

**Joint-Stock Company
SOYUZDORSTROY**

**Unaudited Consolidated Interim Condensed
Financial Statements
for the six months ended 30 June 2019**

Contents

Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income	3
Consolidated Interim Condensed Statement of Financial Position	4
Consolidated Interim Condensed Statement of Changes in Equity	5
Consolidated Interim Condensed Statement of Cash Flows	6
Notes to the Consolidated Interim Condensed Financial Statements	7
Auditors' Report on Review of Consolidated Interim Condensed Financial Statements	23

JSC SOYUZDORSTROY
Condensed consolidated interim statement of profit or loss and other comprehensive income (unaudited) for the six months ended 30 June 2019

	Note	For the six months ended 30 June 2019 '000 000 RUB
Revenue	4	36 213
Cost of sales	5	(22 215)
Gross profit		13 998
Other income		449
Administrative expenses	6	(2 464)
Other expenses	7	(914)
Results from operating activities		11 069
Finance income	8	1 767
Finance costs	8	(2 768)
Profit before income tax		10 068
Income tax expense	10	(2 097)
Profit for the period		7 971
Profit attributable to owners of the Company		8 190
Loss attributable to non-controlling interests		(219)
Profit for the period		7 971
Other comprehensive income		
<i>Items that will never be reclassified to profit or loss:</i>		
Actuarial losses on defined benefit plans attributable to owners of the Company (net of income tax)		(128)
Actuarial losses on defined benefit plans attributable to non-controlling interests (net of income tax)		(15)
Other comprehensive loss		(143)
Total comprehensive income for the period		7 828
Total comprehensive income attributable to owners of the Company		8 062
Total comprehensive loss attributable to non-controlling interests		(234)
Total comprehensive income for the period		7 828

These condensed consolidated interim financial statements were approved by management on 11 October, 2019 and were signed on its behalf by:

General Director

Andreev A.V.

(signed)



Director of Economics and Finance JSC DSK
AVTOBAN

Vasyutina Y.M.

(signed)



(signed)

JSC SOYUZDORSTROY
*Unaudited Consolidated Interim Condensed
Statement of Financial Position as at 30 June 2019*

'000 000 RUB	Note	30 June 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	11	4 148	4 422
Investment property		409	517
Intangible assets		220	228
Other investments and loans issued	12	822	3 675
Trade and other receivables	14	6 885	7 821
Deferred tax assets		9 078	2 402
Total non-current assets		21 562	19 065
Current assets			
Inventories	13	7 727	5 048
Receivables under construction contracts	14	47 212	24 287
Prepayments	14	3 738	4 953
Other receivables	14	9 153	9 689
Other investments and loans issued	12	4 860	599
Cash in special bank accounts		8 169	17 432
Cash and cash equivalents		641	354
Total current assets		81 500	62 362
Total assets		103 062	81 427
EQUITY AND LIABILITIES			
Equity			
Retained earnings		19 656	11 663
Total equity attributable to owners of the Company		19 656	11 663
Non-controlling interests		632	911
Total equity		20 288	12 574
Non-current liabilities			
Loans and borrowings	15	37 508	19 447
<i>Inc. loans received under Public-private partnership agreements</i>		34 673	18 494
Trade and other payables		175	289
Provisions		846	615
Deferred tax liabilities		9 903	2 037
Total non-current liabilities		48 432	22 388
Current liabilities			
Loans and borrowings	15	9 846	15 842
Contract liabilities	16	6 286	11 995
Trade and other payables	16	18 069	17 295
Provisions		141	1 333
Total current liabilities		34 342	46 465
Total liabilities		82 774	68 853
Total equity and liabilities		103 062	81 427

* The Group initially applied IFRS 16 at 1 January 2019. Under the selected approach, comparative information is not restated (Notes 3).

JSC SOYUZDORSTROY
*Unaudited Consolidated Interim Condensed
Statement of Changes in Equity for the six months ended 30 June 2019*

'000 000 RUB	Attributable to equity holders of the Company		Non- controlling interests	Total equity
	Retained earnings	Total		
Balance at 1 January 2019	11 663	11 663	911	12 574
Total comprehensive income				
Profit for the period	8 190	8 190	(219)	7 971
Other comprehensive loss				
Actuarial losses on defined benefit plans (net of income tax)	(128)	(128)	(15)	(143)
Total other comprehensive loss for the period	(128)	(128)	(15)	(143)
Total comprehensive income for the period	8 062	8 062	(234)	7 828
Transactions with owners of the Company				
Dividends	(69)	(69)	(54)	(123)
Disposal of subsidiaries shares	-	-	9	9
Total transactions with owners of the Company	(69)	(69)	(45)	(114)
Balance at 30 June 2019	19 656	19 656	632	20 288

*000 000 RUB	Note	For the six months ended 30 June 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period		7 971
<i>Adjustments for:</i>		
Depreciation and amortisation		589
Gain on disposal of property, plant and equipment	11	(74)
Finance income	8	(1 767)
Finance costs	8	2 768
Write-off of receivables and change in allowance for doubtful receivables		434
Change in provision for onerous contracts		(1 098)
Change in employee benefit obligations		87
Income tax expense	10	2 097
Cash flows from operating activities without taking into account changes in working capital and provisions		11 007
Changes in inventories	13	(2 630)
Changes in trade and other receivables	14	(20 288)
Changes in trade and other payables and provisions	16	(4 934)
Changes in cash in special bank accounts		9 263
Cash flows used in operations before income taxes and interest paid		(7 582)
Interest received		13
Income tax paid		(837)
Interest paid		(1 998)
Net cash used in operating activities		(10 404)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	11	(805)
Proceeds from sale of property, plant and equipment		151
Loans issued		(1 676)
Repayment of loans issued		1 473
Net cash used in investing activities		(857)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings		21 186
Repayment of borrowings		(9 493)
Payment of bank commissions		(23)
Dividends paid to owners of the Company		(69)
Dividends paid to holders of non-controlling interests		(54)
Net cash from financing activities		11 547
Net increase in cash and cash equivalents		287
Cash and cash equivalents at 1 January without taking into account cash in special bank accounts		354
Cash and cash equivalents at 30 June without taking into account cash in special bank accounts		641

Note	Page	Note	Page
1 Reporting entity	8	12 Other investments and loans issued	15
2 Basis of accounting	8	13 Inventories	15
3 Changes in significant accounting policies	9	14 Trade and other receivables	16
4 Revenue	12	15 Loans and borrowings	16
5 Cos of sales	13	16 Trade and other payables	18
6 Administrative expenses	13	17 Construction contracts in progress	19
7 Other expenses	14	18 Contingencies	20
8 Finance income and costs	14	19 Transactions with related parties	20
9 Employee benefit expenses	14	20 Subsequent events	21
10 Income tax expense	14		
11 Property, plant and equipment	15		

1 Reporting entity

(a) Organisation and operations

Joint-Stock Company SOYUZDORSTROY (the “Company”) and its subsidiaries (the “AVTOBAN Group” or the “Group”) comprise Russian joint-stock companies and limited liability companies, formed in accordance with the legislation of the Russian Federation. Prior to 20 December 2018, the Company operated as a limited liability company. The legal form of the Company changed to a joint-stock company following the resolution of its sole owner.

The Company’s registered office is 119571 Moscow, Vernadsky Prospekt 92, building 1, room 2.

The Group’s principal activity is construction of roads and public infrastructure. The Group is involved in a number of concession agreements and long-term investment agreements to build and operate toll roads.

The Group operates in the Russian Federation and has been recognized as one of the leaders in road construction.

The Group is ultimately controlled by Mr. Andreev A.V.

(b) Business environment

The Group’s operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation, which display 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.

The consolidated interim condensed financial statements reflect management’s assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

2 Basis of accounting

(c) Statement of compliance

These consolidated interim condensed financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, except for the availability of comparative information for the six months ended 30 June 2018. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2018. These consolidated interim condensed financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

This is the first set of the Group’s financial statements in which IFRS 16 has been applied. The changes to the significant accounting policies are described in Note 3.

(d) 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 condensed financial statements are presented. All financial information presented in RUB has been rounded to the nearest million, except when otherwise indicated.

(e) **Use of estimates and judgements**

Preparation of the consolidated interim condensed financial statements requires Management to make judgements, estimates and assumptions that affect the application of accounted policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements except for new significant judgements related to lessee accounting under IFRS 16, which are described in Note 3.

The Group's management consider that the Group's business represents a single reporting segment.

3 Changes in significant accounting policies

Except as described below, the accounting policies applied in these consolidated interim condensed financial statements are the same as those applied in the last annual consolidated financial statements.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

IFRS 16

The Group has initially adopted IFRS 16 Leases from 1 January 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

(f) **Definition of a lease**

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

For leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(g) As a lessee

The Group leases property and production equipment.

The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

The Group presents lease liabilities under Loans and borrowings in the consolidated interim condensed statement of financial position.

(i) Significant accounting policies

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 at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

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 lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

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 has applied judgement to determine the lease term for some lease contracts in which it is a lessee, based on the period for which the contract is enforceable. The Group considers that enforceability of the lease is established by the written contract (including penalty clauses) in combination with applicable legislation related to renewal or termination rights (specifically the lessee's preferential rights to renew the lease). However, the Group determined, that its preferential right to renew would not on its own be treated as substantive, when the lessor can refuse to agree to a request from the Group to extend the lease. As a consequence, for the leases with short contractually stated term (usually 11 months) where the Group has a preferential right to renew in accordance with law, but the lessor can refuse to agree to a request from the Group to extend the lease, the Group determined that the lease term does not exceed the term stated in the contract (11 months).

(ii) Transition

Previously, the Group classified property leases as operating leases under IAS 17.

At transition, for such lease agreements, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

At transition IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(iii) Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised RUB 67 million of right-of-use assets and RUB 52 million of lease liabilities as at 30 June 2019.

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised RUB 17 million of depreciation charges and RUB 2 million of interest costs from these leases.

4 Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements.

The Group's revenue are monitored by individual contracts which together comprise a single reporting segment.

The Group's revenue is derived from contracts with customers.

(a) Dissaggregation of information on revenue

The following table presents revenue from contracts with customers as disaggregated by contracts. Revenues for the most of them are recognized over time:

'000 000 RUB	For the six months ended 30 June 2019
Revenue from road construction	35 751
<i>Including the following projects:</i>	
<i>Central Ring Road-3</i>	20 475
<i>Central Ring Road-4</i>	12 519
<i>Road construction Kommunistichesky – Unyuzgan</i>	976
<i>M-8 "Kholmogory Highway"</i>	629
<i>Road reconstruction IP 351 Ekaterinburg-Tyumen on the location 148+900 - 168+000 km</i>	487
Other revenue	462
Total revenue	36 213

At 30 June 2019 the Group pledged its rights for proceeds under construction contracts of RUB 35 653 million (31 December 2018: RUB 5 128 million) as a collateral for guarantees issued by banks to secure the Group's obligations and bank loans.

(b) Outstanding balances of contracts

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

'000 000 RUB	30 June 2019	31 December 2018
Receivables, included in Long-term receivables	4 457	4 775
Long-term receivables under the long-term investment agreement for the M-3 "Ukraine" project	1 708	1 797
Receivables, included in "Receivable under construction contracts"	2 827	1 379
Contract assets	44 385	22 908
Contract liabilities	(6 286)	(11 995)

The contract assets primarily relate to the Group's rights to receive consideration for work completed but not billed at the reporting date. The contract assets are reclassified to receivables when the rights for the consideration becomes unconditional. This usually occurs when the Group issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers for services provided where revenue is recognised over time.

The amount of RUB 11 995 million was recognized as revenue for the six months ended 30 June 2019.

(c) Seasonality of operations

The Group's activity is subject to seasonal fluctuations as a result of weather conditions. The main activity in road construction is concentrated in the central region of the Russian Federation and is subject to the negative impact of cold periods from December to March: low temperatures, snow drifts, reduced visibility during snowfalls and blizzards, muddy roads lead to additional work on loosening frozen soil, a decrease in the pace of concrete and reinforced concrete works, an increase in the time for clearing the working area. The pace of construction decreases during the period, therefore, in the first half of the year, as a rule, the revenue, which is recognized for the period under the resource method, and the profit is lower compared to the second half of the year. The Group takes steps to manage the project and takes appropriate action to meet the project's deadlines.

5 Cost of sales

*000 000 RUB	<u>Six months ended 30 June 2019</u>
Materials	8 027
Services of contractors	8 927
Salaries and related payroll taxes	2 020
Lease expenses	1 311
Transportation expenses	966
Depreciation and amortization	541
Insurance expenses	285
Other	138
	<u>22 215</u>

Lease expenses are variable lease payments that do not depend on an index or rate.

6 Administrative expenses

*000 000 RUB	<u>For the six months ended 30 June 2019</u>
Salaries and related payroll taxes	1 281
Audit and consulting services	297
Depreciation and amortization	48
Utilities and maintenance	30
Other administrative expenses	808
	<u>2 464</u>

7 Other expenses

*000 000 RUB	Six months ended 30 June 2019
Loss on derecognition of receivables and changes in allowance for doubtful accounts, net of reversals	(434)
Welfare assistance and charity	(6)
Claims, fines and penalties	(99)
Other expenses	(375)
	(914)

8 Finance income and costs

*000 000 RUB	Six months ended 30 June 2019
Finance income	
Significant financing component of Central Ring Road-3 project	894
Unwinding of discounts	360
Interest income	497
Gain on sale of securities	2
Other	14
	1 767
Finance costs	
Interest expense	(2 335)
Significant financing component of Central Ring Road-4 project	(392)
Other	(41)
	(2 768)

9 Employee benefit expenses

*000 000 RUB	Six months ended 30 June 2019
Wages and salaries	2 493
Social security and State pension fund contributions	756
Losses related to defined benefit plans	52
	3 301

The Group's average number of employees for the six months ended 30 June 2019 was 6 189.

10 Income tax expense

Income tax expense is recognized in the amount determined by multiplying the profit before tax for the reporting period by a rate equal to management's best estimate of the weighted average annual income tax rate for the financial year, adjusted for the tax effect of certain items recognized in full in that reporting period. As such, the effective tax rate in consolidated interim condensed financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The Group's consolidated effective tax rate for continuing operations for the six months ended 30 June 2019 is 21%.

11 Property, plant and equipment

Acquisitions

During the six months ended 30 June 2019, the Group acquired property, plant and equipment for a total amount of RUB 805 million.

During the six months ended 30 June 2019, the depreciation charge of RUB 541 million was recognized in the amount in cost of sales and RUB 48 million – as administrative costs.

12 Other investments and loans receivable

'000 000 RUB	<u>30 June 2019</u>	<u>31 December 2018</u>
<i>Non-current</i>		
Debt financial assets – at FVTPL	-	3
Interest-bearing bank promissory notes – at amortised cost	62	2 992
Other non-current financial assets	760	680
	<u>822</u>	<u>3 675</u>
<i>Current</i>		
Interest-bearing bank promissory notes – at amortised cost	4 793	100
Other current financial assets	67	499
	<u>4 860</u>	<u>599</u>

(d) Security

At as 30 June 2019 interest-bearing promissory notes measured at amortised cost with a carrying amount of RUB 4 855 million (31 December 2018: RUB 3 092 million) were pledged as collateral for guarantees issued by banks on behalf of the Group.

13 Inventories

'000 000 RUB	<u>30 June 2019</u>	<u>31 December 2018</u>
Raw materials and consumables	6 418	4 238
Goods for resale	121	115
Work in progress	1 188	695
	<u>7 727</u>	<u>5 048</u>

14 Trade and other receivables

Non-current and current trade and other receivables include:

'000 000 RUB	<u>30 June 2019</u>	<u>31 December 2018</u>
Non-current trade and other receivables		
Receivables under completed construction contracts	4 457	4 775
Receivable under long-term investment agreements	1 708	1 797
Prepayments	270	584
Other receivables	450	665
	<u>6 885</u>	<u>7 821</u>
Current trade and other receivables		
Receivables under construction contracts	2 827	1 379
Contract assets	44 385	22 908
Prepayments	3 738	4 953
VAT receivable	6 185	7 261
Other receivables	2 968	2 428
	<u>60 103</u>	<u>38 929</u>

15 Loans and borrowings

'000 000 RUB	<u>30 June 2019</u>	<u>31 December 2018</u>
Non-current liabilities		
Secured loans and borrowings received under Public-private partnership agreements	31 951	17 620
Loans secured by the owner's guarantee received under Public-private partnership agreements	1 134	300
Secured bond loans	2 391	-
Unsecured loans received under Public-private partnership agreements	1 589	874
Lease liabilities	444	653
	<u>37 508</u>	<u>19 447</u>
Current liabilities		
Current portion of non-current secured loans and borrowings received under Public-private partnership agreements	777	363
Current portion of non-current unsecured loans and borrowings received under Public-private partnership agreements	118	38
Secured bond loans	104	3 849
Notes payable	382	1 009
Secured loans and borrowings	286	852
Loans secured by the owner's guarantee	7 807	8 461
Unsecured loans and borrowings	60	661
Lease liabilities	312	609
	<u>9 846</u>	<u>15 842</u>

(e) **Terms and debt repayment schedule**

Terms and conditions of outstanding loans were as follows:

Terms and debt repayment schedule			30 June 2019 Carrying amount	31 December 2018 Carrying amount
'000 000 RUB	Nominal interest rate	Year of maturity		
Secured loans in RUB				
	Central Bank of Russia rate for refinancing of loans as part of the investment project support program +2.5%	2025	3 704	3 873
	9.75%-12%	2019	452	14 960
	9%-10.2%	2020	137	-
	12.0%	2023	700	-
	3%+ Central Bank of Russia key rate, but not less than 10%	2033	28 021	-
Loans in RUB secured by the owner's guarantee				
	1-90 days - 9.65%; 91-180 days - 9.70%; 181-270 days - 9.75%; 271-365 days - 9.80%	2019	700	-
	9.5-10%	2019- 2023	2 036	4 861
	10.1-10.8%	2019- 2023	-	3 175
	10.81-11.39%	2019- 2023	1 009	-
	11.4-14%	2019- 2023	1 883	725
	12.0% - 12.8%	2019	3 313	-
Total secured loans in RUB			41 955	27 596
Secured bond loans				
	11.0%	2021- 2024	2 391	3 849
	11.0%	2019	104	-
Total secured bond loans in RUB			2 495	3 849
Unsecured loans				
	(CPI-1)*100%+8.5%, where CPI – real value of consumer price index	2043	1 707	912
Total unsecured loans in RUB			1 707	912
Notes payable				
	14.5-16.5%	2019	37	-
	16.51-17%	2019	345	1 009
Total notes payable in RUB			382	1 009
Unsecured borrowings from third-party companies in RUB				
	8-10%	2019	49	623
Total unsecured borrowings from third-party companies in RUB			49	623
Unsecured borrowings from related companies in RUB				
	6-10%	2019	11	38
Total unsecured borrowings from related companies in RUB			11	38
Lease liabilities				
	2.15%-29%	2019- 2022	686	1 136
	1.81%-24.09%	2019- 2021	70	126
Total lease liabilities			756	1 262
Total liabilities			47 354	35 289

The fair value does not materially differ from the carrying amount of the liabilities.

(f) Security

The bank loans at 30 June 2019 are secured by property, plant and equipment of RUB 6.14 million (31 December 2018: RUB 6.13 million), cash of RUB 3 398 million (31 December 2018: RUB 17 428 million), 100% shares in LLC KSK 4 and LLC Dorozhnaya kontsessiya, 41% shares in LLC ASK and 34% shares in LLC YVM.

(g) Bonds

In March 2019 the Group issued 3 000 000 interest-bearing non-convertible bonds with a par value of RUB 1 000 each and the total par value of RUB 3 000 million. The bonds mature in 5 years from the date of issue (March 2024). The bonds have 10 coupons with the duration of 182 days. The rate of the first four coupons is set at 11.0% per annum.

In January 2019 the Group sold 635 000 of its previously repurchased interest-bearing non-convertible bonds with a par value of RUB 1 000 each and the total carrying amount of RUB 650 million. The bonds mature in 5 years from the date of issue (June 2021).

In March 2019 the Group repurchased 1 016 300 of its interest-bearing non-convertible bonds with a par value of RUB 1 000 each and the total par value of RUB 1 022 million. The bonds mature in 5 years from the date of issue (June 2021).

In March 2019 the Group repurchased 1 185 000 interest-bearing non-convertible bonds with a par value of RUB 1 000 each and the total par value of RUB 1 185 million. The bonds mature in 5 years from the date of issue (March 2024). The Group also repurchased 569 976 000 interest-bearing non-convertible bonds with a par value of RUB 1 000 each and the total par value of RUB 570 million. The bonds mature in 5 years from the date of issue (April 2024).

In May 2019, following the request of the bondholders, the Group repaid 2 271 205 bonds with a par value of RUB 1 000 each. The bonds were issued in April 2017 with maturity date in 7 years from the date of issue (April 2024).

16 Trade and other payables

Current trade and other payables include:

'000 000 RUB	30 June 2019	31 December 2018
Current trade and other payables		
Contract liabilities	6 286	11 995
Trade payables	8 757	6 361
Payables for other services	3 459	3 895
Prepayments received	1 818	1 584
VAT payable	2 115	3 942
Other payables	1 920	1 513
	24 355	29 290

17 Construction contracts in progress

'000 000 RUB	30 June 2019	31 December 2018
Invoices issued to customers to the reporting date	39 302	40 349
Uninvoiced revenue	89 252	55 096
Revenue recognized to the reporting date	128 554	95 445
Contract costs incurred to the reporting date	(93 023)	(72 466)
Recognized income from contracts in progress	35 531	22 979
Revenue recognized to the reporting date	128 554	95 445
Cash received from customers	(90 094)	(83 375)
Accumulated finance costs	(378)	(880)
Net receivable from/(payable to) customers	38 082	11 190
Including:		
Contract assets and receivables under construction contracts	44 368	22 908
Contract liabilities	(6 286)	(11 718)
'000 000 RUB	30 June 2019	
	Central Ring Road-3	Central Ring Road-4
Uninvoiced revenue	69 591	16 759
Revenue recognized to the reporting date	69 591	16 759
Contract costs incurred to the reporting date	(41 269)	(10 894)
Recognized income from contracts in progress	28 322	5 865
Revenue recognized to the reporting date	69 591	16 759
Cash received from customers	(27 161)	(21 274)
Accumulated finance income/(costs)	14	(392)
Net receivable from / (payable to) customers	42 444	(4 907)
Including:		
Contract assets and receivables under construction contracts	42 444	-
Contract liabilities	-	(4 907)

*000 000 RUB	31 December 2018	
	Central Ring Road-3	Central Ring Road-4
Uninvoiced revenue	49 116	4 240
Revenue recognized to the reporting date	49 116	4 240
Contract costs incurred to the reporting date	(29 042)	(2 874)
Recognized income from contracts in progress	20 074	1 366
Revenue recognized to the reporting date	49 116	4 240
Cash received from customers	(27 161)	(14 146)
Accumulated finance costs	(880)	-
Net receivable from / (payable to) customers	21 075	(9 906)
Including:		
Contract assets and receivables under construction contracts	21 075	-
Contract liabilities	-	(9 906)

The Group also completed work on previously started contracts with revenue and cost of sales for the six months of 2019 amounting to RUB 713 million and RUB 348 million, respectively.

18 Contingencies

The nature and amounts of contingent liabilities of the Group as at 30 June 2019 have not materially changed compared to similar indicators as at 31 December 2018.

19 Transactions with related parties

(a) Ultimate controlling party

The Group's ultimate beneficial owner and the Company's sole shareholder is Mr. Andreev A.V.

Key management personnel compensation

Key management includes Chief executive officers and the Groups' directors. Total key management personnel compensation, including contributions to State pension fund, was RUB 490 million for the six months ended 30 June 2019.

*000 000 RUB	For the six months ended 30 June 2019
Salaries and bonuses	432
Contributions to State pension fund	56
Contributions to defined benefit plan (non-state pension insurance)	2
	490

(b) Operations with related parties

(i) *Finance income and finance costs*

During the six months ended 30 June 2019 interest income on loans receivable from related parties amounted to RUB 3 million, interest expense on loans received by the Group from related parties amounted to RUB 5 million.

(ii) Purchases

During the six months ended 30 June 2019, the cost of services provided to the Group by related parties amounted to RUB 122 million.

In January 2019 the Group sold 1% of JSC DSK Avtoban to the ultimate beneficiary of the Group, Andreev A.V., for RUB 100.

In January 2019 the Group purchased 1% of CJSC Trade Firm Leon for RUB 200 from a related party.

(iii) Outstanding balances

'000 000 RUB

	Outstanding balances	
	30 June 2019	31 December 2018
<i>Non-current assets</i>		
Other account receivables	255	238
	255	238
<i>Current assets</i>		
Other trade account receivables	32	33
Advances issued	98	94
Loans issued	199	215
	329	342

During the six months ended 30 June 2019, the Group issued loans to related parties for the amount of RUB 199 million (2018: RUB 167 million).

	30 June 2019	31 December 2018
<i>Non-current liabilities</i>		
Trade accounts payables	(7)	(8)
	(7)	(8)
<i>Current liabilities</i>		
Current portion of long-term bank loans and borrowings	-	(7)
Trade accounts payables	(106)	(115)
Advances received	(52)	-
Other accounts payables	(230)	(34)
Short-term bank loans and borrowings	(11)	(11)
	(399)	(167)

(iv) Guarantees

As at 30 June 2019 and 31 December 2018 the Group provided guarantees to related parties of RUB 8 million and RUB 208 million, respectively.

As at 30 June 2019 and 31 December 2018 the short-term loans were secured by the owner's guarantee amounted to RUB 7 807 million and RUB 8 461 million, respectively.

20 Subsequent events

(h) Construction of a new facility

On 31 July 2019 JSC DSK Avtoban entered into a contract for constructi and reconstruction of the M-5 Ural highway in the Ulyanino-Nepetsino, Moscow Region. Contract value exceeds RUB 15,3 billion. Under the contract, the Group will build of a 4-lane motorway with an estimated speed of 120 km/h.

(i) Loans and borrowings

After the reporting date the Group received loans with the total value of RUB 4 195 million under existed loan agreements.



Independent Auditors' Report on Review of Consolidated Interim Condensed Financial Statements

To the Shareholder of Joint-Stock Company SOYUZDORSTROY

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of Joint-Stock Company SOYUZDORSTROY (the "Company") and its subsidiaries (the "Group") as at 30 June 2019, and the related consolidated interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the consolidated interim condensed financial statements (the "consolidated interim condensed financial statements"). Management is responsible for the preparation and presentation of these consolidated interim condensed financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these consolidated interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review 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.

Basis for Qualified Conclusion

The Group has not provided comparative information for the six-month period ended 30 June 2018 as required by IAS 34 *Interim Financial Reporting*. It is impracticable for us to provide this information.

Reviewed entity: JSC SOYUZDORSTROY

Registration number in the Unified State Register of Legal Entities:
No. 502714010022

Address: Russia

Independent auditor: JSC KPMG, a company incorporated under the laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG Network, Cooperative ("KPMG network"), a Swiss entity.

Registration number in the Unified State Register of Legal Entities:
No. 502705124428

Member of the Self-regulatory Organization of Auditors "Russian Union of Accountants" (Association) (Registration number in the Unified State Register of Legal Entities and Russian Organization No. 1102307202)

Qualified Conclusion

Based on our review, except for the effect of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial statements as at 30 June 2019 and for the six-month period then ended are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



Samarin M.V.

JSC "KPMG"

Moscow, Russia

11 October 2019