Report on review of interim financial information

Public Joint-Stock Company AVTOVAZ

and its subsidiaries

for the six-month period ended 30 June 2017

July 2017

Contents

Совершенствуя бизнес,
улучшаем мир

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Report on review of interim financial information

To the shareholders of Public Joint-Stock Company AVTOVAZ

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Public Joint-Stock Company AVTOVAZ and its subsidiaries, which comprise the interim condensed consolidated statement of financial position as at 30 June 2017 and the interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the six-month period then ended and selected explanatory notes (interim financial information). Management of Public Joint-Stock Company AVTOVAZ is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

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Emphasis of matter

We draw attention to Note 2 “Going concern” to the interim condensed consolidated financial statements, which indicates that Public Joint-Stock Company AVTOVAZ and its subsidiaries incurred a net loss of 4,413 million rubles during the six months period ended 30 June 2017 and, as of that date, Public Joint-Stock Company AVTOVAZ and its subsidiaries’ current liabilities exceeded its current assets by 50,777 million rubles. As stated in Note 2, these conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt on Public Joint-Stock Company AVTOVAZ and its subsidiaries’ ability to continue as a going concern. Our conclusion is not modified in relation to this matter.

A.A. Shlenkin
Partner
Ernst & Young LLC

27 July 2017

Details of the entity

Name: Public Joint-Stock Company AVTOVAZ
Record made in the State Register of Legal Entities on 23 September 2002, State Registration Number 1026301983113.
Address: Russia 445024, Togliatti, Yuzhnoye shosse, 36.

Details of the auditor

Name: Ernst & Young LLC
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of Self-regulated organization of auditors “Russian Union of auditors” (Association) (“SRO RUA”). Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 11603050648.

AVTOVAZ GROUP

INTERNATIONAL FINANCIAL REPORTING STANDARDS
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017

Contents **Section page number**

AVTOVAZ GROUP
Interim Condensed Consolidated Statement of Financial Position
as at 30 June 2017
(In millions of Russian rubles unless otherwise stated)

	Note	30 June 2017 Unaudited	31 December 2016* Audited
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	6	**6,607**	6,659
Property, plant and equipment	7	**35,105**	35,816
Investments in associates and a joint venture	8	**2,771**	2,606
Non-current financial assets	9	**1**	829
Deferred tax assets		**1,387**	1,339
Receivables for jointly-controlled assets	10	**13,851**	14,696
Total non-current assets		**59,722**	61,945
CURRENT ASSETS			
Inventories	11	**21,211**	20,600
Trade receivables	12	**17,923**	15,884
Current financial assets	9	**17**	18
Other current assets	13	**7,214**	8,163
Cash and cash equivalents	14	**13,088**	17,610
Total current assets		**59,453**	62,275
TOTAL ASSETS		**119,175**	124,220
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	15	**53,695**	39,172
Share premium	15	**26,918**	15,300
Shares paid		**-**	26,141
Translation adjustment		**479**	482
Accumulated losses		**(143,763)**	(139,336)
Shareholders' equity – Parent-company shareholders' share		**(62,671)**	(58,241)
Shareholders' equity – Non-controlling interests' share		**663**	662
Total shareholders' equity		**(62,008)**	(57,579)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**3,313**	3,311
Provisions – long-term	16	**679**	628
Non-current financial liabilities	17	**65,357**	56,194
Advances received		**1,604**	1,788
Total non-current liabilities		**70,953**	61,921
CURRENT LIABILITIES			
Provisions – short-term	16	**4,757**	4,989
Current financial liabilities	17	**33,453**	47,986
Trade payables		**50,927**	46,882
Income tax liability		**133**	87
Other tax liabilities	18	**7,212**	6,467
Advances received		**1,271**	1,629
Other current liabilities	19	**12,477**	11,838
Total current liabilities		**110,230**	119,878
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**119,175**	124,220

Nicolas Maure
President, PJSC AVTOVAZ

Natalya Basyuk
Director, Accounting and Reporting

27 July 2017

(In millions of Russian rubles unless otherwise stated)

	Note	Six months ended 30 June Unaudited **2017**	 2016*
Revenues	20	**102,485**	87,130
Cost of goods and services sold	21	**(95,644)**	(88,666)
Research and development expenses		**(636)**	(959)
Selling, general and administrative expenses	22	**(6,209)**	(6,375)
Operating margin		**(4)**	(8,870)
Other operating income and expenses	23	**(190)**	(18,692)
Other operating income		***459***	*594*
Other operating expenses		***(649)***	*(19,286)*
Operating loss		**(194)**	(27,562)
Net interest income and expenses		**(3,792)**	(4,726)
Interest income		***951***	*338*
Interest expenses		***(4,743)***	*(5,064)*
Other financial income and expenses	24	**(413)**	1,115
Financial income/(expenses)		**(4,205)**	(3,611)
Share in net income/(loss) of associates and a joint venture	8	**157**	712
Loss before taxation		**(4,242)**	(30,461)
Current and deferred taxes	25	**(171)**	3,424
Loss for the period		**(4,413)**	(27,037)
(Loss)/profit attributable to:			
Parent-company shareholders' share		**(4,427)**	(27,149)
Non-controlling interests' share		**14**	112
		(4,413)	(27,037)
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Translation adjustment		**(5)**	(143)
Total other comprehensive loss for the period to be reclassified to profit or loss in subsequent periods, net of taxes		**(5)**	(143)
Total comprehensive loss for the period, net of taxes		**(4,418)**	(27,180)
Total comprehensive (loss)/income attributable to:			
Parent-company shareholders' share		**(4,430)**	(27,256)
Non-controlling interests' share		**12**	76
Total comprehensive loss for the period, net of taxes		**(4,418)**	(27,180)
Loss per share, basic/diluted (in RUB):			
- loss for the period attributable to ordinary/preference equity holders of the Company		**(0.85)**	(11.89)

* classification of certain comparatives was changed to ensure consistency with prior year presentation. Please refer to Note 3.3 to these interim condensed consolidated financial statements for details of these changes

(In millions of Russian rubles unless otherwise stated)

	Note	Six months ended 30 June	
		Unaudited	
		2017	2016
Cash flows from operating activities:			
Loss before taxation		**(4,242)**	(30,461)
Adjustments for:			
Depreciation and amortisation		**3,369**	4,638
Impairment loss	23	**-**	18,017
(Reversal) of/charge to specific provision	23	**(42)**	946
Write-off of capitalised development costs and other intangible assets	6	**-**	118
Charge to provision for impairment of financial assets		**824**	175
Movements in provisions	16	**(181)**	913
Interest income		**(951)**	(338)
Interest expense		**4,906**	5,373
Share in net (income)/loss of associates and a joint venture	8	**(157)**	(712)
Gain on disposal of property, plant and equipment	23	**(47)**	(64)
Gain on derecognition of financial liability and liability on promissory notes	24	**-**	(128)
Gain on disposal of subsidiaries and associates	23	**(30)**	(9)
Loss on sale of financial assets		**-**	3
Foreign exchange effect		**563**	(956)
Operating cash flows before working capital changes		**4,012**	(2,485)
Net change in inventories		**(618)**	(3,589)
Net change in trade receivables		**(2,099)**	(3,688)
Net change in other assets		**940**	(131)
Net change in trade payables and other liabilities		**5,471**	12,202
Net change in other tax liabilities		**761**	406
Net change in advances received		**(348)**	(812)
Cash generated from operations		**8,119**	1,903
Income tax paid		**(170)**	(57)
Interest received		**959**	432
Interest paid		**(4,260)**	(4,786)
Net cash generated from/(used in) operating activities		**4,648**	(2,508)
Cash flows from investing activities:			
Purchase of property, plant and equipment and intangible assets		**(3,510)**	(6,071)
Proceeds from the sale of property, plant and equipment and jointly-controlled assets		**818**	99
Purchase of financial assets		**-**	(15)
Proceeds from the sale of financial assets		**2**	25
Proceeds from the sale of subsidiaries less cash disposed of		**-**	50
Net cash used in investing activities		**(2,690)**	(5,912)
Cash flows from financing activities:			
Proceeds from loans and borrowings		**7,201**	14,994
Repayment of loans and borrowings		**(13,675)**	(4,631)
Dividends paid to non-controlling interests		**(6)**	-
Net cash (used in)/generated from financing activities		**(6,480)**	10,363
Effect of exchange rate changes		**-**	(38)
Net (decrease)/increase in cash and cash equivalents		**(4,522)**	1,905
Cash and cash equivalents at the beginning of the period	14	**17,610**	4,987
Cash and cash equivalents at the end of the period	14	**13,088**	6,892

(In millions of Russian rubles unless otherwise stated)

	Shareholders' equity (parent-company shareholders' share)							
	Share capital	Share premium	Shares paid	Translation adjustment	Accumu-lated losses	Total	Shareholders' equity (non-controlling interests' share)	Total shareholders' equity
Balance at 31 December 2015	**39,172**	**15,300**	**-**	**654**	**(94,328)**	**(39,202)**	**475**	**(38,727)**
Profit/(loss) for the period	-	-	-	-	(27,149)	(27,149)	112	(27,037)
Other comprehensive loss	-	-	-	(107)	-	(107)	(36)	(143)
Total comprehensive income/(loss)	**-**	**-**	**-**	**(107)**	**(27,149)**	**(27,256)**	**76**	**(27,180)**
Balance at 30 June 2016 (Unaudited)	**39,172**	**15,300**	**-**	**547**	**(121,477)**	**(66,458)**	**551**	**(65,907)**
Balance at 31 December 2016	**39,172**	**15,300**	**26,141**	**482**	**(139,336)**	**(58,241)**	**662**	**(57,579)**
Profit/(loss) for the period	-	-	-	-	(4,427)	(4,427)	14	(4,413)
Other comprehensive loss	-	-	-	(3)	-	(3)	(2)	(5)
Total comprehensive income/(loss)	**-**	**-**	**-**	**(3)**	**(4,427)**	**(4,430)**	**12**	**(4,418)**
Dividends	-	-	-	-	-	-	(11)	(11)
Shares registered (Note 15)	14,523	11,618	(26,141)	-	-	-	-	-
Balance at 30 June 2017 (Unaudited)	**53,695**	**26,918**	**-**	**479**	**(143,763)**	**(62,671)**	**663**	**(62,008)**

1. Corporate information

Public Joint-Stock Company AVTOVAZ (“the Company” or PJSC AVTOVAZ) and its subsidiaries’ (“the Group”) principal activities include the manufacture and sale of passenger automobiles. The Group’s manufacturing facilities are based in the cities of Togliatti and Izhevsk of the Russian Federation. The Group has a sales and service network spanning the Commonwealth of Independent States (“CIS”) and some other countries. The parent company, PJSC AVTOVAZ, was incorporated as an open joint stock company in the Russian Federation on 5 January 1993. The registered office of PJSC AVTOVAZ is in Yuzhnoye Shosse, 36, Togliatti, Samara region, 445024, the Russian Federation.

In December 2012 major shareholders of the Company signed a partnership agreement. According to this agreement a new entity Alliance Rostec Auto B.V. was created. This entity was formed to hold all the interests in the Company owned by Renault s.a.s., Nissan International Holding B.V. and State Corporation Rostec. As at 30 June 2017 Alliance Rostec Auto B.V. held 64.60%, Renaissance Securities (Cyprus) Limited held 24.09% and other shareholders held 11.31% of total equity shares of the Company. As at 30 June 2017 73.3% of equity interest in Alliance Rostec Auto B.V. belonged to Renault s.a.s., 17.55% to State Corporation Rostec and 9.15% to Nissan International Holding B.V.

These interim condensed consolidated financial statements were authorised for issue by the president of PJSC AVTOVAZ on 27 July 2017.

2. Going concern

The operating performance of the Group as well as its liquidity position was affected by economic conditions and other business factors described in the Note 17 and 26.4 below. For the six months ended 30 June 2017 the Group incurred a net loss of RUB 4,413 (for the six months ended 30 June 2016: RUB 27,037). As at 30 June 2017 the Group’s current liabilities exceeded its current assets by RUB 50,777 (31 December 2016: RUB 57,603).

To address the current economic and market environment and to further improve the Group's performance management is implementing an anti-crisis plan, including revenue improvements, cost reduction measures and sales of non-core assets.

The Group is currently negotiating various financing options for the current activity, including the following:

- obtaining additional loans from shareholders;
- signing additional factoring agreements for accounts receivable.

Significant dependence on the shareholders’ support, financial and market conditions discussed in Notes 17 and 26.4 below create a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The management of the Group is confident that as in the past, the Group will receive support from the shareholders at a level required to finance its operations in the foreseeable future and, given that the Group’s financial performance has improved and the management expect this trend to go on, the Group will continue as a going concern and has no plans to discontinue or significantly reduce its activities.

3. Basis of preparation of the interim condensed consolidated financial statements and changes to significant accounting policies

3.1 Basis of preparation of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with AVTOVAZ Group’s annual consolidated financial statements as at 31 December 2016.

3.2 Adopted accounting standards, interpretations and amendments

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards and interpretations effective as of 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these amendments apply for the first time in 2017, they do not have a material impact on interim condensed consolidated financial statements of the Group.

3. Basis of preparation of the interim condensed consolidated financial statements and changes to significant accounting policies (continued)

3.2 Adopted accounting standards, interpretations and amendments (continued)

The nature and the impact of each amendment is described below:

Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative*
The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017.

Amendments to IAS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses*
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The Group applied the amendments retrospectively. However, their application has no effect on the Group's financial position and performance.

Annual Improvements Cycle - 2014-2016
Amendments to IFRS 12 *Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12*
The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

These amendments do not have any impact to the Group as the Group does not have any entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

3.3 Change in presentation of the consolidated statement of financial position and the consolidated statement of comprehensive income

Presentation of the consolidated statement of financial position and the consolidated statement of comprehensive income was changed to achieve consistency with financial statements of the major shareholder:

- Assets and Liabilities were presented in the consolidated statement of financial position from the least realisable to the most realisable;
- Distribution costs and Administrative expenses lines were merged into a single line Selling, general and administrative expenses. As a result of the merger, the comparative figures for the six months ended 30 June 2016 were changed and Distribution costs and Administrative expenses decreased by RUB 2,583 and RUB 3,792, respectively, and Selling, general and administrative expenses increased by RUB 6,375;
- Other operating income and expenses and Impairment provisions lines were merged into a single line Other operating income and expenses. As a result of the merger, the comparative figures for the six months ended 30 June 2016 were changed and Impairment provisions decreased by RUB 18,963 and Other operating income and expenses increased by RUB 18,963.

4. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group assessed whether there were any indicators that non-financial assets may be impaired at the end of the reporting period ended 30 June 2017. As a result, no indicators of further impairment or impairment reversal were identified.

(In millions of Russian rubles unless otherwise stated)

5. Balances and transactions with related parties

For the purpose of these interim condensed consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions. The Group entered into transactions with the following related parties: shareholders, associates, a joint venture, entities under significant influence via shareholder and key management.

In addition, transactions with companies directly or indirectly controlled by the Russian Government are considered to be transactions with related parties, as one of the major shareholders of the Company, State Corporation Rostec is owned by the Russian Government.

5.1 Balances and transactions with companies directly or indirectly controlled by the Russian Government

As at 30 June 2017 and 31 December 2016 the Group had balances with the companies controlled by the Russian Government, which are detailed below:

	Unaudited 30 June 2017	31 December 2016
Cash and cash equivalents	**5,990**	13,966
Trade receivables before provision charge	**4,121**	4,145
Provision for impairment of trade receivables	**(2,229)**	(2,183)
Other current assets before provision charge	**3,425**	2,573
Provision for impairment of other current assets	**(620)**	(591)
Current financial assets before provision charge	**3,218**	2,318
Provision for impairment of current financial assets	**(3,201)**	(2,301)
Non-current financial assets before provision charge	**-**	899
Provision for impairment of non-current financial assets	**-**	(70)
Prepayments for PPE before provision charge	**103**	198
Provision for impairment of prepayments for PPE	**(4)**	(4)
Total assets	**10,803**	18,950
Trade payables	**2,238**	2,618
Other liabilities	**12**	36
Current advances received	**45**	80
Provisions – short-term	**1,101**	1,190
Financial liabilities	**76,348**	81,222
Loans received from State Corporation Rostec	**8,761**	8,260
Total liabilities	**88,505**	93,406

As at 30 June 2017 the Group pledged assets with the carrying value of RUB 12,665 (31 December 2016: RUB 15,613) and 100% shares of Lada-Service and ZAK as collateral to the companies controlled by the Russian Government.

As at 30 June 2017 the amount of collateral received by the Group from companies controlled by the Russian Government, mainly in the form of pledges of property and property rights for loans issued, amounted to RUB 858 (31 December 2016: RUB 840).

During the six months ended 30 June 2017 and 30 June 2016 the Group entered into transactions with companies controlled by the Russian Government, which are detailed below:

	Unaudited	
	Six months ended 30 June 2017	Six months ended 30 June 2016
Revenues	**1,254**	1,663
Purchases of services, goods and inventory	**(12,448)**	(9,285)
Interest income	**553**	212
Interest expenses	**(4,728)**	(4,421)
Charge to provision for impairment of current financial assets	**(829)**	(181)
Charge to provision for impairment of trade receivables	**(60)**	(783)
Charge to provision for impairment of other current assets	**(30)**	(471)
Charge to provision for lawsuits and claims	**(196)**	(186)

In the course of its ordinary business, the Group enters into transactions with the companies controlled by the Russian Government. In the Russian Federation, electricity and transport tariffs are regulated by the Federal Antimonopoly Service. Bank loans are provided based on market interest rates. Taxes are accrued and paid in accordance with the applicable tax law.

(In millions of Russian rubles unless otherwise stated)

5. Balances and transactions with related parties (continued)

5.2 Balances and transactions with other related parties

The nature of the related party relationships for those related parties with whom the Group entered into transactions or had balances outstanding at 30 June 2017 and 31 December 2016, except for companies directly or indirectly controlled by the Russian Government, are detailed below:

	Relationship	**Unaudited** **30 June 2017**	31 December 2016
Trade receivables before provision charge	Associates	**290**	197
Trade receivables before provision charge	Joint venture	**630**	505
Trade receivables before provision charge	Significant influence via shareholder	**6,768**	6,013
Provision for impairment of trade receivables	Significant influence via shareholder	**(468)**	-
Other current assets before provision charge	Associates	**-**	1
Other current assets before provision charge	Joint venture	**-**	1
Other current assets before provision charge	Significant influence via shareholder	**22**	221
Provision for impairment of other current assets	Significant influence via shareholder	**(1)**	(1)
Receivables for jointly-controlled assets	Significant influence via shareholder	**13,851**	14,696
Prepayments for PPE before provision charge	Associates	**3**	3
Prepayments for PPE before provision charge	Significant influence via shareholder	**20**	20
Total assets		**21,115**	21,656
Trade payables	Associates	**114**	143
Trade payables	Joint venture	**23**	38
Trade payables	Significant influence via shareholder	**29,059**	27,601
Other liabilities	Associates	**41**	18
Other liabilities	Significant influence via shareholder	**3,252**	3,198
Provisions – short-term	Significant influence via shareholder	**827**	792
Financial liabilities	Significant influence via shareholder	**9,412**	8,875
Current advances received	Associates	**6**	1
Current advances received	Joint venture	**1**	16
Current advances received	Significant influence via shareholder	**456**	468
Non-current advances received	Significant influence via shareholder	**1,604**	1,788
Total liabilities		**44,795**	42,938

As at 30 June 2017 the amount of collateral received by the Group from associates in the form of pledges of commercial vehicles for trade receivables, amounted to RUB 285 (31 December 2016: RUB 197).

Transactions with other related parties for the six months ended 30 June 2017 and 30 June 2016 were as follows:

	Relationship	**Unaudited** **Six months ended 30 June 2017**	Six months ended 30 June 2016
Revenues	Joint venture	**2,723**	2,829
Revenues	Associates	**1,467**	1,363
Revenues	Significant influence via shareholder	**22,328**	23,062
Purchases of goods, inventory and services	Associates	**(479)**	(517)
Purchases of inventory	Significant influence via shareholder	**(15,646)**	(20,088)
Purchases of equipment	Significant influence via shareholder	**(5)**	-
Purchases of services	Significant influence via shareholder	**(391)**	(17)
Purchases of intangible assets	Significant influence via shareholder	**(7)**	(175)
Purchases of goods, inventory and services	Joint venture	**(188)**	(224)
Charge to provision for impairment of trade receivables	Significant influence via shareholder	**(466)**	-
Charge to provision for impairment of other current assets	Significant influence via shareholder	**-**	(6)
Charge to provision for lawsuits, claims and warranty	Significant influence via shareholder	**(35)**	(792)
Administrative expenses	Short-term employee benefits - compensation of the Key Management	**(259)**	(131)

(In millions of Russian rubles unless otherwise stated)

6. Intangible assets

Movements in intangible assets, which included development costs and licenses, were as follows:

	Unaudited
Balance at 31 December 2015	**12,668**
Additions	619
Write-off	(118)
Amortisation charge	(1,156)
Impairment and specific provisions	(3,935)
Balance at 30 June 2016	**8,078**
Balance at 31 December 2016	**6,659**
Additions	659
Amortisation charge	(732)
Reversal of specific provision	21
Balance at 30 June 2017	**6,607**

In 2008 the Group and Renault s.a.s. signed license agreements in relation to production, assembling and sale of cars, gearboxes and engines. As at 30 June 2017 intangible assets included licenses for production, assembling and sale of cars with net book value of RUB 1,106 and gearboxes with net book value of RUB 321.

7. Property, plant and equipment

Movements in property, plant and equipment were as follows:

	Unaudited
Balance at 31 December 2015	**54,707**
Additions	2,862
Disposals	(62)
Depreciation charge	(3,482)
Impairment and specific provisions	(15,028)
Balance at 30 June 2016	**38,997**
Balance at 31 December 2016	**35,816**
Additions	1,989
Disposals	(54)
Depreciation charge	(2,667)
Reversal of specific provision	21
Balance at 30 June 2017	**35,105**

8. Investments in associates and a joint venture

Movements in investments in associates were as follows:

	Unaudited
Balance at 31 December 2015	**292**
Share in net income/(loss) of associates	(2)
Translation adjustment	(29)
Disposal of investment	(2)
Dividends received	(13)
Balance at 30 June 2016	**246**
Balance at 31 December 2016	**193**
Share in net income/(loss) of associates	3
Translation adjustment	8
Balance at 30 June 2017	**204**

Interest in a joint venture consisted of investment in a joint venture GM-AVTOVAZ located in Togliatti, the Samara region of the Russian Federation. GM-AVTOVAZ produces the Chevrolet NIVA vehicles from the assembly kits supplied by the Group. PJSC AVTOVAZ and General Motors Holdings LLC equally hold 50% in share capital of GM-AVTOVAZ.

(In millions of Russian rubles unless otherwise stated)

8. Investments in associates and a joint venture (continued)

Movements in investments in a joint venture was as follows:

	Unaudited
Balance at 31 December 2015	**1,780**
Share in net income/(loss) of a joint venture	714
Balance at 30 June 2016	**2,494**
Balance at 31 December 2016	**2,413**
Share in net income/(loss) of a joint venture	154
Balance at 30 June 2017	**2,567**

As at 30 June 2017 GM-AVTOVAZ had contractual commitments of RUB 3,849 to purchase equipment from third parties (31 December 2016: RUB 3,642).

9. Financial assets

Financial assets consisted of the following:

	Unaudited 30 June 2017	31 December 2016
Loans issued less provision	**17**	830
Other	**1**	17
	18	847
Current portion	**17**	18
Non-current portion	**1**	829
	18	847

As at 30 June 2017 loans issued by the Group were secured by property and property rights in the amount of RUB 866 (31 December 2016: RUB 852).

Movements in provision for impairment of financial assets were as follows:

	Unaudited
Balance at 31 December 2015	**2,449**
Charge/(unused amounts reversed)	175
Utilised	(81)
Disposal of subsidiary	(11)
Balance at 30 June 2016	**2,532**
Balance at 31 December 2016	**3,112**
Charge/(unused amounts reversed)	1,322
Utilised	(3)
Balance at 30 June 2017	**4,431**

10. Receivables for jointly-controlled assets

Assembly agreements with Renault s.a.s. and Nissan contain characteristics of joint arrangements and have been classified as joint operations in accordance with IFRS 11. Receivables for jointly-controlled assets as at 30 June 2017 amounted to RUB 13,851 (31 December 2016: RUB 14,696). During the six months ended 30 June 2017 Renault s.a.s. and Nissan's shares in additions to property, plant and equipment in the amount of RUB 23 (for the six months ended 30 June 2016: RUB 188) were classified as long-term receivables under IFRS 11. During the six months ended 30 June 2017 Renault s.a.s. and Nissan redeemed a part of receivables in the amount of RUB 868 (for the six months ended 30 June 2016: RUB 460).

(In millions of Russian rubles unless otherwise stated)

11. Inventories

Inventories consisted of the following:

	Unaudited 30 June 2017	31 December 2016
Raw materials	**11,038**	12,127
Work in progress	**3,574**	2,800
Finished goods (at lower of cost and net realisable value)	**6,599**	5,673
	21,211	20,600

During the six months ended 30 June 2017 RUB 249 was recognised as an expense for slow-moving inventories and inventories carried at net realisable value (reversal of provision for inventories recognized as an income for the six months ended 30 June 2016 was RUB 400).

12. Trade receivables

The ageing analysis of trade receivables was as follows:

			Past due but not impaired		
	Trade receivables	Neither past due nor impaired	< 3 months	3 to 6 months	6 to 12 months
30 June 2017 (unaudited)	**17,923**	**17,192**	**436**	**295**	**-**
31 December 2016	15,884	15,253	424	207	-

As at 30 June 2017 trade receivables were secured by vehicles (with total selling price of RUB 7,446) as collateral (31 December 2016: RUB 5,987).

Movements in provision for impairment of trade receivables were as follows:

	Unaudited
Balance at 31 December 2015	**1,043**
Charge/(unused amounts reversed)	804
Utilised	(127)
Disposal of subsidiary	(30)
Balance at 30 June 2016	**1,690**
Balance at 31 December 2016	**2,534**
Charge/(unused amounts reversed)	561
Utilised	(8)
Disposal of subsidiary	(13)
Balance at 30 June 2017	**3,074**

13. Other current assets

Other current assets consisted of the following:

	Unaudited 30 June 2017	31 December 2016
Prepayments and other receivables less provision	**4,173**	5,973
Assets of the non-state pension fund	**2,284**	1,450
Value added tax	**688**	672
Other tax receivables	**69**	68
	7,214	8,163

Movements in provision for impairment of other current assets were as follows:

	Unaudited
Balance at 31 December 2015	**728**
Charge/(unused amounts reversed)	501
Utilised	(132)
Disposal of subsidiary	(12)
Balance at 30 June 2016	**1,085**
Balance at 31 December 2016	**1,069**
Charge/(unused amounts reversed)	41
Disposal of subsidiary	(10)
Balance at 30 June 2017	**1,100**

(In millions of Russian rubles unless otherwise stated)

14. Cash and cash equivalents

Cash and cash equivalents consisted of the following:

	Unaudited 30 June 2017	31 December 2016
Short-term deposits	**10,906**	15,882
Cash at banks	**2,182**	1,728
	13,088	17,610

As at 30 June 2017 cash at banks denominated in euros amounted to RUB 69, in US dollars to RUB 1, in other foreign currencies to nil (31 December 2016: in euros – RUB 302, in US dollars – RUB 3, in other foreign currencies – RUB 1).

As at 30 June 2017 cash deposits denominated in rubles were RUB 10,906 (31 December 2016: RUB 15,882) and bore interest ranging from 7.55% to 9.5% (31 December 2016: 7.95% - 10.6%).

15. Share capital

The carrying value and the legal value of share capital subscribed, authorised, issued and fully paid up, as represented by classes of shares, were as follows:

	Unaudited 30 June 2017			31 December 2016		
	No. of shares	**Legal statutory value**	**Carrying amount**	No. of shares	Legal statutory value	Carrying amount
Class A preference	**461,764,300**	**2,309**	**9,235**	461,764,300	2,309	9,235
Ordinary	**4,726,988,118**	**23,635**	**44,460**	1,822,463,131	9,112	29,937
Total outstanding share capital	**5,188,752,418**	**25,944**	**53,695**	2,284,227,431	11,421	39,172

In June 2017 the Annual Shareholders' Meeting made a decision not to pay dividends on ordinary and preference shares of the Company in respect of 2016.

At the end of 2016 the Company placed via an open subscription 2,904,524,987 ordinary shares with par value of 5 Russian rubles at price of 9 Russian rubles per share. As at 31 December 2016 these shares were paid. All registration procedures were completed in February 2017.

16. Provisions

Movements in provisions were as follows:

	Lawsuits and claims	Restructuring	Warranty	Total
Balance at 31 December 2016	**2,824**	**527**	**2,266**	**5,617**
Charge	859	336	683	1,878
Utilised	(423)	(794)	(655)	(1,872)
Reversal of unused amounts	(161)	(26)	-	(187)
Balance at 30 June 2017 (unaudited)	**3,099**	**43**	**2,294**	**5,436**
Current portion	3,099	43	1,615	4,757
Non-current portion	-	-	679	679
	3,099	**43**	**2,294**	**5,436**

The management expects that most of these costs will be incurred in next 12 months.

(In millions of Russian rubles unless otherwise stated)

17. Financial liabilities

Current financial liabilities consisted of the following:

	Unaudited 30 June 2017	31 December 2016
Ruble-denominated loans and borrowings	**33,145**	47,427
Foreign currency denominated loans and borrowings	**308**	559
	33,453	47,986

Non-current financial liabilities consisted of the following:

	Unaudited 30 June 2017	31 December 2016
Ruble-denominated interest-bearing loans and borrowings	**48,892**	40,853
Ruble-denominated interest-free borrowings	**8,761**	8,260
Ruble-denominated interest-free promissory notes	**892**	806
Foreign currency denominated interest-bearing loans and borrowings	**6,812**	6,275
	65,357	56,194

Average interest rate was 11.87% for outstanding ruble-denominated bank loans (31 December 2016: 12.25%) and 4.96% for foreign currency denominated bank loans (31 December 2016: 4.97%). Foreign currency denominated bank loans are in euros and Japanese yens. As at 30 June 2017 the Group had RUB 3,167 (31 December 2016: RUB 3,256) of bank loans with a floating interest rate.

Ruble-denominated interest-free borrowings and promissory notes consisted of the following liabilities:

			Unaudited 30 June 2017	
	Original date	Maturity date	Nominal value	IFRS value
Ruble-denominated interest-free borrowings	5 June 2009	5 June 2032	25,000	4,245
	29 April 2010	29 April 2032	26,282	4,516
			51,282	**8,761**
Ruble-denominated interest-free promissory notes	23 April 2001	7 March 2020	**1,481**	**892**

As at 30 June 2017 the Company had an open credit line in Vnesheconombank with the limit of RUB 45,142. The loan can be used only to finance investment projects of the Company. The loan is repayable by equal quarterly instalments from 2017 to 2023. As at 30 June 2017 an outstanding principal balance under this credit line amounted to RUB 34,666 (31 December 2016: RUB 32,902).

As at 30 June 2017 LADA Izhevsk had an open credit line in Vnesheconombank with the limit of RUB 14,857. The loan can be used only to finance investment projects of LADA Izhevsk. The loan is repayable by equal quarterly instalments from 2018 to 2024. As at 30 June 2017 an outstanding principal balance under this credit line amounted to RUB 7,216 (31 December 2016: RUB 7,179).

As at 30 June 2017 the Company was not in compliance with covenants set by loan agreements with banks: cross-default; breach of payment obligation under any other arrangement; as well as maximum amount of all claims, for which the Company is a defendant. As at 30 June 2017 the Company had RUB 15,342 of bank loans with breached covenants (31 December 2016: RUB 38,664). As at the reporting date credit institutions were able to claim for early repayment of the debts. Therefore, RUB 3,883 of long-term debts with breached covenants was classified as short-term liabilities as at 30 June 2017 (31 December 2016: RUB 15,841).

In July 2017 the Company received a waiver for loan agreements with breached covenants in the amount of RUB 13,481, including RUB 3,883 of long-term debt. As the waiver was received subsequent to the reporting date, it had no effect on the classification of the debt and RUB 3,883 of long-term debt was classified as short-term liabilities in these interim condensed consolidated financial statements.

As of the date of approval of these interim condensed consolidated financial statements, credit institutions have brought no claim to the Company to demand early repayment of debts.

As at 30 June 2017 the Company had an overdue borrowing due to Renault s.a.s. in the amount of RUB 2,600 (31 December 2016: RUB 2,602).

(In millions of Russian rubles unless otherwise stated)

17. Financial liabilities (continued)

As at 30 June 2017 the Group had available RUB 19,576 (31 December 2016: RUB 20,045) of undrawn committed borrowing facilities, of which RUB 142 was available for future operating activities and RUB 19,434 was available for investment activities.

As at 30 June 2017 the Group's loans and borrowings of RUB 60,934 (31 December 2016: RUB 61,231) were secured with property, plant and equipment with the carrying value of RUB 12,195 (31 December 2016: RUB 15,298), finished goods with the carrying value of RUB 2,352 (31 December 2016: RUB 2,488) and 100% shares of Lada-Service and ZAK.

18. Other tax liabilities

Current taxes payable consisted of the following:

	Unaudited	
	30 June 2017	31 December 2016
Utilisation fee	**3,754**	3,213
Value added tax	**2,119**	1,795
Property and other taxes	**768**	862
Social taxes	**571**	597
	7,212	6,467

19. Other current liabilities

Other payables and accrued expenses consisted of the following:

	Unaudited	
	30 June 2017	31 December 2016
Liabilities for PPE and intangible assets	**3,837**	4,610
Salaries payable, vacation and other accruals	**3,151**	2,914
Bonuses to dealers	**2,767**	1,256
Liabilities of the non-state pension fund	**2,554**	1,761
Deferred income on government subsidy	**-**	1,039
Other	**168**	258
	12,477	11,838

20. Revenues

Components of sales revenue were as follows:

	Unaudited	
	Six months ended 30 June 2017	Six months ended 30 June 2016
Sales of goods	**101,074**	85,502
Sales of services	**1,411**	1,628
	102,485	87,130

21. Cost of goods and services sold

Cost of sales comprised expenses incurred in manufacturing of vehicles, assembly kits and spare parts, mainly the cost of materials and components. The remaining costs principally included labour costs in the amount of RUB 10,334 (for the six months ended 30 June 2016: RUB 9,594) as well as depreciation and amortisation amounting to RUB 2,639 (for the six months ended 30 June 2016: RUB 3,436).

During the six months ended 30 June 2017 in accordance with Government resolutions on utilisation fee the Group incurred utilisation fee costs in the amount of RUB 7,196 (for the six months ended 30 June 2016: RUB 6,013).

22. Selling, general and administrative expenses

Components of selling, general and administrative expenses were as follows:

	Unaudited	
Selling expenses:	**Six months ended 30 June 2017**	Six months ended 30 June 2016
Advertising	**754**	1,227
Labour costs	**632**	591
Depreciation and amortisation	**96**	165
Charge to provision for impairment of trade receivables and other current assets	**410**	156
Other	**447**	444
	2,339	2,583

(In millions of Russian rubles unless otherwise stated)

22. Selling, general and administrative expenses (continued)

	Unaudited	
General and administrative expenses:	**Six months ended 30 June 2017**	Six months ended 30 June 2016
Labour costs	**2,436**	2,219
Third parties' services	**617**	713
Depreciation and amortisation	**219**	237
Transportation	**215**	179
Maintenance and servicing of office buildings	**121**	158
Other	**262**	286
	3,870	3,792
	6,209	6,375

23. Other operating income and expenses

Components of other operating income and expenses were as follows:

	Unaudited	
	Six months ended 30 June 2017	Six months ended 30 June 2016
Gain on disposal of property, plant and equipment	**47**	64
Reversal of/(charge to) specific provision	**42**	(946)
Gain on disposal of subsidiaries and associates	**30**	9
Reversal of provision for restructuring costs	**26**	-
Impairment loss	**-**	(18,017)
Termination payments to employees	**(336)**	(34)
Other operating income and expenses	**1**	232
	(190)	(18,692)

24. Other financial income and expenses

Components of other financial income and expenses were as follows:

	Unaudited	
	Six months ended 30 June 2017	Six months ended 30 June 2016
Foreign exchange (loss)/gain	**(383)**	994
Other financial income and expenses	**(30)**	(7)
Gain on derecognition of financial liability and liability on promissory notes	**-**	128
	(413)	1,115

25. Current and deferred taxes

	Unaudited	
	Six months ended 30 June 2017	Six months ended 30 June 2016
Income tax expense – current	**(218)**	(55)
Deferred tax benefit	**47**	3,479
	(171)	3,424

26. Contingencies, commitments and guarantees

26.1 Contractual commitments

As at 30 June 2017 the Group had contractual commitments for purchase of property, plant and equipment from third parties in the amount of RUB 2,619 (31 December 2016: RUB 4,024).

26.2 Legal contingencies

At the date of issuance of these interim condensed consolidated financial statements, the Group was in dispute with several suppliers over claims received in total amount of RUB 2,620.

In the opinion of management, the Group's liability, if any, in all pending litigations, other legal proceedings or other matters would not have a material effect upon the financial condition, results of operations or liquidity of the Group.

(In millions of Russian rubles unless otherwise stated)

26. Contingencies, commitments and guarantees (continued)

26.3 Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases of land at nominal amount were as follows:

	Unaudited 30 June 2017	31 December 2016
Not later than 1 year	**80**	73
Later than 1 year and not later than 5 years	**278**	274
Later than 5 years	**2,455**	2,405
	2,813	2,752

The amount of lease payments recognized as an expense for the six months ended 30 June 2017 was RUB 39 (for the six months ended 30 June 2016: RUB 37).

26.4 Operating environment in Russia

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

The Russian economy has been negatively impacted by a decline in oil prices and sanctions imposed on Russia by a number of countries. The ruble interest rates remained high. The combination of the above resulted in reduced access to capital, a higher cost of capital and uncertainty regarding economic growth, which could negatively affect the Group’s future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group’s business in the current circumstances.

27. Segment information

For management purposes, the Group is organized into business units based on their products and services, and has the following reportable operating segments:

- automotive - production and sale of vehicles, assembly kits and automotive components produced by the Company, LADA Izhevsk, PSA VIS-AVTO and LADA Sport;
- dealership network - sales and services provided by technical centres;
- other segments - information about other business activities and operating segments that are not reportable based on quantitative thresholds was combined and disclosed as “Other segments”. Other segments include activities of other subsidiaries that are engaged in non-core activities.

Management monitors operating results of business units separately for the purpose of making decisions about resource allocation and performance assessment.

Transactions between business segments are done on normal commercial terms and conditions.

The following table represents information about revenue, profit and loss and assets and liabilities of the Group’s operating segments:

Unaudited	Automotive		Dealership network		Other segments		Eliminations		Total	
Six months ended 30 June	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Revenue										
Sales to external customers	**85,802**	74,560	**6,805**	5,791	**9,878**	6,779	**-**	-	**102,485**	87,130
Inter-segment sales	**7,629**	6,153	**287**	472	**599**	596	**(8,515)**	(7,221)	**-**	-
Intra-segment sales	**32,530**	29,370	**9**	10	**1**	2	**(32,540)**	(29,382)	**-**	-
Total revenue	**125,961**	110,083	**7,101**	6,273	**10,478**	7,377	**(41,055)**	(36,603)	**102,485**	87,130
Results										
Depreciation and amortisation	**(3,229)**	(4,266)	**(55)**	(110)	**(85)**	(128)	**-**	-	**(3,369)**	(4,638)
Impairment of assets	**(2,086)**	(19,684)	**(99)**	(18)	**36**	(476)	**-**	-	**(2,149)**	(20,178)
Interest expenses	**(4,698)**	(4,964)	**(30)**	(49)	**(15)**	(51)	**-**	-	**(4,743)**	(5,064)
Interest income	**916**	267	**23**	70	**12**	1	**-**	-	**951**	338
Share in net income/(loss) of associates and a joint venture	**157**	712	**-**	-	**-**	-	**-**	-	**157**	712
Current and deferred taxes	**(41)**	3,467	**(21)**	(82)	**(109)**	39	**-**	-	**(171)**	3,424
IFRS profit/(loss) for the period	**(3,496)**	(25,964)	**(248)**	(483)	**(669)**	(590)	**-**	-	**(4,413)**	(27,037)

(In millions of Russian rubles unless otherwise stated)

27. Segment information (continued)

Inter-segment and intra-segment revenues from sales are eliminated on consolidation.

	Automotive		Dealership network		Other segments		Total	
	30 June 2017 (Unaudited)	31 December 2016	**30 June 2017 (Unaudited)**	31 December 2016	**30 June 2017 (Unaudited)**	31 December 2016	**30 June 2017 (Unaudited)**	31 December 2016
Segment assets	**128,486**	141,098	**4,816**	4,821	**9,362**	9,407	**142,664**	155,326
Intra-segment eliminations	**(14,112)**	(16,738)	**(630)**	(689)	**(18)**	(18)	**(14,760)**	(17,445)
Inter-segment eliminations	**(7,463)**	(11,128)	**(682)**	(683)	**(584)**	(1,850)	**(8,729)**	(13,661)
Total assets	**106,911**	113,232	**3,504**	3,449	**8,760**	7,539	**119,175**	124,220
Segment liabilities	**(186,806)**	(191,738)	**(2,820)**	(2,724)	**(6,426)**	(5,633)	**(196,052)**	(200,095)
Intra-segment eliminations	**10,550**	13,177	**384**	420	**3**	5	**10,937**	13,602
Inter-segment eliminations	**781**	2,082	**1,410**	1,231	**1,741**	1,381	**3,932**	4,694
Total liabilities	**(175,475)**	(176,479)	**(1,026)**	(1,073)	**(4,682)**	(4,247)	**(181,183)**	(181,799)

Major part of non-current assets is located in the Russian Federation.

28. Financial instruments and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Set out below is a comparison by category, quantitative and hierarchy disclosures of carrying amounts and fair values of financial instruments:

	Carrying amount		Fair values of assets and liabilities (Level 2)	
	30 June 2017 (Unaudited)	31 December 2016	**30 June 2017 (Unaudited)**	31 December 2016
FINANCIAL ASSETS:				
Cash and cash equivalents	**13,088**	17,610	**13,088**	17,610
Trade receivables	**17,923**	15,884	**17,923**	15,884
Short-term assets of the non-state pension fund – deposit accounts	**1,299**	1,100	**1,299**	1,100
Short-term assets of the non-state pension fund at fair value through profit or loss	**985**	350	**985**	348
Other current assets	**4,173**	5,973	**4,173**	5,973
Financial assets – current	**17**	18	**17**	18
Financial assets – non-current	**1**	829	**1**	829
Receivables for jointly-controlled assets	**13,851**	14,696	**13,851**	14,696
	51,337	56,460	**51,337**	56,458
FINANCIAL LIABILITIES:				
Current financial liabilities	**33,453**	47,986	**33,453**	47,986
Non-current financial liabilities	**65,357**	56,194	**67,687**	58,506
Trade payables	**50,927**	46,882	**50,927**	46,882
Other liabilities	**12,477**	11,838	**12,477**	11,838
	162,214	162,900	**164,544**	165,212

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

28. Financial instruments and fair value hierarchy (continued)

The following methods and assumptions were used to estimate the fair values:

- Cash and current deposits, financial assets, trade receivables, trade payables, other liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Non-current receivables and borrowings are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 30 June 2017, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.
- The fair value of unquoted instruments, loans from banks, long-term promissory notes issued, obligations under finance leases as well as other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- Discount rate used for assessment of fair value of non-current borrowings was 11% (2016: 11%).

Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques.

During the six months ended 30 June 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.