PJSC ALROSA

INTERNATIONAL ACCOUNTING STANDARD No. 34

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2016

CONTENTS

(in millions of Russian roubles, unless otherwise stated)

Condensed Consolidated Interim Statement of Financial Position (Unaudited)

	Notes	31 March 2016	31 December 2015
ASSETS			
Non-current Assets			
Goodwill		1,439	1,439
Property, plant and equipment	6	284,909	283,963
Investments in associates and joint ventures	4.2	7,080	6,891
Deferred tax assets		1,930	1,919
Available-for-sale investments		778	711
Long-term accounts receivable	8	2,863	3,453
Total Non-current Assets		**298,999**	**298,376**
Current Assets			
Inventories	7	86,282	94,296
Prepaid income tax		116	6,258
Trade and other receivables	8	14,118	15,632
Cash and cash equivalents	5	75,963	20,503
Total Current Assets		**176,479**	**136,689**
Total Assets		**475,478**	**435,065**
EQUITY			
Share capital	9	12,473	12,473
Share premium		10,431	10,431
Treasury shares	9	(15)	(15)
Retained earnings and other reserves	9	176,764	128,853
Equity attributable to owners of PJSC ALROSA		**199,653**	**151,742**
Non-Controlling Interest in Subsidiaries		**477**	**(257)**
Total Equity		**200,130**	**151,485**
LIABILITIES			
Non-current Liabilities			
Long-term debt	10	183,276	197,467
Provision for pension obligations	12	11,992	10,556
Other provisions		5,974	5,841
Deferred tax liabilities		13,233	13,966
Total Non-current Liabilities		**214,475**	**227,830**
Current Liabilities			
Short-term loans and current portion of long-term debt	11	23,843	25,692
Trade and other payables	13	28,252	23,047
Income tax payable		2,071	921
Other taxes payable	14	6,652	6,001
Dividends payable		55	89
Total Current Liabilities		**60,873**	**55,750**
Total Liabilities		**275,348**	**283,580**
Total Equity and Liabilities		**475,478**	**435,065**

Approved for issue and signed on 30 May 2016 by the following members of management:

Andrey V. Zharkov
President

Svetlana V. Linnik
Chief accountant

(in millions of Russian roubles, unless otherwise stated)

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

	Notes	Three months ended 31 March 2016	Three months ended 31 March 2015
Revenue	15	102,339	74,580
Cost of sales	16	(39,057)	(27,995)
Royalty	14	(302)	(302)
Gross profit		**62,980**	**46,283**
General and administrative expenses	17	(3,170)	(2,406)
Selling and marketing expenses	18	(916)	(777)
Other operating income		312	155
Other operating expenses	19	(9,590)	(5,455)
Operating profit		**49,616**	**37,800**
Finance income / (costs), net	20	13,045	(9,136)
Share of net profit of associates and joint ventures	4.2	555	450
Profit before income tax		**63,216**	**29,114**
Income tax	14	(13,327)	(6,883)
Profit for the year		**49,889**	**22,231**
Other comprehensive loss			
Items that will not be reclassified to profit or loss:			
Remeasurement of post-employment benefit obligations, net of tax		(1,181)	(1,592)
Total items that will not be reclassified to profit or loss		**(1,181)**	**(1,592)**
Items that will be reclassified to profit or loss:			
Currency translation differences, net of tax		(65)	36
Change in fair value of available for sale investments		2	-
Total items that will be reclassified to profit or loss		**(63)**	**36**
Other comprehensive loss for the year		**(1,244)**	**(1,556)**
Total comprehensive income for the year		**48,645**	**20,675**
Profit attributable to:			
Owners of PJSC ALROSA		49,172	21,556
Non-controlling interest		717	675
Profit for the year		**49,889**	**22,231**
Total comprehensive income attributable to:			
Owners of PJSC ALROSA		47,822	20,000
Non-controlling interest		823	675
Total comprehensive income for the year		**48,645**	**20,675**
Basic and diluted earnings per share for profit attributable to the owners of PJSC ALROSA (in Roubles)	9	6.68	2.93

(in millions of Russian roubles, unless otherwise stated)

Condensed Consolidated Interim Statement of Cash Flows (Unaudited)

	Notes	Three months ended 31 March 2016	Three months ended 31 March 2015
Net Cash Inflow from Operating Activities	21	**66,950**	**39,388**
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(7,043)	(7,634)
Proceeds from sales of property, plant and equipment		76	140
(Acquisition) / proceeds from sales of available-for-sale investments		(34)	24
Proceeds from disposal of subsidiaries, net of cash disposed of		388	(444)
Interest received		333	1,037
Dividends received from associates		1	1,660
Net Cash Outflow from Investing Activities		**(6,279)**	**(5,217)**
Cash Flows from Financing Activities			
Repayments of loans		(44)	(18,502)
Loans received		34	19,870
Interest paid		(1,287)	(1,956)
Purchase of treasury shares		-	(337)
Dividends paid		(20)	(400)
Net Cash Outflow from Financing Activities		**(1,317)**	**(1,325)**
Net Increase in Cash and Cash Equivalents		**59,354**	**32,846**
Cash and cash equivalents at the beginning of the year		20,503	21,693
Effect of exchange rate changes on cash and cash equivalents		(3,894)	(318)
Cash and Cash Equivalents at the End of the Year	5	**75,963**	**54,221**

(in millions of Russian roubles, unless otherwise stated)

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)

		Attributable to owners of PJSC ALROSA							
	Number of shares outstanding	**Share capital**	**Share premium**	**Treasury shares**	**Other reserves (note 9)**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 31 December 2014	**7,364,965,630**	**12,473**	**10,431**	**-**	**(1,419)**	**115,566**	**137,051**	**123**	**137,174**
Comprehensive income / (loss)									
(Loss)/profit for the year		-	-	-	-	21,556	21,556	675	22,231
Other comprehensive income		-	-	-	(1,556)	-	(1,556)	-	(1,556)
Total comprehensive income / (loss) for the year		**-**	**-**	**-**	**(1,556)**	**21,556**	**20,000**	**675**	**20,675**
Transactions with owners									
Purchase of treasury shares	(4,114,100)	-	-	(7)	-	(321)	(328)	-	(328)
Disposal of subsidiaries		-	-	-	51	-	51	(51)	-
Total transactions with owners		**-**	**-**	**(7)**	**51**	**(321)**	**(277)**	**(51)**	**(328)**
Balance at 31 March 2015	**7,360,851,530**	**12,473**	**10,431**	**(7)**	**(2,924)**	**136,801**	**156,774**	**747**	**157,521**
Balance at 31 December 2015	**7,356,366, 330**	**12,473**	**10,431**	**(15)**	**(5,944)**	**134,797**	**151,742**	**(257)**	**151,485**
Comprehensive income / (loss)									
Profit for the year		-	-	-	-	49,172	49,172	717	49,889
Other comprehensive loss		-	-	-	(1,350)	-	(1,350)	106	(1,244)
Total comprehensive income for the year		**-**	**-**	**-**	**(1,350)**	**49,172**	**47,822**	**823**	**48,645**
Transactions with owners									
Disposal of subsidiaries		-	-	-	89	-	89	(89)	-
Total transactions with owners		**-**	**-**	**-**	**89**	**-**	**89**	**(89)**	**-**
Balance at 31 March 2016	**7,356,366,330**	**12,473**	**10,431**	**(15)**	**(7,205)**	**183,969**	**199,653**	**477**	**200,130**

1. ACTIVITIES

The core activities of Public Joint Stock Company ALROSA ("the Company") and its subsidiaries ("the Group") are exploration and extraction of diamond reserves and marketing and distribution of raw and cut diamonds. The Company was registered on 13 August 1992 in the Republic of Sakha (Yakutia), which is located within the Russian Federation.

The Group operates mining facilities in Mirny, Udachny, Aikhal, Nyurba and Anabar (located in Eastern Siberia) and Arkhangelsk. Licenses for the Group's major diamond deposits expire between 2019 and 2048. Management believes the Group will be able to extend the licenses' terms after they expire.

As at 31 March 2016 and 31 December 2015 the Company's principal shareholders are the Federal Agency for State Property Management on behalf of the government of the Russian Federation (43.9 per cent of shares) and the Ministry of the property and land relations of the Republic of Sakha (Yakutia) on behalf of the Republic of Sakha (Yakutia) (25.0 per cent of shares).

The Company is registered and its principal operating office is situated at 6, Lenin Street, Mirny, 678170, Republic of Sakha (Yakutia), Russia.

2. BASIS OF PRESENTATION

The condensed consolidated interim financial information is prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). This condensed consolidated interim financial information should be read together with the consolidated financial statements for the year ended 31 December 2015 prepared in accordance with International Financial Reporting Standards ("IFRS").

Group companies incorporated in Russia maintain their statutory accounting records and prepare statutory financial reports in accordance with the Regulations on Accounting and Reporting of the Russian Federation ("RAR") and their functional currency is the Russian Rouble ("RR"). Group companies incorporated in other countries maintain their statutory accounting records in accordance with relevant legislation and in the appropriate functional currency. The Group's condensed consolidated interim financial information is based on the statutory accounting records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IAS 34.

The preparation of condensed consolidated interim financial information in conformity with IAS 34 requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. The most significant estimates relate to valuation of inventories, investments, allowance for bad and doubtful accounts receivable, deferred taxation, reserve estimates used to calculate depreciation, pension and other post-retirement benefit costs. Actual results could differ from these estimates.

The official US dollar to RR exchange rates as determined by the Central Bank of the Russian Federation were 67.6076 and 72.8827 as at 31 March 2016 and 31 December 2015, respectively. The official Euro to RR exchange rates as determined by the Central bank of the Russian Federation were 76.5386 and 79.6972 as at 31 March 2016 and 31 December 2015, respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies followed by the Group and the critical accounting estimates in applying accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2015 with the exception of income tax expense, which is recognised based on management's best estimate of the annual effective income tax rate expected for the full financial year.

New accounting developments

The following new standards, amendments to standards and interpretations became effective for the Group from 1 January 2016:

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016);
- Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016);
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016);
- Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016);
- Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016);
- Investment Entities: Applying the Consolidation Exception Amendment to IFRS 10, IFRS 12 and IAS 28 (issued in December 2014 and effective for annual periods on or after 1 January 2016);

These standards, amendments to standards and interpretations did not have a material impact on this condensed consolidated interim financial information.

Certain new standards, interpretations and amendments to standards and interpretations, as disclosed in the consolidated financial statements for the year ended 31 December 2015, have been issued but are not yet effective and have not been early adopted by the Group. The Group is currently considering the implications of these new accounting pronouncements, their impact on its consolidated financial statements and the timing of their adoption.

(in millions of Russian roubles, unless otherwise stated)

4. GROUP STRUCTURE AND INVESTMENTS

The Company's significant consolidated subsidiaries are as follows:

Name	Principal activity	Place of business	Percentage of ownership interest held	
			31 March 2016	31 December 2015
ALROSA Finance S.A.	Financial services	Luxembourg	100.0	100.0
OJSC ALROSA-Gaz	Gas production	Russia	100.0	100.0
JSC Almazy Anabara	Diamonds production	Russia	100.0	100.0
CJSC Geotransgaz	Gas production	Russia	100.0	100.0
Urengoy Gaz Company Ltd.	Gas production	Russia	100.0	100.0
JSC Nizhne-Lenskoe	Diamonds production	Russia	100.0	100.0
OJSC Viluyskaya GES-3	Electricity production	Russia	99.7	99.7
PJSC Severalmaz	Diamonds production	Russia	99.6	99.6
Arcos Belgium N.V.	Diamonds trading	Belgium	99.6	99.6
PJSC ALROSA-Nyurba	Diamonds production	Russia	87.5	87.5
Hydroshikapa S.A.R.L	Electricity production	Angola	55.0	55.0

As at 31 March 2016 and 31 December 2015 the percentage of ownership interest of the Group in subsidiaries is equal to the percentage of voting interest.

4.1. Disposal of MAK-Bank LLC

In February 2015, the Group sold 84.7 per cent interest in MAK-Bank LLC for a total cash consideration of RR'mln 201. As a result of the transaction the Group lost an ability to control financial and operating activities of MAK-Bank LLC. The details of assets and liabilities related to MAK-Bank LLC at the date of disposal were as follows:

Property, plant and equipment	681
Other receivables	1,234
Cash	645
Borrowings	(1,658)
Trade and other payables	(546)
Net assets at the date of disposal	**356**
Consideration receivable	**201**
Loss on disposal	**(155)**

4.2. Investments in Associates and Joint Ventures

Name	Place of business	Percentage of ownership interest held at		Carrying value of investment at		Group's share of net profit/(loss) for the three months ended	
		31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 March 2015
Catoca Mining Company Ltd.	Angola	32.8	32.8	4,617	4,429	564	414
CJSC MMC Timir	Russia	49.0	49.0	2,199	2,207	(8)	(13)
Other	Russia	20-50	20-50	264	255	(1)	49
				7,080	**6,891**	**555**	**450**

All of the above entities are associates except for CJSC MMC Timir which is a joint venture.

As at 31 March 2016 and 31 December 2015 the percentage of ownership interest of the Group in its associates and joint venture is equal to the percentage of voting interest.

(in millions of Russian roubles, unless otherwise stated)

Catoca Mining Company Ltd ("Catoca") is a diamond-mining venture located in Angola.

Currency translation loss recognised in the condensed consolidated other comprehensive income for the three months ended 31 March 2016 in respect of investment in Catoca totalled RR'mln 376. Currency translation gain recognised in the condensed consolidated other comprehensive income for the three months ended 31 March 2015 in respect of investment in Catoca totalled RR'mln 134.

5. CASH AND CASH EQUIVALENTS

	31 March 2016	**31 December 2015**
Deposit accounts	67,455	12,011
Cash in banks and on hand	8,508	8,492
Total cash and cash equivalents	**75,963**	**20,503**

Deposit accounts at 31 March 2016 and 31 December 2015 are mainly held to meet short-term cash needs and have various original maturities but can be withdrawn on request without restrictions.

(in millions of Russian roubles, unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Assets under construction	TOTAL
As at 31 December 2014			
Cost	355,100	51,545	406,645
Accumulated depreciation and impairment losses	(133,999)	(1,028)	(135,027)
Net book value as at 31 December 2014	**221,101**	**50,517**	**271,618**
Three months ended 31 March 2015			
Net book value as at 31 December 2014	221,101	50,517	271,618
Foreign exchange differences	180	1	181
Additions	2,374	5,721	8,095
Transfers	574	(574)	-
Disposal of subsidiaries - at cost (note 4.1)	(929)	-	(929)
Disposal of subsidiaries - accumulated depreciation (note 4.1)	248	-	248
Other disposals – at cost	(1,401)	(40)	(1,441)
Other disposals – accumulated depreciation	1,144	-	1,144
Change in estimate of provision for land recultivation	16	-	16
Depreciation charge for the period	(4,868)	-	(4,868)
Net book value as at 31 March 2015	**218,439**	**55,625**	**274,064**
As at 31 March 2015			
Cost	355,914	56,653	412,567
Accumulated depreciation and impairment losses	(137,475)	(1,028)	(138,503)
Net book value as at 31 March 2015	**218,439**	**55,625**	**274,064**
As at 31 December 2015			
Cost	372,165	56,430	428,595
Accumulated depreciation and impairment losses	(143,604)	(1,028)	(144,632)
Net book value as at 31 December 2015	**228,561**	**55,402**	**283,963**
Three months ended 31 March 2015			
Net book value as at 31 December 2015	228,561	55,402	283,963
Foreign exchange differences	(365)	16	(349)
Additions	1,822	5,551	7,373
Transfers	3,274	(3,274)	-
Disposal of subsidiaries - at cost	(191)	-	(191)
Disposal of subsidiaries - accumulated depreciation	102	-	102
Other disposals – at cost	(733)	(44)	(777)
Other disposals – accumulated depreciation	661	-	661
Change in estimate of provision for land recultivation	(10)	-	(10)
Depreciation charge for the period	(5,863)	-	(5,863)
Net book value as at 31 March 2016	**227,258**	**57,651**	**284,909**
As at 31 March 2016			
Cost	375,962	58,679	434,641
Accumulated depreciation and impairment losses	(148,704)	(1,028)	(149,732)
Net book value as at 31 March 2016	**227,258**	**57,651**	**284,909**

Capitalised borrowing costs

During three months ended 31 March 2016 the Group has capitalised borrowing costs amounting to RR’mln 66 (three months ended 31 March 2014: RR’mln 24). For three months ended 31 March 2016 borrowing costs were capitalized at the weighted average rate of its general borrowing of 8.24 per cent (three months ended 31 March 2015: 10.12 per cent.).

(in millions of Russian roubles, unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Finance leases

Property, plant and equipment include the mining equipment and transport which the Group received under finance lease agreements. As at 31 March 2016 the carrying value of this equipment is RR'mln 272 (31 December 2015: RR'mln 293).

7. INVENTORIES

	31 March 2016	31 December 2015
Diamonds	47,241	57,376
Ores and sands mined	18,666	14,560
Mining and other materials	17,741	19,654
Consumable and other supplies	2,634	2,706
Total inventories	**86,282**	**94,296**

8. TRADE AND OTHER RECEIVABLES

Long-term accounts receivable	31 March 2016	31 December 2015
Loans issued	980	930
Consideration receivable for disposed interest in CJSC MMC Timir	834	1,381
Receivables from associates (note 23)	753	727
Advances to suppliers	180	220
Long-term VAT recoverable	13	11
Other long-term receivables	103	184
Total long-term accounts receivable	**2,863**	**3,453**

Short-term accounts receivable	31 March 2016	31 December 2015
Receivables from associates (note 23)	2,773	2,993
VAT recoverable	2,365	2,867
Prepaid taxes, other than income tax	2,101	4,881
Trade receivables for supplied diamonds	1,418	350
Advances to suppliers	1,303	743
Consideration receivable for disposed interest in CJSC MMC Timir	600	519
Loans issued	373	277
Other trade receivables	3,185	3,002
Total short-term accounts receivable	**14,118**	**15,632**

Trade and other receivables are presented net of impairment provision of RR'mln 1,638 and RR'mln 1,129 as at 31 March 2016 and 31 December 2015, respectively.

(in millions of Russian roubles, unless otherwise stated)

9. SHAREHOLDERS' EQUITY

Share capital

Share capital authorised, issued and paid in totals RR'mln 12,473 as at 31 March 2016 and 31 December 2015 and consists of 7,364,965,630 ordinary shares, including treasury shares, at RR 0.5 par value share. In addition as at 31 March 2016 and 31 December 2015 share capital includes hyperinflation adjustment totalling RR'mln 8,790, which was calculated in accordance with requirements of IAS 29 "Financial Reporting in Hyperinflationary Economies" and relates to the reporting periods prior to 1 January 2003.

Distributable profits

The statutory accounting reports of the Company are the basis for profit distribution and other appropriations. Russian legislation identifies the basis of distribution as the net profit. In accordance with the dividend policy approved by the Supervisory Council of the Company at least 35% of the net profit as reported in the IFRS consolidated financial statement of the Group is distributed for dividends payment. However, this legislation and other statutory laws and regulations dealing with the distribution rights are open to legal interpretation, and accordingly, management believes that at present it would not be appropriate to disclose an amount for the distributable reserves in these condensed consolidated interim financial information.

Treasury shares

As at 31 March 2016 subsidiaries of the Group held 8,599,300 ordinary shares of the Company (31 December 2015: 8,599,300 shares). The Group management effectively controls the voting rights of shares held by subsidiaries.

Earnings or loss per share

Earnings or loss per share have been calculated by dividing the profit or loss attributable to owners of PJSC ALROSA by the weighted average number of shares outstanding during the year, excluding the weighted average number of ordinary shares purchased by the Group and held as treasury shares. There were 7,356,366,330 and 7,364,124,483 weighted average shares outstanding for the three months ended 31 March 2016 and 31 March 2015, respectively.

There are no dilutive financial instruments outstanding.

Other reserves

	Currency translation	Purchase of non-controlling interest	Available-for-sale investments	Recognition of accumulated actuarial loss	Total other reserves
Balance at 31 December 2014	**395**	**(87)**	**41**	**(1,768)**	**(1,419)**
Currency translation differences	36	-	-	-	36
Purchase of non-controlling interest	-	51	-	-	51
Actuarial remeasurement on post employment benefit obligation	-	-	-	(1,592)	(1,592)
Balance at 31 March 2015	**431**	**(36)**	**41**	**(3,360)**	**(2,924)**
Balance at 31 December 2015	**499**	**(16)**	**57**	**(6,484)**	**(5,944)**
Currency translation differences	(171)	-	-	-	(171)
Purchase of non-controlling interest	-	89	-	-	89
Actuarial remeasurement on post employment benefit obligation	-	-	-	(1,181)	(1,181)
Change in fair value of available for sale investments	-	-	2	-	2
Balance at 31 March 2016	**328**	**73**	**59**	**(7,665)**	**(7,205)**

Dividends

On 25 June 2015 the Company's annual shareholders' meeting approved dividends for the year ended 31 December 2014 totalling RR'mln 10,826, including dividends on shares held by subsidiaries of the Group totalling RR'mln 10. Dividends per share amounted to RR 1.47.

(in millions of Russian roubles, unless otherwise stated)

10. LONG-TERM DEBT

	31 March 2016	31 December 2015
Banks:		
US$ denominated floating rate	40,565	43,730
US$ denominated fixed rate	97,355	104,951
RR denominated fixed rate	1,204	1,204
	139,124	**149,885**
Eurobonds US$ denominated	67,608	72,883
Finance lease obligation	317	341
Other RR denominated fixed rate loans	28	13
	207,077	**223,122**
Less: current portion of long-term debt (note 11)	(23,801)	(25,655)
Total long-term debt	**183,276**	**197,467**

As at 31 March 2016 the fair value of bank loans was not materially different from their carrying value.

As at 31 March 2016 and 31 December 2015 there were no long-term loans secured with the assets of the Group.

The average effective interest rates for each class of long-term debt at the end of the reporting period were as follows:

	31 March 2016	31 December 2015
Banks		
US$ denominated floating rate	6.6%	6.6%
US$ denominated fixed rate	4.1%	4.1%
RR denominated fixed rate	13.5%	13.5%
Eurobonds US$ denominated	7.8%	7.8%
Finance lease obligation	11.5%	11.5%

As at 31 December 2015 and 31 December 2014 there were no long-term loans secured with the assets of the Group.

Eurobonds

	Three months ended 31 March 2016	Three months ended 31 March 2015
Balance at the beginning of the reporting period	**72,883**	**56,258**
Foreign exchange (gain) / loss	(5,275)	2,206
Balance at the end of the reporting period	**67,608**	**58,464**

As at 31 March 2016 the fair value of Eurobonds comprised RR'mln 74,030 (31 December 2015: RR'mln 76,982).

11. SHORT-TERM LOANS AND CURRENT PORTION OF LONG-TERM DEBT

	31 March 2016	31 December 2015
Other RR denominated fixed rate loans	42	37
	42	**37**
Add: current portion of long-term debt (note 10)	23,801	25,655
Total short-term debt and current portion of long-term debt	**23,843**	**25,692**

As at 31 March 2016 and 31 December 2015 there were no short-term loans secured with the assets of the Group.

(in millions of Russian roubles, unless otherwise stated)

12. PROVISION FOR PENSION OBLIGATIONS

The Group operates defined employee benefit plans, including corporate pension plan with defined payments, one-off payments on retirement, jubilee payments, payments for years of service and provision of financial assistance in case of an employee’s or non-working pensioner’s death. Corporate pension is administered through the separate entity – Non-state pension fund JSC NPF Almaznaya osen. Group makes contributions to this pension fund to cover its obligations. There are no any minimum funding requirements prescribed by regulatory authorities. Other plans are non-funded and implemented through payments to employees made directly by the Group.

The amounts recognised in the consolidated statement of financial position in respect of pension obligations associated with the defined benefit plan operated by the Group are as follows:

	31 March 2016	**31 December 2015**
Present value of obligations	20,852	19,710
Fair value of plan assets	(10,100)	(10,312)
Pension obligations for the funded plan	10,752	9,398
Present value of unfunded obligation	1,240	1,158
Net liability	**11,992**	**10,556**

(in millions of Russian roubles, unless otherwise stated)

12. PROVISION FOR PENSION OBLIGATIONS (CONTINUED)

Changes in the present value of pension obligations and plan assets are as follows:

	Present value of obligations	Fair value of plan assets	Total
At 1 January 2015	**15,303**	**(9,510)**	**5,793**
Current service cost	48	-	48
Interest expense / (income)	494	(307)	187
	542	**(307)**	**235**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense	-	354	354
Loss from changes in financial actuarial assumptions	1,280	-	1,280
	1,280	**354**	**1,634**
Contributions to plan:			
Employer contributions	-	(712)	(712)
Benefits paid	(380)	376	(4)
	(380)	**(336)**	**(716)**
At 31 March 2015	**16,745**	**(9,799)**	**6,946**
At 1 January 2016	**20,868**	**(10,312)**	**10,556**
Current service cost	87	-	87
Past service cost and curtailment	(50)	-	(50)
Interest expense / (income)	495	(245)	250
	532	**(245)**	**287**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense	-	309	309
Loss from changes in financial actuarial assumptions	979	-	979
	979	**309**	**1,288**
Contributions to plan:			
Employer contributions	-	(132)	(132)
Benefits paid	(287)	280	(7)
	(287)	**148**	**(139)**
At 31 March 2016	**22,092**	**(10,100)**	**11,992**

The significant actuarial assumptions are as follows:

	31 March 2016	31 December 2015
Discount rate (nominal)	9.1%	9.5%
Future salary increases (nominal)	8.0%	8.0%
Future pension increases (nominal)	6.1%	6.1%

(in millions of Russian roubles, unless otherwise stated)

13. TRADE AND OTHER PAYABLES

	31 March 2016	31 December 2015
Accrual for employee flights and holidays	9,344	8,150
Trade payables	6,202	6,554
Advances from customers	4,394	1,042
Wages and salaries	4,038	4,801
Interest payable	3,426	1,547
Current portion of provision for social obligation	302	296
Payables to associates	21	10
Other payables and accruals	525	647
Total trade and other payables	**28,252**	**23,047**

In accordance with Russian legislation, the Group entities are required to pay for the holiday entitlement and the cost of travel for employees and their family members to an agreed-upon destination and back.

14. INCOME TAX AND OTHER TAX ASSETS AND LIABILITIES

Taxes payable, other than income tax, comprise the following:

	31 March 2016	31 December 2015
Payments to social funds	2,703	2,315
Property tax	1,318	1,091
Value added tax	875	496
Extraction tax	586	1,090
Personal income tax (employees)	525	652
Other taxes and accruals	645	357
Total taxes payable, other than income tax	**6,652**	**6,001**

Taxes other than income tax, extraction tax and payments to social funds included into other operating expenses comprise the following:

	Three months ended 31 March 2016	Three months ended 31 March 2015
Property tax	1,236	954
Other taxes and accruals	125	417
Total taxes other than income tax expense	**1,361**	**1,371**

In accordance with Resolution № 795 of the Government of the Russian Federation dated 23 December 2006, in addition to the taxes noted above, the Group is obliged to pay 6.5 per cent. on the value of diamonds sold for export in the form of an export duty (note 15).

In accordance with the amendment to the license agreement registered in May 2007, PJSC ALROSA-Nyurba, a subsidiary of the Group, is obliged to make annual fixed royalty payments to the Republic of Sakha (Yakutia) starting from 1 January 2012 in the amount of RR'mln 1,209 per annum.

(in millions of Russian roubles, unless otherwise stated)

14. INCOME TAX AND OTHER TAX ASSETS AND LIABILITIES (CONTINUED)

Income tax comprise the following:

	Three months ended 31 March 2016	Three months ended 31 March 2015
Current tax expense	13,915	7,189
Deferred tax benefits	(588)	(413)
Adjustments recognised in the period for current tax of prior periods	-	107
Total income tax expense	**13,327**	**6,883**

15. REVENUE

	Three months ended 31 March 2016	Three months ended 31 March 2015
Revenue from diamond sales:		
Export	89,975	62,357
Domestic	7,340	6,440
Revenue from diamonds for resale	252	311
Total revenue from diamond sales	**97,567**	**69,108**
Other revenue:		
Sales of gas	1,480	1,647
Transport	980	905
Social infrastructure	835	1,256
Other	1,477	1,664
Total revenue	**102,339**	**74,580**

Export duties totalling RR'mln 5,826 for the three months ended 31 March 2016 (the three months ended 31 March 2015: RR'mln 4,192) were netted against revenues from export of diamonds.

16. COST OF SALES

	Three months ended 31 March 2016	Three months ended 31 March 2015
Wages, salaries and other staff costs	11,219	10,590
Extraction tax	6,682	6,681
Depreciation	5,612	4,517
Fuel and energy	3,998	4,766
Materials	2,791	2,131
Services	1,469	971
Transport	691	572
Cost of diamonds for resale	252	312
Other	314	359
Movement in inventory of diamonds, ores and sands	6,029	(2,904)
Total cost of sales	**39,057**	**27,995**

Wages, salaries and other staff costs include payments to social funds in the amount of RR'mln 2,457 for the three months ended 31 March 2016 (for the three months ended 31 March 2015: RR'mln 2,237).

Depreciation totalling RR'mln 207 for the three months ended 31 March 2016 (for the three months ended 31 March 2015: RR'mln 270) and staff costs totalling RR'mln 883 (for the three months ended 31 March 2015: RR'mln 788) were incurred by the Group's construction divisions and were capitalised into property, plant and equipment in the respective periods.

(in millions of Russian roubles, unless otherwise stated)

17. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended 31 March 2016	Three months ended 31 March 2015
Wages, salaries and other staff costs	1,757	1,556
Services and other administrative expenses	848	865
Impairment / (reversal of impairment) of accounts receivable	565	(15)
Total general and administrative expenses	**3,170**	**2,406**

Wages, salaries and other staff costs include payments to social funds in the amount of RR'mln 403 for the three months ended 31 March 2016 (for the three months ended 31 March 2015: RR'mln 339).

18. SELLING AND MARKETING EXPENSES

	Three months ended 31 March 2016	Three months ended 31 March 2015
Wages, salaries and other staff costs	452	420
Services and other selling and marketing expenses	464	357
Total selling and marketing expenses	**916**	**777**

Wages, salaries and other staff costs include payments to social funds in the amount of RR'mln 105 for the three months ended 31 March 2016 (for the three months ended 31 March 2015: RR'mln 92).

19. OTHER OPERATING EXPENSES

	Three months ended 31 March 2016	Three months ended 31 March 2015
Foreign exchange loss, net	3,784	218
Exploration expenses	2,381	2,131
Taxes other than income tax, extraction tax and payments to social funds (note 14)	1,361	1,371
Social costs	1,210	1,045
Loss on disposal of property, plant and equipment	111	92
Loss on disposal of subsidiaries	175	155
Other	568	443
Total other operating expenses	**9,590**	**5,455**

Social costs consist of:

	Three months ended 31 March 2016	Three months ended 31 March 2015
Charity	647	466
Maintenance of local infrastructure	462	473
Hospital expenses	35	31
Education	21	31
Other	45	44
Total social costs	**1,210**	**1,045**

(in millions of Russian roubles, unless otherwise stated)

20. FINANCE INCOME AND COSTS

	Three months ended 31 March 2016	Three months ended 31 March 2015
Interest income	774	1,037
Interest expense:		
Eurobonds	(1,388)	(1,213)
Bank loans	(1,774)	(1,762)
RR denominated non-convertible bonds	-	(436)
Other financial liabilities	(299)	(294)
Unwinding of discount of provisions	61	(103)
Foreign exchange (gain)/loss, net	15,671	(6,365)
Total finance income / (costs), net	**13,045**	**(9,136)**

21. CASH GENERATED FROM OPERATING ACTIVITIES

Reconciliation of profit before tax to cash generated from operating activities:

	Three months ended 31 March 2016	Three months ended 31 March 2015
Profit before income tax	**63,216**	**29,114**
Adjustments for:		
Share of net profit of associates and joint ventures (note 4)	(555)	(450)
Interest income (note 20)	(774)	(1,037)
Interest expense and discounting of provisions (note 20)	3,400	3,808
Loss on disposal of property, plant and equipment (note 19)	111	92
Loss on disposal of subsidiaries (note 19)	175	155
Change in provision for impairment of receivables and obsolete inventories, net	833	342
Depreciation (notes 6, 16)	5,656	4,598
Adjustments for non-cash financing activity	(11)	22
Payments to restricted cash account (note 5)	-	4
Unrealised foreign exchange effect on non-operating items	(11,161)	6,426
Net operating cash flows before changes in working capital	**60,890**	**43,074**
Net decrease / (increase) in inventories	7,640	(1,486)
Net (increase) / decrease in trade and other receivables, excluding dividends receivable	(140)	446
Net increase / (decrease) in provisions, trade and other payables, excluding interest payable and payables for acquired property, plant and equipment	4,222	(1,383)
Net increase in taxes payable other than income tax	756	1,333
Cash inflows from operating activities	**73,368**	**41,984**
Income tax paid	(6,418)	(2,596)
Net Cash Inflows from Operating Activities	**66,950**	**39,388**

22. CONTINGENCIES AND COMMITMENTS

(a) Operating environment of the Russian Federation

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. During 2015 the Russian economy was negatively impacted by low oil prices, ongoing political tension in the region and continuing international sanctions against certain Russian companies and individuals, all of which contributed to the country's economic recession characterised by a decline in gross domestic product. The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Russia's credit rating was downgraded to below investment grade. This operating environment has a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

(b) Taxes

Russian tax and customs legislation which was enacted or substantively enacted at the end of the reporting period is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by relevant authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover earlier periods.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that outflow of resources will be required should such tax positions and interpretations be challenged by the relevant authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

The Russian transfer pricing legislation is to a large extent aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). This legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length.

Management believes that its pricing policy is arm's length and it has implemented internal controls to be in compliance with the this transfer pricing legislation.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated.

In 2014, in Russia the Controlled Foreign Company (CFC) legislation introduced Russian taxation of profits of foreign companies and non-corporate structures controlled by Russian tax residents (controlling parties). Starting from 2015, CFC income is subject to income tax at the rate of 20.0 per cent in accordance with Russian tax legislation.

(c) Legal proceedings

The Group is a party to certain legal proceedings arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which could have a material adverse effect on the results of operations or financial position of the Group as at 31 March 2016.

(in millions of Russian roubles, unless otherwise stated)

22. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(d) Capital commitments

As at 31 March 2016 the Group had contractual commitments for capital expenditures of approximately RR'mln 14,876 (31 December 2015: RR'mln 6,181).

(e) Operating lease commitments

Where the Group is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

	31 March 2016	31 December 2015
Not later than 1 year	182	185
Later than 1 year and not later than 5 years	521	545
Later than 5 years	724	745
Total operating lease commitments	**1,427**	**1,475**

(f) Restoration, rehabilitation and environmental costs

Under its license agreements, the Group is not responsible for any significant restoration, rehabilitation and environmental expenditures that may be incurred subsequent to the cessation of production at each mine, apart from the obligation to perform recultivation of certain disturbed lands and tailing pits in the areas of its operating activity. At 31 March 2016 the Group recognised a provision for these future expenses in the amount of RR'mln 5,515 (31 December 2015: RR'mln 5,350).

23. RELATED PARTY TRANSACTIONS

Parties are generally considered to be related if parties are under common control, or one party has the ability to control the other party, or can exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Governments of the Russian Federation and the Republic of Sakha (Yakutia)

Federal Agency for State Property Management on behalf of the government of the Russian Federation and the Ministry of the property and land relations of the Republic of Sakha (Yakutia) on behalf of the Republic of Sakha (Yakutia) are the major shareholders of the Company. As at 31 March 2016 68.9 per cent. of the Company's issued shares were directly owned by the Governments of the Russian Federation and the Republic of Sakha (Yakutia). Also as at March 2016 8 per cent. of the Company's shares were owned by administrations or 8 districts of the Republic of Sakha (Yakutia). Following the General Meeting of Shareholders in June 2015, the 15 seats on the Supervisory Board include 11 representatives of the Russian Federation and the Republic of Sakha (Yakutia) (including one – the Chair of the Management Board), three independent directors according to the Russian Corporate Law (two of them were nominated by the Government of the

(in millions of Russian roubles, unless otherwise stated)

23. RELATED PARTY TRANSACTIONS (CONTINUED)

Russian Federation, one was nominated by foreign minority shareholders), and one representative of the discricts of the Republic of Sakha (Yakutia). Governmental, federal and local economic and social policies affect the Group's financial position, results of operations and cash flows.

Tax balances are disclosed in the consolidated statement of financial position and in notes 8 and 14. Tax transactions are disclosed in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and in notes 15, 16, 17, 28 and 22.

Parties under control of the Government

In the normal course of business the Group enters into transactions with other entities under Governmental control. The principal forms of such transactions are diamond sales, electricity purchases and borrowings. Prices of diamonds sales are set by reference to price lists approved by the Ministry of Finance of the Russian Federation; electricity tariffs in Russia are partially regulated by the Federal Tariffs Service.

The amounts of balances and transactions with related parties under Governmental control are detailed below:

Consolidated Statement of Financial Position	**31 March 2016**	**31 December 2015**
Short-term accounts receivable	1,473	1,053
Short-term accounts payable	852	1,464
Loans received by the Group	41,781	44,947
Loans issued by the Group	-	2
Deposits, cash and cash equivalents	50,171	15,227

Consolidated Statement of Profit or Loss and Other Comprehensive Income	**Three months ended 31 March 2016**	**Three months ended 31 March 2015**
Sales of diamonds	2,067	2,177
Other sales	1,175	2,104
Electricity and heating expenses	(1,697)	(2,537)
Other purchases	(773)	(643)
Interest income	559	691
Interest expense	(690)	(653)

Key management compensation

The Supervisory Council of the Company consists of 15 members, including state representatives and the President of the Company. Representatives of Governments of the Russian Federation (except for independent directors) and the Republic of Sakha (Yakutia) in the Supervisory Council of the Company are not entitled to compensation for serving as members of the Supervisory Council. The President of the Company is entitled to compensation for serving as a Chairman of the Management Board of the Company.

As at 31 March 2016 and 31 December 2015 the Management Board consisted of 13 members. As at 31 March 2016 one of the Management Board members was also a member of the Supervisory Council. Management Board members are entitled to salary, bonuses, voluntary medical insurance and other short-term employee benefits. Salary and bonus compensation paid to members of the Management Board is determined by the terms of "Remuneration Policy for the members of the Management Board of PJSC ALROSA" approved by the Company's Supervisory Council on 10 November 2015.

According to Russian legislation, the Group makes contributions to the Pension Fund of Russian Federation for all of its employees including key management personnel. Key management personnel also could be eligible for non-state pension after retirement according to the Policy on "Non-state pension provisions of the employees of PJSC ALROSA".

(in millions of Russian roubles, unless otherwise stated)

23. RELATED PARTY TRANSACTIONS (CONTINUED)

Key management received short-term benefits for the three months ended 31 March 2016 totalling RR'mln 405 (for the three months ended 31 March 2015: RR'mln 399).

Associates and Joint Ventures

Significant balances and transactions with associates and joint ventures are summarised as follows:

Long-term accounts receivable	**31 March 2016**	**31 December 2015**
CJSC MMC Timir, loans issued (contractual interest rate: 0.5%)	753	727
Total long-term accounts receivable	**753**	**727**

Current accounts receivable	**31 March 2016**	**31 December 2015**
Catoca, dividends and other receivable	2,763	2,937
CJSC MMC Timir, loans issued (contractual interest rate: 0.5%)	9	9
Other	1	47
Total current accounts receivable	**2,773**	**2,993**

Transactions with the Group's pension plan are disclosed in note 12.

24. SEGMENT INFORMATION

The Management Board of the Company has been determined as the Group's Chief Operating Decision-Maker (CODM).

The Group's primary activity is the production and sales of diamonds. The internal management reporting system is mainly focused on the analysis of information relating to production and sales of Diamond segment, however information relating to other activities (represented by several subdivisions of the Company and separate legal entities of the Group`s all other business) is also regularly reviewed by the CODM. The Management Board regularly evaluates and analyses financial information derived from statutory accounting data net of intersegment operations between subdivisions of the Company, but including intercompany transactions between the legal entities included in the Group.

The Management Board evaluates performance and makes investment and strategic decisions based upon review of operating activity results (i.e. meeting production targets and monitoring of actual expenditures against budget allocated by production and sales of diamonds and other activities) as it believes that such information is the most relevant in evaluating the results. No specific measure of profit or loss is analysed by the CODM on entity by entity basis.

The following items are analysed on the Group level and are not allocated between segments for the purposes of the analysis:

- finance income;
- finance cost;
- other operating income and expense;
- share of net profit of associates;
- income tax expense or benefit;
- non-cash items other than depreciation;
- total assets and liabilities and
- capital expenditure.

(in millions of Russian roubles, unless otherwise stated)

24. SEGMENT INFORMATION (CONTINUED)

The following reportable segments were identified:

- Diamonds segment - production and sales of diamonds;
- Transportation – airline business, transportation services and services at transportation terminals, ports and airports;
- Social infrastructure – include residential housing units, sports complexes and cultural facilities, such as cinemas and theatres and other social infrustructure;
- Gas – production and sale of natural gas;
- Other activities.

Information regarding the results of the reportable segments is presented below. Segment items are based on financial information reported in statutory accounts and can differ significantly from those for financial statements prepared under IFRS. Reconciliation of items measured as reported to the Management Board with similar items in these consolidated financial statements include those reclassifications and adjustments that are necessary for financial statements to be presented in accordance with IFRS.

Three months ended 31 March 2016	**Diamonds segment**	**Transpor-tation**	**Social infrastructure**	**Gas**	**Other activities**	**Total**
Revenue	103,393	1,372	902	1,877	2,891	110,435
Intersegment revenue	-	(417)	(130)	(389)	(1,742)	(2,678)
Cost of sales, including	28,689	1,576	2,318	1,151	2,502	36,236
Depreciation	3,922	115	221	229	420	4,907
Gross margin	**74,704**	**(204)**	**(1,416)**	**726**	**389**	**74,199**

Three months ended 31 March 2015	**Diamonds segment**	**Transpor-tation**	**Social infrastructure**	**Gas**	**Other activities**	**Total**
Revenue	73,300	1,109	1,808	1,994	1,836	80,047
Intersegment revenue	-	(203)	(167)	(341)	(563)	(1,274)
Cost of sales, including	16,205	1,499	2,143	1,220	1,680	22,747
depreciation	3,089	128	143	186	420	3,966
Gross margin	**57,095**	**(390)**	**(335)**	**774**	**156**	**57,300**

Reconciliation of revenue is presented below:

	Three months ended 31 March 2016	**Three months ended 31 March 2015**
Segment revenue	**110,435**	**80,047**
Elimination of intersegment revenue	(2,678)	(1,274)
Reclassification of custom duties [1]	(5,826)	(4,192)
Other adjustments and reclassifications	408	(1)
Revenue as per consolidated statement of profit or loss and other comprehensive income	**102,339**	**74,580**

[1] Reclassification of custom duties – export duties netted against revenues from export of diamonds

(in millions of Russian roubles, unless otherwise stated)

24. SEGMENT INFORMATION (CONTINUED)

Reconciliation of cost of sales including depreciation is presented below:

	Three months ended 31 March 2016	Three months ended 31 March 2015
Segment cost of sales	**36,236**	**22,747**
Adjustment for depreciation of property, plant and equipment	705	551
Elimination of intersegment purchases	(2,048)	(947)
Accrued provision for pension obligation [1]	(108)	(652)
Reclassification of extraction tax [2]	1,964	5,830
Adjustment for inventories [3]	4,702	771
Accrual for employee flights and holidays [4]	214	51
Accrual for the part of expected annual bonus	134	898
Other adjustments	(265)	(466)
Reclassification of exploration expenses [5]	(1,139)	(855)
Other reclassifications	(1,338)	67
Cost of sales as per consolidated statement of profit or loss and other comprehensive income	**39,057**	**27,995**

[1] Accrued provision for pension obligation – recognition of pension obligation in accordance with IAS 19
[2] Reclassification of extraction tax – reclassification from general and administrative expenses
[3] Adjustment for inventories – treatment of extraction tax as direct expenses for financial statements, with acorresponding entry in inventory figure and other adjustments
[4] Accrual for employee flights and holidays – recognition of employee flights and holidays reserve
[5] Reclassification of exploration expenses – reclassification to other operating expenses

Revenue from sales by geographical location of the customer is as follows:

	Three months ended 31 March 2016	Three months ended 31 March 2015
Belgium	50,885	35,481
India	16,766	10,594
Russian Federation	11,701	11,647
Israel	9,234	8,236
United Arab Emirates	7,026	2,962
China	3,783	3,945
Belarus	1,037	258
Armenia	824	142
Angola	297	253
USA	242	231
United Kingdom	55	775
Other countries	489	56
Total	**102,339**	**74,580**

Non-current assets (other than financial instruments), including investments in associates and joint ventures, by their geographical location are as follows:

	31 March 2016	31 December 2015
Russian Federation	290,517	288,879
Angola	4,745	5,178
Other countries	1,067	1,097
Total non-current assets other than financial instruments	296,329	**295,154**

(in millions of Russian roubles, unless otherwise stated)

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The estimated fair values of financial instruments are determined with reference to various market information and other valuation techniques as considered appropriate.

The different levels of fair value hierarchy have been defined as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to assess at the measurement date. For the Group, Level 1 inputs include debt instruments that are actively traded on the European and Russian domestic markets.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. For the Group, Level 2 inputs include observable market value measures applied to loans and borrowings.
- Level 3 – Unobservable inputs for the asset or liability. These inputs reflect the Company's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Recurring fair value measurements

The levels in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

	31 March 2016				31 December 2015			
	Level				Level			
	1	**2**	**3**	**Total**	**1**	**2**	**3**	**Total**
Available-for-sale investments	143	-	635	**778**	120	-	591	**711**
Total	**143**	**-**	**635**	**778**	**120**	**-**	**591**	**711**

The description of valuation technique and description of inputs used in the fair value measurement for Level:

	31 March 2016	**31 December 2015**	**Valuation technique**	**Inputs used**
Available-for-sale investments	635	591	Net assets valuation	Financial statements of the investee
Total	**635**	**591**		

(in millions of Russian roubles, unless otherwise stated)

25. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Assets and liabilities not measured at fair value but for which fair value is disclosed

As at 31 March 2016 the Group had the following assets and liabilities not measured at fair value but for which fair value is disclosed, classified by the levels of the fair value hierarchy:

	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique with significant non-observable inputs (Level 3)	Total
Current and non-current financial assets				
Current and non-current accounts receivable	-	8,913	753	9,666
Loans issued	-	-	1,353	1,353
Cash and cash equivalents	-	75,963	-	75,963
Total financial assets	**-**	**84,876**	**2,106**	**86,982**
Loans from banks and other loans	-	115,489	-	115,489
Eurobonds	67,608	-	-	67,608
Finance lease obligation	-	-	179	179
Total non-current financial liabilities	**67,608**	**115,489**	**179**	**183,276**
Current financial liabilities				
Loans from banks and other loans	-	23,705	-	23,705
Financial accounts payable	-	10,174	-	10,174
Finance lease obligation	-	-	138	138
Dividends payable	-	55	-	55
Total current financial liabilities	**-**	**33,934**	**138**	**34,072**
Total financial liabilities	**67,608**	**149,423**	**317**	**217,348**

(in millions of Russian roubles, unless otherwise stated)

25. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

As at 31 December 2015 the Group had the following assets and liabilities not measured at fair value but for which fair value is disclosed, classified by the levels of the fair value hierarchy:

	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique with significant non-observable inputs (Level 3)	Total
Current and non-current financial assets				
Current and non-current accounts receivable	-	8,429	727	9,156
Loans issued	-	-	1,207	1,207
Cash and cash equivalents	-	20,503	-	20,503
Total financial assets	**-**	**28,932**	**1,934**	**30,866**
Non-current financial liabilities				
Loans from banks and other loans	-	124,389	-	124,389
Eurobonds	72,883	-	-	72,883
Finance lease obligation	-	-	195	195
Total non-current financial liabilities	**72,883**	**124,389**	**195**	**197,467**
Current financial liabilities				
Loans from banks and other loans	-	25,546	-	25,546
Financial accounts payable	-	8,758	-	8,758
Finance lease obligation	-	-	146	146
Dividends payable	-	89	-	89
Total current financial liabilities	**-**	**34,393**	**146**	**34,539**
Total financial liabilities	**72,883**	**158,782**	**341**	**232,006**

The fair values in Level 2 and Level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

There were no transfers between Levels 1, 2 and 3 during the period. There were no reclassifications of available-for-sale investments' losses from other comprehensive income into the profit or loss.

26. SUBSEQUENT EVENTS

On 26 May 2016 the Group repaid a US$'350 mln bank loan to JSC Alfa-Bank received in May 2014.