

Unaudited interim condensed  
consolidated financial statements

**Public Joint Stock Company**  
**“Vimpel-Communications”**

(a wholly-owned subsidiary of VimpelCom Ltd.)

*as of 30 June 2016 and  
for the three and six months ended 30 June 2016*

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for the three and six months ended 30 June 2016

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## ***Independent Auditor's Report***

To the Board of Directors and Shareholders of Public Joint Stock Company "Vimpel-Communications":

We have reviewed the accompanying interim condensed consolidated financial statements of Public Joint Stock Company "Vimpel-Communications" (a wholly-owned subsidiary of VimpelCom Ltd.) and its subsidiaries (hereinafter collectively referred to as "**VimpelCom**") which comprise the interim condensed consolidated statements of financial position as of 30 June 2016 and 31 December 2015, and the related interim condensed consolidated income statements, interim condensed consolidated statements of comprehensive income, interim condensed consolidated statements of changes in equity for the three-month and six-month periods ended 30 June 2016 and interim condensed consolidated statement of cash flows for the six-month period ended 30 June 2016.

### **Management's Responsibility for the Interim Condensed Consolidated Financial Statements**

VimpelCom's management is responsible for the preparation and fair presentation of the interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting*; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of the interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting*.

### **Auditor's Responsibility**

Our responsibility is to conduct our review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial statements. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

### **Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed consolidated financial statements for it to be in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting*.

*AO PricewaterhouseCoopers Audit*

4 August 2016

Public Joint Stock Company “Vimpel-Communications”  
(a wholly-owned subsidiary of VimpelCom Ltd.)

Interim condensed consolidated income statement  
for the three and six months ended 30 June 2016

	Note	Three months ended 30 June		Six months ended 30 June	
		2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
<i>(All amounts in millions of Rubles unless otherwise stated)</i>					
Service revenue		84,814	88,113	169,993	177,993
Sale of equipment and accessories		1,975	1,842	4,944	3,719
Other revenue		109	219	269	401
<b>Total operating revenue</b>	4	<b>86,898</b>	90,174	<b>175,206</b>	182,113
<b>Operating expenses</b>					
Service costs		(23,005)	(23,818)	(45,975)	(48,361)
Cost of equipment and accessories		(2,033)	(2,282)	(5,422)	(4,153)
Selling, general and administrative expenses	5	(29,656)	(27,978)	(59,400)	(56,724)
Depreciation	8	(14,102)	(14,035)	(28,654)	(28,610)
Amortization	9	(2,371)	(2,306)	(5,019)	(4,632)
Impairment loss		(26)	–	(182)	(1,059)
Loss on disposal of non-current assets		(491)	(193)	(581)	(518)
<b>Total operating expenses</b>		<b>(71,684)</b>	(70,612)	<b>(145,233)</b>	(144,057)
<b>Operating profit</b>		<b>15,214</b>	19,562	<b>29,973</b>	38,056
Finance costs		(6,255)	(5,922)	(12,842)	(13,641)
Finance income		1,712	1,112	3,547	2,451
Net foreign exchange gain / (loss)		2,152	2,794	6,399	(749)
Other non-operating loss, net	6	(1,524)	(4,021)	(4,184)	(7,030)
Share of (loss) / gain of joint ventures and associates accounted for using the equity method		(757)	(303)	(1,102)	685
<b>Profit before tax</b>		<b>10,542</b>	13,222	<b>21,791</b>	19,772
Income tax expense	7	(5,085)	1,010	(9,637)	(1,338)
<b>Profit for the period</b>		<b>5,457</b>	14,232	<b>12,154</b>	18,434
<b>Attributable to:</b>					
The owners of the Company		6,522	13,864	13,480	18,409
Non-controlling interests		(1,065)	368	(1,326)	25
		<b>5,457</b>	14,232	<b>12,154</b>	18,434

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Public Joint Stock Company “Vimpel-Communications”  
(a wholly-owned subsidiary of VimpelCom Ltd.)

Interim condensed consolidated statement of comprehensive income  
for the three and six months ended 30 June 2016

	Three months ended 30 June		Six months ended 30 June	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
	<i>(All amounts in millions of Rubles unless otherwise stated)</i>			
<b>Profit for the period</b>	<b>5,457</b>	14,232	<b>12,154</b>	18,434
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>				
Cash flow hedge reserve	35	(170)	(75)	(943)
Income tax effect	-	-	-	-
Net gain arising on revaluation of available-for-sale financial assets at fair value through other comprehensive income	-	(157)	-	423
Income tax effect	-	-	-	-
Exchange differences arising on net investment in foreign operations	(8,634)	(3,369)	(23,050)	(18)
Income tax effect	468	249	1,201	62
<b>Other comprehensive (loss) / income for the period, net of tax</b>	<b>(8,131)</b>	(3,447)	<b>(21,924)</b>	(476)
<b>Total comprehensive (loss) / income for the period, net of tax</b>	<b>(2,674)</b>	10,785	<b>(9,770)</b>	17,958
<b>Attributable to:</b>				
The owners of the Company	(1,794)	10,905	(8,592)	18,127
Non-controlling interests	(880)	(120)	(1,178)	(169)
	<b>(2,674)</b>	10,785	<b>(9,770)</b>	17,958

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Public Joint Stock Company “Vimpel-Communications”  
(a wholly-owned subsidiary of VimpelCom Ltd.)

Interim condensed consolidated statement of financial position  
as of 30 June 2016

	30 June 2016	31 December 2015
Note	(unaudited)	(audited)
<i>(All amounts in millions of Rubles unless otherwise stated)</i>		
<b>Assets</b>		
<b>Non-current assets</b>		
Property and equipment	8      243,788	265,899
Intangible assets	9      37,969	35,976
Goodwill	9      111,453	113,369
Investments in associates and joint ventures	13,418	14,519
Deferred income tax assets	2,239	2,225
Other financial assets	10     53,445	99,388
Other non-current non-financial assets	11     1,141	436
<b>Total non-current assets</b>	<b>463,453</b>	<b>531,812</b>
<b>Current assets</b>		
Inventories	4,836	6,266
Trade and other receivables	27,322	27,980
Other current non-financial assets	11     12,156	8,025
Current income tax assets	5,681	5,713
Other current financial assets	10     6,978	29,108
Cash and cash equivalents	12     85,558	63,385
<b>Total current assets</b>	<b>142,531</b>	<b>140,477</b>
<b>Assets classified as held for sale</b>	-	178
<b>Total assets</b>	<b>605,984</b>	<b>672,467</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Equity attributable to equity owners of the parent	246,447	266,329
Non-controlling interests	12,962	14,059
<b>Total equity</b>	<b>259,409</b>	<b>280,388</b>
<b>Non-current liabilities</b>		
Financial liabilities	10     183,717	199,657
Provisions	3,489	3,600
Other non-current non-financial liabilities	11     1,056	804
Deferred income tax liabilities	16,317	19,096
<b>Total non-current liabilities</b>	<b>204,579</b>	<b>223,157</b>
<b>Current liabilities</b>		
Trade and other payables	44,097	58,684
Dividends payable	3      17,507	8
Other current non-financial liabilities	11     24,864	25,191
Other financial liabilities	10     51,804	82,180
Current income tax payables	204	258
Provisions	3,520	2,601
<b>Total current liabilities</b>	<b>141,996</b>	<b>168,922</b>
<b>Total equity and liabilities</b>	<b>605,984</b>	<b>672,467</b>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Public Joint Stock Company “Vimpel-Communications”  
(a wholly-owned subsidiary of VimpelCom Ltd.)

Interim condensed consolidated statement of changes in equity  
for the three months ended 30 June 2016

Attributable to the owners of the Company										
Note	Issued capital	Capital surplus	Other capital reserves	Retained earnings	Foreign currency translation reserve	Cash flow hedge reserve	Available-for-sale reserve	Total	Non-controlling interests	Total equity
<i>(All amounts in millions of Rubles unless otherwise stated)</i>										
<b>As of 31 March 2016 (unaudited)</b>	<b>3</b>	<b>40,234</b>	<b>31,069</b>	<b>168,963</b>	<b>26,154</b>	<b>(90)</b>	<b>–</b>	<b>266,333</b>	<b>13,761</b>	<b>280,094</b>
Profit for the period	–	–	–	6,522	–	–	–	6,522	(1,065)	5,457
Other comprehensive loss	–	–	–	–	(8,351)	35	–	(8,316)	185	(8,131)
<b>Total comprehensive income / (loss)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6,522</b>	<b>(8,351)</b>	<b>35</b>	<b>–</b>	<b>(1,794)</b>	<b>(880)</b>	<b>(2,674)</b>
Dividends declared	3	–	–	(17,500)	–	–	–	(17,500)	–	(17,500)
Acquisition of subsidiary	–	–	32	–	–	–	–	32	81	113
Transactions under common control	–	–	(624)	–	–	–	–	(624)	–	(624)
<b>As of 30 June 2016 (unaudited)</b>	<b>3</b>	<b>40,234</b>	<b>30,477</b>	<b>157,985</b>	<b>17,803</b>	<b>(55)</b>	<b>–</b>	<b>246,447</b>	<b>12,962</b>	<b>259,409</b>

Interim condensed consolidated statement of changes in equity  
for the six months ended 30 June 2016

Attributable to the owners of the Company										
Note	Issued capital	Capital surplus	Other capital reserves	Retained earnings	Foreign currency translation reserve	Cash flow hedge reserve	Available-for-sale reserve	Total	Non-controlling interests	Total equity
<i>(All amounts in millions of Rubles unless otherwise stated)</i>										
<b>As of 31 December 2015 (audited)</b>	<b>3</b>	<b>40,234</b>	<b>24,408</b>	<b>162,005</b>	<b>40,150</b>	<b>20</b>	<b>(491)</b>	<b>266,329</b>	<b>14,059</b>	<b>280,388</b>
Profit for the period	–	–	–	13,480	–	–	–	13,480	(1,326)	12,154
Other comprehensive loss	–	–	–	–	(21,997)	(75)	–	(22,072)	148	(21,924)
<b>Total comprehensive income / (loss)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>13,480</b>	<b>(21,997)</b>	<b>(75)</b>	<b>–</b>	<b>(8,592)</b>	<b>(1,178)</b>	<b>(9,770)</b>
Dividends declared	3	–	–	(17,500)	–	–	–	(17,500)	–	(17,500)
Acquisition of subsidiary	–	–	32	–	–	–	–	32	81	113
Transactions under common control	3	–	6,037	–	(350)	–	491	6,178	–	6,178
<b>As of 30 June 2016 (unaudited)</b>	<b>3</b>	<b>40,234</b>	<b>30,477</b>	<b>157,985</b>	<b>17,803</b>	<b>(55)</b>	<b>–</b>	<b>246,447</b>	<b>12,962</b>	<b>259,409</b>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Public Joint Stock Company “Vimpel-Communications”  
(a wholly-owned subsidiary of VimpelCom Ltd.)

Interim consolidated statement of changes in equity  
for the three months ended 30 June 2015

	Attributable to the owners of the Company							Total	Non-controlling interests	Total equity
	Issued capital	Capital surplus	Other capital reserves	Retained earnings	Foreign currency translation reserve	Cash flow hedge reserve	Available-for-sale reserve			
	<i>(All amounts in millions of Rubles unless otherwise stated)</i>									
<b>As of 31 March 2015 (unaudited)</b>	<b>3</b>	<b>40,234</b>	<b>22,332</b>	<b>147,290</b>	<b>20,885</b>	<b>(113)</b>	<b>580</b>	<b>231,211</b>	<b>7,450</b>	<b>238,661</b>
Profit for the period	–	–	–	13,864	–	–	–	13,864	368	14,232
Other comprehensive income / (loss)	–	–	–	–	(2,632)	(170)	(157)	(2,959)	(488)	(3,447)
<b>Total comprehensive income / (loss)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>13,864</b>	<b>(2,632)</b>	<b>(170)</b>	<b>(157)</b>	<b>10,905</b>	<b>(120)</b>	<b>10,785</b>
Effect of options over non-controlling interests in subsidiaries	–	–	(32)	–	12	–	–	(20)	15,869	15,849
<b>As of 30 June 2015 (unaudited)</b>	<b>3</b>	<b>40,234</b>	<b>22,300</b>	<b>161,154</b>	<b>18,265</b>	<b>(283)</b>	<b>423</b>	<b>242,096</b>	<b>23,199</b>	<b>265,295</b>

Interim consolidated statement of changes in equity  
for the six months ended 30 June 2015

	Attributable to the owners of the Company							Total	Non-controlling interests	Total equity
	Issued capital	Capital surplus	Other capital reserves	Retained earnings	Foreign currency translation reserve	Cash flow hedge reserve	Available-for-sale reserve			
	<i>(All amounts in millions of Rubles unless otherwise stated)</i>									
<b>As of 31 December 2014 (audited)</b>	<b>3</b>	<b>40,234</b>	<b>22,997</b>	<b>142,745</b>	<b>18,027</b>	<b>660</b>	<b>–</b>	<b>224,666</b>	<b>8,074</b>	<b>232,740</b>
Profit for the period	–	–	–	18,409	–	–	–	18,409	25	18,434
Other comprehensive income / (loss)	–	–	–	–	238	(943)	423	(282)	(194)	(476)
<b>Total comprehensive income / (loss)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>18,409</b>	<b>238</b>	<b>(943)</b>	<b>423</b>	<b>18,127</b>	<b>(169)</b>	<b>17,958</b>
Effect of options over non-controlling interests in subsidiaries	–	–	(697)	–	–	–	–	(697)	15,294	14,597
<b>As of 30 June 2015 (unaudited)</b>	<b>3</b>	<b>40,234</b>	<b>22,300</b>	<b>161,154</b>	<b>18,265</b>	<b>(283)</b>	<b>423</b>	<b>242,096</b>	<b>23,199</b>	<b>265,295</b>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.



Public Joint Stock Company “Vimpel-Communications”  
(a wholly-owned subsidiary of VimpelCom Ltd.)

Interim condensed consolidated statement of cash flows  
for the six months ended 30 June 2016

	Note	Six months ended 30 June	
		2016	2015
<i>(All amounts in millions of Rubles unless otherwise stated)</i>			
<b>Operating activities</b>			
Profit for the period		12,154	18,434
Income tax expense	7	9,637	1,338
<b>Profit before tax</b>		<b>21,791</b>	<b>19,772</b>
<b>Non-cash adjustments to reconcile profit before tax to net cash flows from operating activities:</b>			
Depreciation	8	28,654	28,610
Impairment loss		182	1,059
Amortization	9	5,019	4,632
Loss on disposal of non-current assets		581	518
Finance income		(3,547)	(2,451)
Finance costs		12,842	13,641
Other non-operating loss, net	6	4,184	7,030
Net foreign exchange (gain)/loss		(6,399)	749
Share of loss / (gain) of joint ventures and associates accounted for using the equity method		1,102	(685)
Movements in provisions		1,269	608
<b>Operating cash flows before working capital adjustments, interest and income taxes</b>		<b>65,678</b>	<b>73,483</b>
<b>Working capital adjustments</b>			
Change in trade and other receivables		(6,350)	(9,503)
Change in inventories		1,867	(415)
Change in trade and other payables		(4,419)	4,987
<b>Interest and income taxes</b>			
Interest paid		(12,633)	(14,576)
Interest received		2,545	7,940
Income tax paid		(10,349)	(6,380)
<b>Net cash flows from operating activities</b>		<b>36,339</b>	<b>55,536</b>
<b>Investing activities</b>			
Proceeds from sale of property, equipment and intangible assets		121	307
Purchase of property, equipment and intangible assets		(30,450)	(28,189)
Issue of loans		(20,778)	(43,587)
Repayment of loans issued		67,403	274,232
Inflows / (outflows) from deposits, net		5,655	(6,083)
Inflow from investments in other financial assets		(2,791)	5,701
Disposal of subsidiaries, net of cash disposed		1,592	–
Acquisition of subsidiaries, net of cash acquired		15	–
<b>Net cash flows from investing activities</b>		<b>20,767</b>	<b>202,381</b>
<b>Financing activities</b>			
Proceeds from borrowings, net of fees paid		31,748	2,260
Repayment of borrowings		(58,287)	(259,842)
Outflows from changes in ownership interests in a consolidated subsidiaries		(635)	–
Proceeds from sale of non-controlling interests		59	–
<b>Net cash flows from / (used in) financing activities</b>		<b>(27,115)</b>	<b>(257,582)</b>
<b>Net increase in cash and cash equivalents</b>		<b>29,991</b>	<b>335</b>
<b>Effect of exchange rate changes on cash and cash equivalents, net</b>		<b>(7,818)</b>	<b>(4,287)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>63,385</b>	<b>87,197</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>85,558</b>	<b>83,245</b>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**Public Joint Stock Company “Vimpel-Communications”**  
(a wholly-owned subsidiary of VimpelCom Ltd.)

**Notes to the unaudited interim condensed consolidated financial statements**

*(All amounts in millions of Rubles unless otherwise stated)*

**1. General information**

Public Joint Stock Company “Vimpel-Communications” (PJSC “VimpelCom”, together with its consolidated subsidiaries referred to as the “Group”, “VimpelCom”, the “Company” or “we”) was registered in the Russian Federation (“Russia”) on 15 September 1992 as a joint stock company of the closed type, re-registered as a joint stock company of the open type on 28 July 1993 and began full-scale commercial operations in June 1994. The Company was re-registered as an Open Joint Stock Company on 28 March 1995. The Company was re-registered as a Public Joint Stock Company on 19 June 2015.

The registered office of PJSC “VimpelCom” is located at Russian Federation, 127083, Moscow, Ulitsa 8-Marta, Dom 10, Building 14.

The interim condensed consolidated financial statements are presented in Russian Rubles (“RUR”). In these notes, Russian Ruble amounts are presented in millions unless otherwise indicated.

VimpelCom earns revenue by providing voice, data and other telecommunication services through a range of wireless, fixed and broadband internet services, as well as selling equipment and accessories.

As of 30 June 2016, the Company operated telecommunications services in Russia, Kazakhstan, Armenia, Uzbekistan, Georgia, Kyrgyzstan and Laos primarily under the “Beeline” brand name.

The foreign exchange rate in Uzbekistan applied for consolidation purposes is an official rate published by the Central Bank of the Republic of Uzbekistan. However, this exchange rate is not achievable in expatriating funds out of the country due to restrictions imposed by the local government. The assets of our business in Uzbekistan represented RUR 80,457 of the total assets in the Company’s interim condensed consolidated statement of financial position as of 30 June 2016. However, if the Company applied the exchange rate implied by market transactions, we believe the assets of Uzbekistan would decrease significantly in RUR terms.

The interim condensed consolidated financial statements of the Company as of 30 June 2016 and for the three and six months ended 30 June 2016 were authorized for issue by the General Director on 4 August 2016.

**2. Basis of preparation of the interim condensed consolidated financial statements**

**Basis of preparation**

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required for a complete set of consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as of 31 December 2015 and for the year ended 31 December 2015 prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The preparation of these interim condensed consolidated financial statements has required management to apply accounting policies and methodologies based on complex and subjective judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances. The use of these judgements, estimates and assumptions affects the amounts reported in the interim condensed consolidated statement of financial position, interim condensed consolidated income statement, interim condensed consolidated statements of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows as well as the notes. The final amounts for items for which estimates and assumptions were made in the interim condensed consolidated financial statements may differ from those reported in these statements due to the uncertainties that characterize the assumptions and conditions on which the estimates are based.

**Public Joint Stock Company “Vimpel-Communications”**  
(a wholly-owned subsidiary of VimpelCom Ltd.)

**Notes to the unaudited interim condensed consolidated financial statements (continued)**  
*(All amounts in millions of Rubles unless otherwise stated)*

**2. Basis of preparation of the interim condensed consolidated financial statements (continued)**

**New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as of and for the year ended 31 December 2015.

A number of new and amended standards became effective as of 1 January 2016, however, the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. The Group has not early adopted any other standards, interpretations or amendments that have been issued but not yet effective.

**3. Significant transactions**

On 10 March 2016, VimpelCom signed an agreement to sell its indirect 99.99% stake in VC ESOP N.V. to one of the subsidiaries of VimpelCom Ltd. and related party of the Group for total consideration of USD 1. The ownership of the 99.99% shares in VC ESOP N.V. was transferred from the Group on 1 January 2016. As of 1 January 2016, net liabilities of VC ESOP N.V. were RUR 6,873. For business combinations exercised under common control, VimpelCom measures the net assets of the transaction at the carrying amounts, the difference between the amount received for the transaction and the corresponding carrying amount of the net assets is accounted for as equity transaction.

On 29 June 2016, in the annual general meeting of shareholders the decision was adopted to pay annual dividends in the monetary form based on 2015 financial year results: (1) to holders of common registered shares in the amount of three hundred forty-one rubles 26 kopecks per one common share for the total amount of RUR 17,500.16 for all common registered shares in the aggregate; and (2) to holders of preferred type “A” registered shares in the amount of 0.1 kopecks per one preferred type “A” registered share for a total amount of RUR 0.006 for all preferred type “A” registered shares in the aggregate. On 14 July 2016, VimpelCom paid all dividends to the shareholders based on 2015 financial year results in the amount of RUR 16,625.16, net of tax withheld. In accordance with Russian tax legislation, VimpelCom withheld a tax on dividend payments in the amount of RUR 875.

**4. Segment information**

Management analyzes the Company's operating segments separately because of different economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies. Management does not analyze assets or liabilities by reportable segments.

Management evaluates the performance of the Company's segments on a regular basis, primarily based on earnings before interest (both finance income and finance costs), income tax, depreciation, amortization, impairment loss, gain / (loss) on disposals of non-current assets, net foreign exchange gain / (loss), other non-operating gain / (losses) and share of profit / (loss) of joint ventures and associates (“EBITDA”).

The Company's reportable segments include Russia, Kazakhstan and Uzbekistan, HQ and Others. The segment HQ and Others includes our operations in Kyrgyzstan, Armenia, Georgia, and Laos as well as headquarter expenses, other unallocated adjustments and inter-company eliminations.

Financial information by reportable segment for the three and six months ended 30 June 2016 and 30 June 2015 is presented in the following tables. Inter-segment revenues between operating segments are on an arm's length basis in a manner similar to transactions with third parties. The segment data for acquired operations are reflected herein from the date of their respective acquisition.

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*(All amounts in millions of Rubles unless otherwise stated)*

**4. Segment information (continued)**

**Information by reportable segments for the three months ended 30 June 2016**

	Russia	Uzbekistan	Kazakhstan	HQ and others	Group
<b>Revenue</b>					
External customers	66,452	10,822	5,545	4,079	86,898
Inter-segment	285	11	26	(322)	–
<b>Total operating revenue</b>	<b>66,737</b>	<b>10,833</b>	<b>5,571</b>	<b>3,757</b>	<b>86,898</b>
<b>EBITDA</b>	<b>27,520</b>	<b>6,182</b>	<b>1,891</b>	<b>(3,389)</b>	<b>32,204</b>

**Other disclosures**

Capital expenditures	7,556	1,066	957	563	10,142
Impairment loss	–	–	–	(26)	(26)

**Information by reportable segments for the six months ended 30 June 2016**

	Russia	Uzbekistan	Kazakhstan	HQ and others	Group
<b>Revenue</b>					
External customers	132,519	23,088	11,137	8,462	175,206
Inter-segment	515	42	45	(602)	–
<b>Total operating revenue</b>	<b>133,034</b>	<b>23,130</b>	<b>11,182</b>	<b>7,860</b>	<b>175,206</b>
<b>EBITDA</b>	<b>51,679</b>	<b>13,669</b>	<b>3,717</b>	<b>(4,656)</b>	<b>64,409</b>

**Other disclosures**

Capital expenditures	11,108	3,150	7,124	881	22,263
Impairment loss	(141)	–	(15)	(26)	(182)

**Information by reportable segments for the three months ended 30 June 2015**

	Russia	Uzbekistan	Kazakhstan	HQ and others	Group
<b>Revenue</b>					
External customers	67,747	9,220	8,575	4,632	90,174
Inter-segment	288	12	15	(315)	–
<b>Total operating revenue</b>	<b>68,035</b>	<b>9,232</b>	<b>8,590</b>	<b>4,317</b>	<b>90,174</b>
<b>EBITDA</b>	<b>27,536</b>	<b>5,934</b>	<b>3,653</b>	<b>(1,027)</b>	<b>36,096</b>

**Other disclosures**

Capital expenditures	11,395	93	977	667	13,132
Impairment loss	–	–	–	–	–

**Information by reportable segments for the six months ended 30 June 2015**

	Russia	Uzbekistan	Kazakhstan	HQ and others	Group
<b>Revenue</b>					
External customers	133,716	19,584	18,409	10,404	182,113
Inter-segment	595	27	43	(665)	–
<b>Total operating revenue</b>	<b>134,311</b>	<b>19,611</b>	<b>18,452</b>	<b>9,739</b>	<b>182,113</b>
<b>EBITDA</b>	<b>53,666</b>	<b>12,443</b>	<b>7,914</b>	<b>(1,148)</b>	<b>72,875</b>

**Other disclosures**

Capital expenditures	16,820	93	1,402	3,536	21,851
Impairment loss	–	–	–	(1,059)	(1,059)

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**4. Segment information (continued)**

The following table provides the reconciliation of consolidated EBITDA to consolidated profit for the three and six months ended 30 June:

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
<b>EBITDA</b>	<b>32,204</b>	36,096	<b>64,409</b>	72,875
Depreciation	(14,102)	(14,035)	(28,654)	(28,610)
Amortization	(2,371)	(2,306)	(5,019)	(4,632)
Impairment loss	(26)	–	(182)	(1,059)
Loss on disposal of non-current assets	(491)	(193)	(581)	(518)
Finance costs	(6,255)	(5,922)	(12,842)	(13,641)
Finance income	1,712	1,112	3,547	2,451
Other non-operating losses, net	(1,524)	(4,021)	(4,184)	(7,030)
Share of (loss) / gain of joint ventures and associates accounted for using the equity method	(757)	(303)	(1,102)	685
Net foreign exchange gain / (loss)	2,152	2,794	6,399	(749)
Income tax expense	(5,085)	1,010	(9,637)	(1,338)
<b>Profit for the period</b>	<b>5,457</b>	14,232	<b>12,154</b>	18,434

**5. Selling, general and administrative expenses**

Selling, general and administrative expenses for the three and six months ended 30 June consist of the following:

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
Personnel costs	6,553	7,615	13,870	15,311
Customer associated costs	6,191	6,603	12,315	12,875
Network and IT costs	4,497	4,627	9,635	9,535
Operating lease and other rent expenses	4,196	4,213	8,631	8,558
Taxes other than income tax	4,891	2,771	8,295	5,966
Consulting and professional service costs	1,608	796	3,007	1,534
Losses on receivables	584	346	1,590	851
Other G&A expenses	1,136	1,007	2,057	2,094
<b>Total</b>	<b>29,656</b>	27,978	<b>59,400</b>	56,724

**6. Other non-operating loss, net**

Other non-operating gain loss, net consisted of the following for the three and six months ended 30 June:

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
Changes in the fair value of non-hedge derivatives	(1,526)	(3,179)	(4,642)	(4,120)
Income / (loss) on sale of foreign currency, net	208	(554)	543	(554)
Changes in the fair value of hedge derivatives	(4)	(322)	2	(431)
Early redemption fee	–	–	–	(2,389)
Effect of re-filing tax returns	–	–	–	457
Other (losses) / gains, net	(202)	34	(87)	7
<b>Total other non-operating loss, net</b>	<b>(1,524)</b>	(4,021)	<b>(4,184)</b>	(7,030)

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**7. Income taxes**

Current income tax is the expected tax expense, payable or receivable on the taxable income or loss for the year or period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Income tax expense consisted of the following for the three and six months ended 30 June:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Profit before tax</b>	<b>10,542</b>	13,222	<b>21,791</b>	19,772
Current income tax	<b>(5,522)</b>	(5,143)	<b>(12,159)</b>	(9,150)
Deferred income tax	<b>437</b>	6,153	<b>2,522</b>	7,812
<b>Income tax expense reported in the interim condensed consolidated income statement</b>	<b>(5,085)</b>	1,010	<b>(9,637)</b>	(1,338)
<b>Effective tax rates</b>	<b>48%</b>	(8%)	<b>44%</b>	7%

The effective income tax rate for the three and six months ended 30 June 2016 amounts to 48% (2015: (8%)) and 44% (2015:7%). In the three-month and six-month periods ended 30 June 2016 the effective income tax rate was mainly driven by non-deductible expenses and higher tax rate in Uzbekistan introduced since 1 January 2016. The income tax expense accrued in Uzbekistan amounts to RUR 6,440 for the six months ended 30 June 2016 and RUR 1,847 for the six months ended 30 June 2015. In the three-month and six-month periods ended 30 June 2015 the effective tax rate was mainly driven by non-deductible expenses and the decrease in accrued withholding taxes on future dividends following the restructuring of VimpelCom indirect interests in TOO Kar-Tel (Kazakhstan) and LLC Sky Mobile (Kyrgyzstan) subsidiaries.

**8. Property and equipment**

During the six months ended 30 June 2016 and 2015, the Company had the following changes in property and equipment:

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
<b>Net book value as of 1 January</b>	<b>265,899</b>	274,549
Additions	<b>14,002</b>	14,033
Acquisition of a subsidiary	<b>10</b>	-
Net book value of assets disposed	<b>(738)</b>	(668)
Translation adjustment	<b>(6,727)</b>	407
Depreciation charge	<b>(28,654)</b>	(28,610)
Impairment	<b>(182)</b>	-
Assets reclassified from assets held for sale	<b>178</b>	3
<b>Net book value as of 30 June</b>	<b>243,788</b>	259,714

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**9. Intangible assets and goodwill**

During the six months ended 30 June 2016 and 2015, the Company had the following changes in intangible assets and goodwill:

	Six months ended 30 June			
	2016		2015	
	Other intangible assets	Goodwill	Other intangible assets	Goodwill
<b>Opening net book value as of 1 January</b>	<b>35,976</b>	113,369	<b>29,299</b>	113,557
Additions	8,261	–	7,818	–
Acquisition of a subsidiary	34	5	–	–
Net book value of assets disposed	(10)	–	(28)	–
Translation adjustment	(1,273)	(1,921)	(627)	341
Impairment	–	–	–	(1,059)
Amortization charge	(5,019)	–	(4,632)	–
<b>Closing net book value as of 30 June</b>	<b>37,969</b>	111,453	<b>31,830</b>	112,839

Goodwill is tested for impairment annually (at 1 October) and when circumstances indicate the carrying value may be impaired. The impairment test for goodwill is primarily based on fair value less cost of disposal calculations that use a discounted cash flow model. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual financial statements for the year ended 31 December 2015.

The Company considers the relationship between its market capitalization and its book value, as well as weighted average cost of capital and the actual quarterly performances when reviewing for indicators of impairment in interim periods.

There were no goodwill impairments recorded during six months period ended 30 June 2016.

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**10. Financial assets and liabilities**

**Carrying values and fair values**

Set out below is a comparison by class of the carrying amounts and fair value of the Company’s financial instruments that are carried in the interim condensed consolidated financial statements as of 30 June 2016 and 31 December 2015 except for cash and cash equivalents, trade and other receivables and trade and other payables where the carrying amount is a reasonable approximation of fair value (based on future cash flows discounted at current market rates):

	Carrying value		Fair value	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
<b>Financial assets at fair value through profit or loss</b>				
Derivatives not designated as hedges				
Foreign exchange contracts	43	912	43	912
<b>Financial assets at fair value through other comprehensive income</b>				
Derivatives designated as cash flow hedges				
Foreign exchange contracts	–	1,258	–	1,258
Available-for-sale financial assets	–	1,847	–	1,847
<b>Total financial assets at fair value</b>	<b>43</b>	<b>4,017</b>	<b>43</b>	<b>4,017</b>
<b>Loans granted, deposits and other financial assets at amortised cost</b>				
Loans granted to related parties, principal (Note 13)	38,516	93,063	44,506	81,892
Bank deposits	17,923	26,522	17,923	26,522
Interest receivable	1,586	730	1,854	730
Other financial assets	2,355	4,164	2,355	4,164
<b>Total loans granted, deposits and other financial assets at amortised cost</b>	<b>60,380</b>	<b>124,479</b>	<b>66,638</b>	<b>113,308</b>
<b>Total other financial assets</b>	<b>60,423</b>	<b>128,496</b>	<b>66,681</b>	<b>117,325</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Derivatives not designated as hedges				
Foreign exchange contracts	825	–	825	–
<b>Financial liabilities at fair value through other comprehensive income</b>				
Derivatives designated as cash flow hedges				
Foreign exchange contracts	158	–	158	–
<b>Total financial liabilities at fair value</b>	<b>983</b>	<b>–</b>	<b>983</b>	<b>–</b>
<b>Other financial liabilities at amortised cost</b>				
Loans, bonds and finance lease liabilities, principal	199,419	237,205	208,870	243,101
Loans payables to related parties, principal (Note 13)	26,653	35,068	19,075	25,813
Unamortised fees	(1,217)	(1,348)	–	–
Interest payable	9,683	10,912	5,804	6,349
<b>Total other financial liabilities at amortised cost</b>	<b>234,538</b>	<b>281,837</b>	<b>233,749</b>	<b>275,263</b>
<b>Total other financial liabilities</b>	<b>235,521</b>	<b>281,837</b>	<b>234,732</b>	<b>275,263</b>



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**10. Financial assets and liabilities (continued)**

**Carrying values and fair values (continued)**

The following table provides the breakdown of the carrying value other financial assets and other financial liabilities by non-current and current portions as of 30 June 2016 and 31 December 2015:

	30 June 2016	31 December 2015
<b>Other financial assets</b>		
Non-current portion	53,445	99,388
Current portion	6,978	29,108
<b>Total other financial assets</b>	<b>60,423</b>	<b>128,496</b>
<b>Other financial liabilities</b>		
Non-current portion	183,717	199,657
Current portion	51,804	82,180
<b>Total other financial liabilities</b>	<b>235,521</b>	<b>281,837</b>

**Fair value hierarchy**

The fair value hierarchy ranks fair value measurements based on the type of inputs used in the valuation; it does not depend on the type of valuation techniques used:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: inputs are unobservable inputs for the asset or liability.

The following table provides the disclosure of fair value measurements separately for each major class of assets and liabilities.

	As of 30 June 2016		
	(Level 1)	(Level 2)	(Level 3)
<b>Financial assets at fair value through profit or loss</b>			
Derivatives not designated as hedges			
Foreign exchange contracts	–	43	–
<b>Total financial assets at fair value</b>	<b>–</b>	<b>43</b>	<b>–</b>
<b>Financial liabilities at fair value through profit or loss</b>			
Derivatives not designated as hedges			
Foreign exchange contracts	–	825	–
<b>Financial liabilities at fair value through other comprehensive income</b>			
Derivatives designated as cash flow hedges			
Foreign exchange contracts	–	158	–
<b>Total financial liabilities at fair value</b>	<b>–</b>	<b>983</b>	<b>–</b>
	As of 31 December 2015		
	(Level 1)	(Level 2)	(Level 3)
<b>Financial assets at fair value through profit or loss</b>			
Derivatives not designated as hedges			
Foreign exchange contracts	–	912	–
<b>Financial assets at fair value through other comprehensive income</b>			
Derivatives designated as cash flow hedges			
Foreign exchange contracts	–	1,258	–
Available-for-sale financial asset	1,847	–	–
<b>Total financial assets at fair value</b>	<b>1,847</b>	<b>2,170</b>	<b>–</b>

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**10. Financial assets and liabilities (continued)**

**Fair value hierarchy (continued)**

During the three-months period ended 30 June 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

**Major treasury events during 2016**

A subsidiary B.V. Vimpelcom Finance S.à.r.l. had short term deposits as of 31 December 2015 amounts to USD 20 million (the equivalent of RUR 1,490 as of 31 December 2015 at the exchange rate provided by the Central Bank of Russia) with ANZ Bank as security for the loan provided by the same bank to VimpelCom Lao Co. Ltd. The loan from ANZ Bank was repaid on 29 January 2016 and the related deposit was released as well.

On 30 December 2015, the Company entered into a Credit Facility agreement with “Sberbank of Russia” for the amount of RUR 30,000 that was fully drawn on 31 March 2016. The facility bears an interest rate of 11.55%. The Credit Facility matures on 29 June 2018.

Significant changes in financial assets and liabilities also relate to the loans received from related parties and the amount of interest due on them, and loans granted to related parties and the amount of interest due on them as further described in Note 13.

**11. Other non-financial assets and liabilities**

Other non-current non-financial assets consisted of the following:

	30 June 2016	31 December 2015
Advances to suppliers and prepayments	875	87
Deferred costs related to connection fees	132	152
Other non-current assets	134	197
<b>Other non-current non-financial assets</b>	<b>1,141</b>	<b>436</b>

Other current non-financial assets consisted of the following:

	30 June 2016	31 December 2015
Advances to suppliers	6,578	4,408
Input value added tax	4,873	3,059
Prepaid taxes	403	284
Deferred costs related to connection fees	79	94
Others	223	180
<b>Other current non-financial assets</b>	<b>12,156</b>	<b>8,025</b>

Other non-current non-financial liabilities consisted of the following:

	30 June 2016	31 December 2015
Long-term deferred revenue	633	602
Other non-current liabilities	423	202
<b>Other non-current non-financial liabilities</b>	<b>1,056</b>	<b>804</b>

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**11. Other non-financial assets and liabilities (continued)**

Other current non-financial liabilities consisted of the following:

	<b>30 June 2016</b>	<b>31 December 2015</b>
Customer advances, net of VAT	<b>10,781</b>	13,787
Other taxes payable	<b>9,088</b>	5,631
Amounts due to employees	<b>2,581</b>	3,047
Customer deposits	<b>1,084</b>	1,457
Short-term deferred revenue	<b>1,010</b>	903
Other liabilities	<b>320</b>	366
<b>Other current non-financial liabilities</b>	<b>24,864</b>	25,191

**12. Cash and cash equivalents**

Cash and cash equivalents consisted of the following items:

	<b>30 June 2016</b>	<b>31 December 2015</b>
Cash and cash equivalents at banks and on hand	<b>80,953</b>	62,885
Short-term deposits with an original maturity of less than 92 days	<b>4,605</b>	500
<b>Total cash and cash equivalents</b>	<b>85,558</b>	63,385

Cash at banks earns interest at floating rates based on bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The cash balances as of 30 June 2016 in Uzbekistan of RUR 31,418 (31 December 2015: RUR 36,083) are restricted from repatriation due to the local government and central bank regulations. The restrictions have effect on international payments only, while such cash can be used for transactions within the country.

**13. Related parties**

As of 30 June 2016, PJSC “VimpelCom” is a wholly-owned indirect subsidiary of VimpelCom Ltd. As of 30 June 2016, VimpelCom Ltd. is primarily owned by two major shareholders: L1T VIP Holdings S.à.r.l., a member of the Letter One group of companies (hereinafter: “LetterOne”), and Telenor East Holding II AS, a member of the Telenor group of companies (hereinafter: “Telenor”). VimpelCom Ltd. has no ultimate controlling shareholder.

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**13. Related parties (continued)**

The following tables provide the total amount of transactions that have been entered into with related parties and balances of accounts with them for the relevant financial periods:

	<b>For the three months ended 30 June</b>		<b>For the six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Revenue from Telenor	20	8	11	12
Revenue from Kyivstar	530	1,244	1,045	3,159
Revenue from associates	–	111	–	274
Revenue from joint ventures	74	312	140	553
Revenue from Teta Telecom or its subsidiaries	379	484	798	1,042
Revenue from VimpelCom Ltd. or its subsidiaries	237	238	515	558
	<b>1,240</b>	<b>2,397</b>	<b>2,509</b>	<b>5,598</b>
Services from Telenor	9	10	29	49
Services from Kyivstar	852	1,639	1,809	3,221
Services from associates	1	73	1	170
Services from joint ventures	265	282	504	559
Services from Teta Telecom or its subsidiaries	1,184	1,415	2,328	2,945
Services from VimpelCom Ltd. or its subsidiaries	1,911	1,751	4,110	3,234
Services from other related parties	6	162	13	377
	<b>4,228</b>	<b>5,332</b>	<b>8,794</b>	<b>10,555</b>
Finance income from VimpelCom Ltd. or its subsidiaries	1,187	776	2,538	1,694
Finance costs from VimpelCom Ltd. or its subsidiaries	530	577	1,077	1,622
Other gain from other related parties, net	43	29	2	28
	<b>1,760</b>	<b>1,382</b>	<b>3,617</b>	<b>3,344</b>
	<b>5,988</b>	<b>6,714</b>	<b>12,411</b>	<b>13,902</b>
	<b>4,555</b>	<b>5,796</b>	<b>3,929</b>	<b>1,011</b>
	<b>69</b>	<b>(65)</b>	<b>723</b>	<b>162</b>
	<b>624</b>	<b>723</b>	<b>1,333</b>	<b>6,023</b>
	<b>166</b>	<b>162</b>	<b>1,333</b>	<b>6,023</b>
	<b>1,248</b>	<b>1,333</b>	<b>6,023</b>	<b>–</b>
	<b>4,251</b>	<b>6,023</b>	<b>–</b>	<b>–</b>
	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>17,500</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>23,859</b>	<b>8,176</b>	<b>8,176</b>	<b>8,176</b>
Loans granted to VimpelCom Ltd. or its subsidiaries	<b>38,516</b>			93,063
Interest receivable from VimpelCom Ltd. or its subsidiaries	<b>1,605</b>			730
Loans received from VimpelCom Ltd. or its subsidiaries	<b>26,653</b>			35,068
Interest payable to VimpelCom Ltd. or its subsidiaries	<b>6,652</b>			6,800

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**13. Related parties (continued)**

**Loans granted to VimpelCom Ltd. or its subsidiaries**

As of 30 June 2016 and 31 December 2015, the principal amounts of loans granted to VimpelCom Ltd. or its subsidiaries were as follows:

<b>Borrower</b>	<b>Date of agreement</b>	<b>Maturity</b>	<b>Interest rate</b>	<b>Currency</b>	<b>30 June 2016</b>	<b>31 December 2015</b>
VimpelCom Ltd.	7 Oct. 2010	Dec., 2070	LIBOR+7.5%	USD	<b>36,078</b>	40,921
VimpelCom Micro Holdings B.V. <sup>1</sup>	15 Mar. 2016	Feb., 2018	5.00%	USD	<b>1,221</b>	–
Teta Telecom VimpelCom Amsterdam B.V. <sup>2</sup>	2007-2011	2017-2021	10.60%	KZT	<b>1,217</b>	1,378
Kyivstar <sup>3</sup>	13 Apr. 2015	Apr., 2018	LIBOR + 4%	USD	–	45,187
Kyivstar <sup>3</sup>	8 June 2004	Feb., 2016	5.00%	USD	–	1,917
Kyivstar <sup>3</sup>	15 Oct. 2008	Feb., 2016	7.70%	USD	–	1,093
VimpelCom (BVI) AG <sup>3</sup>	27 Jul. 2010	Jul., 2016	5.20%	USD	–	751
VimpelCom (BVI) AG <sup>3</sup>	17 Nov. 2011	Nov., 2016	5.20%	USD	–	671
Golden Telecom Limited <sup>3</sup>	1 Jun. 2010	Sep., 2016	5.00%	USD	–	430
Others <sup>4</sup>					–	715
<b>Total</b>					<b>38,516</b>	<b>93,063</b>

<sup>1</sup> On 26 February 2016, B.V. Vimpelcom Finance S.à.r.l. (subsidiary of the PJSC “VimpelCom”) entered into a term loan facility agreement with related party VimpelCom Micro Holdings B.V. On 15 March 2016, B.V. Vimpelcom Finance S.à.r.l. provided loan in the total amount of the facility of USD 19 million (the equivalent of RUR 1,333 as of 15 March 2016 at the exchange rate provided by the Central Bank of Russia);

<sup>2</sup> During 6 months 2016 the net cash flow on the loan amounted to USD 620 million (the equivalent of RUR 42,348 as of the dates of transactions at the exchange rates provided by the Central Bank of Russia). The loan was early repaid on 28 June 2016;

<sup>3</sup> The full outstanding amount of loans were repaid in February, 2016;

<sup>4</sup> The full outstanding amount of loans were repaid in June, 2016.

**Loans received from VimpelCom Ltd. or its subsidiaries**

As of 30 June 2016 and 31 December 2015, the principal amounts of loans received from VimpelCom Ltd. or its subsidiaries were as follows:

<b>Lender</b>	<b>Date of agreement</b>	<b>Maturity</b>	<b>Interest rate</b>	<b>Currency</b>	<b>30 June 2016</b>	<b>31 December 2015</b>
Weather Capital Special Purpose 1 S.A.	26 Mar. 2015	Mar., 2032	6.50%	USD	<b>13,128</b>	14,307
VimpelCom Holdings B.V.	14 Feb. 2013	Feb., 2018	9.60%	RUR	<b>12,000</b>	12,000
VimpelCom Micro Holdings B.V. <sup>1</sup>	27 Jan., 2016	Jan., 2018	5.00%	USD	<b>1,221</b>	–
VimpelCom Micro Holdings B.V. <sup>2</sup>	17 May 2016	Dec., 2016	6M LIBOR + 2.3%	USD	<b>161</b>	–
Weather Capital Special Purpose 1 S.A. <sup>3</sup>	13 Apr. 2007	Apr., 2017	11.00%	USD	–	5,335
Weather Capital Special Purpose 1 S.A. <sup>3</sup>	27 May 2008	Jun., 2016	11.00%	USD	–	3,426
Other					<b>143</b>	–
<b>Total</b>					<b>26,653</b>	<b>35,068</b>

<sup>1</sup> On 27 January 2016, VimpelCom Lao Co Ltd. (subsidiary of the PJSC “VimpelCom”) drew down USD 19 million (the equivalent of RUR 1,555 as of 27 January 2016 at the exchange rate provided by the Central Bank of Russia) under new term loan facility agreement with related party VimpelCom Micro Holdings B.V. The facility is bearing 5% per annum;

<sup>2</sup> On 17 May 2016 VimpelCom B.V. assigned to related party VimpelCom Micro Holdings B.V. a loan with outstanding amount of USD 4.5 million (the equivalent of RUR 292 as of 17 May 2016 at the exchange rate provided by the Central Bank of Russia). The loan bears 6m Libor + 2.3% per annum and to be repaid by 30 December 2016. On 30 May 2016 loan was partly repaid for an amount of USD 2 million (the equivalent of RUR 132 as of 30 May 2016 at the exchange rate provided by the Central Bank of Russia);

<sup>3</sup> On 10 March 2016, VimpelCom signed an agreement to sell its indirect 99.99% stake in VC ESOP N.V. to one of the subsidiaries of VimpelCom Ltd. (Note 3).

Public Joint Stock Company “Vimpel-Communications”  
(a wholly-owned subsidiary of VimpelCom Ltd.)

Notes to the unaudited interim condensed consolidated financial statements (continued)

*(All amounts in millions of Rubles unless otherwise stated)*

**13. Related parties (continued)**

**Terms and conditions of transactions with related parties**

Outstanding balances at period-end are unsecured, settlements occur in cash. During the six months ended 30 June 2016, there have been no new guarantees provided or received for any related party receivables or payables and no changes occurred to the terms and amounts of the Company's guarantees of the related party loans that existed as of 31 December 2015 and were disclosed in the notes to the respective annual consolidated financial statements. No triggering events under the existing guarantees in favor of related parties occurred. The Company believes that the probability of these events is remote.

**14. Commitments, contingencies and uncertainties**

There were no material commitments, contingencies and uncertainties that occurred during the six month period ended 30 June 2016 and there were no material changes during the same period to the commitments, contingencies and uncertainties as disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2015.

**15. Events after the reporting period**

On 5 July 2016, PJSC “VimpelCom” signed an agreement to grant a Revolving Credit Facility with related party VimpelCom Holdings B.V. amounted to USD 500 million (the equivalent of RUR 31,842 as of 5 July 2016 at the exchange rate provided by the Central Bank of Russia). The interest rate under this agreement is LIBOR (1 month) + 4% and it is determined monthly. On 7 July 2016, VimpelCom Holdings B.V. drew down USD 125 million under the credit facility agreement (the equivalent of RUR 8,079 as of 7 July 2016 at the exchange rate provided by the Central Bank of Russia). On 1 August 2016, VimpelCom Holdings B.V. drew down USD 50 million under the credit facility agreement (the equivalent of RUR 3,353 as of 1 August 2016 at the exchange rate provided by the Central Bank of Russia).

On 28 July 2016, VimpelCom Kazakhstan Holding AG, a subsidiary of the Company, declared dividends to its shareholders. The portion of dividends declared to the minority shareholder amounted to USD 17.6 million (the equivalent of RUR 1,161 as of 28 July 2016 at the exchange rate provided by the Central Bank of Russia). The dividends were paid on 2 August 2016.