

**JSC RUSNANO**

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

**Six month ended 30 June 2017**

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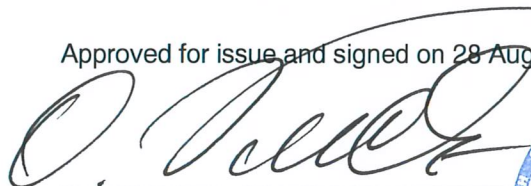
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**JSC RUSNANO**  
**Consolidated Interim Condensed Statement of Financial Position**

<i>In millions of Russian Roubles</i>	<i>Note</i>	<b>30 June 2017 (unaudited)</b>	<b>31 December 2016</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Equity instruments at fair value through profit or loss	6	84,578	96,198
Investments in associate		1,739	1,715
Loans receivable at fair value through profit or loss	6	23,305	19,232
Deferred tax assets		7,009	7,097
Other receivables and prepayments		2	55
Property, plant and equipment		2,752	2,880
Other non-current assets		198	166
<b>Total non-current assets</b>		<b>119,583</b>	<b>127,343</b>
<b>Current assets</b>			
Equity instruments at fair value through profit or loss	6	24,504	20,612
Financial assets held for trading	6	11,578	10,051
Loans receivable at fair value through profit or loss	6	3,601	4,523
Debt instruments at amortised cost	7	14,718	30,442
Other receivables and prepayments		4,281	699
Income tax prepayments		9	8
Cash and cash equivalents		1,024	358
Other current assets		5	4
<b>Total current assets</b>		<b>59,720</b>	<b>66,697</b>
<b>TOTAL ASSETS</b>		<b>179,303</b>	<b>194,040</b>
<b>EQUITY</b>			
Share capital	8, 15	53,742	53,742
Additional paid-in capital		37,796	43,226
Currency translation reserve		27	210
(Accumulated loss)/retained earnings	8	(3,695)	2,464
<b>TOTAL EQUITY</b>		<b>87, 870</b>	<b>99,642</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liability		42	38
Long-term borrowings	9	42,782	39,861
Liabilities on returns on additional paid-in capital		6,972	8,559
<b>Total non-current liabilities</b>		<b>49,796</b>	<b>48,458</b>
<b>Current liabilities</b>			
Current portion of long-term borrowings	9	34,251	33,739
Income tax payable		48	36
Other payables and accrued expenses		2,313	7,000
Liabilities on returns on additional paid-in capital		5,025	5,165
<b>Total current liabilities</b>		<b>41,637</b>	<b>45,940</b>
<b>TOTAL LIABILITIES</b>		<b>91,433</b>	<b>94,398</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>179,303</b>	<b>194,040</b>

Approved for issue and signed on 28 August 2017.



Kiselev Oleg Vladimirovich  
Acting Chairman of the Executive Board  
of Management Company "RUSNANO" LLC



Galstyan Arthur Genrikovich  
Deputy Executive Director – Managing Director for Finance  
of Management Company "RUSNANO" LLC



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

<i>In millions of Russian Roubles</i>	<b>Note</b>	<b>For the six months ended 30 June 2017 (unaudited)</b>	<b>For the six months ended 30 June 2016 (unaudited)</b>
<b>Income</b>			
Interest income		898	2,031
Other operating income		129	356
<b>Total income</b>		<b>1,027</b>	<b>2,387</b>
<b>Operating expenses</b>	10	<b>(2,217)</b>	<b>(2,606)</b>
Net income/(loss) on financial assets at fair value through profit or loss	11	1,814	(4,782)
Foreign currency exchange loss		(239)	(1,113)
Finance costs		(4,473)	(7,946)
<b>Loss before income tax</b>		<b>(4,088)</b>	<b>(14,060)</b>
Income tax		(344)	(135)
<b>LOSS FOR THE PERIOD</b>		<b>(4,432)</b>	<b>(14,195)</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>Additional paid-in capital</b>	<b>Accumulated loss</b>	<b>Currency translation reserve</b>	<b>Total equity</b>
<b>As at 1 January 2016</b>		<b>53,742</b>	<b>-</b>	<b>(1,811)</b>	<b>24,970</b>	<b>76,901</b>
<b>Total comprehensive income</b>						
Loss for the period		-	-	(14,195)	-	(14,195)
Other comprehensive income	8	-	-	-	(4,960)	(4,960)
<b>Total comprehensive income for the period</b>		<b>-</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>-</b>	<b>(16,006)</b>	<b>20,010</b>	<b>57,746</b>
<b>As at 1 January 2017</b>		<b>53,742</b>	<b>43,226</b>	<b>2,464</b>	<b>210</b>	<b>99,642</b>
<b>Total comprehensive income</b>						
Loss for the period		-	-	(4,432)	-	(4,432)
Other comprehensive income	8	-	-	-	(183)	(183)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>(4,432)</b>	<b>(183)</b>	<b>(4,615)</b>
Returns on additional paid-in capital		-	1,727	(1,727)	-	-
Repayment of additional paid-in capital		-	(7,157)	-	-	(7,157)
<b>As at 30 June 2017 (unaudited)</b>		<b>53,742</b>	<b>37,796</b>	<b>(3,695)</b>	<b>27</b>	<b>87,870</b>

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

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

*In million of Russian Roubles*

<b>Currency translation reserve</b>	
<b>As at 1 January 2016</b>	<b>24,970</b>
<b>Comprehensive income</b>	
Foreign currency translation differences	(4,960)
Loss for the period	(14,195)
Total comprehensive income for the year	(19,155)
<b>Currency translation reserve</b>	
<b>As at 30 June 2016 (unaudited)</b>	<b>20,010</b>
<b>Currency translation reserve</b>	
<b>As at 1 January 2017</b>	<b>210</b>
<b>Comprehensive income</b>	
Foreign currency translation differences	(183)
Loss for the period	(4,432)
Total comprehensive income for the year	(4,615)
<b>Currency translation reserve</b>	
<b>As at 30 June 2017 (unaudited)</b>	<b>27</b>

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

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

<i>In millions of Russian Roubles</i>	<b>For the six months ended 30 June 2017 (unaudited)</b>	<b>For the six months ended 30 June 2016 (unaudited)</b>
<b>Cash flows from operating activities</b>		
Proceeds from sale of equity instruments at fair value through profit or loss	1,693	566
Acquisition of equity instruments at fair value through profit or loss	(1,800)	(1,860)
Repayment of loans issued	691	1,690
Loans issued	(2,454)	(2,042)
Proceeds from sale of financial assets held for trading	2,803	1,835
Acquisition of financial assets held for trading	(4,069)	(625)
Interest income received	820	1,960
Operating payments	(1,738)	(1,926)
Income taxes paid	(239)	(164)
Other receipts	-	287
<b>Net cash used in operating activities</b>	<b>(4,293)</b>	<b>(279)</b>
<b>Cash flows from investing activities</b>		
Repayment of debt securities	3,237	-
Acquisition of debt securities	(2,437)	-
Receipts of cash from deposit accounts	43,321	79,306
Placement of cash on deposit accounts	(28,873)	(71,093)
Other payments	-	(515)
<b>Net cash from investing activities</b>	<b>15,248</b>	<b>7,698</b>
<b>Cash flows from financing activities</b>		
Proceeds from loans and borrowings	3,618	-
Repayment of loans and borrowings	-	(6,287)
Interest paid	(4,657)	(8,258)
Returns on additional paid-in capital	(1,727)	-
Repayment of additional paid-in capital	(7,157)	-
<b>Net cash used in financing activities</b>	<b>(9,923)</b>	<b>(14,545)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,032</b>	<b>(7,126)</b>
<b>Effect of exchange rate changes on cash and cash equivalents held in foreign currencies</b>	<b>(366)</b>	<b>(584)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>358</b>	<b>16,009</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,024</b>	<b>8,299</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 2017 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 13).

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 projects on the creation of advanced nanotechnologies. The financial position and results of this segment as at 30 June 2017 are presented in the consolidated interim condensed statement of financial position and the consolidated interim condensed statement of profit or loss, 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 2017 and 31 December 2016 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 2016. 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. Taking into account the positive total equity of the Group as at 30 June 2017 of RUB 87,870 millions (31 December 2016: RUB 99,642 millions) the Group management believes that developed Group strategy will enable to improve profitability and support sustainability of the Group in future.

The accounting policies of the Group applied in preparation of these consolidated interim condensed financial statements were consistent with those applied in the annual consolidated financial statements for the year ended 31 December 2016.

Several new standards, amendments and interpretations apply for the first time in 2017. They are not expected to 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 2016.

#### **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 million of Russian Roubles</i>	<b>30 June 2017 (unaudited)</b>		<b>31 December 2016</b>	
	<b>Russian Government</b>	<b>State-owned entities</b>	<b>Russian Government</b>	<b>State-owned entities</b>
<b>Assets</b>				
Other receivables	-	73	-	78
Debt securities	9	3,692	1,663	3,448
Bank deposits	-	-	-	2,861
Cash and cash equivalents	-	3	-	25
<b>Liabilities and commitments</b>				
Borrowings	-	-	-	-
Other payables and accrued expenses	-	217	-	217
Other liabilities	-	11,997	-	13,724

<i>In millions of Russian Roubles</i>	<b>Six months ended 30 June 2017 (unaudited)</b>		<b>Six months ended 30 June 2016 (unaudited)</b>	
	<b>Russian Government</b>	<b>State-owned entities</b>	<b>Russian Government</b>	<b>State-owned entities</b>
<b>Income</b>				
Interest income	37	206	-	498
<b>Expenses</b>				
Finance costs	-	2,718	-	3,812

As at 30 June 2017 there were no RUR denominated deposits. Contractual interest rates of RUB denominated deposits as at 31 December 2016 were 6.7%-10.7%, respectively. As at 30 June 2017 and 31 December 2016 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 2017 (Unaudited)</b>	<b>31 December 2016</b>
Equity instruments at fair value	18,189	17,634
Loans receivable at fair value (contractual interest rate: 8% – 17% p.a.)	1,920	1,522
Equity investments with embedded options	258	258

During the six months ended 30 June 2017 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 2017 (unaudited) Fair value</b>	<b>31 December 2016 Fair value</b>
<b>Current assets</b>			
Equity instruments		18,504	12,791
<i>including shares in investment funds</i>	6.3	-	45
Equity investments with embedded options		6,000	7,821
<b>Total equity instruments at fair value through profit or loss within current assets</b>		<b>24,504</b>	<b>20,612</b>
<b>Non-current assets</b>			
Equity instruments		70,621	77,209
<i>including shares in investment funds</i>	6.3	20,309	20,734
Equity investments with embedded options		13,957	18,989
<b>Total equity instruments at fair value through profit or loss within non-current assets</b>		<b>84,578</b>	<b>96,198</b>
<b>Total equity instruments at fair value through profit or loss</b>	6.1	<b>109,082</b>	<b>116,810</b>
Current portion of loans receivable		3,601	4,523
Non-current portion of loans receivable		23,305	19,232
<b>Total loans to the portfolio companies</b>	6.2	<b>26,906</b>	<b>23,755</b>
Financial assets held for trading	6.4	11,578	10,051
<b>Total financial assets at fair value through profit or loss</b>		<b>147,566</b>	<b>150,616</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 2017.



## **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 8% to 20% 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 20,309 million and RUB 20,779 million as at 30 June 2017 and 31 December 2016, 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 profit or loss.

## **7 Financial Assets at Amortised Cost**

The structure of the Group's financial assets at amortised cost is detailed below:

<i>In million of Russian Roubles</i>	<b>Note</b>	<b>30 June 2017 (unaudited)</b>	<b>31 December 2016</b>
		<b>Amortised cost</b>	<b>Amortised cost</b>
<b>Current assets</b>			
Debt securities	7.1	6,595	7,482
Bank deposits	7.2	8,123	22,960
<b>Total debt instruments at amortised cost within current assets</b>		<b>14,718</b>	<b>30,442</b>
Cash and cash equivalents		1,024	358
<b>Total financial assets at amortised cost</b>		<b>15,742</b>	<b>30,800</b>

### **7.1 Debt securities**

Debt securities carried at amortised cost represent bonds quoted within organized financial markets that the Group intends to hold until maturity or offer.

<i>In million of Russian Roubles</i>	<b>Issuer Rating***</b>	<b>Currency</b>	<b>30 June 2017 (unaudited)</b>	<b>31 December 2016</b>
<i>Neither past due nor impaired</i>				
Bonds	BB-	RUR	1,251	1,251
Bonds	BB+	RUR	1,141	885
Bonds	BB+	RUR	1,011	1,011
Bonds	BB-	USD	969	-
Bonds	BB+	RUR	669	635
Bonds	BB	RUR	625	438
Bonds	BB	RUR	310	520
Bonds	BB+	RUR	298	922
Bonds	BB+	RUR	157	157
Bonds	BBB-	RUR	155	-
Bonds	BBB-	RUR	9	1,049
<b>Total debt securities at amortised cost</b>			<b>6,595</b>	<b>7,482</b>

As at 30 June 2017 the annual effective interest rates for debt securities are similar to their yield rates at acquisition and amount to 9.03%-9.82 % (31 December 2016: 8.10-9.82%) for debt securities nominated in Russian Roubles and 2.05% (31 December 2016: 1.75%) for debt securities nominated in other currencies. The maturity or offer time frame at acquisition for debt securities is below 12 months.

## **7 Financial Assets at Amortised Cost (continued)**

### **7.2 Bank deposits**

<i>In million of Russian Roubles</i>	<b>Bank rating</b>	<b>Currency</b>	<b>30 June 2017 (unaudited)</b>	<b>31 December 2016</b>
<i>Neither past due nor impaired</i>				
Bank deposits	BB-***	RUR	4,378	3,020
Bank deposits	BB-***	USD	1,714	-
Bank deposits	A-***	EUR	1,004	3,414
Bank deposits	B+***	RUR	1,000	-
Bank deposits	B+***	RUR	27	-
Bank deposits	BB*	USD	-	3,969
Bank deposits	BB*	RUR	-	3,311
Bank deposits	BB-***	RUR	-	2,851
Bank deposits	BB-***	RUR	-	2,234
Bank deposits	BB-***	USD	-	1,821
Bank deposits	BB-***	USD	-	1,541
Bank deposits	B+***	EUR	-	786
Bank deposits	BBB-*	RUR	-	10
Other bank deposits			-	3
<b>Total bank deposits</b>			<b>8,123</b>	<b>22,960</b>

\* - Fitch's;

\*\* - Moody's;

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

As at 30 June 2017 the annual effective interest rates for bank deposits are similar to their contractual rates and amount to 6.0-11.25% % for deposits nominated in Russian Roubles (31 December 2016: 6.89-10.75%) and 0.91-1.15% % for deposits nominated in other currencies (31 December 2016: 1.2-7.3%). The original maturity of bank deposits is below 12 months.

## **8 Equity**

### **Share capital**

As at 30 June 2017, the share capital of the Company comprises 53,741,700,000 ordinary shares of RUB 1 each (as at 31 December 2016: 53,741,700,000 ordinary shares of RUB 1 each).

All issued shares are authorized and fully paid as at 30 June 2017 and 31 December 2016.

### **Distributions**

During the six months ended 30 June 2017 and 2016 no dividends were paid or declared by the Company.

### **Additional paid-in capital**

Additional paid-in capital include financing under the state guarantees that meet definition of equity.

### **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.



## 9 Borrowings

<i>In million of Russian Roubles</i>	<b>Currency</b>	<b>Effective annual interest rate</b>	<b>Due</b>	<b>30 June 2017 (unaudited)</b>	<b>31 December 2016</b>
Bonds (Series 01-03)	RUB	8.9%	2017	33,070	33,076
Bonds (Series 04-05)	RUB	Consumer price index-100%+2.5%	2019	20,299	20,402
Bonds (Series 06-07)	RUB	12.5, 12.75% Refinancing rate of the Russian Central Bank +1.0%	2022	18,241	18,247
Bank ROSSIYA	RUB	Refinancing rate of the Russian Central Bank +1.5%-3%	2025	3,543	-
Bank of Saint Petersburg	RUB		2016-2019	1,880	1,875
<b>Total borrowings</b>				<b>77,033</b>	<b>148,232</b>
Less					
<b>Current portion of long-term borrowings</b>				<b>(34,251)</b>	<b>(33,739)</b>
<b>Total long-term borrowings</b>				<b>42,782</b>	<b>39,861</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 Russian Federation.

## 10 Operating Expenses

<i>In millions of Russian Roubles</i>	<b>For the six months ended 30 June 2017 (unaudited)</b>	<b>For the six months ended 30 June 2016 (unaudited)</b>
Personnel expenses	1,056	1,402
Taxes other than income tax	331	394
Depreciation	125	116
Consulting services	114	139
Legal services	100	20
Security	98	95
Office maintenance	71	88
Business trips and entertainment	44	55
Car rent	33	39
Equipment support and telecommunication	22	38
Amortisation	15	16
Other expenses	208	204
<b>Total operating expenses</b>	<b>2,217</b>	<b>2,606</b>

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

<i>In millions of Russian Roubles</i>	<b>Note</b>	<b>For the six months ended 30 June 2017 (unaudited)</b>	<b>For the six months ended 30 June 2016 (unaudited)</b>
Change in fair value of equity instruments	16	(1,022)	(8,641)
Change in fair value of equity investments with embedded options	16	1,187	(266)
Change in fair value of loans to the portfolio companies	16	1,388	3,292
Change in fair value of financial assets held for trading	16	261	833
<b>Net loss on financial assets at fair value through profit or loss</b>		<b>1,814</b>	<b>(4,782)</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 2017 and 31 December 2016:

Name	Country of registration	Primary activities	Percentage of ownership	
			30 June 2017 (unaudited)	31 December 2016
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%
RNI LLC	Russian Federation	Investment activities	100%	-
Rusnano-Inform JSC	Russian Federation	IT services, engineering services, investments	-	100%

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 2017 and 31 December 2016.

In May 2017 Rusnano-Inform JSC transferred to the Company ownership in RNI LLC. Then in June 2017 Rusnano-Inform JSC was merged to Management Company RUSNANO LLC. This reorganization has no any material effect on the Group consolidated financial statements.

**13 Principal Subsidiaries (continued)**

As at 30 June 2017 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	70%
Crocus Nanoelectronics LLC	Russia	79%
Energy Solutions LLC	Russia	86%
ESTO-Vacuum LLC	Russia	59%
LED-Energoservis LLC	Russia	100%
Liteko LLC	Russia	100%
Microbor Nanotech LLC	Russia	100%
Novye Technologii Stroitelstva LLC	Russia	100%
OtriTech LLC	Russia	53%
PHK JSC	Russia	52%
Plastic Logic CJSC	Russia	100%
Prepreg-SKM JSC	Russia	91%
Prepreg-SV LLC	Russia	51%
Profotech JSC	Russia	100%
RM Nanotech JSC	Russia	73%
RU-VEM LLC	Russia	84%
Rusalox LLC	Russia	100%
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%

As at 31 December 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	100%
Liteko LLC	Russia	100%
Microbor Nanotech LLC	Russia	100%
Novye Technologii Stroitelstva LLC	Russia	100%
OtriTech LLC	Russia	53%
PHK JSC	Russia	52%
Plastic Logic CJSC	Russia	100%
Prepreg-SKM JSC	Russia	91%
Prepreg-SV LLC	Russia	51%
Profotech JSC	Russia	100%
RM Nanotech JSC	Russia	73%
RU-VEM LLC	Russia	84%
Rusalox LLC	Russia	99%
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%



**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 2016.

**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 2016.

The amount of capital that the Group managed as at 30 June 2017 was RUB 87,870 million (31 December 2016: RUB 99,642 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

**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 2017 and 31 December 2016 amounting to RUB 135,988 million and RUB 140,565 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 2016: 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 11,578 million (31 December 2016: RUB 10,051 million) are valued using quoted prices in the active markets for identical assets (Level 1 fair value measurement).

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

The following table shows the movements of the financial instruments for the six months ended 30 June 2017 and 2016 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 2016</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 2017 (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>
<b>1 January 2017</b>	<b>10,051</b>	<b>7,764</b>	<b>82,236</b>	<b>26,810</b>	<b>23,755</b>	<b>150,616</b>
Purchases	4,069	-	1,680	120	-	5,869
Loans origination	-	-	-	-	2,454	2,454
Gains/(losses) recognised in profit or loss for the year	261	(708)	(314)	1,187	1,388	1,814
Disposals	(2,803)	(494)	(959)	(8,240)	(691)	(13,187)
Reclassification	-	-	(80)	80	-	-
<b>30 June 2017 (unaudited)</b>	<b>11,578</b>	<b>6,562</b>	<b>82,563</b>	<b>19,957</b>	<b>26,906</b>	<b>147,566</b>

**17 Events after the Reporting Period**

Subsequent to 30 June 2017 and through the date of issue of these consolidated interim condensed financial statements there were no material events.