



The Unified Collateral Pool is the biggest upgrade to MOEX's infrastructure since the Exchange cancelled 100% advanced depositing of assets for equities and migrated to settlement on T+ basis. Market participants can now benefit in full from trading different classes of assets on one venue, with significantly reduced costs and released funds.

Igor Marich,
*Managing Director
of the Money and Derivatives Markets*

***Consolidated
Financial
Statements***



INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Supervisory Board of Public Joint-Stock Company "Moscow Exchange MICEX-RTS"

Opinion

We have audited the consolidated financial statements of Public Joint-Stock Company "Moscow Exchange MICEX-RTS" and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (the "IESBA Code")* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
<p><i>Information Technology systems and related controls</i></p> <p>We focused on this area because functioning of the financial accounting and reporting systems are reliant on integrity of complex information technology (the "IT") systems, and on the effectiveness of related control procedures.</p> <p>There is a risk that automated accounting procedures and IT related manual controls are not properly designed or operating ineffectively. We focused on testing of trading and clearing systems, as the most significant proportion of revenue is recognized based on automated data generated by these systems.</p> <p>In addition, starting January 2018, the Public Joint-Stock Company "Moscow Exchange MICEX-RTS" discontinued use of 1C in parallel accounting, with Oracle ("OeBS") general ledger becoming master general ledger for the company. Lack of controls over data integrity and processing, as well as ineffective algorithms may increase risk of errors in the financial data processed in OeBS.</p>	<p>We assessed the effectiveness of general IT controls.</p> <p>We tested design and operating effectiveness of general IT and certain application controls over significant IT systems that support information capture and processing in financial accounting and reporting processes. In respect of these systems we examined key controls over access security, change management, and operation of IT systems and key application controls relied on by management to address risks of material misstatement of the Group's consolidated financial statements.</p> <p>We obtained understanding of and tested for operating effectiveness key general IT controls over OeBS, including:</p> <ul style="list-style-type: none"> • access management, including user rights granting and termination; • change management – testing and approvals of changes in algorithms and key reports used in preparation of the financial statements; • data transfer controls that ensure integrity and completeness of data transferred in and out of OeBS. <p>In addition, we performed audit procedures over the opening balances in OeBS, including:</p> <ul style="list-style-type: none"> • reconciliation of FY2018 opening balances in OeBS to the audited FY2017 closing balances in 1C; • review of the additional manual verification performed by the Group to ensure that critical automated algorithms in OeBS were functioning correctly. <p>Our testing identified exceptions in respect of certain IT general controls; these exceptions have been mitigated by performing additional substantive audit procedures.</p>
<p><i>Impairment assessment for intangible assets and goodwill</i></p> <p>The carrying values of intangible assets and goodwill are significant for the users of consolidated financial statements. Recoverability of intangible assets and goodwill was determined to be a key audit matter, because management makes complex and subjective judgements and estimates for the purpose of testing goodwill and intangible assets for impairment, in</p>	<p>We obtained understanding of the management's methodology and process of initial and subsequent accounting and measurement of intangible assets and goodwill. These procedures include understanding of relevant controls over goodwill allocation to CGUs, the assessment of recoverable amounts of CGUs and recognition of impairment of intangible assets.</p> <p>As part of assessment of recoverability of goodwill and the client base, we checked the reasonableness of allocation of these assets to the CGUs.</p>

<p>particular in respect of the basis of goodwill allocation to specific CGUs, discount rate used and forecasts of future cash flows.</p> <p>Information on accounting for intangible assets and goodwill is disclosed in Notes 21 and 22 to the consolidated financial statements, respectively.</p>	<p>We checked the calculation of the recoverable amount of each CGU performed by the Group's management, and challenged key assumptions and judgements used in future cash flows forecasts and sensitivity of recoverable amount to changes in key assumptions. In particular, we focused on analysis of trade volumes, commission income and EBITDA forecasts, and discount rate applied to projected cash flows.</p> <p>We checked completeness and accuracy of disclosures in the consolidated financial statements, and their compliance with IFRS.</p>
<p><i>Controls over non-routine and non-core activities</i></p> <p>During the reporting period, the Group incurred losses due to operational error on non-routine operation, as disclosed in Note 12. Also, as disclosed in Note 37, subsequent to the reporting date, several incorrectly processed administrative payments were made from the Group's accounts that did not properly follow the Group's internal procedures.</p> <p>There is a risk that should the controls over non-routine and non-core activities be less developed than in the rest of the business, there may be incorrect recording of financial information or a financial loss to the Group.</p> <p>As it is required by International Standards of Auditing, we planned our audit so that we had a reasonable expectation of detecting material misstatements to the consolidated financial statements and accounting records due to fraud or error.</p>	<p>We examined the Group's internal investigation reports and other supporting and primary documents in order to determine whether the cases identified had any material effect to the consolidated financial statements. Management concluded in those internal reports that both incidents were isolated and related to non-standard or administrative non-core activity of the Group.</p> <p>We made inquiries of the responsible employees and management, performed public information search on the individuals and companies involved, analyzed remediation plans and actions undertaken thereof. We have evaluated the business rationale for any significant unusual transactions. We have tested journal entries that exhibit certain characteristics, which were identified using electronic data interrogation and manual techniques.</p> <p>We obtained an understanding of business processes and internal controls over the financial closing and reporting processes and performed other audit procedures we considered appropriate to the circumstances. We also assessed corporate governance procedures such as communication to the Supervisory Board, the Audit Commission, and other relevant bodies.</p>

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, which constitute the key audit matters included herein.


Neklyudov Sergei Vyacheslavovich
Engagement partner

6 March 2019



The Entity: Public Joint-Stock Company "Moscow Exchange MICEX-RTS"

Primary State Registration Number: 1027739387411, record made in the State Register of Legal Entities on 16.10.2002.

Address: Russia 125009, Moscow, Bolshoy Kislovsky per., 13

Audit Firm: AO "Deloitte & Touche CIS"

Certificate of state registration № 018.482, issued by the Moscow Registration Chamber on 30.10.1992.

Primary State Registration Number: 1027700425444

Certificate of registration in the Unified State Register № 77 004840299 of 13.11.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39.

Member of Self-regulated organization of auditors "Russian Union of auditors" (Association), ORNZ 11603080484.