PUBLIC JOINT-STOCK COMPANY MOSCOW EXCHANGE MICEX-RTS

Consolidated Interim Condensed Financial Statements
For the Nine-Month Period Ended September 30, 2015

MOSCOW EXCHANGE GROUP

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Consolidated Interim Condensed Statement of Profit or Loss for the Nine-Month Period Ended September 30, 2015

(in millions of Russian rubles)

	Notes	Three-month period ended September 30, 2015 (unaudited)	Three-month period ended September 30, 2014 (unaudited)	Nine-month period ended September 30, 2015 (unaudited)	Nine-month period ended September 30, 2014 (unaudited)
Fee and commission income	5	4 557,7	3 589,8	12 647,6	10 628,7
Interest and other finance income	6	6 308,2	3 390,6	19 539,2	8 766,1
Interest expense		(20,5)	(128,7)	(95,9)	(505,8)
Net loss on financial assets available-for-sale	7	(226,6)	(169,4)	(461,8)	(517,6)
Foreign exchange gains less losses	8	515,1	518,6	1 501,1	1 694,0
Other operating income	9	36,2	106,0	88,7	505,2
Operating Income		**11 170,1**	**7 306,9**	**33 218,9**	**20 570,6**
Administrative and other operating expenses	10	(1 167,4)	(1 025,0)	(3 853,4)	(3 332,0)
Personnel expenses	11	(1 321,3)	(1 201,3)	(4 165,0)	(3 822,8)
Operating Profit		**8 681,4**	**5 080,6**	**25 200,5**	**13 415,8**
Share of profits / (losses) of associates		(0,9)	(0,4)	1,2	7,1
Profit before Tax		**8 680,5**	**5 080,2**	**25 201,7**	**13 422,9**
Income tax expense	12	(1 702,6)	(1 016,7)	(5 017,2)	(2 715,6)
Net Profit		**6 977,9**	**4 063,5**	**20 184,5**	**10 707,3**
Attributable to:					
Equity holders of the parent		6 986,9	4 062,6	20 245,7	10 756,5
Non-controlling interest		(9,0)	0,9	(61,2)	(49,2)
Earnings per share					
Basic earnings per share, rubles	28	3,13	1,82	9,08	4,83
Diluted earnings per share, rubles	28	3,12	1,82	9,04	4,82

Chairman of the Executive Board
Afanasiev A.K.

November 5, 2015
Moscow

Chief Financial Officer
Fetisov E.E.

November 5, 2015
Moscow

The notes 1-30 form an integral part of these consolidated interim condensed financial statements.

Consolidated Interim Condensed Statement of Other Comprehensive Income for the Nine-Month Period Ended September 30, 2015

(in millions of Russian rubles)

	Notes	Three-month period ended September 30, 2015 (unaudited)	Three-month period ended September 30, 2014 (unaudited)	Nine-month period ended September 30, 2015 (unaudited)	Nine-month period ended September 30, 2014 (unaudited)
Net profit		**6 977,9**	**4 063,5**	**20 184,5**	**10 707,3**
Other comprehensive income/(losses) that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		3,8	27,1	(113,1)	(125,7)
Net income/(loss) resulting from revaluation of investments available-for-sale		(175,1)	(462,8)	2 061,2	(1 489,5)
Net loss on investments available-for sale reclassified to profit or loss	7	226,6	169,4	461,8	517,6
Income tax relating to items that may be reclassified		(10,3)	58,7	(504,6)	194,4
Other comprehensive income/(losses) that may be reclassified subsequently to profit or loss		**45,0**	**(207,6)**	**1 905,3**	**(903,2)**
Total comprehensive income		**7 022,9**	**3 855,9**	**22 089,8**	**9 804,1**
Attributable to:					
Equity holders of the parent		7 053,4	3 827,8	22 229,7	9 900,3
Non-controlling interest		(30,5)	28,1	(139,9)	(96,2)
Total comprehensive income		**7 022,9**	**3 855,9**	**22 089,8**	**9 804,1**

The notes 1-30 form an integral part of these consolidated interim condensed financial statements.

Consolidated Interim Condensed Statement of Financial Position as at September 30, 2015
(in millions of Russian rubles)

	Notes	September 30, 2015 (unaudited)	December 31, 2014
ASSETS			
Cash and cash equivalents	13	880 946,4	1 163 783,1
Financial assets at fair value though profit or loss	14	56,2	11 442,0
Due from financial institutions	15	73 226,3	39 828,0
Central counterparty financial assets	16	540 074,0	139 609,8
Assets held for sale	23	129,5	-
Investments available-for-sale	17	142 746,8	80 950,3
Investments in associates	18	-	46,1
Property and equipment	19	6 588,6	6 050,3
Intangible assets	20	17 853,3	18 150,3
Goodwill	21	15 971,4	15 971,4
Current tax prepayments		1 591,7	39,5
Deferred tax asset	12	141,6	172,6
Other assets	22	2 128,4	1 461,5
TOTAL ASSETS		**1 681 454,2**	**1 477 504,9**
LIABILITIES			
Balances of market participants	24	976 019,8	1 231 999,1
Central counterparty financial liabilities	16	540 074,0	139 609,8
Distributions payable to holders of securities		42 398,0	6 353,0
Margin account under reverse repo	15	9 850,0	-
Liabilities related to assets held for sale	23	2,0	-
Deferred tax liability	12	4 375,7	4 015,6
Current tax payables		-	736,7
Derivative financial liabilities		56,9	-
Other liabilities	25	3 119,3	2 943,3
TOTAL LIABILITIES		**1 575 895,7**	**1 385 657,5**
EQUITY			
Share capital	26	2 498,1	2 498,1
Share premium	26	32 490,6	32 528,0
Treasury shares	26	(3 110,9)	(3 365,0)
Foreign currency translation reserve		(25,7)	(62,5)
Reserves relating to assets held for sale	23	(71,2)	-
Investments revaluation reserve		690,2	(1 328,2)
Share-based payments		495,5	437,4
Retained earnings		72 327,9	60 735,6
Total equity attributable to owners of the parent		**105 294,5**	**91 443,4**
Non-controlling interest		264,0	404,0
TOTAL EQUITY		**105 558,5**	**91 847,4**
TOTAL LIABILITIES AND EQUITY		**1 681 454,2**	**1 477 504,9**

Consolidated Interim Condensed Statement of Cash Flows for the Nine-Month Period Ended September 30, 2015
(in millions of Russian rubles)

	Notes	Nine-month period ended September 30, 2015 (unaudited)	Nine-month period ended September 30, 2014 (unaudited)
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES:			
Profit before tax		25 201,7	13 422,9
Adjustments for:			
Depreciation and amortisation charge	10	1 296,9	1 185,8
Deferred commission income	25	611,8	-
Fair value adjustment on securities at fair value through profit or loss		(368,3)	266,9
Revaluation of derivatives		56,9	(1 402,4)
Share-based payment expense	11	202,3	190,4
Unrealized gain on foreign exchange operations		(391,9)	(51,4)
Share of profits of associates		(1,2)	(7,1)
Loss on disposal of investments available-for-sale	7	461,8	517,6
Net change in interest accruals		(2 279,7)	(450,4)
Net loss on disposal of property and equipment and intangible assets	10	19,4	8,9
Gain from revaluation of previously held equity interest in the acquiree	9	-	(38,7)
Impairment of goodwill and other intangible assets	10	-	181,0
Impairment of other assets	10	10,7	5,3
Impairment related to assets held for sale	10	107,7	-
Bargain gain	9	-	(18,6)
Gain on disposal of non-current assets held for sale	9	-	(313,6)
Changes in operating assets and liabilities:			
Due from financial institutions		(11 494,2)	(3 480,9)
Financial assets at fair value through profit or loss		13 087,5	2 795,0
Central counterparty financial assets		(400 464,2)	(130 807,3)
Other assets		(1 008,5)	(1 270,3)
Balances of market participants		(406 297,9)	187 695,5
Central counterparty financial liabilities		400 464,2	130 807,3
Distributions payable to holders of securities		36 045,0	(444,3)
Margin account under reverse repo		9 830,5	-
Loans paid		-	(46,0)
Other liabilities		(297,3)	129,4
Cash flows (used in) / from operating activities before taxation		(335 206,8)	198 875,0
Income tax paid		(7 422,8)	(2 758,3)
Cash flows (used in) / from operating activities		**(342 629,6)**	**196 116,7**

The notes 1-30 form an integral part of these consolidated interim condensed financial statements.

Consolidated Interim Condensed Statement of Cash Flows for the Nine-Month Period Ended September 30, 2015 (Continued)
(in millions of Russian rubles)

	Notes	Nine-month period ended September 30, 2015 (unaudited)	Nine-month period ended September 30, 2014 (unaudited)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES:			
Purchase of investments available-for-sale		(118 264,7)	(36 494,8)
Proceeds from disposal of investments available-for-sale		62 893,7	32 532,4
Purchase of property and equipment and intangible assets		(1 407,2)	(365,8)
Proceeds from disposal of property and equipment and intangible assets		6,2	4,3
Proceeds from sale of investments in associates		-	593,9
Acquisition of subsidiaries, net of cash acquired		-	5,9
Disposal of subsidiaries, net of cash disposed		-	440,0
Cash flows used in investing activities		**(56 772,0)**	**(3 284,1)**
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES:			
Dividends paid	27	(8 653,5)	(5 310,2)
Sale of treasury shares		72,5	139,0
Acquisition of non-controlling interest in subsidiaries		-	(2,1)
Cash flows used in financing activities		**(8 581,0)**	**(5 173,3)**
Effect of changes in foreign exchange rates on cash and cash equivalents		125 148,7	46 355,9
Net (decrease) / increase in cash and cash equivalents		**(282 833,9)**	**234 015,2**
Cash and cash equivalents, beginning of period	13	**1 163 783,1**	**257 060,5**
Cash and cash equivalents, end of period	13	**880 949,2**	**491 075,7**

Interest received by the Group during the nine-month period ended September 30, 2015, amounted to RUB 17 056,6 million (September 30, 2014: RUB 8 624,6 million).

Interest paid by the Group during the nine-month period ended September 30, 2015, amounted to RUB 76,4 million (September 30, 2014: RUB 506,6 million).

MOSCOW EXCHANGE GROUP

Consolidated Interim Condensed Statement of Changes in Equity for the Nine-Month Period Ended September 30, 2015

(in millions of Russian rubles)

	Share capital	**Share premium**	**Treasury shares**	**Invest-ments revaluation reserve**	**Share-based payments**	**Foreign currency translation reserve**	**Reserves relating to assets held for sale**	**Retained earnings**	**Total equity attributable to owners of the parent**	**Non-controlling interest**	**Total equity**
December 31, 2013	**2 598,0**	**38 953,8**	**(10 194,1)**	**(280,7)**	**368,0**	**7,5**	**-**	**49 999,0**	**81 451,5**	**342,6**	**81 794,1**
Net profit (unaudited)	-	-	-	-	-	-	-	10 756,5	10 756,5	(49,2)	10 707,3
Other comprehensive income (unaudited)	-	-	-	(777,5)	-	(78,7)	-	-	(856,2)	(47,0)	(903,2)
Total comprehensive income for the period	**-**	**-**	**-**	**(777,5)**	**-**	**(78,7)**	**-**	**10 756,5**	**9 900,3**	**(96,2)**	**9 804,1**
Transactions with owners											
Cancellation of treasury shares (unaudited)	(99,9)	(6 416,5)	6 516,4	-	-	-	-	-	-	-	-
Acquisition of subsidiary (unaudited)	-	-	-	-	-	-	-	-	-	91,3	91,3
Dividends declared (unaudited) (Note 27)	-	-	-	-	-	-	-	(5 310,1)	(5 310,1)	-	(5 310,1)
Share-based payments (unaudited)	-	(13,5)	297,4	-	45,5	-	-	-	329,4	-	329,4
Acquisition of non-controlling interest (unaudited)	-	-	-	-	-	-	-	5,2	5,2	(7,3)	(2,1)
Total transactions with owners	**(99,9)**	**(6 430,0)**	**6 813,8**	**-**	**45,5**	**-**	**-**	**(5 304,9)**	**(4 975,5)**	**84,0**	**(4 891,5)**
September 30, 2014 (unaudited)	**2 498,1**	**32 523,8**	**(3 380,3)**	**(1 058,2)**	**413,5**	**(71,2)**	**-**	**55 450,6**	**86 376,3**	**330,4**	**86 706,7**
December 31, 2014	**2 498,1**	**32 528,0**	**(3 365,0)**	**(1 328,2)**	**437,4**	**(62,5)**	**-**	**60 735,6**	**91 443,4**	**404,0**	**91 847,4**
Net profit (unaudited)	-	-	-	-	-	-	-	20 245,7	20 245,7	(61,2)	20 184,5
Other comprehensive income (unaudited)	-	-	-	2 018,4	-	(34,4)	-	-	1 984,0	(78,7)	1 905,3
Total comprehensive income for the period	**-**	**-**	**-**	**2 018,4**	**-**	**(34,4)**	**-**	**20 245,7**	**22 229,7**	**(139,9)**	**22 089,8**
Foreign currency translation reserve relating to Assets held for sale	**-**	**-**	**-**	**-**	**-**	**71,2**	**(71,2)**	**-**	**-**		**-**
Transactions with owners											
Share-based payments (unaudited)	-	(37,4)	254,1	-	58,1	-	-	-	274,8	-	274,8
Dividends declared (unaudited) (Note 27)	-	-	-	-	-	-	-	(8 653,4)	(8 653,4)	(0,1)	(8 653,5)
Total transactions with owners	**-**	**(37,4)**	**254,1**	**-**	**58,1**	**-**	**-**	**(8 653,4)**	**(8 378,6)**	**(0,1)**	**(8 378,7)**
September 30, 2015 (unaudited)	**2 498,1**	**32 490,6**	**(3 110,9)**	**690,2**	**495,5**	**(25,7)**	**(71,2)**	**72 327,9**	**105 294,5**	**264,0**	**105 558,5**

The notes 1-30 form an integral part of these consolidated interim condensed financial statements.

(in millions of Russian rubles, unless otherwise indicated)

1. Organization

Public Joint-Stock Company Moscow Exchange MICEX-RTS (Moscow Exchange) is a stock exchange based in Moscow, Russian Federation. It was established as closed joint-stock company "Moscow Interbank Currency Exchange" (MICEX) in 1992. In December 2011 the company was reorganized into the form of open joint-stock company and renamed to Open Joint-Stock Company MICEX-RTS. In July 2012 the name of the company was changed to Open Joint-Stock Company Moscow Exchange MICEX-RTS. On April 28, 2015 at Annual General Meeting of Shareholders of Moscow Exchange (AGM) the company's new business name as Public Joint Stock Company Moscow Exchange MICEX-RTS was approved to meet revised standards of the Russian Civil Code. The new business name and respective changes to the Charter of Moscow Exchange took effect from May 13, 2015, the day the registration authority recorded new version of the Charter.

The legal address of Moscow Exchange: 13 Bolshoy Kislovsky per., Moscow, the Russian Federation.

Moscow Exchange Group ("the Group") is an integrated exchange structure that provides financial market participants with a full set of competitive trading, clearing, settlement, depository and information services. The Group operates on the following markets: foreign currencies exchange market, government securities and money market, market of derivative financial instruments, equities market, corporate and regional bonds market, commodities market.

Moscow Exchange is the parent company of the Group, which includes the following entities:

Name	Principal activities	September 30, 2015 Voting rights, %	December 31, 2014 Voting rights, %
CJSC MICEX Stock Exchange (MICEX SE)	Stock exchange operations	100%	100%
NCO CJSC National Settlement Depository (NSD)	Depository, clearing and settlement services	99,997%	99,997%
Bank National Clearing Centre (JSC) (former CJSC National Clearing Center) (NCC)	Banking and clearing operations	100%	100%
CJSC DCC (former CJSC Depository Clearing Company) (DCC)	Depository services	99,995%	99,995%
OJSC Evraziyskaia Trading System Commodity Exchange (ETS)	Commodities exchange operations	60,82%	60,82%
LLC MICEX Finance (MICEX Finance)	Financial activities	100%	100%
LLC MICEX Cyprus (MICEX Cyprus)	Financial activities	100%	100%
PJSC PFTS Stock Exchange (PFTS SE)	Stock exchange operations	50,02%	50,02%
LLC ME Technology (former LLC E-Stock)	Technical support of exchange activities, IT services	100,00%	100,00%
CJSC National Mercantile Exchange (NAMEX)	Commodities exchange operations	61,90%	61,90%

MICEX SE provides services for Securities Market Sections of the Group.

NSD is the central securities depository of the Russian Federation. NSD is the Russian national numbering agency and the substitute numbering agency for the Commonwealth of Independent States (CIS), authorized to assign the international ISIN, CFI and pre-LEI codes. NSD holds licenses for depository, clearing and settlement operations issued by the Central Bank of Russia (CBR).

1. Organization (continued)

NCC performs functions of a clearing organization and central counterparty (CCP) on the financial market. NCC has a license for clearing activities.

PFTS SE is a stock exchange, which has a stock exchange license in Ukraine and facilitates spot trading. As at September 23, 2015 the Group decided to sell its stake in PFTS, for details refer to Note 23.

MICEX Finance and MICEX (CYPRUS) LTD are established for facilitating financial activities of the Group.

As of the reporting date DCC provided depository services. DCC had licenses to perform depository activities. As at October 16, 2015 DCC was liquidated. The relevant record was made in the Unified State Register of Legal Entities. There was no effect on the Group, as all DCC's business operations and assets were transferred to NSD.

LLC ME Technology provides technical support of exchange activities and IT services to Moscow Exchange clients.

ETS is a commodity exchange, which has a license for organisation of trading in commodities in Kazakhstan.

NAMEX is a commodity exchange operating in Russia.

Moscow Exchange and all subsidiaries are located in Russia, except for ETS, PFTS SE and MICEX (CYPRUS) LTD. ETS is located in Kazakhstan, PFTS SE is located in Ukraine and MICEX (CYPRUS) LTD is registered in Cyprus.

The Group has 1 630 employees as at September 30, 2015 (December 31, 2014: 1 636 employees).

2. Basis of Presentation

Statement of compliance

These Consolidated Interim Condensed Financial Statements of the Group have been prepared in accordance with the International Financial Reporting Standard IAS 34 "Interim Financial Statements".

Basis of presentation

These Consolidated Interim Condensed Financial Statements are presented in millions of Russian rubles, unless otherwise indicated. These Consolidated Interim Condensed Financial Statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value.

Moscow Exchange and its subsidiaries registered in the Russian Federation maintain their accounting records in accordance with Russian Accounting Standards ("RAS"). Foreign subsidiaries of the Group maintain their accounting records in accordance with the accounting standards of the countries in which they operate. These Consolidated Interim Condensed Financial Statements have been prepared on basis of the statutory accounting records and have been adjusted to conform to IFRS.

Inflation accounting

The Russian economy was considered hyperinflationary until December 31, 2002. As such, the Group applied IAS *29 Financial Reporting in Hyperinflationary Economies*. The effect of applying IAS 29 is that non-monetary items, including components of equity, were restated to the measuring units current at December 31, 2002 by applying the relevant inflation indices to the historical cost, and that these restated values were used as a basis for accounting in subsequent periods.

3. Significant Accounting Policies

The accounting policies adopted by the Group in the preparation of these Consolidated Interim Condensed Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended December 31, 2014.

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the IASB and IFRIC of the IASB that are relevant to its operations and effective for reporting periods ending on September 30, 2015.

The adoption of these new and revised Standards and Interpretations has not resulted in significant changes to the Group's accounting policies that have affected the amounts reported for the current or prior years.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies the Management is required to make judgements, 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 recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Impairment of receivables

The Group regularly reviews its receivables to assess for impairment. The Group's receivables impairment provisions are established to recognise incurred impairment losses in its portfolio of receivables.

The Group uses Management's judgment to estimate the amount of any impairment loss in cases where the debtor has financial difficulties and there are few available sources of historical data relating to similar debtors. Similarly, the Group estimates changes in future cash flows based on past performance, past counterparty behavior, observable data indicating an adverse change in the payment status, and national or local economic conditions that correlate with defaults on assets in the group.

As at September 30, 2015, the gross receivables totalled RUB 556,4 million (December 31, 2014: RUB 629,5 million) and allowance for impairment losses amounted to RUB 44,7 million (December 31, 2014: RUB 37,8 million).

Valuation of financial instruments

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- using recent arm's length market transactions;
- reference to the current fair value of another instrument that is substantially the same;
- a discounted cash flow analysis or other valuation models.

(in millions of Russian rubles, unless otherwise indicated)

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 30.

Impairment of goodwill

Goodwill is tested for impairment annually (as at December 31) and when there is an indication that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of each cash-generating unit (CGU) or group of CGUs to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option and volatility and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 11.

5. Fee and Commission Income

	Nine-month period ended September 30, 2015	Nine-month period ended September 30, 2014
Foreign exchange	3 113,6	2 359,5
Money market	2 768,6	2 058,5
Depository and settlement services	2 526,5	2 234,4
Securities market	2 271,8	2 135,0
Derivatives	1 005,2	1 132,9
Information services	503,8	319,4
Sale of software and technical services	388,4	373,8
Other	69,7	15,2
Total fee and commission income	**12 647,6**	**10 628,7**

Income from securities market comprises fees and commissions from equities trading, bonds trading, listing and service fees:

	Nine-month period ended September 30, 2015	Nine-month period ended September 30, 2014
Equities	1 227,4	1 301,7
Bonds	816,7	671,8
Listing and other service fees	227,7	161,5
Total fee and commission income from securities market	**2 271,8**	**2 135,0**

(in millions of Russian rubles, unless otherwise indicated)

6. Interest and Other Finance Income

	Nine-month period ended September 30, 2015	Nine-month period ended September 30, 2014
Income on securities at fair value through profit or loss		
Interest income	473,1	722,2
Net profit / (loss) on securities at fair value through profit or loss	183,4	(308,2)
Total income on securities at fair value through profit or loss	**656,5**	**414,0**
Interest income on financial assets other than at fair value through profit or loss		
Interest on cash and cash equivalents and due from financial institutions	10 832,9	4 081,8
Interest income on investments available-for-sale	8 049,8	4 270,3
Total interest income on financial assets other than at fair value through profit or loss	**18 882,7**	**8 352,1**
Total interest and other finance income	**19 539,2**	**8 766,1**

7. Net Loss on Financial Assets Available-for-Sale

In the nine-month period ended September 30, 2015 the Group recognised a net loss on financial assets available-for-sale of RUB 461,8 million (nine-month period ended September 30, 2014: loss of RUB 517,6 million). Interest income received on these bonds exceeded the losses realised on the sale of such securities.

8. Foreign Exchange Gains Less Losses

	Nine-month period ended September 30, 2015	Nine-month period ended September 30, 2014
Foreign exchange swaps	1 224,0	1 616,0
Net other foreign exchange gain	277,1	78,0
Total foreign exchange gains less losses	**1 501,1**	**1 694,0**

The Group enters into foreign exchange swaps for the purposes of short-term investments and liquidity management.

(in millions of Russian rubles, unless otherwise indicated)

9. Other Operating Income

	Nine-month period ended September 30, 2015	Nine-month period ended September 30, 2014
Advisory fee	52,5	83,4
Income from lease	9,5	15,3
Gain on sale of MICEX-IT	-	313,6
Revaluation of previously owned share in NAMEX	-	38,7
Bargain gain on acquisition of NAMEX	-	18,6
Other income	26,7	35,6
Total other operating income	**88,7**	**505,2**

On January 1, 2014, the Group obtained control over CJSC National Mercantile Exchange (NAMEX), which is a commodity exchange operating in Russia.

The Group recognised a gain of RUB 38,7 million as a result of remeasuring to fair value the equity interest in NAMEX held by the Group before the business combination.

10. Administrative and Other Operating Expenses

	Nine-month period ended September 30, 2015	Nine-month period ended September 30, 2014
Amortisation of intangible assets	879,8	812,6
Equipment and intangible assets maintenance	455,0	343,9
Depreciation of property and equipment	417,1	373,2
Rent and office maintenance	366,6	314,6
Professional services	351,2	217,6
Taxes, other than income tax	325,5	307,0
Market makers fees	235,0	226,1
Advertising and marketing costs	171,8	195,7
Registrar and foreign depositary services	166,8	131,6
Payments for onerous contracts	114,9	-
Impairment related to assets held for sale (Note 23)	107,7	-
Communication services	97,9	84,3
Business trip expenses	52,1	29,5
Security expenses	24,2	25,6
Loss on disposal of property, equipment and intangible assets	19,4	8,9
Transport expenses	12,9	16,2
Charity	10,7	28,1
Impairment of other assets (Note 22)	10,7	5,3
Impairment of goodwill and other intangible assets (Notes 20, 21)	-	181,0
Other	34,1	30,8
Total administrative and other operating expenses	**3 853,4**	**3 332,0**

(in millions of Russian rubles, unless otherwise indicated)

10. Administrative and Other Operating Expenses (continued)

During the nine-month period ended September 30, 2014 the Group recognised impairment of goodwill and other intangible assets related to the Ukrainian business at the amount of RUB 181,0 million.

Professional services comprise consulting, audit, insurance, legal services and other.

11. Personnel Expenses

	Nine-month period ended September 30, 2015	Nine-month period ended September 30, 2014
Employees benefits except for share-based payments	3 386,6	3 162,7
Payroll related taxes	576,1	469,7
Share-based payment expense	202,3	190,4
Total personnel expenses	**4 165,0**	**3 822,8**

The Group grants equity-settled share options to senior management and some employees. The options give to holders a choice either to purchase the full number of shares at exercise price or to get shares in amount of fair value of the option at exercise date for free. A majority of the options vest when the employee continues to be employed by the Group at the vesting date. The maximum contractual term of the options is four years. The fair value of the options is measured at the grant date using a binomial model taking into account the terms and conditions upon which the instruments were granted.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options:

	Number	WAEP
Outstanding at 1 January 2014	43 323 724	47,53
Exercised	(4 557 350)	48,24
Forfeited	(133 334)	46,90
Expired	(5 259 015)	48,24
Outstanding at 30 September 2014	**33 374 025**	**47,29**
Outstanding at 1 January 2015	32 857 357	47,50
Granted	23 200 000	66,28
Exercised	(3 892 971)	47,06
Forfeited	(233 333)	46,90
Expired	(4 665 359)	47,06
Outstanding at 30 September 2015	**47 265 694**	**57,78**

WAEP for exercised options in the table above is calculated based on the contractual exercise price.

Options exercised in the nine-month period ended September 30, 2015 resulted in 3 892 971 shares (in the nine-month period ended September 30, 2014: 4 557 350 shares) being acquired by the employees at a weighted average price of RUB 61,85 each (in the nine-month period ended September 30, 2014: RUB 52,74). The related weighted average market price at the time of exercise was RUB 72,77 per share (in the nine-month period ended September 30, 2014: 58,38 RUB).

(in millions of Russian rubles, unless otherwise indicated)

11. Personnel Expenses (continued)

The weighted average remaining contractual life for the share options outstanding as at September 30, 2015 was 0,87 years (December 31, 2014: 0,51 years). The weighted average fair value of options granted during the nine-month period ended September 30, 2015 was RUB 18,89 (nine-month period ended September 30, 2014: nil) per 1 option. Exercise prices for options outstanding as at September 30, 2015 were RUB 46,9 – RUB 69,41 (December 31, 2014: RUB 46,9 – RUB 60,64).

The following table lists the inputs to the models used:

Assumption	**Value**
Expected volatility	29,5%
Risk-free interest rate	10,8%
Weighted average share price, RUB	73,91
Dividend yield	6,8%

The volatility assumption is based on implied volatilities of quoted shares of similar stock exchanges.

12. Income Tax

The Group provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of countries where the Group and its subsidiaries operate and which may differ from IFRS.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences relate mostly to different methods of income and expense recognition, as well as to recorded values of certain assets.

The tax rate used for the reconciliations between tax expense and accounting profit is the corporate tax rate of 20% payable by corporate entities in the Russian Federation on taxable profits under the tax law in that jurisdiction.

Reconciliation of income tax expense and accounting profit for the nine-month period ended September 30, 2015 and 2014 are explained below:

	Nine-month period ended September 30, 2015	**Nine-month period ended September 30, 2014**
Profit before income tax	**25 201,7**	**13 422,9**
Tax at the statutory tax rate (20%)	5 040,3	2 684,6
Tax effect of income taxed at rates different from the prime rate	(176,4)	(111,1)
Non-deductible expenses for tax purposes	131,5	141,7
Write-off of deferred tax asset	21,9	-
Adjustments in respect of current income tax of previous years	(0,1)	17,4
Non-taxable gain on acquisition of subsidiary	-	(10,7)
Deferred tax from a previously unrecognised temporary difference of a prior period	-	(6,3)
Income tax expense	**5 017,2**	**2 715,6**
Current income tax expense	5 141,7	2 346,4
Deferred taxation movement due to origination and reversal of temporary differences	(223,8)	370,7
Deferred taxation movement due to tax losses carried forward	99,3	(1,5)
Income tax expense	**5 017,2**	**2 715,6**

(in millions of Russian rubles, unless otherwise indicated)

12. Income Tax (continued)

	Nine-month period ended September 30, 2015	Nine-month period ended September 30, 2014
Beginning of the period – deferred tax assets	**172,6**	**186,6**
Beginning of the period – deferred tax liabilities	**(4 015,6)**	**(3 824,0)**
Changes in deferred income tax balances recognised in other comprehensive income	(512,4)	120,4
Change in deferred income tax balances recognised in profit or loss	124,5	(369,2)
Deferred income tax transferred to assets of disposal group held for sale	0,8	-
Effect of movements in exchange rates	(4,0)	(1,5)
Deferred income tax liabilities arising from business combinations	-	(19,5)
End of the period - deferred tax assets	**141,6**	**177,0**
End of the period - deferred tax liabilities	**(4 375,7)**	**(4 084,2)**

13. Cash and Cash Equivalents

	September 30, 2015	December 31, 2014
Correspondent accounts and overnight deposits with banks	815 942,8	709 479,6
Balances with the CBR	64 992,7	454 292,3
Cash on hand	10,9	11,2
Total cash and cash equivalents	**880 946,4**	**1 163 783,1**
Cash and cash equivalents attributable to Assets of disposal group held for sale	2,8	-
Cash and cash equivalents for the purpose of Consolidated Statement of Cash Flows	**880 949,2**	**1 163 783,1**

14. Financial Assets at Fair Value Through Profit or Loss

	September 30, 2015	December 31, 2014
Shares issued by Russian companies	56,2	58,3
Bonds issued by Russian Federation	-	11 383,7
Total financial assets at fair value through profit or loss	**56,2**	**11 442,0**

(in millions of Russian rubles, unless otherwise indicated)

15. Due from Financial Institutions

	September 30, 2015	December 31, 2014
Reverse repo receivables from financial institutions	58 632,4	-
Interbank loans and term deposits	10 133,6	37 811,0
Mandatory cash balances with the CBR (restricted)	1 702,6	1 976,1
Correspondent accounts in precious metals	2 421,5	26,1
Receivables on broker and clearing operations	336,2	14,8
Total due from financial institutions	**73 226,3**	**39 828,0**

As at September 30, 2015, margin account under reverse repo in amount of RUB 9 853,0 million represents cash collateral received by the Group under reverse repo operations.

As at September 30, 2015, the fair value of bonds received as collateral under reverse repo was RUB 58 414,7 million.

16. Central Counterparty Financial Assets and Liabilities

	September 30, 2015	December 31, 2014
Repo transactions	530 940,8	104 401,2
Currency transactions	9 133,2	35 208,6
Total central counterparty financial assets and liabilities	**540 074,0**	**139 609,8**

CCP financial assets are receivables under currency and repo transactions and CCP financial liabilities are payables under offsetting transactions, which the Group entered with market participants as a CCP.

As at September 30, 2015 and December 31, 2014, none of these assets were past due.

CCP financial assets and liabilities under currency transactions represent fair values of overnight currency deals.

(in millions of Russian rubles, unless otherwise indicated)

17. Investments Available-for-Sale

	September 30, 2015	December 31, 2014
Bonds issued by Russian Federation	83 674,1	34 444,7
Bonds issued by Russian companies	25 918,0	18 678,4
Bonds issued by Russian banks	19 508,4	20 087,5
Bonds issued by foreign companies	12 055,6	7 660,0
Bonds issued by foreign banks	1 555,6	-
Shares issued by foreign companies	22,9	20,6
Shares issued by Russian companies	12,2	13,6
Bonds issued by Russian Federation subjects and Municipal bonds	-	45,5
Total investments available-for-sale	**142 746,8**	**80 950,3**

18. Investments in Associates

As at September 23, 2015 the meeting of the Supervisory Board was held, where the decision to sell the Group's stake in UEX was taken. The Group presented the investment in UEX as at 30 September 2015 as disposal group held for sale under IFRS 5 "Non-current assets held for sale and discontinued operations" (Note 23).

As at December 31, 2014 investments in associates are presented as follows:

	December 31, 2014				
	Ownership interest	**Principal place of business**	**Country of incorporation**	**Nature of activities**	**Carrying value**
Open Joint-Stock Company "Ukrainian Exchange" (UEX)	43,08%	Ukraine	Ukraine	Stock exchange operations	46,1
Total investments in associates					**46,1**

(in millions of Russian rubles, unless otherwise indicated)

19. Property and Equipment

	Land	Buildings and other real estate	Furniture and equipment	Construction in progress	Total
Cost					
December 31, 2013	**221,8**	**5 983,4**	**3 353,8**	**6,5**	**9 565,5**
Additions	-	-	155,4	1,9	157,3
Disposals	-	-	(100,1)	-	(100,1)
Effect of movements in exchange rates	0,2	0,9	(0,5)	-	0,6
September 30, 2014	**222,0**	**5 984,3**	**3 408,6**	**8,4**	**9 623,3**
December 31, 2014	**227,8**	**6 018,8**	**3 378,5**	**40,4**	**9 665,5**
Additions	-	1,4	939,6	72,2	1 013,2
Reclassification	-	-	3,5	(8,6)	(5,1)
Disposals	-	(0,8)	(193,7)	-	(194,5)
Reclassification to assets held for sale	-	(1,3)	(2,2)		(3,5)
Effect of movements in exchange rates	(4,0)	(24,1)	(4,9)	-	(33,0)
September 30, 2015	**223,8**	**5 994,0**	**4 120,8**	**104,0**	**10 442,6**
Accumulated depreciation					
December 31, 2013	**-**	**993,3**	**2 309,8**	**-**	**3 303,1**
Charge for the period	-	90,9	282,3	-	373,2
Disposals	-	-	(93,4)	-	(93,4)
Effect of movements in exchange rates	-	0,2	(0,4)	-	(0,2)
September 30, 2014	**-**	**1 084,4**	**2 498,3**	**-**	**3 582,7**
December 31, 2014	**-**	**1 118,4**	**2 496,8**	**-**	**3 615,2**
Charge for the period	-	91,4	325,7	-	417,1
Disposals	-	(0,8)	(168,1)	-	(168,9)
Reclassification to assets held for sale	-	(0,3)	(2,1)		(2,4)
Effect of movements in exchange rates	-	(3,0)	(4,0)	-	(7,0)
September 30, 2015	**-**	**1 205,7**	**2 648,3**	**-**	**3 854,0**
Net book value					
December 31, 2014	**227,8**	**4 900,4**	**881,7**	**40,4**	**6 050,3**
September 30, 2015	**223,8**	**4 788,3**	**1 472,5**	**104,0**	**6 588,6**

As at September 30, 2015, historical cost of fully depreciated property and equipment amounts to RUB 1 804,6 million (December 31, 2014: RUB 1 684,8 million).

(in millions of Russian rubles, unless otherwise indicated)

20. Intangible Assets

	Software and licenses	Client base	Total
Cost			
December 31, 2013	**1 926,1**	**19 503,6**	**21 429,7**
Acquisition through business combination	-	103,1	103,1
Additions	245,7	-	245,7
Disposals	(40,9)	-	(40,9)
Effect of movements in exchange rates	(27,0)	-	(27,0)
September 30, 2014	**2 103,9**	**19 606,7**	**21 710,6**
December 31, 2014	**2 335,1**	**19 606,7**	**21 941,8**
Additions	583,7	-	583,7
Disposals	(2,4)	-	(2,4)
Reclassification to assets held for sale	(108,4)	-	(108,4)
Effect of movements in exchange rates	(16,7)	-	(16,7)
September 30, 2015	**2 791,3**	**19 606,7**	**22 398,0**
Accumulated amortisation and impairment			
December 31, 2013	**674,6**	**1 972,5**	**2 647,1**
Charge for the period	224,4	588,2	812,6
Disposals	(34,4)	-	(34,4)
Impairment (Note 10)	99,7	-	99,7
Effect of movements in exchange rates	(3,4)	-	(3,4)
September 30, 2014	**960,9**	**2 560,7**	**3 521,6**
December 31, 2014	**1 034,7**	**2 756,8**	**3 791,5**
Charge for the period	291,6	588,2	879,8
Disposals	(2,4)	-	(2,4)
Reclassification to assets held for sale	(107,8)	-	(107,8)
Effect of movements in exchange rates	(16,4)	-	(16,4)
September 30, 2015	**1 199,7**	**3 345,0**	**4 544,7**
Net book value			
December 31, 2014	**1 300,4**	**16 849,9**	**18 150,3**
September 30, 2015	**1 591,6**	**16 261,7**	**17 853,3**

(in millions of Russian rubles, unless otherwise indicated)

21. Goodwill

	Nine-month period ended September 30, 2015	Nine-month period ended September 30, 2014
Beginning of the period	**15 971,4**	**16 071,5**
Effect of movements in exchange rates	-	(18,8)
Impairment (Note 10)	-	(81,3)
End of the period	**15 971,4**	**15 971,4**

22. Other Assets

	September 30, 2015	December 31, 2014
Other financial assets:		
Receivables on services rendered and other operations	556,4	629,5
Less allowance for impairment	(44,7)	(37,8)
Total other financial assets	**511,7**	**591,7**
Other non-financial assets:		
Prepaid expenses	258,6	231,4
Taxes receivable other than income tax	57,6	57,4
Non-current assets prepaid	136,8	369,9
Precious metals	1 152,8	203,9
Other	10,9	7,2
Total other assets	**2 128,4**	**1 461,5**

The movements in allowance for impairment of receivables on services rendered and other operations were as follows:

	Nine-month period ended September 30, 2015	Nine-month period ended September 30, 2014
Beginning of the period	**37,8**	**29,1**
Net charge for the period (Note 10)	10,7	5,3
Reclassification to assets held for sale	(1,4)	-
Write-offs	(2,4)	(0,1)
End of the period	**44,7**	**34,3**

(in millions of Russian rubles, unless otherwise indicated)

23. Disposal Group Held for Sale

As at June 29, 2015 the amendments to Ukrainian law # 222-VIII «On licensing of economic activities" came into force, which entitles the Ukrainian regulatory authorities to revoke the license of Ukrainian companies controlled or associated with the companies registered in the Russian Federation. The National Commission on Securities and Stock Market of Ukraine revoke the PFTS' license in October 2015.

As at September 23, 2015 the meeting of the Supervisory Board was held, where the decision to sell the Group's stake in UEX (Note 18) and PFTS was taken. The Group already received bids from potential buyers. The deals are planned to be completed up to December 2015. The Group presented PFTS and UEX as at 30 September 2015 as disposal group held for sale under IFRS 5 "Non-current assets held for sale and discontinued operations".

During the nine-month period ended September 30, 2015 the Group recognised impairment related to assets held for sale in the amount of RUB 107,7 million within Administrative and Other Operating Expenses (Note 10). It consists of the impairment of due from financial institutions of PFTS in the amount of RUB 103,9 million and an impairment loss of RUB 3,8 million of the investment in UEX measured at fair value less cost to sell.

As at 30 September 2015 investment in UEX is presented in the amount of RUB 36,5 million.

The major classes of assets and liabilities of PFTS classified as held for sale as of the reporting date are presented below:

	September 30, 2015
Assets of the disposal group held for sale	
Cash and cash equivalents	2,8
Due from financial institutions	86,3
Property and equipment	1,1
Intangible assets	0,6
Other assets	2,2
Total assets of the disposal group held for sale	**93,0**
Liabilities of the disposal group held for sale	
Other liabilities	2,0
Total liabilities of the disposal group held for sale	**2,0**

The Group presented separately in equity reserves relating to disposal group held for sale in the amount of RUB 71,2 million that consist of the amounts recognised in other comprehensive income and accumulated in equity.

(in millions of Russian rubles, unless otherwise indicated)

24. Balances of Market Participants

	September 30, 2015	December 31, 2014
Accounts of clearing participants	903 906,2	1 165 525,4
Other current and settlement accounts	63 743,6	63 003,4
Risk-covering funds	4 795,7	3 240,4
Accounts in precious metals	3 574,3	229,9
Total balances of market participants	**976 019,8**	**1 231 999,1**

Accounts of clearing participants include margins deposited by clearing participants to cover risks arising from open positions and to guarantee payment of commissions. The purpose of margins is to support clearing settlements on the market and to cover risks arising from open positions of market participants, including operations of market participants, where the Group acts as a central counterparty. If an initial margin requirement exceeds the collateral posted by a market participant in the guarantee fund, the participant is required to cover the deficit by posting additional margin for the unsettled trades or to reduce the open position to an appropriate level. The margins is payable to a market participant when it closes its positions. The Group places guarantee fund amounts on current accounts and deposits with reputable banks or short-term repo receivables (Notes 13, 15).

Market participants also pledge traded securities to the guarantee fund as collateral for their obligations. These securities are blocked at the participants' custody accounts in NSD. These securities are not assets of the Group and are not recognised in the Consolidated Statement of the Financial Position.

The risk-covering funds comprise contributions deposited by market participants. The purpose of these funds is to provide additional insurance to the market participants in respect of the ability of the Group to guarantee proper settlements of open positions in case of a market participant default. The minimum contribution amount per one participant is determined by the NCC Supervisory Board and it is approved by the Derivatives Market Committee, the Currency Market Committee, the Securities Market Committee and the Securities Lending & REPO Committee. Risk-covering funds amounts are only used to cover the deficit if a margin posted by a trading participant is not sufficient to cover its losses. The Group places cash received from the market participants in the risk-covering funds with top-rated banks (Notes 13, 15).

25. Other Liabilities

	September 30, 2015	December 31, 2014
Other financial liabilities		
Payables to employees	1 483,3	1 678,4
Trade payables	483,8	683,6
Total other financial liabilities	**1 967,1**	**2 362,0**
Other non-financial liabilities		
Deferred commission income	611,8	-
Taxes payable, other than income tax	168,2	148,2
Advances received	372,2	259,0
Provision for onerous contracts	-	173,2
Other	-	0,9
Total other liabilities	**3 119,3**	**2 943,3**

(in millions of Russian rubles, unless otherwise indicated)

26. Share Capital and Share Premium

The share capital of Moscow exchange comprises ordinary shares with a par value of RUB 1 each:

	Authorized shares (number of shares)	Ordinary shares issued and fully paid (number of shares)	Treasury shares (number of shares)
December 31, 2013	**2 578 200 000**	**2 378 489 153**	**(156 207 433)**
Cancellation of treasury shares	-	(99 852 660)	99 852 660
Exercised options (Note 11)	-	-	4 557 350
September 30, 2014	**2 578 200 000**	**2 278 636 493**	**(51 797 423)**
December 31, 2014	**2 578 200 000**	**2 278 636 493**	**(51 563 004)**
Exercised options (Note 11)	-	-	3 892 971
September 30, 2015	**2 578 200 000**	**2 278 636 493**	**(47 670 033)**

Share premium represents an excess of contributions received over the nominal value of shares issued.

27. Retained Earnings

During the nine-month period ended September 30, 2015 and September 30, 2014, the Group declared and paid dividends for the year ended December 31, 2014, to the owners of the parent of RUB 8 653,4 million (September 30, 2014: RUB 5 310,1 million for the year 2013). The amount of dividends per share is RUB 3.87 per ordinary share (September 30, 2014: 2.39 per ordinary share).

The Group's distributable reserves are limited to the amount of reserves reported in the statutory financial statements of the Group members. Non-distributable reserves comprise a reserve fund, which is created according to the statutory regulations, to cover risks, including future losses and other unforeseen risks and contingencies.

28. Earnings per Share

The calculation of earnings per share is based on the profit for the year attributable to shareholders of the Group and the weighted average number of ordinary outstanding during the year, calculated as shown below.

	Nine-month period ended September 30, 2015	Nine-month period ended September 30, 2014
Net profit attributable to ordinary equity holders of the parent	**20 245,7**	**10 756,5**
Weighted average number of shares	**2 229 336 619**	**2 225 239 338**
Effect of dilutive share options	10 249 784	8 452 255
Weighted average number of shares adjusted for the effect of dilution	**2 239 586 403**	**2 233 691 593**
Basic earnings per share, RUB	9,08	4,83
Diluted earnings per share, RUB	9,04	4,82

(in millions of Russian rubles, unless otherwise indicated)

29. Transactions with Related Parties

Intragroup transactions have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(a) Transactions with key management

Key management personnel comprises members of the Executive Board and the Supervisory Board. The total remuneration paid to key management personnel includes short-term benefits (salary, bonuses, payroll related taxes, insurance, health care, etc.) and share-based payment expense.

	Nine-month period ended September 30, 2015	**Nine-month period ended September 30, 2014**
Short-term employee benefits	329,6	224,0
Share-based payment expense	121,0	67,3
Long-term employee benefits	61,1	-
Total remuneration of key management personnel	**511,7**	**291,3**

(b) Transactions with government-related entities

The Central Bank of Russia sold an 11,7% stake in Moscow Exchange to the market on 2 July 2014. As the result of the sale, the entities controlled by the Russian Federation together hold less than 50% of voting shares of Moscow Exchange. Accordingly, as at September 30, 2015 the Russian Federation exercised significant influence over Moscow Exchange.

The Group considers government-related entities as related parties if Russian Federation has control, joint control or significant influence over the entity. In the ordinary course of business the Group provides stock exchange services to government-related entities, places funds with government-related banks and bonds issued by the Russian Federation and government-related entities.

(c) Transactions with associates

Included in the Consolidated Statement of Financial Position were the following amounts that arose on transactions with associates:

	September 30, 2015	**December 31, 2014**
Assets held for sale (Note 23)	36,5	-
Investments in associates	-	46,1
Other assets	1,1	0,8
Other liabilities	0,3	0,3

As at September 23, 2015 the meeting of the Supervisory Board was held, where the decision to sell the Group’s stake in UEX was taken. The Group presented the investment in UEX as at 30 September 2015 as disposal group held for sale under IFRS 5 “Non-current assets held for sale and discontinued operations”.

(in millions of Russian rubles, unless otherwise indicated)

29. Transactions with Related Parties (continued)

Included in the Consolidated Statement of Profit or Loss are the following amounts that arose due to transactions with associates:

	Nine-month period ended September 30, 2015	Nine-month period ended September 30, 2014
Share of profits of associates	1,2	7,1
Fee and commission income and other operating income	2,0	1,2
Administrative and other operating expenses	(2,7)	(1,6)

30. Fair Value Measurements

The Group performs a fair value assessment of its financial assets and liabilities, as required by IFRS 13 Fair Value Measurement. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group measures fair values for financial assets recorded on the statement of financial position at fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).
- Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The foreign currency forward contracts are measured based on observable spot exchange rates and the yield curves of the respective currencies.

The fair value of the unquoted debt securities has been determined using a discounted cash flow model, by reference to quoted market prices for similar instruments.

The fair value of unquoted equity instruments has been determined based on market approach using price/net assets ratio for similar companies.

The table below analyses financial assets and liabilities measured at fair value at September 30, 2015, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	September 30, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value though profit or loss	-	-	56,2	**56,2**
Central counterparty financial assets and liabilities (currency transactions)	9 133,2	-	-	**9 133,2**
Investments available-for-sale	133 304,5	9 407,2	35,1	**142 746,8**
Derivative financial liabilities	-	56,9	-	**56,9**

(in millions of Russian rubles, unless otherwise indicated)

30. Fair Value Measurements (continued)

Financial assets and liabilities measured at fair value at December 31, 2014, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	December 31, 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value though profit or loss	11 383,7	-	58,3	**11 442,0**
Central counterparty financial assets and liabilities (currency transactions)	35 208,6	-	-	**35 208,6**
Investments available-for-sale	76 025,2	4 890,8	34,3	**80 950,3**

The following table shows a reconciliation for nine-month period ended September 30, 2015 and 2014, for fair value measurements in Level 3 of the fair value hierarchy:

	FVTPL	**AFS**
Balance at December 31, 2013	**63,0**	**87,1**
Loss recognised in net loss on financial assets at fair value through profit or loss	(3,6)	-
Level 3 securities purchased	-	25,9
Level 3 securities sold	-	(80,6)
Foreign exchange gain	-	0,2
Balance at September 30, 2014	**59,4**	**32,6**
Balance at December 31, 2014	**58,3**	**34,3**
Loss recognised in net loss on financial assets at fair value through profit or loss	(2,1)	-
Level 3 securities purchased	-	3,1
Foreign exchange loss	-	(2,3)
Balance at September 30, 2015	**56,2**	**35,1**

Management of the Group considers that the fair value of financial assets and liabilities approximates their carrying value.

Transfers between level 1 and 2

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table shows total amount of transfers of financial assets between level 1 and level 2. Transfers from level 2 to level 1 (from level 1 to level 2) occurred due to fact that markets for certain financial assets became (ceased to be) active during the period.

	Transfers between Level 1 and Level 2	
	Nine-month period ended September 30, 2015	**Nine-month period ended September 30, 2014**
From Level 1 to Level 2		
Investments available-for-sale	4 026,8	940,9
From Level 2 to Level 1		
Investments available-for-sale	1 076,1	678,0