

OJSC RUSNANO

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

Six month ended 30 June 2015

Contents

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

Consolidated Interim Condensed Statement of Financial Position	1
Consolidated Interim Condensed Statement of Comprehensive Income	2
Consolidated Interim Condensed Statement of Changes in Equity	3
Consolidated Interim Condensed Statement of Cash Flows	4

Notes to the Consolidated Interim Condensed Financial Statements:

1	RUSNANO Group and Its Operations.....	5
2	Operating Environment of the Group	6
3	Summary of Significant Accounting Policies	6
4	Critical Accounting Estimates, and Judgements in Applying Accounting Policies	7
5	Balances and Transactions with Related Parties	7
6	Financial Assets at Fair Value through Profit or Loss	8
7	Bank Deposits	9
8	Equity	10
9	Borrowings	10
10	Operating Expenses.....	11
11	Net Income/(Loss) on Financial Assets at Fair Value Through Profit or Loss.....	11
12	Contingencies	11
13	Principal Subsidiaries	12
14	Financial Risk Management	13
15	Management of Capital	13
16	Fair Value of Financial Instruments.....	13
17	Events after the Reporting Period.....	15

OJSC RUSNANO
Consolidated Interim Condensed Statement of Financial Position

<i>In millions of Russian Roubles</i>	Note	30 June 2015 (unaudited)	31 December 2014
ASSETS			
Non-current assets			
Equity instruments at fair value through profit or loss	6	98,535	95,038
Investments in associate		1,618	1,596
Loans receivable at fair value through profit or loss	6	13,154	12,780
Deferred tax assets		90	115
Other receivables and prepayments		261	231
Property, plant and equipment		3,196	3,396
Other non-current assets		61	86
Total non-current assets		116,915	113,242
Current assets			
Equity instruments at fair value through profit or loss		1,807	2,234
Financial assets held for trading	6	7,038	6,933
Loans receivable at fair value through profit or loss	6	3,933	2,465
Other receivables and prepayments		2,870	2,856
Income tax prepayments		95	111
Bank deposits	7	51,899	57,128
Cash and cash equivalents		2,639	6,848
Other current assets		151	181
Total current assets		70,432	78,756
TOTAL ASSETS		187,347	191,998
EQUITY			
Share capital	8, 15	53,742	53,742
Currency translation reserve		17,702	18,330
Accumulated loss	8	(16,891)	(12,209)
TOTAL EQUITY		54,553	59,863
LIABILITIES			
Non-current liabilities			
Deferred income tax liability		113	222
Long-term borrowings	9	111,088	111,433
Total non-current liabilities		111,201	111,655
Current liabilities			
Net assets attributable to non-controlling participants of subsidiaries		191	258
Current portion of long-term borrowings	9	19,558	18,592
Other payables and accrued expenses		1,844	1,630
Total current liabilities		21,593	20,480
TOTAL LIABILITIES		132,794	132,135
TOTAL EQUITY AND LIABILITIES		187,347	191,998

Approved for issue and signed on 16 November 2015.

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



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

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

<i>In millions of Russian Roubles</i>	Note	For the six months ended 31 December 2015 (unaudited)	For the six months ended 31 December 2014 (unaudited)
Income			
Interest income		3,826	2,861
Other operating income		558	125
Total income		4,384	2,986
Operating expenses	10	(2,851)	(2,313)
Net income/(loss) on financial assets at fair value through profit or loss	11	1,703	(6,136)
Foreign currency exchange (loss)/gains		(1,207)	21
Finance costs		(6,623)	(5,617)
Loss before income tax		(4,594)	(11,059)
Income tax		21	(268)
LOSS FOR THE PERIOD		(4,573)	(11,327)
Other comprehensive income (items that may be reclassified subsequently to profit or loss)			
Foreign currency translation differences, net of tax	8	(628)	694
Other comprehensive income for the period		(628)	694
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(5,201)	(10,633)

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

OJSC RUSNANO
Consolidated Interim Condensed Statement of Changes in Equity

<i>In millions of Russian Roubles</i>	Note	Share capital	Accumulated loss	Currency translation reserve	Total equity
As at 1 January 2014		53,742	(3,795)	1,756	51,703
Comprehensive income					
Loss for the period		-	(11,327)	-	(11,327)
Other comprehensive income	8	-	-	694	694
Total comprehensive loss for the period		-	(11,327)	694	(10,633)
As at 30 June 2014 (unaudited)		53,742	(15,122)	2,450	41,070
As at 1 January 2015		53,742	(12,209)	18,330	59,863
Comprehensive income					
Loss for the period		-	(4,573)	-	(4,573)
Other comprehensive income	8	-	-	(628)	(628)
Total comprehensive loss for the period		-	(4,573)	(628)	(5,201)
Other		-	(109)	-	(109)
As at 30 June 2015 (unaudited)		53,742	(16,891)	17,702	54,553

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

OJSC RUSNANO
Consolidated Interim Condensed Statement of Cash Flows

<i>In millions of Russian Roubles</i>	<i>Note</i>	For the six months ended 31 December 2015 (unaudited)	For the six months ended 31 December 2014 (unaudited)
Cash flows from operating activities			
Proceeds from sale of equity instruments at fair value through profit or loss		2,642	474
Acquisition of equity instruments at fair value through profit or loss	16	(5,211)	(3,040)
Repayment of loans issued	16	723	1,135
Loans issued	16	(1,914)	(3,179)
Proceeds from sale of financial assets held for trading	16	-	931
Acquisition of financial assets held for trading	16	-	(113)
Interest income received		2,720	2,414
Operating payments		(2,397)	(2,188)
Interest paid		(6,153)	(5,566)
Income taxes paid		(221)	(140)
Other receipts		416	97
Net cash used in operating activities		(9,395)	(9,175)
Cash flows from investing activities			
Receipts of cash from deposit accounts		62,993	85,160
Placement of cash on deposit accounts		(58,264)	(78,244)
Acquisition of property, plant and equipment		(18)	(15)
Acquisition of other non-current assets		(3)	(10)
Net cash from investing activities		4,708	6,891
Cash flows from financing activities			
Proceeds from loans and borrowings		6,377	1,813
Repayment of loans and borrowings		(6,345)	(1,984)
Net cash from/(used in) financing activities		32	(171)
Net decrease in cash and cash equivalents		(4,655)	(2,455)
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		446	(51)
Cash and cash equivalents at the beginning of the period		6,848	6,979
Cash and cash equivalents at the end of the period		2,639	4,473

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 2015 for the Open Joint-Stock Company RUSNANO (OJSC 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).

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.

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 RUSNANOLLC 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 2015 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.

In 2014, the Russian economy was negatively impacted by a significant drop in crude oil prices and a significant devaluation of the Russian Rouble, as well as sanctions imposed on Russia by several countries. The combination of the above resulted in reduced access to capital, a higher cost of capital, increased inflation and uncertainty regarding economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Revised investment budgets and the more challenging situation in the markets targeted by the Group's investments have led management to revise future cash flow projections in respect of the Group's investment projects, when the changed conditions were known and present at the end of the reporting period. Refer to Notes 6 and 16 for details of the assessment of the fair value of the Group's investments.

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 2015 and 31 December 2014 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 2014. 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 16,891 millions as at 30 June 2015 (31 December 2014: accumulated losses of RUB 12,209 millions). Taking into account the positive total equity of the Group as at 30 June 2015 of RUB 54,553 millions (31 December 2014: RUB 59,863 millions) the Group management believes that developed Group strategy will enable to improve profitability and support sustainability of the Group in future.

3 Summary of Significant Accounting Policies (continued)***Basis of preparation (continued)***

Except for the adoption of the new standards, amendments and interpretations effective as of 1 January 2015, the accounting policies of the Group were consistent with those applied in the annual consolidated financial statements for the year ended 31 December 2014.

Several new standards, amendments and interpretations apply for the first time in 2015. 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.

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 are the same as those applied to the annual consolidated financial statements for the year ended 31 December 2014.

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.

	30 June 2015 (unaudited)		31 December 2014	
	Russian Government	State-owned entities	Russian Government	State-owned entities
<i>In millions of Russian Roubles</i>				
Assets				
Other receivables	1,976	6	1,976	15
Bank deposits – short term	-	9,332	-	9,770
Cash and cash equivalents	-	228	-	2,457
Liabilities and commitments				
Borrowings	-	66,637	-	66,430
Other payables and accrued expenses	-	226	-	232
Capital commitments	5,314	-	5,902	-

5 Balances and Transactions with Related Parties (continued)**Government-related entities (continued)**

<i>In millions of Russian Roubles</i>	Six months ended 30 June 2015 (unaudited)		Six months ended 30 June 2014 (unaudited)	
	Russian Government	State-owned entities	Russian Government	State-owned entities
Income				
Interest income	-	1,329	-	452
Expenses				
Finance costs	-	(3,204)	-	(2,749)

Contractual interest rates of borrowings as at 30 June 2015 and 31 December 2014 were 2.5%-12.17% p.a. and 2.5%-10.98% p.a., respectively. Contractual interest rates of RUB denominated deposits as at 30 June 2015 and 31 December 2014 were 9.05%-26.5% p.a. and 11.91%-23.62%, respectively. Contractual interest rates of deposits denominated in other currency as at 30 June 2015 and 31 December 2014 were 3.75%-3.8% p.a. and 1.70%-3.80% p.a., respectively.

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 8) 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>	30 June 2015 (Unaudited)	31 December 2014
Equity instruments at fair value	3,070	2,326
Loans receivable at fair value (contractual interest rate: 8.65% – 18% p.a.)	940	568
Equity investments with embedded options	245	11
Capital commitments	2,111	95

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 millions of Russian Roubles</i>	Note	30 June 2015 (Unaudited)	31 December 2014
		Fair value	Fair value
Current equity instruments			
Equity instruments		224	844
Equity investments with embedded options		1,583	1,390
Total current equity instruments at fair value through profit or loss		1,807	2,234
Non-current equity instruments			
Equity instruments		72,732	71,989
including shares in investment funds	6.3	24,970	24,905
Equity investments with embedded options		25,803	23,049
Total non-current equity instruments at fair value through profit or loss		98,535	95,038
Total equity instruments at fair value through profit or loss	6.1	100,342	97,272
Current portion of loans receivable		13,154	12 780
Non-current portion of loans receivable		3,933	2 465
Total loans to the portfolio companies	6.2	17,087	15,245
Financial assets held for trading	6.4	7,038	6,933
Total investments		124,467	119,450

6 Financial Assets at Fair Value through Profit or Loss (continued)**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 were updated for the facts and circumstances occurred as at 30 June 2015.

6.2 Loans receivable

As part of its operating activity, the Group provides loan financing to its portfolio companies. Loans receivable are 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 2014: within the range of 12-16% p.a.).

6.3 Shares in investment funds

Shares in investment funds at fair value through profit or loss presented within equity instruments comprise investments in closed-end investment funds of high risk (venture) in the amount of RUB 24,970 million and RUB 24,905 million as at 30 June 2015 and 31 December 2014, 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 millions of Russian Roubles</i>	Rating	Currency	30 June 2015 (Unaudited)	31 December 2014
<i>Neither past due nor impaired</i>				
Credit bank of Moscow	B1**	RUB	11,285	12,943
Bank Otkritie (former NOMOS-Bank)	B1**	RUB	8,105	13,903
Promsvyazbank	Ba3**	RUB	7,744	8,283
AK BARS Bank	B2**	RUB	4,734	2,030
Julius Baer&Co Ltd. Zurich	A1**	USD	3,767	-
Svyazbank	BB-***	RUB	3,455	7,000
Svyazbank	BB-***	USD	3,312	-
OJSC Bank Zenit	Ba3**	RUB	3,123	-
Julius Baer&Co Ltd. Zurich	A1**	EUR	2,572	7,044
Sberbank	BBB-*	USD	2,545	2,531
Bank Otkritie (former NOMOS-Bank)	B1**	EUR	695	346
Bank Otkritie (former NOMOS-Bank)	B1**	USD	299	1,772
Bank of Saint Petersburg	BB-*	USD	211	-
Sberbank	BBB-*	RUB	10	121
Bank of Saint Petersburg	BB-*	RUB	2	1,033
Other			40	122
Total bank deposits			51,899	57,128

* - Fitch's;

** - Moody's;

*** - Standard&Poor's.

7 Bank Deposits (continued)

Bank deposits bear an average effective interest rate of 11.95% p.a. (31 December 2014: 10.64% p.a.). Their original maturities were less than 11 months (31 December 2014: less than 12 months).

8 Equity**Share capital**

As at 30 June 2015, the share capital of the Company comprises 53,741,700,000 ordinary shares of RUB 1 each (as at 31 December 2014: 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 2015 and 31 December 2014.

Distributions

In accordance with Russian legislation, distributions to the shareholders may only be declared by the Company from net profit for the year as reported in the Company's Russian statutory financial statements. For the six months ended 30 June 2015, the statutory loss for the Company as reported in its published statutory reporting forms was RUB 2,521 million (six months ended 30 June 2014: loss RUB 3,275 million), and the closing balance of the accumulated loss, including the current period net statutory loss, as at 30 June 2015 totalled RUB 12,262 million (31 December 2014: accumulated loss RUB 9,741 million).

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 2015 comprised net loss of RUB 628 million (six months ended 30 June 2014: net gain of RUB 694 million). The currency translation reserve totalled RUB 17,702 million as at 30 June 2015 (31 December 2014: RUB 18,330 million).

9 Borrowings

<i>In millions of Russian Roubles</i>	Currency	Effective annual interest rate	Due	30 June 2015 (Unaudited)	31 December 2014
Bonds (Series 01-03)	RUB	8.9%	2017	33,036	33,034
Bonds (Series 04-05)	RUB	Consumer price index-100%+2.5%	2019	20,787	20,413
Sberbank	RUB	8.67- 12.17% Refinancing rate of the Russian Central Bank	2016- 2023	65,702	64,975
Bank of Saint Petersburg	RUB	+1.5%-3%	2015-2019	10,029	10,000
Other	RUB	9.24-11.59%	2015-2019	1,092	1,603
Total borrowings					130 646
Less					
Current portion of long-term borrowings				(19,558)	(18,592)
Total long-term borrowings				111,088	111,433

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 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Payroll expense	1,467	1,124
Taxes other than income tax	374	253
Depreciation	217	241
Consulting services	135	166
Office maintenance	94	78
Security	75	96
Legal services	51	22
Business trips and entertainment	51	47
Car rent	46	42
Equipment support and telecommunication	42	32
Project expertise	36	34
Amortisation	28	27
Other expenses	235	151
Total operating expenses	2,851	2,313

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 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)
Change in fair value of equity instruments	16	(2,442)	(4,732)
Change in fair value of equity investments with embedded options	16	1,988	(2,388)
Change in fair value of loans to the portfolio companies	16	1,130	802
Change in fair value of financial assets held for trading	16	1,027	182
Net loss on financial assets at fair value through profit or loss		1,703	(6,136)

Interest income on debt financial instruments designated at fair value through profit or loss included in change in fair value of loans to the portfolio companies during six months ended 30 June 2014 amounted to RUB 1,591 million (six months ended 30 June 2014: RUB 1,333 million).

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 interim condensed financial statements.

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

Under new pronouncements of tax legislation retained profits of foreign companies and non-corporate structures controlled by Russian tax residents (companies and individuals) may be subject to Russian taxation. Russian taxpayers (controlling parties) must inform the tax authorities of the foreign companies controlled by them, while the tax authorities may impose additional tax liabilities to the taxpayers failing to include retained profit of the foreign controlled companies in their taxable base, where necessary. The Group includes companies incorporated outside of Russia.

12 Contingencies (continued)***Tax contingencies (continued)***

Russian transfer pricing legislation, which came into force on 1 January 2012, allows the tax Russian authority to apply transfer pricing adjustments and impose additional income tax liabilities in respect transactions identified as “controlled” in accordance with criteria provided by legislation if the transaction price differs from the market level of prices. The current Russian transfer pricing rules have considerably increased the compliance burden for the taxpayers compared to the transfer pricing rules which were in effect before 2012 due to, inter alia, shifting the burden of proof from the Russian tax authorities to the taxpayers. These rules are applicable not only to the transactions taking place in 2014 and 2013 but also to the prior transactions with related parties if related income and expenses were recognized in 2014 and 2013. Special transfer pricing rules apply to transactions with securities and derivatives.

13 Principal Subsidiaries

The principal consolidated subsidiaries as at 30 June 2015 and 31 December 2014:

Name	Country of registration	Primary activities	Percentage of ownership	
			30 June 2015 (unaudited)	31 December 2014
Management Company	Russian			
RUSNANO LLC	Federation	Management company	99%	99%
RUSNANO Capital AG	Switzerland	Investment entity	100%	100%
Fonds Rusnano Capital S.A.	Luxembourg	Investment entity	100%	100%
RusnanoMedInvest LLC	Russian			
	Federation	Investment entity	100%	100%
Rusnano-Inform JSC	Russian			
	Federation	IT services, engineering services	100%	100%
Metrological center	Russian			
Rusnano LLC	Federation	Infrastructure activities	100%	100%
SIGMA.Innovations LLC	Russian			
	Federation	Infrastructure activities	-	75%
SIGMA.Novosibirsk LLC	Russian			
	Federation	Infrastructure activities	83%	90%
SIGMA.Tomsk LLC	Russian			
	Federation	Infrastructure activities	90%	90%
Technology Transfer Center LLC	Russian			
	Federation	Infrastructure activities	75%	75%

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 2015 and 31 December 2014.

During six month ended 30 June 2015 the subsidiary SIGMA.Innovations LLC was merged with another subsidiary SIGMA.Novosibirsk LLC. The reorganisation has no any material effect on the Group's financial position or performance.

As at 30 June 2015 the subsidiary Metrological Center Rusnano LLC was in process of liquidation. The liquidation is not expected to have any material effect on the Group's financial position or performance.

13 Principal Subsidiaries (continued)

As at 30 June 2015 the following subsidiaries were not consolidated and accounted as financial assets at fair value through profit or loss:

	Country of incorporation	% of ownership
Prepreg-SKM JSC	Russia	97
RM Nanotech JSC	Russia	73
Plastic Logic CJSC	Russia	100
Liotech LLC	Russia	86
Microbor Nanotech LLC	Russia	100
Novye Tekhnologii Stroitelstva LLC	Russia	99
OtriTech LLC	Russia	53
Prepreg-SV LLC	Russia	51
Rusalox LLC	Russia	81
ESTO-Vacuum LLC	Russia	59
Advenira Enterprises, Inc.	USA	61
FlexEnable Limited	UK	98

As at 31 December 2014 the following subsidiaries were not consolidated and accounted as financial assets at fair value through profit or loss:

	Country of incorporation	% of ownership
Optogan CJSC	Russia	52
RM Nanotech CJSC	Russia	73
Liotech LLC	Russia	86
Microbor Nanotech LLC	Russia	100
OtriTech LLC	Russia	53
Rusalox LLC	Russia	81
Advenira Enterprises, Inc.	USA	61

14 Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2014.

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 consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2014.

The amount of capital that the Group managed as at 30 June 2015 was RUB 54,553 million (31 December 2014: RUB 59,863 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 2015 and at 31 December 2014, 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.

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

Equity investments, equity instruments with embedded options and loans receivable as at 30 June 2015 and 31 December 2014 amounting to RUB 117,429 million and RUB 112,517 million, respectively, are designated at fair value through profit or loss at inception and disclosed in Note 6.

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 2014: 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 7,038 million (31 December 2014: RUB 6,933 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 2015 and 2014 by the class of financial instruments and the Level of fair value measurement hierarchy:

In millions of Russian Roubles	Level 1		Level 3			Total
	Financial assets held for trading	Equity investments	Equity investments	Equity instruments with embedded options	Loans	
31 December 2013	3,305	1,886	47,442	19,355	14,025	86,013
Purchases	113	-	1,864	1,176	-	3,153
Loans origination	-	-	-	-	3,179	3,179
Gains/(losses) recognised in profit or loss for the period	182	(529)	(4,203)	(2,388)	802	(6,136)
Gains/(losses) recognised in other comprehensive income for the period	116	-	434	-	193	743
Disposals	(931)	-	(87)	(11)	(1,135)	(2,164)
Reclassification	-	-	(3,708)	3,708	-	-
30 June 2014 (unaudited)	2,785	1,357	41,742	21,840	17,064	84,788
31 December 2014	6,933	3,285	69,548	24,439	15,245	119,450
Purchases	-	-	3,682	1,768	-	5,450
Loans origination	-	-	-	-	1,914	1,914
Gains/(losses) recognised in profit or loss for the period	1,027	2,022	(4 464)	1,988	1,130	1,703
Gains/(losses) recognised in other comprehensive income for the period	(379)	(45)	(305)	-	(9)	(738)
Disposals	(543)	-	(1,237)	(809)	(723)	(3,312)
Reclassification	-	-	470	-	(470)	-
30 June 2015 (unaudited)	7,038	5,262	67,694	27,386	17,087	124,467

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 2015 and through the date of issue of these consolidated interim condensed financial statements, the Group provided additional equity investments to portfolio companies totaling RUB 3,208 million and debt financing totaling RUB 1,740 million.

Subsequent to 30 June 2014 and through the date of issue of these consolidated interim condensed financial statements, the Group received the amount of RUB 193 million for realized equity investments and received RUB 282 million as loans issued to portfolio companies repayment.