

**JSC RUSNANO**

**International Financial Reporting Standards  
Consolidated Interim Condensed  
Financial Statements  
(Unaudited)**

**Six month ended 30 June 2016**

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**JSC RUSNANO**  
**Consolidated Interim Condensed Statement of Financial Position**

<i>In millions of Russian Roubles</i>	<b>Note</b>	<b>30 June 2016 (unaudited)</b>	<b>31 December 2015 (restated)</b>	<b>1 January 2015 (restated)</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Equity instruments at fair value through profit or loss	6	98,950	116,036	96,195
Investments in associate		1,679	1,658	1,596
Loans receivable at fair value through profit or loss	6	24,040	18,577	12,670
Deferred tax assets		6,608	6,614	107
Other receivables and prepayments		81	152	231
Property, plant and equipment		2,861	2,963	3,311
Other non-current assets		249	65	70
<b>Total non-current assets</b>		<b>134,468</b>	<b>146,065</b>	<b>114,180</b>
<b>Current assets</b>				
Equity instruments at fair value through profit or loss		9,076	1,282	2,234
Financial assets held for trading	6	8,671	10,168	6,933
Loans receivable at fair value through profit or loss	6	2,298	4,493	2,381
Other receivables and prepayments		5,145	5,555	2,739
Income tax prepayments		44	8	110
Bank deposits	7	32,886	42,686	54,670
Cash and cash equivalents		8,299	16,009	6,453
Other current assets		320	38	101
<b>Total current assets</b>		<b>66,739</b>	<b>80,239</b>	<b>75,621</b>
<b>TOTAL ASSETS</b>		<b>201,207</b>	<b>226,304</b>	<b>189,801</b>
<b>EQUITY</b>				
Share capital	8, 15	53,742	53,742	53,742
Currency translation reserve		20,010	24,970	15,253
Accumulated loss	8	(16,006)	(1,811)	(9,132)
<b>TOTAL EQUITY</b>		<b>57,746</b>	<b>76,901</b>	<b>59,863</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred income tax liability		31	14	14
Long-term borrowings	9	126,236	132,221	109,894
<b>Total non-current liabilities</b>		<b>126,267</b>	<b>132,235</b>	<b>109,908</b>
<b>Current liabilities</b>				
Current portion of long-term borrowings	9	15,398	16,011	18,528
Other payables and accrued expenses		1,796	1,157	1,502
<b>Total current liabilities</b>		<b>17,194</b>	<b>17,168</b>	<b>20,030</b>
<b>TOTAL LIABILITIES</b>		<b>143,461</b>	<b>149,403</b>	<b>129,938</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>201,207</b>	<b>226,304</b>	<b>189,801</b>

Approved for issue and signed on 26 August 2016.

Chubais Anatoly Borisovich  
Chairman of the Executive Board  
of Management Company "RUSNANO" LLC



Galstyan Arthur Genrikovich  
Finance Director  
of Management Company "RUSNANO" LLC

**JSC RUSNANO**  
**Consolidated Interim Condensed Statement of Comprehensive Income**

<i>In millions of Russian Roubles</i>	<b>Note</b>	<b>For the six months ended 30 June 2016 (unaudited)</b>	<b>For the six months ended 30 June 2015 (unaudited, restated)</b>
<b>Income</b>			
Interest income		2,031	3,698
Other operating income		356	350
<b>Total income</b>		<b>2,387</b>	<b>4,048</b>
<b>Operating expenses</b>	<b>10</b>	<b>(2,606)</b>	<b>(2,403)</b>
Net (loss)/ income on financial assets at fair value through profit or loss	11	(4,782)	1,330
Foreign currency exchange loss		(1,113)	(1,119)
Finance costs		(7,946)	(6,548)
<b>Loss before income tax</b>		<b>(14,060)</b>	<b>(4,692)</b>
Income tax		(135)	(94)
<b>LOSS FOR THE PERIOD</b>		<b>(14,195)</b>	<b>(4,786)</b>
<b>Other comprehensive income (items that may be reclassified subsequently to profit or loss)</b>			
Foreign currency translation differences	8	(4,960)	(415)
<b>Other comprehensive income for the period</b>		<b>(4,960)</b>	<b>(415)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(19,155)</b>	<b>(5,201)</b>

The accompanying notes are an integral part of these consolidated interim condensed financial statements.

**JSC RUSNANO**  
**Consolidated Interim Condensed Statement of Changes in Equity**

<i>In millions of Russian Roubles</i>	<b>Note</b>	<b>Share capital</b>	<b>Accumulated loss</b>	<b>Currency translation reserve</b>	<b>Total equity</b>
<b>As at 1 January 2015 (restated)</b>		<b>53,742</b>	<b>(9,132)</b>	<b>15,253</b>	<b>59,863</b>
<b>Comprehensive income</b>					
Loss for the period		-	(4,786)	-	(4,786)
Other comprehensive income	8	-	-	(415)	(415)
<b>Total comprehensive loss for the period</b>		<b>-</b>	<b>(4,786)</b>	<b>(415)</b>	<b>(5,201)</b>
<b>As at 30 June 2015 (unaudited, restated)</b>		<b>53,742</b>	<b>(13,918)</b>	<b>14,838</b>	<b>54,662</b>
<b>As at 1 January 2016 (restated)</b>		<b>53,742</b>	<b>(1,811)</b>	<b>24,970</b>	<b>76,901</b>
<b>Comprehensive income</b>					
Loss for the period		-	(14,195)	-	(14,195)
Other comprehensive income	8	-	-	(4,960)	(4,960)
<b>Total comprehensive loss for the period</b>		<b>-</b>	<b>(14,195)</b>	<b>(4,960)</b>	<b>(19,155)</b>
<b>As at 30 June 2016 (unaudited)</b>		<b>53,742</b>	<b>(16,006)</b>	<b>20,010</b>	<b>57,746</b>

The accompanying notes are an integral part of these consolidated interim condensed financial statements.

**JSC RUSNANO**  
**Consolidated Interim Condensed Statement of Cash Flows**

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited, restated)
<i>In millions of Russian Roubles</i>		
<b>Cash flows from operating activities</b>		
Proceeds from sale of equity instruments at fair value through profit or loss	566	2,099
Acquisition of equity instruments at fair value through profit or loss	(1,860)	(5,284)
Repayment of loans issued	1,690	723
Loans issued	(2,042)	(1,710)
Proceeds from sale of financial assets held for trading	1,835	543
Acquisition of financial assets held for trading	(625)	-
Interest income received	1,960	2,621
Operating payments	(1,926)	(1,952)
Interest paid	(8,258)	(6,129)
Income taxes paid	(164)	(131)
Other receipts	287	374
<b>Net cash used in operating activities</b>	<b>(8,537)</b>	<b>(8,846)</b>
<b>Cash flows from investing activities</b>		
Receipts of cash from deposit accounts	79,306	56,223
Placement of cash on deposit accounts	(71,093)	(52,514)
Other payments	(515)	(21)
<b>Net cash from investing activities</b>	<b>7,698</b>	<b>3,688</b>
<b>Cash flows from financing activities</b>		
Proceeds from loans and borrowings	-	6,377
Repayment of loans and borrowings	(6,287)	(5,662)
<b>Net cash (used in)/from financing activities</b>	<b>(6,287)</b>	<b>715</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(7,126)</b>	<b>(4,443)</b>
<b>Effect of exchange rate changes on cash and cash equivalents held in foreign currencies</b>	<b>(584)</b>	<b>352</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>16,009</b>	<b>6,453</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>8,299</b>	<b>2,362</b>

The accompanying notes are an integral part of these consolidated interim condensed financial statements.

**1 RUSNANO Group and Its Operations**

These consolidated interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards for the six months ended 30 June 2016 for the Joint-Stock Company RUSNANO (JSC RUSNANO, the "Company") and its consolidated subsidiaries disclosed in Note 13 (together referred to as the "Group" or the "RUSNANO Group").

Initially the Russian Corporation of Nanotechnologies (the "Corporation") was established on 19 September 2007 by the Government of the Russian Federation in accordance with the Federal Law No. 139-FZ "On the Russian Corporation of Nanotechnologies" dated 19 July 2007.

In accordance with Federal Law No. 211-FZ "On Reorganization of the Russian Corporation of Nanotechnologies" adopted on 27 July 2010, the Corporation was reorganized into OJSC RUSNANO and ceased its operations upon the state registration of the Company on 11 March 2011. As the result OJSC RUSNANO assumed all rights and responsibilities of the Corporation under the principle of universal succession.

In 2014 the Group transferred its key operating activities and staff from the Company to its subsidiary Management Company RUSNANO LLC founded in 2013 (Note 20).

In February 2016 before these Consolidated Financial Statements were authorized for issue the Company changed its legal entity status from Open Joint-Stock Company to Joint-Stock Company.

**Principal activity.** The Group was formed to implement the policy of the Russian Federation with respect to nanotechnology, to develop an innovative infrastructure for nanotechnology and initiate projects on the creation of advanced nanotechnologies and nano-industry in Russia. The main activity of the Group is to invest funds in line with the above-mentioned State policy.

The Company is an investment entity.

The RUSNANO Group's investment activity is focused on funding nano-technology projects at the initial stage, when the opportunities to raise funds from other sources are limited due to high risks and market and technological uncertainty. The Group plans to withdraw from projects when certain production criteria are met and other investors are ready to finance the project independently. The return on the Group's investments in such projects is determined by the terms and conditions stipulated in the investment agreement. Starting 2016 the Group focused its primary activities on investments in newly-founded investment funds.

The subsidiaries of the Group were formed or acquired in line with the main Group's activities stated above.

**Registered address and place of business.** The Company's registered address is: Prospekt 60-letiya Oktyabrya, 10A, 117036, Moscow, Russian Federation.

**Segment information.** Under the IFRS 8 "Operating Segments" operating segments are components of an enterprise on which separate financial information is available and is evaluated regularly by the chief operating decision-maker (further – "CODM") in deciding how to allocate resources and in assessing performance. The Executive Board of the Group company Management Company RUSNANO LLC has been determined as the CODM. For management purposes, the Group is organised into one main operating segment in accordance with IFRS 8, which invests in equity and debt instruments and related derivatives. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The Group operates in one industry segment being the investor with respect to developing an innovative nanotechnological infrastructure and initiating projects on the creation of advanced nanotechnologies. The financial position and results of this segment as at 30 June 2016 are presented in the consolidated interim condensed statement of financial position and the consolidated interim condensed statement of comprehensive income, respectively.

The Group performs most of its activities in the Russian Federation and does not have any significant non-current assets other than financial assets located in foreign countries or any significant income from foreign countries except for gains on financial assets at fair value through profit or loss from foreign projects.

## **2 Operating Environment of the Group**

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

While management believes it is taking appropriate measures to support the sustainability of the Company's business in the current circumstances, further deterioration in the areas described above could negatively affect the Company's results and financial position in a manner not currently determinable.

The Group's major assets are the financial instruments, i.e. equity or debt instruments, the most of which are not quoted in the active market. The fair values of these financial instruments as 30 June 2016 and 31 December 2015 have been determined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. As the most of the Group's investee shares are not traded in the active market, the fair value calculations are based on transaction prices, valuation models and discounted cash flows prepared by the Group. Determining fair value requires consideration of current market conditions, future business plans of investees, potential liquidity of the market and current credit spreads. The valuation techniques used by management to determine fair values in the absence of an active market include adjusted present value or scenario analysis and utilizes interest rates applicable to similar borrowers on the Russian market.

## **3 Summary of Significant Accounting Policies**

### ***Basis of preparation***

The consolidated interim condensed financial statements of the RUSNANO Group have been prepared in accordance with IAS 34 "Interim Financial Reporting". Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2015. These consolidated interim condensed financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

These consolidated interim condensed financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value.

These consolidated interim condensed financial statements have been prepared on a going concern basis, which assumes that the Group will continue to realize its assets and discharge its obligations and commitments in the normal course of operations. The Group has accumulated losses of RUB 16,006 millions as at 30 June 2016 (31 December 2015: accumulated losses of RUB 1,811 millions). Taking into account the positive total equity of the Group as at 30 June 2016 of RUB 57,746 millions (31 December 2015: RUB 76,901 millions) the Group management believes that developed Group strategy will enable to improve profitability and support sustainability of the Group in future.

Except for changes described below the accounting policies of the Group were consistent with those applied in the annual consolidated financial statements for the year ended 31 December 2015.

Several new standards, amendments and interpretations apply for the first time in 2016. Except for changes described below they do not have any material impact on the annual consolidated financial statements of the Group or the consolidated interim condensed financial statements of the Group.



**3 Summary of Significant Accounting Policies (continued)****Change in accounting policies**

Starting 1 January 2016 *Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28* are effective.

Under the amendments for investment entities only subsidiaries that are not themselves investments entities and whose main purpose and activities are providing services that relate to the investment entity's investment activities are consolidated. In accordance with these amendments the Group accounting policies were changed.

The applied changes in accounting policies resulted in termination of consolidation for the following Group subsidiaries:

Name	Country of registration	Primary activities	Percentage of ownership	
			30 June 2016 (unaudited)	31 December 2015
RusnanoMedInvest LLC	Russian Federation	Investment activities	100%	100%
SIGMA.Novosibirsk LLC	Russian Federation	Infrastructure activities	83%	83%
SIGMA.Tomsk LLC	Russian Federation	Infrastructure activities	90%	90%
Technology Transfer Center LLC	Russian Federation	Infrastructure activities	75%	75%

The related investments of the Company were accounted at fair value through profit or loss.

As the related changes in accounting policies should be applied retrospectively, the consolidation of these subsidiaries was terminated at the beginning of the earliest period presented in the financial statements. The comparatives within these consolidated financial statements were restated accordingly. The effects of change in accounting policies on the Group's financial position, financial performance and cash flows are presented below.

**3 Summary of Significant Accounting Policies (continued)****Change in accounting policies (continued)***Effect of change in accounting policies on the Group's financial position*

	1 January 2015	Effect of change in accounting policies	1 January 2015 (restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Equity instruments at fair value through profit or loss	95,038	1,157	96,195
Investment in associate	1,596	-	1,596
Loans receivable at fair value through profit or loss	12,780	(110)	12,670
Deferred tax asset	115	(8)	107
Other receivables and prepayments	231	-	231
Property, plant and equipment	3,396	(85)	3,311
Other non-current assets	86	(16)	70
<b>Total non-current assets</b>	<b>113,242</b>	<b>938</b>	<b>114,180</b>
<b>Current assets</b>			
Equity instruments at fair value through profit or loss	2,234	-	2,234
Financial assets held for trading	6,933	-	6,933
Loans receivable at fair value through profit or loss	2,465	(84)	2,381
Other receivables and prepayments	2,856	(117)	2,739
Income tax prepayments	111	(1)	110
Bank deposits	57,128	(2,458)	54,670
Cash and cash equivalents	6,848	(395)	6,453
Other current assets	181	(80)	101
<b>Total current assets</b>	<b>78,756</b>	<b>(3,135)</b>	<b>75,621</b>
<b>TOTAL ASSETS</b>	<b>191,998</b>	<b>(2,197)</b>	<b>189,801</b>
<b>EQUITY</b>			
Share capital	53,742	-	53,742
Currency translation reserve	18,330	(3,077)	15,253
Accumulated loss	(12,209)	3,077	(9,132)
<b>TOTAL EQUITY</b>	<b>59,863</b>	<b>-</b>	<b>59,863</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	222	(208)	14
Long-term borrowings	111,433	(1,539)	109,894
<b>Total non-current liabilities</b>	<b>111,655</b>	<b>(1,747)</b>	<b>109,908</b>
<b>Current liabilities</b>			
Current portion of long-term borrowings	18,592	(64)	18,528
Other payables and accrued expenses	1,888	(386)	1,502
<b>Total current liabilities</b>	<b>20,480</b>	<b>(450)</b>	<b>20,030</b>
<b>TOTAL LIABILITIES</b>	<b>132,135</b>	<b>(2,197)</b>	<b>129,938</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>191,998</b>	<b>(2,197)</b>	<b>189,801</b>

**3 Summary of Significant Accounting Policies (continued)****Change in accounting policies (continued)***Effect of change in accounting policies on the Group's financial position (continued)*

	31 December 2015	Effect of change in accounting policies	31 December 2015 (restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Equity instruments at fair value through profit or loss	112,839	3,197	116,036
Investment in associate	1,658	-	1,658
Loans receivable at fair value through profit or loss	18,577	-	18,577
Deferred tax asset	6,621	(7)	6,614
Other receivables and prepayments	152	-	152
Property, plant and equipment	3,062	(99)	2,963
Other non-current assets	73	(8)	65
<b>Total non-current assets</b>	<b>142,982</b>	<b>3,083</b>	<b>146,065</b>
<b>Current assets</b>			
Equity instruments at fair value through profit or loss	2,339	(1,057)	1,282
Financial assets held for trading	10,168	-	10,168
Loans receivable at fair value through profit or loss	4,493	-	4,493
Other receivables and prepayments	5,746	(191)	5,555
Income tax prepayments	8	-	8
Bank deposits	45,409	(2,723)	42,686
Cash and cash equivalents	16,355	(346)	16,009
Other current assets	163	(125)	38
<b>Total current assets</b>	<b>84,681</b>	<b>(4,442)</b>	<b>80,239</b>
<b>TOTAL ASSETS</b>	<b>227,663</b>	<b>(1,359)</b>	<b>226,304</b>
<b>EQUITY</b>			
Share capital	53,742	-	53,742
Currency translation reserve	30,474	(5,504)	24,970
Accumulated loss	(7,315)	5,504	(1,811)
<b>TOTAL EQUITY</b>	<b>76,901</b>	<b>-</b>	<b>76,901</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	112	(98)	14
Long-term borrowings	133,336	(1,115)	132,221
<b>Total non-current liabilities</b>	<b>133,448</b>	<b>(1,213)</b>	<b>132,235</b>
<b>Current liabilities</b>			
Current portion of long-term borrowings	16,023	(12)	16,011
Other payables and accrued expenses	1,291	(134)	1,157
<b>Total current liabilities</b>	<b>17,314</b>	<b>(146)</b>	<b>17,168</b>
<b>TOTAL LIABILITIES</b>	<b>150,762</b>	<b>(1,359)</b>	<b>149,403</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>227,663</b>	<b>(1,359)</b>	<b>226,304</b>

**3 Summary of Significant Accounting Policies (continued)****Change in accounting policies (continued)***Effect of change in accounting policies on the Group's financial performance*

<i>In million of Russian Roubles</i>	For the six months ended 30 June 2015 (unaudited)	Effect of change in accounting policies	For the six months ended 30 June 2015 (unaudited, restated)
<b>Income</b>			
Interest income	3,826	(128)	3,698
Other operating income	558	(208)	350
<b>Total income</b>	<b>4,384</b>	<b>(336)</b>	<b>4,048</b>
<b>Operating expenses</b>	<b>(2,851)</b>	<b>448</b>	<b>(2,403)</b>
Net gain on financial assets at fair value through profit or loss	1,703	(373)	1,330
Foreign currency exchange loss	(1,207)	88	(1,119)
Interest expenses	(6,623)	75	(6,548)
<b>Loss before income tax</b>	<b>(4,594)</b>	<b>(98)</b>	<b>(4,692)</b>
Income tax	21	(115)	(94)
<b>LOSS FOR THE YEAR</b>	<b>(4,573)</b>	<b>(213)</b>	<b>(4,786)</b>
<b>Other comprehensive income (items that may be reclassified subsequently to profit or loss)</b>			
Foreign currency translation differences	(628)	213	(415)
<b>Other comprehensive loss for the period</b>	<b>(628)</b>	<b>213</b>	<b>(415)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(5,201)</b>	<b>-</b>	<b>(5,201)</b>

**3 Summary of Significant Accounting Policies (continued)****Change in accounting policies (continued)***Effect of change in accounting policies on the Group's cash flows*

<i>In millions of Russian Roubles</i>	<b>For the six months ended 30 June 2015 (unaudited)</b>	<b>Effect of change in accounting policies</b>	<b>For the six months ended 30 June 2015 (unaudited, restated)</b>
<b>Cash flows from operating activities</b>			
Proceeds from sale of equity instruments at fair value through profit or loss	2,642	(543)	2,099
Acquisition of equity instruments at fair value through profit or loss	(5,211)	(73)	(5,284)
Repayment of loans issued	723	-	723
Loans issued	(1,914)	204	(1,710)
Proceeds from sale of financial assets held for trading	-	543	543
Interest income received	2,720	(99)	2,621
Operating payments	(2,397)	445	(1,952)
Interest paid	(6,153)	24	(6,129)
Income taxes paid	(221)	90	(131)
Other receipts	416	(42)	374
<b>Net cash used in operating activities</b>	<b>(9,395)</b>	<b>549</b>	<b>(8,846)</b>
<b>Cash flows from investing activities</b>			
Receipts of cash from deposit accounts	62,993	(6,770)	56,223
Placement of cash on deposit accounts	(58,264)	5,750	(52,514)
Other payments	(21)	-	(21)
<b>Net cash from investing activities</b>	<b>4,708</b>	<b>(1,020)</b>	<b>3,688</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings	6,377	-	6,377
Repayment of loans and borrowings	(6,345)	683	(5,662)
<b>Net cash from financing activities</b>	<b>32</b>	<b>683</b>	<b>715</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,655)</b>	<b>212</b>	<b>(4,443)</b>
<b>Effect of exchange rate changes on cash and cash equivalents held in foreign currencies</b>	<b>446</b>	<b>(94)</b>	<b>352</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>6,848</b>	<b>(395)</b>	<b>6,453</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2,639</b>	<b>(277)</b>	<b>2,362</b>

**4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies**

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated interim condensed financial statements and the carrying amounts of assets and liabilities in future. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. The judgements that have the most significant effect on the amounts recognised in the financial statements and the estimates that can cause a significant adjustment in the carrying amount of assets and liabilities in the future other than those related to changes in accounting policies described above are the same as those applied to the annual consolidated financial statements for the year ended 31 December 2015.

## **5 Balances and Transactions with Related Parties**

Parties are generally considered to be related if they 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 focused on the substance of the relationship, and not merely the legal form. All related party transactions were made at an arm's length on normal commercial terms and conditions.

### ***Ultimate controlling party***

The Group's ultimate controlling party is the Government of the Russian Federation. Hence, all parties related to the Government of the Russian Federation are also related parties of the Group.

### ***Government-related entities***

In the normal course of business, the Group enters into multiple transactions with state-related entities, such as placing cash and cash equivalents and bank deposits, paying taxes, purchasing services from utilities and other similar payments. However, not all such transactions have a significant impact on the financial statements of the Group. Management presents hereunder only the balances and transactions with entities in which the government has control, joint control or significant influence, which relate to the core operating activities of the Group.

The tables below present individually significant transactions with government-related entities and the individually insignificant transactions with regard to which it was practicable to identify and report them.

<i>In millions of Russian Roubles</i>	<b>30 June 2016 (unaudited)</b>		<b>31 December 2015 (restated)</b>	
	<b>Russian Government</b>	<b>State-owned entities</b>	<b>Russian Government</b>	<b>State-owned entities</b>
<b>Assets</b>				
Other receivables	5,008	24	5,008	-
Bank deposits – short term	-	8,393	-	9,573
Cash and cash equivalents	-	391	-	1,688
<b>Liabilities and commitments</b>				
Borrowings	-	66,135	-	71,796
Other payables and accrued expenses	-	217	-	217

<i>In millions of Russian Roubles</i>	<b>Six months ended 30 June 2016 (unaudited)</b>		<b>Six months ended 30 June 2015 (unaudited, restated)</b>	
	<b>Russian Government</b>	<b>State-owned entities</b>	<b>Russian Government</b>	<b>State-owned entities</b>
<b>Income</b>				
Interest income	-	498	-	1,329
<b>Expenses</b>				
Finance costs	-	3,812	-	3,129

Contractual interest rates of borrowings as at 30 June 2016 and 31 December 2015 were 8.7%-12.17% p.a. and 8.7%-12.17% p.a., respectively. Contractual interest rates of RUB denominated deposits as at 30 June 2016 and 31 December 2015 were 7.63%-11.64% p.a. and 3.7%-11.75%, respectively. As at 30 June 2016 and 31 December 2015 there were no deposits denominated in other currencies.

## **5 Balances and Transactions with Related Parties (continued)**

### **Portfolio companies**

In the ordinary course of business the Group invests in nano-technology projects. Usually the Group maintains control or significant influence over its investees. So most of financial assets accounted at fair value through profit or loss other than assets held for trading (Note 6) represents investments in related parties.

Balances with subsidiaries accounted at fair value through profit or loss are as follows:

<i>In millions of Russian Roubles</i>	<b>30 June 2016 (Unaudited)</b>	<b>31 December 2015 (restated)</b>
Equity instruments at fair value	16,954	20,609
Loans receivable at fair value (contractual interest rate: 8.65% – 18% p.a.)	1,390	1,026
Equity investments with embedded options	249	240

During the six months ended 30 June 2016 Group did not have any material transactions with its portfolio companies other than investment activities.

## **6 Financial Assets at Fair Value through Profit or Loss**

The structure of the Group's investments at fair value through profit or loss is detailed below:

<i>In million of Russian Roubles</i>	<b>Note</b>	<b>30 June 2016 (unaudited) Fair value</b>	<b>31 December 2015 (restated) Fair value</b>
<b>Current assets</b>			
Equity instruments	6.3	7,227	186
<i>including shares in investment funds</i>		-	186
Equity investments with embedded options		1,849	1,096
<b>Total equity instruments at fair value through profit or loss within current assets</b>		<b>9,076</b>	<b>1,282</b>
<b>Non-current assets</b>			
Equity instruments		76,822	90,897
<i>including shares in investment funds</i>	6.3	18,962	27,032
Equity investments with embedded options		22,128	25,139
<b>Total equity instruments at fair value through profit or loss within non-current assets</b>		<b>98,950</b>	<b>116,036</b>
<b>Total equity instruments at fair value through profit or loss</b>	6.1	<b>108,026</b>	<b>117,318</b>
Current portion of loans receivable		2,298	4,493
Non-current portion of loans receivable		24,040	18,577
<b>Total loans to the portfolio companies</b>	6.2	<b>26,338</b>	<b>23,070</b>
<b>Financial assets held for trading</b>	6.4	<b>8,671</b>	<b>10,168</b>
<b>Total investments</b>		<b>143,035</b>	<b>150,556</b>

### **6.1 Investments in portfolio companies**

Equity investments of the Group at fair value through profit or loss are represented by the equity investments in the portfolio companies without embedded options, equity investments with embedded options and shares in the investment funds.

Management believes that the financial models used for initial fair value assessment are reliable, and they have been updated for the facts and circumstances occurred as at 30 June 2016.



**6 Financial Assets at Fair Value through Profit or Loss (continued)****6.2 Loans receivable**

As part of its operating activity, the Group provides loan financing to its portfolio companies. Loans receivable are usually secured by collateral (pledged equipment, shares and intangible assets) and bear interest ranging from 5% to 16% p.a. The loans were discounted to fair value using market rates appropriate for each loan that are within the range of 12-16% p.a. (31 December 2015: within the range of 12-16% p.a.).

**6.3 Shares in investment funds**

The Group invests in funds with activities that are in-line with the Group strategy. Shares in investment funds are carried at fair value through profit or loss and amount to RUB 18,962 million and RUB 27,218 million as at 30 June 2016 and 31 December 2015, respectively.

**6.4 Financial assets held for trading**

Financial assets held for trading are represented by quoted debt securities, including bonds with a fixed coupon, the majority of which are bonds issued by Russian companies quoted in the open market. The fair value of quoted debt securities is determined by reference to published price quotations in the active market.

The coupon accrued on debt securities was classified as part of fair value gains or losses (Note 11) in the consolidated interim condensed statement of comprehensive income.

**7 Bank Deposits**

<i>In million of Russian Roubles</i>	Rating	Currency	30 June 2016 (unaudited)	31 December 2015 (restated)
<i>Neither past due nor impaired</i>				
Roselkhozbank	BB+*	RUB	6,372	6,025
Credit bank of Moscow	B1**	RUB	5,542	5,576
AK BARS Bank	B2**	RUB	4,514	3,159
Bank FC Otkritie	Ba3**	USD	2,879	4,723
Julius Baer&Co Ltd. Zurich	Aa**	USD	2,732	7,653
Svyazbank	BB-***	RUB	2,006	3,511
Sovcombank	B+*	USD	1,928	-
Credit bank of Moscow	B1**	USD	1,375	-
Julius Baer&Co Ltd. Zurich	Aa**	EUR	1,312	-
RosEvroBank	BB-***	USD	1,305	-
Sovcombank	B+*	RUB	1,015	-
Bank Zenit	B1**	RUB	1,003	3,130
Bank FC Otkritie	Ba3**	EUR	826	924
Bank FC Otkritie	Ba3**	RUB	59	3
Sberbank	BBB-*	RUB	15	37
Promsvyazbank	Ba3**	RUB	-	4,537
Promsvyazbank	Ba3**	USD	-	3,404
Other			3	4
<b>Total bank deposits</b>			<b>32,886</b>	<b>42,686</b>

\* - Fitch's;

\*\* - Moody's;

\*\*\*- Standard&Poor's.

As at 30 June 2016 the annual effective interest rates for bank deposits are similar to their contractual rates and amount to 7.6%-11.79% % for deposit nominated in Russian Roubles (31 December 2015: 3.7%-12.4%) and 1.45%-11.26% for deposit nominated in other currencies (31 December 2015: 1.7%-2.2%). The original maturity of bank deposits as at 30 June is below 9 months (31 December 2015: below 9 months).



**8 Equity****Share capital**

As at 30 June 2016, the share capital of the Company comprises 53,741,700,000 ordinary shares of RUB 1 each (as at 31 December 2015: 53,741,700,000 ordinary shares of RUB 1 each).

All issued shares are authorized and fully paid at par value as of 30 June 2016 and 31 December 2015.

**Distributions**

During the six months ended 30 June 2016 and 2015 no dividends were paid or declared by the Company.

**Currency translation reserve**

The Group's consolidated financial statements are presented in Russian Rubles. Currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries into presentation currency. Foreign currency translation differences during six months ended 30 June 2016 comprised net loss of RUB 4,960 million (six months ended 30 June 2015: net loss of RUB 543 million). The currency translation reserve totalled RUB 20,010 million as at 30 June 2016 (31 December 2015: RUB 24,970 million).

**9 Borrowings**

<i>In million of Russian Roubles</i>	<b>Currency</b>	<b>Effective annual interest rate</b>	<b>Due</b>	<b>30 June 2016 (unaudited)</b>	<b>31 December 2015 (restated)</b>
Bonds (Series 01-03)	RUB	8.9%	2017	33,057	33,055
		Consumer price index-			
Bonds (Series 04-05)	RUB	100%+2.5%	2019	20,443	20,771
Bonds (Series 06-07)	RUB	12.5, 12.75%	2022	18,235	18,235
Sberbank	RUB	8.67- 12.17%	2016- 2023	66,135	71,796
		Refinancing rate of the Russian Central Bank			
Bank of Saint Petersburg	RUB	+1.5%-3%	2019	3,764	4,375
<b>Total borrowings</b>				<b>141,634</b>	<b>148,232</b>
Less					
<b>Current portion of long-term borrowings</b>				<b>(15,398)</b>	<b>(16,011)</b>
<b>Total long-term borrowings</b>				<b>126,236</b>	<b>132,221</b>

The effective interest rate is the market interest rate applicable to the loan at the date of origin for fixed rate loans and the current market rate for floating rate loans.

The Group borrowings in respect of bondholders and creditors are secured by the guarantees issued by the Government of the Russian Federation.

**10 Operating Expenses**

<i>In millions of Russian Roubles</i>	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited, restated)
Personnel expenses	1,402	1,141
Taxes other than income tax	394	329
Consulting services	139	133
Depreciation	116	215
Security	95	75
Office maintenance	88	85
Business trips and entertainment	55	46
Car rent	39	45
Equipment support and telecommunication	38	40
Legal services	20	51
Project expertise	20	34
Amortisation	16	27
Other expenses	184	182
<b>Total operating expenses</b>	<b>2,606</b>	<b>2,403</b>

**11 Net Income/(Loss) on Financial Assets at Fair Value Through Profit or Loss**

<i>In millions of Russian Roubles</i>	Note	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited, restated)
Change in fair value of equity instruments	16	(8,641)	(2,814)
Change in fair value of equity investments with embedded options	16	(266)	1,987
Change in fair value of loans to the portfolio companies	16	3,292	1,130
Change in fair value of financial assets held for trading	16	833	1,027
<b>Net loss on financial assets at fair value through profit or loss</b>		<b>(4,782)</b>	<b>1,330</b>

**12 Contingencies**

**Legal proceedings.** From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates and both internal and external professional advice, management believes that no material losses will be incurred in respect of claims; accordingly, no provisions have been made in these consolidated financial statements.

**Tax legislation.** The Group follows the provisions of the Russian tax legislation, clarifications of the controlling authorities and court practice while performing its business activities. If any difficult questions arise in the sphere of taxation or in case of planning non-typical transactions, the Group's management requests specific clarifications of the controlling authorities in order to officially confirm its position regarding interpretation of the particular provisions of the Russian tax legislation.

Recently the tax legislation was updated by provisions related to additional control of activities of Russian and international groups of companies, including controlled foreign companies rules and transfer pricing rules.

In particular, the controlled foreign companies rules effective starting from 1 January 2015 allow taxation of non-distributed profit of a foreign company controlled by a Russian tax resident (an individual or a company) in Russia subject to fulfillment of certain conditions. The Russian tax resident controlling that foreign company is responsible for making a tax payment on such profit and filing of relevant notifications.

The Russian transfer pricing legislation effective starting from 1 January 2012 requires that the prices used in the transactions between affiliated Russian and foreign counterparties comply with the market level. In accordance with these rules the taxpayers performing controlled transactions that satisfy certain criteria have to file notifications disclosing the details of such transactions and also have the right to file a transfer pricing documentation substantiating compliance of the level of the used prices with the market level upon the request of the controlling authorities. It is worth to note that the specific transfer pricing methods apply to the transactions with securities and derivatives.

**13 Principal Subsidiaries**

The principal consolidated subsidiaries as at 30 June 2016 and 31 December 2015:

Name	Country of registration	Primary activities	Percentage of ownership	
			30 June 2016 (unaudited)	31 December 2015 (restated)
Management Company RUSNANO LLC	Russian Federation	Management company	99%	99%
RUSNANO Capital AG	Switzerland	Investment activities	100%	100%
Fonds Rusnano Capital S.A.	Luxembourg	Investment activities	100%	100%
Rusnano-Inform JSC	Russian Federation	IT services, engineering services, investments	100%	100%

The comparative information as at 31 December 2015 was restateted in accordance with changes in accounting policies (Note 3).

The percentage of voting rights in the equity of the subsidiaries in which the Company holds is the same as its percentage of ownership as at 30 June 2016 and 31 December 2015.

As at 30 June 2016 the following subsidiaries were not consolidated and accounted as financial assets at fair value through profit or loss:

	Country of incorporation	% of ownership
Akrilan LLC	Russia	57%
Energy Solutions LLC	Russia	86%
ESTO-Vacuum LLC	Russia	59%
LED-Energoservis LLC	Russia	93%
Liteko LLC	Russia	100%
Microbor Nanotech LLC	Russia	100%
Novye Tekhnologii Stroitelstva LLC	Russia	100%
OtriTech LLC	Russia	53%
PHK JSC	Russia	52%
Plastic Logic CJSC	Russia	100%
Prepreg-SKM JSC	Russia	97%
Prepreg-SV LLC	Russia	51%
RM Nanotech JSC	Russia	73%
RU-VEM LLC	Russia	84%
Rusalox LLC	Russia	90%
RusnanoMedInvest LLC	Russia	100%
SIGMA.Novosibirsk LLC	Russia	83%
SIGMA.Tomsk LLC	Russia	90%
Technology Transfer Center LLC	Russia	75%
Advenira Enterprises, Inc.	USA	61%
Compass Networks LTD	Israel	100%
FlexEnable Limited	UK	99%

### 13 Principal Subsidiaries (continued)

As at 31 December 2015 the following subsidiaries were not consolidated and accounted as financial assets at fair value through profit or loss:

	Country of incorporation	% of ownership
ESTO-Vacuum LLC	Russia	59%
LED-Energoservis LLC	Russia	94%
Liotech LLC	Russia	86%
Microbor Nanotech LLC	Russia	100%
Novye Technologii Stroitelstva LLC	Russia	100%
Optogan CJSC	Russia	52%
OtriTech LLC	Russia	53%
Plastic Logic CJSC	Russia	100%
Prepreg-SKM JSC	Russia	97%
Prepreg-SV LLC	Russia	51%
RM Nanotech CJSC	Russia	73%
Rusalox LLC	Russia	85%
RusnanoMedinvest LLC	Russia	100%
SIGMA.Novosibirsk LLC	Russia	83%
SIGMA.Tomsk LLC	Russia	90%
Technology Transfer Center LLC	Russia	75%
FlexEnable Limited	UK	99%
Advenira Enterprises, Inc.	USA	61%

The comparative information for the year ended 31 December 2015 was restateted in accordance with changes in accounting policies (Note 3).

### 14 Financial Risk Management

The Group's financial risk management objectives and policies are consitent with those disclosed in the consolidated financial statements for the year ended 31 December 2015.

### 15 Management of Capital

The capital of the Group is represented by equity attributable to the Russian Federation (Note 1).

The Group's capital management objectives and policies are consitent with those disclosed in the consolidated financial statements for the year ended 31 December 2015.

The amount of capital that the Group managed as at 30 June 2016 was RUB 57,746 million (31 December 2015: RUB 76,901 million).

### 16 Fair Value of Financial Instruments

Fair value is the price that would be received to sell the financial asset in an orderly transaction between market participants at the measurement date, and is best evidenced by an active quoted market price. As at 30 June 2016 and at 31 December 2015, the Group has financial assets held for trading which are traded in the active market and have quoted prices.

**Financial assets carried at fair value.** All financial assets other than traded on active markets are valued using valuation techniques that require significant inputs which are not observable in the financial markets (Level 3 fair value measurement hierarchy). At initial recognition of financial assets the valuation technique is calibrated to ensure that it reflects current market conditions evidenced by transaction price and other factors to be taken into consideration.

Equity investments, equity instruments with embedded options and loans receivable as at 30 June 2016 and 31 December 2015 amounting to RUB 134,364 million and RUB 140,388 million, respectively, are designated at fair value through profit or loss at inception and disclosed in Note 6.

**16 Fair Value of Financial Instruments (continued)****Financial assets carried at fair value (continued)**

No active market exists for most of these financial instruments. If no active market exists the Group's management determined the fair value of financial instruments using valuation models and discounted cash flows. Inputs to these valuation models require judgement considering the factors specific to the future business plans of the underlying portfolio companies, their assets and liabilities and the impact on the fair value measurement in its entirety. The Group's valuation models for equity instruments and equity instruments with embedded options are the present value of the estimated future cash flows based on the discounted cash flows model for portfolio companies. The Group's valuation model for loans receivable is based on the net present value of future cash flows relating to a loan using individual discount rates for each loan that are within the range of 12-16% p.a. (31 December 2015: within the range of 12-16% p.a.). Management determined the discount rate for the loans receivable, based on comparable loan interest rates, available to companies with a similar risk profile on the Russian market from third party banks.

Financial assets held for trading amounting to RUB 8,671 million (31 December 2015: RUB 10,168 million) are valued using quoted prices in the active markets for identical assets (Level 1 fair value measurement).

The following table shows the movements of the financial instruments for the six months ended 30 June 2016 and 2015 by the class of financial instruments and the Level of fair value measurement hierarchy:

<i>In million of Russian Roubles</i>	Level 1		Level 3			Total
	Financial assets held for trading	Equity investments	Equity investments	Equity instruments with embedded options	Loans	
<b>1 January 2015 (restated)</b>	<b>6,933</b>	<b>1,399</b>	<b>72,591</b>	<b>24,439</b>	<b>15,051</b>	<b>120,413</b>
Purchases	-	-	3,509	1,767	-	5,276
Loans origination	-	-	-	-	1,710	1,710
Conversion of loans into equity instruments	-	-	470	-	(470)	-
Gains/(losses) recognised in profit or loss for the year	1,027	1,516	(4,330)	1,987	1,130	1,330
Gains recognised in other comprehensive income for the year	(379)	-	(250)	-	(8)	(637)
Disposals	(543)	-	(1,234)	(808)	(723)	(3,308)
<b>30 June 2015 (unaudited, restated)</b>	<b>7,038</b>	<b>2,915</b>	<b>70,756</b>	<b>27,385</b>	<b>16,690</b>	<b>124,784</b>
<b>1 January 2016 (restated)</b>	<b>10,168</b>	<b>4,184</b>	<b>86,899</b>	<b>26,235</b>	<b>23,070</b>	<b>150,556</b>
Purchases	625	96	1,897	50	-	2,668
Loans origination	-	-	-	-	2,042	2,042
Conversion of loans into equity instruments	-	-	849	-	(849)	-
Gains/(losses) recognised in profit or loss for the year	833	(1,572)	(7,069)	(266)	3,292	(4,782)
Gains recognised in other comprehensive income for the year	(1,120)	-	(2,687)	-	(7)	(3,814)
Disposals	(1,835)	-	(291)	(36)	(1,473)	(3,635)
Reclassification	-	1,489	254	(2,006)	263	-
<b>30 June 2016 (unaudited)</b>	<b>8,671</b>	<b>4,197</b>	<b>79,852</b>	<b>23,977</b>	<b>26,338</b>	<b>143,035</b>

**Financial assets carried at amortised cost.** The carrying amounts of each class of financial instruments included in other receivables and prepayments approximate fair values. Cash and bank deposits are carried at amortised cost, which approximates current fair value.

**17 Events after the Reporting Period**

Subsequent to 30 June 2016 and through the date of issue of these consolidated interim condensed financial statements, the Company provided additional equity and debt financing to portfolio companies and funds totaling RUB 2,261 million.

Subsequent to 30 June 2016 and through the date of issue of these consolidated interim condensed financial statements, the Company received the amount of RUB 2,407 million in total for realized equity investments and as loans issued to portfolio companies repayment.