

Intraware Investments Public Ltd

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*prepared in accordance with
International Financial Reporting Standards (IFRS)
for the period ended 30 June, 2017*

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
OF INTRAWARE GROUP FOR THE SIX MONTHS ENDED 30 JUNE, 2017
(in thousand RUB)

	Note	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Revenue		1 476 226	1 284 566
Cost of sales		(1 119 578)	(814 015)
Gross profit		356 648	470 551
Selling and marketing expenses		(98 909)	(84 667)
Administrative expenses		(238 259)	(232 767)
Other income		89 859	25 976
Other losses		(44 030)	(59 031)
Operating income		65 309	120 062
Financial income		12 294	123
Financial expenses		(4 423)	(38 376)
Profit before tax		73 180	81 809
Income tax expense	3	(19 237)	(14 699)
Profit for the period from continuing operations		53 943	67 110
Net profit for the period		53 943	67 110
Net profit for the period attributable to:			
Owners of the Group	5	54 843	66 838
Non-controlling interests		(900)	272
Total profit for the period		53 943	67 110
Other comprehensive income for the period			
Comprehensive income attributable to:			
Owners of the Group	5	54 843	66 838
Non-controlling interests		(900)	272
Total comprehensive income for the period		53 943	67 110

The notes on pages 9 to 22 are an integral part of these consolidated financial statements.

On 29 September 2017 the Board of Directors of Intraware Investments Public Ltd authorized these financial statements for issue.

Director



Myrianthi Petrou

Director



Andreas Christofi

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF INTRAWARE GROUP AS AT 30 JUNE, 2017 AND 31 DECEMBER, 2016
(in thousand RUB)

	Note	30 June 2017 (unaudited)	31 December 2016 (audited)
Non-current assets			
Property, plant and equipment	1	793 094	666 133
Goodwill	2	350 675	350 675
Other intangible assets		257 156	308 275
Long-term rent deposits		24 652	25 578
Deferred tax assets	3	125 637	112 669
Total non-current assets		1 551 214	1 463 330
Current assets			
Inventories		23 394	23 442
Trade receivables		107 631	150 626
Other receivables		19 492	131 126
Prepayments for services and inventories		1 141 365	1 127 362
Loans to shareholder		43 916	
Other current assets		11 208	9 706
Income tax overpayment		5 230	2 214
Cash and cash equivalents		153 676	179 516
Total current assets		1 505 912	1 623 992
TOTAL ASSETS		3 057 126	3 087 322

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Director



Myrianthi Petrou

Director



Andreas Christofi

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

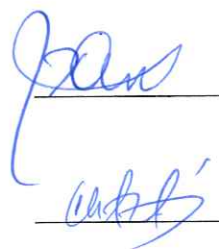
OF INTRAWARE GROUP AS AT 30 JUNE, 2017 AND 31 DECEMBER, 2016
(in thousand RUB)

	Note	30 June 2017 (unaudited)	31 December 2016 (audited)
Owners' equity			
Share capital		2 287	2 287
Share premium		12 614	12 614
Accumulated profit (loss)		(76 482)	(67 688)
Current year profit		54 844	51 507
Equity attributable to owners of the Group		(6 737)	(1 280)
Non-controlling interest		(9 979)	(9 078)
TOTAL EQUITY		(16 716)	(10 358)
Non-current liabilities			
Long-term loans and borrowings		135 878	132 860
Deferred tax liabilities	3	19 644	15 778
Total non-current liabilities		155 522	148 638
Current liabilities			
Short-term loans and borrowings		1 441 024	1 464 935
Short-term payables		239 621	201 067
Other liabilities		58 116	44 721
Deferred revenue		1 179 559	1 238 319
Total current liabilities		2 918 320	2 949 042
TOTAL EQUITY AND LIABILITIES		3 057 126	3 087 322

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Director



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Director



Andreas Christofi

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF INTRAWARE GROUP FOR THE SIX MONTHS ENDED 30 JUNE, 2017

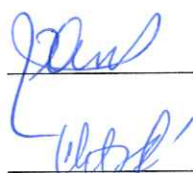
<i>(in thousand RUB)</i>	Note	Share capital	Additional capital	Accumulated profit (loss)	Non-controlling interest	Total
As at 1 January 2016 (audited)		2 287	12 614	54 820	(4 010)	65 882
Current year profit		-	-	66 838	272	67 110
Dividends		-	-	(52 341)	-	(52 341)
As at 30 June 2016 (unaudited)		2 287	12 614	69 488	(3 738)	80 651

	Note	Share capital	Additional capital	Accumulated profit (loss)	Non-controlling interest	Total
As at 1 January 2017 (audited)		2 287	12 614	(16 181)	(9 078)	(10 358)
Current year profit		-	-	54 843	(900)	53 943
Dividends		-	-	(60 300)	-	(60 300)
As at 30 June 2017 (unaudited)		2 287	12 614	(21 638)	(9 979)	(16 716)

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Director



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Director



Andreas Christofi

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

OF INTRAWARE GROUP FOR THE SIX MONTHS ENDED 30 JUNE, 2017

(in thousand RUB)

	Note	For the six months ended 30 June 2017 (unaudited)	For the six months ended 30 June 2016 (unaudited)
Cash flows from operating activities			
Profit before tax		73 180	81 809
Amortization and impairment of intangible assets		49 994	73 580
Depreciation and impairment of property, plant and equipment		51 010	50 841
Interest expense		4 423	32 115
Foreign exchange differences (net)		(3 170)	(3 231)
Other non-cash expenses net		(86 849)	(14 009)
Operating cash flows before working capital changes		88 589	221 104
(Increase)/decrease in trade and other receivables		85 609	(224 749)
(Increase) / decrease in inventories		48	(23 015)
(Increase) in other assets		(2 135)	(4 788)
(Decrease)/increase in trade and other payables		40 233	54 505
(Decrease) / Increase in deferred revenue		(58 760)	(29 849)
(Decrease) / Increase in vacation provisions		8 174	950
Cash generated from operating activities		161 759	(5 841)
Income tax paid		(13 163)	(6 893)
Interest paid		(4 219)	(6 893)
Net cash from operating activities		144 377	(12 735)
Cash flows from investing activities			
Purchase of property, plant and equipment	1	(73 378)	(27 346)
Loans issued		(47 186)	-
Net cash used in investing activities		(120 563)	(27 346)

The notes on pages 9 to 22 are an integral part of these consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
OF INTRAWARE GROUP FOR THE SIX MONTHS ENDED 30 JUNE, 2017
(in thousand RUB)

	Note	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Cash flows from financing activities			
Proceeds of loans and borrowings		10 450	71 050
Dividends paid to company's shareholders		(60 300)	(52 341)
Repayment of loans and borrowings			(444)
Net cash from financing activities		(49 850)	18 265
Cash and cash equivalents at the beginning of the period		179 516	185 045
Increase of cash and cash equivalents		(26 037)	(21 816)
Translation differences		196	8 842
Cash and cash equivalents at the end of the period		153 676	172 072

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Director



Andreas Christofi

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. GENERAL INFORMATION ABOUT THE GROUP

Intraware Investments Public Ltd (the "Company") and its subsidiaries (together with the Company, the "Group") is one of the largest chains of fitness clubs in Russian market of fitness services. Key activities of the Group are exploitation of fitness clubs, services of management of fitness clubs and additional activities (catering, sale of sport goods).

The subsidiaries as at 30 June 2017 are as follows:

Name of the subsidiary	Russian City
FOK "Monarh"	Moscow
FOK "Senator"	Moscow
FOK "Fusion"	Moscow
FOK "Planeta"	Moscow
FOK "Nagatinskaia"	Moscow
FOK "Marino"	Moscow
FOK "Rost Fitnes"	Rostov-on-Don
FOK "Chistye Prudy"	Moscow
FOK "Terra"	Kazan
FOK "AK-Bars"	Kazan
FOK "Volga-Fitnes"	Volgograd
FOK "Olimp"	Voronezh
FOK "Zchemchuzhina"	Perm
FOK "Sam-Fitnes"	Samara
FOK "Sun-City"	Novosibirsk
FOK "Platinum"	Voronezh
FOK "Park Pobedy"	Moscow
LLC "Altufeyvo-Sport"	Moscow
FOK "Mosfilmovski"	Moscow

The parent company holds 98% in each of the above subsidiaries.

In addition the Group has control over "XFIT Service" LLC and LLC "RTI-Finance" were the Group has control according to agreement with its share of 98% and 49% respectively (according to agreement with current shareholders the Group has control over LLC "RTI-Finance", the share in the share capital is 49%).

Since January 2016 the Company is listed on the Cyprus Stock Exchange.

II. BASIS OF PREPARATION

General provisions

The interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

The Group maintains its accounting records in Russian Ruble in accordance with the Russian regulations on accounting and reporting. Russian accounting principles are significantly different from IFRS. In this regard, the financial statements that have been prepared in accordance with the accounting records of the Group and Russian accounting standards have been adjusted to ensure that the consolidated financial statements comply with IFRS.

The consolidated financial statements have been prepared on a historical cost basis except when IFRS require the application of other basis of valuation, in particular, financial instruments that have been measured initially at fair value and then at amortized cost, and identifiable assets and liabilities acquired in the course of a business combination.

Principles of consolidation

The consolidated financial statements comprise the financial statements of Intraware Group and its subsidiaries as at 30 June 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of

an acquisition is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The date of exchange is the acquisition date where a business combination is achieved in a single transaction, and is the date of each share purchase where a business combination is achieved in stages by successive share purchases.

The excess of the cost of acquisition over the acquirer's share of the fair value of the net assets of the acquiree at each exchange transaction is recorded as goodwill. The excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired over cost is recognized immediately in profit or loss for the year.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date.

Inter-group transactions, balances and unrealized gains on transactions between group companies are eliminated; unrealized losses are also eliminated unless the cost of the corresponding asset cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Going concern

The Group has prepared these consolidated financial statements based on the going concern assumption.

Currency

The Group's presentation currency is the national currency of the Russian Federation, Russian rubles ("RUB"). All amounts in these financial statements are presented in thousands of Russian Rubles, unless otherwise stated.

The functional currency is the currency of the primary economic environment in which a company operates. The Group's functional currency is the national currency of the Russian Federation, the Russian rubles.

Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the official exchange rate of the Central Bank of Russia at the respective reporting dates. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into RUB at the Central Bank's official year-end exchange rates are recognized in profit or loss. Translation at year-end rates does not apply to non-monetary items, including equity investments.

Exchange rate as at	30 June 2017	31 December 2016
RUB to 1 US dollar	59,0855	60,6569
RUB to 1 Euro	67,4993	63,8111

Impact of effective changes in International Financial Reporting Standards

The following amended standards became effective for the Company from 1 January 2017, but did not have any material impact on the Company:

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative - The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended 31 December 2017.
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses - The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. (issued on 19 January 2016 and effective for annual periods beginning on or after 1 January 2017).

Application of new and revised International Financial Reporting Standards

Below is a list of standards/interpretations that have been issued and are not effective for periods starting on 1 January 2017, but will be effective for later periods:

IFRS 9 "Financial Instruments: Classification and Measurement" (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortized cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortized cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value through other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018).

The new standard introduces the core principle that revenue must be recognized when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognized, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognized if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalized and amortized over the period when the benefits of the contract are consumed.

This standard may have a material impact on the financial performance and the financial position of the Group: the management is currently assessing the possible consequences of adopting this standard. Early adoption is not anticipated.

Amendments to IFRS 15, Revenue from Contracts with Customers (issued on 12 April 2016 and effective for annual periods beginning on or after 1 January 2018).

The amendments do not change the underlying principles of the Standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a licence should be recognized at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard

IFRS 16, Leases (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019).

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognize: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

This standard may have a material impact on financial performance and financial position of the Group: the management is currently assessing the possible consequences of adopting this standard. Early adoption is not anticipated.

The following other new pronouncements are not expected to have any material impact on the Company when adopted:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- Amendments to IFRS 2, Share-based Payment (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018).
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 (issued on 12 September 2016 and effective, depending on the approach, for annual periods beginning on or after 1 January 2018 for entities that choose to apply temporary exemption option, or when the entity first applies IFRS 9 for entities that choose to apply the overlay approach).
- Annual Improvements to IFRSs 2014-2016 cycle (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2017 for amendments to IFRS 12, and on or after 1 January 2018 for amendments to IFRS 1 and IAS 28).
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- Transfers of Investment Property - Amendments to IAS 40 (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- IFRIC 23 - Uncertainty over Income Tax Treatments (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019).

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

Significant accounting estimates and professional judgments

In preparing the interim consolidated financial statements, the management of the Group makes estimates and assumptions on matters which affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates, by definition, seldom equal the related actual results.

Critical accounting estimates and assumptions made in the preparation of the interim consolidated financial statements are consistent with those made in the preparation of the annual consolidated financial statements for the year ended December 31, 2016, except for the estimation methodologies applied in deriving corporate income tax.

Accounting policies

Significant accounting policies and estimates adopted in the preparation of the interim consolidated financial statements are consistent with those adopted in the preparation of the annual consolidated financial statements for the year ended December 31, 2016.

Income tax expense for the interim period is recognized based on management's best estimate of the weighted average annual effective income tax rate expected for the full financial year. The estimated average annual tax rate is applied to the pre-tax income.

III. RELEVANT DISCLOSURES

1. Property, plant and equipment

During the six months ended 30 June 2017, the Group acquired assets with a cost of 73 378 thousand (27 346 during six months ended 30 June 2016), including property, plant and equipment and property under construction.

2. Goodwill

The Group performed its annual impairment test in December and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2016. As at 30 June 2017 no indicators of impairment were observed.

3. Income tax

Income tax in the Statement of Comprehensive Income in profit and losses includes:

Components of income tax expense:

<i>In thousand RUB</i>	6m2017	6m2016
Current income tax (12,5%)	18 286	-
Deferred income tax (12,5%)	-	-
Current income tax	10 052	6 519
Deferred income tax	(9 102)	8 180
Total income tax expense	19 237	14 699

Tax rate is 12,5% for parent company in Cyprus and 20% for its subsidiaries in Russia.

The deferred tax in Russian subsidiaries as at 30 June 2017 was calculated at the 20% rate.

Reconciliation between the expected and the actual tax charge is provided below:

<i>In thousand RUB</i>		6m2017		6m2016
Profit before tax	(5 594)	78 774	37 179	44 630
Tax rates	20,00%	12,50%	20,00%	12,50%
Tax calculated at the applicable tax rates	1 119	(9 847)	(7 436)	(5 579)
Tax effect of expenses not deductible for tax purposes	(2 070)	(8 439)	(7 264)	(1 201)
Tax effect of allowances and income not subject to tax	-	-	-	6 780
Tax charge	(951)	(18 286)	(14 699)	-

The basis of temporary differences between the value of assets and liabilities in the Statement of financial position and their tax bases are the differences between IFRS and the legislation on taxes

and duties of countries in which the Group companies are operating. The sources of the appearance and the tax effect of the change in temporary differences are presented in the table below.

Deferred tax assets (liabilities) classified by types of assets and liabilities which formed differences (net):

<i>In thousand RUB</i>	As at 01 January 2017	Recognized in the Statement of Comprehensive Income in profit and losses	As at 31 June 2017
Property, plant and equipment and construction in progress	(33 568)	2 648	(30 920)
Intangible assets	65 691	(8 989)	56 702
Receivables	42 145	108	42 253
Deferred income	11 104	11 752	22 856
Deferred tax losses for the future	4	4 910	4 914
Other	11 516	(1 328)	10 187
Net deferred tax asset (liability)	96 891	9 102	105 993
<i>Recognized in the Statement of Financial Position:</i>			
Deferred tax asset	112 669		125 637
Deferred tax liability	(15 778)		(19 644)

<i>In thousand RUB</i>	As at 01 January 2016	Recognized in the Statement of Comprehensive Income in profit and losses	As at 31 June 2016
Property, plant and equipment and construction in progress	(39 555)	2 470	(37 084)
Intangible assets	39 005	912	39 918
Receivables	36 788	(29 833)	6 955
Deferred income	38 823	(7 283)	31 540
Deferred tax losses for the future	3 373	258	3 631
Financial liabilities	(5 727)	5 727	-
Other	2 850	(640)	2 210
Net deferred tax asset (liability)	75 557	(28 388)	47 169
<i>Recognized in the Statement of Financial Position:</i>			
Deferred tax asset	107 267		73 171
Deferred tax liability	(31 710)		(26 002)

4. Related parties

Transaction balances and transactions with related parties

Term "related party" is defined in IAS 24 "Related Party Disclosures". Parties are usually considered related if they are under common control, one of them has control, significant influence or joint control over the other in financial or operating decision making. In relations of parties

which can be related it is important to take into account substance of relations, but not their legal form.

Turnover and balance disclosures with related parties under transactions performed by the Group in the reporting period are presented in the following tables. Transactions refer to settlement of accounts with related parties in the category "Other related parties" which includes companies under common control of the Group's owner.

Settlement of accounts with related parties:

<i>In thousand RUB</i>	Other related parties	
	30 June 2017	30 June 2016
Loans received for the period	43 916	-
Interest accrued on loans	3 513	3 231

Account balances with related parties:

<i>In thousand RUB</i>	Other related parties	
	30 June 2017	31 December 2016
Loans payable	135 878	132 860
Total liabilities	135 878	132 860

Key management personnel expenses (3 employees):

<i>In thousand RUB</i>	Rewards as at	Rewards as at
	30 June 2017	30 June 2016
Short-term rewards to personnel	1 450	259
Social security contributions	452	78
Total	1 902	337

There are no settlements of account balances with key management personnel as at the reporting dates.

5. Earnings per share

<i>Rubles per share</i>	6m2017	6m2016
Basic earnings per share		
From continuing operations	1 371	1 671
From discontinued operations	-	-
Total basic earnings per share	1 371	1 671

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the reporting period.

Group has no dilutive securities such as convertible securities, options and warrants on shares and other rights, as well as contractual obligations for shares issue in future.

The following table reflects the income and share data used in the basic EPS computations:

	6m2017	6m2016
Profit attributable to ordinary equity holders of the parent:		
Continuing operations	54 843	66 838
Discontinued operations		-
Profit attributable to ordinary equity holders of the parent for basic earnings		66 838
Weighted average number of ordinary shares for basic EPS	40 000	40 000

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these financial statements.

6. Operating segments

Management of the Group has chosen to operate each of the fitness clubs by separate legal entities that consolidate all the cash flows that are relevant for that component. Operating segments of the Group are the fitness clubs operated by the Group and correspond to 18 FOK entities (see note7). All these entities and segments are engaged in similar activities and are all located in Russian Federation.

All the operating segments (fitness clubs) of the Group exhibit similar long-term financial performance as they have similar economic characteristics. Therefore for the purposes of segment information disclosure the Group has aggregated all the operating segments being similar in each of the following respects:

- (a) the nature of the products and services;
- (b) the nature of the production processes;
- (c) the type or class of customer for their products and services;
- (d) the methods used to distribute their products or provide their services;
- (e) and the nature of the regulatory environment.

Transactions between reportable segments and with other operating segments of the Group (primarily lease) are normally conducted under arm's length basis.

Financial information in respect of operating segments for the period ended 30 June 2017:

<i>In thousand RUB</i>	Fitness clubs in Moscow	Fitness clubs in other regions	Other minor segments	Total according to financial statements of the Group
Revenues from external customers, including:	941 056	489 842	45 328	1 476 226
<i>Revenue from club cards sales</i>	569 176	338 299	10 587	918 062
<i>Revenue from related services and retail</i>	371 047	151 521	-	522 568
<i>Other revenue (operating lease and franchising)</i>	833	23	34 741	35 597
Revenues from transactions with other operating segments of the Group	1 298	-	396 211	397 508

Costs from transactions with other operating segments of the Group	(217 899)	(111 235)	(68 375)	(397 508)
Cost of goods sold, selling and marketing and other administrative expenses	(749 015)	(358 809)	(348 922)	(1 456 746)
Depreciation and amortization	(37 364)	(21 065)	(5 416)	(63 846)
Financial income (expenses)	3 674	2 042	2 156	7 871
Income tax gains (expenses)	(2 570)	(1 277)	(15 390)	(19 237)
Profit or loss for the segment	(30 812)	41 701	43 054	53 943
Tangible fixed assets of the segment	400 424	15 126	377 544	793 094
Goodwill allocated to the segment	190 804	145 407	19 820	356 031
Other intangible assets recognized at fair value on acquisition of the entities	145 013	94 792	14 026	253 831
Cash of the segment	25 998	24 918	102 760	153 676
Total assets of the reportable segment	1 254 652	802 253	1 000 221	3 057 126
Total liabilities of the reportable segment	1 190 221	724 466	1 159 155	3 073 842

7. Business combination

The Group didn't acquire subsidiaries during 6 months of 2017 and 6 months of 2016 year.

8. Joint venture in the form of joint operation

In accordance with IFRS 11 the club "Ak-Bars" in Kazan was classified by the Group as a joint operation. The club operates in the building and uses equipment owned by the partner in joint venture. The Group has the full right to all assets and bears full responsibility for all liabilities presented in the financial statements. Under the agreement, the Group's share in the financial result of the club is 22%. Therefore, profits and losses in the statement of comprehensive income are presented in the amount of 22%.

9. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement assumes that the transaction to asset sell or liability transfer occurs:

- either on the main market for the asset or liability;
- or on the most advantageous market for the asset or liability in case of absence of the main market.

Financial assets and liabilities of the Group are not traded on active markets. Therefore the fair value of financial assets and liabilities of the Group are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices that are used in existing transactions on the current market.

Assets and liabilities whose fair value is estimated or disclosed in the financial statements are classified as described below under the fair value hierarchy based on the data of the lowest level input that is significant to the fair value measurement in general:

- Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date (without any adjustment);
- Level 2 - measurement models, which are essential for data fair value assessment of the lowest level of the hierarchy, are directly or indirectly observable on the market;
- Level 3 - measurement models, which are essential for data fair value assessment of the lowest level of the hierarchy, are not observable on the market.

Classifying financial instrument to any of the category of the fair value hierarchy, Group use an appropriate judgment. If observable data that require significant adjustment is used in fair value measurement, the financial instrument needs to be classified to Level 3. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

The tables below shows the hierarchy of the data sources used for the recognition or disclosure of assets and liabilities fair value of the Group in 2015 year.

(i) Multiple and single estimates of fair value.

Multiple estimates of fair value are estimates required or permitted by IFRS in the statement of financial position at the end of each reporting period. Single estimates of fair value are estimates required or permitted by IFRS in the statement of financial position at the end of the period under certain conditions. As at the reporting date the Group had no financial assets and liabilities that require multiple and single estimates of fair value as at the reporting date.

(ii) Assets and liabilities that are not measured at fair value but disclosed at fair value.

At the Level 2 and Level 3 of the fair value hierarchy its estimation has been performed using method of discounted cash flows. Fair value of unquoted financial instruments with floating interest rate was assumed equal to the book value. The fair value of unquoted instruments with fixed interest rate is based on the method of discounted cash flows using current market interest rates for new instruments with similar credit risk and maturity.

Financial instruments carried at fair value. Cash and cash equivalents are carried at cost which approximates the current fair value.

Financial assets carried at amortized cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on the credit risk of the counterparty.

Liabilities carried at amortized cost. Fair values of other liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturities was estimated based on expected cash flows discounted at current interest rates for instruments with similar credit risk and remaining maturity.

The Group has the following categories of financial instruments:

In thousand RUB	Carrying amount		Fair value		Level	Initial data	Valuation method
	30 June 2017	31 December 2016	30 June 2017	31 December 2016			
Financial assets, liabilities and accounts receivable							
Long-term loans advanced	3 500	3 500	3 500	3 500		Market rates	DCF
Short-term accounts receivable	125 634	280 656	125 634	280 656	Level 3	Market rates	DCF
Short-term loans advanced	53 065	5 599	53 065	5 599	Level 3	Market rates	DCF
Cash	153 676	179 516	153 676	179 516	Level 1	-	-
Total financial assets, liabilities and accounts receivable	335 875	469 271	335 875	469 271	-	-	-
Financial liabilities at amortised cost							
Long-term loans and borrowings received	(135 878)	(132 860)	(135 878)	(132 860)	Level 3	Market rates	DCF
Short-term loans and borrowings received	(1 441 024)	(1 464 935)	(1 441 024)	(1 464 935)	Level 3	Market rates	DCF
Short-term accounts payable	(210 540)	(206 138)	(210 540)	(206 138)	Level 3	Market rates	DCF
Total financial liabilities at amortized cost	(1 787 441)	(1 803 932)	(1 787 441)	(1 803 932)	-	-	-

10. Contingencies and Commitments

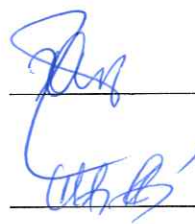
Group had no other commitments and contingencies as at 30 June 2017, other than ones disclosed in the annual consolidated financial statements for the year ended December 31, 2016.

11. Subsequent events

There were no material subsequent events after the reporting period that require disclosure in these interim condensed consolidated financial statements.

On 29 September 2017 the Board of Directors of Intraware Investments Public Ltd authorized these financial statements for issue.

Director



Myrianthi Petrou

Director



Andreas Christofi