56)
Amounts due from customers	536	590

7 Finance income and costs

Finance income

mln RUB	30 June 2013	30 June 2012
	mln RUB (unaudited)	mln RUB (unaudited)
Interest income	141	43
Foreign exchange gains	141	-
Other finance income	135	34
Change in non-controlling interest in limited liability companies	210	-
	<u>627</u>	<u>77</u>

Finance costs

mln RUB	30 June 2013	30 June 2012
	mln RUB (unaudited)	mln RUB (unaudited)
Interest expense	2,539	2,831
Foreign exchange losses	-	44
Impairment of financial assets	8	246
Other finance costs	-	52
Change in non-controlling interest in limited liability companies	-	11
	<u>2,547</u>	<u>3,184</u>

8 Income tax (expense)/ benefit

Income tax (expense)/ benefit 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 2013	30 June 2012
	mln RUB (unaudited)	mln RUB (unaudited)
<i>Current tax expense</i>		
Current year	(742)	(411)
Underprovided in prior years	13	(77)
Tax provision reversed	-	20
	<u>(729)</u>	<u>(468)</u>
<i>Deferred tax benefit</i>		
Origination and reversal of temporary differences	39	799
	<u>39</u>	<u>799</u>
	<u>(690)</u>	<u>331</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 (31 December 2012: 493,260 thousand).

Amounts paid by shareholders for the share issue is recognized in prepaid share reserve since the capital increase was not registered for statutory purposes as at 30 June 2013. The registration was completed on 6 August 2013.

Weighted average number of shares, thousand shares

	30 June 2013 (unaudited)	30 June 2012 (unaudited)
Issued shares at January 1, 2013	493,260	493,260
Effect of shares issued in June 7, 2013	21,251	-
Weighted average number of shares, thousand shares	514,511	493,260

Earnings/ (loss) per share

	30 June 2013 (unaudited)	30 June 2012 (unaudited)
Profit/ (loss) for the period attributable to the owners of the Company, mln RUB	2,048	(1,172)
Weighted average number of shares for the period ended 30 June, thousand shares	514,511	493,260
Basic and diluted earnings/ (loss) per share, RUB	3,98	(2,38)

10 Intangible assets

In 2013 the Group acquired a land plot with the area of 2.4 hectares located in the West of Moscow. The acquisition was financed by cash in the amount of RUB 253 million and by the 26% stake in the future residential development to be constructed by the Group and transferred to the seller. Land plot was recognized at fair value as at the date of acquisition in the amount of RUB 1,187 million.

11 Loans and borrowings

	30 June 2013 mln RUB (unaudited)	31 December 2012 mln RUB
Secured bank loans		
RUB - fixed at 12-14%	33,813	31,488
RUB - fixed at 14-16%	-	7,590
USD - fixed at 10%-11%	1,546	2,671
Unsecured bank loans		
RUB - fixed at 14%	-	74
Unsecured loans from third parties		
RUB - fixed at 0.1% - 10%	97	66
RUB - fixed at 10.1% - 18%	-	7
Interest payable	667	1,315
	36,123	43,211

As at 30 June 2013 the bank loans were secured with:

- property, plant and equipment with a carrying value of RUB 2,621 million (2012: RUB 2,684 million);
- inventory with a carrying value of RUB 7,255 million (2012: RUB 7,876 million);

- development rights with a carrying value of RUB 10,762 million (2012: RUB 11,005 million);
- investment rights for residential and commercial real estate with a total saleable area of 68 thousand square meters and 1,071 parking lots in Moscow and the Moscow Region with carrying value of RUB 3,645 million and RUB 533 million (2012: 57 thousand square meters and 519 parking lots in Moscow and the Moscow Region with carrying value of RUB 2,972 million and RUB 271 million, respectively);
- pledge of 25,397,363 Ordinary Shares and 14,850,131 GDRs (2012: 51,579,362 Ordinary Shares and 45,463,814 GDRs) owned by Holborner Services Ltd, a company controlled by Nafta Moskva Group;
- shares of the following subsidiaries which comprise a substantial part of the Group:

	30 June 2013 (unaudited)		31 December 2012	
	Number of shares	% of share capital	Number of shares	% of share capital
OA O DSK-2	51,950,334	98	51,950,334	98
OA O DSK-3	1,747,081	81	1,747,081	81
OA O KHZ	1,454,600	92	1,454,600	92
ZAO Pervaya Ipotecnaya Kompanya-Region (PIK-Region)	334,000	100	334,000	100
ZAO TP Red East	-	-	37,317	93
ZAO Stroybusinesscenter	10,000	100	10,000	100
ZAO Podmoskovie 160 DSK	5,811	63	5,811	63
ZAO Monetchik	100	100	100	100
OOO NSS	-	100	-	100
OOO Stroyinvest	-	100	-	100
OOO Status Land	-	100	-	100
100 KHI	10,016	77	10,016	77
480 KHI	1,556,430	100	1,556,430	100
OA O KSRZ	48,170	100	48,170	100
OA O Zawod Gazstroy mash	387,421	87	387,421	87
OOO Waystone	-	100	-	100

12 Commitments

The Group develops residential buildings and enters into sales contracts with individual customers at the early stages of development. The Group receives advance payments from its customers under these contracts. As a result, the Group assumes contractual obligations to complete the buildings within normal operating cycle of the development. At 30 June 2013 commitments under such contracts amounted to approximately RUB 18,743 million (2012: RUB 19,940 million). The commitments also 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, warranties and taxation did not change significantly from the contingencies reported in the consolidated financial statements as at and for the year ended 31 December 2012.

Litigation

The Group is involved in legal proceeding relating to supply and services contract in total amount of RUB 156 million. Management believes, based on legal advice, that the action can be

successfully defended and therefore no losses will be incurred. The legal claim is expected to be settled in the course of next reporting period.

14 Related party transactions

(a) Control relationships

As at 30 June 2013 and 2012 there were no immediate or ultimate parent companies of the Group.

As at 30 June 2013 the Nafta Moskva Group and its ultimate owner Mr. Suleiman Kerimov controlled approximately 36% of the Company's ordinary shares (31 December 2012: 38%), and, thus, exercised significant influence over the operations of the Group.

(b) Management remuneration

Salaries and bonuses

Key management received remuneration of RUB 83 million during the six-month period ended 30 June 2012 (2012: RUB 77 million) including contributions to the state pension fund.

(c) Group's share purchase

During Group's secondary public offering Group's CEO and other executive directors of the Group purchased 468,950 new shares for a total amount of RUB 29 million.

As a result of the secondary public offering, shareholding stake of the significant shareholder of the Group, the Nafta Moskva Group and its ultimate owner Mr. Suleiman Kerimov, decreased by 2%.

(d) Transactions with associates

During six months 2013 the Group sold residential properties to one of its associates (ZPFNs) for RUB 7 million.

(e) Transactions with other related parties

During the six-month period ended 30 June 2013 executive directors purchased from the Group residential property in buildings for a total consideration of RUB 5 million and in buildings which had not been completed as at 30 June 2013 for a total consideration of RUB 30 million (2012: RUB 13 million and 48 million respectively). Amount of RUB 30 million is included in advances from customers as at 30 June 2013.

(f) Guarantees for bank loans provided by related parties

Holborner Services Ltd, a company controlled by Nafta Moskva Group, pledged its shares in the company to secure the Group's bank loans amounting to RUB 2,900 million payable in 2013.

15 Events subsequent to the reporting date

In July 2013 the Group acquired a land plot with a total area of 1.6 hectares for the total consideration of RUB 1,026 million. The land plot is located to the South-West from Moscow historical center. The Group intends to use the land plot for residential development and construction of parking spaces.

16 Supplementary information: non-IFRS measures

Net debt:

	30 June 2013 mln RUB (unaudited)	31 December 2012 mln RUB
Loans and borrowings, current	26,303	10,197
Plus: Loans and borrowings, non-current	9,820	33,014
Less: Cash and cash equivalents	(12,615)	(5,067)
	<u>23,508</u>	<u>38,144</u>

Earnings before interest, taxes, depreciation and amortisation:

	30 June 2013 mln RUB (unaudited)	30 June 2012 mln RUB (unaudited)
EBITDA		
Profit/ (loss) for the period	2,630	(962)
Plus: Depreciation and amortisation	335	346
Plus: Interest expense	2,539	2,831
Less: Interest income	(141)	(43)
Plus: Income tax expense/ (benefit)	690	(331)
	<u>6,053</u>	<u>1,841</u>
Adjusted EBITDA		
Impairment losses and reversal of impairment losses, net	249	(24)
Impairment losses on financial assets, net	8	246
Foreign exchange (gains)/ losses, net	(141)	44
(Gains)/ losses on disposal of property, plant and equipment	(8)	40
Loss from disposal of subsidiaries and development rights	-	22
Penalties and fines, including reversals	170	(94)
	<u>6,331</u>	<u>2,075</u>



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Auditors' Report on Review of Consolidated Interim Condensed Financial Information

To the Board of Directors

OAo Group of Companies PIK

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of OAo Group of Companies PIK (the "Company") and its subsidiaries (the "Group") as at 30 June 2013, 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: OAo 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 2013 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*.



Samarin M.V.
Director
Power of attorney dated 1 October 2010 No. 48/10
ZAO KPMG

25 September 2013

Moscow, Russian Federation