



PRESS RELEASE

**ROSINTER INCREASED REVENUE AND EBITDA BY 7.3% IN FINANCIAL STATEMENTS FOR  
1H 2018 PREPARED IN ACCORDANCE WITH IFRS**

**Moscow, August 29, 2018:** PJSC Rosinter Restaurants Holding (Rosinter, Rosinter Restaurants, Company), the leading casual dining restaurants chain in Russia and CIS (Moscow Exchange MICEX-RTS ticker: ROST), announced today its operating and financial results for 1H 2018 prepared in accordance with IFRS.

**1H 2018 FINANCIAL AND OPERATING HIGHLIGHTS**

- Growth of EBITDA before impairment and write-offs amounted to 7.3% in the 1H 2018, compared with the 1H2017.
- Gross revenue from comparable restaurants<sup>[4]</sup> increased by 7.2% and amounted to RUB 3,057 mln due to systematic revitalization of the key brands, updating the menu and improving the quality of guest services.
- Gross profit increased by 21.7% in 1H 2018 compared to 1H 2017 and amounted to RUB 587 mln. The Company's policy of costs reducing has a main impact on the gross profit growth, costs decreased by 1.9% (calculated as % of revenue).
- The same factors have impact on the gross profit margin growth, which increased by 1.9% in 1H 2018 to 15.9% of total revenue from 14.0% in 1H 2017.

**CONSOLIDATED GROSS OPERATING REVENUE<sup>[3]</sup> PERFORMANCE (RUB MLN)**

Total			Same-Store Sales Growth <sup>[4]</sup>		
1H 2018	1H 2017	% chg	1H 2018	1H 2017	% chg
4,057	3,818	6.3%	3,057	2,853	7.2%

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*Sergey Zaytsev, President of PJSC Rosinter Restaurants Holding, commented:*

*“Rosinter managed to break the negative trend and for the first time in several years achieved a growth in reported revenue by 7.3%. Several factors played the main role: the process of brand revitalization was completed; complex works were performed to increase efficiency and to overcome systemically unprofitable assets, which were carried out in 2016-2017. The Company generally completed this process, and concentrated on the chain development. In the first half of 2018, 22 restaurants were opened, of those 13 corporate and 9 franchising. The Company renovated 12 restaurants - 7 corporate and 5 franchising. The Company will maintain the growth and renovation rates of the chain in the second half of the year, which, undoubtedly, will positively affect the year’s financial result.*

*Despite the fact that market conditions remain difficult, especially in the casual dining segment, Rosinter did show a revenue increase of comparable restaurants by 7.2%. This indicates the effectiveness of the Company's actions aimed at improving the quality of food and services, the Honored Guest loyalty program, marketing activities. We pay a lot of attention to guest’s appraisal and comments received through our feedback channels indicating that our guests positively assess the transformations performed by the company.*

*The number of Rosinter brands franchising requests scaled up several times compared to 2017. It is the result of changes in the franchising strategy sales. The Company expanded the offer of restaurant formats, first of all, IL Patio, due to which the franchising offer became more accessible both in the choice of locations and in the volume of investments. At present the number of corporate restaurants in Rosinter’s portfolio exceeds franchising, but in the medium term we look forward to equalize their number.*

*In 2018, the transportation hubs business, mainly in airports, received serious development. 8 restaurants were opened in new locations. The high rate of opening restaurants is related to development of the airports themselves, the construction and commissioning of new terminals that were built for the FIFA World Cup 2018. Rosinter welcomed its guests for the first time at the airports of Domodedovo, Vnukovo, and also in the new terminal B of Sheremetyevo Airport. Rosinter carried out serious preparations for a new leap in development, updating the concept of brands, including interior design, equipment park, operational management technologies of restaurants at transportation hubs.*

*The prior activity now remains the renovation of existing key brands restaurants. The main project is the "IL Patio" chain, but also TGI FRIDAYS™, AmBar, Mama Russia restaurants will be opened according to updated concepts.*

*The development of the delivery system based on its own logistic service and the Honored Guest loyalty program are among the main projects of 2018. At present the loyalty program exceeded 1 million 300 thousand participants".*

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*Income Statement Summary*

(RUB) thousands	6M 2018		6M 2017		% Change Y-o-Y	p.p. change, Y-o- Y
<b>Net revenue</b>	<b>3,697,155</b>	<b>100.0 %</b>	<b>3,446,221</b>	<b>100.0 %</b>	<b>7.3 %</b>	<b>-</b>
<i>Incl. Revenue from restaurants</i>	3,556,934	96.2 %	3,329,523	96.6 %	6.8 %	(0.4)%
<i>Incl. Revenue from franchising</i>	107,105	2.9 %	84,093	2.4 %	27.4 %	0.5 %
<b>Cost of sales</b>	<b>3,110,213</b>	<b>84.1 %</b>	<b>2,963,790</b>	<b>86.0 %</b>	<b>4.9 %</b>	<b>(1.9)%</b>
<i>Incl. Food and beverages</i>	782,285	21.2 %	756,327	21.9 %	3.4 %	(0.7)%
<i>Incl. Payroll and related taxes</i>	771,655	20.9 %	738,216	21.4 %	4.5 %	(0.5)%
<i>Incl. Rent</i>	926,777	25.1 %	888,060	25.8 %	4.4 %	(0.7)%
<b>Gross profit</b>	<b>586,942</b>	<b>15.9 %</b>	<b>482,431</b>	<b>14.0 %</b>	<b>21.7 %</b>	<b>1.9 %</b>
SG&A Expenses	475,858	12.9 %	433,071	12.6 %	9.9 %	0.3 %
Start-up expenses for restaurants	81,469	2.2 %	25,901	0.8 %	214.5 %	1.4 %
Other gains	9,774	0.3 %	18,270	0.5 %	(46.5)%	(0.2)%
Other losses	39,059	1.1 %	27,632	0.8 %	41.4 %	0.3 %
<i>Incl. Loss on disposal of non-current assets</i>	27,474	0.7 %	22,175	0.6 %	23.9 %	0.1 %
<b>Profit from operating activities before impairment</b>	<b>330</b>	<b>0.0%</b>	<b>14,097</b>	<b>0.4 %</b>	<b>(97.7)%</b>	<b>(0.4)%</b>
Loss from/(reversal of) impairment of operating assets	10,497	0.3 %	(12,159)	(0.4)%	(186.3)%	0.7 %
<b>(Loss)/profit from operating activities after impairment</b>	<b>(10,167)</b>	<b>(0.3)%</b>	<b>26,255</b>	<b>0.8 %</b>	<b>(138.7)%</b>	<b>(1.1)%</b>
Financial expenses, net	131,201	3.5 %	186,056	5.4 %	(29.5)%	(1.9)%
Foreign exchange gain/(loss), net	(4,240)	(0.1)%	(2,000)	(0.1)%	112.0 %	0.0%
Share of profit of JV and associates	-	-	-	-	-	-
<b>Loss before income tax</b>	<b>(145,608)</b>	<b>(3.9)%</b>	<b>(161,801)</b>	<b>(4.7)%</b>	<b>(10.0)%</b>	<b>0.8 %</b>
Income tax benefit	17,751	0.5 %	26,704	0.8 %	(33.5)%	(0.3)%
<b>Net loss</b>	<b>(127,857)</b>	<b>(3.5)%</b>	<b>(135,096)</b>	<b>(3.9)%</b>	<b>(5.4)%</b>	<b>0.4 %</b>
Profit from operating activities before impairment	330	0.0%	14,097	0.4 %	(97.7)%	(0.4)%
Depreciation and amortization	114,344	3.1 %	96,238	2.8 %	18.8 %	0.3 %
Loss on disposal of non-current assets	27,474	0.7 %	22,175	0.6 %	23.9 %	0.1 %
<b>EBITDA before impairment and write-offs</b>	<b>142,147</b>	<b>3.8 %</b>	<b>132,509</b>	<b>3.8 %</b>	<b>7.3 %</b>	<b>0.0%</b>

**Consolidated revenue** amounted to RUB 3,697 mln in 1H 2018. Corporate restaurants revenue amounted to RUB 3,557 mln and increased by 6.8% compared to 1H 2017.

**Cost of sales** decreased by 1.9% compared to revenue. At the same time, the main decreased item was the **Food cost (Food and beverages cost)**, which decreased by 0.7% (measured as a percentage of revenue) as a result of long-term oriented, flexible relations with suppliers, search for ways of mutually beneficial cooperation, including the introduction of an advance payment system.

**Gross profit margin** increased to 15.9% in 1H 2018 from 14.0% in 1H 2017, that was mainly driven by decrease in food and beverages cost, all measured as a percentage of total revenue.

The increase in **selling, general and administrative expenses** by 9.9% was due to the start of the active marketing and advertising policy in order to support loyalty and attract new guests to restaurants.

The increase of **start-up expenses for restaurants** was 214.5% compared to 1H 2017 due to the implementation of the plan of renovation of existing and open of new restaurants.

**Other income** decreased by 46.5% due to one-time income from accounts payable write-off in 1H 2017.

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In 1H 2018, *loss from impairment of operating assets* amounted to RUB 10 mln in compare with RUB 12 mln reversal of impairment loss of operating assets in 1H 2017. The reversal of the impairment loss is the result of a change in the estimates used to determine the asset's recoverable amount in 2017.

The decrease of *net financial expenses* by RUB 55 mln (by 29.5% compared to 1H 2017) was due to the decrease in borrowing costs in the second half of 2017 and the attraction of targeted loans for the renovation of the existing and construction of new restaurants.

*Foreign exchange loss* amounted to RUB 4.2 mln in 1H 2018, compared to a loss of RUB 2 mln in 1H 2017, as a result of the dynamics of the exchange rate of the ruble to other currencies.

*Net loss* amounted to 128 million rubles in 1H 2018, due to significant investments in the strategic development of the Company. Net loss decreased by 5.4% compared to 1H 2017.

***Alexey Shorohov, CFO PJSC Rosinter Restaurants Holding:***

*"The results of the first half of the year do not fully show the growth in revenue from the new restaurants, since most locations were launched in May-June 2018. Net loss received in H1 2018 is a consequence of the new investment program implementation. The effect of the chain expansion will be seen in financial results of 2018-2019.*

*Rosinter showed an increase in revenue of comparable restaurants by 7.2%, which occurred due to two factors – average check increase by 2.3% and number of transactions increase by 4.8%. The improvement in operating indicators also contributed to the growth of EBITDA by 7.3% compared to the same period previous year.*

*The company confidently implements its development strategy, which among other activities is aimed to debt reduction and improving the Debt / EBITDA indicator to a comfortable level for the company".*

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**Cash Flow Performance**

(RUB) thousands	6M 2018	6M 2017	% Change Y-o-Y
Net cash flow used in operating activities	(221,952)	(243,328)	(8.8)%
<i>Incl. Cash flow before changes in operating assets and liabilities</i>	135,168	113,499	19.1 %
<i>Incl. Changes in operating assets and liabilities</i>	(181,785)	(194,270)	(6.4)%
<i>Incl. Financial and tax cash outflow</i>	(175,335)	(162,557)	7.9 %
Net cash flow used in investing activities	(364,681)	(397,751)	(8.3)%
Net cash flow from financing activities	567,674	631,932	(10.2)%
Effect of exchange rates on cash and cash equivalents	1,765	(48)	(3777.1)%
<b>Net decrease in cash and cash equivalents</b>	<b>(17,195)</b>	<b>(9,195)</b>	<b>87.0 %</b>
Cash & Cash equivalents at beginning of period	152,376	113,421	34.3 %
Cash & Cash equivalents at end of period	135,181	104,226	29.7 %

**Cash outflow from operating activities** decreased by 8.8% in the 1H 2018 compared to the 1H 2017 as a result of the growth of interest payments and decrease of working capital, due to the optimization of the current assets, while improving operating results in the 1H 2018.

**Net cash outflow from investing activities** amounted to RUB 365 mln in 1H 2018 compared RUB 398 mln in 1H 2017. Rosinter continues to implement its investment program of renovation and expansion the restaurant chain, as well as to fundamentally IT-infrastructure updating.

**Net cash inflow from financing activities** decreased to RUB 568 mln in 1H 2018 from RUB 632 mln in 1H 2017 due to the fact that the main part of the financing for the strategic plans realization was received by the Company in 2017.

**Debt and Liquidity**

(RUB) thousands	6M 2018		12M 2017		% Change Y-o-Y
<b>Total Gross Debt</b>	<b>3,656,770</b>	<b>100.0 %</b>	<b>3,091,071</b>	<b>100.0 %</b>	<b>18.3 %</b>
Short-term	766,987	21.0 %	312,406	10.1 %	145.5 %
Long-term	2,889,783	79.0 %	2,778,665	89.9 %	4.0 %
<b>Net Debt</b>	<b>3,521,589</b>	<b>96.3 %</b>	<b>2,938,695</b>	<b>95.1 %</b>	<b>19.8 %</b>
<b>Net Debt / EBITDA before impairment and write-offs</b> <sup>[2]</sup>	<b>8,5x</b>		<b>7,2x</b>		-

Total gross debt of the Group stood at RUB 3,657 mln as at 30 June 2018. Net debt increased by 19.8% in 1H 2018 compared to 31 December 2017 due to the attraction of long-term borrowings under the program of renovation of existing restaurants and construction of new ones. Debt portfolio is rouble denominated. The share of long-term loans was 79.0% of gross amount of debt portfolio.

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<sup>[1]</sup> EBITDA is calculated by adding back depreciation and amortization to profit from operating activities after impairment. EBITDA measures are not measurements of our operating performance under IFRS and should not be considered as an alternative to profit for the year, operating profit or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or as a measure of our liquidity. Our approach to calculating EBITDA may differ from the approach of other companies.

<sup>[2]</sup> EBITDA is calculated over the 12 preceding calendar months

<sup>[3]</sup> Unaudited operating revenue (including VAT) includes only total gross sales of corporate restaurants and canteens and does not include revenue from premises sublease, franchise operations and other revenue items.

<sup>[4]</sup> Calculation is based on gross operating sales data (including VAT) for the pool of currently operating mature restaurants, which had operated for 18 months as of 30 June 2018.

Some information in this review may contain "forward-looking statements" which include all statements other than statements of historical fact. Such forward-looking statements can often be identified by words such as "plans", "believes", "anticipates", "expects", "intends", "estimates", "will", "may", "continue", "should" and similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's and/or its Management control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements speak only as at the date as of which they are made, and the Company and/or its Management does not intend and has no duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained herein to reflect any change in the Company's and/or its Management expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. The information and opinions contained in this review are provided as at the date of this review and are subject to change by the Company's own discretion without notice of any kind and form.

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**Note to Editors:**

**As of 01 July 2018 PJSC Rosinter Restaurants Holding** is the leading casual dining restaurant company in Russia and CIS, which operates 272 outlets in 27 cities in Russia, CIS and Central Europe, including Baltic countries. The chain has 164 corporate restaurants and 108 franchised restaurants. The Company develops its own brands IL Patio, Planet Sushi, Shikari, American Bar and Grill, Mama Rasha, and operates under franchise agreements a chain of American restaurants TGI FRIDAYS and a chain of British coffee shops Costa Coffee. Rosinter Restaurants is actively developing in transportation hubs: more than 40 restaurants of the chain are represented in the international airports of Sheremetyevo (Moscow), Domodedovo, Vnukovo, Pulkovo (St. Petersburg), Kazan, Strigino (Nizhny Novgorod), 18 restaurants operate on 6 railway stations in Moscow and the Moscow railway station in St. Petersburg. In March 2012 Razvitie ROST LLC (a subsidiary of PJSC Rosinter Restaurants Holding) has acquired the right to develop McDonald's brand on a franchise basis in Moscow and Saint Petersburg transportation hubs. Rosinter Restaurants Holding is listed on the Moscow Exchange MICEX-RTS ([www.moex.com](http://www.moex.com)) under the stock ticker ROST.

Company site: [www.rosinter.com](http://www.rosinter.com)

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**APPENDIX**

**Interim Consolidated Statement of Financial Position (unaudited)  
at June 30, 2018**

*(All amounts are in thousands of Russian roubles, unless specified otherwise)*

	<b>Notes</b>	<b>June 30, 2018, unaudited</b>	<b>December 31, 2017, audited</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	1,649,099	1,435,757
Intangible assets		124,750	84,887
Goodwill		143,137	143,137
Deferred income tax asset		224,562	193,504
Rent deposits and other non-current assets		610,690	583,554
		<b>2,752,238</b>	<b>2,440,839</b>
<b>Current assets</b>			
Inventories		161,946	160,179
VAT and other taxes recoverable		69,513	76,055
Income tax recoverable		11,364	11,634
Trade and other receivables		195,014	174,219
Advances paid		272,262	168,674
Receivables from related parties	5	165,271	155,697
Short-term loans		1,139	1,046
Short-term loans due from related parties	5	21,015	21,015
Cash and cash equivalents		135,181	152,376
		<b>1,032,705</b>	<b>920,895</b>
<b>Assets classified as a held for sale</b>		<b>230,542</b>	<b>230,542</b>
<b>TOTAL ASSETS</b>		<b>4,015,485</b>	<b>3,592,276</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to equity holders of the parent entity			
Share capital	6	2,767,015	2,767,015
Additional paid-in capital		2,090,217	2,090,217
Treasury shares	6	(269,337)	(269,337)
Other capital reserves		39	7,795
Accumulated losses		(5,043,993)	(4,915,490)
Translation difference		(409,930)	(425,514)
		<b>(865,989)</b>	<b>(745,314)</b>
Non-controlling interests		2,528	2,331
		<b>(863,461)</b>	<b>(742,983)</b>
<b>Non-current liabilities</b>			
Long-term loans and borrowings	8	2,889,783	2,778,665
Finance lease liabilities		228	432
Deferred income tax liabilities		38,776	29,619
		<b>2,928,787</b>	<b>2,808,716</b>
<b>Current liabilities</b>			
Trade and other payables		1,028,719	1,056,416
Short-term loans and borrowings	8	766,987	312,406
Payables to related parties	5	3,927	8,246
Short-term loans due to related parties	5	12,797	10,067
Current portion of finance lease liabilities		451	532
Short-term liabilities to partners		1,621	526
Deferred income		49,464	48,890
Income tax payable		86,193	89,460
		<b>1,950,159</b>	<b>1,526,543</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,015,485</b>	<b>3,592,276</b>

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**Interim Consolidated Statement of Profit or Loss (unaudited)  
for the six months ended June 30, 2018**

*(All amounts are in thousands of Russian roubles, unless specified otherwise)*

	Notes	<b>For the six months ended June 30,</b>	
		<b>2018</b>	<b>2017</b>
		<b>Unaudited</b>	
Revenue	9	3,697,155	3,446,221
Cost of sales	10	(3,110,213)	(2,963,790)
<b>Gross profit</b>		<b>586,942</b>	<b>482,431</b>
Selling, general and administrative expenses	11	(475,858)	(433,071)
Start-up expenses for restaurants		(81,469)	(25,901)
Other gains	12	9,774	18,270
Other losses	12	(39,059)	(27,632)
<b>Profit from operating activities before impairment</b>		<b>330</b>	<b>14,097</b>
(Loss from)/reversal of impairment of operating assets	13	(10,497)	12,159
<b>(Loss)/profit from operating activities after impairment</b>		<b>(10,167)</b>	<b>26,256</b>
Financial income		1,109	1,866
Financial expense		(132,310)	(187,922)
Foreign exchange loss, net		(4,240)	(2,000)
<b>Loss before income tax</b>		<b>(145,608)</b>	<b>(161,800)</b>
Income tax benefit		17,751	26,704
<b>Net loss for the period</b>		<b>(127,857)</b>	<b>(135,096)</b>
Attributable to:			
Equity holders of the parent entity		(128,503)	(144,646)
Non-controlling interests		646	9,550
<b>Earnings per share</b>	7		
Basic, loss per share, roubles		(8.11)	(9.12)
Diluted, loss per share, roubles		(8.08)	(9.06)



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**Interim Consolidated Statement of Cash Flows (unaudited)  
for the six months ended June 30, 2018**

*(All amounts are in thousands of Russian roubles, unless specified otherwise)*

	Notes	<b>For the six months ended June 30,</b>	
		<b>2018</b>	<b>2017</b>
		<b>Unaudited</b>	
<b>Operating activities</b>			
Loss before tax		(145,608)	(161,800)
<i>Adjustments to reconcile loss before tax to net cash provided by operating activities:</i>			
Depreciation and amortization	10,11	114,344	96,238
Foreign exchange loss, net		4,240	2,000
Financial income		(1,109)	(1,866)
Financial expense		132,310	187,922
Allowance for impairment of advances paid, taxes recoverable and receivables	11	4,138	890
Allowance for impairment/(reversal of write-down) of inventories to net realizable value		2,551	(4,543)
Loss on disposal of non-current assets	12	27,474	22,175
Write-off of trade and other payables	12	(6,431)	(10,533)
Share based payment		(6,477)	(3,657)
Provision/(reversal of) impairment of operating assets	13	10,497	(12,159)
Reversal of provision for contingent claims	12	(761)	(1,168)
		<b>135,168</b>	<b>113,499</b>
<i>Changes in operating assets and liabilities:</i>			
(Increase)/decrease in inventories		(3,990)	36,654
Increase in advances, taxes recoverable, receivables, rent deposits and other non-current assets		(147,690)	(31,961)
Decrease in receivables from related parties		5,589	19,068
Decrease in payables to related parties		(3,891)	(24,590)
Decrease in trade and other payables		(31,804)	(193,441)
<b>Net cash flows used in operations</b>		<b>(46,618)</b>	<b>(80,771)</b>
Interest paid		(162,619)	(162,290)
Interest received		633	1,164
Income tax paid		(13,349)	(1,431)
<b>Net cash flows used in operating activities</b>		<b>(221,953)</b>	<b>(243,328)</b>
<b>Investing activities</b>			
Purchases of property and equipment		(318,021)	(93,343)
Purchase of intangible assets		(50,095)	(6,647)
Issuance of loans to third parties		-	(300,500)
Proceeds from disposal of property and equipment		3,435	2,739
<b>Net cash flows used in investing activities</b>		<b>(364,681)</b>	<b>(397,751)</b>

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Interim Consolidated Statement of Cash Flows (unaudited) (continued)

*(All amounts are in thousands of Russian roubles, unless specified otherwise)*

	<b>For the six months ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
	<b>Notes</b>	<b>Unaudited</b>
<b>Financing activities</b>		
Proceeds from bank loans	735,715	1,270,362
Repayment of bank loans	(170,014)	(636,763)
Payments to partners	–	(1,620)
Proceeds from related party loans	2,730	–
Repayment of related party loans	–	(30)
Repayment of lease obligation	(358)	–
Dividends paid to shareholders	(399)	(17)
<b>Net cash flows from financing activities</b>	<b>567,674</b>	<b>631,932</b>
Effect of exchange rate on cash and cash equivalents	1,765	(48)
<b>Net decrease in cash and cash equivalents</b>	<b>(17,195)</b>	<b>(9,195)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>152,376</b>	<b>113,421</b>
<b>Cash and cash equivalents at end of the period</b>	<b>135,181</b>	<b>104,226</b>