Prepayments

Prepayments classified as current assets represent advance payments to suppliers for goods and services. Prepayments for construction or acquisition of property, plant and equipment are classified as non-current assets. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Prepayments for services are written off to profit or loss when the services are received. Prepayments are carried at cost less provisions for impairment, if required. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Value Added Tax (VAT)

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of proceeds from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. Tax authorities permit the settlement of VAT on a net basis. VAT related to purchases where all the specified conditions for recovery have not been met yet is recognised in the statement of financial position and disclosed separately within accounts receivable, while input VAT that has been claimed is netted off with the output VAT payable. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly-liquid investments with original maturity of three months or less. Restricted cash balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the financial year-end date are included in other non-current assets.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Current and deferred income tax

The income tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised in equity. Taxes other than on income are recorded within operating expenses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial year-end date in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for the sale of goods and services in the ordinary course of the Group activities, net of value added taxes, returns and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenues earned by the Group are recognised on the following bases:

(i) Sales of goods

Sales of goods are recognised when significant risks and rewards of ownership of the goods have been transferred to the customer and collectibility of the related receivable is reasonably assured.

(ii) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(iv) Rental income

Rental income is recognised on a straight-line basis over the lease term.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants comprise compensation of interest expense under bank loans. Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to compensation of interest expense under bank loans are credited to profit or loss over the periods of the related interest expense unless this interest was capitalised into the cost of property, plant and equipment in which case they are deducted from the cost of the respective items of property, plant and equipment as government grants and credited to the profit or loss on a straight-line basis over the expected lives of these assets.

Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares.

Shareholder capital contributions

Equity contributions made by shareholders, whereby shares are not issued, are recorded as additional capital within equity whereby such capital contributions do not carry any interest and any future return to the shareholder is at the Group's discretion.

Distributions to shareholders other than distributions of retained earnings, which bear no interest and whereby shares are not bought back by the Group, are recorded as a reduction in additional capital within equity.

Employee benefits

Wages, salaries, contributions to the Russian Federation state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Group. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution scheme.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities in future periods include:

Tax laws. Tax and foreign currency laws of the Russian Federation allow for different interpretations and are subject to alterations made frequently (Note 24).

Initial recognition of related party transactions. IAS 39 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions.
The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. Terms and conditions of related party balances are disclosed in Note 6.

Going concern. Management's judgement used in the assessment of the Group's ability to continue as a going concern is disclosed in Note 2.

Impairment of goodwill. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Details of the impairment analysis performed by management are presented in the Note 7.

(US Dollar thousand, unless otherwise stated)

4. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") IN ISSUE BUT NOT YET EFFECTIVE

At the date of authorisation of this consolidated financial information, the following Standards and Interpretations were in issue but not yet effective, and have not been early adopted.

Standards and Interpretations	Effective for annual periods beginning on or after
IAS 1 Presentation of Financial Statements (amendments resulting from the disclosure initiative)	1 January 2016
IAS 16 Property, Plant and Equipment (amendments resulting from *Annual Improvements 2010-2012 Cycle* (proportionate restatement of accumulated depreciation on revaluation))	1 July 2014
IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (amendments regarding the clarification of acceptable methods of depreciation and amortization)	1 January 2016
IAS 19 Employee Benefits (amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service)	1 July 2014
IAS 24 Related Party Disclosures (amendments resulting from *Annual Improvements 2010-2012 Cycle* (management entities))	1 July 2014
IAS 38 Intangible Assets (Amendments resulting from *Annual Improvements 2010-2012 Cycle* (proportionate restatement of accumulated depreciation on revaluation))	1 July 2014
IAS 40 Investment Property (amendments resulting from *Annual Improvements 2011-2013 Cycle* (interrelationship between IFRS 3 and IAS 40))	1 July 2014
IFRS 2 Share-based Payment (amendments resulting from *Annual Improvements 2010-2012 Cycle* (definition of 'vesting condition'))	1 July 2014
IFRS 3 Business Combinations (amendments resulting from *Annual Improvements 2010-2012 Cycle* (accounting for contingent consideration and scope exception for joint ventures))	1 July 2014
IFRS 3 Business Combinations (amendments resulting from *Annual Improvements 2010-2013 Cycle* (accounting for contingent consideration and scope exception for joint ventures))	1 July 2014
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (amendments resulting from *September 2014 annual Improvements* (guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued))	1 January 2016
IFRS 7 Financial Instruments: Disclosures (amendments resulting from *September 2014 annual* Improvements (guidance on whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required))	1 January 2016
IFRS 8 Operating Segments (amendments resulting from *Annual Improvements 2010-2012 Cycle* (aggregation of segments, reconciliation of segment assets))	1 July 2014
IFRS 9 Financial Instruments – Classification and Measurement	1 January 2018
IFRS 10 Consolidated Financial Statements (amendments regarding the sale or contribution of assets between an investor and its associate or joint venture)	1 January 2016
IFRS 11 Joint Arrangements (amendments regarding the accounting for acquisitions of an interest in a joint operation)	1 January 2016
IFRS 13 Fair Value Measurement (amendments resulting from *Annual Improvements 2011-2013 Cycle* (scope of the portfolio exception in paragraph 52))	1 July 2014
IFRS 15 Revenue from Contracts with Customers	1 January 2017

The new and amended standards which may have an effect on measurement, presentation of disclosure in the financial statements of the Group are described in more detail below:

Amendments to IAS 1 – Disclosure initiative project (issued in December 2014 and effective for annual period beginning on or after 1 January 2016). The amendments clarify the principles of disclosing information. The definition of materiality is expanded. It specifies the requirements of aggregation and disaggregation of data, clarifies that materiality applies to all parts of financial statements and even in those cases when the standards require specific disclosures materiality criteria do apply. The standard also provides more guidance on presenting the information in the statement of financial position and statement of comprehensive income as well as on the order of notes in financial statements.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (issued in May 2014 and effective for annual period beginning on or after 1 January 2016). The amendment added application guidance to IAS 16 and IAS 38 on acceptable methods of depreciation and amortization. This includes clarifying that depreciation/amortisation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. Also, expected future reductions in selling prices were added to the list of factors that should be considered in determining the useful life of an asset as such reductions could be indicative of a higher rate of consumption of the future economic benefits embodied in an asset.

IFRS 9 Financial Instruments. IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

IFRS 15 Revenue from Contracts with Customers. In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's financial statements.

(US Dollar thousand, unless otherwise stated)

5. RECLASSIFICATIONS

Certain comparative information has been reclassified in order to achieve comparability with the presentation used in the financial statements for the year ended 31 December 2014. Particularly, some of amounts previously treated as general and administrative expenses were reclassified to cost of sales. Such presentation is considered to be more appropriate as basically all of the Group's activities relate to production. The administrative function is mostly executed by the management company, a related party of the Group (Note 6).

The reclassification resulted in changes in the statement of profit or loss and other comprehensive loss for the year ended 31 December 2013 as follows:

Year ended 31 December 2013	Amount previously reported	Reclassification	Amount after reclassification
Cost of sales	310,664	32,573	343,237
General and administrative expenses	47,745	(32,573)	15,172

6. RELATED PARTY TRANSACTIONS

Parties are generally considered to be related if the parties 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 or operational decisions, as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship not merely the legal form. Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The Group, in the ordinary course of business, enters into various transactions with related parties, such as sales of railcars and components for their production, and purchases of inventories, processing services and management services. In addition, the Group enters into financing and investing transactions with related parties.

The nature of the related party relationships for those related parties, with whom the Group entered into significant transactions or had significant balances outstanding at 31 December 2014, are the parent and entities under common control with the Group.

(US Dollar thousand, unless otherwise stated)

Balances with related parties are as follows:

	31 December 2014	31 December 2013
Prepayments for property, plant and equipment and intangible assets		
Entities under common control	624	1,072
Accounts receivable:		
Trade and other receivables		
Entities under common control	48,569	19,956
Advances paid		
Entities under common control	4,081	189
Non-current borrowings		
Entities under common control	63,207	12,107
Parent	-	108,850
Interest payable (non-current)		
Parent	-	5,209
Accounts payable:		
Trade accounts payable		
Entities under common control	19,566	29,306
Advances received		
Entities under common control	28,096	150,931
Interest payable		
Entities under common control	1,888	492
Other payables		
Entities under common control	122,498	-

The Group's transactions with its related parties were as follows:

	2014	2013
Sales		
Entities under common control	531,949	222,579
Purchases		
Entities under common control	35,298	42,706
Management fees		
Entities under common control	13,659	7,367
Interest expense		
Parent	8,405	5,209
Entities under common control	1,774	493

(US Dollar thousand, unless otherwise stated)

Compensation of key management personnel

In 2014 and 2013, management of the Group was largely conducted by a management company, a related party to the Group, under a management fee structure. Total remuneration of the management company is disclosed in the table above under the Management fees line.

Compensation to key management personnel for their services in full or part time executive management positions is made up of a contractual salary and a performance bonus depending on operating results. Total compensation of key management personnel included in net operating expenses in the consolidated statement of profit or loss and other comprehensive loss for the year ended 31 December 2014 amounted to USD 299 thousand (2013: USD 258 thousand).

7. INTANGIBLE ASSETS

	Goodwill	Intangible assets at the development stage	Know-how and patents	Software	Total
Cost as at 1 January 2013	**3,340**	**15,221**	**32,804**	**4,240**	**55,605**
Accumulated amortisation as at 1 January 2013	**-**	**-**	**(3,087)**	**-**	**(3,087)**
Carrying amount as at 1 January 2013	**3,340**	**15,221**	**29,717**	**4,240**	**52,518**
Additions	-	1,330	5,000	1,232	7,562
Correction of prior periods	-	(290)	(2,028)	-	(2,318)
Transfers	-	(13,518)	13,518	-	-
Amortisation charge	-	-	(1,900)	(467)	(2,367)
Translation to presentation currency	-	-	(916)	(301)	(1,217)
Cost as at 31 December 2013	**3,340**	**2,743**	**48,378**	**5,158**	**59,619**
Accumulated amortisation as at 31 December 2013	**-**	**-**	**(4,987)**	**(454)**	**(5,441)**
Carrying amount as at 31 December 2013	**3,340**	**2,743**	**43,391**	**4,704**	**54,178**
Additions	-	2,974	673	1,245	4,892
Correction of prior periods	-	(21)	-	-	(21)
Transfers	-	(887)	887	-	-
Disposal	-	(97)	-	-	(97)
Amortisation charge	-	-	(2,563)	(412)	(2,975)
Translation to presentation currency, cost	(899)	(1,740)	(20,690)	(2,553)	(25,882)
Translation to presentation currency, amortisation	-	-	2,898	320	3,218
Cost as at 31 December 2014	**2,441**	**2,972**	**29,248**	**3,850**	**38,511**
Accumulated amortisation as at 31 December 2014	**-**	**-**	**(4,652)**	**(546)**	**(5,198)**
Carrying amount as at 31 December 2014	**2,441**	**2,972**	**24,596**	**3,304**	**33,313**

As of 31 December 2014 and 2013, intangible assets in the development stage included capitalised expenses for development of casting and railway car building technologies for future use in production of the new generation railway cars in the town of Tikhvin. During 2014 and 2013, the Group registered patents granting it exclusive rights to utility models and to know-hows by means of technical specifications.

The cost of registered patents is transferred from intangible assets under development to know-hows and patents, and is amortised over the patents' useful economic lives ranging from 51 to 174 months. Production technologies development costs are considered to have indefinite useful lives and are carried at cost less accumulated impairment losses. The total amount of items with indefinite useful lives included in know-hows and patents was USD 16,973 thousand and USD 29,995 thousand as of 31 December 2014 and 2013 respectively.

Software mainly relates to the ERP system implemented at TVSZ and amortised over a period of 120 months.

The goodwill which arose from business combinations in prior years and intangible assets with indefinite useful lives have been allocated to the Group's single cash generating unit, which relates to the Group's principal activity of producing new generation railway cars.

The recoverable amount was determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a pre-tax discount rate of 16.5% per annum.

Cash flow projections during the budget period are based on growing gross margins and raw materials price inflation throughout the budget period. The expected increase in gross margins is based on achievement of the plant full production capacity, and on planned selling prices increases further to the Group's penetration into the market. The cash flows beyond that five-year period have been extrapolated using a steady 5% per annum growth rate which is the projected long-term average growth rate for the industrial market of the Russian Federation. The management believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

As of 31 December 2014, intangible assets with a net book value of USD 1,919 thousand were pledged under the Group's loan agreements (Note 13).

(US Dollar thousand, unless otherwise stated)

8. PROPERTY, PLANT AND EQUIPMENT

Movements in the carrying amount of property, plant and equipment were as follows:

Cost	Production plant and buildings	Machinery, equipment and motor vehicles	Office equipment and furniture	Construction in progress and prepay-ments for construction in progress	Total
As at 1 January 2013	**423,815**	**179,566**	**1,368**	**455,301**	**1,060,050**
Additions	240	31,648	275	17,802	49,965
Disposals	-	(53)	(20)	(116)	(189)
Transfers	13,990	347,901	1,645	(363,536)	-
Translation to presentation currency	(27,235)	(22,077)	(139)	(18,965)	(68,416)
As at 31 December 2013	**410,810**	**536,985**	**3,129**	**90,486**	**1,041,410**
Additions	974	8,939	21	5,153	15,087
Disposals	-	(352)	-	(105)	(457)
Transfers	3,866	56,977	724	(61,567)	-
Translation to presentation currency	(173,246)	(245,426)	(1,570)	(19,690)	(439,932)
As at 31 December 2014	**242,404**	**357,123**	**2,304**	**14,277**	**616,108**
Accumulated depreciation					
As at 1 January 2013	**(8,414)**	**(7,967)**	**(515)**	**-**	**(16,896)**
Charge for the year	(12,502)	(28,822)	(340)	-	(41,664)
Disposals	-	38	19	-	57
Translation to presentation currency	848	1,316	43	-	2,207
As at 31 December 2013	**(20,068)**	**(35,435)**	**(793)**	**-**	**(56,296)**
Charge for the year	(10,290)	(70,048)	(814)	-	(81,152)
Disposals	-	174	-	-	174
Translation to presentation currency	11,654	36,832	584	-	49,070
As at 31 December 2014	**(18,704)**	**(68,477)**	**(1,023)**	**-**	**(88,204)**
Net book value					
As at 1 January 2013	**415,401**	**171,599**	**853**	**455,301**	**1,043,154**
As at 31 December 2013	**390,742**	**501,550**	**2,336**	**90,486**	**985,114**
As at 31 December 2014	**223,700**	**288,646**	**1,281**	**14,277**	**527,904**

Construction in progress includes primarily equipment for installation. The amount of capitalised borrowing costs was USD 7,854 thousand during the year ended 31 December 2014 (2013: USD 22,350 thousand). Information on the interest rates used for calculation of the capitalised borrowing costs is presented in Note 13. In 2014, the Group received a government grant which was partially included in the cost of construction in progress decreasing the amount of capitalized borrowing costs by USD 2,431 thousand (2013: USD 10,438 thousand) (Note 14).

In the judgement of the Group's management, capitalised cost of construction in progress does not exceed its recoverable amount expressed as value in use; there is no reason for recognition of an impairment loss.

The Group's property, plant and equipment with carrying amount of USD 322,571 thousand (31 December 2013: USD 816,546 thousand) are pledged under the loan agreement with VEB and EDB (Note 13).

(US Dollar thousand, unless otherwise stated)

Included in construction in progress are prepayments for property, plant and equipment with cost equal to USD 5,819 thousand at 31 December 2014 (31 December 2013: USD 19,000 thousand). The prepayments are made mostly for the specific equipment with long period of manufacturing.

Machinery, equipment and motor vehicles as of 31 December 2014 included motor vehicles received under finance lease agreements with a net book value of USD 467 thousand (31 December 2013: USD 1,479 thousand).

9. INVENTORIES

	31 December 2014	31 December 2013
Raw materials and supplies	60,764	104,405
Work in progress	25,003	26,246
Finished goods	9,250	23,319
Goods for resale	-	861
Other	326	-
Total inventories	**95,343**	**154,831**

The Group's inventories in the amount of USD 17,788 thousand (31 December 2013: nil) are pledged under the loan agreement with EDB (Note 13).

10. TRADE AND OTHER RECEIVABLES

	31 December 2014	31 December 2013
Receivable from related parties (Note 6)	48,569	19,956
Trade accounts receivable	8,004	1,629
VAT receivable	13,158	36,811
Advance payments to suppliers and contractors	4,883	3,980
Advances to related parties (Note 6)	4,081	189
Other accounts receivable	2,368	17,464
Provision for doubtful accounts receivable	(572)	(1,127)
Total trade and other receivables	**80,491**	**78,902**

Included in Other receivables is a balance of USD 623 thousand representing prepayments to customs (31 December 2013: USD 1, 416 thousand) and government grants receivable of USD 630 thousand (31 December 2013: USD 14,325 thousand) (Note 14).

Management has determined the provision for impairment of receivables based on assessment of customers' credit quality, changes in industry trends, subsequent receipts and historical experience. The status of receivables that are past due but not impaired at the reporting date is as follows:

	As at 31 December 2014	As at 31 December 2013
Past due 0-90 days	9,886	11,557
Past due 90-180 days	2,063	224
Past due 181-365 days	2,826	258
Past due more than 365 days	7,723	31
Total	**22,498**	**12,070**

(US Dollar thousand, unless otherwise stated)

As of 31 December 2014, receivables that are past due but not impaired included receivables from related parties in the amount of USD 19,790 thousand. The amount payable to the respective entities as of 31 December 2014 was USD 13,645 thousand. The amounts do not qualify for offset in accordance with IAS 32 Financial Instruments: Presentation.

Movement in the provision for doubtful accounts receivable during the year ended 31 December 2014 and 2013 was as follows:

	2014	2013
Balance at beginning of the year	1,127	531
Impairment losses recognised on receivables/ (Reversal of impairment losses)	(122)	649
Foreign exchange translation gains and losses	(433)	(53)
Balance at end of the year	**572**	**1,127**

11. CASH AND CASH EQUIVALENTS

	31 December 2014	31 December 2013
Current accounts in RUB	375	4,814
Current accounts in Euro	308	82
Current accounts in USD	39	364
Deposits in RUR	-	5,225
Total cash and cash equivalents	**722**	**10,485**

12. SHARE CAPITAL, SHARE PREMIUM AND SHAREHOLDER CAPITAL CONTRIBUTION

As at 31 December 2014, the Company's issued share capital amounted to USD 37,080, divided into 37,080 shares with a par value of USD 1 each. The difference between the fair value of the consideration receivable from the shareholders for the issuance of the ordinary shares and the total par value of the shares is recognised as share premium and equals USD 360,764 thousand as at 31 December 2014 and 2013.

Additional capital represents a cumulative effect of additional contributions from and distributions to the shareholders.