WESTA ISIC S.A.

Quarterly report for the three months ended September 30, 2014

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FOREWORD BY

DMYTRO NIKITIN,

Executive Director of WESTA ISIC S.A.

Dear Shareholders,

We report on the results of WESTA ISIC S.A. after nine months of operations in 2014.

The Group's nine months 2014 revenue decreased by 62.8 % to USD 26.8 million, EBITDA for the same period decreased by 65.8 % to USD 3.4 million.

Financial position of the Group in 2014 remains challenging. Moreover, unpredictable political environment in Ukraine, political tensions between Ukraine and Russia and unstable currency exchange rates are negatively affecting sales on the Group's core markets. We don't expect substantial improvements in the business conditions until the end of 2014.

In 3q2014 WESTA started reorganization of its Ukrainian operations, which is expected to reduce future SG&A expenses and improve overall corporate governance of the business. The management continues the negotiations with Ukrainian banks on the settlements of their claims and the loan portfolio restructuring.

Despite future financial results of the Company will largely depend on economic and political environment in Ukraine, WESTA is committed to overcome current financial difficulties through successful loan portfolio restructuring and business reorganization.

Sincerely yours,

Dmytro Nikitin

The Board of Directors presents the report for the financial three months ending 30 September 2014, which constitutes the management report ("Management Report") as defined by Luxembourg Law, together with the condensed consolidated interim financial statements as of and for the three months ended 30 September 2014, and for the accounting period then ended.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

WESTA ISIC S.A., incorporated in the Grand Duchy of Luxembourg, is a holding company of group of companies incorporated and operating in Ukraine in the battery manufacturing industry (the "Group" or the "WESTA Group").

The Group produces wide range of starting, lighting and ignition (SLI) lead-acid batteries, which are used primarily as automotive starter batteries, and for storage of energy. All the Group's subsidiaries are primarily involved in all the stages of battery design, manufacturing and marketing.

Organizational structure

As of 30 September 2014 Westa ISIC S.A. comprised of two holding companies and three operating companies:

Company	Principal activity	Country of incorporation	Group's effective ownership interest as of	
			2013	2012
WESTA ISIC S.A.	Holding company	Luxemburg	Parent	Parent
WESTA-DNEPR (CYPRUS) LIMITED	Sub-holding company	Cyprus	100.00%	100.00%
PJSC "WESTA-DNEPR"	Manufacturing of batteries	Ukraine	97.25%	97.25%
LIMITED COMPANY "WESTA INDUSTRIAL"	Manufacturing of batteries	Ukraine	97.25%	97.25%
WESTA TRUCK BATTERY LTD	Operating company	Ukraine	100.00%	97.53%
WESTA CAR BATTERY LTD	Operating company	Ukraine	100.00%	100.00%
LIMITED COMPANY "INDUSTRIAL ENERGY SYSTEMS"	Researcher and development of the third generation battery	Ukraine	97.25%	97.25%
LLC "FW Trading"	Operating company	Ukraine	97.25%	97.25%
Associates:				
PJSC "DNIPROTELECOM"	Maintenance of transmission equipment	Ukraine	21.00%	21.00%

Financial and operational highlights

Key operational highlights for the nine months ended 30 September 2014:

- Battery production decreased to 950 thousand conventional units[1] as compared to 2,062 thousand conventional units[1] in the nine months ended 30 September 2014, representing a 53.9 % y-o-y decrease
- Battery sales decreased to 1,057 thousand conventional units[1] as compared to 2,136 thousand conventional units[1] in the nine months ended 30 September 2014, representing a 50.5% y-o-y decrease
- Net sales decreased to USD 26.8 million as compared to USD 72.1 million for the nine months ended 30 September 2014, representing a 62.8 % y-o-y decrease.

Selected financial data for the nine months ended 30 September 2014 year is presented in the table below:

in thousand USD unless otherwise stated	**As at and for the nine months ended September 30**		**As at and for the three months ended September 30**	
	2014	**2013**	**2014**	**2013**
Revenue	26,820	72,077	6,789	25,214
Gross profit	3,891	13,696	841	5,660
EBITDA[2]	3,432	10,037	622	4,173
Total comprehensive income/(loss)	(76,387)	(15,851)	1,445	(5,098)
Operating profit/(loss) before working capital changes	1,805	9,449	(3,307)	4,078
Net cash used in operating activities	6,348	21,761	5,903	(7,705)
Net cash used in investing activities	19,704	(25,181)	20,016	6,284
Net cash generated from financing activities	(25,929)	3,534	(25,751)	-
Total net cash flow	123	114	168	(1,421)
Total assets	148,241	282,223	148,241	282,223
Non-current liabilities	71,150	135,288	71,150	135,288
Current liabilities	209,053	146,223	209,053	146,223
Total equity (deficit)	(131,962)	712	(131,962)	712
Weighted average number of shares	44,133,333	44,133,333	44,133,333	44,133,333
Profit (loss) per ordinary share (USD)	(2.49)	(0.35)	(0.47)	(0.11)

Please refer to financial report for more detailed information.

[1] *Conventional battery is measure that enables to unify all the range of products (which vary from capacity of 44A*h to 225 A*h) to the analogue of 60A*h battery as the most widespread product. As battery's cost and price correlate perfect with its capacity (which is mainly defined by lead content), it is possible to unify all the range of batteries to a unified measure. For instance, a single 180A*h battery is equivalent to three 60A*h (conventional) batteries.*

[2] *EBITDA is defined as gross profit less general and administrative expenses, less selling and distribution expenses, plus depreciation and amortization as derived from the Financial Statements. EBITDA is non IFRS measure.*

DESCRIPTION OF SIGNIFICANT EVENTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2014

Political situation in Ukraine

Due to unstable economic and political environment in Ukraine, political tensions between Ukraine and Russia and unstable currency exchange rates, there is a negative effect on the Company's sales on Ukrainian and Russian markets, which can persist at least in the short term. At the moment there was no material impact on production capabilities and technological cycle of the Company.

Loan portfolio restructuring

We draw your attention that the Group is currently in negotiations with the Ukrainian banks to restructure its indebtness. The negotiations are not yet over at the date of the approval of the report and no agreement has been signed so far. The goal of the restructuring is to reduce financial leverage to the level, which can be serviced by the business operations of the Group. The management of the Group expects reducing the overall debt level and the rescheduling of the principal repayments for the period of 5-7 years. In line with the loan restructuring negotiations, the Group initiated the operational reorganization of its Ukrainian subsidiaries.

Bankruptcy Procedure of the Subsidiary

The Ukrainian court resolved to initiate the bankruptcy procedure of JSC WESTA-DNEPR (subsidiary of the Company).

Reduce of the Group liabilities

On 01 August 2014 the Group's entity entered into borrowings transfer agreement. Following the agreement the Group's borrowings reduced for amount of USD 3,744 thousands.

Reorganization of operations. Leasing of PP&E

The Ukrainian subsidiaries of the Group signed the intragroup agreements, which comprise of the leasing of all of the technologically essential property, plant and equipment from WESTA-DNEPR JSC, WESTA INDUSTRIAL LLC and INDUSTRIAL ENERGY SYSTEMS LLC to WESTA CAR BUTTERY LTD.

These leasing agreements are part of the reorganization of the Group's Ukrainian operations, the key element of which is the transfer of all major business activities to the single Ukrainian legal entity, WESTA CAR BUTTERY LTD. The further steps of the reorganization plan are the following:

- Transferring of the manufacturing and the SG&A personnel from WESTA-DNEPR JSC, WESTA INDUSTRIAL LLC and INDUSTRIAL ENERGY SYSTEMS LLC to WESTA CAR BUTTERY LTD
- Re-signing by WESTA CAR BUTTERY LTD of all of the essential operational contracts due with WESTA-DNEPR JSC, WESTA INDUSTRIAL LLC and INDUSTRIAL ENERGY SYSTEMS LLC

These actions are expected to be performed till the end of 2014, but adjustments and optimization of business processes and corporate governance will continue thereafter.

Reorganization of operations is expected to reduce future SG&A expenses and improve overall corporate governance of the business. It will involve Ukrainian legal entities only and will have no direct effect on consolidated financial statements of WESTA ISIC S.A.

DESCRIPTION OF SIGNIFICANT EVENTS OCCURRED SINCE THE END OF THE REPOTING PERIOD AND OUTLOOK FOR 2014

Change of the registered office address

The Company changed the registered office from from 6, Rue Eugène Ruppert, L-2453 Luxembourg to 15, rue Edward Steichen, L-2540

Approval of the list of creditors' claims of the subsidiary

The Ukrainian court resolved to approve the list of creditors' claims of JSC WESTA-DNEPR (subsidiary of the Company).

Bankruptcy Procedure of the Subsidiary

The Ukrainian court resolved to initiate the bankruptcy procedure of WESTA INDUSTRIAL LLC (subsidiary of the Company).

Outlook for 2014

Due to unstable economic and political environment in Ukraine, political tensions between Ukraine and Russia and unstable currency exchange rates, there is a negative effect on the Company's sales on Ukrainian and Russian markets, which can persist at least in the short term. The management does not expect substantial improvement in the business environment until the end of 2014.

RELATED PARTIES TRANSACTIONS

The Group performs transactions with related parties in the ordinary course of business. The Group purchases lead, lead alloys, polypropylene from its related parties, both domestic and foreign companies. Related parties comprise the Group parent's associates, the shareholders, companies are under common control of the Group's controlling owners, key management personnel of the Group and their close family members, and companies that are controlled or significantly influenced by shareholders.

Information in respect of related party transactions is disclosed in Note 25 of the condensed consolidated interim financial statement as of and for the period ending 30 September 2014.

PRINCIPAL RISKS AND UNCERTAINTIES

Currency exchange rates fluctuations

Fluctuations in the value of USD, which is the Group's reporting currency, against other currencies, such as UAH, RUB and EUR may have an adverse effect on its financial results. Approximately 26% of the Group's sales are invoiced in USD and EURO and approximately 19% - in RUB for goods sold on the international markets. The remaining 55% represent the sales of batteries in the Ukrainian domestic market.

Moreover, the loan facilities of the Group are denominated in USD, EURO and UAH. A change in the value of EURO or UAH compared to USD could have a negative effect on the financial results of the Group.

The Group also encounters currency exchange risks to the extent that it incurs operating expenses in a currency other than that in which it has obtained financing or those in which it generates revenues.

Since lead constitutes more than a half in the cost of a battery, any fluctuation in its price affects the battery producers. The costs of lead are volatile and are beyond of the Group's control. The increase of price might cause a reduction in profit margin unless WESTA is able to hedge these risks or to pass on to its customers the increased costs of the raw materials.

Global economic conditions may worsen

Since the Group operates on the international scale, it is exposed to the global economic and financial conditions and change in consumers' purchasing power. In case of a further slowdown in the global economy, the Group's business may be affected by shortfall of the demand for its products or by decrease in availability of financing, which could in turn negatively impact its sales and revenue generation and result in a material adverse effect on its financial results.

Risks relating to operating in Ukraine

Since all Group's production capacities are located in Ukraine, risks and events that have a material adverse effect on the Group's operations in Ukraine could, in turn, have a material adverse effect on its overall business, financial condition, operating results or prospects. Some of such risks are presented below:

- Political or economic instability or uncertainty in Ukraine may worsen
- Any unfavorable changes in Ukraine's regional relationships, especially with Russia
- The business environment in Ukraine could deteriorate etc.

RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS

We confirm that to the best of our knowledge and belief:
• the condensed consolidated interim financial statements of Westa ISIC S.A. ("Company") presented in this Quarterly Report for the three months ended 30 September 2014 and established in conformity with International Financial Reporting Standards as adopted in the European Union give a true and fair view of the assets, liabilities, financial position, cash flows and loss of the Company and the undertakings included within the consolidation taken as a whole; and
• the Management Report includes a fair review of the development and performance of the business and position of the Company and the undertakings included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties it faces.

In reference to the Article 4 (5) of the law of 11 January 2008 on transparency requirements for issuers of securities, published in Mémorial A – No. 5 of 15 January 2008, we hereby declare the following:
the condensed consolidated interim financial statements as at and for the three months ended 30 September 2013 have not been audited.

By Order of the Board of Directors

Dmytro Nikitin,
Executive Director A

28 November 2014,
Luxembourg

WESTA ISIC S.A.

Condensed consolidated interim Financial Statements

Three Months Ended 30 September 2014

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

(in thousands of US Dollars)

	Notes	30 September 2014 Unaudited	31 December 2013 Audited	30 September 2013 Unaudited
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment	5	74,527	125,195	164,987
Prepayments for property, plant and equipment		-	-	18,353
Intangible assets		360	690	79
Investments in associates		106	161	161
Deferred tax assets	6	3	42	1,653
Other non-current assets	7	7,818	22,531	6,647
Total non-current assets		82,814	148’619	191,880
CURRENT ASSETS:				
Inventories	8	3,176	9,539	14,776
Trade and other accounts receivable	9	48,137	74,512	30,049
Advances to suppliers and prepaid expenses	10	6,003	803	6,181
Taxes recoverable and prepaid	11	4,004	6,476	6,975
Other financial assets	12	3,820	6,162	28,839
Cash and cash equivalents	13	258	159	3,523
Total current assets		65,427	97,651	90,343
TOTAL ASSETS		148,241	246,270	282,223
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	14	621	621	621
Share premium		45,180	45,180	45,180
Additional paid-in capital	1	16,665	16,665	16,665
Revaluation reserve		16,592	16,592	26,756
Accumulated deficit		(244,476)	(134,637)	(86,796)
Cumulative translation difference		36,555	(1,323)	(1,295)
Equity attributable to Shareholders of the Parent		(128,860)	(56,902)	1,131
Non-controlling interests		(3,102)	(2,073)	(419)
Total equity		(131,962)	(58,975)	712
NON-CURRENT LIABILITIES:				
Long-term borrowings	15	83,587	131,820	132,987
Long-term finance leases	16	767	2,029	2,301-
Total non-current liabilities		84,354	133,849	135,288
CURRENT LIABILITIES:				
Trade and other accounts payable	17	29,660	37,131	44,844
Advances received		16,682	13,984	10,732
Short-term borrowings and current portion of the long-term borrowings	15	144,547	113,568	84,109
Short-term finance leases	16	2,227	2,906	2,564
Taxes payable	18	1,160	1,314	805
Provisions and accruals	19	1,523	2,493	3,169
Total current liabilities		195,849	171,396	146,223
TOTAL LIABILITIES		280,203	305,245	281,511
TOTAL EQUITY AND LIABILITIES		148,241	246,270	282,223

On behalf of the Board of Directors of Westa Group:

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Dmytro Nikitin,
Director A of Westa ISIC S.A.

The notes on pages 17 to 60 form an integral part of these condensed consolidated interim financial statements.

WESTA ISIC S.A.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(in thousands of US Dollars)

	Notes	3 months ended 30 September 2014 Unaudited	9 months ended 30 September 2014 Unaudited	3 months ended 30 September 2013 Unaudited	9 months ended 30 September 2013 Unaudited
REVENUE	20	6,789	26,820	25,214	72,077
COST OF SALES	21	(5,948)	(22,929)	(19,554)	(58,381)
GROSS PROFIT		841	3,891	5,660	13,696
General and administrative expenses	22	(423)	(1,970)	(1,349)	(4,342)
Selling and distribution expenses	23	(334)	(1,382)	(1,792)	(4,275)
Other income/(expenses), net		(1,809)	(1,940)	(177)	(1,219)
Foreign exchange gain/(loss), net		(12,008)	(87,918)	(2,030)	(520)
Finance costs	24	(7,398)	(23,944)	(6,346)	(19,821)
Interest income		(204)	530	841	1,153
LOSS BEFORE INCOME TAX		(21,335)	(112,733)	(5,193)	(15,328)
INCOME TAX (EXPENSES) /BENEFIT	6	(13)	(209)	99	(467)
NET LOSS FOR THE PERIOD		(21,348)	(112,942)	(5,094)	(15,795)
Other comprehensive income/(loss)		5,497	36,555	(4)	-
TOTAL COMPREHENSIVE INCOME/(LOSS)		(15,851)	(76,387)	(5,098)	(15,795)
Profit for the nine months attributable to:					
Shareholders of the Parent		(20,761)	(109,839)	(4,954)	(15,361)
Non-controlling interests		(587)	(3,103)	(140)	(434)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
Shareholders of the Parent		(15,417)	(74,288)	(4,958)	(15,361)
Non-controlling interests		(434)	(2,099)	(140)	(434)
LOSS PER SHARE					
Basic and diluted (USD per share)	29	(0.47)	(2.49)	(0.11)	(0.35)

On behalf of the Board of Directors of Westa Group:

Dmytro Nikitin,
Director A of Westa ISIC S.A.

The notes on pages 17 to 60 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(in thousands of US Dollars)

	Attributable to Shareholders of the Parent							Non-controlling interests	Total (deficit)/ equity
	Combined contributed capital/ Share capital	Share premium	Additional paid-in capital	Revaluation reserve	Accumulated deficit	Cumulative translation difference	Total		
31 December 2012 Audited	**621**	**45,180**	**16,665**	**26,756**	**(71,420)**	**(1,252)**	**16,507**	**714**	**16,507**
Net loss for the six month ended 30 June 2013	-	-	-	-	(10,422)	-	(10,422)	(279)	(10,701)
Translation adjustment	-	-	-	-	-	4	4	-	4)
Total comprehensive loss for the six months ended 30 June 2012	**-**	**-**	**-**	**-**	**(10,422)**	**4**	**(10,418)**	**(279)**	**(10,697))**
30 June 2013 Unaudited	**621**	**45,180**	**16,665**	**26,756**	**(81,842)**	**(1,291)**	**6,089**	**(279)**	**5,810**
Net loss for the three months ended 30 September 2013	-	-	-	-	(4,954)	-	(4,954)	(140)	(5,094)
Translation adjustment	-	-	-	-	-	(4)	(4)	-	(4)
Total comprehensive loss for the three months ended 30 September 2013	**-**	**-**	**-**	**-**	**(4,954)**	**(4)**	**(4,958)**	**(140)**	**(5,098)**
30 September 2013 Unaudited	**621**	**45,180**	**16,665**	**26,756**	**(86,796)**	**(1,295)**	**1,131**	**(419)**	**712**
Net loss for the three months ended 31 December 2013	-	-	-	-	(50,249(	-	(50,249)	(1,435)	(51,684)
Impairment of property, plant and equipment and of prepayment for equipment	-	-	-	(9,575)	-	-	(9,575)	(270)	(9,845)
Deferred tax arising on impairment of property, plant and equipment	-	-	-	1,819	-	-	1,819	51	1,870
Translation adjustment	-	-	-	-	-	(28)	(28)	-	(28)
Total comprehensive loss for the three months ended 30 December 2013	**-**	**-**	**-**	**(7,756)**	**(50,249)**	**(28)**	**(58,033)**	**(1,654)**	**(59,687)**
Transfer to retained earnings, net of tax	-	-	-	(2,408)	2,408	-	-	-	-
31 December 2013 Audited	**621**	**45,180**	**16,665**	**16,592**	**(134,637)**	**(1,323)**	**(56,902)**	**(2,073)**	**(58,975)**
Net loss for the six month ended 30 June 2014	-	-	-	-	(89,076)	-	(89,076	**(2,518)**	**(91,594)**
Translation adjustments	-	-	-	-	-	30,205	30,205	853	31,058
Total comprehensive loss for the six months ended 30 June 2014	**-**	**-**	**-**	**-**	**(89,076)**	**30,205**	**(58,871)**	**(1,665)**	**(60,536)**
30 June 2014 Unaudited	**621**	**45,180**	**16,665**	**16,592**	**(223,713)**	**28,882**	**(115,773)**	**(3,738)**	**(119,511)**
Net loss for the three months ended 30 September 2014	-	-	-	-	(20,761)		(20,761)	(587)	(21,348)
Translation adjustments	-	-	-	-	-	35,551	35,551	1,004	36,555
Total comprehensive loss for the three months ended 30 September 2014	**-**	**-**	**-**	**-**	(20,761)	**35,551**	**14,789**	**418**	**15,207**
30 September 2014 Unaudited	**621**	**45,180**	**16,665**	**16,592**	**(244,474)**	**64,432**	**(100,984)**	**(3,320)**	**(104,304)**

On behalf of the Board of Directors of Westa Group:

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Dmytro Nikitin,

Director A of Westa ISIC S.A.

The notes on pages 17 to 60 form an integral part of these condensed consolidated

WESTA ISIC S.A.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(in thousands of US Dollars)

	3 months ended 30 September 2014	9 months ended 30 September 2014	3 months ended 30 September 2013	9 months ended 30 September 2013
OPERATING ACTIVITIES:				
Loss before income tax	(21,335)	(112,733)	(5,193)	(15,328)
Adjustments to reconcile loss to net cash provided by operations:				
Finance costs	7,398	23,944	6,346	19,821
Depreciation and amortization expense	538	2,893	1,654	4,958
Impairment of trade receivable	396	494	46	82
Gain on disposal of property, plant and equipment	(227)	(227)	-	-
Interest income	204	(530)	(841)	(1,153)
Non-operating foreign exchange gain	9,720	87,965	4,074	9,449
Operating cash flow before working capital changes	(3,307)	1,805	4,078	9,449
Decrease in trade and other accounts receivable	12,771	11,099	(7,857)	(14,376)
Decrease in government grant receivable	-		-	
Increase in advances to suppliers and prepaid expenses	(687)	(5,230)	4,141	9,390
Increase in inventories	4,350	6,364	(702)	2,245
(Decrease)/increase in taxes payable (other than income tax)	183	154	456	323
Increase/(decrease) in trade and other accounts payable	(10,709)	(9,765)	(4,281)	23,001
Increase in provisions and accruals	(930)	(970)	190	397
(Decrease)/increase in advances received	3,159	2,698	(2,229)	(1,330)
Decrease/(increase) in taxes recoverable and prepaid (other than income tax)	2,838	2,472	(514)	(1,526)
Cash generated by operations	7,717	8,626	(6,718)	27,573
Income tax paid	65	(232)	-	(306)
Interest paid	(1,879)	(2,046)	(987)	(5,506)
Net cash generated/(used) in operating activities	5,903	6,348	(7,705)	21,761
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment and intangible assets	974	(12)	(59)	(66)
Proceeds from disposal of property, plant and equipment	(120)	234	-	-
Interest received	98	427	135	459
Decrease in other financial assets	4,351	4,342	6,208	(25,574)
Change in other non-current assets	14,713	14,713	-	-
Net cash used in investing activities	20,016	19,704	6,284	(25,181)

WESTA ISIC S.A.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(in thousands of US Dollars)

FINANCING ACTIVITIES:	3 months ended 30 September 2014	9 months ended 30 September 2014	3 months ended 30 September 2013	9 months ended 30 September 2013
Proceeds from borrowings	-	-	-	5,975
Principal payments on borrowings	(25,751)	(25,929)	-	(2,441)
Net cash generated from financing activities	(25,751)	(25,929)	-	3,534
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**168**	**123**	**(1,421)**	**114**
CASH AND CASH EQUIVALENTS, at the beginning	**109**	**159**	**4,634**	**3,049**
Effect of translation to presentation currency and exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(19)	(25)	310	360
CASH AND CASH EQUIVALENTS, at the end	**258**	**258**	**3,523**	**3,523**

On behalf of the Board of Directors of Westa Group:

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Dmytro Nikitin,
Director A of Westa ISIC S.A.

The notes on pages 17 to 60 form an integral part of these condensed consolidated interim financial statements.

1. NATURE OF THE BUSINESS AND CORPORATE REORGANIZATION

Nature of the business – Westa ISIC S.A. (the "Parent" or "Westa ISIC"), a public limited company (société anonyme) registered under the laws of Luxembourg, was incorporated on 10 December 2009 under the name of Tramine Development S.A. The Parent was acquired in 2010 by Vankeria Consultants Limited to serve as the ultimate holding company of "WESTA-DNEPR" PJSC (the "WESTA-DNEPR") and its subsidiaries. The Parent's name was changed from Tramine Development S.A. to Westa ISIC S.A. on 24 November 2010. Hereinafter, Westa ISIC S.A. and its subsidiaries are referred to as the "Westa Group" or the "Group". As at 31 December 2013 the registered address of Westa ISIC was 65, boulevard Grande-Duchesse Charlotte L–1331 Luxembourg.

The controlling shareholder of Westa ISIC is Mr. Viktor Dzenzers'kyy (the "Controlling Shareholder"), who owns 100% of the shares of Vankeria Consultants Limited registered in Cyprus, which holds 75% of share capital of Westa ISIC. Hereafter, Mr. Viktor Dzenzers'kyy indirectly owns 75% of share capital of WESTA ISIC S.A. Other 25% of Westa ISIC share capital is a free-float.

The principal operating office of the Group is located at 34, Budivelnykiv St., Dnipropetrovsk, 49055, Ukraine.

Principal operating activity of Westa Group started in January 2005. Westa Group is leading manufacturing group in Ukraine involved in the production and distribution of starter accumulator batteries that refer to a maintenance-free category and category of batteries requiring maintenance.

The extent of batteries application is as follows:

- Commercial vehicles, tractors, combine harvesters equipped with petrol and diesel engines;
- Cars of any class with petrol and diesel engines;
- Batteries for heavy-duty trucks, including those of special-purpose.

Batteries are sold in Ukraine, Russia and other countries, collectively in more than 30 countries.

As of 30 September 2014 and 31 December 2013 the structure of the Group and principal activities of the companies forming the Group were as follows:

Company	**Principal activity**	**Country of incorporation**	**Group's effective ownership interest as of**	
			2013	**2012**
Parent:				
WESTA ISIC S.A.	Holding company	Luxemburg	Parent	Parent
Subsidiaries:				
WESTA-DNEPR (CYPRUS) LIMITED	Sub-holding company	Cyprus	100.00%	100.00%
PJSC "WESTA-DNEPR"	Manufacturing of batteries	Ukraine	97.25%	97.25%
LIMITED COMPANY "WESTA INDUSTRIAL"	Manufacturing of batteries	Ukraine	97.25%	97.25%
WESTA TRUCK BUTTERY LTD	Operating company	Ukraine	100.00%	97.53%
WESTA CAR BUTTERY LTD	Operating company	Ukraine	100.00%	100.00%
LIMITED COMPANY "INDUSTRIAL ENERGY SYSTEMS"	Researcher and development of the third generation battery	Ukraine	97.25%	97.25%
CNVSIF "Fingreenfinans"	Intergroup operating	Ukraine	-	100.00%
LLC "FW Trading"	Operating company	Ukraine	97.25%	97.25%
Associates:				
PJSC "DNIPROTELECOM"	Maintenance of transmission equipment	Ukraine	21.00%	21.00%

The Group also has an ownership in one dormant subsidiary, namely LLC "FW Trading", which was not engaged in significant operating activities as of 31 December 2013 and 2012 and for the years then ended. The subsidiary is stated at cost due to their insignificance to the consolidated financial statements of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance– These condensed consolidated interim financial statements for the three months ended 30 September2014 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", and do not include all the information and disclosures required in the annual financial statements. The accounting policies and methods of computation adopted in the preparation of the condensed consolidated interim financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except as required by new and amended standards as described below. The entities of the Group maintain their accounting records in accordance with accounting standards and other statutory requirements to financial reporting in the country of their incorporation. Local statutory accounting principles and procedures differ from accounting principles generally accepted under IFRS. Accordingly, the accompanying financial statements, which have been prepared from the Group entities' statutory accounting records, reflect adjustments necessary for such financial statements to be presented in accordance with IFRS, as adopted by the European Union. The accompanying financial statements of the Company are prepared on the historical cost basis, except for the revaluation of plant and equipment and certain financial instruments.

Adoption of new and revised International Financial Reporting Standards - The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2014 as described below.
The Group has adopted the following new and amended standards:

- IAS 27 Separate Financial Statements (revised 2011) – Investment entities (effective for annual accounting period beginning on or after 1 January 2014)
- IAS 28 Investments in Associates and Joint Ventures (effective for annual accounting period beginning on or after 1 January 2014)
- IFRS 10 Consolidated Financial Statements (effective for annual accounting period beginning on or after 1 January 2014)
- IFRS 11 Joint Arrangements (effective for annual accounting period beginning on or after 1 January 2014)
- Amendments to IFRS 10, IFRS 11 and IFRS 12 – "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance" (effective for annual accounting period beginning on or after 1 January 2014)
- Amendments to IAS 32 "Financial instruments: Presentation" – Application guidance on the offsetting of financial assets and financial liabilities) (effective for annual accounting period beginning on or after 1 January 2014)

The adoption of the new or revised Standards did not have significant effect on the financial position or performance of the Group and did not result in any significant changes to the Group's accounting policies and the amounts reported in the condensed consolidated interim financial statement.
Standards and Interpretations in issue but not effective– At the date of authorization of these condensed consolidated interim financial statements, the following Standards and Interpretations, as well as amendments to the Standards were in issue but not yet effective:

- IFRS 12 Disclosure of Interests in Other Entities Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (effective for annual accounting period beginning on or after 1 January 2014)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) (effective for annual accounting period beginning on or after 1 January 2014)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual accounting period beginning on or after 1 January 2014)
- IFRIC 21 Levies (effective for annual accounting period beginning on or after 1 January 2014)

- Amendments to IFRS 7 “Financial instruments: Disclosures” – Disclosures about the initial application of IFRS 9
- Amendments to IFRS 9 and 7 – “Mandatory Effective Date of IFRS 9 and Transition Disclosures” (effective for annual accounting period beginning on or after 1 January 2015)
- IFRS 9 “Financial Instruments: Classification and Measurement and Accounting for financial liabilities and derecognition” (effective for annual accounting period beginning on or after 1 January 2015)
- Amendments to IAS 19 “Employee Benefits” – Defined Benefit Plans: Employee contribution
- IFRS 14 “Regulatory Deferral Accounts”
- Amendments to IFRSs – “Annual Improvements to IFRSs 2010-2012 Cycle”
- Amendments to IFRSs – “Annual Improvements to IFRSs 2011-2013 Cycle”

Management is currently evaluating the impact of the adoption of IFRS 9 “Financial Instruments”, and amendment to IFRS 7 “Financial instruments: Disclosures”.

For other Standards and Interpretations management anticipates that their adoption in future periods will not have a material effect on the financial statements of the Group.

Functional and presentation currency– The functional currency of the condensed consolidated interim financial statements of the Group is the Ukrainian Hryvnia (“UAH”). The currency of presentation is United States dollars (“USD”). The assets and liabilities of the subsidiaries denominated in functional currencies are translated into presentation currency at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income or loss.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

The relevant exchange rates were as follows:

	As of 30 September 2014	Average for the three months ended 30 September 2014	As of 31 December 2013	As of 30 September 2013	Average for the three months ended 30 September 2013
UAH/USD	12.9492	12.4893	7.993	7.993	7.993
UAH/EUR	16.4468	16.6539	11.04153	10.82	9.9861
UAH/RUB	0.32877	0.3472	0.24497	0.247	0.2495

Basis of consolidation – The consolidated financial statements incorporate the financial statements of the Parent and entities controlled by the Parent (its subsidiaries). Control is achieved when the Parent has the power to govern the financial and operating policies of an entity, either directly or indirectly, so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date when control effectively commences.

All significant intercompany transactions, balances and unrealized gains/(losses) on transactions are eliminated on consolidation, except when the intragroup losses indicate an impairment that requires recognition in the consolidated financial statements.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those adopted by the Group.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to Shareholders of the Parent.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 “Financial Instruments: Recognition and Measurement” or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Accounting for acquisitions from third parties – Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 “Income Taxes” and IAS 19 “Employee Benefits”, respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 “Share-based Payment at the acquisition date” (see 3.16.2); and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquired subsidiary, and the fair value of the Group’s previously held equity interest in the acquired subsidiary (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, the amount of non-controlling interest in the subsidiary and the fair value of the Group’s previously-held interest in the subsidiary (if any), the excess is recognized in the profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the subsidiary’s net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the recognized amounts of the subsidiary’s identifiable net assets. The choice of measurement basis is made on transaction-by-transaction basis. Other types of non-controlling interests, if any, are measured at fair value or, when applicable, on the basis specified in other Standards.

When the consideration transferred by the Group in a business combination includes assets and liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and is included as part of the consideration transferred. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which may not exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 "Financial Instruments: Recognition and Measurement", or IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

When an acquisition of a legal entity does not constitute a business, the cost of the group of assets is allocated between the individual identifiable assets in the group based on their relative fair values.

Accounting for acquisitions from entities under common control –The assets and liabilities of subsidiaries acquired from entities under common control are recorded in these consolidated financial statements at pre-acquisition carrying values. Any difference between the carrying value of net assets of these subsidiaries, and the consideration paid by the Group is accounted for in these consolidated financial statements as an adjustment to shareholders' equity. The results of the acquired entity are reflected from the earliest period presented.

Any gain or loss on disposals to entities under common control are recognized directly in equity and attributed to Shareholders of the Parent.

Non-controlling interests – Non-controlling interests in subsidiaries and consolidated entities are identified separately from the Group's equity therein. The interests of non-controlling shareholders consist of the amount of those interests at the date of the original business combination (see above) and the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling shareholders in excess of the non-controlling shareholders' interest in the subsidiary's equity are attributed to the non-controlling shareholders even if this results in the non-controlling shareholders having a debit balance.

Investments in associates – An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of IAS 39 “Financial Instruments: Recognition and Measurement” are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group’s investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 “Impairment of Assets” as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 “Impairment of Assets” to the extent that the recoverable amount of the investment subsequently increases.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group’s interest in the relevant associate.

Financial instruments – Financial assets and financial liabilities are recognized on the Group’s consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of the financial assets and liabilities are recognized using settlement date accounting. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the entity, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the entity.

Financial assets and liabilities are initially recognized at fair value plus, in the case when financial asset or financial liability are not stated at fair value through profit or loss, transaction costs that are directly attributable to acquisition or issue of the financial asset or financial liability. The accounting policies for subsequent re-measurement of these items are disclosed in the respective accounting policies set out below in this Note.

Financial assets and financial liabilities are only offset and the net amounts are reported in the statement of financial position when the Group has a legally enforceable right to set-off the recognized amounts and intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Financial assets – Financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss" (FVTPL), "held-to-maturity investments", "available-for-sale" (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method – The effective interest method is a method of calculating the amortized cost of a financial asset (liability) and of allocating interest income (expense) over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (payments) – including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts – through the expected life of the financial asset (liability), or, where appropriate, a shorter period.

Accounts receivable – Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as receivables. Accounts receivable are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Short-term accounts receivable, which are non-interest bearing, are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognized in the profit or loss when there is objective evidence that the asset is impaired.

Other financial assets – Other financial assets include deposits with original maturity of more than three months held for investment purposes or as guarantees for the Group's borrowings and are measured at amortized cost using the effective interest method less any impairment, with revenue recognized on an effective yield basis.

Cash and cash equivalents – Cash and cash equivalents include cash on hand, cash with banks and deposits with original maturity of less than three months.

Impairment of financial assets – Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

If the Group determines that no objective evidence exists that impairment has incurred for individually assessed accounts receivable, whether significant or not, it includes the account receivable in a group of accounts receivable with similar credit risk characteristics and collectively assesses them for impairment.

For the purposes of a collective evaluation of impairment accounts receivable are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of accounts receivable that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets and the experience of management in respect of the extent to which amounts will become overdue as a result of past loss events and the success of recovery of overdue amounts. Past experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect past periods and to remove the effects of past conditions that do not exist currently.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets – The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

Classification as debt or equity – Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments – An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities – Financial liabilities are classified as either financial liabilities ‘at FVTPL' or ‘other financial liabilities'.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL – A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis.
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the ‘other gains and losses' line item in the consolidated statement of comprehensive income/income statement. Fair value is determined in the manner described in note 30.

Other financial liabilities – Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities – The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Contributed capital of consolidated entities – Contributed capital is recognized at the fair value of the contributions received by the Group's consolidated entities.

Trade and other payables – Accounts payable are subsequently measured at amortized cost using the effective interest rate method. Accounts payable are classified as long-term if they are due for settlement in period longer than twelve months from the reporting date. Accounts payable which are expected to be settled within twelve months from the reporting date are classified as current accounts payable.

Borrowings and bonds issued – Interest-bearing borrowings and bonds are initially measured at fair value net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption amount is recognized over the term of the borrowings and bonds issued and recorded as finance costs.

Borrowing costs – Borrowing costs include interest expenses and other debt service costs.
Borrowing costs directly attributable to the acquisition, construction or production of the qualifying assets, which are assets that necessarily take 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 capitalization.

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

Property, plant and equipment – Buildings and structures, machinery and equipment and vehicles held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such buildings and structures, machinery and equipment and vehicles, is recognized in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such buildings and structures, machinery and equipment and vehicles, is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset recognized previously in other comprehensive income.

On the subsequent sale or retirement of revalued items of property, plant and equipment, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognized.

Fixtures and other depreciable assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The historical cost of an item of property, plant and equipment comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the item to the location and condition necessary for it to be capable of operating in the manner intended by the management of the Group; (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Group incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. The cost of self-constructed assets includes the cost of material, direct labour and an appropriate portion of production overheads.

As the historical cost information was not available, the Group elected to use a fair value as a deemed cost as of the date of transition to IFRS. The management used valuation performed by independent professionally qualified appraisers to arrive at the fair value as of the date of transition to IFRS. The fair value was defined as the amount for which an asset could have been exchanged between knowledgeable willing parties in an arm's length transaction. The fair value of marketable assets was determined at their market value.

If there is no market-based evidence of fair value because of the specialized nature of the item of property, plant and equipment and the item is rarely sold, except as part of a continuing business, an income or a depreciated replacement cost approach was used to estimate the fair value.

Depreciation is recognized so as to write off the cost or revalued amount of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Subsequently capitalized costs include major expenditures for improvements and replacements that extend the useful lives of the assets or increase their revenue generating capacity. Repairs and maintenance expenditures that do not meet the foregoing criteria for capitalization are charged to the profit or loss as incurred.

Depreciable amount represents the cost, deemed cost or revalued amount of an item of property, plant and equipment less its residual value. The residual value is the estimated amount that the Group would currently obtain from disposal of the item of property, plant and equipment, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Useful lives of the groups of property, plant and equipment are as follows:

Buildings and structures	25 - 85 years
Machinery and equipment	5 - 30 years
Vehicles	5 - 25 years
Furniture and other depreciable assets	1 - 12 years

Construction in progress comprises costs directly related to construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction. Construction in progress is not depreciated. Depreciation of the construction in progress, on the same basis as for other property, plant and equipment items, commences when the assets become available for use, i.e. when they are in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Intangible assets – Intangible assets are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment of tangible and intangible assets – At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Income tax – Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax – Income taxes have been computed in accordance with the laws currently enacted in Ukraine. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit or loss as reported in the consolidated profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax – Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period – Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss.

Inventories – Inventories are stated at the lower of cost and net realizable value. The costs comprise raw materials and, where applicable, direct lab our costs and those overheads that have been incurred in bringing the inventories to their present locations and condition.

Cost is calculated using FIFO (first-in, first-out) method. Net realizable value is determined as the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Leases – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Assets held by the Group under finance leases are recognized as assets of the Group at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized directly to the statement of comprehensive income and are classified as finance costs.

Rental income or expenses under operating leases are recognized in the consolidated statement of comprehensive income on a straight line basis over the term of the lease.

Provisions – Provisions are recognized when the Group has a present legal or constructive obligation (either based on legal regulations or implied) as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities and assets − Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are recognized only when the contingency is resolved.

Dividends − Dividends declared during the reporting period are recognized as distributions of retained earnings to equity holders during the period, the amount of recognized but unpaid dividends is included in current liabilities. Dividends declared after the reporting date but before the financial statements were authorized for issue are not recognized as a liability at the reporting date, but are disclosed in the notes to the consolidated financial statements.

Segment information – IFRS 8 “Operating segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision-maker has been identified as the Chief Executive Officer (CEO) of the Group. The CEO reviews the Group’s internal reporting in order to assess performance and allocate resources. Currently, the CEO evaluates the business from a single perspective as one unit manufacturing starter batteries. No further analysis to assess profitability based on types of batteries sold or based on geography of sales (while revenue per regions and distributors is reviewed) is made by the CEO. For this reason the CEO and the Group’s management considers the entire Group to be a single operating and reportable segment.

Revenue recognition – Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods in the normal course of business, net of discounts, net of value added tax ("VAT") or other sales related taxes.

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is recognized using the effective interest method.

The Group derives its revenue from sales to distributors operating on aftermarket. Specifically, revenue from the sale of goods to distributors is recognized when goods are dispatched and the risk and rewards are passed to the distributor based on the provision of applicable terms for the sale (the Group uses Incoterms).

Defined contribution plan – The employees of the Ukrainian entities of the Group receive pension benefits from the government in accordance with the laws and regulations of Ukraine. Group's contributions to the State Pension Fund are recorded in the profit or loss on the accrual basis. The Group is not liable for any supplementary pensions, post-retirement health care, insurance benefits or retirement indemnities to its current or former employees, other than pay-as-you-go expenses.

Warranty provisions – Provisions for warranty costs are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Government grants – Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects both current and future periods.

Key sources of estimation uncertainty – The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Impairment allowance for accounts receivable – After analysis performed as of 30 September 2014 the Group's management considered part of past due but not considered to be impaired account receivable as recoverable and no allowance was provided in these financial statements for such accounts receivable based on the past experience of the Group as well as current arrangements and expectations about respective debtors' ability to settle their debt to the Group. For other past due accounts receivable Group's management create an allowance for amount of 892 thousands USD.(As of 31 December 2013 – USD 398 thousand). If there is deterioration in creditworthiness of such debtors the actual results could differ from these estimates.

Recoverability of property, plant and equipment – As part of the valuation of property, plant and equipment as of 31 December 2009 the Group assessed the existence of external (economic) obsolescence. Such analysis is necessary to determine whether the fair value of items of specialized nature, which was valued using the depreciated replacement cost approach, is recoverable. The assessment of absence of external (economic) obsolescence was determined using projections of future cash flows of the Group discounted using a weighted average cost of capital of 18%. As of 31 December 2013 and 30 June 2014 future cash flows projections were built on the following key assumption: production of 3, 3 million of conventional batteries in 2014, with subsequent growth to 3, 6 and 4 million of conventional batteries during 2015 and 2016 years, and growth rate for terminal value at 2%. As of 30 September 2014 the Group assessed its performance and based on future cash flow projections determined that there is no indication that the recoverable amount of the Group's property, plant and equipment has declined below the carrying value. As of 31 December 2013 the Group assessed its performance and based on future cash flow projections determined that there is indication that the recoverable amount of the Group's property, plant and equipment has declined below the carrying value. So, the Group recognized an impairment of machinery and equipment together with prepayment for equipment for total amount of USD 51,511 thousands as of 31 December 2013. The amount of USD 41,666 thousands was recognized as expenses in statement of comprehensive income and USD 9,845 thousands was recognized in equity as of 31 December 2013.

Useful lives of property, plant and equipment – The estimation of the useful life of an item of property, plant and equipment is a matter of management estimate based upon experience with similar assets. In determining the useful life of an asset, management considers the expected usage, estimated technical obsolescence, physical wear and tear and the physical environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments for future depreciation rates.

Deferred tax assets – Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. As of 30 September 2014 and 31 December 2013 the Group recognized deferred tax asset related to tax losses carried forward at individual entities of the Group in the amount of USD 375 thousand and USD 507 thousand, respectively, as the Group intends to utilize such deferred tax assets against set off with related deferred tax liabilities. The management judgment to recognize respective deferred tax assets was also based on the ability of the Group to carry forward respective losses for indefinite time in future based on existing requirements of tax legislation in Ukraine. Meantime, in the past, there were instances when other Ukrainian laws provided specific periods within which tax losses could be utilized. If any new law enacted subsequently to 30 September 2014 provides specific period for utilization of the amount of the Group’s tax losses carry forward, the Group can lose its ability to utilize part or all of the deferred tax assets currently recognized.

VAT recoverable – The balance of VAT recoverable may be realized by the Group either through a cash refund from the state budget or by set off against VAT liabilities with the state budget in future periods. Management classified VAT recoverable balance as current or non-current based on expectations as to whether it will be realized within twelve months from the reporting date.

In making this assessment, management considered past history of receiving VAT refunds from the state budget. For VAT recoverable expected to be set off against VAT liabilities in future periods, management based its estimates on detailed projections of expected excess of VAT output over VAT input in the normal course of the business.

4. SEGMENT INFORMATION

During the nine months ended 30 September 2014 and 2013, all revenues of the Group from external customers were derived from subsidiaries located in Ukraine, irrespectively of the destination of sales. All non-current assets of the Group were located in Ukraine.

5. PROPERTY, PLANT AND EQUIPMENT

The following table represents movements in property, plant and equipment for the nine months ended 30 September 2014:

	Buildings and structures	Machinery and equipment	Vehicles	Furniture and other depreciable assets	Construction in progress and equipment due for installation	Total
Cost, deemed cost or valuation						
As of 31 December 2013	**51,229**	**113,895**	**1,265**	**1,391**	**10,656**	**178,436**
Additions	-	2	-	5	4	12
Disposals	(29)	(38)	-	(54)	(198)	(319)
Transfers	313	3,239	18	7	(3,577)	-
Translation difference	(19,468)	(42,653)	(484)	(524)	(4,079)	(67,208)
As of 30 September 2014	**32,045**	**74,445**	**799**	**825**	**2,806**	**110,921**
Accumulated depreciation						
As of 31 December 2013	**(12,690)**	**(39,345)**	**(674)**	**(532)**	**-**	**(53,241)**
Depreciation charge for the nine months	(302)	(2,438)	(70)	(82)	-	(2,893)
Disposals	14	28	-	18	-	59
Translation difference	4,761	14,510	269	140	-	19,680
As of 30 September 2014	**(8,218)**	**(27,245))**	**(475)**	**(457)**	**-**	**(36,394)**
Net book value						
As of 30 September 2014	**23,827**	**47,200**	**324**	**369**	**2,806**	**74,527**
As of 31 December 2013	**38,539**	**74,550**	**591**	**859**	**10,656**	**125,195**

The following table represents movements in property, plant and equipment for the nine months ended 30 September 2013:

	Buildings and structures	Machinery and equipment	Vehicles	Furniture and other depreciable assets	Construction in progress and equipment due for installation	Total
Cost, deemed cost or valuation						
As of 31 December 2012	**51,487**	**120,337**	**1,265**	**1,368**	**13,413**	**187,870**
Additions	-	13	-	26	164	203
Disposals	(258)	(5)	-	(1)	(89)	(353)
Transfers	-	30	-	3	(33)	-
Translation difference	-	-	-	(1)	(1)	(2)
As of 30 September 2013	**51,229**	**120,376**	**1,265**	**1,395**	**13,454**	**187,719**
Accumulated depreciation						
As of 31 December 2012	**(1,683)**	**(15,071)**	**(523)**	**(388)**	**-**	**(17,665)**
Depreciation charge for the nine month	(520)	(4,352)	(113)	(110)	-	(5,096)
Disposals	9	4	-	-	-	13
Translation difference	-	-	-	1	-	1
As of 30 September 2013	**(2,194)**	**(19,420)**	**(636)**	**(482)**	**-**	**(22,732)**
Net book value						
As of 30 September 2013	**49,035**	**100,957**	**629**	**898**	**13,454**	**164,987**
As of 31 December 2012	**49,804**	**105,266**	**742**	**980**	**13,413**	**170,205**

As of 31 December 2009 all Group's property, plant and equipment, excluding furniture and other depreciable assets, were revalued by independent valuators in accordance with the requirements of International Valuation Standards. The valuation of specialized items of revalued property, plant and equipment was determined based on depreciable replacement cost, while the analogues method was used to determine the valuation of the remaining items.

As of 30 September 2014, 31 December 2013 and 30 September 2013 the Group has property, plant and equipment pledged to secure the Group's bank borrowings (Note 15).

6. INCOME TAX

During the nine months ended 30 September 2014 and 30 September 2013, the Group companies which have the status of the Corporate Income Tax (the "CIT") payers in the Ukraine were subject to income tax at 18% and 19

The new Tax Code of Ukraine, which was enacted in December 2010, together with additional changes introduced certain changes to the rules of income tax assessment The deferred income tax assets and liabilities as of 30 September 2014 were measured based on the tax rates expected to be applied to the period when the temporary differences are expected to reverse.
The net results of the Group companies incorporated in jurisdictions other than Ukraine (Luxemburg and Cyprus) were insignificant during the nine months ended 30 September 2014 and 2013.

The main components of income tax expense for the three months ended 30 September 2014 and 2013 were as follows:

	2014	2013
Current tax expense	36	51
Deferred tax (benefit)/expense	(23)	(150)
Income tax (benefit)/expense	**13**	**(99)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The following amounts, determined after appropriate offsetting, are presented in the consolidated statement of the financial position as of 30 September 2014, 31 December 2013 and 30 September 2013:

	30 September 2014	31 December 2013	30 September 2013
Deferred tax assets	3	42	1,653
Deferred tax liabilities	-	-	-
Net deferred tax position	**3**	**42**	**1,653**

The movements in deferred taxes during the six months ended 30 September 2014, 31 December 2013 and 30 September 2013 were as follows:

	30 September 2014	31 December 2013	30 September 2013
Deferred tax assets /(liabilities) as of the beginning of the year	**42**	**1,634**	**1,503**
Deferred tax benefit/(expense)	23	(130)	150
Translation difference	(62)	(1)	-
Deferred tax assets as of the end of the year	**3**	**1,503**	**1,766**

7. OTHER NON-CURRENT ASSETS

As of 30 September 2014, 31 December 2013 and 30 September 2013 other non-current assets of the Group were represented by the bank term deposit in the amount of USD 5,944 thousand, USD 6,465 thousand and USD 6,335 thousand respectively, being pledged as collateral to secure bank borrowing with the maturity in January 2017 (Note 15). The deposit provided 9.50% interest per annum as of 30 September 2014, 31 December 2013 and 30 September 2013, respectively. As of 30 September 2014 and 31 December 2013 other non-current assets of the Group also included a long term receivable at amortized cost USD 1,767 thousand and USD 15,859 thousand.

As of 30 September 2014 and 31 December 2013 the balance also included available-for sale investments in the amount of USD 107 thousands and USD 175 thousand, respectively.

8. INVENTORIES

Inventories as of 30 September 2014 and 2013 were as follows:

	30 September 2014	31 December 2013	30 September 2013
Finished goods	428	4,635	5,962
Raw materials	1,363	2,543	3,286
Work in progress	1,328	2,040	5,238
Other inventories	56	321	290
Total	**3,175**	**9,539**	**14,776**

As of 30 September 2014, 31 December 2013 and 30 September 2013 the Group had inventories pledged as collateral to secure the Group's bank borrowings (Note 15).

9. TRADE AND OTHER ACCOUNTS RECEIVABLE

Trade and other accounts receivable as of 30 September 2014, 31 December 2013 and 30 September 2013 were as follows:

	30 September 2014	31 December 2013	30 September 2013
Trade receivables, including:			
-UAH denominated	26,389	25,275	20,535
-USD denominated	139	126	472
-RUB denominated	7,173	3,046	4,475
-EUR denominated	697	413	502
Receivables for securities sold (UAH denominated)	8,347	39,332	3,777
Other receivables, including:			
-UAH denominated	6,283	6,718	796
-USD denominated	-	-	-
	(892)	(398)	(508)
Total	**48,137**	**74,512**	**30,049**

As of 30 September 2014, 31 December 2013 and 30 September 2013 trade and other receivables included balances with related parties in the amount of USD 5,148 thousand, USD 7,005 thousand and 7,062 respectively (Note 25).

As of 30 September 2014, 31 December 2013 and 30 September 2013 the Group had trade and other accounts receivable pledged as collateral to secure the Group’s bank borrowings (Note 15).

The Group’s management performed regular analysis of trade and other accounts receivable recoverability based on past experience, facts and circumstances existing and best management's estimates as of each reporting date. Included in the Group’s trade and other accounts receivable balances as of 30 September 2014, 31 December 2013 and 30 September 2013 were debtors which were past due at the respective reporting date and which the Group still considered recoverable (i.e. not impaired). The Group does not hold any collateral over these outstanding balances.

Ageing of past due but not impaired trade and other accounts receivable as of 30 September 2014, 31 December 2013 and 30 September 2013 were as follows:

	30 September 2014	31 December 2013	30 September 2013
Neither past due nor impaired	42,567	72,193	29,551
Past due but not impaired:			
Past due up to 90 days	4,231	1,271	376
Past due from 90 to 180 days	1,043	216	216
Past due from 180 to 365 days	664	207	135
More than 1 year	228	1,023	279
	(892)	(398)	
Total	**47,841**	**74,910**	**30,557**

Management believes that there were no other trade and other receivables, except the one for which allowance was recognized, that required allowance for irrecoverable amounts as there were no individually impaired receivables as of 30 September 2014, 31 December 2013 and 30 September 2013.

10. ADVANCES TO SUPPLIERS AND PREPAID EXPENSES

As of 30 September 2014 and 31 December 2013 and 30 June 2013 advances to suppliers and prepaid expenses were as follows:

	30 September 2014	31 December 2013	30 September 2013
Advances for raw materials	5,539	101	4,645
Advances for utilities	87	8	1,135
Advances for services	377	674	312
Other advances and prepaid expenses	29	20	89
Total	**6,033**	**803**	**6,181**

As of 30 September 2014 and 30 September 2013 advances to suppliers and prepaid expenses included balances with related parties in the amount of USD 41 thousand and USD 34 thousand, respectively (Note 25).

Management believes that there were no advances to suppliers and prepaid expenses that required allowance for irrecoverable amounts as there were no individually impaired balances as of 30 September 2014, 31 December 2013 and 30 September 2013.

As of 30 September 2014, 31 December 2013 and 30 September 2013 the Group has pledged its rights related to advances made to secure the Group's bank borrowings (Note 15).

11. TAXES RECOVERABLE AND PREPAID

Taxes recoverable and prepaid as of 30 September 2014, 31 December 2013 and 30 September 2013 were as follows:

	30 September 2014	31 December 2013	30 September 2013
VAT recoverable	3,977	6,459	6,943
CIT prepaid	3	8	8
Other taxes prepaid	4	9	24
Total	**4,004**	**6,476**	**6,975**

As of 30 September 2014, 31 December 2013 and 30 September 2013 the Group has pledged its rights on proceeds from taxes recoverable to secure the Group's bank borrowings (Note 15).

12. OTHER FINANCIAL ASSETS

As of 30 September 2014, 31 December 2013 and 30 September 2013 other financial assets were represented by short-term financial institution deposits and restricted cash denominated in UAH. The weighted average interest rate for the deposits was 3% as of 30 September 2014 and 31 December 2013.

As of 30 September 2014, 31 December 2013 and 30 June 2013 the Group had financial institutions deposits with maturity range 3--12 months, which were restricted in use and pledged as collateral to secure borrowings (Note 15).

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of 30 September 2014, 31 December 2013 and 30 September 2013 were as follows:

	30 September 2014	31 December 2013	30 September 2013
Cash held at current accounts in banks in USD	4	68	-
Cash held at current accounts in banks in UAH	253	90	1,125
Cash held at current accounts in banks in EUR	1	1	2
Cash equivalents held in banks in USD	-	-	-
Cash equivalents held in banks in UAH	-	-	2,396
Cash held at current accounts in banks in RUB	-	-	-
Total	**258**	**159**	**3,523**

14. SHARE CAPITAL

As of 30 September 2014, 31 December 2013 and 30 September 2013 share capital of the Parent was EUR 441 thousand (or USD 621 thousand) comprising of 44,133,333 shares of EUR 0,01 each at a nominal value. The 11,033,333 shares with a par value of EUR 0,01 each are traded on Warsaw Stock Exchange. The controlling shareholder of Westa ISIC is Mr. Viktor Dzenzers'kyy, who owns 100% of the shares of Vankeria Consultants Limited registered in Cyprus, which holds 75% of share capital of Westa ISIC. Hereafter, Mr. Viktor Dzenzers'kyy indirectly owns 75% of share capital of WESTA ISIC S.A. Other shares of Westa ISIC share capital is a free-float.

15. BORROWINGS

The following table summarizes long-term bank loans and credit lines outstanding as of 30 September 2014 and 31 December 2013:

Currency	Weighted average interest rate	30-September 2014	Weighted average interest rate	31-December 2013
USD	11%	127,153	12%	127,153
EUR	11%	46,202	11%	50,251
UAH	15%	9,193	16.7%	35,410
		182,548		212,814
Less: Current portion of long-term bank borrowings		(98,961)		(80,994))
Total long-term borrowings		83,587		131,820

As of 30 September 2014 and 31 December 2013 short-term loans, borrowings and credit lines due within one year consisted of the following:

Currency	Weighted average interest rate	30-September 2014	Weighted average interest rate	31-December 2013
Current portion of long-term bank borrowings		98,901		80,994
Interest accrued		45,586		32,574
Total short-term borrowings		**144,487**		**113,568**
Total borrowings		**228,134**		**245,388**

The Group's borrowings are drawn from Ukrainian banks and subsidiaries of foreign banks as term loans and credit line facilities. Repayment terms of principal amounts of bank borrowings vary from monthly repayment to repayment on maturity depending on the agreement reached with each bank. The interest on the borrowings is payable on a monthly or quarterly basis. As of 30 September 2013 and 31 December 2013 all loans had fixed interest rates.

Term bank loans and credit line facilities were as follows as of 30 September 2014, 31 December 2013 and 30 September 2013:

	30-September 2014	31-December 2013	30-September 2013
Closed-end credit lines	90,439	117,921	96,662
Revolving credit lines	75,008	76,724	76,724
Term loans	17,101	18,169	17,909
Total bank borrowings	**182,548**	**212,814**	**191,295**

The following table summarizes fixed and floating interest rates bank loans and credit lines held by the Group as of 30 September 2014 and 31 December 2013:

	30-September 2014	31-December 2013
Fixed interest rate	182,548	212,814
Floating interest rate	-	-
Total	**182,548**	**212,814**

As of 30 September 2014 and 31 December 2013 the Group's total bank borrowings and respective interest forecasted based on contractual repayment schedule were repayable as follows:

	30-Septemebr 2014	31-December 2013
Due within three months	81,016	50,059
Due from three months to six months	10,525	10,306
Due from six months to twelve months	18,416	38,843
Total current portion repayable in one year	**109,956**	**99,208**
Due in the second year	48,671	47,573
Due thereafter	42,732	127,490
Total	**201,359**	**274,271**
Less interest forecasted	(18,810)	(61,457)
Add accrued interest	45,586	32,574
Total borrowings	**228,134**	**245,388**

The Group as well as particular subsidiaries has to comply with certain covenants imposed by the banks providing the loans. The main covenants which are to be complied by the Group related to the financial performance of the Group companies, change in the assets level and usage of loan funds in accordance with the stated purpose. The Group entities should also obtain approval from the lenders regarding the property to be used as collateral.

As of 30 September 2014 and 31 December 2013 the Group's borrowings were secured by the following pledged assets:

	30-Septemebr 2014	31-December 2013
Property, plant and equipment	74,476	125,110
Trade and other accounts receivables	41,073	63,578
Other non-current assets	7,818	22,531
Inventories	3,132	9,411
Taxes recoverable and prepaid	3,668	6,389
Advances to suppliers and prepaid expenses	5,950	792
Other financial assets	2,338	3,772
Intangible assets, net	-	690
Investments in associates	106	161
Cash and cash equivalents	243	150
Total	**138,804**	**232,584**

The table above includes all assets of PJSC "WESTA-DNEPR" as of 30 September 2014 and 31 December 2013 that were pledge under the agreements with the Ukrainian banks. The Group acts as guarantor of third parties loan repayment in amount of USD 33,900 thousand as of 30 September 2014 and 31 December 2013.

16. OBLIGATION UNDER FINANCE LEASES

During 2011 the Group concluded finance lease agreements for its new manufacturing equipment. The lease term is 5 years. The Group has options to purchase the equipment for a net book value at the end of the lease terms. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

Interest rate underlying all obligations under finance leases is fixed at respective contract dates ranging at 13% per annum.

	Minimum lease payments as of 30 September 2014	Present value of minimum lease payments 30 September 2014
Not later than one year	2,717	2,277
Later than one year and not later than five years	1,226	767
	3,943	**3,043**
Less: future finance charges	(900)	-
Present value of minimum lease payments	**3,044**	**3,044**

	Minimum lease payments as of 31 December 2013	Present value of minimum lease payments 31 December 2013
Not later than one year	2,986	2,906
Later than one year and not later than five years	2,315	2,029
	5,301	**4,935**
Less: future finance charges	(366)	-
Present value of minimum lease payments	**4,935**	**4,935**

	Minimum lease payments as of 30 September 2013	Present value of minimum lease payments 30 September 2013
Not later than one year	2,779	2,564
Later than one year and not later than five years	2,985	2,301
	5,764	**4,865**
Less: future finance charges	(899)	-
Present value of minimum lease payments	**4,865**	**4,865**

17. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable as of 30 September 2014, 31 December 2013 and 30 September 2013 were as follows:

	30 September 2014	31 December 2013	30 September 2013
Trade payables for raw materials, including:			
-UAH denominated	15,489	18,906	15,692
-EUR denominated	502	2,855	6,660
-USD denominated	6,173	4,522	10,667
-RUR denominated	188		
Trade payables for services, including:			
-UAH denominated	1,179	1,241	1,906
-EUR denominated	-		-
-RUR denominated	-		-
-USD denominated	-		-
Trade payables for utilities			
-UAH denominated	67	82	371
Unsettled liabilities for the acquisition of property, plant and equipment, including:			
-EUR denominated	-		32
Accounts payable for available-for-sale investments, including:			
-UAH denominated	5,031	8,165	8,286
Other current liabilities, including:			
-UAH denominated	987	1,315	1,196
-RUR denominated	-	-	-
-EUR denominated	23	25	14
-USD denominated	20	20	-
Total	**29,660**	**37,131**	**44,844**

As of 30 September 2014, 31 December 2013 and 30 September 2013 accounts payable for available-for-sale investments included USD 1,081 thousand, USD 1,758 thousand and USD 1,758 thousand of remained unpaid amount for transfer of holding company WESTA-DNEPR by Controlling Shareholder to Westa Dnepr (Cyprus) Limited (Note 25). As of 30 September 2014, 31 December 2013 and 30 September 2013 trade and other accounts payable included balances with related parties in the amount of USD 3,638 thousand, USD 3,001 thousand and USD 3,148 thousand, respectively (Note 25).

The average credit period rendered to the Group by trade suppliers comprises 122 days in the nine months ended 30 September 2012 and 2011. No interest is charged on trade and other accounts payable.

The table below summarizes the maturity profile of the Group's trade and other payables as of 30 September 2014, 31 December 2013 and 30 September 2013 based on contractual undiscounted payments:

	30 September 2014	31 December 2013	30 September 2013
Overdue	7,295	13,755	434
Due within three months	13,643	13,208	44,352
Due from three to six months	6,106	8,109	49
Due from six months to twelve months	2,616	2,059	9
Total	**29,660**	**37,131**	**44,844**

18. TAXES PAYABLE

As of 30 September 2014 and 30 September 2014 taxes payable were as follows:

	30-September 2014	31-December 2013	30-September 2013
Payroll related taxes	1,015	1,193	753
Corporate income tax payable	-	-	-
Other taxes	145	121	52
Total	**1,160**	**1,314**	**805**

19. PROVISIONS AND ACCRUALS

Provisions and accruals as of 30 September 2014 and 2013 were as follows:

	30 September 2014	31 December 2013	30 September 2013
Accrued payroll	717	1,269	1,666
Warranty provision	595	789	749
Provision for unused vacation	211	435	754
Total	1,523	2,493	3,169

Warranty provision as of 30 September 2014, 31 December 2013 and 30 September 2013 represents the estimated amount of cost required to substitute sold batteries that will break-down before the end of the warranty period by the new batteries. Warranty provision is recorded only with reference to sales in Ukraine. Provision for unused vacation represents a provision for employee benefit for the earned number of paid vacation days, which were not settled as of the reporting date.

20. REVENUE

Revenue for the three and nine months ended 30 September 2014 and 2013 were as follows:

	3 months ended 30-September 2014	9 months ended 30 September 2014	3 months ended 30-September 2013	9 months ended 30 September 2013
Sales of finished goods	2,019	20,172	20,565	63,559
Other sales	4,770	6,648	4,649	8,518
Total	**6,789**	**26,820**	**25,214**	**72,077**

For the three months ended 30 September 2014 and 2013, revenue included transactions with related parties in amount of USD 108 thousand and USD 266 thousand, respectively (Note 25).

21. COST OF SALES

Cost of sales for the three and nine months ended 30 September 2014 and 2013 were as follows:

	3 months ended 30-September 2014	9 months ended 30 September 2014	3 months ended 30-September 2013	9 months ended 30 September 2013
Inventory	3,808	14,210	13,860	41,042
Salaries, wages and related charges	751	2,700	2,276	6,242
Utilities	569	2,395	1,526	4,777
Depreciation	434	2,460	1,513	4,336
Warranty costs	171	496	212	556
Repairs and maintenance	70	119	36	251
Transportation costs	48	159	126	385
Other expenses	98	391	5	792
Total	**5,948**	**22,929**	**19,554**	**58,381**

For the three months ended 30 September 2014 and 2013 the Group purchases included transactions with related parties in amount of USD 928 thousand and USD 2,730 thousand, respectively (Note 25).

22. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three and nine months ended 30 September 2014 and 2013 were as follows:

	3 months ended 30 September 2014	9 months ended 30 September 2014	3 months ended 30- September 2013	9 months ended 30 September 2013
Salaries, wages and related charges	168	592	343	1,205
Transportation costs	71	152	171	591
Depreciation and amortization	-	526	192	586
Bank charges	-	33	55	366
Other services	-	65	260	690
Repairs and maintenance	8	14	46	72
Communication services	22	68	44	173
Non-refundable taxes	36	129	62	158
Other expenses	118	391	176	501
Total	**423**	**1,970**	**1,349**	**4,342**

For the three months ended 30 September 2014 and 2013 general and administrative expenses included transactions with related parties in amount of USD 90 thousand and USD 266 thousand, respectively (Note 25).

23. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the three and nine months ended 30 September 2014 and 2013 were as follows:

	3 months ended 30 September 2014	9 months ended 30 September 2014	3 months ended 30-September 2013	9 months ended 30 September 2013
Transportation costs	217	815	1,132	2,512
Inventory	61	342	387	873
Salaries, wages and related charges	47	149	93	267
Advertisement			37	404
Other	9	76	143	219
Total	**334**	**1,382**	**1,792**	**4,275**

24. FINANCE COSTS

Finance costs for the three and nine months ended 30 September 2014 and 2013 were as follows:

	3 months ended 30 September 2014	9 months ended 30 September 2014	3 months ended 30-September 2013	9 months ended 30 September 2013
Interest expense on bank borrowings	5,475	18,241	5,908	17,587
Interest expense on factoring	-	-	342	1,760
Interest expense on financial leasing	31	169	96	336-
Other finance costs	1,892	5,534	-	138-
Total	**7,398**	**23,944**	**6,346**	**19,821**

Other finance cost represents changes in amortized cost of the Group accounts payable, net off result of netting trade receivable, borrowings and accounts payable. Interest expenses on factoring represent cost of discounting of accounts receivable on a nonrecourse or recourse, notification basis.

25. RELATED PARTIES TRANSACTIONS AND OUTSTANDING BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include common ultimate owners, affiliates and entities under common ownership and control with the Group and members of key management personnel. Terms and conditions of business with related parties are determined based on arrangements specific to each contract or transaction and cannot be executed on terms similar to those used for third parties. These terms and conditions could vary to those that would have been obtained had underlying transactions been transactions been transacted with third parties.

The Group enters into transactions with related parties that are under the common control of the Controlling Shareholder of the Group and other related parties (entities where the Controlling shareholder exercises significant influence). In the ordinary course of business, there are following major types of transactions and operations with such related parties:

- Sales of finished goods;
- Provision of tolling services starting from 2010;
- Purchases of lead and other supplies used in production;
- Purchases of miscellaneous services;

The revenues from sales to related parties for the three months ended 30 September 2014 and 2013 were as follows:

	2014	2013
Companies under common control	108	2,633
Total revenues from sales to related parties	**108**	**2,633**
Total per caption revenue (Note 20)	**6,789**	**25,214**

The purchases from related parties for the three months ended 30 September 2014 and 2013 were as follows:

	2014	2013
Purchases		
Companies under common control	803	2,687
Other related parties	-	43
Total purchases from related parties	**803**	**2,730**
Total purchases	**5,476**	**25,521**
General and administrative expenses		
Companies under common control	123	266
Other related parties	2	-
Total general and administrative expenses from related parties	**125**	**266**
Total per caption general and administrative expenses (Note 22)	**423**	**1,349**

During the three months ended 30 September 2014 and 30 September 2013 the sales to related parties were made on terms which did not differ significantly from those used in sales to third parties. The purchases from related parties in the amount of USD 803 thousand during three months ended 30 September 2014 and USD 2,730 for the three months ended 30 September 2013 were made at market prices. For the remaining purchases such assessment was not made as there are no alternative suppliers for some inventory purchased by Group from related parties.

The balances of trade and other accounts receivable due from related parties (Note 9) were as follows as of 30 September 2014 and 2013:

	2014	2011
Trade receivables		
Companies under common control	4,040	5,210
Other related parties	-	-
Receivables for securities sold		
Companies under common control	956	1,557-
Other related parties	-	-
Other receivables		
Companies under common control	145	286
Other related parties	8	9
Total	**5,148**	**7,062**
Total per caption trade and other accounts receivable (Note 11)	**48,137**	**30,049**

As of 30 September 2014 and 2013 the Group did not create any allowance for irrecoverable trade and other accounts receivable due from related parties.

The balances of advances made to related parties (Note 10) as of 30 September 2014 and 2013 were as follows:

	2014	2013
Companies under common control	41	25
Other related parties	--	31,041
Total advances to related parties	**41**	**33,842**
Total per caption advances to suppliers and prepaid expenses (Note 10)	**6,033**	**37,893**

The balances of advances received from related parties were as follows as of 30 September 2014 and 2013:

	2014	2013
Companies under common control	1,509	86
Other related parties	49	196
Total advances received from related parties	**1,558**	**282**
Total per caption advances received	**16,682**	**10,732**

The balances of trade and other accounts payable due to related parties as of 30 September 2014 and 2013 were as follows (Note 17):

	2014	2013
Trade accounts payable		
Companies under common control	2,811	1,804
Other related parties	815	1,320
Other current liabilities		
Companies under common control	2	9
Other related parties	9	15
Total	**3,637**	**3,148**
Total per caption trade and other accounts payable (Note 17)	**29,660**	**44,844**

As of 30 September 2014 and 2013 accounts payable for available-for-sale investments included USD 1,081 thousand and USD 1,752 thousand, respectively, of remained unpaid amount for transfer of holding company WESTA-DNEPR by Controlling Shareholder to Westa Dnepr (Cyprus) Limited (Note 17).

26. CONTINGENCIES AND CONTRACTUAL COMMITMENTS

Operating lease commitments – As of 30 September 2014 and 2013 there were no significant commitments under non-cancellable operating lease agreements.

Operating environment – Emerging markets such as Ukraine are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Ukraine and the Ukraine economy in general.

Laws and regulations affecting businesses in Ukraine continue to change rapidly. Tax, currency and customs legislation within Ukraine are subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in Ukraine. The future economic direction of Ukraine is heavily influenced by the economic, fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. Additionally there is increased uncertainty about the creditworthiness of some sovereign states in the Eurozone and financial institutions with exposure to the sovereign debt of such states. These conditions could slow or disrupt the Ukraine's economy, adversely affect the Group's access to capital and cost of capital for the Group and, more generally, its business, results of operations, financial condition and prospects.

Taxation – Ukrainian tax authorities are increasingly directing their attention to the business community as a result of the overall Ukrainian economic environment. In respect of this, the local and national tax environment in Ukraine is constantly changing and subject to inconsistent application, interpretation and enforcement. Non-compliance with Ukrainian laws and regulations can lead to the imposition of severe penalties and interest. Future tax examinations could raise issues or assessments which are contrary to the Group companies' tax filings. Such assessments could include taxes, penalties and interest, and these amounts could be material. While the Group believes it has complied with local tax legislation, there have been many new tax and foreign currency laws and related regulations introduced in recent years which are not always clearly written.

In 2012 the Group rendered manufacturing services based on tolling arrangements with one of its related parties. In some instances the Group subsequently purchased raw materials imported in Ukraine based on tolling arrangements for subsequent use in its own production. The Group management is sure it followed all local tax legislation applicable for such transactions. Meantime, the tax authorities could challenge an approach of the Group used for these transactions and additional tax charges and penalties could be imposed on the Group. No reliable estimate of the Group's tax exposure to these transactions is possible to make.

Management believes that it is not likely that any significant settlement will arise from the above cases and, therefore, the Group's consolidated financial statements do not include any amount of provision in this respect.

Management believes that it is not likely that any significant settlement will arise from the above cases and, therefore, the Group's consolidated financial statements do not include any amount of provision in this respect.

Legal – In the ordinary course of business, the Group is subject to legal actions and complaints. The management of the Group believes that the ultimate liability, if any, arising from such legal actions or complaints will not have a material effect on the financial position or results of future operations of the Group. As of 30 September 2014 Group continues to have litigation with tax authority amounted to USD 1,637 thousands and other suppliers for amount of USD 133 thousands. As of 30 September 2014 the Group also has litigation with the banks under:

- guarantee agreements with the Bank 1 for amount of USD 11,652 thousands;
- loan agreement with Bank 2 for amount of USD 14,882 thousands;
- guarantee agreements with Bank 3 for amount of USD 5,541 thousands;
- loan agreement with Bank 3 for amount of USD 2,320 thousands;
- guarantee agreements with Bank 4 for amount of USD 7,902 thousands;

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

Estimated fair value disclosures of financial instruments are made in accordance with the requirements of International Financial Reporting Standard 7 "Financial Instruments: Disclosure". Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. As no readily available market exists for a large part of the Group's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

As of 30 September 2014 and 2013 the following methods and assumptions were used by the Group to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value.

The fair value is estimated to be the same as the carrying value for cash and cash equivalents, other financial assets, trade and other accounts receivable, trade and other accounts payable, provisions and accruals, payables for factoring operations due to the short-term nature of the financial instruments.

The fair value of the Group's borrowings is estimated at USD 228,547 thousand compared to carrying amount of USD 228,134 thousand (Note 15). Fair value was estimated by discounting the expected future cash outflows by a market rate of interest.

28. FINANCIAL RISK MANAGEMENT

Capital risk management – The Group manages its capital to ensure that entities of the Group will be able to continue as a going concern while maximising the return to the equity holder through the optimisation of the debt and equity balance. The management of the Group reviews the capital structure on a regular basis. Based on the results of this review, the Group takes steps to balance its overall capital structure through the new share issues, as well as obtaining new borrowings or redeeming existing borrowings.

The capital structure of the Group consists of short-term and long term borrowings (Note 15), short-term and long term finance leases (Note 16), share capital (Note 14), share premium, additional paid in capital (Note 1), revaluation reserve and accumulated deficit. Net debt is determined as total loans and borrowings (Note 15) less cash and cash equivalents (Note 15) and bank term deposits (Note 7), as shown in the consolidated statement of financial position.

Major categories of financial instruments – The Group's principal financial liabilities comprise borrowings, finance leases, trade and other accounts payable, provisions and accruals. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade and other accounts receivable, cash and cash equivalents, other non-current assets and other financial assets.

	30 September 2014	31 December 2013	30 September 2013
Financial assets			
Trade and other accounts receivable	48,137	74,512	30,049
Cash and cash equivalents	258	159	3,523
Other non-current assets	7,818	22,351	6,647
Other financial assets	3,820	6,162	28,839
Total financial assets	**60,033**	**103,364**	**69,058**
Financial liabilities			
Long-term borrowings	70,383	131,820	132,987
Short-term borrowings and current portion of the long-term borrowings	157,751	113,568	84,109
Trade and other accounts payable	29,660	37,131	44,844
Long term accounts payable	-		-
Bonds issued	-		
Provisions and accruals	1,523	1,704	3,169
Long term finance leases	767	2,029	2,301
Short-term finance leases	2,277	2,906	2,564
Total financial liabilities	**262,361**	**289,158**	**269,974**

The main risks arising from the Group's financial instruments are commodity price risk, credit risk, liquidity risk, interest rate risk and foreign currency risk.

Commodity price risk – Commodity price risk is the risk that the Group's current or future earnings will be adversely impacted by changes in the market prices of the Group's finished goods or raw materials used in production.

The management of the Group considers that the Group's exposure to the commodity price risk is remote due to the absence of the long-term selling contracts with a fixed price arrangements and expectation that in the future market prices for its finished goods will continue to grow faster than the market prices for the major components consumed in production.

Credit risk – The Group is exposed to credit risk which is the risk that a customer may default or not meet its obligations to the Group on a timely basis, leading to financial losses to the Group.

The credit risk is primarily attributable to trade and other accounts receivable. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to particular customer, thus establishing the individual credit period limits. The approved credit periods are validated by each customer individually and are based on the historical performance.

There are three major groups of customers: foreign customers, distributors and retail networks. The Group operates without standardized procedure on setting credit limits and credit periods for its customers. Credit limits and periods are set for customers on individual basis but not exceeding two month. The standard credit periods on sales of goods to distributors were limited to not more than 20 days and to retail networks – to 60 days. New domestic customers are served on prepayments terms only, while credit sales for those with positive credit history vary from 14 to 20 days. Export sales in 2012 and 2011were conducted by the Group on prepayment basis mainly, while for some customers individually stated credit period could not exceed 50 days. Before granting the customer with credit period and credit limit, the Group assesses his trading and payment experience. No interest is charged on trade and other accounts receivable.

Limits on the level of credit risk by customer are approved and monitored on a regular basis by the management of the Group. The Group's management assesses amounts of trade receivable from the customers for recoverability starting from the date credit period is expired.

Liquidity risk – Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to realize an asset at a reasonable price and in an appropriate time frame.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows as of 30 September 2014 and 31 December 2013:

Financial liabilities	Less than 3 months	From 3 to 6 months	From 6 months to 1 year	1-5 years	2014 Total
Borrowings	81,173	10,689	18,750	92,236	202,847
Trade and other accounts payables	20,938	6,106	2,616	-	29,660
Finance leases	2,081	186	450	1,226	3,943
Provisions and accruals	717	116	95	-	928
Total	**104,908**	**17,097**	**21,911**	**93,462**	**237,378**

Financial liabilities	Less than 3 months	From 3 to 6 months	From 6 months to 1 year	1-5 years	2013 Total
Borrowings	82,633	10,306	38,843	175,063	306,845
Trade and other accounts payables	26,963	8,109	2,059	-	37,131
Finance leases	2,195	264	527	2,315	5,301
Provisions and accruals	1,269	235	200	-	1,704
Total	**113,060**	**18,914**	**41,629**	**177,378**	**350,981**

As of 30 September 2012 and 2011, the Group's current ratio was as follows:

	30 September 2014	31 December 2013	30 September 2013
Current assets	65,427	97,651	90,343
Current liabilities	195,849	171,396	146,223
Current ratio	**0.33**	**0.57**	**0.62**

Interest rate risk – Interest rate risk is the risk that changes in floating interest rates will adversely impact the financial results of the Group. The Group does not use any derivatives to manage interest rate risk exposure. The Group borrows as of 30 September 2014, 31 December 2013 and 30 September 2013 on a fixed rate basis only. So, the sources of the Group's funds are loans with fixed interest rate.

.***Operating environment (export sales) risks*** – Historically significant part of the Group's revenue was from sales to the Russian Federation, therefore the Group is exposed to risks of limitations to export operations. During the nine months ended 30 September 2014 and 30 September 2013, the Group's management diversified this risk by optimizing share of domestic sales and exports to other markets.

Foreign currency risk – Currency risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed. The Group undertakes certain transactions denominated in foreign currencies. The Group does not use any derivatives to manage foreign currency risk exposure.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities as of the reporting dates are as follows:

	Denominated in USD 30 September		Denominated in EUR 30 September		Denominated in RUB 30 September	
	2014	2013	2014	2013	2014	2013
Assets						
Cash and cash equivalents (Note 13)	4	0	1	2	-	-
Trade and other accounts receivable (Note 9)	7,173	4,475	697	502	139	-
Other non-current assets (Note 7)	-	-	5,944	6,335	-	-
Total assets	**7,177**	**4,475**	**6,642**	**6,839**	**139**	**-**
Liabilities						
Borrowings (Note 15)	(160,282)	(149,429)	(54,698))	(55,197)	-	-
Trade and other accounts payable (Note 16)	(6,193)	(10,687))	(525))	(6,706)	(188)	-
Total liabilities	**(166,474)**	**(160,116)**	**(55,223)**	**(61,903)**	**(188)**	**-**
Total net position	**(159,298)**	**(155,641)**	**(48,582)**	**(55,064)**	**(49)**	**-**

The table below details the Group's sensitivity to strengthening/weakening of US Dollar, EURO and Russian Ruble against the Ukrainian Hryvnia by 10%. The analysis was applied to monetary items at the reporting dates denominated in respective currencies.

	USD – impact		EUR – impact		RUB – impact	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013	30 September 2014	30 September 2013
Profit/ (loss)	(15,930)/15,930	(15,564)/15,564	(4,858)/4,858	(5,506)/5,506	(5)/5	-/(-)

Operating environment (export sales) risks – Historically significant part of the Group's revenue was from sales to the Russian Federation, therefore the Group is exposed to risks of limitations to export operations. During the nine months ended 30 September 2014 and 2013, the Group's management diversified this risk by optimizing share of domestic sales and exports to other markets.

29. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in calculation of earnings per share are as follows:

	2014	2013
Loss for the nine months attributable to Shareholders of the Parent	(109,839)	(4,954)
Earnings/(loss) used in calculation of earnings per share	**(109,839)**	**(4,954)**
Weighted average number of shares outstanding	44,133,333	44,133,333
Earnings/(loss) per share	(2.49)	(0.11)

The Group has no dilutive potential ordinary shares; therefore, the diluted earnings per share equal basic earnings per share.

30. APPROVAL OF THE FINANCIAL STATEMENTS

The condensed consolidated interim financial statements of the Group for the nine months ended 30 September 2014 were approved by Board of Directors of Westa ISIC S.A. on 28 November 2014.