Limited Liability Company
North-West Concession Company

Interim Financial Statements
as at and for the six months ended
30 June 2012

Contents

ZAO KPMG
10 Presnenskaya Naberezhnaya
Moscow, Russia 123317

Telephone +7 (495) 937 4477
Fax +7 (495) 937 4400/99
Internet www.kpmg.ru

Independent Auditors' Report on Review of Interim Financial Statements

To the Board of Directors
Limited Liability Company North-West Concession Company

Introduction

We have reviewed the accompanying interim statement of financial position of Limited Liability Company North-West Concession Company (the "Company") as at 30 June 2012, and the related interim statements of comprehensive income, changes in equity and cash flows for the six - month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information (the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.* Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2012, and its financial performance and its cash flows for the six - month period then ended in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

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11 September 2012

'000 RUB	Note	30 June 2012	31 December 2011
ASSETS			
Non-current assets			
Property, plant and equipment	10	1,918	2,522
Intangible assets	5	4,137,296	1,818,152
Deferred tax assets	11	58,016	57,029
Deferred expenses	14	917,621	711,521
Trade and other receivables	12	-	150,122
Total non-current assets		**5,114,841**	**2,739,346**
Current assets			
Inventories		337	392
Amount due from grantor	5	3,513,470	1,578,565
Trade and other receivables	12	334,704	494,020
Cash and cash equivalents	13	5,609,165	6,055,143
Deferred expenses	14	1,254,374	1,513,152
Total current assets		**10,712,050**	**9,641,272**
Total assets		**15,826,901**	**12,380,618**
EQUITY AND LIABILITIES			
Equity	15		
Share capital		470,000	470,000
Additional paid in capital		4,300	4,300
Accumulated losses		(239,916)	(234,418)
Total equity		**234,384**	**239,882**
Non-current liabilities			
Loans and borrowings	16	9,879,106	10,920,912
Total non-current liabilities		**9,879,106**	**10,920,912**
Current liabilities			
Loans and borrowings	16	1,059,376	-
Trade and other payables	17	4,654,035	1,219,824
Total current liabilities		**5,713,411**	**1,219,824**
Total liabilities		**15,592,517**	**12,140,736**
Total equity and liabilities		**15,826,901**	**12,380,618**

The interim statement of financial position is to be read in conjunction with the notes to, and forming part of, the interim financial statements set out on pages 8 to 29.

		Six months ended 30 June	
'000 RUB	**Note**	**2012**	**2011**
Revenue	5	3,948,786	-
Cost of sales	5	(3,948,786)	-
Gross profit		-	-
Administrative expenses	6	(21,868)	(10,118)
Other expenses		(853)	(1,982)
Results from operating activities		**(22,721)**	**(12,100)**
Finance income	8	16,236	-
Finance costs	8	-	(2,202)
Net finance income/(costs)		**16,236**	**(2,202)**
Loss before income tax		**(6,485)**	**(14,302)**
Income tax benefit	9	987	2,662
Loss and total comprehensive income for the period		**(5,498)**	**(11,640)**

These interim financial statements were approved by management on 11 September 2012 and were signed on its behalf by:

General Director
Pierre-Yves Estrade

Chief Accountant
Olga Chebunkova

The interim statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the interim financial statements set out on pages 8 to 29.

'000 RUB

	Charter capital	Additional paid in capital	Accumulated losses	Total equity
Balance at 1 January 2011	345,300	4,300	(170,230)	**179,370**
Loss and total comprehensive income for the period	-	-	(11,640)	(11,640)
Balance at 30 June 2011	**345,300**	**4,300**	**(181,870)**	**167,730**
Other contributions by owner	124,700			**124,700**
Loss and total comprehensive income for the period			(52,548)	**(52,548)**
Balance at 31 December 2011	**470,000**	**4,300**	**(234,418)**	**239,882**

'000 RUB

	Charter capital	Additional paid in capital	Accumulated losses	Total equity
Balance at 1 January 2012	470,000	4,300	(234,418)	**239,882**
Loss and total comprehensive income for the period	-	-	(5,498)	(5,498)
Balance at 30 June 2012	**470,000**	**4,300**	**(239,916)**	**234,384**

The interim statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the interim financial statements set out on pages 8 to 29.

'000 RUB	Note	Six months ended 30 June 2012	Six months ended 30 June 2011
Cash flows from operating activities			
Loss before income tax		(6,485)	(14,302)
Adjustments for:			
Depreciation	10	746	604
Net forex (income)/expense		(6,732)	3,843
Cash used in operating activities before changes in working capital and provisions		**(12,471)**	**(9,855)**
Change in inventories		55	(125)
Change in trade and other receivables		458,106	46,492
Change in trade and other payables		(303,164)	(381,797)
Cash flows from operations before bank facility fees and interest paid		**142,526**	**(345,285)**
Interest received		165,672	-
Interest paid		(556,000)	-
Bank facility fees paid		(204,764)	(58,004)
Net cash from operating activities		**(452,566)**	**(403,289)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	10	(142)	(201)
Net cash used in investing activities		**(142)**	**(201)**
Cash flows from financing activities			
Proceeds from borrowings		-	481,367
Net cash from financing activities		**-**	**481,367**
Net (decrease)/increase in cash and cash equivalents		(452,708)	77,877
Cash and cash equivalents at 1 January		6,055,143	52,189
Effect of exchange rate fluctuations on cash and cash equivalents		6,730	39
Cash and cash equivalents at 30 June	13	**5,609,165**	**130,105**

The interim statement of cash flows is to be read in conjunction with the notes to, and forming part of, the interim financial statements set out on pages 8 to 29.

1 Background

(a) Russian business environment

The Company's operations are primarily located in the Russian Federation. Consequently, the Company is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. The financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Company. The future business environment may differ from management's assessment.

(b) Organisation and operations

Limited Liability Company North-West Concession Company (the "Company") is a Russian Federation limited liability company as defined in the Civil Code of the Russian Federation. The Company was established on 1 August 2007.

The Company's registered office is Testovskaya ulitsa, 10, block 19-2, Moscow, Russian Federation, 123317. The company is wholly owned by Vinci Concessions Russie. Related party transactions are detailed in note 21.

The Company's principal activity is developing services that optimise the operation of the infrastructure in Russia using the experience of the Group Vinci. For these purposes the Company is intending to conclude several concession agreements with the government of Russian Federation. During the year 2007 and partially 2008 the Company has been preparing for the participation in the Tender for concluding the concession agreement for financing, construction and further operation of "Highway Moscow – Saint-Petersburg 15-58 km" (the "Concession agreement"). On 30 November 2008 Federal Road Agency issued the decision to conclude this agreement with the Company. The concession agreement was concluded on 27 July 2009.

2 Basis of preparation

(a) Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

(b) Basis of measurement

The interim financial statements are prepared on the historical cost basis.

(c) Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble ("RUB"), which is the Company's functional currency and the currency in which these interim financial statements are presented. All financial information presented in RUB has been rounded to the nearest thousand.

(d) Use of estimates and judgments

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

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

Information about critical judgments and assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the notes 5 – Revenue, cost of sales, intangible assets, amount due from grantor and 11 - Deferred tax assets.

3 Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

(a) Revenue

The operator under Concession agreement (concessionaire) recognises and measures revenue in accordance with IASs 11 and 18 for the services it performs. As the operator performs more than one service (i.e. construction services and operation services) under a single arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered. The Company considers that fair value of construction services performed is equal to costs incurred. The operator is paid for the construction services partly by a financial asset and partly by an intangible asset. Therefore the Company accounts separately for each component of the operator's consideration.

(b) Foreign currency

(i) Foreign currency transactions

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

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

The Company initially recognises trade and other receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities at initial recognition of three months or less.

(ii) Non-derivative financial liabilities

The Company initially recognizes financial liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Company has the following non-derivative financial liabilities: loans and borrowings and trade and other payables.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, except for land, are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful life for the current and comparative periods for office equipment is 1-5 years.

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

(e) Intangible assets

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

(i) Subsequent expenditure

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

(ii) ***Amortisation***

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

Amortisation is recognised in profit or loss over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. The estimated useful life of intangible asset is 26 years.

(f) Impairment

(i) ***Financial assets***

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers or economic conditions that correlate with defaults.

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) ***Non-financial assets***

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of assets in the CGU (group of CGUs) on a pro rata basis. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses are recognised in profit or loss.

(g) Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(h) Finance income and costs

Finance income comprises foreign currency gains.

Finance costs comprise interest expense on borrowings, foreign currency losses and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(i) Provisions

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

(j) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity.

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

(k) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. As of reporting date the management has not identified any reporting segments that require separate disclosure in these interim financial statements.

(l) New Standards and Interpretations not yet adopted

A number of new Standards, amendments to Standards and Interpretations are not yet effective as at 30 June 2012, and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Company's operations. The Company plans to adopt these pronouncements when they become effective.

- IFRS 9 *Financial Instruments* will be effective for annual periods beginning on or after 1 January 2015. The new standard is to be issued in phases and is intended ultimately to replace International Financial Reporting Standard IAS 39 *Financial Instruments: Recognition and Measurement*. The first phase of IFRS 9 was issued in November 2009 and relates to the classification and measurement of financial assets. The second phase regarding classification and measurement of financial liabilities was published in October 2010. The remaining parts of the standard are expected to be issued during 2012. The Company recognises that the new standard introduces many changes to the accounting for financial instruments and is likely to have a significant impact on Company's financial statements. The impact of these changes will be analysed during the course of the project as further phases of the standard are issued. The Company does not intend to adopt this standard early.
- IFRS 13 *Fair Value Measurement* will be effective for annual periods beginning on or after 1 January 2013. The new standard replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It provides a revised definition of fair value, establishes a framework for measuring fair value and sets out disclosure

requirements for fair value measurements. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurement that currently exist in certain standards. The standard is applied prospectively with early adoption permitted. Comparative disclosure information is not required for periods before the date of initial application.

- Amendment to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income.* The amendment requires that an entity present separately items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss. Additionally, the amendment changes the title of the statement of comprehensive income to statement of profit or loss and other comprehensive income. However, the use of other titles is permitted. The amendment shall be applied retrospectively from 1 July 2012 and early adoption is permitted. The Company considers that amendments will not affect Company's financial statements.
- Various *Improvements to IFRSs* have been dealt with on a standard-by-standard basis. All amendments, which result in accounting changes for presentation, recognition or measurement purposes, will come into effect not earlier than 1 January 2012. The Company has not yet analysed the likely impact of the improvements on its financial position or performance.

4 Determination of fair values

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

(a) Trade and other receivables

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

(b) Non-derivative financial liabilities

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

5 Revenue, cost of sales, intangible assets, amount due from grantor

In accordance with the Concession agreement the Company is engaged to finance, construct and further operate "Highway Moscow – Saint-Petersburg 15-58 km" (the "Highway").

Construction of the road started 1 September 2011. The Company, as an operator of the Concession agreement, accounted for the revenue from construction works in accordance with IAS 11 Construction contracts.

In line with IAS 38 the Company measures the consideration receivable for construction works at fair value of services delivered. The Company considers that the fair value of the services delivered, in this case fair value of construction works, equals to costs incurred on the construction under the Concession agreement.

This resulted in recognition of sales and cost of sales in the amount of RUB 3,948,786 thousand for the six months ended 30 June 2012 (2011: nil). These amounts are recognised on the basis of the stage of completion under IAS 11, which is determined on the basis of estimates made by technical expert and total planned cost of construction. The aggregate amount of construction costs incurred and revenue recognised by the Company for the construction services to 30 June 2012 is RUB 7,170,347 thousand.

As at 30 June 2012 the accounts payable related to the purchased construction services amounted to RUB 3,666,503 thousand (2011: nil).

The Company is paid for the construction services partly by a financial asset, in the form of financing by the grantor (state company "Russian Highways" (Avtodor)), and partly by intangible asset, in the form of future right to use and collect revenue from toll road.

The amounts recognised in these interim financial statements with respect to the amount due from grantor and intangible asset as at 30 June 2012 of RUB 3,513,470 thousand (2011: RUB 1,578,565 thousand) and RUB 4,137,296 thousand (2011: RUB 1,818,152 thousand), respectively are on the basis of proportionate financing of the construction by the grantor and other sources of financing in relation to the total planned cost of construction of Highway.

Intangible asset also includes capitalised interest expense in the amount of RUB 305,262 thousand for the six months ended 30 June 2012 (2011: nil).

The intangible asset will be available for use when the Highway is put in use after the completion of construction. The Company has analysed the impairment indicators of intangible asset as at 30 June 2012 and concluded that no impairment exists.

6 Administrative expenses

	Six months ended 30 June	
'000 RUB	**2012**	**2011**
Wages and salaries	11,931	6,678
Depreciation	746	604
Other administrative expenses	9,191	2,836
	21,868	**10,118**

7 Personnel costs

'000 RUB	Six months ended 30 June 2012	Six months ended 30 June 2011
Wages and salaries	50,437	51,322
Contributions to State pension fund	8,180	4,935
	58,617	**56,257**

8 Finance income and finance costs

'000 RUB	Six months ended 30 June 2012	Six months ended 30 June 2011
Recognised in profit or loss		
Net foreign exchange gain	16,236	-
Finance income	**16,236**	-
Net foreign exchange loss	-	(2,202)
Finance costs	-	**(2,202)**
Net finance income/(costs) recognised in profit or loss	**16,236**	**(2,202)**

9 Income tax benefit

The Group's applicable tax rate is the income tax rate of 20% for Russian companies.

'000 RUB	Six months ended 30 June 2012	Six months ended 30 June 2011
Current tax expense		
Current year	-	-
	-	-
Deferred tax benefit		
Origination and reversal of temporary differences	987	2,662
	987	**2,662**

Reconciliation of effective tax rate:	**Six months ended 30 June**			
	2012		**2011**	
	'000 RUB	**%**	**'000 RUB**	**%**
Loss before income tax	**(6,485)**	**100**	**(14,302)**	**100**
Tax benefit at applicable tax rate	1,297	20	2,860	20
Non-deductible expenses	(310)	(5)	(198)	(1)
	987	**15**	**2,662**	**19**

10 Property, plant and equipment

'000 RUB	**Office equipment**
Historical cost	
Balance at 1 January 2012	6,214
Additions	142
Balance at 30 June 2012	**6,356**
Depreciation and impairment losses	
Balance at 1 January 2012	3,692
Depreciation for the period	746
Balance at 30 June 2012	**4,438**
Carrying amounts	
At 1 January 2012	**2,522**
At 30 June 2012	**1,918**

'000 RUB	Office equipment
Historical cost	
Balance at 1 January 2011	4,794
Additions	201
Disposals	(49)
Balance at 30 June 2011	**4,946**
Depreciation and impairment losses	
Balance at 1 January 2011	2,467
Depreciation for the period	604
Depreciation on disposals for the period	(10)
Balance at 30 June 2011	**3,061**
Carrying amounts	
At 1 January 2011	**2,327**
At 30 June 2011	**1,885**

11 Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets as at		Liabilities as at		Net as at	
'000 RUB	**30 June 2012**	**31 December 2011**	**30 June 2012**	**31 December 2011**	**30 June 2012**	**31 December 2011**
Deferred construction expenses	-	179,903	(124,119)	-	(124,119)	179,903
Intangible assets	-	-	(827,459)	(363,630)	(827,459)	(363,630)
Trade and other payables	734,263	108,326	-	-	734,263	108,326
Loans	-	-	(24,179)	(68,184)	(24,179)	(68,184)
Tax loss carry-forwards	299,510	200,614	-	-	299,510	200,614
Net tax assets/(liabilities)	**1,033,773**	**488,843**	**(975,757)**	**(431,814)**	**58,016**	**57,029**

There are no unrecognised deferred tax assets. All temporary differences are recognised in profit or loss.

As the concession agreement is signed, the Company believes that future taxable profits will be available against which the deferred tax assets can be utilised to their full extent.

There are no unrecognised deferred tax liabilities. The expiration period of tax losses is ten years from the period they are incurred. The deductible temporary differences do not expire under current legislation.

12 Trade and other receivables

'000 RUB	30 June 2012	31 December 2011
VAT receivable (long-term)	-	150,122
VAT receivable (short-term)	308,970	477,097
Other receivables	25,734	16,923
	334,704	**644,142**

VAT receivable relates to the expenses incurred for services for project "Highway Moscow-Saint-Petersburg 15 - 58 km".

The Company's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 18.

13 Cash and cash equivalents

'000 RUB	30 June 2012	31 December 2011
Petty cash	323	28
Bank balances	38,842	50,115
Short term deposits	5,570,000	6,005,000
Cash and cash equivalents in the statement of financial position	**5,609,165**	**6,055,143**
Cash and cash equivalents in the statement of cash flows	**5,609,165**	**6,055,143**

As at 30 June 2012, short term deposits represent funds placed in the Russian Government owned bank with BBB Fitch rating. Maturity of deposits varies from 7 days to 3 months and carries interest at 5.73% - 6.97% per annum.

Interest earned on deposits is offset against interest expense capitalised into the cost of intangible assets.

The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 18.

14 Deferred expenses

'000 RUB	30 June 2012	31 December 2011
Deferred expenses (long-term)	917,621	711,521
Deferred expenses (short-term)	1,254,374	1,513,152
	2,171,995	**2,224,673**

On 27 July 2009 the Company signed concession agreement with the Federal Road Agency on behalf of the Russian Federation for construction of the "Highway Moscow – Saint-Petersburg 15-58 km" (the "Highway"). Thereafter, all related costs necessary to construct the Highway were capitalised as deferred construction expenses and classified as short-term deferred expenses as it became probable that the expected future economic benefits that are attributable to the Highway will flow to the entity.

Long-term deferred expenses represent bank commission, which is accrued fee for unused credit line in the amount of RUB 29,200,000 thousand that is made available to the Company as a part of the construction of the Highway.

On 1 September 2011 – start date of construction - the Company started to transfer accumulated deferred construction expenses into the cost of intangible assets. Deferred construction expenses are reclassified into intangible asset on a straight line basis during the period of construction. Expected term of Highway construction is 38 months.

15 Equity

Charter capital

At 30 June 2012 the Company's charter capital represents the statutory charter capital of RUB 470,000 thousand (2011: RUB 470,000 thousand). The charter capital is fully contributed by Vinci Concessions Russie.

16 Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risk, see note 18.

'000 RUB	30 June 2012	31 December 2011
Bonds (non-current)	9,879,106	9,875,980
Unsecured loan from related party (non-current)	-	1,044,932
Unsecured loan from related party (current)	1,059,376	-
	10,938,482	**10,920,912**

On 1 September 2011 the Company registered two issues of non-documentary non-convertible 20-year interest earning bonds series 03 of 5,000,000 with par value RUB 1 thousand each with total par value RUB 5,000,000 thousand and non-documentary non-convertible interest earning bonds series 04 of 5,000,000 with par value RUB 1 thousand each with total par value RUB 5,000,000 thousand. State registration numbers are 4-01-36388-R and 4-02-36388-R respectively. Issues took place on 21 October 2011. Both of these issues are guaranteed by the Government of Russian Federation. Guarantee agreements with Ministry of Finance on behalf of Russian Federation were signed on 20 July 2011.

Interest is paid semi annually at a rate of CPI + 3 percentage points. The Company will begin partial redemption of bonds face value after 7 years of issue.

Unsecured loan from related party is a loan from Vinci Concessions Russie, the sole participant of the Company.

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

				30 June 2012		31 December 2011	
'000 RUB	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Bonds	RUB	floating	2031	10,000,000	9,879,106	10,000,000	9,875,980
Unsecured loan from related party	EUR	5%	2013	1,059,376	1,059,376	1,044,932	1,044,932
				11,059,376	**10,938,482**	**10,044,932**	**10,920,912**

17 Trade and other payables

'000 RUB	30 June 2012	31 December 2011
Trade payables	4,150,450	587,736
VAT payable	361,350	376,868
Interest on bonds	130,900	216,900
Provisions	11,321	17,353
Other payables	14	20,967
	4,654,035	**1,219,824**

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 18.

18 Financial instruments and risk management

(a) Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

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

(b) Credit risk

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

(i) *Exposure to credit risk*

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

'000 RUB	30 June 2012	31 December 2011
Amount due from Grantor	3,513,470	1,578,565
Cash and cash equivalents	5,609,165	6,055,143
	9,122,635	**7,633,708**

(c) Liquidity risk

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

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

30 June 2012

'000 RUB	Carrying amount	Contractual cash flows	0-2 yrs	3-6 yrs	7-20 yrs
Non-derivative financial liabilities					
Bonds	9,879,106	26,055,349	2,223,890	4,447,781	19,383,678
Unsecured loan from related party	1,059,376	1,115,253	1,115,253	-	-
Trade and other payables	4,654,035	4,654,035	4,654,035	-	-
	15,592,517	**31,824,637**	**7,993,178**	**4,447,781**	**19,383,678**

31 December 2011

'000 RUB	Carrying amount	Contractual cash flows	0-2 yrs	3-6 yrs	7-20 yrs
Non-derivative financial liabilities					
Bonds	9,875,980	26,611,349	2,223,890	4,447,781	19,939,678
Unsecured loan from related party	1,044,932	1,115,253	1,115,253	-	-
Trade and other payables	1,219,824	1,219,824	1,219,824	-	-
	12,140,736	**28,946,426**	**4,558,967**	**4,447,781**	**19,939,678**

(d) Market risk

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

(i) Currency risk

The Company is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the functional currency of the Company, the Russian Rouble (RUB). The currency in which these transactions primarily are denominated is EUR.

Interest on borrowings is denominated in currencies that match the cash flows to be generated by the underlying operations of the Company, primarily RUB.

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts:

'000 RUB	**USD-denominated**	**EUR-denominated**	**USD-denominated**	**EUR-denominated**
	30 June 2012	**30 June 2012**	**31 December 2011**	**31 December 2011**
Cash and cash equivalents	11	11,643	11	11,910
Unsecured loan from related party	-	(1,059,376)	-	(1,044,932)
Trade payables	-	(1,640,830)	(3,840)	(240,562)
Net exposure	**11**	**(2,688,563)**	**(3,829)**	**(1,273,584)**

The following significant exchange rates applied during the year:

in RUB	**Average rate**		**Reporting date spot rate**	
	6 months 2012	**6 months 2011**	**30 June 2012**	**31 December 2011**
USD 1	30.64	28.62	32.82	32.20
EUR 1	39.74	40.16	41.32	41.67

Sensitivity analysis

Change of the RUB rate, as indicated below, against the following currencies at 30 June would have increased (decreased) profit or loss by the amounts shown below. There would have been no impact directly on equity. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2011, as indicated below.

'000 RUB	Strengthening		Weakening	
	Equity	Profit or loss	Equity	Profit or loss
30 June 2012				
USD (10% movement)	(1)	(1)	1	1
EUR (10% movement)	(268,856)	(268,856)	268,856	268,856

'000 RUB	Strengthening		Weakening	
	Equity	Profit or loss	Equity	Profit or loss
31 December 2011				
USD (10% movement)	(383)	(383)	383	383
EUR (10% movement)	(127,358)	(127,358)	127,358	127,358

(ii) *Interest rate risk*

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

Profile

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

	Carrying amount	
'000 RUB	**30 June 2012**	**31 December 2011**
Fixed rate instruments		
Financial liabilities	1,059,376	1,044,932
	1,059,376	**1,044,932**

'000 RUB	Carrying amount 30 June 2012	Carrying amount 31 December 2011
Variable rate instruments		
Bonds	9,879,106	9,875,980
	9,879,106	**9,875,980**

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) intangible asset by RUB 100,000 thousand (2011: RUB 100,000 thousand). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2011.

(e) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

'000 RUB	Carrying amount 30 June 2012	Fair value 30 June 2012	Carrying amount 31 December 2011	Fair value 31 December 2011
Assets carried at amortised cost				
Amount due from Grantor	3,513,470	3,513,470	1,578,565	1,578,565
Cash and cash equivalents	5,609,165	5,609,165	6,055,143	6,055,143
	9,122,635	**9,122,635**	**7,633,708**	**7,633,708**
Liabilities carried at amortised cost				
Bonds	9,879,106	9,879,106	9,875,980	9,875,980
Unsecured loans from related party	1,059,376	1,059,376	1,044,932	1,044,932
Trade and other payables	4,654,035	4,654,035	1,219,824	1,219,824
	15,592,517	**15,592,517**	**12,140,736**	**12,140,736**

The basis for determining fair values is disclosed in note 4.

19 Operating leases

The Company leases an administrative office under operating leases. The leases typically run for an initial period of one year, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals.

20 Contingencies

(a) Taxation contingencies in the Russian Federation

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation.

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

21 Related party transactions

(a) Control relationships

The Company's immediate parent company is Vinci Concessions Russie. No publicly available financial statements are produced by the Company's parent company.

There are no parties with ultimate control or intermediate controlling parties over the Company.

(b) Transactions with management and close family members

(i) Management remuneration

Key management received the following remuneration during the year, which is included in personnel costs (see note 7):

'000 RUB	Six months ended 30 June 2012	Six months ended 30 June 2011
Salaries and bonuses	17,388	30,434
Contributions to State pension fund	1,396	604
	18,784	**31,038**

(c) Transactions with other related parties

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

(i) Expenditure

'000 RUB	Transaction value for six months ended 30 June 2012	Transaction value for six months ended 30 June 2011	Outstanding balance as at 30 June 2012	Outstanding balance as at 31 December 2011
Services received:				
Vinci Concession SA	-	-	-	(28,988)
Vinci Construction Grands Projets	420,550	590,757	(420,550)	-
	420,550	**590,757**	**(420,550)**	**(28,988)**

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

(ii) Loans

'000 RUB	Amount loaned during six months ended 30 June 2012	Amount loaned during six months ended 30 June 2011	Outstanding balance 30 June 2012	Outstanding balance 31 December 2011
Loans received:				
Parent Company	-	481,367	(1,059,376)	(1,044,932)
	-	**481,367**	**(1,059,376)**	**(1,044,932)**

The loan from the Company's parent company Vinci Concessions Russie bears interest at 5% per annum. Loan and interest are repayable in June 2013.