



PJSC “PhosAgro”

**Consolidated Interim Condensed
Financial Statements
for the three months ended
31 March 2017 (unaudited)**

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Independent Auditors' Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholders and Board of Directors

PJSC "PhosAgro"

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of PJSC "PhosAgro" (the "Company") and its subsidiaries (the "Group") as at 31 March 2017, and the related consolidated interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the consolidated interim condensed financial information (the "consolidated interim condensed financial information"). Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of consolidated interim condensed 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.

Audited entity: PJSC "PhosAgro"

Registration No. in the Unified State Register of Legal Entities
1027700190572.

Moscow, Russia

Independent auditor: JSC "KPMG", a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Registered No. in the Unified State Register of Legal Entities
1027700125626.

Member of the Self-regulated organization of auditors "Russian Union of auditors" (Association). The Principal Registration Number of the Entry in the Register of Auditors and Audit Organisations: No.11603053203.



PJSC "PhosAgro"

Independent Auditors' Report on Review of Consolidated Interim Condensed Financial Information

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 31 March 2017, and for the three-month period then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.



I.A. Yagnov

Director

JSC "KPMG"

Moscow, Russia

16 May 2017

PJSC "PhosAgro"
*Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income
for the three months ended 31 March 2017 (unaudited)*

	Note	Three months ended 31 March	
		2017	2016
		RUB million	RUB million
Revenues	4	44,398	56,073
Cost of sales	5	(24,417)	(23,991)
Gross profit		19,981	32,082
Administrative expenses	6	(3,795)	(2,903)
Selling expenses	7	(5,497)	(5,501)
Taxes, other than income tax		(627)	(517)
Other expenses, net	8	(504)	(472)
Operating profit		9,558	22,689
Finance income	9	183	193
Finance costs	9	(1,052)	(1,386)
Foreign exchange gain		6,625	6,867
Share of profit of associates	12	125	27
Profit before tax		15,439	28,390
Income tax expense	10	(3,176)	(5,759)
Profit for the period		12,263	22,631
Attributable to:			
Non-controlling interests ^		3	7
Shareholders of the Parent		12,260	22,624
Other comprehensive income			
<i>Items that will never be reclassified to profit or loss</i>			
Actuarial gains and losses, net of tax		-	(10)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation difference		(864)	(1,095)
Other comprehensive loss for the period		(864)	(1,105)
Total comprehensive income for the period		11,399	21,526
Attributable to:			
Non-controlling interests ^		3	7
Shareholders of the Parent		11,396	21,519
Basic and diluted earnings per share (in RUB)	18	95	175

^ non-controlling interests are the minority shareholders of the subsidiaries of PJSC "PhosAgro"

The consolidated interim condensed financial statements were approved on 16 May 2017:

Chief executive officer
A.A. Guryev

Chief financial officer
A.F. Sharabaiko

PJSC "PhosAgro"
Consolidated Interim Condensed Statement of Financial Position
as at 31 March 2017 (unaudited)

	Note	31 March 2017 RUB million	31 December 2016 RUB million
Assets			
Property, plant and equipment	11	157,339	154,713
Advances issued for property, plant and equipment		5,094	4,684
Intangible assets		1,391	1,165
Investments in associates	12	723	816
Deferred tax assets		4,895	5,110
Other non-current assets	13	2,479	2,226
Non-current assets		171,921	168,714
Other current investments	14	2,827	3,282
Inventories	15	19,783	19,934
Trade and other receivables	16	27,368	30,013
Cash and cash equivalents		10,204	7,261
Current assets		60,182	60,490
Total assets		232,103	229,204
Equity			
	17		
Share capital		372	372
Share premium		7,494	7,494
Retained earnings		82,141	74,932
Other reserves		4,622	5,486
Equity attributable to shareholders of the Parent		94,629	88,284
Equity attributable to non-controlling interests		140	137
Total equity		94,769	88,421
Liabilities			
Loans and borrowings	19	61,362	96,409
Finance lease liabilities		1,475	1,830
Defined benefit obligations		841	767
Deferred tax liabilities		5,157	4,600
Non-current liabilities		68,835	103,606
Loans and borrowings	19	50,729	12,457
Finance lease liabilities		1,429	1,680
Trade and other payables	20	16,341	23,040
Current liabilities		68,499	37,177
Total equity and liabilities		232,103	229,204

	Note	Three months ended 31 March	
		2017	2016
		RUB million	RUB million
Cash flows from operating activities			
Profit before tax		15,439	28,390
<i>Adjustments for:</i>			
Depreciation and amortisation	5, 6, 7	3,117	2,560
Loss on disposal of property, plant and equipment and intangible assets	8	575	109
Finance income	9	(183)	(193)
Finance costs	9	1,052	1,386
Share of profit of associates	12	(125)	(27)
Foreign exchange gain		(6,673)	(7,451)
Operating profit before changes in working capital and provisions		13,202	24,774
Decrease/(increase) in inventories		153	(609)
Decrease in trade and other receivables		2,523	561
Decrease in trade and other payables		(4,900)	(1,487)
Cash flows from operations before income taxes and interest paid		10,978	23,239
Income tax paid		(2,864)	(3,002)
Finance costs paid		(1,107)	(1,739)
Cash flows from operating activities		7,007	18,498
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(8,949)	(8,715)
Repayment of loans issued, net		115	169
Proceeds from disposal of property, plant and equipment		26	194
Finance income received		70	105
Disposal of investments, net		245	-
Cash flows used in investing activities		(8,493)	(8,247)
Cash flows from financing activities			
Proceeds from borrowings	19	18,470	2,131
Repayment of borrowings	19	(8,056)	(4,486)
Dividends paid to shareholders of the Parent	17	(5,051)	(8,159)
Finance leases paid		(483)	(572)
Other proceeds/(payments)		63	(75)
Proceeds from settlement of derivatives		-	10
Cash flows from/(used in) financing activities		4,943	(11,151)
Net increase/(decrease) in cash and cash equivalents		3,457	(900)
Cash and cash equivalents at 1 January		7,261	29,347
Effect of exchange rates fluctuations		(514)	(2,124)
Cash and cash equivalents at 31 March		10,204	26,323

RUB million	Attributable to shareholders of the Parent					Attributable to non-controlling interests	Total
	Share capital	Share premium	Retained earnings	Actuarial gains and losses	Foreign currency translation reserve		
Balance at 1 January 2016	372	7,494	43,460	(316)	8,975	213	60,198
Total comprehensive income for the period							
Profit for the period	-	-	22,624	-	-	7	22,631
Actuarial gains and losses, net of tax	-	-	-	(10)	-	-	(10)
Foreign currency translation difference	-	-	-	-	(1,095)	-	(1,095)
	-	-	22,624	(10)	(1,095)	7	21,526
Transactions with owners recognised directly in equity							
Dividends to shareholders	-	-	(8,159)	-	-	-	(8,159)
Other	-	-	(75)	-	-	-	(75)
	-	-	(8,234)	-	-	-	(8,234)
Balance at 31 March 2016	372	7,494	57,850	(326)	7,880	220	73,490
Balance at 1 January 2017	372	7,494	74,932	(384)	5,870	137	88,421
Total comprehensive income for the period							
Profit for the period	-	-	12,260	-	-	3	12,263
Foreign currency translation difference	-	-	-	-	(864)	-	(864)
	-	-	12,260	-	(864)	3	11,399
Transactions with owners recognised directly in equity							
Dividends to shareholders	-	-	(5,051)	-	-	-	(5,051)
	-	-	(5,051)	-	-	-	(5,051)
Balance at 31 March 2017	372	7,494	82,141	(384)	5,006	140	94,769

1 BACKGROUND

(a) Organisation and operations

PJSC “PhosAgro” (the “Company” or the “Parent”) and its subsidiaries (together referred to as the “Group”) comprise Russian legal entities and foreign trading subsidiaries. The Company was registered in October 2001. The Company’s location is Leninsky prospekt 55/1 building 1, Moscow, Russian Federation, 119333.

The Group’s principal activity is production of apatite concentrate and mineral fertilisers at plants located in the cities of Kirovsk (Murmansk region), Cherepovets (Vologda region), Balakovo (Saratov region) and Volkhov (Leningrad region), and their distribution across the Russian Federation and abroad.

(b) Russian business environment

The Group’s operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial conditions of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. The consolidated interim condensed financial statements reflect management’s assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

2 BASIS OF PREPARATION

(a) Statement of compliance

The International Financial Reporting Standards (“IFRS”) consolidated interim condensed financial statements (“consolidated interim condensed financial statements”) of the Group have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The Group additionally prepared IFRS consolidated interim condensed financial statements in the Russian language in accordance with the Federal Law No. 208-FZ *On consolidated financial reporting*.

These consolidated interim condensed financial statements do not contain all the information required for presentation in a complete set of IFRS financial statements and therefore should be read in conjunction with PhosAgro’s consolidated annual financial statements for the year ended 31 December 2016.

Except as disclosed in note 2(d), the accounting policies and judgements applied by the Group are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2016.

(b) Functional currency

The national currency of the Russian Federation is the Russian Rouble (“RUB”), which is the functional currency of the Parent and its subsidiaries, except for foreign trading subsidiaries, where the functional currency is USD.

(c) Presentation currency

These consolidated interim condensed financial statements are presented in RUB. All financial information presented in RUB has been rounded to the nearest million, except per share amounts.

The translation from USD into RUB, where applicable, was performed as follows:

- Assets and liabilities as at 31 March 2017 were translated at the closing exchange rate of RUB 56.3779 for USD 1 (31 December 2016: RUB 60.6569 for USD 1);
- Profit and loss items were translated at the average exchange rate for the three months ended 31 March 2017 of RUB 58.8366 for USD 1 (three months ended 31 March 2016: RUB 74.6283 for USD 1);
- Equity items arising during the year are recognised at the exchange rate ruling at the date of transaction;
- The resulting foreign exchange difference is recognised in other comprehensive income.

The translation from EUR into RUB, where applicable, was performed as follows:

- Assets and liabilities as at 31 March 2017 were translated at the closing exchange rate of RUB 60.5950 for EUR 1 (31 December 2016: RUB 63.8111 for EUR 1);
- Profit and loss items were translated at the average exchange rate for the three months ended 31 March 2017 of RUB 62.6474 for EUR 1 (three months ended 31 March 2016: RUB 82.3302 for EUR 1);
- Equity items arising during the year are recognised at the exchange rate ruling at the date of transaction;
- The resulting foreign exchange difference is recognised in other comprehensive income.

(d) Adoption of new and revised standards and interpretations

A number of amendments to standards became effective for the Group from 1 January 2017. The adoption of the amendments did not have a significant effect on these consolidated interim condensed financial statements. In accordance with the amendments to IAS 7 *Statement of Cash Flows*, changes in liabilities arising from financing activities for the reporting period were disclosed in note 19.

A number of new standards, amendments to standards and interpretations are not yet effective at 31 March 2017, and have not been early adopted. The Group does not expect the amendments to have a significant impact on the consolidated financial statements in future periods.

3 SEGMENT INFORMATION

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

- *Phosphate-based products segment* includes mainly production and distribution of ammophos, diammoniumphosphate, sodium tripolyphosphate and other phosphate based and complex (NPK) fertilisers on the factories located in Cherepovets, Balakovo and Volkhov, and production and distribution of apatite concentrate extracted from the apatite-nepheline ore, which is mined and processed in Kirovsk;
- *Nitrogen-based products segment* includes mainly production and distribution of ammonia, ammonium nitrate and urea on the factory located in Cherepovets.

Certain assets, revenue and expenses are not allocated to any particular segment and are, therefore, included in the "other operations" column. None of these operations meet any of the quantitative thresholds for determining reportable segments.

Information regarding the results of each reportable segment is included below. Performance is measured based on gross profit, as included in internal management reports that are reviewed by the Group's CEO.

Business segment information as at 31 March 2017 and for the three months then ended is as follows:

<i>RUB million</i>	Phosphate-based products	Nitrogen-based products	Other operations	Total
<i>Segment revenue and profitability</i>				
Segment external revenues, thereof:	38,147	6,133	118	44,398
Export	25,447	3,257	-	28,704
Domestic	12,700	2,876	118	15,694
Cost of goods sold	(21,028)	(3,283)	(106)	(24,417)
Gross segment profit	17,119	2,850	12	19,981
<i>Certain items of profit and loss</i>				
Amortisation and depreciation	(2,286)	(729)	(102)	(3,117)
Total non-current segment assets	93,052	61,930	3,748	158,730
Additions to non-current assets	4,036	2,214	67	6,317

Business segment information of the Group as at 31 December 2016 and for the three months ended 31 March 2016 is as follows:

<i>RUB million</i>	Phosphate-based products	Nitrogen-based products	Other operations	Total
<i>Segment revenue and profitability</i>				
Segment external revenues, thereof:	49,499	6,422	152	56,073
Export	35,317	4,244	-	39,561
Domestic	14,182	2,178	152	16,512
Cost of goods sold	(20,766)	(3,088)	(137)	(23,991)
Gross segment profit	28,733	3,334	15	32,082
<i>Certain items of profit and loss</i>				
Amortisation and depreciation	(1,952)	(521)	(87)	(2,560)
Total non-current segment assets	91,880	60,240	3,758	155,878
Additions to non-current assets	4,882	2,693	84	7,659

The analysis of export revenue by regions is as follows:

	Three months ended 31 March	
	2017	2016
	RUB million	RUB million
Europe	10,569	16,574
North and South America	10,282	10,227
CIS	4,379	3,607
Africa	1,471	3,653
Asia	1,048	3,557
India	954	1,943
Australia	1	-
	28,704	39,561

4 REVENUES

	Three months ended 31 March	
	2017	2016
	RUB million	RUB million
Sales of chemical fertilisers	34,781	43,373
Sales of apatite concentrate	5,750	7,858
Sales of sodium tripolyphosphate	603	1,539
Sales of nepheline concentrate	164	186
Sales of ammonium	14	21
Other sales	3,086	3,096
	44,398	56,073

5 COST OF SALES

	Three months ended 31 March	
	2017	2016
	RUB million	RUB million
Materials and services	(6,797)	(6,062)
Depreciation	(2,801)	(2,265)
Salaries and social contributions	(2,743)	(2,682)
Ammonia	(2,262)	(2,041)
Natural gas	(2,090)	(2,108)
Chemical fertilisers and other products for resale	(1,683)	(1,599)
Potash	(1,568)	(1,816)
Electricity	(1,327)	(1,102)
Sulphur and sulphuric acid	(1,231)	(2,390)
Ammonium sulphate	(800)	(814)
Fuel	(795)	(626)
Heating energy	(245)	(265)
Other items	(5)	(2)
Change in work-in-progress and finished goods	(70)	(219)
	(24,417)	(23,991)

6 ADMINISTRATIVE EXPENSES

	Three months ended 31 March	
	2017	2016
	RUB million	RUB million
Salaries and social contributions	(2,481)	(1,665)
Professional services	(412)	(346)
Depreciation and amortisation	(186)	(163)
Other	(716)	(729)
	(3,795)	(2,903)

7 SELLING EXPENSES

	Three months ended 31 March	
	2017	2016
	RUB million	RUB million
Freight, port and stevedoring expenses	(2,496)	(2,744)
Russian Railways infrastructure tariff and operators' fees	(2,380)	(2,093)
Materials and services	(405)	(442)
Depreciation	(130)	(132)
Salaries and social contributions	(86)	(90)
	(5,497)	(5,501)

8 OTHER EXPENSES, NET

	Three months ended 31 March	
	2017	2016
	RUB million	RUB million
Loss on disposal of property, plant and equipment and intangible assets	(575)	(109)
Social expenditures	(458)	(335)
Increase in provision for bad debt	(43)	(39)
Decrease in provision for inventory obsolescence	40	15
Other income/(expenses), net	532	(4)
	(504)	(472)

9 FINANCE INCOME AND FINANCE COSTS

	Three months ended 31 March	
	2017	2016
	RUB million	RUB million
Interest income	64	122
Gain from operations with derivative financial instruments	-	43
Unwind of discount of financial assets	38	28
Other finance income	81	-
Finance income	183	193
Interest expense	(963)	(1,297)
Bank fees	(47)	(60)
Other finance costs	(42)	(29)
Finance costs	(1,052)	(1,386)
Net finance costs	(869)	(1,193)

10 INCOME TAX EXPENSE

The Company's applicable corporate income tax rate is 20% (three months ended 31 March 2016: 20%).

	Three months ended 31 March	
	2017	2016
	RUB million	RUB million
Current tax expense	(2,404)	(5,327)
Origination and reversal of temporary differences, including change in unrecognised assets	(772)	(432)
	(3,176)	(5,759)

Reconciliation of effective tax rate:

	Three months ended 31 March			
	2017		2016	
	RUB million	%	RUB million	%
Profit before tax	15,439	100	28,390	100
Income tax at applicable tax rate	(3,088)	(20)	(5,678)	(20)
Effect of tax rates in foreign jurisdictions	(24)	-	65	-
Under provided in respect of prior years	-	-	(9)	-
Unrecognised tax liability on profit from associates	25	-	5	-
Non-deductible items	(188)	(1)	(140)	-
Change in unrecognised deferred tax assets	12	-	(2)	-
Reduction in tax rate	87	1	-	-
	(3,176)	(20)	(5,759)	(20)

11 PROPERTY, PLANT AND EQUIPMENT

<i>RUB million</i>	Land and buildings	Plant and equipment	Fixtures and fittings	Construction in progress	Total
Net book value at 1 January 2016	22,898	37,052	2,502	58,500	120,952
Additions	-	377	166	7,116	7,659
Transfers	542	1,521	-	(2,063)	-
Disposals	(145)	(141)	(8)	(9)	(303)
Depreciation	(431)	(1,867)	(242)	-	(2,540)
Net book value at 31 March 2016	<u>22,864</u>	<u>36,942</u>	<u>2,418</u>	<u>63,544</u>	125,768
Net book value at 1 January 2017	35,242	39,997	3,151	76,323	154,713
Additions	-	-	409	5,908	6,317
Transfers	805	5,677	-	(6,482)	-
Disposals	(17)	(377)	(2)	(197)	(593)
Depreciation	(703)	(2,103)	(292)	-	(3,098)
Net book value at 31 March 2017	<u>35,327</u>	<u>43,194</u>	<u>3,266</u>	<u>75,552</u>	157,339

As at 31 March 2017, the balance of the construction in progress account includes the accumulated costs related to the construction of ammonia plant in the amount of RUB 33,788 million and urea plant in the amount of RUB 12,862 million in Cherepovets, as well as underground mine extension in the amount of RUB 6,696 million, the development of Rasvumchorskiy mine in the amount of RUB 4,343 million and the construction of apatit-nepheline beneficiation plant in the amount of RUB 3,853 million in Kirovsk.

12 INVESTMENTS IN ASSOCIATES

The movement in the balance of investments in associates is as follows:

	2017 RUB million	2016 RUB million
Balance at 1 January	816	810
Share in profit for the period	125	27
Foreign currency translation difference	(108)	(40)
Dividends accrued	(110)	-
Balance at 31 March	<u>723</u>	<u>797</u>

13 OTHER NON-CURRENT ASSETS

	31 March 2017 RUB million	31 December 2016 RUB million
Financial assets available-for-sale, at cost	595	595
Loans issued to third parties, at amortised cost	292	266
Loans issued to related parties, at amortised cost	200	330
Financial assets available-for-sale, at fair value	129	138
Loans issued to employees, at amortised cost	78	103
Loans issued to associates, at amortised cost	60	40
Other long-term assets	1,125	754
	<u>2,479</u>	<u>2,226</u>

14 OTHER CURRENT INVESTMENTS

	31 March 2017 RUB million	31 December 2016 RUB million
Investments in debt securities, at amortised cost	4,416	4,656
Loans issued to related parties, at amortised cost	251	218
Loans issued to third parties, at amortised cost	161	162
Financial assets available-for-sale, at fair value	72	424
Loans issued to employees, at amortised cost	63	115
Interest receivable	30	35
Provision for doubtful accounts	(2,166)	(2,328)
	2,827	3,282

15 INVENTORIES

	31 March 2017 RUB million	31 December 2016 RUB million
Raw materials and spare parts	8,195	7,586
<i>Finished goods:</i>		
Chemical fertilisers	8,586	8,274
Apatite concentrate	374	219
<i>Work-in-progress:</i>		
Apatite-nepheline ore	871	1,329
Chemical fertilisers and other products	1,333	1,296
Other goods for resale	57	173
Chemical fertilisers and other products for resale, purchased from third parties	508	1,238
Provision for obsolescence	(141)	(181)
	19,783	19,934

16 TRADE AND OTHER RECEIVABLES

	31 March 2017 RUB million	31 December 2016 RUB million
Trade accounts receivable	11,172	12,770
Other taxes receivable	9,760	11,932
Advances issued	4,628	4,693
Income tax receivable	1,216	339
Other receivables	749	513
Deferred expenses	218	229
Dividends receivable from associates	110	-
Receivables from employees	34	36
Provision for doubtful accounts	(519)	(499)
	27,368	30,013

The movements in provision for doubtful accounts are as follows:

	2017 RUB million	2016 RUB million
Balance at 1 January	(499)	(527)
Foreign currency translation difference	23	29
Increase in provision for bad debt	(43)	(39)
Balance at 31 March	(519)	(537)

17 EQUITY**Dividends**

Proposed by the Board of Directors in	Approved by shareholders in	Amount per share RUB	Amount of dividends RUB million
Total dividends approved during the reporting period			
November 2016	January 2017	39	5,051
			5,051
Total dividends approved subsequent to the reporting date			
May 2017	To be approved in July 2017	21	2,720
			2,720

18 EARNINGS PER SHARE

Basic earnings per share are calculated based on the weighted average number of ordinary shares outstanding during the period. Basic and diluted earnings per share are the same, as there is no effect of dilution.

	Three months ended 31 March	
	2017	2016
Weighted average number of ordinary shares in issue	129,500,000	129,500,000
Profit for the period attributable to shareholders of the Parent, RUB million	12,260	22,624
Basic and diluted earnings per share, RUB	95	175

19 LOANS AND BORROWINGS

	31 March 2017 RUB million	31 December 2016 RUB million
Current loans and borrowings:		
Loan participation notes ¹	28,173	-
Unsecured bank loans	21,081	10,418
Unsecured letters of credit issued by banks	825	1,278
Unsecured loans from other companies	5	9
Interest payable	645	752
	50,729	12,457
Non-current loans and borrowings:		
Unsecured bank loans	59,923	65,002
Unsecured letters of credit issued by banks	864	485
Unsecured loans from other companies	575	614
Loan participation notes ¹	-	30,308
	61,362	96,409
	112,091	108,866

¹ In February 2013, the Company's SPV issued a USD 500 million 5-year Eurobond with a coupon rate of 4.204%, which is listed on the Irish Stock Exchange, with the fair value at the reporting date of RUB 28,781 million (31 December 2016: RUB 31,337 million). Management believes that except for the Eurobond the fair value of the Group's loans and borrowings approximates their carrying amounts.

The breakdown of the loans and borrowings denominated in different currencies is as follows:

	31 March 2017	31 December 2016
	RUB million	RUB million
USD-denominated	91,488	95,193
RUB-denominated	15,512	7,018
EUR-denominated	5,091	6,655
	112,091	108,866

The maturity of the loans and borrowings is as follows:

	31 March 2017	31 December 2016
	RUB million	RUB million
Less than 1 year	50,729	12,457
1-2 years	23,311	47,336
2-3 years	14,345	20,339
3-4 years	7,985	12,654
4-5 years	1,932	2,305
More than 5 years	13,789	13,775
	112,091	108,866

Reconciliation of liabilities arising from financing activities:

	31 December 2016	Cash inflows	Cash outflows	Foreign exchange gain	Foreign currency translation	31 March 2017
	RUB million	RUB million	RUB million	RUB million	RUB million	RUB million
Loans and borrowings (excluding interest payable)	108,114	18,470	(8,056)	(6,814)	(268)	111,446
Finance lease liabilities	3,510	-	(483)	(123)	-	2,904
	111,624	18,470	(8,539)	(6,937)	(268)	114,350

20 TRADE AND OTHER PAYABLES

	31 March 2017	31 December 2016
	RUB million	RUB million
Payables for property, plant and equipment and intangible assets	3,841	6,060
Advances received	3,420	5,203
Trade accounts payable	3,080	5,574
Other taxes payable	2,568	3,409
Payables to employees	1,336	1,167
Accruals	1,325	1,231
Income tax payable	654	237
Other payables	117	159
	16,341	23,040

21 COMMITMENTS

The Group has entered into contracts to purchase plant and equipment for RUB 20,163 million (31 December 2016: RUB 16,609 million).

22 RELATED PARTY TRANSACTIONS**(a) Transactions and balances with associates****(i) Transactions with associates**

	Three months ended 31 March	
	2017	2016
	RUB million	RUB million
Sales of goods and services	2,375	1,892
Dividend income	110	-
Interest income	3	4
Purchases of goods and services	(84)	(96)

(ii) Balances with associates

	31 March 2017	31 December 2016
	RUB million	RUB million
Trade and other receivables	446	968
Dividends receivable	110	-
Long-term loans issued, at amortised cost	60	40
Trade and other payables	(21)	(30)

(iii) Financial guarantees

The Group issued financial guarantees to banks to secure associates' loans amounting to RUB 1,537 million (31 December 2016: RUB 1,580 million).

(b) Transactions and balances with other related parties**(i) Transactions with other related parties**

	Three months ended 31 March	
	2017	2016
	RUB million	RUB million
Sales of goods and services	196	345
Interest income	10	7
Purchases of goods and services	(338)	(220)

(ii) Balances with other related parties

	31 March 2017	31 December 2016
	RUB million	RUB million
Short-term loans issued, at amortised cost	251	218
Long-term loans issued, at amortised cost	200	330
Trade and other receivables	39	2
Trade and other payables	(70)	(115)

(iii) Financial guarantees

The Group issued financial guarantees to banks to secure related parties' loans amounting to RUB 80 million (31 December 2016: RUB 87 million).

23 FOREIGN CURRENCY RISK

The Group's net monetary position on balances denominated in foreign currencies other than respective functional currencies is as follows:

	31 March 2017	31 December 2016
	RUB million	RUB million
USD-denominated net liabilities	(89,717)	(95,181)
EUR-denominated net liabilities	(6,053)	(7,370)
RUB-denominated net liabilities	(3,007)	(3,007)
	(98,777)	(105,558)

The foreign exchange gain recognised in profit or loss of RUB 6,625 million (RUB 6,867 million for the comparative period) resulted from the appreciation of the Russian Rouble against major currencies during the reporting and the comparative periods.

In addition, the net assets of the Group's foreign subsidiaries denominated in USD amount to RUB 12,172 million as at the reporting date (31 December 2016: RUB 12,454 million).

24 SEASONALITY

The Group is subject to certain seasonal fluctuations in fertiliser demand due to the timing of fertiliser application and, as a result, fertiliser purchases by farmers. However, the effect of seasonality on the Group's revenue is partially offset by the fact that the Group sells its fertilisers globally and fertiliser application and purchases vary by region. In particular, purchases of fertilisers by farmers in Russia generally peak in the third quarter. This normally results in the Group having somewhat higher revenue in the third quarter as compared to the other quarters. However, fertiliser demand from other regions tends to peak in other periods of the year (for example, fertiliser demand from Europe and North America generally peaks in the first and third quarters, demand in South America generally peaks in the second and third quarters).

The Group's costs are generally stable throughout the year with the exception of a slight increase during May-June as a result of maintenance activities undertaken at the Group's production facilities.

25 SUBSEQUENT EVENTS

In May 2017, the Company's SPV issued USD 500 million 4.5-year Eurobond with a coupon rate of 3.95%, which is listed on the Irish Stock Exchange.