



PJSC LSR Group

**Consolidated Interim Financial Statements
for the six-month period ended 30 June 2022**

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Independent Auditors' Report on Review of Consolidated Interim Financial Statements

To the Shareholders and the Board of Directors
Public Joint Stock Company LSR Group

Introduction

We have reviewed the accompanying consolidated interim statement of financial position of Public Joint Stock Company LSR Group (the "Company") and its subsidiaries (the "Group") as at 30 June 2022, and the related consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information (the "consolidated interim financial statements"). Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRS) including the requirements of IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on these consolidated interim 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 consolidated interim financial statements 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 consolidated interim financial statements do not present fairly, in all material respects, the consolidated interim financial position of the Group as at 30 June 2022, and its consolidated interim financial performance and its consolidated interim cash flows for the six-month period then ended in accordance with IFRS including the requirements of IAS 34 *Interim Financial Reporting*.



Yagnov I.A.
JSC "Kept"
Moscow, Russia
29 August 2022

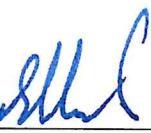
PJSC LSR Group
*Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
for the six-month period ended 30 June 2022*

mln RUB	Note	Six-month period ended 30 June	
		2022	2021
Revenue	12	65,369	54,821
Cost of sales		(37,017)	(34,070)
Gross profit		28,352	20,751
Distribution expenses		(4,506)	(2,938)
Administrative expenses	7	(6,942)	(6,074)
Other income	8	79	356
Other expenses	8	(517)	(702)
Results from operating activities		16,466	11,393
Finance income	10	1,486	1,296
Finance costs	10	(9,465)	(4,380)
Profit before income tax		8,487	8,309
Income tax expense	11	(2,083)	(2,615)
Profit for the period		6,404	5,694
Other comprehensive loss			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences		(1,289)	(44)
Total comprehensive income for the period		5,115	5,650

PJSC LSR Group
*Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
for the six-month period ended 30 June 2022*

mln RUB		Six-month period ended 30 June	
	Note	2022	2021
Profit attributable to:			
Shareholders of the Company		6,404	5,694
Non-controlling interest		-	-
Profit for the period		6,404	5,694
Total comprehensive income attributable to:			
Shareholders of the Company		5,115	5,650
Non-controlling interest		-	-
Total comprehensive income for the period		5,115	5,650
Basic and diluted earnings per share	21	76.42 RUB	56.82 RUB

These consolidated interim financial statements were approved by management on 29 August 2022 and were signed on its behalf by:



A.Y. Molchanov
Chief Executive Officer



D.V. Kutuzov
Chief Financial Officer

mln RUB	Note	<u>30 June 2022</u>	<u>31 December 2021</u>
ASSETS			
Non-current assets			
Property, plant and equipment	13	27,868	27,042
Intangible assets	14	4,255	4,264
Other investments	15	4,622	328
Deferred tax assets	16	4,142	3,710
Trade and other receivables	18	274	198
Total non-current assets		<u>41,161</u>	<u>35,542</u>
Current assets			
Other investments	15	346	6,000
Inventories	17	225,671	195,720
Contract assets, trade and other receivables	18	71,729	56,142
Cash and cash equivalents*	19	46,792	55,472
Total current assets		<u>344,538</u>	<u>313,334</u>
Total assets		<u>385,699</u>	<u>348,876</u>

* In Cash and cash equivalents is not included cash received to escrow accounts by the authorized bank from the accounts owners (the real estate buyers). This cash on escrow accounts was received as the settlement of the share participation agreements' price in the amount of RUB 64,288 million as at 30 June 2022 (31 December 2021: RUB 45,017 million).

mln RUB	Note	<u>30 June 2022</u>	<u>31 December 2021</u>
EQUITY AND LIABILITIES			
Equity	20		
Share capital		35	35
Treasury shares		(14,819)	(13,669)
Share premium		26,408	26,408
Additional paid-in capital		16,852	16,870
Foreign currency translation reserve		(870)	419
Retained earnings		69,168	62,764
Total equity attributable to the shareholders of the Company		<u>96,774</u>	<u>92,827</u>
Non-controlling interest		60	180
Total equity		<u>96,834</u>	<u>93,007</u>
 Non-current liabilities			
Loans and borrowings	22	102,000	135,846
Deferred tax liabilities	16	5,102	5,290
Trade and other payables	24	13,177	7,465
Provisions	23	27	21
Total non-current liabilities		<u>120,306</u>	<u>148,622</u>
 Current liabilities			
Loans and borrowings	22	83,305	33,441
Contract liabilities, trade and other payables	24	72,278	60,980
Provisions	23	12,976	12,826
Total current liabilities		<u>168,559</u>	<u>107,247</u>
Total liabilities		<u>288,865</u>	<u>255,869</u>
Total equity and liabilities		<u>385,699</u>	<u>348,876</u>

mln RUB	Six-month period ended 30 June	
	2022	2021
OPERATING ACTIVITIES		
Profit for the period		
Adjustments for:		
Depreciation and amortisation	929	957
Gain on disposal of property, plant and equipment	(36)	(67)
Gain on disposal of subsidiaries	-	(72)
Portion of excess of fair value over purchase price of assets	1	1
Capitalised interest, including significant financing component in respect of prepayments from customers, recognized in cost of sales	1,037	1,068
Significant financing component in respect of prepayments from customers and benefit of escrow loans recognised in revenue	(2,085)	(1,194)
Net finance costs	7,979	3,084
Income tax expense	2,083	2,615
Operating profit before changes in working capital and provisions	16,312	12,086
Increase in inventories net of non-cash items	(25,752)	(18,696)
Increase in contract assets, trade and other receivables	(8,507)	(11,591)
Increase / (decrease) in contract liabilities, trade and other payables	8,772	(1,538)
Decrease in provisions	(13)	(114)
Cash flows utilised by operations before income taxes and interest paid	(9,188)	(19,853)
Income taxes paid	(3,810)	(2,035)
Interest paid	(7,175)	(3,177)
Cash flows utilised by operating activities*	(20,173)	(25,065)
<i>For reference:</i>		
<i>Cash flows utilised by operating activities, including cash on escrow accounts</i>	(902)	(11,481)

* In Cash flows from operations is not included cash received to escrow accounts by the authorized bank from the accounts owners (the real estate buyers). This cash on escrow accounts was received as the settlement of the share participation agreements' price during the six-month period ended 30 June 2022 in the amount of RUB 19,271 million (period ended 30 June 2021: RUB 13,583 million).

mln RUB	Six-month period ended 30 June	
	2022	2021
INVESTING ACTIVITIES		
Proceeds from disposal of non-current assets	55	208
Interest received	887	789
Acquisition of property, plant and equipment	(1,658)	(1,740)
Acquisition of intangible assets	(15)	(3)
Loans given	(5,241)	(330)
Loans repaid	406	112
Acquisition of subsidiaries	-	(765)
Cash flows utilised by investing activities	(5,566)	(1,729)
FINANCING ACTIVITIES		
Proceeds from borrowings	98,186	36,896
Proceeds from bonds	-	5,000
Repayment of borrowings	(76,975)	(14,238)
Repayment of bonds	(2,162)	(1,196)
Payment of land lease liabilities	(166)	(419)
Payment for treasury shares acquired	(1,150)	-
Acquisition of minority interest	(138)	-
Dividends paid	-	(3,922)
Cash flows from financing activities	17,595	22,121
Net decrease in cash and cash equivalents	(8,144)	(4,673)
Cash and cash equivalents at the beginning of the period	55,472	73,803
Effect of exchange rate fluctuations on cash and cash equivalents	(536)	(5)
Cash and cash equivalents at the end of the period (note 19)	46,792	69,125

mln RUB

	Attributable to shareholders of the Company								
	Share capital	Treasury shares	Share premium	Additional paid-in capital	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2021	35	(2,073)	26,408	16,859	437	50,062	91,728	-	91,728
Total comprehensive income									
Profit for the period	-	-	-	-	-	5,694	5,694	-	5,694
Other comprehensive loss									
Foreign currency translation differences for foreign operations	-	-	-	-	(44)	-	(44)	-	(44)
Total comprehensive income for the period	-	-	-	-	(44)	5,694	5,650	-	5,650
Transactions with owners recorded directly in equity									
Dividends to shareholders	-	-	-	-	-	(3,922)	(3,922)	-	(3,922)
Acquisition of subsidiaries (contribution)	-	-	-	-	-	-	-	147	147
Balance at 30 June 2021	35	(2,073)	26,408	16,859	393	51,834	93,456	147	93,603

mln RUB

	Attributable to shareholders of the Company								
	Share capital	Treasury shares	Share premium	Additional paid-in capital	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2022	35	(13,669)	26,408	16,870	419	62,764	92,827	180	93,007
Total comprehensive income									
Profit for the period	-	-	-	-	-	6,404	6,404	-	6,404
Other comprehensive loss									
Foreign currency translation differences for foreign operations	-	-	-	-	(1,289)	-	(1,289)	-	(1,289)
Total comprehensive income for the period	-	-	-	-	(1,289)	6,404	5,115	-	5,115
Transactions with owners recorded directly in equity									
Excess of consideration paid over minority interest acquired	-	-	-	(18)	-	-	(18)	(120)	(138)
Treasury shares acquired	-	(1,150)	-	-	-	-	(1,150)	-	(1,150)
Balance at 30 June 2022	<u>35</u>	<u>(14,819)</u>	<u>26,408</u>	<u>16,852</u>	<u>(870)</u>	<u>69,168</u>	<u>96,774</u>	<u>60</u>	<u>96,834</u>

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1 Background

(a) Organisation and operations

PJSC LSR Group (the “Company”) and its subsidiaries (together referred to as the “Group”) comprise Russian limited liability and joint stock companies as defined in the Civil Code of the Russian Federation, and companies located in other countries. The Company’s shares are traded on Moscow Exchange.

The Company’s registered office is at 36B Kazanskaya Street, Floor 4, Office 32-N (18), Suite 404, Saint Petersburg, 190031, Russia.

The Group’s principal activities include real estate development, prefabricated panel construction, contracting, subcontracting and engineering services in civil and industrial construction, extraction of sand and clay, production of crushed granite, ready-mix concrete and mortars, reinforced concrete, bricks, aerated concrete, transportations and crane rental services. The Company primarily operates in the following geographic markets of Russia: Saint Petersburg, the Leningrad region, Moscow and Yekaterinburg.

The Group’s significant subsidiaries are detailed in note 30.

The Group is ultimately controlled by an individual, Andrey Molchanov. Related party transactions are detailed in note 29.

(b) Russian 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 the characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which contribute together with other legal and fiscal impediments to the challenges faced by entities operating in the Russian Federation.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. Since February 2022, after the recognition of the self-proclaimed Donetsk and Lugansk People's Republics and the start of a special military operation in Ukraine by the Russian Federation, the above countries have imposed additional tough sanctions against the Government of the Russian Federation, as well as large financial institutions, legal entities and individuals in Russia. In addition, restrictions were imposed on the supply of various goods and services to Russian enterprises. Also, in the context of the imposed sanctions, a number of large international companies from the United States, the European Union and some other countries discontinued, significantly reduced or suspended their own activities in the Russian Federation, as well as doing business with Russian citizens and legal entities. Moreover, there is a risk of imposition of further sanctions and similar forms of pressure. In response to the above pressure, the Government of the Russian Federation has introduced a set of measures, which are counter-sanctions, currency control measures, a number of key interest rate decisions and other special economic measures to ensure the security and maintain the stability of the Russian economy.

The imposition and subsequent strengthening of sanctions resulted in elevated economic uncertainty, including reduced liquidity and high volatility in the capital markets, volatility of the Rouble exchange rate and the key interest rate, a decrease in foreign and domestic direct investments, difficulties in making payments for Russian Eurobond issuers, and also a significant reduction in the availability of sources of debt financing.

In addition, Russian companies have virtually no access to the international stock market, the debt capital market and other development opportunities, which may lead to their increased dependence on the governmental support. The Russian economy is in the process of adaptation associated with the replacement of retiring export markets, a change in supply markets and technologies, as well as changes in logistics, supply and production chains.

It is difficult to assess the consequences of the imposed and possible additional sanctions in the long term, however, sanctions can have a significant negative impact on the Russian economy.

The wave-like nature of the spread of COVID-19 coronavirus infection continues to create additional uncertainty in the business environment.

The consolidated interim 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 of preparation

(a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) including the requirements of IAS 34 Interim Financial Reporting.

The Group additionally presents the consolidated interim financial statements in Russian language in accordance with the Federal law #208-FZ "On consolidated financial reporting".

(b) Basis of measurement

The consolidated interim financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble ("RUB"), which is the Company's functional currency and the currency in which these consolidated interim financial statements are presented.

All financial information is presented in the Russian Rouble and has been rounded to the nearest million, except if otherwise indicated.

(d) Use of estimates and judgements

The preparation of the consolidated interim financial interim statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies are described in the following notes:

- Note 3 – useful lives of property, plant and equipment;
- Note 9 – share-based payment;
- Note 12 – revenue;
- Note 14 – impairment;
- Note 17 – inventories;
- Note 18 – allowances for trade receivables;
- Note 23 – provisions (for site finishing and environment restoration; warranty and litigation; for onerous contracts; for social infrastructure);
- Note 24 – trade payables (settlements for land plots);
- Note 28 – contingencies.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs) (refer to note 4).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 6 – acquisition of subsidiary; and
- Note 25 (e) – financial instruments.

(e) Change in significant accounting policies

Except as described below, the accounting policies applied in these consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2021. The policy for recognising and measuring income taxes in the interim period is consistent with that applied in the previous interim period and is described in Note 11).

The change in accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2022.

The Group has adopted Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37) from 1 January 2022. This resulted in a change in accounting policy for performing an onerous contracts assessment. Previously, the Group included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs.

The Group has analysed all contracts existing at 1 January 2022 and determined that none of them would be identified as onerous applying the revised accounting policy – i.e. there is no impact on the opening equity balances as at 1 January 2022 as a result of the change.

A number of amendments to the existing standards are effective from 1 January 2022 but they do not have a material effect on the Group's consolidated interim financial statements.

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).
- Annual Improvements to IFRS Standards 2018–2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated interim financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved over time, the fair value of the pre-existing equity interest in the acquire; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for at the date of transfer of shares to the Group. The assets and liabilities acquired are recognised at their carrying amounts in the financial statements of the entities transferred. If these companies previously have not prepared IFRS financial statements, assets and liabilities are determined in accordance with IFRS 1. Any difference between the book value of net assets acquired and consideration paid is recognised as a contribution from, or distribution to, shareholders.

(iv) Acquisitions and disposals of non-controlling interests

Any difference between the consideration paid to acquire a non-controlling interest, and the carrying amount of that non-controlling interest, is recognised as a contribution from or a distribution to shareholders.

Any difference between the consideration received upon disposal of a minority portion of the Group's interest in a subsidiary, and the carrying amount of that portion of the Group's interest in the subsidiary, including attributable goodwill, is recognised as a distribution to, or a contribution from, shareholders.

(v) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in foreign currency translated at the exchange rate at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in the

statement of profit or loss and other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to RUB at exchange rates at the reporting date. The income and expenses of foreign operations are translated to RUB at the weighted average exchange rate for the year which approximates the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. Since 1 January 2005, the Group's date of transition to IFRSs, such differences have been recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to the statement of profit or loss and other comprehensive income as part of profit or loss on disposal.

Foreign exchange gains and losses arising from a monetary item received from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve.

(c) Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest (SPPI criterion), the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

Financial liabilities are classified at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group has fixed rate bank loans for which the banks have the option to revise the interest rate following the change of key rate set by the CBR. The Group have an option to either accept the revised rate or redeem the loan at par without penalty. The Group considers these loans as in essence floating rate loans.

(iii) Modification of financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If a modification (or exchange) does not result in the derecognition of the financial liability the Group applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset, i.e. the Group recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

Changes in cash flows on existing financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in fixed interest rates initiated by banks due to changes in the CBR key rate, if the loan contract entitles banks to do so and the Group have an option to either accept the revised rate or redeem the loan at par without penalty. The Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion option;
- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iv) *Derecognition*

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(v) *Offsetting*

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(vi) *Impairment of financial assets*

The impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI.

The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’. The Group considers this to be Baa3 or higher per Moody’s.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is recognised in other comprehensive income.

Impairment losses on other financial assets are presented under ‘finance costs’, and not presented separately in the statement of profit or loss and other comprehensive income due to materiality considerations.

(vii) Write off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount when the financial asset is 3 years past due based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off.

(d) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity.

Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit of the transaction is presented in additional paid-in capital.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, except for land, are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 January 2005, the date of transition to IFRSs, was determined by reference to its fair value at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the statement of profit or loss and other comprehensive income.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss and other comprehensive income as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings 7 to 50 years;
- Machinery and equipment 5 to 29 years;
- Transportation equipment 5 to 20 years;
- Other fixed assets 3 to 20 years.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(f) Intangible assets

(i) Goodwill

Goodwill that arises on the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition refer to note 3(a)(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of profit or loss and other comprehensive income as incurred.

(iv) Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefit s embodied in the asset.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(g) Right-of-use assets and lease liabilities

The Group leases municipal land plots for residential property construction.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently recognized in cost of sales based on the stage of completion.

In addition, the Group leases municipal land plots for placement of property, plant and equipment. The right-of-use asset for such land plots is classified as property, plant and equipment and is depreciated using the straight-line method.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The unified discount rate is applied in respect of the lease agreements portfolio with similar characteristics.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

In accordance with IFRS 16 variable payments which do not depend on index or rate, i.e. do not reflect changes in market rental rates, should not be included in calculation of lease liability. In respect of municipal (or federal) land leases where the lease payments are based on cadastral value of the land plot and do not change until the next potential revision of that value or payments (or both) by the authorities, the Group determined that these lease payments are not considered as either variable (that depend on an index or rate or reflect changes in market rental rates) or in-substance fixed, and therefore these payments are not be included in the measurement of the lease liability.

The Group presents right-of-use assets related to the lease of land plots for construction development in “inventories” and right-of-use assets related to land for property, plant and equipment within “property, plant and equipment” in the statement of financial position. The Group presents lease liabilities in “contract liabilities, trade and other payables” in the statement of financial position.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Contract assets and liabilities

The contract assets relate to the Group’s right for consideration for work completed but not billed at the reporting date on participant agreements and construction contracts. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when a consideration becomes due based on participant agreement schedule. The contract liabilities primarily relate to the advance consideration received from customers under participant agreements.

The contract assets and contract liabilities are offset and the net amount is presented in the statement of financial position on the particular participant agreements basis.

Impairment losses related to contract assets are recognised by the Group based on “expected credit losses” model (see note 3 (c) (vi)).

(j) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU's to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(k) Employee benefits

Obligations for contributions to defined contribution pension plans, including Russia's State pension fund, are recognised as an expense in the statement of profit or loss and other comprehensive income when they are due.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards program. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(I) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data.

(ii) Site and environment restoration

In accordance with the Group's environmental policy and applicable statutory requirements, provision is made for the Group's obligation to incur additional costs including costs associated with clean up the surrounding area after sand extraction and finishing the construction of apartment building. The related expense is recognised in the statement of profit or loss and other comprehensive income.

(iii) Litigation provision

A provision is recognized, if the probability is high that the Group will lose lawsuit in which the Group is a defendant, and there will be a need (requirement) to settle the obligation.

(iv) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract and an allocation of other direct costs. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(v) Provision for social infrastructure

The Group records provision in respect of the Group's obligation to construct social infrastructure that is necessary for the apartment buildings' tenants.

Provision is initially recognised in the amount of expected costs to construct social infrastructure discounted for the year of the social infrastructure objects' construction. Subsequently the provision is decreased by the actually incurred costs.

The costs for the social infrastructure objects construction are initially recognized in inventories and subsequently are included into the cost of sales based on the stage of construction completion and selling progress.

(m) Revenues

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, adjusted for variable considerations (e.g. discounts) and the significant financing component, which reflects the price that a customer would have paid for the promised goods when (or as) they are transferred to the customer. Revenue is recognised when the control is transferred to a customer.

Type of goods / services	Revenue recognition	Significant payment terms
Revenue under share participation agreements in development	Revenue is recognized in accordance with contracts' stage of completion	Payment is usually received before the construction's completion
Revenue under sales contracts in development	Revenue is recognized when control is transmitted to the customer (at the earliest from two events: act of acceptance signing or legal title registration)	Payment is normally received prior to the act of acceptance signing
Sale of finished goods	Revenue is recognized when control is transmitted to the customer	The bill is payable either before the dispatch or based on the period, stated in the contract
Construction and research services	Revenue is recognized in accordance with contracts' stage of completion	The services are paid based on the contracts' schedule
Tower crane services	Revenue is recognised over time	After the services are rendered (in the current month for the prior month)
Services	Revenue is recognized upon the stage of completion.	Based on the contract terms, normally - after the services has been rendered

The Group estimates significant financing component at contract inception using an interest rate that would be reflected in a separate financing transaction between the entity and its customer. Interest expense recognized as a result of adjusting for the effect of the significant financing component is regarded as borrowing costs, as prepayments received under share participation agreements are considered specific borrowings.

The significant financing component is capitalised in the cost of land plots, on which construction objects are being built.

The timing of the transfer of control – satisfaction of performance obligation varies depending on the individual terms of the contract.

The major part of the Group's revenue is contracted under share participation agreements.

The Group applies input method to measure progress towards satisfaction of performance obligations as costs incurred relative to the total expected inputs. Costs of land plots are excluded from both incurred and expected inputs and are recognized in cost of sales based on the same measure of progress as revenue.

The transaction price in sales to customers using the escrow accounts is determined taking into the account the economy from decrease in interest base rates on project financing depending on cash placed by customers on escrow accounts. Any change in initial estimate of such savings is recognized at the time when such change takes place.

(ii) Services

Revenue from services, rendered by the Group's companies is recognised in the statement of profit or loss and other comprehensive income over time, applying the input method to measure progress towards satisfaction of performance obligation when it is possible under standard IFRS 15.

(iii) Construction contracts and designing

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the statement of profit or loss and other comprehensive income over time, applying the input method to measure progress towards satisfaction of performance obligation. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

An expected loss on a contract is recognised immediately in the statement of profit or loss and other comprehensive income.

(n) Other expenses

(i) Social expenditure

To the extent that the Group's contributions to social programs benefit the community at large and are not restricted to the Group's employees, they are recognised in the statement of profit or loss and other comprehensive income as incurred.

(o) Finance income and finance costs

The Group's finance income and finance costs include interest income, interest expense, dividend income, the net gain or loss on the disposal of investments in debt securities measured at FVOCI, the net gain or loss on financial assets at FVTPL, the foreign currency gain or loss on financial assets and financial liabilities, impairment losses (and reversals) on investments in debt securities carried at amortised cost or FVOCI, the fair value loss on contingent consideration classified as a financial liability.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

Interest expenses directly attributable to the cost of inventory, namely land plots for the construction of properties, or other qualifying assets, which require considerable time to be prepared for planned use or sale, are included in the cost of such assets until they are recognised in cost of sales.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Foreign currency gains and losses are reported on a net basis.

(p) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to

income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

(r) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Inter-segment pricing is determined on an arm's length basis.

(s) New Standards and Interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

• *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Group accounts for deferred tax on leases applying the 'integrally linked' approach, resulting in a similar outcome to the amendments, except that the deferred tax impacts are presented net in the statement of financial position. Under the amendments, the Group will recognise a separate deferred tax asset and a deferred tax liability. The Group has not yet determined the outcome of the potential impact of these improvements on its financial position. The adoption of the amendments will not have any impact on retained earnings.

- ***Other standards***

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).
- Sales or contributions of assets between an investor and its associate/joint venture (Amendments to IFRS 10/IAS 28).

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

- (a) **Property, plant and equipment**

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between market participants in an orderly transaction. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

When no quoted market prices are available, the fair value of property, plant and equipment is primarily determined using depreciated replacement cost. This method considers the cost to reproduce or replace the property, plant and equipment, adjusted for physical, functional or economical depreciation (via application of discounted cash flow method), and obsolescence.

- (b) **Intangible assets**

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-year excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(c) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(d) Investments in equity and debt securities

The fair value of financial assets measured at amortised cost or measured at fair value through profit or loss and other comprehensive income is determined by reference to their quoted closing bid price at the reporting date. The fair value of financial assets measured at amortised cost is determined for disclosure purposes only. Investments in equity securities that are not quoted on a stock exchange are principally valued using valuation techniques such as discounted cash flow analysis, option pricing models and comparisons to other transactions and instruments that are substantially the same.

(e) Contract assets, trade and other receivables

The fair value of contract assets, trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(f) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For leases the market rate of interest is determined by reference to similar lease agreements.

5 Operating segments

The Group has two reportable segments as described below which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately, because they require different technology and marketing strategies. The format of reporting segments is based on Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other assets and revenue, interest-bearing loans, borrowings, and corporate assets, liabilities and expenses.

(a) Operating segments

The following summary describes the operations in each of the Group's segments:

Building Materials. The building materials business units are engaged in the production of brick, concrete and reinforced concrete items, ready-mix concrete, aerated concrete blocks, crushed stone production, land-based and marine-dredged sand extraction, providing of tower cranes services, fleet services. These business units are located in Saint Petersburg, Leningrad region and Moscow.

Real Estate Development and Construction. The Real Estate and Construction business units specialize in the development of elite, mass-market and business class residential real estate and commercial real estate, panel construction, providing of construction contracting services, transportation of construction materials. These business units are located in Saint Petersburg, Moscow and Ural region.

There are varying levels of integration between the “*Building Materials*” and “*Real Estate Development and Construction*” reportable segments. This integration includes transfers of raw materials and services, respectively. Inter-segment pricing is determined on an arm's length basis. The accounting policies of the reportable segments are the same as described in notes 2 and 3.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The operations of the Group are conducted and managed primarily in North-West region, Moscow and Ural, where the production facilities and sales offices of the Group are located. The Group has also operations abroad, the volume of which is not significant to total operations of the Group. Accordingly, no geographical segmental information is presented.

(b) Major customers

Revenues from the largest customer of the Group represents approximately RUB 1,450 million (six-month period ended 30 June 2021: RUB 1,028 million).

Revenue from the next four significant customers of the Group amounts approximately to RUB 2,048 million (six-month period ended 30 June 2021: RUB 1,519 million).

(i) Operating segments

For the six-month period ended

30 June 2022

mln RUB

Revenue from external customers

	Building Materials	Real Estate Development and Construction	Other entities	Total
Revenue from external customers	11,362	49,764	852	61,978
Inter-segment revenue	579	274	-	853
Total segment revenue	11,941	50,038	852	62,831
Segment result	3,116	15,329	-	18,445
Depreciation/amortisation	555	268	106	929
Capital expenditure	527	271	1,043	1,841

Depreciation/amortisation

Capital expenditure

For the six-month period ended

30 June 2021 (recalculated)

mln RUB

Revenue from external customers

	Building Materials	Real Estate Development and Construction	Other entities	Total
Revenue from external customers	8,317	44,044	305	52,666
Inter-segment revenue	206	55	-	261
Total segment revenue	8,523	44,099	305	52,927
Segment result	852	12,293	-	13,145
Depreciation/amortisation	576	247	134	957
Capital expenditure	768	300	604	1,672

Segment result

Depreciation/amortisation

Capital expenditure

As at 30 June 2022

mln RUB

Segment assets

Segment liabilities

	Building Materials	Real Estate Development and Construction	Other entities	Total
Segment assets	22,103	317,129	-	339,232
Segment liabilities	6,526	102,392	-	108,918

As at 31 December 2021 (recalculated)

mln RUB

Segment assets

Segment liabilities

	Building Materials	Real Estate Development and Construction	Other entities	Total
Segment assets	22,465	293,469	-	315,934
Segment liabilities	5,802	95,410	-	101,212

Reconciliations of reportable segment revenues, profit, assets and liabilities and other material items

Revenue

mln RUB

Total revenue for reportable segments

Other revenue

Transportation revenue

Elimination of intersegment revenue

Consolidated revenue

Six-month period ended 30 June

2022

2021

62,831

52,927

362

534

3,029

1,621

(853)

(261)

65,369

54,821

Profit for the period mln RUB	Six-month period ended 30 June	
	2022	2021
Total segment result	18,445	13,145
Other result	(46)	461
Unallocated expenses and income, net	(1,933)	(2,213)
Finance income	1,486	1,296
Finance costs	(9,465)	(4,380)
Income tax expense	(2,083)	(2,615)
Consolidated profit for the period	6,404	5,694

Assets		
mln RUB	30 June 2022	31 December 2021
Segment assets, excluding net financial position	339,232	315,934
Elimination of intersegment assets	(4,625)	(5,193)
Unallocated assets	51,092	38,135
Total assets	385,699	348,876

Liabilities		
mln RUB	30 June 2022	31 December 2021
Segment liabilities, excluding net financial position	108,918	101,212
Elimination of intersegment liabilities	(14,056)	(22,765)
Consolidated loans and borrowings	185,305	169,287
Unallocated liabilities	8,698	8,135
Total liabilities	288,865	255,869

Other material items mln RUB	Six-month period ended 30 June	
	2022	2021
Capital expenditure	1,841	1,672
Elimination of intersegment purchases	(8)	(5)
Consolidated capital expenditure	1,833	1,667

6 Acquisitions and disposals of subsidiaries and non-controlling interests

(a) Acquisition of subsidiaries

During the six-month period ended 30 June 2022 the Group has not acquired any subsidiaries.

In June 2021 one of the Group subsidiaries acquired 87.18% of shares of JSC “Sanatorium “Sestroretsky Kurort” from the third parties. The acquired entity provides sanatorium, medical and resort services. The entity is located in Saint Petersburg’s resort area, at the Gulf of the Finland’s shore. The entity was included in segment “Other”. The primary reason of the business acquisition was the strategic extension and diversification of the business activities.

(b) Disposal of subsidiaries

During the six-month period ended 30 June 2022 and the six-month period ended 30 June 2021 the Group has not disposed any subsidiaries.

(c) Changes in non-controlling interests

During the six-month period ended 30 June 2022 the Group acquired an additional interest in a number of subsidiaries from third parties. The Group recognised a decrease in non-controlling interest of RUB 120 million. Distribution from shareholders of RUB 18 million was recognised directly in equity.

During the six-month period ended 30 June 2021 the Group has not acquired an additional interest.

7 Administrative expenses

mln RUB	Six-month period ended 30 June	
	2022	2021
Wages and salaries	4,011	3,105
Services	821	610
Overhead expenses on finished projects	760	645
Social expenditure	297	854
Taxes other than profit tax	367	326
Depreciation and amortisation	92	126
Materials	90	66
Insurance	11	20
Other administrative expenses	493	322
	6,942	6,074

8 Other income and expenses

mln RUB	Six-month period ended 30 June	
	2022	2021
Other income:		
Gain on disposal of other assets	43	53
Gain on disposal of property, plant and equipment	36	67
Gain on disposal of subsidiaries	-	72
Other income	-	164
Total other income	79	356
Other expenses:		
Other expenses	(517)	(702)
Total other expenses	(517)	(702)
Net other expenses	(438)	(346)

9 Total personnel costs and share-based payment

mln RUB	Six-month period ended 30 June	
	2022	2021
Wages and salaries:		
Cost of sales	4,413	3,219
Administrative expenses	4,011	3,105
Distribution expenses	183	144
	8,607	6,468

In 2018 the Group has in general approved a long-term motivation program for its key employees. The program's period covers 2019-2023 financial years. However, during the 2019 and 2020 financial years, the Group has been in process of establishing and approving the specific terms for the program.

The program entitles key management and senior personnel to a certain number of the Group's shares, which depends on the participants' annual salary and position within the Group.

The shares would be granted in case of successful program completion in 2024, upon achievement of certain financial and non-financial Group level KPIs.

The accrual for the year ended 31 December 2022 will be performed upon the analysis of the 2022 consolidated financial statements (for the year ended 31 December 2021 it was accrued RUB 358 million).

10 Finance income and finance costs

mln RUB	Six-month period ended 30 June	
	2022	2021
Recognised in profit or loss		
Finance income		
Interest income	1,463	1,260
Unwind of discount	14	9
Foreign exchange gain	3	27
Other financial income	6	-
	1,486	1,296
Finance costs		
Interest expense	(7,028)	(3,418)
Interest expense (significant financing component and effect from beneficial rates applies to escrow loans)	(1,642)	(714)
Unwind of discount	(427)	(36)
Change in allowance recognised for doubtful debts	(221)	(39)
Foreign exchange loss	(133)	(30)
Loss from write-off financial assets	(12)	(129)
Other finance costs	(2)	(14)
	(9,465)	(4,380)
Net finance costs recognised in profit or loss	(7,979)	(3,084)
Recognised in other comprehensive income		
Finance costs		
Foreign currency translation differences for foreign operations	(1,289)	(44)
Finance costs recognised in other comprehensive income, net of tax	(1,289)	(44)

In addition to borrowing costs recognised as an expense during the period ended 30 June 2022, interest in the amount of RUB 552 million (30 June 2021: RUB 432 million) has been capitalized using a capitalization rate of 9.84% (30 June 2021: 6.90%) as part of the work in progress, construction of buildings.

In addition to interest expense (significant financing component), recognized as finance costs during the period ended 30 June 2022, interest expense in the amount of RUB 140 million (30 June 2021: RUB 150 million) has been capitalized as part of the work in progress, construction of buildings.

In addition to unwind of discount on long-term payables for land plots and lease rights, recognized as finance costs during the period ended 30 June 2022, unwind of discount in the amount of RUB 94 million (30 June 2021: RUB 103 million) has been capitalized as part of the work in progress, construction of buildings.

11 Income tax expense

mln RUB	Six-month period ended 30 June	
	2022	2021
<i>Current tax expense</i>		
Current period	2,701	1,858
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	(618)	757
Income tax expense	2,083	2,615

The majority of the Group activities are taxed in Russia at a corporate income tax rate of 20.00% (2021: 20.00%).

Reconciliation of effective tax rate:

	Six-month period ended 30 June			
	2022	%	2021	%
mln RUB	mln RUB	mln RUB	mln RUB	mln RUB
Profit for the period	6,404	75	5,694	69
Income tax expense	2,083	25	2,615	31
Profit before income tax	8,487	100	8,309	100
Income tax at applicable tax rate	1,697	(20)	1,662	(20)
Non-taxable income	(3)	-	(21)	1
Non-deductible expenses	420	(5)	634	(8)
Derecognition of previously recognised deductible temporary difference	-	-	343	(4)
Tax incentives	(31)	-	(3)	-
Total income tax expense for the period	2,083	(25)	2,615	(31)

12 Revenue

The following table provides a breakdown of the Group's revenue based on timing of satisfaction of its performance obligations – over time or at the point in time.

mln RUB	Six-month period ended 30 June	
	2022	2021
Revenue recognized over time under share participation agreements (refer to note 3 (h) (i))	42,440	37,161
Revenue recognized over time under long-term construction contracts (refer to note 3 (h) (iii))	2,211	1,308
Revenue recognized over time under automated services contracts, (refer to note 3 (h) (ii))	412	269
Total revenue recognised over time	45,063	38,738
Total revenue recognized at a point in time	20,306	16,083
Total revenue	65,369	54,821

Total revenue recognised over time for six-month period ended 30 June 2022 includes revenue of the Real Estate and Construction business units in amount of RUB 44,651 million and the Building materials business units in amount of RUB 412 million (for six-month period ended 30 June 2021: the Real Estate and Construction business units – RUB 38,469 million, the Building materials business units – RUB 269 million).

Total revenue recognised at a point in time for six-month period ended 30 June 2022 includes revenue of the Real Estate and Construction business units in amount of RUB 5,387 million, the Building materials business units in amount of RUB 11,529 million and Other entities in amount of RUB 852 million (for six-month period ended 30 June 2021: the Real Estate and Construction business units – RUB 5,630 million, the Building materials business units – RUB 8,254 million, Other entities – RUB 305 million).

Revenue segregated by product type is presented below:

mln RUB	Six-month period ended 30 June	
	2022	2021
Sand	676	413
Crushed Granite	2,281	1,162
Fleet services	50	56
Ready-mix Concrete	1,739	1,490
Brick	2,974	1,624
Aerated Concrete	3,123	3,228
Tower crane services	519	344
Sales of Residential Property and Construction services provision	49,764	44,044
Other	4,243	2,460
Total consolidated revenue	65,369	54,821

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

mln RUB	30 June 2022	31 December 2021
Receivables, which are included in “trade receivables”	6,084	5,090
Contract assets	30,527	27,067
Contract liabilities	(37,703)	(35,936)

The contract assets relate to the Group’s right for consideration for work completed but not billed at the reporting date on share participation agreements and construction contracts. The contract assets are transferred to receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customers under participant agreements. For breakdown of contract liabilities by type of contracts, see note 24.

Significant changes in the liabilities balances during the periods are as follows:

mln RUB	30 June 2022	31 December 2021
Increase due to cash received, excluding amount recognized as revenue during the period	12,655	19,607
mln RUB	Six-month period ended 30 June	
Revenue recognized that was included in the contract liability balance at the beginning of the period	10,254	18,653

The remaining aggregate amount of the transaction price allocated to the performance obligations under share participation agreements that are unsatisfied or partially unsatisfied as of the end of the reporting period and are expected to be recognized within the next two to three years equals to RUB 69,116 million (31 December 2021 RUB 60,895 million).

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

13 Property, plant and equipment

mln RUB	Land and buildings	Machinery and equipment	Transportation equipment	Other fixed assets	Assets under construction	Total
<i>Cost/Deemed cost</i>						
At 1 January 2021	21,650	16,848	4,545	1,042	557	44,642
Acquisitions through business combinations	982	17	2	6	-	1,007
Additions	633	401	85	48	500	1,667
Disposals	(110)	(126)	(173)	(12)	(5)	(426)
Reclassifications to inventories	(61)	-	-	-	-	(61)
Transfers and reclassifications	97	358	24	-	(479)	-
Effect of movements in exchange rates	13	20	(53)	-	(1)	(21)
At 30 June 2021	<u>23,204</u>	<u>17,518</u>	<u>4,430</u>	<u>1,084</u>	<u>572</u>	<u>46,808</u>
At 1 January 2022	23,342	17,755	3,442	1,128	5,649	51,316
Additions	167	327	220	51	1,068	1,833
Disposals	(102)	(96)	(173)	(12)	(3)	(386)
Reclassifications from /(to) inventories	621	-	-	-	-	621
Transfers and reclassifications	27	157	-	-	(184)	-
Effect of movements in exchange rates	(313)	(447)	(43)	(8)	(265)	(1,076)
At 30 June 2022	<u>23,742</u>	<u>17,696</u>	<u>3,446</u>	<u>1,159</u>	<u>6,265</u>	<u>52,308</u>
<i>Depreciation and impairment losses</i>						
At 1 January 2021	(6,748)	(12,699)	(2,934)	(863)	-	(23,244)
Depreciation charge	(334)	(443)	(125)	(42)	-	(944)
Disposals	79	111	166	11	-	367
Effect of movements in exchange rates	(5)	(11)	2	-	-	(14)
At 30 June 2021	<u>(7,008)</u>	<u>(13,042)</u>	<u>(2,891)</u>	<u>(894)</u>	<u>-</u>	<u>(23,835)</u>

mln RUB	Land and buildings	Machinery and equipment	Transportation equipment	Other fixed assets	Assets under construction	Total
At 1 January 2022	(7,250)	(13,289)	(2,821)	(914)	-	(24,274)
Depreciation charge	(333)	(451)	(91)	(45)	-	(920)
Disposals	37	94	173	11	-	315
Effect of movements in exchange rates	132	270	32	5	-	439
At 30 June 2022	<u>(7,414)</u>	<u>(13,376)</u>	<u>(2,707)</u>	<u>(943)</u>	<u>-</u>	<u>(24,440)</u>
<i>Net book value</i>						
At 1 January 2021	14,902	4,149	1,611	179	557	21,398
At 30 June 2021	<u>16,196</u>	<u>4,476</u>	<u>1,539</u>	<u>190</u>	<u>572</u>	<u>22,973</u>
At 1 January 2022	<u>16,092</u>	<u>4,466</u>	<u>621</u>	<u>214</u>	<u>5,649</u>	<u>27,042</u>
At 30 June 2022	<u>16,328</u>	<u>4,320</u>	<u>739</u>	<u>216</u>	<u>6,265</u>	<u>27,868</u>

During the period ended 30 June 2022 depreciation expense of RUB 795 million has been charged in cost of goods sold (six-month period ended 30 June 2021: RUB 787 million), RUB 31 million in distribution expenses (six-month period ended 30 June 2021: RUB 34 million) and RUB 89 million in administrative expenses (six-month period ended 30 June 2021: RUB 123 million).

(a) Impairment

Property, plant and equipment were tested for impairment; the basis for impairment is disclosed in note 14.

(b) Security

Properties with a carrying amount of RUB 7,086 million are subject to a registered debenture to secure bank loans (31 December 2021: RUB 5,341 million) (refer to note 22).

(c) Lease rights

As at 30 June 2022, the net book value of lease rights included in property, plant and equipment, mostly land plots, was RUB 314 million (31 December 2020: RUB 317 million). Depreciation for period ended 30 June 2022 amounted to RUB 5 million (six-month period ended 30 June 2021: nil). Information on lease agreements is also provided in note 26.

14 Intangible assets

mln RUB	Goodwill	Other	Total
<i>Cost</i>			
Balance at 1 January 2021	3,522	929	4,451
Acquisitions through business combinations	145	1	146
Additions	-	3	3
Balance at 30 June 2021	<u>3,667</u>	<u>933</u>	<u>4,600</u>
Balance at 1 January 2022	3,667	955	4,622
Additions	-	15	15
Effect of movements in exchange rates	-	(10)	(10)
Balance at 30 June 2022	<u>3,667</u>	<u>960</u>	<u>4,627</u>
<i>Amortisation and impairment losses</i>			
Balance at 1 January 2021	(187)	(143)	(330)
Amortisation charge	-	(14)	(14)
Balance at 30 June 2021	<u>(187)</u>	<u>(157)</u>	<u>(344)</u>
Balance at 1 January 2022	(187)	(171)	(358)
Amortisation charge	-	(15)	(15)
Effect of movements in exchange rates	-	1	1
Balance at 30 June 2022	<u>(187)</u>	<u>(185)</u>	<u>(372)</u>
<i>Net book value</i>			
At 1 January 2021	<u>3,335</u>	<u>786</u>	<u>4,121</u>
At 30 June 2021	<u>3,480</u>	<u>776</u>	<u>4,256</u>
At 1 January 2022	<u>3,480</u>	<u>784</u>	<u>4,264</u>
At 30 June 2022	<u>3,480</u>	<u>775</u>	<u>4,255</u>

Other intangible assets mainly include licences for extraction of sand and crushed granite in Leningrad region.

(a) Impairment testing of goodwill, other intangible assets and property, plant and equipment

Goodwill is allocated to the Group's entities or business units when appropriate. For the purpose of impairment testing these units represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each entity or business unit (BU) and the related impairment losses recognised are as follows:

Entity / Business Unit mln RUB	Operating Segment	30 June 2022			31 December 2021		
		Allocated goodwill	Impairment losses	Net book value	Allocated goodwill	Impairment losses	Net book value
BU LSR. Wall Materials (Aerated Concrete)	Building Materials	819	(164)	655	819	(164)	655
JOINT-STOCK COMPANY "CONSTRUCTION CORPORATION "REVIVAL OF SAINT-PETERSBURG"	Real Estate and Construction	23	(23)	-	23	(23)	-
LSR.Construction-Urals Ltd	Real Estate and Construction	736	-	736	736	-	736
AO "Spetsializirovanny zastroishchik "LSR.Nedvizimost-Ural"	Construction	1,277	-	1,277	1,277	-	1,277
BU LSR.Basic Materials	Building Materials	155	-	155	155	-	155
BU LSR. Wall Materials (Brick)	Building Materials	512	-	512	512	-	512
JSC "Sanatorium "Sestroretsky Kurort"	Other	145	-	145	145	-	145
		<u>3,667</u>	<u>(187)</u>	<u>3,480</u>	<u>3,667</u>	<u>(187)</u>	<u>3,480</u>

Impairment review was conducted by the Group as at 31 December 2021 and will be tested for impairment as at 31 December 2022.

Although major assumptions remained unchanged, the Group performed impairment review of non-financial assets including goodwill as at 30 June 2022 with regard to those business units, for which impairment indicators were identified.

The cash flow projections and budgeted results were updated to take into consideration current economic circumstances.

Segment "Building Materials":

- Cash flows were projected based on budgeted operating results for 2022 and three-six years business plans;
- Cash flows for further years were extrapolated assuming 2.00% further growth in production;
- Pre-tax discount rate of 14.50% was applied in determining the recoverable amount of the plants. The discount rate was estimated based on the Group weighted average cost of capital, which was based on a possible range of debt leveraging of 48.54% at a market interest rate of 12.76% p.a. and an industry average beta-coefficient.

Segment “Real Estate and Construction”:

- Cash flows were projected based on budgeted operating results for 2022 and four years business plans;
- Plan for 2022 is prepared based on the actual contract portfolio and the actual prices;
- Cash flows for further years were assuming 2.00% further growth in production;
- Pre-tax discount rate of 19.55% was applied in determining the recoverable amount of the plants. The discount rate was estimated based on the Group weighted average cost of capital, which was based on a possible range of debt leveraging of 50.07% at a market interest rate of 10.56% p.a. and an industry average beta-coefficient.

The values assigned to the key assumptions represent management’s assessment of future trends in the construction, development and construction materials production industry and are based on both external sources and internal sources.

No impairment loss was recognised in respect of goodwill allocated to the entities and business units above and other non-financial assets, as the impairment test demonstrates that for these entities and business units’ values in use are significantly higher than carrying amounts in aggregate and individually.

15 Other investments

mln RUB	30 June 2022	31 December 2021
<i>Non-current</i>		
Investments at amortised cost:		
<i>Stated at cost</i>	24	24
Originated loans	4,598	304
	<u>4,622</u>	<u>328</u>
<i>Current</i>		
Originated loans	346	6,000
	<u>346</u>	<u>6,000</u>

The Group’s exposure to credit, currency and interest rate risks related to other investments is disclosed in note 25.

16 Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

mln RUB	Assets		Liabilities		Net	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Property, plant and equipment	(135)	(93)	1,086	1,066	951	973
Intangible assets	(5)	(5)	42	33	37	28
Inventories	(20,384)	(19,432)	1,265	897	(19,119)	(18,535)
Contract assets, trade and other receivables	(957)	(855)	1,440	885	483	30
Loans and borrowings	-	-	643	248	643	248
Contract liabilities, trade and other payables	(867)	(740)	22,135	22,251	21,268	21,511
Tax loss carry-forwards	(3,303)	(2,675)	-	-	(3,303)	(2,675)
Tax (assets)/liabilities	(25,651)	(23,800)	26,611	25,380	960	1,580
Set off of tax	21,509	20,090	(21,509)	(20,090)	-	-
Net tax (assets)/liabilities	(4,142)	(3,710)	5,102	5,290	960	1,580

Deferred tax assets on tax losses carry-forwards recognised as at 30 June 2022 represent tax effect of accumulated unused tax losses recoverable by the future taxable profit. In assessing recoverability of deferred tax assets on tax losses carry-forward the Group applied the same input data and assumptions as it used for impairment testing of goodwill and property, plant and equipment (refer to note 14). The major part of those tax losses relates to operating segments “Building Materials”, “Other” and “Real Estate Development and Construction”.

(b) Movement in temporary differences during the period

mln RUB	1 January 2022	Recognised in profit or loss		Acquired/ disposed	30 June 2022
		Acquired/ disposed	30 June 2022		
Property, plant and equipment	973	(22)	-		951
Intangible assets	28	9	-		37
Inventories	(18,535)	(584)	-		(19,119)
Contract assets, trade and other receivables	30	453	-		483
Loans and borrowings	248	395	-		643
Contract liabilities, trade and other payables	21,511	(243)	-		21,268
Tax loss carry-forwards	(2,675)	(626)	(2)		(3,303)
	1,580	(618)	(2)		960

mln RUB	1 January 2021	Recognised in profit or loss		Acquired/ disposed	30 June 2021
		Acquired/ disposed	30 June 2021		
Property, plant and equipment	330	456	-	197	983
Intangible assets	31	(2)	-		29
Inventories	(16,564)	268	1		(16,295)
Contract assets, trade and other receivables	(454)	42	-		(412)
Contract liabilities, trade and other payables	18,744	17	-		18,761
Tax loss carry-forwards	(3,045)	(24)	(8)		(3,077)
	(958)	757	190		(11)

(c) Unrecognised deferred tax assets

There are no unrecognised deferred tax assets to the reporting dates.

17 Inventories

mln RUB	30 June 2022	31 December 2021
Work in progress, construction of buildings	160,039	130,440
Finished goods, construction of buildings	30,997	30,800
Lease rights	15,724	16,266
Social infrastructure	12,561	12,284
Raw materials and consumables	4,279	3,808
Finished goods and goods for resale	1,864	1,767
Work in progress	1,132	989
	226,596	196,354
Less: allowance for obsolete inventory	(925)	(634)
	225,671	195,720

Work in progress, construction of buildings represents the expenditure incurred during the construction of buildings before they are put into operation. The expenditure is financed by liabilities under share participation agreements (refer to note 24), loans and borrowings (refer to note 22), and profits of the developer.

Work in progress, construction of buildings with a carrying amount of RUB 133,319 million are expected to be completed in more than 12 months from the reporting date (31 December 2021: RUB 97,518 million).

Lease rights represent assets under land lease contracts and the amount paid to obtain the right of development of land plot which are capitalized into the cost of object upon completion of development. Lease rights are recognized at the present value of future cash outflows (refer to note 24).

Significant financing component, related to the real estate contracts under share participation agreements, with a carrying amount of RUB 805 million was capitalized as a part of work in progress, construction of buildings (31 December 2021: RUB 758 million).

Inventories with a carrying amount of RUB 21,365 million are subject to a registered debenture to secure bank loans (31 December 2021: RUB 14,348 million) (refer to note 22).

Inventories with a carrying amount of RUB 12,281 million are pledged to secure payments under the purchase contracts for land plots with payment by instalments (31 December 2021: RUB 1,280 million).

Social infrastructure represents the amount of expected costs for the social infrastructure objects' construction.

Unwind of discount on provision for social infrastructure in the amount of RUB 398 million (31 December 2021: RUB 231 million) has been capitalized as part of social infrastructure.

The following is movement in the allowance for obsolete inventory:

mln RUB	2022	2021
Balance at 1 January	634	770
Change in the allowance for obsolete inventory	291	(440)
Balance at 30 June	925	330

As at 30 June 2022 the net realizable value testing resulted in an amount which was less than the carrying amount by RUB 925 million (31 December 2021: RUB 634 million) and the respective allowance was recognized in cost of sales. As at 30 June 2022 major part of the allowance of RUB 870 million (31 December 2021: RUB 578 million) relates to finished goods and goods for resale.

The impairment allowance was made based on the following key assumptions:

- Cash inflows were projected as total of contracted revenue and forecasted revenue determined based on current prices or prices of objects considered analogues;
- Cash outflows include costs accumulated to date and budgeted costs to finish the construction.

18 Contract assets, trade and other receivables

mln RUB	30 June 2022	31 December 2021
Non-current		
Accounts receivable – trade	227	194
Other receivables	47	4
	274	198
Current		
Assets under share participation agreements	30,181	26,782
Prepayments to suppliers	22,512	20,126
Accounts receivable – trade	2,729	3,322
Receivables under share participation agreements	3,169	1,574
Asset on escrow	2,489	1,254
VAT receivable	591	524
Assets under construction contracts	373	285
Notes receivable	195	197
Income tax receivable	100	214
Deferred expenses	65	89
Employee receivables	6	2
Other receivables	10,718	2,978
	73,128	57,347
Provision for doubtful debtors	(1,399)	(1,205)
	71,729	56,142

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables (excluding construction work in progress) are disclosed in note 25.

19 Cash and cash equivalents

mln RUB	30 June 2022	31 December 2021
Petty cash	11	5
Current accounts	41,048	54,392
Call deposits	5,733	1,075
Cash and cash equivalents in the consolidated interim statement of financial position and consolidated interim statement of cash flows	<u>46,792</u>	<u>55,472</u>
Cash on escrow accounts	64,288	45,017
Cash and cash equivalents including cash on escrow accounts	<u>111,080</u>	<u>100,489</u>

Cash on escrow accounts

The cash on escrow accounts, which are not reflected in the consolidated interim statement of financial position of the Group, represent funds, received by authorized bank from the real estate buyers as the settlement of the share participation agreements' price.

In accordance with the changes in the Federal Law №214-FZ that has come in effect as at 1 July 2019, the financing received by the developer from the customers under share participation agreements is received to the authorized bank accounts. The developer has no longer access to these funds but can obtain bank loans that are secured by those funds at the lower interest rates. The access to these funds is obtained only upon the corresponding constructions' completion. The developer reflects those funds "off balance" and discloses for information purposes only within cash on escrow accounts.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 25.

The Group's ability to use funds on current accounts is not restricted by the covenant disclosed in note 22.

20 Equity

(a) Share capital

Number of shares unless otherwise stated

	Ordinary shares	
	30 June 2022	31 December 2021
Par value	RUB 0.25	RUB 0.25
On issue at beginning of the period	103,030,215	103,030,215
On issue at end of the period, fully paid	<u>103,030,215</u>	<u>103,030,215</u>

The holders of ordinary shares are entitled to receive dividends which can be declared from time to time and are entitled to one vote per share at meetings of the Company.

(b) Treasury shares

The treasury shares comprises the cost of the Company's shares held by the Company. At the reporting date the Company held 19,409,112 of its own shares (31 December 2021: 17,745,112).

(c) Dividends

In accordance with Russian legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with Russian Accounting Standards. As at 30 June 2022 the Company had unaudited and not reviewed retained earnings, including the profit for the current period, of RUB 17,493 million (as at 31 December 2021: RUB 16,602 million).

21 Earnings per share

The calculation of earnings per share is based on profit attributable to the shareholders of the Company divided by the weighted average number of ordinary shares outstanding during the period, refer to note 20 (a). The Company has no dilutive potential ordinary shares.

	2022	2021(Recalculated)
Issued shares at 1 January	103,030,215	103,030,215
Effect of own shares held	(19,230,173)	(2,829,442)
Weighted average number of shares for the period ended 30 June	<u>83,800,042</u>	<u>100,200,773</u>

22 Loans and borrowings

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, refer to note 25.

mln RUB	30 June 2022	31 December 2021
Non-current		
Secured bank loans	27,437	46,189
Project bank loans	23,411	8,532
Unsecured bank loans	25,615	55,713
Unsecured bond issues	25,400	25,400
Reconstruction loans	137	12
	<u>102,000</u>	<u>135,846</u>
Current		
Secured bank loans	27,764	6,421
Project bank loans	1,673	2,995
Unsecured bank loans	49,020	16,767
Unsecured bond issues	4,600	6,762
Unsecured other loans	248	496
	<u>83,305</u>	<u>33,441</u>

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

mln RUB	Currency	Nominal interest rate	Year of maturity	30 June 2022		31 December 2021	
				Face value	Carrying amount	Face value	Carrying amount
Secured facility	RUB	6.10% - 11.12%	2022 - 2024	55,201	55,201	52,610	52,610
Project facility	RUB	0.01% - 0.26%*	2023 - 2027	28,300	25,084	12,766	11,527
Reconstruction facility	RUB	4.00%	2036	507	137	42	12
Unsecured facility	RUB	4.25% - 12.50%	2022 - 2026	105,595	104,883	105,138	105,138
				<u>189,603</u>	<u>185,305</u>	<u>170,556</u>	<u>169,287</u>

* Loan facilities to finance the construction of residential buildings at an interest rate, depending on the amount of cash received to escrow accounts from the real estate buyers.

Changes in liabilities arising from financing activities were as follows:

mln RUB	Changes from financing activities				30 June 2022
	1 January 2022	Received	Paid	Other movements	
Bank and other loans	137,125	98,186	(76,975)	(3,031)	155,305
Bond issued	32,162	-	(2,162)	-	30,000
	<u>169,287</u>	<u>98,186</u>	<u>(79,137)</u>	<u>(3,031)</u>	<u>185,305</u>

mln RUB	Changes from financing activities				30 June 2021
	1 January 2021	Received	Paid	Other movements	
Bank and other loans	81,573	36,896	(14,238)	(299)	103,932
Bond issued	21,054	5,000	(1,196)	-	24,858
	<u>102,627</u>	<u>41,896</u>	<u>(15,434)</u>	<u>(299)</u>	<u>128,790</u>

Covenants and other matters

The Credit Agreements require the Group to comply with certain general, informational and financial covenants, including:

- a limitation on the Group's ability to incur additional debt beyond certain financial ratios;
- maintaining by the Group's of some of financial coefficients on a fixed level;
- subject to certain exceptions, a prohibition restricting the Group ability to issue significant borrowings, provide guarantees or indemnities to the third party;
- an obligation to provide to the Banks with such financial and other information, the Banks may reasonably require in relation to the loan contracts, including the Group's annual audited and unaudited consolidated financial statements, prepared in accordance with IFRS.

Credit arrangements for unsecured bank loans of RUB 10,067 million (31 December 2021: RUB 14,011 million) require Group to keep the ratio of bank account opened in the bank-lender to loan principal at no less than one.

The Group complies with covenants described above.

Bank loans are secured by the following:

- Property, plant and equipment with a carrying amount of RUB 7,086 million is pledged as collateral to secure bank loans (31 December 2021: RUB 5,341 million) – refer to note 13 (b).
- Inventories with a carrying amount of RUB 21,365 million are pledged as collateral to secure bank loans (31 December 2021: RUB 14,348 million) – refer to note 17.

The lease liabilities are secured by the leased assets.

Bank loans are secured by the pledge of the following shares in subsidiary companies as at 30 June 2022:

- 99.99% of “Specialized developer “Soymonovskiy, 3” Ltd,
- 100% of OOO “Primorskaya”,
- 99.99% of OOO “Spetsializirovanny zastroishchik “LSR. Klyuchi”.

23 Provisions

mln RUB	Site finishing	Environment restoration	Litigation provision	Provision for social infrastructure	Total
Current					
Balance at 1 January 2022					
	261	12	63	12,490	12,826
Provisions made during the period	78	-	70	211	359
Provisions used during the period	(113)	(1)	(31)	(440)	(585)
Unused provisions	(12)	-	(10)	-	(22)
Unwind of discount	-	-	-	398	398
Balance at 30 June 2022	214	11	92	12,659	12,976
Non-current					
Balance at 1 January 2022	-	21	-	-	21
Provisions made during the period	-	6	-	-	6
Balance at 30 June 2022	-	27	-	-	27

mln RUB	Site finishing	Environment restoration	Litigation provision	Provision for social infrastructure	Total
Current					
Balance at 1 January 2021					
	445	17	152	8,573	9,187
Provisions made during the period	28	-	24	2,852	2,904
Provisions used during the period	(36)	(3)	(40)	(146)	(225)
Unused provisions	-	-	(1)	-	(1)
Unwind of discount	-	-	-	155	155
Provisions reclassified based on terms during the period	-	-	-	598	598
Balance at 30 June 2021	437	14	135	12,032	12,618
Non-current					
Balance at 1 January 2021	-	103	-	598	701
Provisions made during the period	-	2	-	-	2
Provisions used during the period	-	(67)	-	-	(67)
Unused provisions	-	(21)	-	-	(21)
Provisions reclassified based on terms during the period	-	-	-	(598)	(598)
Balance at 30 June 2021	-	17	-	-	17

(a) Site finishing

The Group records provisions in respect of the Group's obligation to incur additional costs including costs associated with cleaning up the surrounding area after finishing the construction of apartment buildings in Saint Petersburg, Moscow and Yekaterinburg.

(b) Environment restoration

The Group records provisions in respect of the Group's obligation to clean up the surrounding area after quarrying sand in forested areas. The damage caused during quarrying is cleaned up after quarrying is completed. The amount of provision is estimated based on the available information. The Group expects the resulting outflow of economic benefits over the next five years.

(c) Litigation provision

The Group recognises provision on legal obligations that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(d) Provision for social infrastructure

The Group records provisions in respect of the Group's obligation to construct social infrastructure that is necessary for the apartment buildings' tenants.

Provision for social infrastructure is discounted as at 30 June 2022 at rate 8.78% (31 December 2021: 8.45%).

24 Contract liabilities, trade and other payables

mln RUB	30 June 2022	31 December 2021
Non-current payables		
Accounts payable – trade	12,190	6,685
Liabilities under lease contracts	345	751
Other payables	642	29
	13,177	7,465
Current payables		
Contract liabilities under share participation agreements	40,748	33,797
Accounts payable – trade	20,666	16,861
Employee-related liabilities	2,337	2,204
Taxes and other payables to the budget	1,913	1,394
Interest payable	1,407	803
Advances from customers under other contracts	1,231	1,488
Liabilities under lease contracts	1,088	867
Income tax payable	320	1,543
Liabilities under construction contracts	245	651
Other payables	2,323	1,372
	72,278	60,980

Trade payables include payables to be repaid in instalments. Payables for land plots are discounted at rates in the range of 7.53 - 11.20%.

Non-current accounts payable – trade include additional payables for acquired land plots of RUB 4,312 million (31 December 2021: RUB 3,605 million).

The amount of additional payables is estimated based on the projected premises' square meter selling prices and construction volumes.

The estimate of payments for land plots acquisition is largely sensitive to the change in expected market prices of premises in the buildings under construction.

The carrying amount of account payable for land plots as at 30 June 2022 is estimated based on increase of expected price per square meter by 3.96% and 3.97% annually. The increase of expected price of premises constructed on such land plots by 5.00% per square meter annually would have led to the increase of accounts payable for land plots acquisition by RUB 422 million. The analysis assumes that all other variables, in particular sales volumes, remain constant.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 25.

25 Financial risk management

(a) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk;
- operational risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated interim financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit Committee, which is responsible for developing and monitoring the Group's risk management policies. The Audit Committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by

Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash and cash equivalents.

About 87% of the Group's cash and cash equivalents are held in the top rated banks, which are included in the list of Russia's key financial institutions. The most significant cash balances are deposited in JSC Russian Agricultural Bank and PJSC Sberbank.

(i) *Contract assets, trade and other receivables*

Trade receivables from the largest five debtors of the Group represents approximately RUB 937 million (31 December 2021: RUB 966 million) of the Group's total Trade receivables. Geographically there is concentration of credit risk as the most significant part of Group's operations is located in Russia.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Managing Directors; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis.

Most of the Group's customers in the "Building Materials" operating segment have been transacting with the Group for over four years, and losses have occurred infrequently. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group does not have a unified policy for management of credit risk in place. Due to significant differences in operations at different business units specific credit policies are developed at the level of operational companies. Each of the operating companies has established procedures in place to review and collect outstanding receivables. New customers, as well as customers with significant outstanding and overdue balances are reviewed on a regular basis and resulting actions are put in place. All companies involved in the extraction and production of building materials have in place credit control procedures which require them to cancel despatching goods in case of the absence of a signed contract, previous fail to pay or previous violations of contract conditions. Also certain limits for the accounts receivable are established for particular customers.

"Real Estate Development and Construction" operating segment the Group is not exposed to significant credit risk as most customers are individuals and legal title on premises sold under share participation agreements is transferred to the customers upon full payment.

The Group establishes an allowance for impairment that represents its estimate of incurred and expected losses in respect of contract assets, trade and other receivables and investments. This allowance represents a specific loss component that relates to individually significant exposures.

The bank's credit rating is used for calculating expected credit losses (ECL) under contracts with customers for the sale of premises using escrow accounts opened in an authorized bank.

(ii) Investments

The Group does not invest any of its assets in traded securities. The Group limits its exposure to credit risk by investing in credit notes of trade counterparties (customers and suppliers of the Group) that have an appropriate reputation in the market. Management does not consider that any of the counterparties may not perform their obligations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

mln RUB	Carrying amount	
	30 June 2022	31 December 2021
Other investments at amortised cost	24	24
Loans and receivables	23,695	14,937
Assets under share participation agreements	30,181	26,782
Cash and cash equivalents	46,792	55,472
	100,692	97,215

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

mln RUB	Carrying amount	
	30 June 2022	31 December 2021
Domestic	2,860	3,445
Euro-zone countries	12	10
Other CIS countries	16	2
	2,888	3,457

The Group's most significant trade debtor accounts represents for RUB 254 million of the trade receivables carrying amount at 30 June 2022 (31 December 2021: RUB 257 million).

The total amount of impaired trade receivables at the reporting date was RUB 68 million (31 December 2021: RUB 59 million).

The ageing of trade receivables at the reporting date was:

mln RUB	Gross	Impairment	Gross	Impairment
	30 June 2022	30 June 2022	31 December 2021	31 December 2021
Not past due	1,604	-	2,925	-
Past due 0-30 days	313	-	220	-
Past due 31-60 days	136	7	110	-
Past due 61-90 days	60	(9)	55	-
Past due more than 90 days	843	(66)	206	(59)
	2,956	(68)	3,516	(59)

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

mln RUB	2022	2021
Balance at 1 January	(59)	(27)
Reversal	(9)	(39)
Balance at 30 June	(68)	(66)

The impairment loss at 30 June 2022 relates to several customers that have indicated that they are not expecting to be able to pay their outstanding balances, mainly due to economic circumstances. The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behaviour and internal analysis on the underlying customers' credit ratings.

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables, receivables under share participation agreements, assets under share participation agreements and originated loans as at 30 June 2022. The credit rating was reduced for many customers to reflect the negative impact of elevated economic uncertainty.

mln RUB	Equivalent to external credit rating (Agency Moody's)	Gross carrying amount	Impairment loss allowance	Credit-impaired
Grades 1–6: <i>Low risk</i>	Baa3- to Aaa	21	-	No
Grades 7–9: <i>Fair risk</i>	B1 to Ba1	53,855	-	No
Grade 12: <i>Loss</i>	D	1,174	(1,174)	Yes
		55,050	(1,174)	

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables, receivables under share participation agreements, assets under share participation agreements and originated loans as at 31 December 2021.

mln RUB	Equivalent to external credit rating (Agency Moody's)	Gross carrying amount	Impairment loss allowance	Credit-impaired
Grades 1–6: <i>Low risk</i>	Baa3- to Aaa	900	-	No
Grades 7–9: <i>Fair risk</i>	Ba3 to Ba1	40,819	-	No
Grade 12: <i>Loss</i>	D	<u>1,152</u>	<u>(1,152)</u>	Yes
		<u><u>42,871</u></u>	<u><u>(1,152)</u></u>	

The movement in the allowance for impairment in respect of advances paid and other receivables during the period was as follows:

mln RUB	2022	2021
Balance at 1 January	(1,146)	(1,209)
(Loss)/ Impairment reversal	<u>(185)</u>	<u>15</u>
Balance at 30 June	<u><u>(1,331)</u></u>	<u><u>(1,194)</u></u>

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses cash flow budgets which are prepared for each year and quarter to forecast potential liquidity deficit and identify sources of covering that deficit. As at 30 June 2022 the Group's undrawn credit facilities amount is RUB 113,952 million (31 December 2021: RUB 111,055 million).

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

30 June 2022 mln RUB	Average interest rate					
	Contractual	Effective	Less than 1 year	1-5 years	Over 5 years	Total
Secured bank loans:						
RUB*	6.10% - 10.51%	8.14%	27,764	21,487	-	49,251
RUB	CBR rate + 1.47% - CBR rate + 1.62%	10.99%	-	5,950	-	5,950
Project bank loans						
RUB*	0.01% - 0.26%	0.03%	1,673	23,411	-	25,084
Reconstruction loans						
RUB*	4.00%	4.00%	-	-	137	137
Unsecured bank loans:						
RUB*	4.25% - 14.24%	8.43%	42,020	15,476	-	57,496
RUB	CBR rate -5.00% - CBR rate + 1.95%	7.94%	7,000	10,139	-	17,139
Unsecured bond issues:						
RUB*	8.00% - 9.00%	8.48%	4,600	25,400	-	30,000
Unsecured other loans:						
RUB*	0.20% - 18.00%	12.48%	248	-	-	248
Trade and other payables						
	-		25,484	11,642	893	38,019
Future interest**			15,074	9,137	1,003	25,214
			123,863	122,642	2,033	248,538

*Fixed rate

** Future interest contains not charged, expected interest. Future interest does not reflect current payables of the Group. Future interest is calculated based on current credit facilities, which the Group had on 30 June 2022.

31 December 2021 mln RUB	Average interest rate						Total
	Contractual	Effective	Less than 1 year	1-5 years	Over 5 years		
Secured bank loans:							
RUB*	6.10% - 10.51%	8.07%	6,421	41,189	-		47,610
RUB	CBR rate + 1.47%	9.97%	-	5,000	-		5,000
Project bank loans							
RUB*	0.01%	0.01%	2,995	8,532	-		11,527
Reconstruction loans							
RUB*	4.00%	4.00%	-	-	12		12
Unsecured bank loans:							
RUB*	4.25% - 10.10%	7.09%	15,601	42,479	-		58,080
RUB	CBR rate + 1.25% - CBR rate + 2.1%	10.06%	1,166	13,234	-		14,400
Unsecured bond issues:							
RUB*	8.00% - 9.65%	8.53%	6,762	25,400	-		32,162
Unsecured other loans:							
RUB*	0.20% - 18.00%	12.49%	496	-	-		496
Trade and other payables							
	-		19,903	2,801	4,635		27,339
Future interest**							
	-		13,424	10,561	1,069		25,054
			66,768	149,196	5,716		221,680

*Fixed rate

** Future interest contains not charged, expected interest. Future interest does not reflect current payables of the Group. Future interest is calculated based on current credit facilities, which the Group had on 31 December 2021.

At the date this consolidated interim financial statements were approved, the management assessed the Group's liquidity position, taking into account the Russian Federation economic situation progress.

The management believes that even if the negative scenario is realized, the Group would not be forced to draw additional financing to meet its financial obligations.

As at 30 June 2022 the Group has in disposal the following resources in the amount of RUB 225,032 million: cash and cash equivalents, including escrow accounts in the amount of RUB 111,080 million and undrawn credit facilities in the amount of RUB 113,952 million.

The Group's operations are primarily located in Russian Federation, mainly with Russian suppliers and customers, therefore, the imposed sanctions do not influence the Group significantly.

Due to the subsidized mortgage loans' program was prolonged, as well as CBR rate ongoing reductions, the interest rates has also reduced, which in turn should stimulate the real estate demand.

For all its new development projects the Group will have the access to the customers' escrow accounts only upon the construction is completed. Thus, temporary reduction in demand on the real estate under construction will not significantly influence the Group's liquidity position in 2022. The projects on their high completion's stage, in which the management expects to obtain the access to escrow accounts in 2022, as at 30 June 2022 are mostly sold out. The other projects are expected to be completed and escrow accounts access is expected to be obtained in the period from 2023 till 2026.

Based on the above mentioned factors, the management believes that the Group has sufficient resources and undrawn credit facilities to fulfill its obligations to the customers and creditors.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Russian Rouble (RUB), but also EUR. The currencies in which these transactions primarily are denominated in EUR and USD.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily RUB. This provides an economic hedge and no derivatives are entered into.

Exposure to currency risk

The Group's exposure to currency risk was based on the following principal amounts:

30 June 2022

mln RUB

Contract assets, trade and other receivables
 Originated loans
 Contract liabilities, trade and other payables
 Net exposure

	EUR-denominated	USD-denominated
Contract assets, trade and other receivables	116	48
Originated loans	422	-
Contract liabilities, trade and other payables	(54)	(3)
Net exposure	<u>484</u>	<u>45</u>

31 December 2021

mln RUB

Contract assets, trade and other receivables
 Originated loans
 Contract liabilities, trade and other payables
 Net exposure

	EUR-denominated	USD-denominated
Contract assets, trade and other receivables	191	71
Originated loans	404	-
Contract liabilities, trade and other payables	(90)	(51)
Net exposure	<u>505</u>	<u>20</u>

The following significant exchange rates applied during the period:

	30 June 2022	31 December 2021
	RUB	RUB
1 USD equals	51.1580	74.2926
1 EUR equals	53.8580	84.0695

Sensitivity analysis

A 10.00% strengthening of RUB against the above currencies would have decreased profit by RUB 53 million. A 10.00% weakening of the RUB against the above currencies would have the equal but opposite effect on the basis that all other variables remain constant.

(ii) Interest rate risk

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

Profile

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

mln RUB	Carrying amount	
	30 June 2022	31 December 2021
Fixed rate instruments		
Financial assets	4,968	6,328
Financial liabilities	(162,216)	(149,887)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	(157,248)	(143,559)
Variable rate instruments		
Financial liabilities	(23,089)	(19,400)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and other comprehensive income, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect the consolidated interim statement of profit or loss and other comprehensive income.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

mln RUB	Profit or loss	
	100 bp increase	100 bp decrease
Year ended 30 June 2022		
Variable rate instruments	(231)	231
Cash flow sensitivity	(231)	231

(e) Fair values versus carrying amounts

The fair value of unquoted equity investments is discussed in note 4. In other cases management believes that the fair value of its financial assets and liabilities approximates their carrying amounts except for loans.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

30 June 2022	mln RUB	Note	Fair value			
			Carrying amount	Level 1	Level 2	Total
Financial assets						
Other investments at amortised cost	15		24	-	24	24
Loans and receivables			23,695	-	23,695	23,695
Cash and cash equivalents	19		46,792	46,792	-	46,792
			70,511	46,792	23,719	70,511
Financial liabilities						
Secured bank loans	22		(55,201)	-	(54,000)	(54,000)
Project bank loans	22		(25,084)	-	(26,965)	(26,965)
Reconstruction loans	22		(137)	-	(164)	(164)
Unsecured bank loans	22		(74,635)	-	(72,771)	(72,771)
Unsecured bond issues	22		(30,000)	(28,676)	-	(28,676)
Unsecured other loans	22		(248)	-	(253)	(253)
Trade and other payables	24		(38,019)	-	(38,019)	(38,019)
			(223,324)	(28,676)	(192,172)	(220,848)

31 December 2021 mln RUB	Note	Carrying amount	Level 1	Fair value Level 2	Total
Financial assets					
Other investments at amortised cost					
	15	24	-	24	24
Loans and receivables		14,937	-	14,937	14,937
Cash and cash equivalents	19	55,472	55,472	-	55,472
		70,433	55,472	14,961	70,433
Financial liabilities					
Secured bank loans	22	(52,610)	-	(49,459)	(49,459)
Project bank loans	22	(11,527)	-	(11,022)	(11,022)
Reconstruction loans	22	(12)	-	(12)	(12)
Unsecured bank loans	22	(72,480)	-	(67,690)	(67,690)
Unsecured bond issues	22	(32,162)	(31,038)	-	(31,038)
Unsecured other loans	22	(496)	-	(498)	(498)
Trade and other payables	24	(27,339)	-	(27,339)	(27,339)
		(196 626)	(31 038)	(156 020)	(187 058)

The interest rates used to discount estimated cash flows, where applicable, are based on incremental borrowing rates, available for the Group as at:

	30 June 2022	31 December 2021
Loans and borrowings	10.33%	12.09%

(f) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of the transactions;
- requirements for the reconciliation and monitoring of the transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the annual assessments of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of annual reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit, to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

(g) Capital management

The Group has no formal policy for capital management but management seeks to maintain a sufficient capital base for meeting the Group's operational and strategic needs, and to maintain confidence of market participants. This is achieved with efficient cash management, constant monitoring of Group's revenues and profit, and long-term investment plans mainly financed by the Group's operating cash flows. With these measures the Group aims for steady profits growth.

The Group's liabilities to adjusted capital ratio at the end of the reporting year were as follows:

mln RUB	30 June 2022	31 December 2021
Total liabilities	288,865	255,869
Less: cash and cash equivalents	(46,792)	(55,472)
Net liabilities	<u>242,073</u>	<u>200,397</u>
Total equity	96,834	93,007
Net liabilities to capital ratio	<u>2.50</u>	<u>2.15</u>

26 Leases liabilities

mln RUB

Leases liabilities as at 31 December 2021

Current

Non-current

Additions, lease modifications and effect of movements in exchange rates

Interest accrued

Lease payments, including interest

Total lease liabilities as at 30 June 2022

Current

Non-current

Variable lease payments not included in the measurement of lease liabilities

	Leases liabilities
	1,618
	867
	751
	(19)
	63
	(229)
	1,433
	1,088
	345
	(388)

The Group leases a number of land plots. The leases typically vary from an initial year of four to forty nine years, with an option to renew the lease after that date. The lease payments are mostly expressed as a percentage of cadastral value of the related land plot or are based on rental rates, determined by authorities, which are not necessarily based on market.

The following table sets out a maturity analysis of lease payments not included in the measurement of lease liabilities to be paid after the reporting date.

mln RUB

Less than 1 year

1-5 years

Over 5 years

Total

	30 June 2022	31 December 2021
	1,738	1,273
	5,225	3,658
	2,486	2,131
	9,449	7,062

27 Commitments

At 30 June 2022 the Group was committed to purchase property, plant and equipment for approximately RUB 23,177 million net of VAT (31 December 2021: RUB 658 million).

28 Contingencies

(a) Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its plant facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

(b) Litigation

Existing litigations include a number of small claims relating to purchases from domestic customers. Based on experience in resolving such claims, management believes that they will be settled without significant cost to the Group. Accordingly, no provision has been made for such amounts.

(c) Taxation contingencies

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities.

Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year generally remains open for review by the tax authorities during the three subsequent calendar years. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation.

All these circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts, especially due to reform of the supreme courts that are resolving tax disputes, could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

The Group companies entered into transactions involving other Group companies at prices which management believed were consistent with applicable tax law. However, based on the uncertainty of legislation, the tax authorities could take a different position and attempt to assess additional tax and interest. The potential amount of such assessment cannot be reasonably estimated based on the uncertainty of transfer pricing rules, but could be significant. Management has not made any provision because it believes there will be no outflow of funds relating to any such assessment.

(d) Environmental liabilities

The Group is engaged in dredging sand in the 7 areas. The Group is engaged in crushed granite production in the 6 areas and extraction of clay in 2 areas.

According to existing legislation and the terms of licenses obtained by the Group, there is a liability for the Group to restore these sites when quarrying is complete. In case the planned restoration costs can be identified before the quarrying is completed and the licence is used, the reserve for restoration is recognized.

It is planned that quarrying clay in 1 area will be completed in 2024, quarrying of the remaining 14 areas will be completed after 2025.

29 Related party transactions

(a) Control relationships

The Company is ultimately controlled by Andrey Molchanov.

(b) Transactions with management and close family members

The management and their close family members control 0.44% of the voting shares of the Group. (31 December 2021: 0.44%).

(i) Management remuneration

Key management received the following remuneration during the period:

mln RUB	Six-month period ended 30 June	
	2022	2021
Salaries and bonuses	1,641	1,288

(c) Transactions with other related parties

The Group's other related party transactions are disclosed below:

(i) Revenue

mln RUB	Transaction value six-month period ended		Outstanding balance	
	30 June 2022	30 June 2021	30 June 2022	31 December 2021
Sale of goods and services provided to:				
Beneficial owner and companies controlled or significantly influenced by or on behalf of the Group's ultimate beneficial owner or persons acting on their behalf	151	27	7	9
	151	27	7	9

All outstanding balances with related parties are to be settled in cash within the 12-month of the reporting date. None of the balances is secured.

Other expenses to companies controlled or significantly influenced by or on behalf of the Group's ultimate beneficial owners the period ended 30 June 2022 - RUB 30 mln (other income for the period ended 30 June 2021: nil) Outstanding balance - RUB 14 mln (31 December 2021: nil).

(ii) Expenses and capital expenditures

mln RUB	Transaction value six-month period ended		Outstanding balance	
	30 June 2022	30 June 2021	30 June 2022	31 December 2021
Purchase of goods and services from: Beneficial owner and companies controlled or significantly influenced by or on behalf of the Group's ultimate beneficial owner or persons acting on their behalf	5	28	59	58
	<u>5</u>	<u>28</u>	<u>59</u>	<u>58</u>

All outstanding balances with related parties are to be settled in cash within the 12-month of the reporting date.

(iii) Loans

mln RUB	Transaction value six-month period ended		Outstanding balance	
	30 June 2022	30 June 2021	30 June 2022	31 December 2021
Loans given (included into other investments – originated loans category – refer to note 15): Beneficial owner and companies controlled or significantly influenced by or on behalf of the Group's ultimate beneficial owner or persons acting on their behalf	4,991	98	4,422	6,209
	<u>4,991</u>	<u>98</u>	<u>4,422</u>	<u>6,209</u>

Management does not consider that any of the counterparties may not perform their obligations.

The interest rate on loans given during the period ended 30 June 2022 is 2/3 CBR rate (the period ended 30 June 2021: 2/3 CBR rate).

mln RUB	Transaction value six-month period ended		Outstanding balance	
	30 June 2022	30 June 2021	30 June 2022	31 December 2021
Interest receivable (included into other receivables):				
Beneficial owner and companies controlled or significantly influenced by or on behalf of the Group's ultimate beneficial owner or persons acting on their behalf	279	7	118	40
	279	7	118	40

(iv) Transactions with shares / promissory notes

mln RUB	Transaction value six-month period ended		Outstanding balance	
	30 June 2022	30 June 2021	30 June 2022	31 December 2021
Purchase of shares / promissory notes from				
Beneficial owner and companies controlled or significantly influenced by or on behalf of, the Group's ultimate beneficial owner or persons acting on their behalf	-	-	6,322	194
	-	-	6,322	194

30 Major subsidiaries

Entity	Country of incorporation	Ownership/ voting interest	Ownership/ voting interest
		30 June 2022	31 December 2021
JOINT-STOCK COMPANY “CONSTRUCTION CORPORATION “REVIVAL OF SAINT-PETERSBURG”	Russia	100.00%	100.00%
ООО “LSR. Nedvizimost-SZ”	Russia	100.00%	100.00%
ООО “LSR. Stroitelstvo-SZ”	Russia	100.00%	100.00%
АО “LSR. Krany-SZ”	Russia	100.00%	100.00%
АО “SZ “LSR. Nedvizimost-M”	Russia	100.00%	100.00%
LSR. Wall Materials Ltd	Russia	100.00%	100.00%
ООО “Leningradka 58”	Russia	100.00%	100.00%
Limited Liability Company Smolniy District	Russia	100.00%	100.00%
JSC “A Plus Estate”	Russia	100.00%	100.00%
АО “Stroicorporatciya”	Russia	100.00%	100.00%
АО МТО “ARHPROEKT”	Russia	100.00%	100.00%
ООО “Velikan - XXI vek”	Russia	100.00%	100.00%
Lsr Group Ltd	Russia	100.00%	100.00%
LSR. Construction-Urals Ltd	Russia	100.00%	100.00%
АО “Spetsializirovanny zastroishchik “LSR. Nedvizimost-Ural”	Russia	100.00%	100.00%
ООО “LSR-Stroy”	Russia	100.00%	100.00%
АО “LSR. Bazovye”	Russia	100.00%	100.00%
ООО “Landshaft”	Russia	100.00%	100.00%
“LSR. Object-M” Ltd	Russia	100.00%	100.00%
ООО “LSR. Beton”	Russia	100.00%	100.00%
ООО “Spetsializirovanny zastroishchik “LSR”	Russia	100.00%	100.00%
ООО “Spetsializirovanny zastroishchik “LSR. Prostor”	Russia	100.00%	100.00%
ООО “Kallelovo”	Russia	100.00%	100.00%
ООО “Spetsializirovanny zastroishchik “LSR. Luchi”	Russia	100.00%	100.00%
ООО “Spetsializirovanny zastroishchik “LSR. Razvitie”	Russia	100.00%	100.00%
ООО “Spetsializirovanny zastroishchik “LSR. Ural”	Russia	100.00%	100.00%
ООО “Chekalovskoe”*	Russia	-	100.00%
ООО “Spetsializirovanny zastroishchik “LSR. Prostranstvo”	Russia	100.00%	100.00%
ООО “Spetsializirovanny zastroishchik “LSR. LO”	Russia	100.00%	100.00%
ООО “Nerudnye materialy”	Russia	100.00%	100.00%
ООО “Spetsializirovanny zastroishchik “LSR. Klyuchi”	Russia	100.00%	100.00%

Entity	Country of incorporation	Ownership/ voting interest	Ownership/ voting interest
		30 June 2022	31 December 2021
OOO "Spetsializirovanny zastroishchik "LSR. Perspektiva"	Russia	100.00%	100.00%
OOO "Spetsializirovanny zastroishchik "LSR. Proekt"	Russia	100.00%	100.00%
"Gorki Lake" Ltd	Russia	100.00%	100.00%
Avtovskaya 31, JSC	Russia	100.00%	100.00%
OOO "Primorskaya"	Russia	100.00%	100.00%
OOO "LSR. Energo"	Russia	100.00%	100.00%
"Specialized developer "Soymonovskiy, 3" Ltd	Russia	100.00%	100.00%
LLC "Soymonovsky"	Russia	100.00%	100.00%
JSC "Sanatorium "Sestroretsky Kurort"	Russia	100.00%	87.18%
AO "Pansionat "Kristal"	Russia	93.81%	93.00%
OOO "Spetsializirovanny zastroishchik "LSR. Kvartal"	Russia	100.00%	100.00%
OOO "Smolny, 11"	Russia	100.00%	100.00%
OOO "Smolny, 12"	Russia	100.00%	100.00%
LLC "LSR. PM" (OOO "Vilensky, 14")	Russia	100.00%	100.00%
"ZILART Mall" Ltd	Russia	100.00%	100.00%
JSC "Sanatorium "Volna"	Russia	95.83%	95.83%
OOO "Oniks"	Russia	100.00%	100.00%
LLC "SD "Borisovskie Prudy"	Russia	100.00%	99.99%
JSC "MREP"	Russia	100.00%	99.99%
"LSR. Sochi" Ltd	Russia	100.00%	100.00%
"LSR. Coworking" Ltd	Russia	100.00%	100.00%
OOO "Fort-Invest"	Russia	50.00%	50.00%
AO "GORKI 10"	Russia	100.00%	-
LSR. Hotel Management Company LLC	Russia	100.00%	-

* Subsidiaries merged to the Group companies during the period ended 30 June 2022.

31 Events subsequent to the reporting date

(a) Financing events

In July 2022 one of the Group subsidiary repaid loan agreement to Joint stock company Russian Agricultural Bank in the amount of RUB 1,003 million.

In July 2022 one of the Group subsidiary entered into a loan agreement with VTB Bank (Public Joint-Stock Company). The total amount of no revolving credit line granted is limited to RUB 10,367 million. The loan is to be repaid no later than 31 December 2026.

In August 2022 one of the Group subsidiary entered into a loan agreement with Public Joint-Stock Company Sberbank. The total amount of no revolving credit line granted is limited to RUB 11,776 million. The loan is to be repaid no later than 14 August 2027.

In July - August 2022 some of the Group subsidiaries entered into a number of loan agreements with Joint-Stock Company Russian Agricultural Bank. The total amount of no revolving credit lines granted is limited to RUB 22,991 million, including RUB 899 million to be repaid no later than 24 May 2024, RUB 852 million to be repaid no later than 7 February 2025, RUB 945 million to be repaid no later than 28 July 2026, RUB 3,182 million to be repaid no later than 7 August 2026, RUB 17,113 million to be repaid no later than 8 August 2029.

32 Supplementary disclosures

Key financial performance indicators business segment / business unit were as follows:

For the six-month period ended 30 June 2022 mln RUB	Revenue from external customers	Inter-group revenue	Total revenue	Results from operating activities (excl. management fee)	Depreciation/ Amortisation	Capitalized Interest recognized in cost of sales	Write off of change in fair value of the disposed asset	Adjusted EBITDA*
Sand	676	101	777	145	39	-	-	184
Crushed Granite	2,281	309	2,590	267	107	-	-	374
Land improvement	-	271	271	10	2	-	-	12
Fleet services	50	-	50	(92)	3	-	-	(89)
Eliminations	-	-	-	-	-	-	-	-
LSR. Basic Materials	3,007	681	3,688	330	151	-	-	481
LSR. Ready-mix Concrete	1,739	125	1,864	142	4	-	-	146
Brick	2,974	1	2,975	985	231	-	-	1,216
Aerated Concrete	3,123	2	3,125	1,598	119	-	-	1,717
Eliminations	-	-	-	-	-	-	-	-
LSR. Wall Materials	6,097	3	6,100	2,583	350	-	-	2,933
LSR. Cranes	519	93	612	58	50	-	-	108
Eliminations	-	(323)	(323)	3	-	-	-	3
Building Materials	11,362	579	11,941	3,116	555	-	-	3,671
LSR. Real Estate and Construction - North-West	33,542	269	33,811	14,255	178	74	(1)	14,508
LSR. Real Estate - Moscow	10,319	6	10,325	(312)	21	960	-	669
LSR. Real Estate and Construction - Ural	5,903	172	6,075	1,384	69	3	-	1,456
Eliminations	-	(173)	(173)	2	-	-	-	2
Real Estate Development and Construction	49,764	274	50,038	15,329	268	1,037	(1)	16,635
Other entities	852	-	852	-	106	-	-	106
Unallocated income and expenses	362	-	362	(1,933)	-	-	-	(1,933)
Transportation revenue	3,029	-	3,029	-	-	-	-	-
Eliminations	-	(853)	(853)	(46)	-	-	-	(46)
Consolidated	65,369	-	65,369	16,466	929	1,037	(1)	18,433

* Adjusted EBITDA = Results from operating activities + Depreciation/amortisation – (Increase in fair value of Investment property – Decrease in fair value of Investment property) – (Increase in results from operating activities due to write off of change in fair value of the disposed asset – Decrease in results from operating activities due to write off of change in fair value of the disposed asset) + Impairment losses recognised during the reporting period + Capitalized interest recognized in cost of sales. Adjusted EBITDA is not a defined performance measure in IFRS.

For the six-month period ended 30 June 2021 (recalculated) mln RUB	Revenue from external customers	Inter-group revenue	Total revenue	Results from operating activities (excl. management fee)	Depreciation/ Amortisation	Capitalized Interest recognized in cost of sales	Write off of change in fair value of the disposed asset	Adjusted EBITDA*
Sand	413	82	495	11	34	-	-	45
Crushed Granite	1,162	207	1,369	(211)	89	-	-	(122)
Land improvement	-	-	-	-	-	-	-	-
Fleet services	56	-	56	(165)	4	-	-	(161)
Eliminations	-	-	-	-	-	-	-	-
LSR. Basic Materials	1,631	289	1,920	(365)	127	-	-	(238)
LSR. Ready-mix Concrete	1,490	71	1,561	133	4	-	-	137
Brick	1,624	1	1,625	53	235	-	-	288
Aerated Concrete	3,228	-	3,228	1,057	151	-	-	1,208
Eliminations	-	-	-	-	-	-	-	-
LSR. Wall Materials	4,852	1	4,853	1,110	386	-	-	1,496
LSR. Cranes	344	73	417	(30)	59	-	-	29
Eliminations	-	(228)	(228)	4	-	-	-	4
Building Materials	8,317	206	8,523	852	576	-	-	1,428
LSR. Real Estate and Construction - North-West	23,845	45	23,890	7,712	161	119	(1)	7,993
LSR. Real Estate - Moscow	16,309	10	16,319	4,047	19	946	-	5,012
LSR. Real Estate and Construction - Ural	3,890	9	3,899	524	67	3	-	594
Eliminations	-	(9)	(9)	10	-	-	-	10
Real Estate Development and Construction	44,044	55	44,099	12,293	247	1,068	(1)	13,609
Other entities	305	-	305	-	134	-	-	134
Unallocated income and expenses	534	-	534	(2,213)	-	-	-	(2,213)
Transportation revenue	1,621	-	1,621	-	-	-	-	-
Eliminations	-	(261)	(261)	461	-	-	-	461
Consolidated	54,821	-	54,821	11,393	957	1,068	(1)	13,419

* Adjusted EBITDA = Results from operating activities + Depreciation/amortisation – (Increase in fair value of Investment property – Decrease in fair value of Investment property) – (Increase in results from operating activities due to write off of change in fair value of the disposed asset – Decrease in results from operating activities due to write off of change in fair value of the disposed asset) + Impairment losses recognised during the reporting period + Capitalized interest recognized in cost of sales. Adjusted EBITDA is not a defined performance measure in IFRS.