O'Key Group S.A.

Condensed Consolidated Interim Financial Statements

Six months ended 30 June 2018

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Report on Review of the Condensed Consolidated Interim Financial Statements

To the Board of Directors of
O'Key Group S.A.

We have reviewed the accompanying condensed consolidated interim financial statements of O'Key Group S.A. (the "Company"), which comprise the condensed consolidated interim statement of financial position as at 30 June 2018, and the related condensed consolidated interim statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the condensed consolidated interim financial statements

The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity") as adopted for Luxembourg by the "Institut des Réviseurs d'Entreprises". This standard requires us to comply with relevant ethical requirements and conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework.

A review of condensed consolidated interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. The "Réviseur d'entreprises agréé" performs procedures, primarily consisting of making inquiries of management and others within the Company, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed consolidated interim financial statements.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 22 August 2018

Gilles Vanderweyen

'000 RUB	Note	30 June 2018	31 December 2017
ASSETS			
Non-current assets			
Investment property	12	1,095,806	1,075,010
Property, plant and equipment	13	43,935,888	44,964,135
Construction in progress	13	3,593,548	3,313,175
Lease rights	14	4,419,277	4,437,856
Intangible assets	15	1,040,820	961,108
Deferred tax assets		2,129,895	1,917,572
Other non-current assets	16	2,033,280	1,817,452
Total non-current assets		**58,248,514**	**58,486,308**
Current assets			
Inventories	17	11,920,470	13,524,236
Trade and other receivables	18	3,427,705	10,275,841
Prepayments		827,302	1,280,658
Other current assets		9,468	10,290
Cash and cash equivalents		1,334,781	7,750,177
Non-current assets held for sale		-	129,589
Total current assets		**17,519,726**	**32,970,791**
Total assets		**75,768,240**	**91,457,099**

The condensed consolidated interim statement of financial position is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 9 to 33.

'000 RUB	Note	30 June 2018	31 December 2017
EQUITY AND LIABILITIES			
Equity			
Share capital	19	119,440	119,440
Legal reserve	19	10,597	10,597
Additional paid-in capital	19	8,555,657	8,555,657
Hedging reserve		(66,947)	(99,861)
Retained earnings		12,258,747	15,025,513
Translation reserve		1,226,446	639,633
Total equity		**22,103,940**	**24,250,979**
Non-current liabilities			
Loans and borrowings	21	25,205,794	24,679,352
Deferred tax liabilities		735,300	888,997
Other non-current liabilities		225,095	121,890
Total non-current liabilities		**26,166,189**	**25,690,239**
Current liabilities			
Loans and borrowings	21	8,097,516	11,429,881
Interests accrued on loans and borrowings	21	219,118	231,897
Trade and other payables	22	18,937,332	28,854,731
Current income tax payable		244,145	999,372
Total current liabilities		**27,498,111**	**41,515,881**
Total liabilities		**53,664,300**	**67,206,120**
Total equity and liabilities		**75,768,240**	**91,457,099**

The condensed consolidated interim statement of financial position is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 9 to 33.

'000 RUB	Note	Six months ended 30 June 2018	Six months ended 30 June 2017
	3		**Restated**
Revenue	6	78,179,207	85,453,480
Cost of goods sold		(59,952,379)	(66,015,342)
Gross profit		**18,226,828**	**19,438,138**
General, selling and administrative expenses	8	(17,047,777)	(18,318,171)
Other operating income and expenses, net	9	380,770	(612,710)
Operating profit		**1,559,821**	**507,257**
Finance income		46,577	93,953
Finance costs		(1,581,324)	(1,730,043)
Foreign exchange loss		(642,206)	(257,581)
Loss before income tax		**(617,132)**	**(1,386,414)**
Income tax benefit/(expense)	11	76,005	(91,687)
Loss for the period		**(541,127)**	**(1,478,101)**
Other comprehensive income/(loss)			
Items that will never be reclassified to profit or loss:			
Exchange differences on translation to presentation currency		240,195	(19,252)
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of hedges and reclassification from hedging reserve		41,143	(16,142)
Income tax on items within other comprehensive income		(8,229)	3,228
Other comprehensive income/(loss) for the period, net of income tax		**273,109**	**(32,166)**
Total comprehensive loss for the period		**(268,018)**	**(1,510,267)**
Basic and diluted loss per ordinary share for loss attributable to owners of the Company (in RUB per share)	20	**(2.0)**	**(5.5)**

The condensed consolidated interim statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 9 to 33.

		Attributable to owners of the Company						
'000 RUB	**Note**	**Share capital**	**Legal reserve**	**Additional paid-in capital**	**Hedging reserve**	**Retained earnings**	**Translation reserve**	**Total equity**
Balance at 1 January 2017		**119,440**	**10,597**	**8,555,657**	**(75,329)**	**13,324,398**	**720,301**	**22,655,064**
Comprehensive loss for the period								
Loss for the period		-	-	-	-	(1,478,101)	-	**(1,478,101)**
Other comprehensive loss								
Foreign currency translation differences		-	-	-	-	-	(19,252)	**(19,252)**
Change in fair value of hedges and reclassification from hedging reserve		-	-	-	(16,142)	-	-	**(16,142)**
Income tax on items within other comprehensive income		-	-	-	3,228	-	-	**3,228**
Total other comprehensive loss		**-**	**-**		**(12,914)**	**-**	**(19,252)**	**(32,166)**
Total comprehensive loss for the period		**-**	**-**	**-**	**(12,914)**	**(1,478,101)**	**(19,252)**	**(1,510,267)**
Transactions with owners recorded directly in equity								
Contributions by and distributions to owners								
Dividends declared	19	-	-	-	-	(1,465,798)	-	**(1,465,798)**
Total transactions with owners recorded directly in equity		**-**	**-**	**-**	**-**	**(1,465,798)**	**-**	**(1,465,798)**
Balance at 30 June 2017		**119,440**	**10,597**	**8,555,657**	**(88,242)**	**10,380,499**	**701,049**	**19,679,000**

The condensed consolidated interim statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 9 to 33.

		Attributable to owners of the Company						
'000 RUB	**Note**	**Share capital**	**Legal reserve**	**Additional paid-in capital**	**Hedging reserve**	**Retained earnings**	**Translation reserve**	**Total equity**
Balance at 1 January 2018		**119,440**	**10,597**	**8,555,657**	**(99,861)**	**15,025,513**	**639,633**	**24,250,979**
Comprehensive loss for the period								
Loss for the period		-	-	-	-	(541,127)	-	(541,127)
Other comprehensive income								
Foreign currency translation differences		-	-	-	-	-	240,195	240,195
Change in fair value of hedges and reclassification from hedging reserve		-	-	-	41,143	-	-	41,143
Income tax on items within other comprehensive income		-	-	-	(8,229)	-	-	(8,229)
Reclassification within equity		-	-	-	-	(346,618)	346,618	-
Total other comprehensive income		-	-	-	**32,914**	(346,618)	**586,813**	**273,109**
Total comprehensive loss for the period		-	-	-	**32,914**	**(887,745)**	**586,813**	**(268,018)**
Transactions with owners recorded directly in equity								
Contributions by and distributions to owners								
Dividends declared	19	-	-	-	-	(1,879,021)	-	(1,879,021)
Total transactions with owners recorded directly in equity		-	-	-	-	**(1,879,021)**	-	**(1,879,021)**
Balance at 30 June 2018		**119,440**	**10,597**	**8,555,657**	**(66,947)**	**12,258,747**	**1,226,446**	**22,103,940**

The condensed consolidated interim statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 9 to 33.

'000 RUB		Six months ended 30 June 2018	Six months ended 30 June 2017
Cash flows from operating activities			
Cash receipts from customers		89,676,521	98,152,318
Other cash receipts		433,619	272,291
Interest received		39,408	97,003
Cash paid to suppliers and employees		(92,699,092)	(101,843,222)
Taxes other than on income		(467,308)	(303,967)
Other cash payments		(19,871)	(86,387)
VAT paid		(1,216,504)	(704,076)
Income tax paid		(1,065,330)	(670,429)
Net cash used in operating activities		**(5,318,557)**	**(5,086,469)**
Cash flows from investing activities			
Purchase of property, plant and equipment and lease rights (excluding VAT)		(1,383,950)	(1,334,444)
Purchase of other intangible assets (excluding VAT)		(167,336)	(169,161)
Proceeds from sale of supermarkets (excluding VAT)	7	6,910,243	-
Proceeds from sale of property, plant and equipment and intangible assets (excluding VAT)		16,087	44,811
Net cash from/(used in) investing activities		**5,375,044**	**(1,458,794)**
Cash flows from financing activities			
Proceeds from loans and borrowings		1,100,000	5,000,000
Repayment of loans and borrowings		(3,990,268)	(4,077,815)
Interest paid		(1,612,754)	(1,813,428)
Dividends paid to the Company's owners		(1,879,021)	(1,465,798)
Other financial payments		(54,522)	(30,850)
Net cash used in financing activities		**(6,436,565)**	**(2,387,891)**
Net decrease in cash and cash equivalents		**(6,380,078)**	**(8,933,154)**
Cash and cash equivalents at beginning of the period		7,750,177	11,463,467
Effect of exchange rate fluctuations on cash and cash equivalents		(35,318)	(32,233)
Cash and cash equivalents at end of the period		**1,334,781**	**2,498,080**

The condensed consolidated interim statement of cash flows is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 9 to 33.

1 Background

(a) The Group and its operations

O'Key Group S. A. (the "Company") was incorporated and is domiciled in Luxembourg. The Company is a public limited company (société anonyme) and was set up in accordance with Luxembourg regulations. These condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the "Group"). The main part of the Group is located and conducts its business in the Russian Federation.

The Company does not have an immediate parent or an ultimate controlling party.

As at 30 June 2018 and 31 December 2017, the Company's major indirect shareholders are Mr. Troitskii, Mr. Volchek and Mr. Korzhev.

The Company's shares are listed on the London Stock Exchange in the form of Global Depository Receipts (GDRs).

The Company's registered address is: Luxembourg 46a, Avenue J.F. Kennedy, 3rd floor, L-1855.

The Group's principal business activity is operation of retail chains in Russia under the brand names "O'KEY" (hypermarkets) and "Da!" (discounter stores). As at 30 June 2018, the Group operated 147 stores including 69 discounter stores (31 December 2017: 149 stores including 67 discounter stores) in major Russian cities, including but not limited to Moscow and Moscow region, St. Petersburg, Murmansk, Nizhniy Novgorod, Rostov-on-Don, Krasnodar, Lipetsk, Volgograd, Ekaterinburg, Novosibirsk, Krasnoyarsk, Ufa, Astrakhan and Surgut.

(b) Business environment

The Group's operations are primarily located in the Russian Federation which displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. The Russian economy was growing in 2018, after overcoming the economic recession of 2015 and 2016. The economy is negatively impacted by low oil prices, ongoing political tension in the region and international sanctions against certain Russian companies and individuals. The financial markets continue to be volatile. This operating environment has a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

(c) Seasonality

The Group experiences seasonal fluctuations in its operations, such as an increase in sales during December, prior to Christmas and the New Year period, and May holidays and a decrease in sales in August, September and February, which follow the summer and winter holiday seasons, respectively. The sale of seasonal products, such as school-related non-food products in August, New Year decorations and gifts in December and household appliances for summer houses from April to September affects the Group's interim results.

1 Background (continued)

As a result, in the middle of the year the Group's stock levels, cash, payables to suppliers and cash flows from operating activities decrease compared to year-end.

(d) Net current liabilities

As at 30 June 2018, the Group's current liabilities exceeded its current assets by RUB 9,978,385 thousand (31 December 2017: RUB 8,545,090 thousand). An excess of current liabilities over current assets is usual for the retail industry. The Group uses excess of trade and other payables over inventory to finance its investing activities. The Group has reviewed its cash flow forecasts in the context of current and projected market conditions, as well as available undrawn credit facilities disclosed in Note 21 and Note 28, and is confident that will be able to meet its obligations as they fall due.

2 Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim financial reporting* as adopted by the European Union. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2017 which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 22 August 2018.

3 Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements and significant judgments made by management in applying these accounting policies are consistent with those applied by the Group in its annual consolidated financial statements as at and for the year ended 31 December 2017 and corresponding interim period, except for the estimation of income tax and as set out below.

New and amended standards and interpretations adopted by the Group

A number of new standards, amendments to standards and interpretations became effective from 1 January 2018, including the following:

IFRS 9, 'Financial Instruments'. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of the new standard from 1 January 2018 resulted in changes in the Group's accounting policies but did not have a significant impact on the amounts recognised in the financial statements, so no adjustments were recorded in the condensed consolidated interim financial statements.

3 Significant accounting policies (continued)

On 1 January 2018, the date of initial application of IFRS 9, the Group has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. Based on the analysis performed, the financial assets previously classified into 'loans and receivables' category were reclassified into those measured subsequently at amortised cost, with no impact on their measurement. The Group did not have any financial assets in other than the 'loans and receivables' category as at the date of transition. The changes in classification categories did not result in changes of presentation in the condensed consolidated interim statement of financial position. Classification and measurement of the Group's financial liabilities under IFRS 9 remained consistent with IAS 39, since the new requirements only affect the accounting for financial liabilities measured at fair value through profit or loss and the Group does not have any such financial liabilities. No retrospective adjustments were required in relation to the Group's loans and borrowings, as none of the loans and borrowings outstanding on 1 January 2018 had been refinanced in prior periods. The amount of expected credit losses on the Group's financial assets as at 1 January 2018 assessed under the new impairment rules set out in IFRS 9 did not significantly differ from the allowance recognised in the Group's consolidated financial statements as at 31 December 2017 and therefore there is no quantitative effect of the change as of 1 January 2018.

IFRS 15, 'Revenue from Contracts with Customers'. The Group has adopted IFRS 15 from 1 January 2018 which resulted in changes in accounting policies outlined below and adjustments to the amounts recognised in the condensed consolidated interim statement of profit or loss and other comprehensive income. In accordance with the transition provisions in IFRS 15, the Group has elected full retrospective method of transition and restated comparatives for 2017. The balance sheets as at 1 January 2018 and 1 January 2017 were not significantly impacted, and the Group's statement of financial position was not restated. Presented in the following table are effects from the adoption of IFRS 15 on the consolidated profit or loss amounts for the six-month period ended 30 June 2017 presented as comparatives in these condensed consolidated interim financial statements:

'000 RUB	Six months ended 30 June 2017 – as originally presented	Reclassifications	Six months ended 30 June 2017 – as restated
Revenue	85,969,350	(515,870)	85,453,480
Cost of sales	(66,531,212)	515,870	(66,015,342)

The above impact resulted from the Group's analysis of its revenue streams with reference to the detailed guidance on application of the revenue recognition principles outlined in IFRS 15. In a view of more precise definition of revenue recognition criteria, in particular in respect of counter services to counterparties, the Group reconsidered its approach for accounting treatment of advertising income and now accounts for such income consistently with treatment of bonuses from suppliers and records them as a reduction to cost of goods purchased. The Group believes that the new approach also closely aligns to the industry practice and will aid comparability. Prior to this change in the policy, the Group presented income from advertising services within revenue.

The new stardard also necessitated expended disclosure included in the condensed consolidated interim financial statements. Refer to note 5.

3 Significant accounting policies (continued)

Accounting policies adopted from 1 January 2018

Financial instruments

From 1 January 2018, the Group classifies financial assets into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL). Classification for debt instruments is driven by the Group's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Revenue

Revenue from sale of goods for resale and self-produced catering products is recognised at a point in time when control of the goods has transferred to the customer, normally at the cash register. Payment of the transaction price is due immediately when the customer purchases the goods.

Revenue from rendering of services, including rental income, is recognised over time in the accounting period in which the services are rendered.

New standards and interpretations not yet adopted

IFRS 16, 'Leases' (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The standard is expected to have a significant impact on the Group's consolidated financial statements, including its liabilities, and will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RUB 31,753,016 thousand. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit or loss and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16. The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date.

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values in these condensed consolidated interim financial statements have been determined based on the principles, which are consistent with those applied in the consolidated financial statements for the year ended 31 December 2017. Refer to note 26.

5 Operating segments

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The CODM has been determined as the CEO of the Group.

The Group is engaged in management of retail stores located in the Russian Federation. Although the Group is not exposed to concentration of sales to individual customers, all of the Group's sales are made in the Russian Federation. As such, the Group is exposed to the economic development in Russia, including the development of the Russian retail industry. The Group has no significant non-current assets outside the Russian Federation.

The Group identified its operating segments in accordance with the criteria set in IFRS 8 *Operating Segments* and based on the way the operations of the Group are regularly reviewed by the CODM to analyse performance and allocate resources within the Group.

The Group has two reportable segments: "O'Key" and "Da!". Each segment has similar format of their stores which is described below:

- O'Key – chain of modern Western European style hypermarkets under the "O'KEY" brand (reinforced by O'KEY supermarkets throughout the Russian Federation, prior to its sale in December 2017 – April 2018, as disclosed in note 7);
- Da! – chain of discounter stores in Moscow and Central region.

The assortment of goods in the stores of each segment is different, and the segments are managed separately. For each of the segments, the CEO of the Group reviews internal management reports at least on a monthly basis.

All business components within each reportable segment demonstrate similar characteristics:

- the products and customers;
- the business processes are integrated and uniform: the components manage their operations centrally. Purchasing, logistics, finance, HR and IT functions are centralised;
- the components' activities are mainly limited to Russia which has a uniform regulatory environment.

The CEO assesses the performance of the operating segments based on revenue and earnings before interest, tax, depreciation and amortisation adjusted for certain one-off items outlined below ("EBITDA"). The "EBITDA" term is not defined in IFRS. Other information provided to the CEO is measured in a manner consistent with that in the consolidated financial statements. The accounting policies used for the segment reporting are the same as accounting policies applied for the consolidated financial statements (Note 3).

Basis of segmentation used in these condensed consolidated interim financial statements is consistent with that used in the most recent annual consolidated financial statements of the Group.

5 Operating segments (continued)

The segment information for the six-month periods ended 30 June 2018 and 30 June 2017 is as follows:

'000 RUB	Note	O'Key		Da!		Total	
For six months ended 30 June		**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
External revenue							
- Sales of trading stock		67,944,010	76,454,889	6,266,511	4,629,142	74,210,521	81,084,031
- Sales of self-produced catering products		3,002,409	3,505,602	-	-	3,002,409	3,505,602
Revenue from sale of goods		**70,946,419**	**79,960,491**	**6,266,511**	**4,629,142**	**77,212,930**	**84,589,633**
Rental income		937,194	840,247	29,083	23,600	966,277	863,847
Total revenue	3	**71,883,613**	**80,800,738**	**6,295,594**	**4,652,742**	**78,179,207**	**85,453,480**
EBITDA		**4,370,106**	**4,608,444**	**(899,729)**	**(958,466)**	**3,470,377**	**3,649,978**

5 Operating segments (continued)

A reconciliation of EBITDA to loss for the period is as follows:

'000 RUB	Note	Six months ended 30 June 2018	Six months ended 30 June 2017
EBITDA		**3,470,377**	**3,649,978**
Gain/(loss) from disposal of non-current assets	9	213,235	(267,798)
Reversal of impairment/(impairment) of receivables	9	9,434	(345,448)
Depreciation and amortisation	8	(2,133,225)	(2,278,599)
Loss from impairment of assets held for sale	9	-	(149,876)
Finance income		46,577	93,953
Finance costs		(1,581,324)	(1,730,043)
Foreign exchange loss		(642,206)	(257,581)
Other non-operating expense		-	(101,000)
Loss before income tax		**(617,132)**	**(1,386,414)**
Income tax benefit/(expense)		76,005	(91,687)
Loss for the period		**(541,127)**	**(1,478,101)**

6 Revenue

'000 RUB	Note	Six months ended 30 June 2018	Six months ended 30 June 2017
	3		**Restated**
Sales of goods for resale		74,210,521	81,084,031
Sales of self-produced catering products		3,002,409	3,505,602
Revenue from sale of goods		**77,212,930**	**84,589,633**
Rental income		966,277	863,847
Total revenues		**78,179,207**	**85,453,480**

7 Sale of supermarkets

In December 2017 the Group signed a framework agreement with X5 Retail Group for sale of the major part of supermarkets business comprising of 32 stores. The agreement comprises a series of transactions. Total proceeds according to the agreement are RUB 7 222 176 thousand. Having considered terms of the agreement, the Group concluded that in substance control over 28 of 32 stores was transferred to the buyer in December 2017 and recognized in 2017 respective proceeds in the amount of RUB 6 677 176 thousand. Assets attributable to disposed part of business mainly comprise land and buildings, equipment, lease rights and short-term receivables. Net book value of the assets attributable to the disposed part of business amounted to RUB 2 031 973 thousand.

The remaining 4 stores were transferred to the buyer in April 2018 and respective proceeds in the amount of RUB 545,000 thousand were recognised in 2018. Assets attributable to disposed part of business mainly comprise land and buildings, equipment, lease rights and short-term receivables. Net book value of the assets attributable to the disposed part of business amounted to RUB 208,985 thousand.

8 General, selling and administrative expenses

'000 RUB	Note	Six months ended 30 June 2018	Six months ended 30 June 2017
Personnel costs	10	(7,198,448)	(8,185,243)
Operating lease expense		(2,668,109)	(2,834,696)
Depreciation and amortisation	13, 14, 15	(2,133,225)	(2,278,599)
Communication and utilities		(1,770,905)	(1,785,882)
Advertising and marketing services		(1,080,552)	(1,020,712)
Repairs and maintenance costs		(583,510)	(590,758)
Insurance and bank commissions		(409,539)	(398,122)
Taxes other than on income		(401,418)	(355,241)
Security expenses		(375,284)	(436,807)
Legal and professional expenses		(278,670)	(252,037)
Materials and supplies		(131,715)	(162,752)
Other costs		(16,402)	(17,322)
		(17,047,777)	**(18,318,171)**

9 Other operating income and expenses, net

'000 RUB	Six months ended 30 June 2018	Six months ended 30 June 2017
Gain/(loss) from disposal of non-current assets	213,235	(267,798)
Reversal of impairment/(impairment) of receivables	9,434	(345,448)
Loss from impairment of assets held for sale	-	(149,876)
Sundry income and expenses, net	158,101	150,412
	380,770	**(612,710)**

Net gain from disposal of non-current assets for the period amounting to RUB 213,235 thousand includes gain on sale of supermarkets business in the amount of RUB 336,015 thousand described in note 7, and loss on disposal of other non-current assets in the amount of RUB 122,780 thousand.

10 Personnel costs

'000 RUB	Six months ended 30 June 2018	Six months ended 30 June 2017
Wages and salaries	(4,569,385)	(5,255,114)
Social security contributions	(1,511,048)	(1,740,160)
Bonuses to personnel	(632,329)	(680,195)
Other employee benefits	(485,686)	(509,774)
Total personnel costs	**(7,198,448)**	**(8,185,243)**

11 Income tax

Income tax is recognised based on management's estimate of the average effective annual income tax rate expected for the full financial year.

Income tax recognised in profit or loss

'000 RUB	Six months ended 30 June 2018	Six months ended 30 June 2017
Current tax expense	(298,243)	(472,310)
Deferred tax benefit	374,248	380,623
Total income tax benefit/(expense)	**76,005**	**(91,687)**

12 Investment property

'000 RUB	Investment property
Investment properties at fair value as at 1 January 2017	**572,542**
Investment properties at fair value as at 30 June 2017	**572,542**
Investment properties at fair value as at 1 January 2018	**1, 075,010**
Expenditure on subsequent improvements	20,796
Investment properties at fair value as at 30 June 2018	**1,095,806**

As at 1 January 2018 and 2017 the fair value of investment property has been determined by independent appraisers and by market approach based on most recent quoted prices.

There were no significant changes in assumptions used for determination of fair value of investment property as at 30 June 2018 compared to 1 January 2018. Fair value of investment property as at 30 June 2018 and 30 June 2017 did not significantly change as compared to 1 January 2018 and 1 January 2017, respectively.

13 Property, plant and equipment and construction in progress

'000 RUB	Land	Buildings	Leasehold improvements	Machinery and equipment, auxiliary facilities and other fixed assets	Total property, plant and equipment	Construction in progress	Total property, plant and equipment and construction in progress
Cost							
Balance at 1 January 2017	**5,021,476**	**38,602,235**	**7,707,573**	**15,545,367**	**66,876,651**	**3,485,879**	**70,362,530**
Additions	1,406	164,721	-	386,492	**552,619**	1,007,634	**1,560,253**
Transfers	-	565,737	130,794	100,709	**797,240**	(797,240)	-
Reclassification to assets held for sale	-	(878,239)	-	(128,477)	**(1,006,716)**	-	**(1,006,716)**
Disposals	(54,970)	-	(155,715)	(250,224)	**(460,909)**	(13,939)	**(474,848)**
Balance at 30 June 2017	**4,967,912**	**38,454,454**	**7,682,652**	**15,653,867**	**66,758,885**	**3,682,334**	**70,441,219**
Balance at 1 January 2018	**4,934,476**	**38,006,385**	**7,309,159**	**14,928,340**	**65,178,360**	**3,313,175**	**68,491,535**
Additions	4,488	2,966	-	320,984	**328,438**	994,783	**1,323,221**
Transfers	427	257,111	224,120	143,695	**625,353**	(625,353)	-
Disposals	(14,472)	(81,210)	(443)	(220,258)	**(316,383)**	(89,057)	**(405,440)**
Balance at 30 June 2018	**4,924,919**	**38,185,252**	**7,532,836**	**15,172,761**	**65,815,768**	**3,593,548**	**69,409,316**

13 Property, plant and equipment and construction in progress (continued)

'000 RUB	Land	Buildings	Leasehold improvements	Machinery and equipment, auxiliary facilities and other fixed assets	Total property, plant and equipment	Construction in progress	Total property, plant and equipment and construction in progress
Depreciation and impairment losses							
Balance at 1 January 2017	-	**(6,265,941)**	**(2,365,988)**	**(10,002,854)**	**(18,634,783)**	-	**(18,634,783)**
Depreciation for the period	-	(659,339)	(323,540)	(1,053,325)	**(2,036,204)**	-	**(2,036,204)**
Reclassification to assets held for sale	-	195,363	-	64,459	**259,822**	-	**259,822**
Disposals	-	-	32,015	232,903	**264,918**	-	**264,918**
Balance at 30 June 2017	-	**(6,729,917)**	**(2,657,513)**	**(10,758,817)**	**(20,146,247)**	-	**(20,146,247)**
Balance at 1 January 2018	-	**(7,021,978)**	**(2,565,688)**	**(10,626,559)**	**(20,214,225)**	-	**(20,214,225)**
Depreciation for the period	-	(638,945)	(291,572)	(937,181)	**(1,867,698)**	-	**(1,867,698)**
Impairment	-	56,182	-	-	**56,182**	-	**56,182**
Disposals	-	7,040	-	138,821	**145,861**	-	**145,861**
Balance at 30 June 2018	-	**(7,597,701)**	**(2,857,260)**	**(11,424,919)**	**(21,879,880)**	-	**(21,879,880)**
Net book value							
At 1 January 2017	**5,021,476**	**32,336,294**	**5,341,585**	**5,542,513**	**48,241,868**	**3,485,879**	**51,727,747**
At 30 June 2017	**4,967,912**	**31,724,537**	**5,025,139**	**4,895,050**	**46,612,638**	**3,682,334**	**50,294,972**
At 1 January 2018	**4,934,476**	**30,984,407**	**4,743,471**	**4,301,781**	**44,964,135**	**3,313,175**	**48,277,310**
At 30 June 2018	**4,924,919**	**30,587,551**	**4,675,576**	**3,747,842**	**43,935,888**	**3,593,548**	**47,529,436**

Depreciation expense of RUB 1,867,698 thousand has been charged to general, selling and administrative expenses (six months ended 30 June 2017: RUB 2,036,204 thousand).

14 Lease rights

Lease rights include rights for favourable operating leases of land and premises acquired in business combinations, key money paid to incumbent tenants and other costs directly attributable to obtaining the leases.

Lease rights are amortised over the term of the lease: 49 years for land leases and 8-19 years for leases of premises.

Movements in the carrying amount of lease rights were as follows:

'000 RUB	**2018**	**2017**
Cost		
Balance at 1 January	**5,872,756**	**6,024,760**
Additions	49,103	-
Balance at 30 June	**5 921 859**	**6,024,760**
Amortisation and impairment losses		
Balance at 1 January	**(1,434,900)**	**(1,446,225)**
Amortisation charge	(67,682)	(75,924)
Balance at 30 June	**(1,502,582)**	**(1,522,149)**
Net book value at 1 January	**4,437,856**	**4,578,535**
Net book value at 30 June	**4,419,277**	**4,502,611**

Amortisation of RUB 67,682 thousand has been charged to general, selling and administrative expenses (six months ended 30 June 2017: RUB 75,924 thousand).

15 Intangible assets

'000 RUB	Software	Other intangible assets	Total
Cost			
Balance at 1 January 2017	**1,409,198**	**148,409**	**1,557,607**
Additions	200,055	9,455	209,510
Transfers	574	(574)	-
Disposals	(143)	(2,017)	(2,160)
Balance at 30 June 2017	**1,609,684**	**155,273**	**1,764,957**
Balance at 1 January 2018	**1,739,629**	**190,726**	**1,930,355**
Additions	238,417	38,840	277,257
Disposals	(570,250)	(19,908)	(590,158)
Balance at 30 June 2018	**1,407,796**	**209,658**	**1,617,454**
Amortisation and impairment losses			
Balance at 1 January 2017	**(618,525)**	**(45,979)**	**(664,504)**
Amortisation for the period	(152,605)	(13,866)	(166,471)
Transfers	(124)	124	-
Disposals	115	2,612	2,727
Balance at 30 June 2017	**(771,139)**	**(57,109)**	**(828,248)**
Balance at 1 January 2018	**(901,112)**	**(68,135)**	**(969,247)**
Amortisation for the period	(183,034)	(14,811)	(197,845)
Disposals	570,240	20,218	590,458
Balance at 30 June 2018	**(513,906)**	**(62,728)**	**(576,634)**
Carrying amounts			
At 1 January 2017	**790,673**	**102,430**	**893,103**
At 30 June 2017	**838,545**	**98,164**	**936,709**
At 1 January 2018	**838,517**	**122,591**	**961,108**
At 30 June 2018	**893,890**	**146,930**	**1,040,820**

Amortisation of RUB 197,845 thousand has been charged to general, selling and administrative expenses (six months ended 30 June 2017: RUB 166,471 thousand).

16 Other non-current assets

'000 RUB	30 June 2018	31 December 2017
Long-term prepayments to entities under control of shareholder group (Note 27)	1,088,611	906,496
Prepayments for non-current assets	577,018	613,421
Long-term deposits to lessors	367,651	297,535
	2,033,280	**1,817,452**

Long-term prepayments to entities under control of the shareholder group represent prepayments for rent of hypermarkets for the period until 2034. Related party transactions are detailed in note 27.

17 Inventories

'000 RUB	30 June 2018	31 December 2017
Goods for resale	11,890,216	13,261,136
Raw materials and consumables	559,486	671,255
Write-down to net realisable value	(529,232)	(408,155)
	11,920,470	**13,524,236**

The write-down of inventories to net realisable value was assessed with the use of methods and assumptions consistent with those applied in the most recent annual consolidated financial statements and is included in cost of goods sold.

18 Trade and other receivables

'000 RUB	30 June 2018	31 December 2017
Financial assets within trade and other receivables		
Trade receivables	309,627	449,882
Bonuses receivable from suppliers	1,801,687	1,732,884
Other financial receivables	705,996	818,629
Receivables from sale of supermarkets (Note 7)	-	6,671,686
Total financial assets within trade and other receivables	**2,817,310**	**9,673,081**
Other trade and other receivables		
VAT receivable	268,716	376,414
Prepaid taxes other than income tax	285,368	179,532
Prepaid income tax	56,311	46,814
Total trade and other receivables	**3,427,705**	**10,275,841**

19 Equity

As at 30 June 2018 and 31 December 2017, the Company's authorised, issued and fully paid share capital of RUB 119,440 thousand, the RUB equivalent of EUR 2,691 thousand, is represented by 269,074,000 ordinary shares with a par value of 0.01 EUR each. Each share is entitled to one vote, except as may be otherwise provided by the Articles of Incorporation or by applicable law.

In accordance with Luxembourg Company Law, the Company is required to transfer a minimum of 5% of its net profits for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders. As at 30 June 2018 and 31 December 2017, the legal reserve was formed in full.

Additional paid-in capital represents the excess of contributions received over par value of shares issued. There were no movements in additional paid-in capital during six months ended 30 June 2018 and 30 June 2017.

In January 2018 the Company declared and paid interim dividends to shareholders in the amount of RUB 1,879,021 thousand (USD 33,276 thousand). Dividends per share amounted to RUB 7 (USD 0.1).

20 Loss per share

Basic earnings/(loss) per share are calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year. The Company has no dilutive potential ordinary shares; therefore, the diluted earnings per share equals the basic earnings per share.

Loss per share from continuing operations is calculated as follows:

'000 RUB	**Six months ended 30 June 2018**	**Six months ended 30 June 2017**
Loss for the period attributable to ordinary shareholders	(541,127)	(1,478,101)
Weighted average number of ordinary shares in issue (thousands)	269,074	269,074
Basic and diluted loss per ordinary share (in RUB per share)	**(2.0)**	**(5.5)**

21 Loans and borrowings

'000 RUB	30 June 2018	31 December 2017
Non-current liabilities		
Unsecured bank facilities	19,992,788	19,466,346
Unsecured bonds	5,213,006	5,213,006
Total non-current loans and borrowings	**25,205,794**	**24,679,352**
Current liabilities		
Secured bank loans	-	1,600,000
Unsecured bank facilities	2,102,404	3,913,823
Unsecured bonds	5,030,112	5,030,112
Unsecured loans from related parties (Note 27)	962,150	883,096
Unsecured loans from third parties	2,850	2,850
Total current loans and borrowings	**8,097,516**	**11,429,881**
Unsecured bonds interest	210,790	213,776
Interests accrued on loans	8,328	18,121
Interests accrued on loans and borrowings	**219,118**	**231,897**
Total current loans and borrowings including interest accrued	**8,316,634**	**11,661,778**

As at 31 December 2017 loans and borrowings with a carrying value of RUB 1,600,000 thousand were secured by property, plant and equipment with carrying value of RUB 2,471,050 thousand.

As at 30 June 2018 the Group had RUB 12,700,000 thousand (31 December 2017: RUB 13,800,000 thousand) of undrawn, committed borrowing facilities available in Russian roubles on fixed and floating rate basis until November 2018-May 2020 in respect of which all conditions have been met. Proceeds from these facilities may be used to finance operating and investing activities, if necessary.

During 2013 - 2016 the Group placed unsecured bonds on Moscow exchange bearing coupon rates of 8.9% - 11.7% p.a. Total amount of the bonds is RUB 10,243,118 thousand (31 December 2017: RUB 10,243,118 thousand). The bonds mature after 5 years in 2018 - 2021. Holders of the bonds in the amount of RUB 5,000,000 thousand issued in April 2016 and maturing in April 2021 have an option to claim early repayment in October 2018.

Compliance with loan covenants

The Group monitors compliance with loan covenants on an ongoing basis. Where noncompliance is unavoidable in management's view, the Group requests waiver letters from the banks before the period-end, confirming that the banks shall waive their rights to demand early redemption.

At 30 June 2018 and during the six-month period then ended the Group complied with all loan covenants.

22 Trade and other payables

'000 RUB	30 June 2018	31 December 2017
Financial liabilities within trade and other payables		
Trade payables	16,532,389	25,946,694
Other financial payables	192,383	147,841
Total financial liabilities within trade and other payables	**16,724,772**	**26,094,535**
Cash flow hedges		
Interest rate swap liability	83,684	124,827
Total cash flow hedges	**83,684**	**124,827**
Payables to staff	1,032,323	1,216,184
Taxes payable other than income tax	761,344	990,862
Advances received	275,951	322,048
Contract liability related to gift cards	59,258	106,275
Total trade and other payables	**18,937,332**	**28,854,731**

23 Non-cancellable operating lease commitments

Where the Group acts as a lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

'000 RUB	30 June 2018	31 December 2017
Within one year	3,093,361	2,831,840
Between one and five years	11,208,361	11,119,850
Later than five years	17,451,294	25,419,104
	31,753,016	**39,370,794**

24 Capital commitments

The Group has contractual capital commitments to acquire property, plant and equipment and intangible assets amounting to RUB 1,240,641 thousand as at 30 June 2018 (31 December 2017: RUB 867,441 thousand). The Group has already allocated the necessary resources in respect of these commitments. The Group believes that future net income and funding will be sufficient to cover these and any similar commitments.

25 Contingencies

(a) Legal proceedings

From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and both internal and external professional advice the management is of the opinion that no material losses will be incurred in respect of claims outstanding.

(b) Tax contingencies

Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. This legislation provides for the possibility of additional tax assessments for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's length basis. Management has implemented internal controls to be in compliance with this transfer pricing legislation.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged.

The Group includes companies incorporated outside of Russia. The tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profits tax, because they do not have a permanent establishment in Russia. This interpretation of relevant legislation may be challenged.

As Russian tax legislation does not provide definitive guidance in certain areas, therefore, the Group applies its judgement in interpretations of such uncertain areas. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that an outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities.

Impact of any of the challenges mentioned above cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group.

In addition to the above matters, management estimates that as at 30 June 2018, the Group has other possible obligations from exposure to other than remote tax risks arising from certain transactions of RUB 1,700,000 thousand (31 December 2017: RUB 1,300,000 thousand). These exposures are estimates that result from uncertainties in interpretation of applicable legislation and related documentation requirements. Management will vigorously defend the Group's positions and interpretations that were applied in determining taxes recognised in these condensed consolidated interim financial statements if these are challenged by the authorities.

26 Fair value disclosures

Fair value measurements are analysed and categorised by level in the fair value hierarchy as follows:

(i) Level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

(iii) Level 3 measurements are valuations not based on observable market data (that is, unobservable inputs).

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

Financial instruments carried at fair value. Interest swaps are carried in the condensed consolidated interim statement of financial position at their fair value. Fair value of the swaps was determined based on observable market data (Level 2 fair value), including forward interest rates. The Group has no financial assets or liabilities carried at fair value based on unobservable inputs (Level 3 fair value).

(b) Non-recurring fair value measurements

Fair value of the investment property is updated by the Group annually on 31 December applying the income approach (Level 3 fair value based on inputs to valuation technique used). Fair value of the investment property as at 30 June 2018 did not significantly change as compared to 1 January 2018.

(c) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair value was determined by the Group for initial recognition of financial assets and liabilities which are subsequently measured at amortised cost.

Fair value of the Group's financial assets and liabilities measured at amortised cost approximates their carrying amounts. This fair value belongs to level 2 measurements in the fair value hierarchy.

27 Related party transactions

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

27 Related party transactions (continued)

Related parties of the Group fall into the following categories:

1. The Company's major shareholders (see note 1). As at 30 June 2018 the Company considers as its major shareholders Mr. Troitskii (indirectly holds 33.05%) and Mr. Volchek (indirectly holds 29.52%). Mr. Korzhev indirectly holds 11.73% shares of the Company;
2. Other related parties belonging to the shareholder group;
3. Members of the Board of Directors of the Company and other key management personnel.

(a) Transactions with key management personnel

Key management personnel received the following remuneration during the period, which is included in personnel costs (see note 10):

'000 RUB	Six months ended 30 June 2018	Six months ended 30 June 2017
Salaries and bonuses	186,201	144,068
Social security contributions	5,989	5,609
Long-service bonus	19,000	104,748
	211,190	**254,425**

(b) Transactions with other related parties

(i) Revenue

'000 RUB	Income		Receivables	
	Six months ended 30 June 2018	Six months ended 30 June 2017	30 June 2018	31 December 2017
Sale of services	1,486	830	389	289
	1,486	**830**	**389**	**289**

All outstanding balances with related parties are to be settled in cash within six months after the reporting date. None of the balances are secured.

27 Related party transactions (continued)

(ii) Expenses

'000 RUB	Expenses		Prepayments	
	Six months ended 30 June 2018	Six months ended 30 June 2017	30 June 2018	31 December 2017
Lease of premises	(423,223)	(416,204)	1,066,822	1,082,999
including:				
Rental fee	(360,779)	(357,974)	-	-
Reimbursement of utilities	(34,282)	(32,368)	-	-
Reimbursement of other expenses	(28,162)	(25,862)	-	-
Other services received	(1,085)	(668)	3,573	3,608
Finance costs				
Other related parties	(36,238)	(17,588)	-	-
	(460,546)	**(434,460)**	**1,070,395**	**1,086,607**

All outstanding balances with related parties, except for prepayments for operating leases, are to be settled in cash within six months after the origination date. None of the balances are secured.

The outstanding balance of RUB 1,066,822 thousand as at 30 June 2018 comprises prepayments for rent of hypermarkets for the period until 2034 amounting to RUB 1,097,143 thousand and current liabilities for rent of hypermarkets in the amount of RUB 30,321 thousand. Long-term part of the prepayments amounting to RUB 1,088,611 thousand is disclosed in note 16. Terms of the leases are such that the Group pays rentals which include the reimbursement of all operating expenses related to these hypermarkets and nearby leased areas and a certain percentage of the Group's retail revenue from the operation of these hypermarkets.

(c) Loans received from other related parties

'000 RUB	Outstanding balance	
	30 June 2018	31 December 2017
Loans and borrowings	(962,150)	(883,096)

There were no repayments of the loans from other related parties during the six-month periods ended 30 June 2018 and 30 June 2017.

The loans from other related parties are denominated in USD, bear interest at 8% per annum and are payable in 2021.

28 Events subsequent to the reporting date

In August 2018, the Group signed non-revolving credit line facility agreements, under which the Group can raise up to RUB 12,000,000 thousand which will be primarily used for refinancing the Group`s current credit agreements and for its operating activities.