

**OPEN JOINT-STOCK COMPANY
MOSCOW EXCHANGE
MICEX-RTS**

**Consolidated Interim Financial Statements
For the Nine-Month Period Ended
September 30, 2012**

MOSCOW EXCHANGE GROUP

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Report on review of interim consolidated financial statements

To the Shareholders and Board of Directors of Open Joint-Stock Company Moscow Exchange MICEX-RTS -

Introduction

We have reviewed the accompanying interim consolidated financial statements of Open Joint-Stock Company Moscow Exchange MICEX-RTS and its subsidiaries (together the "Group"), comprising of the interim consolidated statement of financial position as at September 30, 2012 and the related interim consolidated income statement and the statements of comprehensive income, of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the financial position of the Group as at September 30, 2012 and its financial performance and its cash flows for the nine-month period then ended in accordance with IAS 34.

CJSC Ernst & Young Vneshaudit

December 28, 2012

MOSCOW EXCHANGE GROUP

Unaudited Consolidated Interim Income Statement for the Nine-Month Period Ended September 30, 2012
(in thousands of Russian rubles)

	Notes	Nine - Month period ended September 30, 2012	Nine - Month period ended September 30, 2011
Fee and commission income	7	8 284 039	6 831 465
Interest and other finance income	8	7 682 491	4 298 215
Interest expense		(40 902)	(39 752)
Net (loss) / gain on financial assets available-for-sale		(264 519)	499 283
Foreign exchange gains less losses	9	236 310	42 245
Other operating income	10	38 208	30 106
Operating Income		15 935 627	11 661 562
Administrative and other operating expenses	11	(3 410 200)	(2 685 340)
Personnel expenses	12	(3 195 136)	(2 122 255)
Operating Profit		9 330 291	6 853 967
Interest expense in respect of written put option over own shares		(1 135 267)	(366 109)
Share of profits of associates	20	38 323	36 366
Dividends		-	6 587
Profit before Tax		8 233 347	6 530 811
Income tax expense	13	(1 817 831)	(1 291 479)
Net Profit		6 415 516	5 239 332
Attributable to:			
Equity holders of the parent		6 425 280	5 248 601
Non-controlling interest		(9 764)	(9 269)
Earnings per share			
Basic earnings per share, rubles	30	3,03	2,75
Diluted earnings per share, rubles	30	3,02	2,75


Chairman of the Executive Board
Afanasiev A. K.

December 28, 2012
Moscow




Chief Financial Officer
Subbotin V.N.

December 28, 2012
Moscow

The notes on pages 10-57 form an integral part of these consolidated interim financial statements.

MOSCOW EXCHANGE GROUP

Unaudited Consolidated Interim Statement of Comprehensive Income for the Nine-Month Period Ended September 30, 2012

(in thousands of Russian rubles)

	Notes	Nine - Month period ended September 30, 2012	Nine - Month period ended September 30, 2011
Net profit		6 415 516	5 239 332
Other comprehensive loss:			
Exchange differences on translating foreign operations		(49 564)	77 480
Net (loss) / gain resulting from revaluation of investments available-for-sale		(147 426)	17 753
Net loss / (gain) on investments available-for sale reclassified to profit or loss		264 519	(499 283)
Deferred income tax on items recorded in other comprehensive loss	13	(23 419)	96 306
Other comprehensive gain / (loss) after tax		44 110	(307 744)
Total comprehensive income		6 459 626	4 931 588
Attributable to:			
Equity holders of the parent		6 488 435	4 889 105
Non-controlling interest		(28 809)	42 483
Total comprehensive income		6 459 626	4 931 588

The notes on pages 10-57 form an integral part of these consolidated interim financial statements.

MOSCOW EXCHANGE GROUP

Consolidated Interim Statement of Financial Position as at September 30, 2012 (in thousands of Russian rubles)

	Notes	September 30, 2012 (unaudited)	December 31, 2011
ASSETS			
Cash and cash equivalents	14	129 763 419	165 830 133
Financial assets at fair value through profit or loss	15	46 772 673	47 258 767
Due from financial institutions	16	32 326 673	22 246 437
Central counterparty financial assets	17	2 932 599	2 638 858
Investments available-for-sale	18	40 843 405	29 830 443
Investments in associates	20	708 200	670 101
Investments held-to-maturity	19	585 211	692 266
Property and equipment	21	6 137 696	5 722 745
Intangible assets	22	19 499 679	19 970 281
Goodwill	23	16 066 986	16 072 302
Current tax prepayments		468 430	520 397
Deferred tax asset	13	223 279	246 983
Other assets	24	825 323	1 501 966
Total assets		297 153 573	313 201 679
LIABILITIES			
Balances of market participants	25	222 331 042	245 435 510
Written put option over own shares		22 924 468	21 789 201
Central counterparty financial liabilities	17	2 932 599	2 638 858
Distributions payable to holders of securities		204 634	2 680 832
Loans payable	26	15 585	2 561 105
Deferred tax liability	13	4 056 328	4 230 362
Current tax payables		27 179	165 910
Liabilities to repurchase own shares		-	2 738 315
Other liabilities	27	1 538 672	1 664 888
Total liabilities		254 030 507	283 904 981
EQUITY:			
Share capital	28	2 416 918	2 416 918
Share premium	28	27 403 927	24 147 074
Treasury shares	28	(2 860 714)	(7 424 768)
Foreign currency translation reserve		10 214	40 733
Investments revaluation reserve		(270 705)	(364 379)
Share-based payments		255 484	-
Written put option over own shares	6	(21 054 656)	(21 054 656)
Retained earnings	29	36 892 432	31 149 729
Total equity attributable to owners of the parent		42 792 900	28 910 651
Non-controlling interest		330 166	386 047
Total equity		43 123 066	29 296 698
Total liabilities and equity		297 153 573	313 201 679

The notes on pages 10-57 form an integral part of these consolidated interim financial statements.

MOSCOW EXCHANGE GROUP

Unaudited Consolidated Interim Statement of Cash Flows for the Nine-Month Period Ended September 30, 2012 (in thousands of Russian rubles)

	Notes	Nine - Month period ended September 30, 2012	Nine - Month period ended September 30, 2011
CASH FLOWS (USED IN) / FROM OPERATING ACTIVITIES:			
Profit before tax		8 233 347	6 530 811
Adjustments for:			
Interest expense on written put option on own shares		1 135 267	366 109
Depreciation and amortization charge	11	1 143 367	667 366
Net change in interest accruals		(407 629)	(925 919)
Loss on disposal of investments available-for-sale		264 519	59 330
Fair value adjustment on financial assets at fair value through profit or loss		(254 564)	870 628
Unrealized loss on foreign exchange operations		297 467	22 804
Share-based payment expense		255 484	-
Net loss on disposal of property and equipment and intangible assets	11	59 049	15 978
Other provisions		48 520	4 085
Share of profits of associates		(38 323)	(36 366)
Gain from revaluation of previously held equity interest in the acquiree	6	-	(558 613)
Dividends		-	(6 587)
Cash flows from operating activities before changes in operating assets and liabilities		10 736 504	7 009 626
Changes in operating assets and liabilities:			
Due from financial institutions		(9 827 067)	(13 745 134)
Financial assets at fair value through profit or loss		665 799	(19 015 291)
Central counterparty financial assets		(293 741)	1 523 386
Other assets		626 352	(328 858)
Balances of market participants		(20 174 003)	65 087 811
Central counterparty financial liabilities		293 741	(1 523 386)
Distributions payable to holders of securities		(2 476 198)	(2 119 424)
Other liabilities		(144 561)	1 131 030
Cash flows (used in) / from operating activities before taxation		(20 593 174)	38 019 760
Income tax paid		(2 077 491)	(1 615 558)
Cash flows (used in) / from operating activities		(22 670 665)	36 404 202
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Purchase of investments available-for-sale		(41 727 456)	(35 884 877)
Proceeds from disposal of investments available-for-sale		30 236 262	14 935 843
Proceeds from redemption of investments held-to-maturity		533 687	536 213
Purchase of property and equipment and intangible assets		(1 190 114)	(319 313)
Proceeds from disposal of property and equipment and intangible assets		30 810	10 001
Purchase of investments in associates		(2 214)	(347 750)
Acquisition of subsidiaries, net of cash acquired	6	-	1 712 979
Purchase of investments held-to-maturity		-	(11 398)
Cash flows used in investing activities		(12 119 025)	(19 368 302)

The notes on pages 10-57 form an integral part of these consolidated interim financial statements.

MOSCOW EXCHANGE GROUP

Unaudited Consolidated Interim Statement of Cash Flows for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles)

	Notes	Nine - Month period ended September 30, 2012	Nine - Month period ended September 30, 2011
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES:			
Sale of treasury shares		9 625 947	-
Acquisition of treasury shares		(4 543 355)	-
Loans repaid		(2 491 830)	(306 749)
Dividends paid		(682 856)	(1 257 929)
Acquisition of non-controlling interest in subsidiaries		(26 793)	(11 325)
Cash flows from / (used in) financing activities		1 881 113	(1 576 003)
Effect of changes in foreign exchange rates on cash and cash equivalents		(3 158 137)	3 234 758
Net (decrease) / increase in cash and cash equivalents		(36 066 714)	18 694 655
Cash and cash equivalents, beginning of period	14	165 830 133	160 462 572
Cash and cash equivalents, end of period	14	129 763 419	179 157 227

Interest received by the Group during the nine-month period ended September 30, 2012, amounted to RUB 7 754 094 thousand (September 30, 2011: 4 262 960 thousand).

Interest paid by the Group during the nine-month period ended September 30, 2012, amounted to RUB 40 902 thousand (September 30, 2011: RUB 39 752 thousand).

MOSCOW EXCHANGE GROUP

Consolidated Interim Statement of Changes in Equity for the Nine-Month Period Ended September 30, 2012

(in thousands of Russian rubles)

	Notes	Share capital	Share premium	Liability to deliver own shares	Treasury shares	Written put option over own shares	Investments revaluation reserve	Share-based payments	Foreign currency translation reserve	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interest	Total equity
December 31, 2010		1 574 654	4 998	-	-	-	(58 009)	-	18	25 367 828	26 889 489	882 727	27 772 216
Net profit (unaudited)		-	-	-	-	-	-	-	-	5 248 601	5 248 601	(9 269)	5 239 332
Other comprehensive income (unaudited)		-	-	-	-	-	(385 224)	-	25 728	-	(359 496)	51 752	(307 744)
Total comprehensive income		-	-	-	-	-	(385 224)	-	25 728	5 248 601	4 889 105	42 483	4 931 588
Transactions with owners													
Dividends declared and other distributions to shareholders (unaudited)	29	-	-	-	-	-	-	-	-	(1 257 929)	(1 257 929)	(132)	(1 258 061)
Reorganization of the Group (unaudited)	28	323 582	-	-	-	-	-	-	-	339 899	663 481	(674 806)	(11 325)
Merger with RTS (unaudited)	6	-	-	24 660 758	-	(21 054 656)	-	-	-	-	3 606 102	134 288	3 740 390
Total transactions with owners		323 582	-	24 660 758	-	(21 054 656)	-	-	-	(918 030)	3 011 654	(540 650)	2 471 004
September 30, 2011		1 898 236	4 998	24 660 758	-	(21 054 656)	(443 233)	-	25 746	29 698 399	34 790 248	384 560	35 174 808
December 31, 2011		2 416 918	24 147 074	-	(7 424 768)	(21 054 656)	(364 379)	-	40 733	31 149 729	28 910 651	386 047	29 296 698
Net profit (unaudited)		-	-	-	-	-	-	-	-	6 425 280	6 425 280	(9 764)	6 415 516
Other comprehensive income (unaudited)		-	-	-	-	-	93 674	-	(30 519)	-	63 155	(19 045)	44 110
Total comprehensive income		-	-	-	-	-	93 674	-	(30 519)	6 425 280	6 488 435	(28 809)	6 459 626
Transactions with owners													
Dividends declared (unaudited)	29	-	-	-	-	-	-	-	-	(682 856)	(682 856)	-	(682 856)
Sale of treasury shares (unaudited)	28	-	3 256 853	-	6 369 094	-	-	-	-	-	9 625 947	-	9 625 947
Repurchase of own shares (unaudited)		-	-	-	(1 805 040)	-	-	-	-	-	(1 805 040)	-	(1 805 040)
Share-based payments (unaudited)	12	-	-	-	-	-	-	255 484	-	-	255 484	-	255 484
Acquisition of non-controlling interest (unaudited)		-	-	-	-	-	-	-	-	279	279	(27 072)	(26 793)
Total transactions with owners		-	3 256 853	-	4 564 054	-	-	255 484	-	(682 577)	7 393 814	(27 072)	7 366 742
September 30, 2012		2 416 918	27 403 927	-	(2 860 714)	(21 054 656)	(270 705)	255 484	10 214	36 892 432	42 792 900	330 166	43 123 066

The notes on pages 10-57 form an integral part of these consolidated interim financial statements.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

1. Organization

Open 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.

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 offers trading, clearing and settlement services on the following financial market segments: foreign currencies exchange market, government securities and money market, market of derivative financial instruments, equities market, corporate and regional bonds market, commodities market, government and municipal procurement market.

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

Name	Principal activities	September 30, 2012	December 31, 2011
		(unaudited) Voting rights, %	Voting rights, %
CJSC MICEX Stock Exchange (MICEX SE)	Stock exchange operations	100%	99,998%
NCO CJSC National Settlement Depository (NSD)	Depository, clearing and settlement services	99,997%	99,997%
CJSC National Clearing Center (NCC)	Banking and clearing operations	100%	100%
CJSC Clearing Center RTS (CC RTS)	Clearing services	100%	100%
Non-banking Credit Organisation Settlement Chamber RTS CJSC (SC RTS)	Settlement services	100%	100%
CJSC Depository Clearing Company (DCC)	Depository services	99,995%	97,76%
Open Joint-Stock Company “Evraziyskaia Trading System” Commodity Exchange (ETS)	Commodity exchange operations	61,32%	61,32%
LLC Technical Center RTS (TechCenter)	Technical support of exchange activities	100%	100%
CJSC MICEX – Ural Region Regional Exchange Center (MICEX – Ural Region)	Exchange activities	100%	100%
CJSC MICEX – Volga Region Regional Exchange Center (MICEX – Volga Region)	Exchange activities	100%	100%
LLC MICEX Finance (MICEX Finance)	Financial activities	100%	100%
LLC MICEX Cyprus (MICEX Cyprus)	Financial activities	100%	100%
LLC E-Stock (E-Stock)	IT services	100%	100%
CJSC MICEX-Information Technologies (MICEX-IT)	IT services, operator of electronic trading platform	100%	100%
CJSC PFTS Stock Exchange (PFTS SE)	Stock exchange operations	50,02%	50,02%

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

NSD provides depository, clearing and settlement services. NSD has a license to perform depository activities, a license to perform clearing activities issued by the FSFM, and a license to perform settlement services issued by the Central Bank of Russia (CBR). In November 2012 the FSFM granted NSD status as the country's Central Securities Depository.

NCC provides clearing services for Currency Market and Securities Market (“Main Market” sector) Sections of the Group. NCC has a license to perform clearing activities issued by the FSFM. Since December 2012 NCC provides clearing services for all markets.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

1. Organization (continued)

E-Stock provide IT services to Moscow Exchange clients.

MICEX-IT is an operator of the MICEX electronic trading floor Goszakupki (State Purchases) – one of five electronic floors determined by the Economic Development Ministry of the Russian Federation and Federal Antimonopoly Service as the national electronic auction marketplace for state and municipal orders.

PFTS SE is a stock exchange, which has a stock exchange license and facilitates spot trading.

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

Until December 2012 CC RTS provided clearing services for Derivatives Market and Securities Market (“Standard” sector) Sections of the Group. CC RTS has a license to perform clearing activities issued by the FSFM.

SC RTS provides settlement services to trading participants involved in trading on Moscow Exchange. SC RTS is a non-banking credit institution. SC RTS has a licence to perform settlement services issued by the CBR.

DCC provides depository, clearing and settlement services. DCC has licenses to perform depository and clearing activities issued by the FSFM.

TechCenter provides information and technical services to Moscow Exchange clients.

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

MICEX – Ural Region and MICEX – Volga Region were liquidated in October 2012. All assets and liabilities were transferred to Moscow Exchange.

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 1 726 employees as at September 30, 2012 (December 31, 2011: 1 691 employees).

As at September 30, 2012 and December 31, 2011, the following shareholders owned voting shares of Moscow Exchange:

	September 30, 2012	December 31, 2011
	(unaudited)	
	%	%
The CBR	24,33	21,60
NSD (nominee holder)	22,21	16,05
Sberbank of Russia	10,36	5,67
State Corporation Bank of development and external economic activity (Vnesheconombank)	8,71	7,95
CJSC Depository Clearing Company (nominee holder)	7,54	10,94
CJSC UniCredit Bank	6,18	8,75
OJSC VTB Bank	6,05	5,35
OJSC Gazprombank	5,37	4,78
Other	9,25	18,91
Total	100,00	100,00

Entities controlled by the Russian Federation together hold more than 50% (December 31, 2011: more than 40%) of voting shares of Moscow Exchange. Accordingly, the Russian Federation exercises control (December 31, 2011: significant influence) over Moscow Exchange.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

1. Organization (continued)

The total number of market participants as at September 30, 2012 and December 31, 2011, consists of:

	September 30, 2012 (unaudited)	December 31, 2011 (unaudited)
Corporate securities market	730	773
Currency market	576	594
Money market	475	452
Government securities market	420	321
Derivatives market	350	258
Total	2 551	2 398

Clients of the Group must meet the qualitative and quantitative qualification requirements in order to obtain Exchange Member status and participate in trading directly. Due to these requirements the Client base primarily consists of professional market participants, namely banks and investment companies that have licences for professional market participation on appropriate markets and licences for broker, dealer and/or securities management activities and meet special requirements established by the Group. Other legal entities and individuals may participate in trading as customers of Exchange Members.

These Consolidated Interim Financial Statements were authorized for issue by the Management of Moscow Exchange on December 28, 2012.

2. Basis of Presentation

Statement of compliance

These Consolidated Interim Financial Statements of the Group have been prepared in accordance with the International Financial Reporting Standards (“IFRS”).

Basis of presentation

These Consolidated Interim Financial Statements are presented in thousands of Russian rubles, unless otherwise indicated. These Consolidated Interim 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 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.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

3. Significant Accounting Policies

Basis for consolidation

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights, or otherwise has power to exercise control over their operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

Business combinations

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the Consolidated Interim Income Statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

3. Significant Accounting Policies (continued)

Investments in associates

Associates are entities in which the Group generally has between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which it does not control or jointly control. Investments in associates are accounted for under the equity method and are initially recognised at cost, including goodwill. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the associate. The Group's share of its associates' profits or losses is recognised in the Consolidated Interim Income Statement, and its share of movements in reserves is recognised in other comprehensive income. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group is obliged to make further payments to, or on behalf of, the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Recognition of revenue

Commission income

Commissions are recognized when services are provided.

Recognition of interest income

Interest income is recognized on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Once a financial asset has been written down as a result of impairment, interest income is thereafter recognized using the rate of interest used to discount future cash flows for the purpose of measuring the impairment loss.

Interest earned on central counterparty financial assets is presented net of interest expense incurred in respect of the offsetting financial liabilities within gains or losses on financial assets carried at fair value.

Recognition of dividend income

Dividend income is recognized on the ex-dividend date (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances on correspondent and deposit accounts with banks with maturity up to one business day. Amounts that are subject to restrictions on their availability, including minimum reserve deposits with the CBR, are not included in cash and cash equivalents.

Financial assets

The Group recognizes financial assets and liabilities in its Consolidated Interim Statement of Financial Position when it becomes a party to the contractual obligations of the instrument. Regular way purchases and sales of financial assets and liabilities are recognized using settlement date accounting.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

3. Significant Accounting Policies (continued)

Financial assets (continued)

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial asset is held for trading.

A financial asset is classified as held for trading if:

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend earned on the financial asset. Fair value is determined in the manner described in Note 33.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. HTM investments are measured at amortised cost using the effective interest method less any impairment.

Loans and receivables

Loans and receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income is reclassified to the Consolidated Interim Income Statement. However, interest calculated using the effective interest method is recognised in the Consolidated Interim Income Statement.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

3. Significant Accounting Policies (continued)

Financial assets (continued)

Determination of fair value

The fair value for financial instruments traded in active market at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been negatively affected.

For financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as default or delinquency in interest or principal payments; or
- It becoming probable that the debtor will enter bankruptcy or financial reorganisation; or
- Disappearance of an active market for that financial asset as a result of financial difficulties.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans, receivables and investments held-to-maturity, where the carrying amount is reduced through the use of an allowance account. When a loan or a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable a part of the financial asset or part of a group of similar financial assets) is derecognized where:

- Rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement;
- The Group either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial asset is derecognized when it has been transferred and the transfer qualifies for derecognition. A transfer required that the Group either (a) transfers the contractual rights to receive the asset's cash flows; or (b) retains the right to receive the asset's cash flows but assumes a contractual obligation to pay those cash flows to a third party. After a transfer, the Group reassesses the extent to which it has retained the risks and rewards of ownership of the transferred asset. If substantially all the risks and rewards have been retained, the asset remains on the balance sheet. If substantially all of the risks and rewards have been transferred, the asset is derecognized.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

3. Significant Accounting Policies (continued)

Financial assets (continued)

If substantially all the risks and rewards have been neither retained nor transferred, the Group assesses whether or not it has retained control of the asset. If it has not retained control, the asset is derecognized. Where the Group retained control of the asset, it continues to recognise the asset to the extent of its continuing involvement.

Offsetting of financial assets

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Interim Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Central counterparty financial assets and liabilities

NCC acts as a central counterparty (CCP) and guarantees settlements of certain currency exchange transactions. Receivables and payables on such deals that may be offset against a clearing member are reported net in accordance with IAS 32 and are recognized in the Consolidated Interim Statement of Financial Position at the net fair value based on daily settlement prices.

CC RTS acts as the CCP for all transactions involving futures and options on the FORTS market, all transactions on the Standard markets and certain transactions on the Classic market. As a CCP, the Group guarantees the settlement of transactions for market participants.

Sales and purchases of securities and currency via the CCP are recognised and simultaneously derecognised at the settlement date.

For the products that are marked to market the Group recognises gains and losses on open positions of clearing members on each exchange day. The variation margin is used to settle gains and losses on open positions resulting from market price fluctuations on a daily basis. The variation margin does not comprise collateral as it is a daily offsetting of gains and losses in cash. Products that are marked to market are therefore not reported in the Consolidated Interim Statement of Financial Position.

Receivables and payables under repurchase transactions (repo) are classified as held for trading and carried at fair value.

Collateral of central counterparty

As the Group guarantees the settlement of certain traded contracts, it has established a multi-level collateral system. The central pillar of the collateral system is the daily determination of the overall risk per clearing member (margin) to be covered by cash and securities collateral.

Securities collateral is not derecognised by the clearing member providing the collateral. As the transfer of securities does not meet the conditions for derecognition, the securities are not recognised as assets.

In addition to these daily collateral payments, each clearing member must make contributions to the risk-covering fund which is described in Note 25.

Financial liabilities and equity instruments issued

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

3. Significant Accounting Policies (continued)

Financial liabilities and equity instruments issued (continued)

Repurchase of the Group's own equity instruments is recognized directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

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

Financial liabilities at fair value through profit or loss

Financial liabilities classified as 'at FVTPL' include CCP financial liabilities and certain derivatives.

Other financial liabilities

Other financial liabilities, including banks deposits and balances of market participants, loans payable, distributions payable to holders of securities and other liabilities, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Distributions payable to holders of securities comprise dividends and coupon amounts received by the Group from the issuers of securities on behalf of customers of the Group, for which the Group also provides depository services. The normal settlement period for distribution of dividends and coupon amounts to its customers is five days. Amounts of dividends and coupons payable to clients are stated at their contractual values.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit and loss.

Property and equipment

Property and equipment is carried at historical cost less accumulated depreciation and any impairment losses.

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

Buildings and other real estate	2%
Furniture and equipment	20%

Freehold land is not depreciated.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

3. Significant Accounting Policies (continued)

Property and equipment (continued)

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

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis at the annual rates of 10% - 25%.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis at the annual rate of 4%.

Internally developed intangible assets

Development costs that are directly associated with the production of identifiable and unique software products controlled by the Group are capitalised and an internally generated intangible asset is recognised only if it is probable that it will generate economic benefits exceeding costs beyond one year and the development costs can be measured reliably. An internally generated intangible asset is recognised only if the Group has the technical feasibility, resources and intention to complete the development and to use the product. Direct costs include software development employee costs and an appropriate portion of relevant overheads. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

3. Significant Accounting Policies (continued)

Intangible assets (continued)

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

3. Significant Accounting Policies (continued)

Taxation (continued)

Operating taxes

Countries where the Group operates also have various other taxes, which are assessed on the Group's activities. These taxes are included as a component of operating expenses in the Consolidated Interim Income Statement.

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity within Share-based payments reserve, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense (Note 12).

Contingencies

Contingent liabilities are not recognized in the Consolidated Interim Statement of Financial Position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the Consolidated Interim Statement of Financial Position but disclosed when an inflow of economic benefits is probable.

Fiduciary activities

The Group provides custodial services to its customers which include transactions with securities on their custody accounts. Assets accepted and liabilities incurred under the fiduciary activities are not included in the Group's Consolidated Interim Financial Statements. The Group accepts the operational risk on these activities, but the Group's customers bear the credit and market risks associated with such operations. Revenue for provision of fiduciary services is recognized as services are provided.

Foreign currencies

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

For the purposes of presenting Consolidated Interim Financial Statements, the assets and liabilities of the Group's foreign operations are translated into RUB using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interest as appropriate).

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

3. Significant Accounting Policies (continued)

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Segment reporting

An operating segment is a component of a Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Group); whose operating and financial results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. As at September 30, 2012 and December 31, 2011, the Group comprised a single operating segment.

Adoption of new and revised standards

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, 2012.

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.

Amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

Amendments to IFRS 7 "Financial Instruments: Disclosures"

The Amendments were issued in October 2010 and are effective for annual periods beginning on or after 1 July 2011. The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets.

Amendments to IAS 12 "Income Taxes" – Deferred tax: Recovery of underlying assets

In December 2010 the IASB issued amendments to IAS 12 effective for annual periods beginning on or after 1 January 2012. The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset.

New and revised IFRSs in issue but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

3. Significant Accounting Policies (continued)

New and revised IFRSs in issue but not yet effective (continued)

Amendments to IAS 32 Financial Instruments: Presentation – Guidance on Offsetting Financial Assets and Liabilities and Amendments to IFRS 7 Financial Instruments: Disclosures – Disclosures on Offsetting Financial Assets and Liabilities

In December 2011, the IASB issued amendments to its current guidance in IAS 32 on offsetting financial assets and liabilities and has introduced new disclosure requirements in IFRS 7. The amendments to IFRS 7 are to be retrospectively applied for annual periods beginning on or after 1 January 2013 and the amendments to IAS 32 are to be retrospectively applied for annual periods beginning on or after 1 January 2014. Earlier application is permitted. The amendments to IAS 32 now clarify that rights to set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default, bankruptcy or insolvency of all the counterparties to the contract. The amendments to IAS 32 also clarify that rights of set-off must not be contingent on a future event. The amendments to IAS 32 also clarify the offsetting criteria that the reporting entity is required to intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IFRS 7 require the reporting entity to disclose information about rights of set-off and related arrangements for all recognized financial instruments that are set off in accordance with IAS 32. The Group now evaluates the impact of the adoption of new amendments and considers the initial application date.

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has there no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after July 1, 2012.

Amendments to IAS 19 Employee Benefits

The IASB has published amendments to IAS 19 Employee Benefits, effective for annual periods beginning on or after January 1, 2013, which proposes major changes to the accounting for employee benefits, including the removal of the option for deferred recognition of changes in pension plan assets and liabilities (known as the "corridor approach"). In addition, these amendments will limit the changes in the net pension asset (liability) recognised in profit or loss to net interest income (expense) and service costs. The Group expects that these amendments will have no impact on the Group's financial position.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation – Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after January 1, 2013.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

3. Significant Accounting Policies (continued)

New and revised IFRSs in issue but not yet effective (continued)

IFRS 11 Joint Arrangements

IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Group expects that adoption of IFRS 11 will have no effect on its financial position and performance.

IFRS 12 Disclosure of Involvement with Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after January 1, 2013.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after January 1, 2013.

IAS 27 Separate Financial Statements (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

Annual Improvements May 2012

These improvements will not have an impact on the Group, but include:

IFRS 1 First-time Adoption of International Financial Reporting Standards

This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

3. Significant Accounting Policies (continued)

New and revised IFRSs in issue but not yet effective (continued)

IAS 16 Property Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after 1 January 2013.

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.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Consolidated Interim Financial Statements.

Written put option over own shares

Financial liabilities of the Group include a written put option on the Group's shares. The option was granted by the Group to certain former shareholders of RTS as a part of the merger with RTS (refer to Note 6). The option gives its holders the right to put the Group's shares back to the Group for cash:

- in July 2013 in the case if the Group has not conducted an IPO by June 30, 2013, and MICEX stock index and FTSE Mondo Visione Exchanges index have not fallen by 30% or more after the merger date;
- In October 2014, if the option has not been exercised in July 2013 and the Group has not conducted an IPO by September 30, 2014.

Because the put option requires the Group to deliver cash in the event of occurrence or non-occurrence of uncertain future events that are beyond control of both the Group and the holders of the option, in accordance with IAS 32 "Financial Instruments: Presentation" the option is classified as a financial liability and is carried at the net present value of its strike price. For the purpose of calculation of the net present value, Management assumed that the option could be exercised in July 2013 and has used the discount rate of 7%. Unwinding of the discount is recorded as interest expense in a separate line of the Consolidated Interim Income Statement.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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

Held-to-maturity financial assets

The Management has reviewed the Group's held-to-maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold those assets to maturity. Details of these assets are set out in Note 19.

Key sources of estimation uncertainty

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

Impairment of receivables

The Group regularly reviews its receivables to assess for impairment. The Group's receivables impairment provisions are established to recognize incurred impairment losses in its portfolio of receivables. The Group considers accounting estimates related to allowance for impairment of receivables a key source of estimation uncertainty because (a) they are highly susceptible to change from period to period as the assumptions about future default rates and valuation of potential losses relating to impaired receivables are based on recent performance experience, and (b) any significant difference between the Group's estimated losses and actual losses would require the Group to record provisions which could have a material impact on its Consolidated Interim Financial Statements in future periods.

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. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of receivables. The Group uses Management's judgment to adjust observable data for a group of receivables to reflect current circumstances not reflected in historical data.

The allowances for impairment of financial assets in the Consolidated Interim Financial Statements have been determined on the basis of existing economic and political conditions. As at September 30, 2012, the gross receivables totalled RUB 385 435 thousand (December 31, 2011: RUB 602 251 thousand) and allowance for impairment losses amounted to RUB 3 914 thousand (December 31, 2011: RUB 8 734 thousand).

Valuation of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

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.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 33.

Impairment of goodwill

Goodwill is tested for impairment annually and when there is indication that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of each 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. Impairment losses relating to goodwill cannot be reversed in future periods.

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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

Share-based payments

The Group measures the cost of transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. 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 12.

5. Changes in Presentation

Changes were made to the presentation of the following items in the consolidated interim income statement, compared to consolidated income statement for the year ended December 31, 2011, as the current presentation provides better view of the financial performance of the Group:

- Interest income and net losses/gains on financial assets through profit and loss are presented within interest and other finance income
- Net gain/loss on financial assets available-for-sale is presented as a separate line.

6. Business Combinations

MICEX-RTS merger

On June 29, 2011, the Group obtained control over Open Joint-Stock Company RTS Stock Exchange (RTS) and its subsidiaries (together – RTS Group). RTS Group was specialising in stock exchange services, including trading, settlement and clearing, depository, and technical support services. As a result of the transaction the Group acquired the following subsidiaries of RTS: CJSC Clearing Center RTS, Non-banking Credit Organisation Settlement Chamber RTS CJSC, CJSC Depository Clearing Company, Open Joint-Stock Company “Evraziyskaia Trading System” Commodity Exchange, LLC Technical Center RTS, and obtained significant influence over the associate of RTS, Open Joint-Stock Company “Ukrainian Exchange”.

The acquisition is expected to provide the Group with an increased share of the cash and derivative market through access to the acquiree’s patented technology and customer base. The Group also expects to decrease costs through economies of scale and reducing excessive services.

On June 29, 2011, RTS, CJSC MICEX and a majority of RTS shareholders signed a framework agreement in relation to a merger of the businesses of MICEX and RTS. Under the terms of transaction RTS shareholders had a right to sell up to 35% of their stakes to the Group and convert the remaining stake to the Group’s shares at fixed ratio. The deal was approved by extraordinary general meetings of MICEX and RTS shareholders on August 5, 2011, and approved by the Federal Antimonopoly Service of the Russian Federation (FAS) on September 9, 2011. In October the Group repurchased RTS shares from those RTS shareholders who voted against the transaction. MICEX and RTS have legally merged on December 19, 2011.

Based on the framework agreement since June 29, 2011, management of RTS should not perform actions other than those required for running as a going concern in line with the RTS budget unless otherwise agreed with MICEX. Former RTS shareholders have no rights to govern financial and operating policies of RTS since June 29, 2011. As at June 29, 2011, the Group expected that the required approvals by extraordinary general meetings and the FAS would be obtained and the transaction would be completed with a high degree of certainty. Based on that June 29, 2011, is defined as an acquisition date and all transactions of RTS Group are included into these Consolidated Interim Financial Statements since this date.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

6. Business Combinations (continued)

MICEX-RTS merger (continued)

Under the framework agreement the Group granted to RTS shareholders a put option in relation to the Group's shares received by RTS shareholders as a result of the deal.

The following summarizes the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

Consideration transferred

	Note	
Cash		8 875 680
Ordinary shares with no put option granted (59 119 392 ordinary shares)	28	3 606 102
Ordinary shares with put option granted (296 884 467 ordinary shares)	28	21 054 656
Total		33 536 438

The fair value of the ordinary shares with no put option was estimated based on the results of an independent appraisal at June 29, 2011. Ordinary shares were issued in December 2011. The Group recognised liability to deliver own shares as a separate element of equity.

In accordance with IAS 32 *Financial Instruments: Presentation*, the net present value of the strike price of the put option granted to RTS shareholders is deducted from equity and recognised as a financial liability. The exercise of the put option is conditional on non-occurrence of future events, including the Group's IPO, which are outside control of the Group. If the Group conducts an IPO before June 30, 2013, for an amount of at least RUB 9 000 000 thousand, the put option would lapse and the amount recognised as a financial liability in respect of the put option would be recorded as an increase in the Group's equity. Interest expense of RUB 1 135 267 thousand in respect of this option was recognised in profit or loss for the nine-month period ended September 30, 2012 (September 30, 2011: RUB 366 109 thousand). Acquisition-related costs incurred to effect the business combination include legal and due diligence costs of RUB 297 948 thousand, staff costs of RUB 270 000 thousand, other administrative expense of RUB 4 354 thousand.

If the acquisition had occurred on January 1, 2011, fee income, interest income and other income for the nine-month period ended September 30, 2011 would have been RUB 13 428 677 thousand and the profit for the period would have been RUB 5 838 768 thousand. In determining these figures it has been assumed that the fair value adjustments at January 1, 2011, would have been the same as the fair value adjustments that arose on the date of acquisition.

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

6. Business Combinations (continued)

MICEX-RTS merger (continued)

The amounts of assets and liabilities of the acquired subsidiary recognised in the Group's Consolidated Interim Financial Statements were as follows at the date of acquisition:

ASSETS	
Cash and cash equivalents	7 410 678
Financial assets at fair value through profit or loss	10 491 647
Due from financial institutions	28 389 017
Central counterparty financial assets	3 545 906
Investments available-for-sale	207 990
Investments in associates	129 964
Property and equipment	425 330
Intangible assets	19 635 424
Deferred tax asset	42 987
Current tax prepayments	17 069
Other assets	178 400
Total assets	70 474 412
LIABILITIES AND EQUITY	
Balances of market participants	39 237 023
Loans payable	1 246 409
Central counterparty financial liabilities	3 545 906
Deferred tax liability	3 865 254
Current tax payables	98 127
Other liabilities	2 238 819
Total liabilities	50 231 538
Net identifiable assets and liabilities	20 242 874
Non-controlling interest	(134 288)
Fair value of previously held equity interest in the acquiree	(2 542 500)
Goodwill on acquisition	15 970 352
Consideration transferred	33 536 438
Cash flow on acquisition for the nine-month period ended September 30, 2011	
Consideration paid by cash	5 697 699
Cash acquired with the subsidiary	(7 410 678)
Net of cash acquired (included in cash flows from investing activities)	(1 712 979)
Transaction costs of the acquisition (included in cash flows from operating activities)	10 025
Net cash inflow	(1 702 954)

The Group has elected to measure the non-controlling interest in the acquiree at the non-controlling interests's proportionate share of the acquiree's identifiable net assets.

In the line "Net (loss) / gain on financial assets available-for-sale" within Consolidated Interim Income Statement the Group recognised a gain of RUB 558 613 thousand for nine-month period ended September 30, 2011 as a result of remeasuring to fair value the equity interest in RTS held by the Group before the business combination.

Gross contractual amount of acquired receivables with fair value of RUB 97 576 thousand (included in other assets) is RUB 98 494 thousand. The difference of RUB 918 thousand represents provision created for receivables, not expected to be collected.

The goodwill is attributable mainly to the strong position of RTS in derivatives, growth prospects in production and sale of derivatives, skills and technical talent of the work force, and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for income tax purposes.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

7. Fee and Commission Income

	Nine - Month period ended September 30, 2012 (unaudited)	Nine - Month period ended September 30, 2011 (unaudited)
Securities market	2 340 368	3 050 612
Foreign exchange market	1 505 949	1 061 766
Depositary and settlement services	1 399 515	1 326 205
Money market	1 305 261	619 103
Derivatives market	946 864	425 695
Sale of software and technical services	371 703	105 532
Information services	302 019	176 750
Other	112 360	65 802
Total fee and commission income	8 284 039	6 831 465

8. Interest and Other Finance Income

	Nine - Month period ended September 30, 2012 (unaudited)	Nine - Month period ended September 30, 2011 (unaudited)
Income on securities at fair value through profit or loss		
Interest income	2 948 030	2 101 729
Net loss on securities at fair value through profit or loss	(466 968)	(890 664)
Total income on securities at fair value through profit or loss	2 481 062	1 211 065
Interest income on financial assets other than at fair value through profit or loss		
Interest on due from financial institutions	2 982 850	1 636 137
Interest income on investments available-for-sale	2 189 710	1 302 563
Interest on investments held-to-maturity	28 869	148 450
Total interest income on financial assets other than at fair value through profit or loss	5 201 429	3 087 150
Total interest and other finance income	7 682 491	4 298 215

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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9. Foreign exchange gains less losses

	Nine - Month period ended September 30, 2012 (unaudited)	Nine - Month period ended September 30, 2011 (unaudited)
Net gains arising from dealing in foreign currencies	697 171	125 990
Net foreign exchange translation losses	(460 861)	(83 745)
Total foreign exchange gains less losses	236 310	42 245

10. Other Operating Income

	Nine - Month period ended September 30, 2012 (unaudited)	Nine - Month period ended September 30, 2011 (unaudited)
Income from lease	25 262	21 287
Other income	12 946	8 819
Total other operating income	38 208	30 106

11. Administrative and Other Operating Expenses

	Nine - Month period ended September 30, 2012 (unaudited)	Nine - Month period ended September 30, 2011 (unaudited)
Amortisation of intangible assets	753 661	309 718
Professional services	600 784	825 173
Rent and office maintenance	394 604	330 284
Depreciation of property and equipment	389 706	357 648
Market makers fees	304 150	245 107
Equipment and intangible assets maintenance	258 828	219 221
Taxes, other than income tax	233 564	145 052
Advertising and marketing costs	187 723	126 682
Loss on disposal of property, equipment and intangible assets	59 049	15 978
Business trip expenses	52 736	43 571
Charity	28 273	18 237
Security expenses	25 808	17 135
Other	121 314	31 534
Total administrative and other operating expenses	3 410 200	2 685 340

Professional services comprise consulting, audit, IT services, information and telecommunication, insurance, legal services and other. Included into professional services for the nine-month period ended September 30, 2011 are acquisition costs in respect the merger with RTS (Note 6).

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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12. Personnel Expenses

	Nine - Month period ended September 30, 2012 (unaudited)	Nine - Month period ended September 30, 2011 (unaudited)
Staff expenses	2 503 129	1 883 354
Payroll related taxes	436 523	238 901
Share-based payment expense	255 484	-
Total personnel expenses	3 195 136	2 122 255

In 2012 the Group granted equity-settled share options to senior management and some employees. A majority of the options vest when the employee continues to be employed by the Group at the vesting date. The share options granted will not vest if the shares of the Moscow Exchange are not listed. 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 during the nine-month period ended September 30, 2012:

	Number	WAEP
Outstanding at 1 January	-	-
Granted during the year	28 527 059	47,83
Outstanding at 30 September	28 527 059	47,83

The weighted average remaining contractual life for the share options outstanding as at September 30, 2012 was 1,63 years. The weighted average fair value of options granted during the year was RUB 30,70. Exercise prices for options outstanding as at September 30, 2012 were RUB 46,9 – RUB 51.

The following table lists the inputs to the models used:

Assumption	Value
Expected volatility	25%
Risk-free interest rate	6,21%
Share price, RUB	73,42
Dividend yield	2,0%

Share price is estimated using the DCF model. Cash flows for years 2012 to 2015 were based on financial budgets approved by management, the expected rate of return equals to 14.5%. Cash flows from 2016 and into perpetuity were based on the estimated long term growth rates. The model is based on the same assumptions which were used to calculate recoverable amount for the Group (refer to Note 23).

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

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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13. 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.

Temporary differences comprise:

	Consolidated statement of financial position		Consolidated income statement	
	September 30, 2012 (unaudited)	December 31, 2011	Nine - Month period ended September 30, 2012 (unaudited)	Nine - Month period ended September 30, 2011 (unaudited)
Tax effect from deductible temporary differences				
Due from financial institutions	2 667	-	2 667	-
Financial assets at fair value through profit or loss	93 048	164 275	(71 227)	173 732
Investments in associates and assets available-for-sale	134 917	78 435	79 901	(22 073)
Financial assets held-to-maturity	4 635	-	4 635	-
Property and equipment and intangible assets	31 107	23 280	7 827	10 269
Other assets	14 297	7 369	6 076	6 645
Tax loss carried forward	43 574	15 713	27 861	32 388
Other liabilities	21 414	47 759	(26 346)	199 451
Total tax effect from deductible temporary differences	345 659	336 831	31 394	400 412
Tax effect from taxable temporary differences				
Investments in associates and assets available-for-sale	(55 673)	(34 046)	(21 627)	(25 329)
Financial assets at fair value through profit or loss	(25 683)	(4 700)	(20 983)	(5 460)
Property and equipment and intangible assets	(4 091 069)	(4 231 617)	140 548	40 984
Other assets	(2 442)	(5 476)	3 034	(3 398)
Other liabilities	(3 841)	(44 371)	40 530	(35 741)
Total tax effect from taxable temporary differences	(4 178 708)	(4 320 210)	141 502	(28 944)
Deferred tax income			172 896	371 468
Deferred income tax assets	223 279	246 983		
Deferred income tax liabilities	(4 056 328)	(4 230 362)		

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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13. Income tax (continued)

Reconciliation of income tax expense and accounting profit for the nine-month period ended September 30, 2012 and 2011, are explained below:

	Nine - Month period ended September 30, 2012 (unaudited)	Nine - Month period ended September 30, 2011 (unaudited)
Profit before income tax	8 233 347	6 530 811
Tax at the statutory tax rate (20%)	1 646 669	1 306 162
Non-deductible expenses for tax purposes	372 972	204 369
Non-taxable gain on previously held interest in an acquiree	-	(111 199)
Tax effect of income taxed at rates different from the prime rate	(170 610)	(107 853)
Deferred tax benefit from a previously unrecognised temporary difference of a prior period	(31 200)	-
Income tax expense	1 817 831	1 291 479
Current income tax expense	1 990 727	1 662 947
Deferred taxation movement due to origination and reversal of temporary differences	(145 035)	(339 080)
Deferred taxation movement due to tax losses carried forward	(27 861)	(32 388)
Income tax expense	1 817 831	1 291 479

At September 30, 2012, the aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liability have not been recognized was RUB 14 964 490 thousand (December 31, 2011: RUB 10 728 147 thousand).

	Nine - Month period ended September 30, 2012 (unaudited)	Nine - Month period ended September 30, 2011 (unaudited)
As at January 1 – deferred tax assets	246 983	30 916
As at January 1 – deferred tax liabilities	(4 230 362)	(435 881)
Changes in deferred income tax balances recognized in other comprehensive income	(23 419)	96 306
Effect of movements in exchange rates	853	(6 023)
Change in deferred income tax balances recognized in profit or loss	172 896	371 468
Deferred income tax liabilities arising from business combinations	-	(3 822 267)
As at September 30 - deferred tax assets	223 279	464 089
As at September 30 - deferred tax liabilities	(4 056 328)	(4 229 570)

14. Cash and Cash Equivalents

	September 30, 2012 (unaudited)	December 31, 2011
Balances with the CBR	3 961 475	55 773 895
Correspondent accounts and overnight deposits with banks:		
- Russian Federation	28 892 148	20 688 491
- Organization for Economic Cooperation and Development countries	96 610 023	89 048 889
- other countries	294 319	307 877
Cash on hand	5 454	10 981
Total cash and cash equivalents	129 763 419	165 830 133

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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14. Cash and Cash Equivalents (continued)

As at September 30, 2012, the Group has balances with eight counterparties each of which is greater than 10% of equity (December 31, 2011: five counterparties). The total aggregate amount of these balances is RUB 117 832 143 thousand or 91% of total cash and cash equivalents as at September 30, 2012 (December 31, 2011: RUB 101 065 037 thousand or 61% of total cash and cash equivalents).

Guarantee and risk-covering funds (Note 25) are placed on current accounts with large OECD banks, the CBR and large Russian banks (Fitch credit rating BBB).

15. Financial Assets at Fair Value Through Profit or Loss

	September 30, 2012 (unaudited)	December 31, 2011
Bonds issued by Russian Federation	46 599 871	47 190 671
Foreign exchange currency swaps	105 025	-
Shares issued by Russian companies	67 777	68 096
Total financial assets at fair value through profit or loss	46 772 673	47 258 767

16. Due from Financial Institutions

	September 30, 2012 (unaudited)	December 31, 2011
Interbank loans and term deposits	31 617 471	21 615 913
Short-term reverse repo receivable from financial institutions	598 697	538 961
Mandatory cash balances with the CBR (restricted)	108 866	91 422
Receivables on broker and clearing operations	1 639	141
Total due from financial institutions	32 326 673	22 246 437

As at September 30, 2012, the fair value of bonds pledged under short-term reverse repo is RUB 650 257 thousand (December 31, 2011: RUB 597 575 thousand).

17. Central Counterparty Financial Assets and Liabilities

	September 30, 2012 (unaudited)	December 31, 2011
Currency transactions	1 758 929	1 769 470
Repo transactions	1 173 670	869 388
Total central counterparty financial assets and liabilities	2 932 599	2 638 858

As at September 30, 2012, 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. The fair value of securities purchased and sold by the Group under the above repo transactions is RUB 1 168 670 thousand (December 31, 2011: RUB 864 338 thousand).

As at September 30, 2012, none of these assets were past due (December 31, 2011: nil).

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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18. Investments Available-for-Sale

	September 30, 2012 (unaudited)	December 31, 2011
Bonds issued by Russian banks	15 032 525	10 635 800
Bonds issued by Russian companies	10 272 074	7 928 882
Bonds issued by foreign companies	7 307 425	4 875 733
Bonds issued by Russian Federation	5 596 922	2 781 657
Bonds issued by foreign banks	1 690 314	1 899 158
Bonds issued by Russian Federation subjects and Municipal bonds	743 236	1 486 710
Shares issued by Russian companies	144 632	166 403
Shares issued by foreign companies	56 277	56 100
Total investments available-for-sale	40 843 405	29 830 443

In 2012 the Group reclassified securities with total carrying value of RUB 472 963 thousand from investments available-for-sale to investments held-to-maturity due to change in intention.

19. Investments Held-to-Maturity

	September 30, 2012 (unaudited)	December 31, 2011
Corporate bonds	535 237	75 227
Bonds issued by Russian Federation subjects and Municipal bonds	49 974	172 798
Bonds issued by Russian Federation	-	444 241
Total investments held-to-maturity	585 211	692 266

20. Investments in Associates

	September 30, 2012 (unaudited)		December 31, 2011	
	Ownership interest	Carrying value	Ownership interest	Carrying value
CJSC Settlement Depository Company (SDC)	28,54%	547 917	28,54%	513 998
CJSC National Mercantile Exchange (NAMEX)	36,51%	27 059	33,24%	20 554
Open Joint-Stock Company "Ukrainian Exchange" (UEX)	43,08%	133 224	43,08%	135 549
Total investments in associates		708 200		670 101

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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20. Investments in Associates (continued)

As at September 30, 2012, and for the nine-month period then ended, assets, liabilities, revenue and net profit of the associates are presented as follows:

	September 30, 2012			
	Assets	Liabilities	Revenue	Net profit
SDC	5 618 578	3 731 356	144 185	118 848
NAMEX	82 924	8 344	55 738	12 712
UEX	117 434	15 284	55 001	262

As at December 31, 2011, and for the nine-month period ended September 30, 2011, assets, liabilities, revenue and net profit of the associates are presented as follows:

	December 31, 2011		September 30, 2011	
	Assets	Liabilities	Revenue	Net profit
SDC	3 949 274	2 180 897	159 846	118 705
NAMEX	96 858	34 989	31 304	5 400
UEX	123 870	16 547	54 625	3 167

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

21. Property and Equipment

	Land	Buildings and other real estate	Furniture and equipment	Total
December 31, 2010	104 354	4 864 504	2 729 381	7 698 239
Additions (unaudited)	884	708	113 479	115 071
Acquisition through business combination (Note 6)	-	82 930	342 400	425 330
Disposals (unaudited)	-	(7 763)	(96 569)	(104 332)
Effect of movements in exchange rates (unaudited)	-	5 212	2 038	7 250
September 30, 2011 (unaudited)	105 238	4 945 591	3 090 729	8 141 558
December 31, 2011	127 512	4 965 469	3 273 193	8 366 174
Additions (unaudited)	94 061	478 845	327 097	900 003
Disposals (unaudited)	-	(20 825)	(195 607)	(216 432)
Effect of movements in exchange rates (unaudited)	(183)	(4 625)	(1 345)	(6 153)
September 30, 2012 (unaudited)	221 390	5 418 864	3 403 338	9 043 592
Accumulated depreciation				
December 31, 2010	-	670 772	1 575 293	2 246 065
Charge for the year (unaudited)	-	73 552	284 096	357 648
Disposals (unaudited)	-	(343)	(78 056)	(78 399)
Effect of movements in exchange rates (unaudited)	-	3	273	276
September 30, 2011 (unaudited)	-	743 984	1 781 606	2 525 590
December 31, 2011	-	764 793	1 878 636	2 643 429
Charge for the year (unaudited)	-	80 844	308 862	389 706
Disposals (unaudited)	-	(5 065)	(121 509)	(126 574)
Effect of movements in exchange rates (unaudited)	-	(92)	(573)	(665)
September 30, 2012 (unaudited)	-	840 480	2 065 416	2 905 896
Net book value				
December 31, 2011	127 512	4 200 676	1 394 557	5 722 745
September 30, 2012 (unaudited)	221 390	4 578 384	1 337 922	6 137 696

As at September 30, 2012, historical cost of fully depreciated property and equipment amounts to RUB 1 028 799 thousand (December 31, 2011: RUB 915 883 thousand).

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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22. Intangible Assets

	Software and licences	Client base	Total
December 31, 2010	682 809	193 594	876 403
Acquisition through business combination (Note 6)	325 424	19 310 000	19 635 424
Additions (unaudited)	204 242	-	204 242
Disposals (unaudited)	(572)	-	(572)
Effect of movements in exchange rates (unaudited)	4 424	-	4 424
September 30, 2011 (unaudited)	1 216 327	19 503 594	20 719 921
December 31, 2011	1 230 297	19 503 594	20 733 891
Additions (unaudited)	290 111	-	290 111
Disposals (unaudited)	(55 901)	-	(55 901)
Effect of movements in exchange rates (unaudited)	(7 261)	-	(7 261)
September 30, 2012 (unaudited)	1 457 246	19 503 594	20 960 840
Accumulated amortization			
December 31, 2010	201 267	18 313	219 580
Charge for the year (unaudited)	110 810	198 908	309 718
Disposals (unaudited)	(525)	-	(525)
Effect of movements in exchange rates (unaudited)	178	-	178
September 30, 2011 (unaudited)	311 730	217 221	528 951
December 31, 2011	351 353	412 257	763 610
Charge for the year (unaudited)	168 553	585 108	753 661
Disposals (unaudited)	(55 900)	-	(55 900)
Effect of movements in exchange rates (unaudited)	(210)	-	(210)
September 30, 2012 (unaudited)	463 796	997 365	1 461 161
Net book value			
December 31, 2011	878 944	19 091 337	19 970 281
September 30, 2012 (unaudited)	993 450	18 506 229	19 499 679

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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23. Goodwill

	Nine - Month period ended September 30, 2012 (unaudited)	Nine - Month period ended September 30, 2011 (unaudited)
As at January 1	16 072 302	97 487
RTS Group (Note 6)	-	15 970 352
Effect of movements in exchange rates	(5 316)	3 875
As at September 30	16 066 986	16 071 714

Impairment Tests for Goodwill

For the purposes of impairment testing, goodwill is allocated to the whole Moscow Exchange Group, which represents the lowest level at which the goodwill is monitored for internal management purposes.

As at September 30, 2012 the recoverable amount for the Group has been determined based on value-in-use calculations. Cash flows for years 2012 to 2015 were based on financial budgets approved by management. Cash flows from 2016 and into perpetuity were based on the estimated long term growth rates. Main assumptions used in cash flows projections were:

- 1) Macroeconomic assumptions:
 - Nominal GDP growth (assumed to be 11% for the four year period 2012 to 2015, external forecast);
 - Dynamics of foreign trade (growing 130% from 2012 to 2015, external forecast);
 - Volatility index (average value of volatility index assumed to be from 34 to 35);
 - Interest rates (average rates in period immediately before the budget period adjusted each year for anticipated change of inflation rate; inflation rate is based on external sources of information);
- 2) Discount rates reflect management's estimate of return of capital employed (ROCE). This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. The Group uses pre-tax nominal weighted average cost of capital of 18.1% as a discount rate (December 31, 2011: 17.1%).
- 3) Revenue and cost growth assumptions reflect current trends, anticipated market developments, discussions with customers and suppliers, and management's experience. The main expectations relating to the business of the Group:
 - Group's share of currency trading market will increase from 26% (2012) to 36% (2015);
 - Market capitalization to GDP ratio will increase from 43% to 47%;
 - Derivative/spot trading ratio is expected to be within 2.1-2.3 range;
 - Average clients' funds growth rates are based on past experience and varies through different products;
 - Trading volumes growth is based on changes of GDP, market capitalisation, oil prices, exchange rates.

The resulted value-in use of the Group exceeds the net carrying amount of its assets and liabilities.

Management believes that reasonably possible changes in key assumptions used to determine the recoverable amount would not result in an impairment of goodwill.

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24. Other Assets

	September 30, 2012 (unaudited)	December 31, 2011
Other financial assets:		
Receivables on services rendered and other operations	385 435	602 251
Loans receivable from employees	2 185	18 916
Less allowance for impairment	(3 914)	(8 734)
Total other financial assets	383 706	612 433
Other non-financial assets:		
Prepaid expenses	317 233	784 945
Taxes receivable other than income tax	114 812	97 423
Other	9 572	7 165
Total other assets	825 323	1 501 966

Included in prepaid expenses as at September 30, 2012, are advances for services under the office building construction project for own use of RUB 152 485 thousand (December 31, 2011: RUB 435 705 thousand).

25. Balances of Market Participants

	September 30, 2012 (unaudited)	December 31, 2011
Current and settlement accounts of participants	188 803 688	202 982 052
Guarantee fund	31 665 926	40 671 150
Risk-covering funds	1 861 428	1 782 308
Total balances of market participants	222 331 042	245 435 510

The guarantee fund comprises contributions deposited by participants of Derivatives Market and Securites market ("Standard" sector) Sections of the Group (initial or maintenance margin). The purpose of this fund 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 contribution made by a market participant in the guarantee fund, the participant is required to cover the deficit by depositing additional maintenance margin for the unsettled trades or to reduce the open position to an appropriate level. The guarantee fund amount 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 14, 16).

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

25. Balances of Market Participants (continued)

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

The risk-covering fund comprises contributions deposited with CC RTS and NCC 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 Group management and it is approved by the Derivatives Market Committee or the Currency Market Committee. Risk-covering funds amounts are only used to cover the deficit if a contribution to a guarantee fund made 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 14, 16).

26. Loans Payable

	September 30, 2012 (unaudited)	December 31, 2011
Term deposits	15 585	53 700
Amounts payable under direct repurchase agreement	-	2 507 405
Total loans payable	15 585	2 561 105

27. Other Liabilities

	September 30, 2012 (unaudited)	December 31, 2011
Other financial liabilities:		
Payables to employees	476 441	383 211
Trade payables	357 067	321 266
Payables in respect of acquisition costs	-	144 288
Other payables resulted from acquisition of RTS Group	-	73 576
Foreign exchange currency swaps	16 726	64 270
Total other financial liabilities	850 234	986 611
Other non-financial liabilities:		
Taxes payable, other than income tax	479 393	504 721
Advances received	209 013	172 761
Other	32	795
Total other liabilities	1 538 672	1 664 888

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

28. Share Capital, Share Premium and Liability to Deliver Own Shares

The share capital of MICEX-RTS comprises ordinary shares with a par value of RUB 1 each (December 31, 2011: RUB 1 each):

	Authorized shares (number of shares)	Ordinary shares issued and fully paid (number of shares)	Treasury shares (number of shares)
December 31, 2010	131 415	128 910	-
Issue of additional shares (unaudited)	126 405	37 074	(4 713)
Share split (unaudited)	2 577 942 180	1 659 674 016	(47 125 287)
Dividends paid by own shares (unaudited)	-	181 565 987	(18 887 981)
September 30, 2011 (unaudited)	2 578 200 000	1 841 405 987	(66 017 981)
December 31, 2011	2 578 200 000	2 197 409 846	(191 561 153)
Sale of treasury shares	-	-	165 650 445
Purchase of treasury shares	-	-	(32 225 118)
September 30, 2012	2 578 200 000	2 197 409 846	(58 135 826)

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

In July 2011 the Group made an additional issue of 37 074 ordinary shares. A majority of these shares were distributed to shareholders of MICEX SE in exchange for shares of MICEX SE. The remaining 4 713 shares were distributed to the Group entities.

In 2011 the CJSC MICEX performed a share split of its ordinary shares. The nominal value of each ordinary share was changed to RUB 1 per share.

In the process of the merger with RTS (Note 6) in December 2011 the Group distributed 356 003 859 ordinary shares to the former shareholders of RTS Group. These shares were recognized as liability to deliver own shares within equity. The Group distributed 50 331 436 shares of RTS purchased in 2011 to shareholders as dividends. These shares were then converted to 162 678 006 of own shares. The remaining 18 887 981 shares were distributed to the Group's entities.

In December 2011 the Group repurchased 57 287 295 of ordinary shares from a shareholder. The Group recognised a liability in respect of these shares of RUB 2 738 315 thousand as at December 31, 2011. The shares were delivered to the Group in January 2012 and then sold to another shareholders.

As at December 31, 2011 included into treasury shares are 56 252 000 shares which are pledged under direct repurchase agreement (Note 26).

In January-February 2012 the Group repurchased from shareholders 32 225 118 own shares for RUB 1 805 040 thousand and sold 165 650 445 own shares to new shareholders for RUB 9 625 947 thousand.

29. Retained Earnings

During the nine-month period ended September 30, 2012, the Group paid dividends on ordinary shares of RUB 682 856 thousand to the owners of the parent for 2011 (September 30, 2011: RUB 342 581 thousand for 2010). In nine-month period ended September 30, 2012 the Group neither declared nor paid dividends on ordinary shares to non-controlling interest (September 30, 2011: RUB 132 thousand). The amount of dividends per share for the nine-month period ended September 30, 2012, is RUB 0,32 per ordinary share (September 30, 2011, is RUB 0,18 per ordinary share).

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

29. Retained Earnings (continued)

In 2011 the Group paid tax in respect of dividends paid by own shares of RUB 915 348 thousand.

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. The reserve fund balances of the Group companies as at September 30, 2012, totalled RUB 779 620 thousand (December 31, 2011: RUB 771 753 thousand).

30. 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, 2012	Nine - Month period ended September 30, 2011
Net profit attributable to ordinary equity holders of the parent	6 425 280	5 248 601
Weighted average number of shares	2 124 026 870	1 906 026 285
Effect of dilutive share options	2 879 209	-
Weighted average number of shares adjusted for the effect of dilution	2 126 906 079	1 906 026 285
Basic earnings per share, RUB	3,03	2,75
Diluted earnings per share, RUB	3,02	2,75

Ordinary shares issued in 2011 as part of the consideration transferred in a merger with RTS are included in the weighted average number of shares from the acquisition date.

The written put option issued is not considered as dilutive because it is only exercisable in 2013 in the case of occurrence of specified conditions, which are currently not probable (refer to Note 6).

31. Commitments and Contingencies

Fiduciary assets – These assets are not recorded on the Consolidated Interim Statement of Financial Position as these are not the Group's assets. Fiduciary assets comprise:

	Fair value	
	Unaudited	
	September 30, 2012 (RUB mln)	December 31, 2011 (RUB mln)
Corporate shares	4 581 461	4 870 544
Corporate bonds	3 340 892	3 017 436
OFZ bonds	3 086 972	2 903 285
Bonds of RF subjects and municipal bodies	329 749	357 045
Eurobonds	223 475	204 999
Units of mutual investment funds	108 178	113 737
Total	11 670 727	11 467 046

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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31. Commitments and Contingencies (continued)

The Group has insurance policies from Open Joint Stock Insurance Company Ingosstrakh. The insurance packages comprise fraud, errors and omissions coverage and a comprehensive liability and crime policy. The comprehensive liability and crime policy has been developed especially for insuring professional risks of clearing houses and central securities depositories. The total coverage level for the packages of insurance is USD 115 million.

Operating lease commitments – Where the Group is the lessee, the future minimum lease payments under non-cancellable operating leases of premises, parking slots and cars are as follows:

	September 30, 2012 (unaudited)	December 31, 2011
Less than 1 year	179 876	265 280
More than 1 year and no more than 5 years	534 734	548 236
Over 5 years	341 127	437 101
Total operating lease commitments	1 055 737	1 250 617

Legal proceedings – From time to time and in the normal course of business, claims against the Group may be received from customers and counterparties. The Management believes that such claims may not have a material impact on its financial and operational activities and that no material losses will be incurred, and accordingly no provision has been made in these Consolidated Interim Financial Statements.

Operating environment – Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

The Russian economy has been affected by the global financial crisis. Despite some indications of recovery there continues to be uncertainty regarding further economic growth, access to capital and cost of capital, which could negatively affect the Group's future financial position, results of operations and business prospects.

While Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances, unexpected further deterioration in the areas described above could negatively affect the Group's results and financial position in a manner not currently determinable.

Taxation – Provisions of the Russian tax legislation are sometimes inconsistent and may have more than one interpretation, which allows the Russian tax authorities to take decisions based on their own arbitrary interpretations of these provisions.

The Management's interpretation of such legislation as applied to its operations and activity may be challenged by the relevant regional and federal authorities. The tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed.

The Group's Management believes its interpretation of the relevant legislation is appropriate and that the tax positions of the Group will be confirmed.

Generally, taxpayers are subject to tax audits with respect to three calendar years preceding the year of the audit. However, completed audits do not exclude the possibility of subsequent additional tax audits performed by upper-level tax inspectorates reviewing the results of tax audits of their subordinate tax inspectorates.

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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32. 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) Control relationships

The entities controlled by the Russian Federation together hold more than 50% (December 31, 2011: more than 40%) of voting shares of Moscow Exchange (Note 1). Accordingly, the Russian Federation exercises control (December 31, 2011: significant influence) over Moscow Exchange.

(b) Transactions with key management

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

	Nine - Month period ended September 30, 2012 (unaudited)	Nine - Month period ended September 30, 2011 (unaudited)
Short-term employee benefits	370 740	133 961
Share-based payment expense	215 131	-
Total remuneration of key management personnel	585 871	133 961

(c) Transactions with related parties

The Group considers shareholders of the OJSC Moscow Exchange MICEX-RTS with control or significant influence by the Russian Federation to be related parties.

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.

Included in the Consolidated Interim Income Statement for the nine-month period ended September 30, 2012 and 2011, were the following amounts that arose on transactions with associates:

	September 30, 2012 (unaudited)	December 31, 2011
Investments in associates	708 200	670 101
Other assets	10 291	1 374
Balances of market participants	515	10 971
Other liabilities	10 498	7

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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32. Transactions with Related Parties (continued)

Included in the Consolidated Interim Income Statement for the nine-month period ended September 30, 2012 and September 30, 2011, are the following amounts that arose due to transactions with associates:

	Nine - Month period ended September 30, 2012 (unaudited)	Nine - Month period ended September 30, 2011 (unaudited)
Share of profits of associates	38 323	36 366
Fee and commission income	19 433	11 204
Foreign currency difference	1 710	157
Administrative and other operating expenses	32 831	9 490

33. Fair Value of Financial Assets and Liabilities

The Group performs a fair value assessment of its financial assets and liabilities, as required by IFRS 7 Financial Instruments: Disclosures. Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable, willing parties in an arm's length transaction, other than in forced or liquidation sale.

Except as detailed below, Management of the Group considers that the fair value of financial assets and liabilities approximates their carrying value:

	September 30, 2012		December 31, 2011	
	Carrying value	Fair value	Carrying value	Fair value
Investments held-to-maturity	585 211	563 439	692 266	693 279
Written put option over own shares	22 924 468	181 454	21 789 201	552 583

The fair value of the put option is estimated using the Monte Carlo method. The model of stochastic processes for changes in Moscow Exchange shares prices, MICEX Index and FTSE Mondo Visione Exchanges Index is based on the following assumptions: the expected rate of return applied in determining fair value of shares equals to 14.5% (December 31, 2011: 13.4%), the probability of IPO failure during the option life is 15% (December 31, 2011: 15%) and the number of random simulation processes for prices and changes in the indices equals to 30 000 iterations.

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 price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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33. Fair Value of Financial Assets and Liabilities (continued)

The table below analyses financial assets and liabilities measured at fair value at September 30, 2012, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	September 30, 2012			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	46 704 896	-	67 777	46 772 673
Central counterparty financial assets	2 932 599	-	-	2 932 599
Investments available-for-sale	38 615 172	2 027 324	200 909	40 843 405
Financial liabilities at fair value through profit or loss	16 726	-	-	16 726

Financial assets and liabilities measured at fair value at December 31, 2011, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	December 31, 2011			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	47 190 671	-	68 096	47 258 767
Central counterparty financial assets	2 638 858	-	-	2 638 858
Investments available-for-sale	27 836 932	1 771 008	222 503	29 830 443
Financial liabilities at fair value through profit or loss	64 270	-	-	64 270

The following table shows a reconciliation for the nine-month periods ended September 30, 2012 and September 30, 2011, for fair value measurements in Level 3 of the fair value hierarchy:

	Level 3
Balance at December 31, 2010	80 492
Level 3 securities purchased	41 638
Level 3 securities received at acquisition of subsidiaries	168 245
Gain recognized in net loss on financial assets at fair value through profit or loss	1 019
Balance at September 30, 2011 (unaudited)	291 394
Balance at December 31, 2011	290 599
Level 3 securities purchased	807
Level 3 securities sold	(21 275)
Foreign exchange gain/(loss)	(1 126)
Loss recognized in net loss on financial assets at fair value through profit or loss	(319)
Balance at September 30, 2012 (unaudited)	268 686

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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34. Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The capital structure of the Group consists of the shareholder's equity, which includes capital issued, reserves and retained earnings. The allocation of capital between specific operations and activities is, to a large extent, driven by optimization of the return achieved on the capital allocated. Although maximization of return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, the availability of management and other resources and the fit of the activity with the longer term strategic objectives. The policies in respect of capital management and allocation are regularly reviewed by the Board of Directors through approval and review within annual budgets.

The Group entities (except for SC RTS) as professional participants of the securities market are subject to capital requirements established by the FSFM in respect of the minimum amount of own funds for each entity depending on the nature of their activities. NSD, NCC and SC RTS as credit institutions are also subject to capital requirements established by the CBR. Under the current capital requirements, credit organisations have to maintain a ratio of capital to risk weighted assets (statutory capital ratio N1) above the prescribed minimum level, which is 10% for banks (NCC) and 12% for non-banking credit institutions (NSD and SC RTS).

Regulatory capital ratios for the major Group companies were as follows:

	Own funds		Own funds requirements		Capital adequacy ratio	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Moscow Exchange	20 850 189	16 705 929	150 000	150 000	-	-
NCC	12 907 992	9 999 913	180 000	180 000	21,29	26,5
NSD	5 642 458	6 055 350	250 000	250 000	38,71	51,9
CC RTS	3 372 709	2 348 633	100 000	80 000	-	-
SC RTS	1 237 118	1 101 227	-	-	29,46	23,3
MICEX SE	743 309	934 308	150 000	150 000	-	-
DCC	351 133	336 083	250 000	250 000	-	-

The Group companies had complied in full with all its externally imposed capital requirements at all times.

35. Risk Management Policies

Risk management is a material element of the Group's activities and is applied to the following risks inherent to the Group's activity: credit, currency, liquidity, interest rate and operational risks. The main objective of financial risk management is to identify the sources of risks and measure risks, develop risk management policies, create risk controls, including setting of limits and further ensure compliance with the established limits.

The Group recognizes that it is essential to have efficient risk management procedures in place. To enable this, the Group has established a risk management framework, whose main purpose is to protect the Group from risk and allow it to achieve its performance objectives. A description of the Group's risk management policies in relation to those risks is as follows. Through the risk management framework, the Group manages the following risks.

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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35. Risk Management Policies (continued)

Liquidity risk

Liquidity risk is the risk that the Group will have insufficient funds to meet its financial liabilities. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of financial institutions, including the Group. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Group's approach to management of liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the reputation.

The Group seeks to actively support a diversified and stable funding base comprising settlement accounts of trading, clearing and settlement participants, other corporate clients, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest and exchange rates.

Management expects that the cash flows from certain financial assets will be different from their contractual terms either because the Management has the discretionary ability to manage the cash flows or because past experience indicates that cash flows will differ from contractual terms. In the tables below the financial assets and liabilities are presented on a discounted basis and are based on their expected cash flows.

The presentation below is based upon the information provided internally to key management personnel of the Group.

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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35. Risk Management Policies (continued)

Liquidity risk (continued)

	Up to 1 month (unaudited)	1 month to 3 months (unaudited)	3 months to 1 year (unaudited)	1 year to 5 years (unaudited)	Maturity undefined (unaudited)	September 30, 2012 Total (unaudited)
FINANCIAL ASSETS						
Cash and cash equivalents	129 763 419	-	-	-	-	129 763 419
Financial assets at fair value through profit or loss	46 772 673	-	-	-	-	46 772 673
Due from financial institutions	27 281 203	3 256 107	1 789 363	-	-	32 326 673
Central counterparty financial assets	2 932 599	-	-	-	-	2 932 599
Investments available-for-sale	30 134 962	2 981 778	6 648 136	877 619	200 910	40 843 405
Investments held-to-maturity	-	49 974	531 341	3 896	-	585 211
Other financial assets	296 577	85 572	1 210	319	28	383 706
Total financial assets	237 181 433	6 373 431	8 970 050	881 834	200 938	253 607 686
FINANCIAL LIABILITIES						
Balances of market participants	222 331 042	-	-	-	-	222 331 042
Written out option over own shares	-	-	181 454	-	-	181 454
Central counterparty financial liabilities	2 932 599	-	-	-	-	2 932 599
Distributions payable to holders of securities	204 634	-	-	-	-	204 634
Loans payable	15 585	-	-	-	-	15 585
Other financial liabilities	389 674	369 207	60 328	-	31 025	850 234
Total financial liabilities	225 873 534	369 207	241 782	-	31 025	226 515 548
Liquidity gap	11 307 899	6 004 224	8 728 268	881 834	169 913	
Cumulative liquidity gap	11 307 899	17 312 123	26 040 391	26 922 225	27 092 138	

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35. Risk Management Policies (continued)

Liquidity risk (continued)

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Maturity undefined	December 31, 2011 Total
FINANCIAL ASSETS						
Cash and cash equivalents	165 830 133	-	-	-	-	165 830 133
Financial assets at fair value though profit or loss	47 258 767	-	-	-	-	47 258 767
Due from financial institutions	19 079 445	1 503 988	1 657 104	5 900	-	22 246 437
Central counterparty financial assets	2 638 858	-	-	-	-	2 638 858
Investments available-for-sale	25 693 940	760 631	2 493 270	651 627	230 975	29 830 443
Investments held-to-maturity	435 720	811	182 370	73 365	-	692 266
Other financial assets	590 717	2 799	940	17 977	-	612 433
Total financial assets	261 527 580	2 268 229	4 333 684	748 869	230 975	269 109 337
FINANCIAL LIABILITIES						
Balances of market participants	245 435 510	-	-	-	-	245 435 510
Written out option over own shares	-	-	-	552 583	-	552 583
Liabilities to repurchase own shares	2 738 315	-	-	-	-	2 738 315
Distributions payable to holders of securities	2 680 832	-	-	-	-	2 680 832
Central counterparty financial liabilities	2 638 858	-	-	-	-	2 638 858
Loans payable	2 507 415	-	53 690	-	-	2 561 105
Other financial liabilities	352 061	338 269	296 281	-	-	986 611
Total financial liabilities	256 352 991	338 269	349 971	552 583	-	257 593 814
Liquidity gap	5 174 589	1 929 960	3 983 713	196 286	230 975	
Cumulative liquidity gap	5 174 589	7 104 549	11 088 262	11 284 548	11 515 523	

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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35. Risk Management Policies (continued)

Liquidity risk (continued)

Undiscounted cash flows on financial liabilities are approximately equal to cash flows presented in the analysis of liquidity risk above. Written put option over own shares is presented at fair value as Management believes it correctly reflects the expected cash outflow. The maximum amount of cash that could be paid under this option is RUB 24 114 414 thousand (undiscounted).

The Group presents available-for-sale securities included in CBR Lombard list as matured in one month.

Interest rate risk

Interest rate risk is the risk that movements in interest rates will affect the Group's income or the value of its portfolios of financial assets.

The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements arise.

Management of relevant Group entities are responsible for asset-liability management in respect of individual Group entities.

Designated functional units within individual Group entities and at the Group level, including Treasury, are responsible for interest rate risk management.

As the majority of financial instruments of the Group are fixed rate contracts, maturity dates of interest-bearing assets and liabilities are also their repricing dates.

An analysis of sensitivity of profit or loss and equity as a result of changes in the fair value of financial assets carried at fair value due to changes in the interest rates based on positions existing as at September 30, 2012 and December 31, 2011, and a reasonably possible changes of a 150 bp (December 31, 2011: 200 bp) symmetrical fall or rise in all yield curves is as follows:

	September 30, 2012		December 31, 2011	
	Net profit	Equity	Net profit	Equity
150 bp parallel rise (December 31, 2011: 200 bp)	(358 916)	(887 185)	(561 166)	(1 391 264)
150 bp parallel fall (December 31, 2011: 200 bp)	366 899	907 355	578 628	1 467 811

The Group's sensitivity to interest rates decreased during the current period due to decrease in reasonably possible changes in interest rates.

Credit risk

The Group is exposed to credit risk, which is the risk that one party to a financial assets will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group controls credit risk by setting limits on a counterparty or on a group of related counterparties. The Group monitors such risks on a regular basis and revises the limits. Credit risk limits in each company of the Group are approved by the Executive Board based on the credit risk management system that is approved by the Moscow Exchange Board of Directors. Credit risk is managed by means of regular analysis of the existing and potential counterparties' ability to repay interest and the principal amount of debt and, if required, by means of changing the credit limits.

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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35. Risk Management Policies (continued)

Credit risk (continued)

To safeguard the Group against the risk of default by the clearing member before it has settled its outstanding transactions, the clearing conditions require the clearing member to deposit margins and collateral in the form of cash or securities on a daily basis or an intraday basis in the amount stipulated by the Group. Collateral deposited by participants of Currency Market is included into current accounts. Margins deposited by participants of Derivatives Market and Securites Market ("Standard" sector) comprise Guarantee fund (Note 25).

In addition to providing margin and collateral payments for current transactions, each clearing member must contribute to a risk-covering fund. The risk-covering fund (Note 25) provides collective protection against the financial consequences of any default of a clearing member that is not covered by the individual margins of the clearing member concerned.

Principal types of collateral accepted by the Group include liquid securities and cash contributions in Roubles, US Dollars and Euros. Eligible types of collateral depend on the market and the type of the exposure.

Maximum credit risk exposure

The Group's maximum exposure to credit risk equals to the carrying value of assets that bear credit risk and varies depending on both individual risks and general market economy risks.

As at September 30, 2012 included into other assets are overdue receivables of RUB 3 914 thousand (December 31, 2011: RUB 9 372 thousand).

Financial assets are graded according to the current credit rating that has been issued by an internationally regarded agency such as Fitch, Standard & Poor's and Moody's. The highest possible rating is AAA. Investment grade financial assets have ratings from AAA to BBB-. Financial assets which have ratings lower than BBB- are classed as speculative grade.

The following table details the credit ratings of financial assets held by the Group as at September 30, 2012 (unaudited):

	AA	A	BBB	less BBB-	Not rated	September 30, 2012 Total
FINANCIAL ASSETS:						
Cash and cash equivalents	437 692	61 754 902	52 541 814	211	15 023 346	129 757 965
Financial assets at fair value through profit or loss	-	47 281	46 599 875	43	57 697	46 704 896
Due from financial institutions	-	-	29 170 125	963 895	2 192 653	32 326 673
Central counterparty financial assets	-	-	648 153	1 079 106	1 205 340	2 932 599
Investments available-for-sale	-	-	26 205 560	14 436 936	-	40 642 496
Investments held-to-maturity	-	-	91 577	493 634	-	585 211
Other financial assets	-	-	127	293	383 286	383 706

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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35. Risk Management Policies (continued)

Credit risk (continued)

The following table details the credit ratings of financial assets held by the Group as at December 31, 2011:

	AAA	AA	A	BBB	less BBB-	Not rated	December 31, 2011 Total
FINANCIAL ASSETS:							
Cash and cash equivalents	1 202	33 468 284	25 546 798	106 431 298	9 780	361 790	165 819 152
Financial assets at fair value though profit or loss	-	-	-	47 190 671	-	-	47 190 671
Due from financial institutions	-	121 138	-	21 140 918	353 931	630 450	22 246 437
Central counterparty financial assets	-	4 563	55 913	190 501	969 822	1 418 059	2 638 858
Investments available-for-sale	-	1 474 031	367	19 778 668	8 148 684	206 190	29 607 940
Investments held-to-maturity	-	56 435	-	571 881	63 950	-	692 266
Other financial assets	-	-	-	-	-	612 433	612 433

Currency risk

The Group is exposed to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Currency risk mainly results from open foreign currency positions. The Executive Boards of relevant Group entities set limits on the level of currency risk exposures by currencies.

The Group's exposure to foreign currency exchange rate risk is presented in the tables below:

	RUB (unaudited)	USD (unaudited)	EUR (unaudited)	Other currencies (unaudited)	September 30, 2012 Total (unaudited)
FINANCIAL ASSETS					
Cash and cash equivalents	16 865 122	58 629 048	53 828 278	440 971	129 763 419
Financial assets at fair value though profit or loss	46 725 346	47 327	-	-	46 772 673
Due from financial institutions	31 058 158	1 268 515	-	-	32 326 673
Central counterparty financial assets	2 932 599	-	-	-	2 932 599
Investments available-for-sale	31 586 359	9 231 841	1 332	23 873	40 843 405
Investments held-to-maturity	585 211	-	-	-	585 211
Other financial assets	372 778	423	392	10 113	383 706
Total financial assets	130 125 573	69 177 154	53 830 002	474 957	253 607 686
FINANCIAL LIABILITIES					
Balances of market participants	106 634 513	61 820 108	53 715 380	161 041	222 331 042
Written out option over own shares	22 924 468	-	-	-	22 924 468
Central counterparty financial liabilities	2 932 599	-	-	-	2 932 599
Distributions payable to holders of securities	197 705	6 518	251	160	204 634
Loans payable	15 585	-	-	-	15 585
Other financial liabilities	712 479	16 742	170	120 843	850 234
Total financial liabilities	133 417 349	61 843 368	53 715 801	282 044	249 258 562
Derivatives	7 290 205	(7 290 205)	-	-	-
Open position	3 998 429	43 581	114 201	192 913	

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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35. Risk Management Policies (continued)

Currency risk (continued)

	RUB	USD	EUR	Other currencies	December 31, 2011 Total
FINANCIAL ASSETS					
Cash and cash equivalents	75 984 798	76 941 073	12 160 502	743 760	165 830 133
Financial assets at fair value though profit or loss	47 258 767	-	-	-	47 258 767
Due from financial institutions	21 586 200	660 174	-	63	22 246 437
Central counterparty financial assets	2 638 858	-	-	-	2 638 858
Investments available-for-sale	22 888 817	6 069 709	845 156	26 761	29 830 443
Investments held-to-maturity	692 266	-	-	-	692 266
Other financial assets	392 486	175 220	8 840	35 887	612 433
Total financial assets	171 442 192	83 846 176	13 014 498	806 471	269 109 337
FINANCIAL LIABILITIES					
Balances of market participants	155 998 689	76 043 996	12 959 631	433 194	245 435 510
Written out option over own shares	21 789 201	-	-	-	21 789 201
Liabilities to repurchase own shares	2 738 315	-	-	-	2 738 315
Distributions payable to holders of securities	2 680 832	-	-	-	2 680 832
Central counterparty financial liabilities	2 638 858	-	-	-	2 638 858
Loans payable	2 561 105	-	-	-	2 561 105
Other financial liabilities	827 357	91 727	63 289	4 238	986 611
Total financial liabilities	189 234 357	76 135 723	13 022 920	437 432	278 830 432
Derivatives	7 614 847	(7 614 847)	-	-	-
Open position	(10 177 318)	95 606	(8 422)	369 039	

The following exchange rates are applied during the period:

	September 30, 2012 (unaudited)		December 31, 2011	
	USD	EUR	USD	EUR
Minimum	28,9468	38,4117	27,2625	39,2752
Maximum	34,0395	42,2464	32,6799	43,6357
Average	31,0724	39,7645	29,3948	40,9038
Period-end	30,9169	39,9786	32,1961	41,6714

An analysis of sensitivity of profit or loss and equity to changes in the foreign currency exchange rates based on positions existing as at September 30, 2012 and December 31, 2011, and a reasonably possible changes of a 10% change of Russian Rouble to USD and Euro exchange rates is as follows:

	September 30, 2012 (unaudited)		December 31, 2011	
	USD	EUR	USD	EUR
	10%	10%	10%	10%
10% rouble appreciation	(3 486)	(9 136)	(7 648)	674
10% rouble depreciation	3 486	9 136	7 648	(674)

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Notes to the Consolidated Interim Financial Statements for the Nine-Month Period Ended September 30, 2012 (Continued)

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35. Risk Management Policies (continued)

Geographical concentration

All assets of the Group as at September 30, 2012 and December 31, 2011, consist of balances on operations in the Russian Federation, except for:

- Correspondent accounts and deposits with top OECD banks, which are reported in cash and cash equivalents (Note 14);
- Other deposits with top OECD banks, which are reported in balances due from financial institutions of as at September 30, 2012: RUB 669 817 thousand (December 31, 2011: RUB 121 213 thousand) (Note 16);
- Balances placed by CJSC PFTS Stock Exchange with one of the top Ukrainian banks that are reported in cash and cash equivalents of RUB 277 478 thousand as at September 30, 2012 (December 31, 2011: RUB 290 061 thousand);
- Short-term reverse repo receivable from a financial institution registered in Cyprus (Note 16)
- Balances placed by ETS with one of the top Kazakh banks that are reported in cash and cash equivalents of RUB 14 202 thousand as at September 30, 2012 (December 31, 2011: RUB 9 558 thousand).

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the internal processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour or IT failure.

The objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the reputation with overall cost effectiveness and avoid control procedures which restrict initiative and creativity.

The Board of Directors has overall responsibility for the oversight of operational risk management, reviewing risk management policies and procedures. The risk assessment, reporting and control procedures vary by exposure type, but share a common methodology developed and updated periodically by the risk management personnel.

Both external and internal risk factors are identified and managed throughout the business units within their functional duties. The primary responsibility for the implementation of controls to address operational risk is assigned to management within each business unit.

36. Subsequent Events

After the reporting date the Group issued share options to employees for 15 779 317 shares. The maximum contractual term of the options is four years. Exercise price of share options is 46,9 RUB.

In November 2012 the FSFM granted NSD status as the country's Central Securities Depository. Since this date own funds requirements increased to RUB 4 bln.