

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

**Consolidated Interim Condensed Financial Statements
For the Nine-Month Period Ended September 30, 2014**

MOSCOW EXCHANGE GROUP

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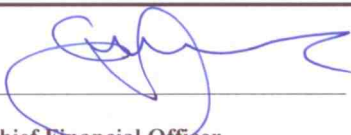
Consolidated Interim Condensed Statement of Profit or Loss for the Nine-month Period Ended September 30, 2014

(in thousands of Russian rubles)

	Notes	Three-month period ended		Nine-month period ended	
		September 30, 2014 (unaudited)	September 30, 2013 (unaudited)	September 30, 2014 (unaudited)	September 30, 2013 (unaudited)
Fee and commission income	7	3 589 822	3 163 374	10 628 795	9 310 036
Interest and other finance income	8	3 390 585	2 738 891	8 766 083	8 050 255
Interest expense		(128 662)	(744)	(505 814)	(1 864)
Net loss on financial assets available-for-sale	9	(169 423)	(67 386)	(517 622)	(151 536)
Foreign exchange gains less losses	10	518 616	431 990	1 693 976	839 323
Other operating income	11	105 951	14 729	505 157	55 356
Operating Income		7 306 889	6 280 854	20 570 575	18 101 570
Administrative and other operating expenses	12	(1 024 981)	(1 245 533)	(3 332 019)	(3 408 865)
Personnel expenses	13	(1 201 307)	(1 465 834)	(3 822 759)	(3 535 776)
Operating Profit		5 080 601	3 569 487	13 415 797	11 156 929
Interest expense in respect of written put option over own shares		-	-	-	(199 686)
Share of profit/(loss) of associates		(397)	21 017	7 111	62 347
Profit before Tax		5 080 204	3 590 504	13 422 908	11 019 590
Income tax expense	14	(1 016 685)	(736 486)	(2 715 602)	(2 301 964)
Net Profit		4 063 519	2 854 018	10 707 306	8 717 626
Attributable to:					
Equity holders of the parent		4 062 643	2 856 477	10 756 529	8 722 669
Non-controlling interest		876	(2 459)	(49 223)	(5 043)
Earnings per share					
Basic earnings per share, rubles	30	1,82	1,29	4,83	3,95
Diluted earnings per share, rubles	30	1,82	1,28	4,82	3,94


Chairman of the Executive Board
Afanasiev A.K.

November 18, 2014
Moscow


Chief Financial Officer
Fetisov E.E.

November 18, 2014
Moscow

The notes on pages 9-29 form an integral part of these consolidated interim condensed financial statements.

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Consolidated Interim Condensed Statement of Other Comprehensive Income for the Nine-month Period Ended September 30, 2014

(in thousands of Russian rubles)

	Notes	Three-month period ended		Nine-month period ended	
		September 30, 2014 (unaudited)	September 30, 2013 (unaudited)	September 30, 2014 (unaudited)	September 30, 2013 (unaudited)
Net profit		4 063 519	2 854 018	10 707 306	8 717 626
Other comprehensive income that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		27 091	(11 354)	(125 698)	31 899
Net loss resulting from revaluation of investments available-for-sale		(462 820)	(154 381)	(1 489 483)	(410 940)
Net loss on investments available-for-sale reclassified to profit or loss	9	169 423	67 386	517 622	151 536
Income tax relating to items that may be reclassified		58 680	17 417	194 373	51 881
Other comprehensive income that may be reclassified subsequently to profit or loss		(207 626)	(80 932)	(903 186)	(175 624)
Total comprehensive income		3 855 893	2 773 086	9 804 120	8 542 002
Attributable to:					
Equity holders of the parent		3 827 844	2 781 678	9 900 343	8 531 508
Non-controlling interest		28 049	(8 592)	(96 223)	10 494
Total comprehensive income		3 855 893	2 773 086	9 804 120	8 542 002

The notes on pages 9-29 form an integral part of these consolidated interim condensed financial statements.

MOSCOW EXCHANGE GROUP

Consolidated Interim Condensed Statement of Financial Position as at September 30, 2014

(in thousands of Russian rubles)

	Notes	September 30, 2014 (unaudited)	December 31, 2013
ASSETS			
Cash and cash equivalents	15	491 075 703	255 041 610
Financial assets at fair value through profit or loss	16	14 504 322	16 199 725
Due from financial institutions	17	33 124 794	28 959 295
Central counterparty financial assets	18	177 815 789	47 008 536
Assets held for sale		-	2 723 667
Investments available-for-sale	19	78 765 198	74 252 052
Investments in associates	20	40 461	93 149
Property and equipment	21	6 040 537	6 262 365
Intangible assets	22	18 188 989	18 782 590
Goodwill	23	15 971 420	16 071 458
Current tax prepayments		656 393	210 547
Deferred tax asset	14	177 028	186 564
Other assets	24	1 963 288	673 063
TOTAL ASSETS		838 323 922	466 464 621
LIABILITIES			
Balances of market participants	25	564 335 747	322 250 561
Central counterparty financial liabilities	18	177 815 789	47 008 536
Distributions payable to holders of securities		3 226 440	3 670 761
Loans payable	26	4 053	50 858
Liabilities related to assets held for sale		-	5 864 695
Deferred tax liability	14	4 084 205	3 824 032
Current tax payables		36 371	76 305
Other liabilities	27	2 114 601	1 924 722
TOTAL LIABILITIES		751 617 206	384 670 470
EQUITY			
Share capital	28	2 498 144	2 597 997
Share premium	28	32 523 741	38 953 810
Treasury shares	28	(3 380 295)	(10 194 083)
Foreign currency translation reserve		(71 219)	7 479
Investments revaluation reserve		(1 058 170)	(280 682)
Share-based payments		413 454	367 972
Retained earnings	29	55 450 673	49 999 048
Total equity attributable to owners of the parent		86 376 328	81 451 541
Non-controlling interest		330 388	342 610
TOTAL EQUITY		86 706 716	81 794 151
TOTAL LIABILITIES AND EQUITY		838 323 922	466 464 621

The notes on pages 9-29 form an integral part of these consolidated interim condensed financial statements.

MOSCOW EXCHANGE GROUP

Consolidated Interim Condensed Statement of Cash Flows for the Nine-month Period Ended September 30, 2014 (in thousands of Russian rubles)

	Notes	Nine - month period ended September 30, 2014 (unaudited)	Nine - month period ended September 30, 2013 (unaudited)
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES:			
Profit before tax		13 422 908	11 019 590
Adjustments for:			
Depreciation and amortization charge	12	1 185 791	1 181 943
Interest expense on written put option on own shares		-	199 686
Fair value adjustment on securities at fair value through profit or loss		266 940	(128 596)
Revaluation of derivatives		(1 402 441)	(12 021)
Share-based payment expense		190 380	210 508
Unrealized (gain) / loss on foreign exchange operations		(51 433)	258 832
Share of profits of associates		(7 111)	(62 347)
Loss on disposal of investments available-for-sale	9	517 622	151 536
Net change in interest accruals		(450 457)	(373 805)
Net loss / (gain) on disposal of property and equipment and intangible assets	11, 12	8 925	(5 696)
Gain from revaluation of previously held equity interest in the acquiree	6	(38 664)	-
Impairment of goodwill and other intangible assets	12	180 970	-
Impairment of other assets		5 222	29 417
Impairment of investments in associates	12	-	89 251
Bargain gain	6	(18 596)	-
Gain on disposal of non-current assets held for sale	11	(313 560)	-
Changes in operating assets and liabilities:			
Due from financial institutions		(3 480 915)	(11 281 434)
Financial assets at fair value through profit or loss		2 794 983	11 139 735
Central counterparty financial assets		(130 807 253)	(30 733 105)
Other assets		(1 270 154)	(128 004)
Balances of market participants		187 695 543	43 996 117
Central counterparty financial liabilities		130 807 253	30 733 105
Distributions payable to holders of securities		(444 321)	(1 537 605)
Loans paid		(46 015)	-
Other liabilities		129 400	(306 801)
Cash flows from operating activities before taxation		198 875 017	54 440 306
Income tax paid		(2 758 301)	(1 902 916)
Cash flows from operating activities		196 116 716	52 537 390

The notes on pages 9-29 form an integral part of these consolidated interim condensed financial statements.

MOSCOW EXCHANGE GROUP

Consolidated Interim Condensed Statement of Cash Flows for the Nine-month Period Ended September 30, 2014 (continued)

(in thousands of Russian rubles)

	Notes	Nine - month period ended September 30, 2014 (unaudited)	Nine - month period ended September 30, 2013 (unaudited)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES:			
Purchase of investments available-for-sale		(36 494 757)	(37 054 491)
Proceeds from disposal of investments available-for-sale		32 532 378	18 146 973
Purchase of property and equipment and intangible assets		(365 802)	(599 481)
Proceeds from redemption of investments held-to-maturity		-	516 302
Proceeds from disposal of property and equipment and intangible assets		4 270	21 506
Proceeds from sale of investments in associates		593 890	-
Acquisition of subsidiaries, net of cash acquired	6	5 857	-
Disposal of subsidiaries, net of cash disposed		440 000	-
Cash flows from (used in) investing activities		(3 284 164)	(18 969 191)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES:			
Dividends and tax on dividends paid		(5 310 171)	(2 726 444)
Sale of treasury shares		138 968	323
Acquisition of non-controlling interest in subsidiaries		(2 056)	(27)
IPO proceeds, net of transaction costs paid		-	5 779 139
Acquisition of treasury shares		-	(1 527 896)
Loans received		-	30 045
Proceeds from issue of ordinary shares		-	5 822
Cash flows from financing activities		(5 173 259)	1 560 962
Effect of changes in foreign exchange rates on cash and cash equivalents		46 355 923	12 415 919
Net increase in cash and cash equivalents		234 015 216	47 545 080
Cash and cash equivalents, beginning of period	15	257 060 487	193 356 484
Cash and cash equivalents, end of period	15	491 075 703	240 901 564

Interest received by the Group during the nine-month period ended September 30, 2014 amounted to RUB 8 624 604 thousand (September 30, 2013: RUB 7 769 626 thousand).

Interest paid by the Group during the nine-month period ended September 30, 2014 amounted to RUB 506 604 thousand (September 30, 2013: RUB 1 591 thousand).

The notes on pages 9-29 form an integral part of these consolidated interim condensed financial statements.

MOSCOW EXCHANGE GROUP

Consolidated Interim Condensed Statement of Changes in Equity for the Nine-month Period Ended September 30, 2014

(in thousands of Russian rubles)

	Share capital	Share premium	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, 2012	2 416 918	27 403 927	(2 860 714)	(21 054 656)	(1 951)	179 166	(10 321)	38 674 893	44 747 262	328 140	45 075 402
Net profit (unaudited)	-	-	-	-	-	-	-	8 722 669	8 722 669	(5 043)	8 717 626
Other comprehensive income (unaudited)	-	-	-	-	(207 523)	-	16 362	-	(191 161)	15 537	(175 624)
Total comprehensive income for the period	-	-	-	-	(207 523)	-	16 362	8 722 669	8 531 508	10 494	8 542 002
Transactions with owners											
Issue of shares (unaudited)	181 079	13 113 763	(13 289 020)	-	-	-	-	-	5 822	-	5 822
Sale of treasury shares in IPO (unaudited)	-	(1 588 097)	7 367 316	-	-	-	-	-	5 779 219	-	5 779 219
Expiration of IPO-related written put option (unaudited)	-	-	-	21 054 656	-	-	-	2 463 796	23 518 452	-	23 518 452
Repurchase of treasury shares (unaudited)	-	-	(1 527 896)	-	-	-	-	-	(1 527 896)	-	(1 527 896)
Dividends declared (unaudited)	-	-	-	-	-	-	-	(2 726 362)	(2 726 362)	(90)	(2 726 452)
Share-based payments (unaudited)	-	21 937	36 401	-	-	152 493	-	-	210 831	-	210 831
Acquisition of non-controlling interest (unaudited)	-	-	-	-	-	-	-	(17)	(17)	(10)	(27)
Disposal of non-controlling interest (unaudited)	-	-	-	-	-	-	-	(32)	(32)	1 551	1 519
Total transactions with owners	181 079	11 547 603	(7 413 199)	21 054 656	-	152 493	-	(262 615)	25 260 017	1 451	25 261 468
September 30, 2013 (unaudited)	2 597 997	38 951 530	(10 273 913)	-	(209 474)	331 659	6 041	47 134 947	78 538 787	340 085	78 878 872
December 31, 2013	2 597 997	38 953 810	(10 194 083)	-	(280 682)	367 972	7 479	49 999 048	81 451 541	342 610	81 794 151
Net profit (unaudited)	-	-	-	-	-	-	-	10 756 529	10 756 529	(49 223)	10 707 306
Other comprehensive income (unaudited)	-	-	-	-	(777 488)	-	(78 698)	-	(856 186)	(47 000)	(903 186)
Total comprehensive income for the period	-	-	-	-	(777 488)	-	(78 698)	10 756 529	9 900 343	(96 223)	9 804 120
Transactions with owners											
Cancellation of treasury shares (unaudited)	(99 853)	(6 416 523)	6 516 376	-	-	-	-	-	-	-	-
Share-based payments (unaudited)	-	(13 546)	297 412	-	-	45 482	-	-	329 348	-	329 348
Acquisition of subsidiary (unaudited)	-	-	-	-	-	-	-	-	-	91 326	91 326
Dividends declared (unaudited)	-	-	-	-	-	-	-	(5 310 139)	(5 310 139)	(34)	(5 310 173)
Acquisition of non-controlling interest (unaudited)	-	-	-	-	-	-	-	5 235	5 235	(7 291)	(2 056)
Total transactions with owners	(99 853)	(6 430 069)	6 813 788	-	-	45 482	-	(5 304 904)	(4 975 556)	84 001	(4 891 555)
September 30, 2014 (unaudited)	2 498 144	32 523 741	(3 380 295)	-	(1 058 170)	413 454	(71 219)	55 450 673	86 376 328	330 388	86 706 716

The notes on pages 9-29 form an integral part of these consolidated interim condensed financial statements.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine-Month Period Ended September 30, 2014

(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 operates on the following markets: foreign currencies exchange market, government securities and money market, market of derivative financial instruments, equities market, corporate and regional bonds market, commodities market.

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

Name	Principal activities	September 30,	December 31,
		2014	2013
		Voting rights, %	Voting rights, %
CJSC MICEX Stock Exchange (MICEX SE)	Stock exchange operations	100%	100%
NCO CJSC National Settlement Depository (NSD)	Depository, clearing and settlement services	99,997%	99,997%
CJSC National Clearing Center (NCC)	Banking and clearing operations	100%	100%
CJSC Clearing Center RTS (CC RTS)	Financial activities	-	100%
Non-banking Credit Organisation Settlement Chamber RTS CJSC (SC RTS)	Settlement services	-	100%
CJSC DCC (former CJSC Depository Clearing Company) (DCC)	Depository services	99,995%	99,995%
Open Joint-Stock Company “Evraziyskaia Trading System” Commodity Exchange (ETS)	Commodity exchange operations	60,82%	60,82%
LLC MICEX Finance (MICEX Finance)	Financial activities	100%	100%
LLC MICEX Cyprus (MICEX Cyprus)	Financial activities	100%	100%
CJSC MICEX-Information Technologies (MICEX-IT)	IT services, operator of electronic trading platform	-	100%
PJSC PFTS Stock Exchange (PFTS SE)	Stock exchange operations	50,02%	50,02%
LLC ME Technology (former LLC E-Stock)	Technical support of exchange activities, IT services	100,00%	100,00%
CJSC National Mercantile Exchange (NAMEX)	Stock exchange operations	61,90%	36,51%

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

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

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine-Month Period Ended September 30, 2014 (Continued)
(in thousands of Russian rubles, unless otherwise indicated)

1. Organization (continued)

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

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

MICEX Finance and MICEX (CYPRUS) LTD are established for facilitating 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. In the end of 2012 this line of business was transferred to NCC. In August 2014 CC RTS was merged with NCC.

SC RTS is a non-banking credit institution. SC RTS has a licence to perform settlement services issued by the CBR. In August 2014 SC RTS was merged with NCC.

DCC provides depository services. DCC has license to perform depository activities.

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

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

In 2014 the Group obtained control over CJSC National Mercantile Exchange (NAMEX), which is a commodity exchange operating in Russia (refer to Note 6).

In 2014 the Group sold its stake in its subsidiary MICEX-IT.

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 1 650 employees as at September 30, 2014 (December 31, 2013: 1 692 employees).

2. Basis of Presentation

Statement of compliance

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

Basis of presentation

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 Financial Statements have been prepared on basis of the statutory accounting records and have been adjusted to conform to IFRS.

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine-Month Period Ended September 30, 2014 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

2. Basis of Presentation (continued)

Inflation accounting

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

3. Significant Accounting Policies

The accounting policies adopted by the Group in the preparation of these Consolidated Interim Condensed Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended December 31, 2013.

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, 2014.

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

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

As at September 30, 2014, the gross receivables totalled RUB 470 285 thousand (December 31, 2013: RUB 420 075 thousand) and allowance for impairment losses amounted to RUB 34 267 thousand (December 31, 2013: RUB 29 045 thousand).

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine-Month Period Ended September 30, 2014 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

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

Valuation of financial instruments

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

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

Impairment of goodwill

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

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

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option and volatility and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 13.

5. Changes in Presentation

Changes were made to the presentation of the following items in the consolidated interim condensed statement of financial position, compared to consolidated statement of financial position for the year ended December 31, 2013, as the current presentation provides better view of the financial performance of the Group:

	As previously reported	Reclassification of accounts in precious metals	As presented in this report
Due from financial institutions	-	29 041	29 041
Other assets	29 041	(29 041)	-
Balances of market participants	-	57 752	57 752
Other liabilities	57 752	(57 752)	-

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine-Month Period Ended September 30, 2014 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

6. Business Combination

On January 1, 2014, the Group obtained control over CJSC National Mercantile Exchange (NAMEX), which is a commodity exchange operating in Russia. The acquisition was made following the Group's strategy to develop its commodity market.

The fair value of identifiable assets and liabilities of NAMEX at the date of acquisition were:

ASSETS	
Cash and cash equivalents	28 911
Due from financial institutions	128 910
Intangible assets	103 063
Current tax prepayments	2 521
Other assets	8 742
Total assets	272 147
LIABILITIES	
Balances of market participants	22 329
Deferred tax liability	19 480
Other liabilities	9 048
Total liabilities	50 857
Net identifiable assets and liabilities	221 290
Non-controlling interest	(91 326)
Fair value of previously held equity interest in the acquiree	(88 314)
Gain from a bargain purchase (included in other operating income)	(18 596)
Consideration transferred	23 054
Cash flow on acquisition	
Consideration paid by cash	(23 054)
Cash acquired with the subsidiary	28 911
Net cash flow on acquisition (included in cash flows from investing activities)	5 857

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.

The Group recognised a gain of RUB 38 664 thousand as a result of remeasuring to fair value the equity interest in NAMEX held by the Group before the business combination.

MOSCOW EXCHANGE GROUP

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September 30, 2014 (Continued)
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7. Fee and Commission Income

	Nine - month period ended September 30, 2014	Nine - month period ended September 30, 2013
Foreign exchange	2 359 480	1 770 996
Depository and settlement services	2 234 399	1 605 799
Securities market	2 134 989	2 137 655
Money market	2 058 535	1 876 445
Derivatives	1 132 937	1 208 802
Sale of software and technical services	373 776	369 325
Information services	319 427	227 886
Other	15 252	113 128
Total fee and commission income	10 628 795	9 310 036

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

	Nine - month period ended September 30, 2014	Nine - month period ended September 30, 2013
Equities	1 301 706	1 055 455
Bonds	671 823	940 768
Listing and other service fees	161 460	141 432
Total income from securities market	2 134 989	2 137 655

8. Interest and Other Finance Income

	Nine - month period ended September 30, 2014	Nine - month period ended September 30, 2013
Income on securities at fair value through profit or loss		
Interest income	722 158	421 341
Net loss on securities at fair value through profit or loss	(308 188)	(93 449)
Total income on securities at fair value through profit or loss	413 970	327 892
Interest income on financial assets other than at fair value through profit or loss		
Interest income on investments available-for-sale	4 270 259	3 842 015
Interest on cash and cash equivalents and due from financial institutions	4 081 854	3 869 603
Interest on investments held-to-maturity	-	10 745
Total interest income on financial assets other than at fair value through profit or loss	8 352 113	7 722 363
Total interest and other finance income	8 766 083	8 050 255

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Notes to the Consolidated Interim Condensed Financial Statements for the Nine-Month Period Ended September 30, 2014 (Continued)

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

In the nine-month period ended September 30, 2014 the Group recognized a net loss on financial assets available-for-sale of RUB 517 622 thousand (nine-month period ended September 30, 2013: loss of RUB 151 536 thousand). The loss resulted from sale of high yield bonds held by the Group. Interest income received on these bonds exceeded the losses from sale.

10. Foreign Exchange Gains Less Losses

	Nine - month period ended September 30, 2014	Nine - month period ended September 30, 2013
Foreign exchange SWAPs	1 615 998	814 094
Net other foreign exchange gain	77 978	25 229
Total foreign exchange gains less losses	1 693 976	839 323

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

11. Other operating income

	Nine - month period ended September 30, 2014	Nine - month period ended September 30, 2013
Gain on sale of MICEX-IT (Note 1)	313 560	-
Advisory fee	83 364	-
Revaluation of previously owned share in NAMEX (Note 6)	38 664	-
Bargain gain on acquisition of NAMEX (Note 6)	18 596	-
Income from lease	15 271	20 110
Gain on disposal of property, equipment and intangible assets	-	5 696
Other income	35 702	29 550
Total other operating income	505 157	55 356

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Notes to the Consolidated Interim Condensed Financial Statements for the Nine-Month Period Ended September 30, 2014 (Continued)

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12. Administrative and other operating expenses

	Nine - month period ended September 30, 2014	Nine - month period ended September 30, 2013
Amortisation of intangible assets	812 601	779 368
Professional services	442 895	481 054
Depreciation of property and equipment	373 190	402 575
Equipment and intangible assets maintenance	343 868	265 641
Rent and office maintenance	314 553	300 809
Taxes, other than income tax	306 969	436 816
Market makers fees	226 091	309 158
Advertising and marketing costs	210 118	191 324
Impairment of goodwill and other intangible assets (Notes 22, 23)	180 970	-
Impairment of investments in associates	-	89 251
Business trip expenses	45 723	45 049
Charity	28 108	13 486
Security expenses	25 614	25 312
Loss on disposal of property, equipment and intangible assets	8 925	-
Other	12 394	69 022
Total administrative and other operating expenses	3 332 019	3 408 865

During the nine-month period ended September 30, 2014 the Group recognised impairment of goodwill and other intangible assets related to the Ukrainian business at the amount of RUB 180 970 thousand.

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

The Group has made several changes in presentation of the administrative expenses for the nine-month period ended September 30, 2013 in order to improve the understanding of the Group's operations:

	As previously reported	Presentation of membership fees as advertising costs	Presentation of IT services as intangible assets maintenance	Presentation of premises servicing as office maintenance	Reclassification of VAT on information services	As presented in this report
Professional services	620 338	(31 982)	(26 512)		(80 790)	481 054
Equipment and intangible assets maintenance	260 170		26 512	(21 041)		265 641
Rent and office maintenance	279 768			21 041		300 809
Advertising and marketing costs	159 342	31 982				191 324
Taxes, other than income tax	356 026				80 790	436 816

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13. Personnel Expenses

	Nine - month period ended September 30, 2014	Nine - month period ended September 30, 2013
Short-term benefits except for share-based payments	3 162 696	2 878 564
Payroll related taxes	469 683	446 704
Share-based payment expense	190 380	210 508
Total personnel expenses	3 822 759	3 535 776

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

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

	Number	WAEP
Outstanding at 1 January 2013	42 027 058	47,53
Granted	7 200 004	46,90
Exercised	(557 791)	49,40
Forfeited	(4 033 337)	46,90
Expired	(4 728 876)	49,40
Outstanding at 30 September 2013	39 907 058	47,23
Outstanding at 1 January 2014	43 323 724	47,53
Exercised	(4 557 350)	48,24
Forfeited	(133 334)	46,90
Expired	(5 259 015)	48,24
Outstanding at 30 September 2014	33 374 025	47,29

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

The weighted average share price for share options exercised in the nine-month period ending September 30, 2014 at the date of exercise was RUB 57,60 (in the nine-month period ending September 30, 2013: 55,16).

The weighted average remaining contractual life for the share options outstanding as at September 30, 2014 was 0,62 years (December 31, 2013: 0,97 years). There were no options granted during the nine-month period ended September 30, 2014. The weighted average fair value of options granted during the nine-month period ended September 30, 2013 was RUB 14,07 per 1 option. Exercise prices for options outstanding as at September 30, 2014 were RUB 46,9 – RUB 55 (December 31, 2013: RUB 46,9 – RUB 55).

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Notes to the Consolidated Interim Condensed Financial Statements for the Nine-Month Period Ended September 30, 2014 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

14. 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 operates 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, 2014	December 31, 2013	Nine - month period ended September 30, 2014	Nine - month period ended September 30, 2013
Tax effect from deductible temporary differences				
Cash and cash equivalents	-	-	-	-
Financial assets at fair value though profit or loss	85 018	9 507	75 511	(25 979)
Investments in associates and investments available-for-sale	7 519	17 227	(130 168)	(52 700)
Property and equipment and intangible assets	13 655	13 731	(76)	(1 239)
Other assets	8 905	8 785	1 640	5 484
Tax loss carried forward	48 500	46 991	1 509	5 135
Other liabilities	200 901	207 748	(7 980)	(69 606)
Total tax effect from deductible temporary differences	364 498	303 989	(59 564)	(138 905)
Tax effect from taxable temporary differences				
Cash and cash equivalents	(4 036)	(276)	(3 760)	(10 691)
Financial assets at fair value though profit or loss	(283 129)	(7 507)	(275 622)	131
Central counterparty financial assets	(3 205)	(152)	(3 053)	(5 746)
Assets held for sale	-	(44 807)	44 807	-
Investments in associates and investments available-for-sale	(194 548)	(7 544)	(187 004)	(34 609)
Property and equipment and intangible assets	(3 783 444)	(3 878 865)	116 034	131 036
Other assets	(2 495)	(719)	(1 776)	462
Other liabilities	(818)	(1 587)	769	903
Total tax effect from taxable temporary differences	(4 271 675)	(3 941 457)	(309 605)	81 486
Deferred tax expense			(369 169)	(57 419)
Deferred income tax assets	177 028	186 564		
Deferred income tax liabilities	(4 084 205)	(3 824 032)		

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Notes to the Consolidated Interim Condensed Financial Statements for the Nine-Month Period Ended September 30, 2014 (Continued)
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14. Income Tax (continued)

Reconciliation of income tax expense and accounting profit for the nine-month period ended September 30, 2014 and 2013, are explained below:

	Nine - month period ended September 30, 2014	Nine - month period ended September 30, 2013
Profit before income tax	13 422 908	11 019 590
Tax at the statutory tax rate (20%)	2 684 582	2 203 918
Non-deductible expenses for tax purposes	141 760	184 039
Tax effect of income taxed at rates different from the prime rate	(111 111)	(91 958)
Non-taxable gain on acquisition of subsidiary	(10 734)	-
Deferred tax from a previously unrecognised temporary difference of a prior period	(6 265)	5 965
Adjustments in respect of current income tax of previous years	17 370	-
Income tax expense	2 715 602	2 301 964
Current income tax expense	2 346 433	2 244 545
Deferred taxation movement due to origination and reversal of temporary differences	370 678	62 554
Deferred taxation movement due to tax losses carried forward	(1 509)	(5 135)
Income tax expense	2 715 602	2 301 964
	Nine - month period ended September 30, 2014	Nine - month period ended September 30, 2013
Beginning of the period – deferred tax assets	186 564	103 178
Beginning of the period – deferred tax liabilities	(3 824 032)	(3 884 784)
Change in deferred income tax balances recognized in profit or loss	(369 169)	(57 419)
Changes in deferred income tax balances recognized in other comprehensive income	120 460	56 331
Deferred income tax liabilities arising from business combinations (Note 6)	(19 480)	-
Effect of movements in exchange rates	(1 520)	(615)
Deferred income tax transferred to assets of disposal group held for sale	-	(35 866)
Deferred income tax recognized directly in equity	-	10 783
End of the period - deferred tax assets	177 028	103 686
End of the period - deferred tax liabilities	(4 084 205)	(3 912 078)

15. Cash and cash equivalents

	September 30, 2014	December 31, 2013
Correspondent accounts and overnight deposits with banks	428 307 018	239 107 706
Balances with the CBR	62 761 068	15 930 165
Cash on hand	7 617	3 739
Total cash and cash equivalents	491 075 703	255 041 610
Cash and cash equivalents attributable to Assets of disposal group held for sale	-	2 018 877
Cash and cash equivalents for the purpose of Consolidated Statement of Cash Flows	491 075 703	257 060 487

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Notes to the Consolidated Interim Condensed Financial Statements for the Nine-Month Period Ended
September 30, 2014 (Continued)
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16. Financial Assets at Fair Value Through Profit or Loss

	September 30, 2014	December 31, 2013
Bonds issued by Russian Federation	13 037 277	16 131 684
Derivative financial instruments at fair value through profit or loss	1 407 668	5 042
Shares issued by Russian companies	59 377	62 999
Total financial assets at fair value through profit or loss	14 504 322	16 199 725

17. Due from Financial Institutions

	September 30, 2014	December 31, 2013
Interbank loans and term deposits	28 949 977	27 050 050
Mandatory cash balances with the CBR (restricted)	2 169 773	1 557 523
Short-term reverse repo receivable from financial institutions	1 450 272	319 283
Correspondent accounts in precious metals	548 656	29 041
Receivables on broker and clearing operations	6 116	3 398
Total due from financial institutions	33 124 794	28 959 295

As at September 30, 2014, the fair value of bonds pledged under short-term reverse repo is RUB 1 618 057 thousand (December 31, 2013: RUB 348 223 thousand).

18. Central Counterparty Financial Assets and Liabilities

	September 30, 2014	December 31, 2013
Repo transactions	176 287 342	44 706 755
Currency transactions	1 528 447	2 301 781
Total central counterparty financial assets and liabilities	177 815 789	47 008 536

Central Counterparty (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.

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

As at September 30, 2014 and December 31, 2013 none of these assets were past due.

19. Investments Available-for-Sale

	September 30, 2014	December 31, 2013
Bonds issued by Russian Federation	31 057 919	29 660 287
Bonds issued by Russian companies	19 148 344	22 512 072
Bonds issued by Russian banks	19 158 769	12 099 104
Bonds issued by foreign companies	9 293 928	9 779 971
Bonds issued by Russian Federation subjects and Municipal bonds	73 645	113 494
Shares issued by foreign companies	20 971	46 019
Shares issued by Russian companies	11 622	41 105
Total investments available-for-sale	78 765 198	74 252 052

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Notes to the Consolidated Interim Condensed Financial Statements for the Nine-Month Period Ended
September 30, 2014 (Continued)
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20. Investments in Associates

As at September 30, 2014 investments in associates are presented as follows:

	September 30, 2014				
	Ownership interest	Principal place of business	Country of incorporation	Nature of activities	Carrying value
Open Joint-Stock Company "Ukrainian Exchange" (UEX)	43,08%	Ukraine	Ukraine	Stock exchange operations	40 461
Total investments in associates					40 461

As at December, 31, 2013 investments in associates are presented as follows:

	December 31, 2013				
	Ownership interest	Principal place of business	Country of incorporation	Nature of activities	Carrying value
CJSC National Mercantile Exchange (NAMEX)	36,51%	Russian Federation	Russian Federation	Commodity exchange operations	49 650
Open Joint-Stock Company "Ukrainian Exchange" (UEX)	43,08%	Ukraine	Ukraine	Stock exchange operations	43 499
Total investments in associates					93 149

In January 2014 the Group purchased 22,22% stake of NAMEX and acquired control (refer to Note 6). In July 2014 the Group acquired additional 3,17% stake of NAMEX.

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September 30, 2014 (Continued)
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21. Property and Equipment

	Land	Buildings and other real estate	Furniture and equipment	Total
Cost				
December 31, 2012	221 147	5 874 838	3 118 677	9 214 662
Additions	-	93 522	167 719	261 241
Disposals	-	-	(62 927)	(62 927)
Reclassification to assets held for sale	-	-	(1 595)	(1 595)
Effect of movements in exchange rates	518	3 178	726	4 422
September 30, 2013	221 665	5 971 538	3 222 600	9 415 803
December 31, 2013	221 834	5 983 368	3 360 291	9 565 493
Additions	-	-	157 328	157 328
Acquisition through business combination (Note 6)	-	-	6	6
Disposals	-	-	(100 074)	(100 074)
Effect of movements in exchange rates	216	897	(548)	565
September 30, 2014	222 050	5 984 265	3 417 003	9 623 318
Accumulated depreciation				
December 31, 2012	-	871 952	1 987 477	2 859 429
Charge for the period	-	90 542	312 033	402 575
Disposals	-	-	(48 018)	(48 018)
Reclassification to assets held for sale	-	-	(364)	(364)
Effect of movements in exchange rates	-	159	280	439
September 30, 2013	-	962 653	2 251 408	3 214 061
December 31, 2013	-	993 327	2 309 801	3 303 128
Charge for the period	-	90 907	282 283	373 190
Disposals	-	-	(93 362)	(93 362)
Effect of movements in exchange rates	-	197	(372)	(175)
September 30, 2014	-	1 084 431	2 498 350	3 582 781
Net book value				
December 31, 2013	221 834	4 990 041	1 050 490	6 262 365
September 30, 2014	222 050	4 899 834	918 653	6 040 537

As at September 30, 2014, historical cost of fully depreciated property and equipment amounts to RUB 1 409 932 thousand (December 31, 2013: RUB 1 337 452 thousand).

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22. Intangible Assets

	Software and licences	Client base	Total
Cost			
December 31, 2012	1 663 931	19 503 594	21 167 525
Additions	338 240	-	338 240
Disposals	(10 739)	-	(10 739)
Reclassification to assets held for sale	(4 854)	-	(4 854)
Effect of movements in exchange rates	6 806	-	6 806
September 30, 2013	1 993 384	19 503 594	21 496 978
December 31, 2013	1 926 122	19 503 594	21 429 716
Acquisition through business combination (Note 6)	-	103 063	103 063
Additions	245 688	-	245 688
Impairment (Note 12)	(99 706)	-	(99 706)
Disposals	(40 870)	-	(40 870)
Effect of movements in exchange rates	(26 957)	-	(26 957)
September 30, 2014	2 004 277	19 606 657	21 610 934
Accumulated depreciation			
December 31, 2012	511 348	1 192 401	1 703 749
Charge for the period	194 260	585 108	779 368
Disposals	(9 838)	-	(9 838)
Reclassification to assets held for sale	(2 025)	-	(2 025)
Effect of movements in exchange rates	480	-	480
September 30, 2013	694 225	1 777 509	2 471 734
December 31, 2013	674 581	1 972 545	2 647 126
Charge for the period	224 401	588 200	812 601
Disposals	(34 382)	-	(34 382)
Effect of movements in exchange rates	(3 400)	-	(3 400)
September 30, 2014	861 200	2 560 745	3 421 945
Net book value			
December 31, 2013	1 251 541	17 531 049	18 782 590
September 30, 2014	1 143 077	17 045 912	18 188 989

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23. Goodwill

	Nine - month period ended September 30, 2014	Nine - month period ended September 30, 2013
As at January 1	16 071 458	16 066 094
Effect of movements in exchange rates	(18 774)	4 915
Impairment (Note 12)	(81 264)	-
As at September 30	15 971 420	16 071 009

24. Other Assets

	September 30, 2014	December 31, 2013
Other financial assets:		
Receivables on services rendered and other operations	470 285	420 075
Less allowance for impairment	(34 267)	(29 045)
Total other financial assets	436 018	391 030
Other non-financial assets:		
Precious metals	1 281 085	28 711
Prepaid expenses	194 364	182 631
Taxes receivable other than income tax	43 115	56 392
Other	8 706	14 299
Total other assets	1 963 288	673 063

25. Balances of Market Participants

	September 30, 2014	December 31, 2013
Accounts of clearing participants	506 325 879	272 695 597
Other current and settlement accounts	52 233 399	45 805 803
Risk-covering funds	3 946 728	3 691 409
Accounts in precious metals	1 829 741	57 752
Total balances of market participants	564 335 747	322 250 561

Accounts of clearing participants include margins deposited by clearing participants to cover risks arising from open positions and to guarantee payment of commissions. The purpose of margins is to support clearing settlements on the market and to cover risks arising from open positions of market participants, including operations of market participants, where the Group acts as a central counterparty. If an initial margin requirement exceeds the collateral posted by a market participant in the guarantee fund, the participant is required to cover the deficit by posting additional margin for the unsettled trades or to reduce the open position to an appropriate level. The margins is payable to a market participant when it closes its positions. The Group places margins amounts on current accounts and deposits with reputable banks or short-term repo receivables (Notes 15, 17).

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

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25. Balances of Market Participants (continued)

The risk-covering funds comprise contributions deposited by market participants. The purpose of these funds is to provide additional insurance to the market participants in respect of the ability of the Group to guarantee proper settlements of open positions in case of a market participant default. The minimum contribution amount per one participant is determined by the NCC Supervisory Board and it is approved by the Derivatives Market Committee, the Currency Market Committee, the Securities Market Committee and the Securities Lending & REPO Committee. Risk-covering funds amounts are only used to cover the deficit if a margin posted by a trading participant is not sufficient to cover its losses. The Group places cash received from the market participants in the risk-covering funds with top-rated banks (Notes 15, 17).

26. Loans payable

	September 30, 2014	December 31, 2013
Term deposits	4 053	50 858
Total loans payable	4 053	50 858

27. Other Liabilities

	September 30, 2014	December 31, 2013
Other financial liabilities		
Payables to employees	1 125 455	1 194 828
Trade payables	530 110	412 380
Dividends payable	2	-
Total other financial liabilities	1 655 752	1 607 208
Other non-financial liabilities		
Advances received	288 750	202 582
Taxes payable, other than income tax	170 099	114 857
Other	-	75
Total other liabilities	2 114 601	1 924 722

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28. Share Capital and Share Premium

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

	Authorized shares (number of shares)	Ordinary shares issued and fully paid (number of shares)	Treasury shares (number of shares)
December 31, 2012	2 578 200 000	2 197 409 846	(58 135 826)
Issue of additional shares	-	181 079 307	(181 000 000)
Sale of treasury shares during IPO	-	-	109 090 910
Purchase of treasury shares	-	-	(27 943 570)
Exercised options (Note 13)	-	-	557 791
September 30, 2013	2 578 200 000	2 378 489 153	(157 430 695)
December 31, 2013	2 578 200 000	2 378 489 153	(156 207 433)
Cancellation of treasury shares	-	(99 852 660)	99 852 660
Exercised options (Note 13)	-	-	4 557 350
September 30, 2014	2 578 200 000	2 278 636 493	(51 797 423)

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

29. Retained Earnings

During the nine-month period ended September 30, 2014 the Group declared dividends for the year ended December 31, 2013, to the owners of the parent of RUB 5 310 139 thousand (during the nine-month period ended September 30, 2013 for the year ended December 31, 2012: RUB 2 726 362 thousand). The amount of dividends per share is RUB 2.39 per ordinary share (September 30, 2013: 1.23 per ordinary share).

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

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, 2014	Nine - month period ended September 30, 2013
Net profit attributable to ordinary equity holders of the parent	10 756 529	8 722 669
Weighted average number of shares	2 225 239 338	2 210 489 477
Effect of dilutive share options	8 452 255	4 547 966
Weighted average number of shares adjusted for the effect of dilution	2 233 691 593	2 215 037 443
Basic earnings per share, RUB	4,83	3,95
Diluted earnings per share, RUB	4,82	3,94

MOSCOW EXCHANGE GROUP

Notes to the Consolidated Interim Condensed Financial Statements for the Nine-Month Period Ended September 30, 2014 (Continued)

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31. Transactions with Related Parties

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

(a) Transactions with key management

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

	Nine - month period ended September 30, 2014	Nine - month period ended September 30, 2013
Short-term employee benefits	224 001	200 231
Share-based payment expense	67 337	123 788
Total remuneration of key management personnel	291 338	324 019

(b) Transactions with government-related entities

The Central Bank of Russia sold an 11,7% stake in Moscow Exchange to the market on 2 July 2014. The sale is in line with the Central Bank's obligation under the Federal Law # 251-FZ dated July 23, 2013 to completely exit the shareholder capital of Moscow Exchange by 1 January 2016. As the result of the sale, the entities controlled by the Russian Federation together hold less than 50% of voting shares of Moscow Exchange. Accordingly, as at September 30, 2014 the Russian Federation exercised significant influence over Moscow Exchange.

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

(c) Transactions with associates

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

	September 30, 2014	December 31, 2013
Investments in associates	40 461	93 149
Other assets	520	2 662
Balances of market participants	-	9 539
Loans payable	-	50 790
Other liabilities	177	449

Included in the Consolidated Income Statement are the following amounts that arose due to transactions with associates:

	Nine - month period ended September 30, 2014	Nine - month period ended September 30, 2013
Share of profits of associates	7 111	62 347
Fee and commission income and other operating income	1 219	34 289
Foreign currency difference	28	(446)
Administrative and other operating expenses	(1 634)	(26 980)
Interest expense	-	(1 811)

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Notes to the Consolidated Interim Condensed Financial Statements for the Nine-Month Period Ended September 30, 2014 (Continued) (in thousands of Russian rubles, unless otherwise indicated)

32. Fair Value Measurements

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.

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

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

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

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

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

The table below analyses financial assets and liabilities measured at fair value at September 30, 2014, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	September 30, 2014			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	13 037 277	1 407 668	59 377	14 504 322
Central counterparty financial assets and liabilities (currency transactions)	1 528 447	-	-	1 528 447
Investments available-for-sale	76 065 239	2 667 366	32 593	78 765 198

Financial assets and liabilities measured at fair value at December 31, 2013, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	16 131 684	5 042	62 999	16 199 725
Central counterparty financial assets and liabilities (currency transactions)	2 301 781	-	-	2 301 781
Investments available-for-sale	71 047 470	3 117 458	87 124	74 252 052

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Notes to the Consolidated Interim Condensed Financial Statements for the Nine-Month Period Ended September 30, 2014 (Continued)

(in thousands of Russian rubles, unless otherwise indicated)

32. Fair Value Measurements (continued)

The following table shows a reconciliation for the nine-month period ended September 30, 2014 and September 30, 2013, for fair value measurements in Level 3 of the fair value hierarchy:

	FVTPL	AFS
Balance at December 31, 2012	66 960	167 913
Loss recognized in net loss on financial assets at fair value through profit or loss	(3 241)	-
Level 3 securities sold	-	(20 177)
Foreign exchange gain	-	127
Balance at September 30, 2013	63 719	147 863
Balance at December 31, 2013	62 999	87 124
Loss recognized in net loss on financial assets at fair value through profit or loss	(3 622)	-
Level 3 securities purchased	-	25 876
Level 3 securities sold	-	(80 600)
Foreign exchange gain	-	193
Balance at September 30, 2014	59 377	32 593

Transfers between level 1 and 2

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

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

	Transfers between Level 1 and Level 2	
	Nine - month period ended September 30, 2014	Nine - month period ended September 30, 2013
<i>From Level 1 to Level 2</i>		
Investments available-for-sale	940 915	-
<i>From Level 2 to Level 1</i>		
Investments available-for-sale	678 070	-