

Registre de Commerce et des Sociétés

Numéro RCS : B93147

Référence de dépôt : L190135969

Déposé et enregistré le 22/07/2019

FDIMWNP20190606T16215601_001

RCSL Nr. : B93147

Matricule : 2003 2208 232

eCDF entry date : 06/06/2019

BALANCE SHEET**Financial year from** ⁰¹ 01/01/2018 **to** ⁰² 31/12/2018 (in ⁰³ EUR)

Alrosa Finance S.A.

412F, Route d'Esch
L-1030 Luxembourg**ASSETS**

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101 _____	101 _____	102 _____
I. Subscribed capital not called	1103 _____	103 _____	104 _____
II. Subscribed capital called but unpaid	1105 _____	105 _____	106 _____
B. Formation expenses	1107 _____	107 _____	108 _____
C. Fixed assets	1109 _____	109 629.150.227,60	110 706.963.591,38
I. Intangible assets	1111 _____	111 _____	112 _____
1. Costs of development	1113 _____	113 _____	114 _____
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115 _____	115 _____	116 _____
a) acquired for valuable consideration and need not be shown under C.I.3	1117 _____	117 _____	118 _____
b) created by the undertaking itself	1119 _____	119 _____	120 _____
3. Goodwill, to the extent that it was acquired for valuable consideration	1121 _____	121 _____	122 _____
4. Payments on account and intangible assets under development	1123 _____	123 _____	124 _____
II. Tangible assets	1125 _____	125 _____	126 _____
1. Land and buildings	1127 _____	127 _____	128 _____
2. Plant and machinery	1129 _____	129 _____	130 _____

The notes in the annex form an integral part of the annual accounts

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	131	132
4. Payments on account and tangible assets in the course of construction	1133	133	134
III. Financial assets	1135 <u>2.2.1,3</u>	135 <u>629.150.227,60</u>	136 <u>706.963.591,38</u>
1. Shares in affiliated undertakings	1137	137	138
2. Loans to affiliated undertakings	1139	139 <u>629.150.227,60</u>	140 <u>706.963.591,38</u>
3. Participating interests	1141	141	142
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	143	144
5. Investments held as fixed assets	1145	145	146
6. Other loans	1147	147	148
D. Current assets	1151	151 <u>13.915.888,97</u>	152 <u>12.426.323,91</u>
I. Stocks	1153	153	154
1. Raw materials and consumables	1155	155	156
2. Work in progress	1157	157	158
3. Finished goods and goods for resale	1159	159	160
4. Payments on account	1161	161	162
II. Debtors	1163 <u>2.2.2</u>	163 <u>10.574.405,77</u>	164 <u>10.619.175,13</u>
1. Trade debtors	1165	165	166
a) becoming due and payable within one year	1167	167	168
b) becoming due and payable after more than one year	1169	169	170
2. Amounts owed by affiliated undertakings	1171 <u>4</u>	171 <u>10.416.135,65</u>	172 <u>10.435.270,13</u>
a) becoming due and payable within one year	1173	173 <u>10.416.135,65</u>	174 <u>10.435.270,13</u>
b) becoming due and payable after more than one year	1175	175	176
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	177	178
a) becoming due and payable within one year	1179	179	180
b) becoming due and payable after more than one year	1181	181	182
4. Other debtors	1183 <u>4</u>	183 <u>158.270,12</u>	184 <u>183.905,00</u>
a) becoming due and payable within one year	1185	185 <u>158.270,12</u>	186 <u>183.905,00</u>
b) becoming due and payable after more than one year	1187	187	188

RCSL Nr. : B93147

Matricule : 2003 2208 232

	Reference(s)	Current year	Previous year
III. Investments	1189 _____	189 _____	190 _____
1. Shares in affiliated undertakings	1191 _____	191 _____	192 _____
2. Own shares	1209 _____	209 _____	210 _____
3. Other investments	1195 _____	195 _____	196 _____
IV. Cash at bank and in hand	1197 _____	197 <u>3.341.483,20</u>	198 <u>1.807.148,78</u>
E. Prepayments	1199 <u>2.2.3</u>	199 <u>11.934,92</u>	200 <u>9.185,52</u>
TOTAL (ASSETS)		201 <u>643.078.051,49</u>	202 <u>719.399.100,81</u>

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves			
	1301 <u>5</u>	301 <u>871.149,11</u>	302 <u>1.936.136,44</u>
I. Subscribed capital	1303 <u>5</u>	303 <u>2.000.000,00</u>	304 <u>2.000.000,00</u>
II. Share premium account	1305 _____	305 _____	306 _____
III. Revaluation reserve	1307 _____	307 _____	308 _____
IV. Reserves	1309 _____	309 <u>91.075,00</u>	310 <u>91.075,00</u>
1. Legal reserve	1311 <u>5,6</u>	311 <u>3.100,00</u>	312 <u>3.100,00</u>
2. Reserve for own shares	1313 _____	313 _____	314 _____
3. Reserves provided for by the articles of association	1315 _____	315 _____	316 _____
4. Other reserves, including the fair value reserve	1429 <u>5,7</u>	429 <u>87.975,00</u>	430 <u>87.975,00</u>
a) other available reserves	1431 _____	431 _____	432 _____
b) other non available reserves	1433 _____	433 <u>87.975,00</u>	434 <u>87.975,00</u>
V. Profit or loss brought forward	1319 <u>5</u>	319 <u>-154.938,56</u>	320 <u>-260.292,19</u>
VI. Profit or loss for the financial year	1321 <u>5</u>	321 <u>-1.064.987,33</u>	322 <u>105.353,63</u>
VII. Interim dividends	1323 _____	323 _____	324 _____
VIII. Capital investment subsidies	1325 _____	325 _____	326 _____
B. Provisions	1331 _____	331 _____	332 _____
1. Provisions for pensions and similar obligations	1333 _____	333 _____	334 _____
2. Provisions for taxation	1335 _____	335 _____	336 _____
3. Other provisions	1337 _____	337 _____	338 _____
C. Creditors	1435 <u>8</u>	435 <u>642.206.902,38</u>	436 <u>717.462.964,37</u>
1. Debenture loans	1437 _____	437 <u>642.079.862,02</u>	438 <u>717.380.605,56</u>
a) Convertible loans	1439 _____	439 _____	440 _____
i) becoming due and payable within one year	1441 _____	441 _____	442 _____
ii) becoming due and payable after more than one year	1443 _____	443 _____	444 _____
b) Non convertible loans	1445 _____	445 <u>642.079.862,02</u>	446 <u>717.380.605,56</u>
i) becoming due and payable within one year	1447 <u>8</u>	447 <u>9.782.980,46</u>	448 <u>10.417.014,18</u>
ii) becoming due and payable after more than one year	1449 <u>8</u>	449 <u>632.296.881,56</u>	450 <u>706.963.591,38</u>
2. Amounts owed to credit institutions	1355 _____	355 _____	356 _____
a) becoming due and payable within one year	1357 _____	357 _____	358 _____
b) becoming due and payable after more than one year	1359 _____	359 _____	360 _____

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361 _____	361 _____	362 _____
a) becoming due and payable within one year	1363 _____	363 _____	364 _____
b) becoming due and payable after more than one year	1365 _____	365 _____	366 _____
4. Trade creditors	1367 _____ 8	367 _____ 117.360,36	368 _____ 59.062,46
a) becoming due and payable within one year	1369 _____	369 _____ 117.360,36	370 _____ 59.062,46
b) becoming due and payable after more than one year	1371 _____	371 _____	372 _____
5. Bills of exchange payable	1373 _____	373 _____	374 _____
a) becoming due and payable within one year	1375 _____	375 _____	376 _____
b) becoming due and payable after more than one year	1377 _____	377 _____	378 _____
6. Amounts owed to affiliated undertakings	1379 _____	379 _____	380 _____
a) becoming due and payable within one year	1381 _____	381 _____	382 _____
b) becoming due and payable after more than one year	1383 _____	383 _____	384 _____
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385 _____	385 _____	386 _____
a) becoming due and payable within one year	1387 _____	387 _____	388 _____
b) becoming due and payable after more than one year	1389 _____	389 _____	390 _____
8. Other creditors	1451 _____ 8	451 _____ 9.680,00	452 _____ 23.296,35
a) Tax authorities	1393 _____	393 _____ 9.680,00	394 _____ 23.296,35
b) Social security authorities	1395 _____	395 _____	396 _____
c) Other creditors	1397 _____	397 _____	398 _____
i) becoming due and payable within one year	1399 _____	399 _____	400 _____
ii) becoming due and payable after more than one year	1401 _____	401 _____	402 _____
D. Deferred income	1403 _____	403 _____	404 _____
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405 _____ 643.078.051,49	406 _____ 719.399.100,81

Registre de Commerce et des Sociétés

Numéro RCS : B93147

Référence de dépôt : L190135969

Déposé le 22/07/2019

FDIMWNP20190606T16244901_001

RCSL Nr. : B93147

Matricule : 2003 2208 232

eCDF entry date : 06/06/2019

PROFIT AND LOSS ACCOUNT**Financial year from** ⁰¹ 01/01/2018 **to** ⁰² 31/12/2018 (in ⁰³ EUR)

Alrosa Finance S.A.

412F, Route d'Esch
L-1030 Luxembourg**PROFIT AND LOSS ACCOUNT**

	Reference(s)	Current year	Previous year
1. Net turnover	1701 _____	701 _____	702 _____
2. Variation in stocks of finished goods and in work in progress	1703 _____	703 _____	704 _____
3. Work performed by the undertaking for its own purposes and capitalised	1705 _____	705 _____	706 _____
4. Other operating income	1713 _____	713 _____	714 <u>45,60</u>
5. Raw materials and consumables and other external expenses	1671 _____ <u>9</u>	671 <u>-188.293,16</u>	672 <u>-85.964,23</u>
a) Raw materials and consumables	1601 _____	601 _____	602 _____
b) Other external expenses	1603 _____	603 <u>-188.293,16</u>	604 <u>-85.964,23</u>
6. Staff costs	1605 _____	605 _____	606 _____
a) Wages and salaries	1607 _____	607 _____	608 _____
b) Social security costs	1609 _____	609 _____	610 _____
i) relating to pensions	1653 _____	653 _____	654 _____
ii) other social security costs	1655 _____	655 _____	656 _____
c) Other staff costs	1613 _____	613 _____	614 _____
7. Value adjustments	1657 _____	657 _____	658 _____
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 _____	660 _____
b) in respect of current assets	1661 _____	661 _____	662 _____
8. Other operating expenses	1621 _____ <u>3</u>	621 <u>-6.125.212,40</u>	622 _____

The notes in the annex form an integral part of the annual accounts

	Reference(s)	Current year	Previous year
9. Income from participating interests	1715	715	716
a) derived from affiliated undertakings	1717	717	718
b) other income from participating interests	1719	719	720
10. Income from other investments and loans forming part of the fixed assets	1721	721	722
a) derived from affiliated undertakings	1723	723	724
b) other income not included under a)	1725	725	726
11. Other interest receivable and similar income	1727	727	728
a) derived from affiliated undertakings	1729	729	730
b) other interest and similar income	1731	731	732
12. Share of profit or loss of undertakings accounted for under the equity method	1663	663	664
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	665	666
14. Interest payable and similar expenses	1627	627	628
a) concerning affiliated undertakings	1629	629	630
b) other interest and similar expenses	1631	631	632
15. Tax on profit or loss	1635	635	636
16. Profit or loss after taxation	1667	667	668
17. Other taxes not shown under items 1 to 16	1637	637	638
18. Profit or loss for the financial year	1669	669	670

ALROSA FINANCE S.A.

Société Anonyme

Annual Accounts as at December 31, 2018

412F route d'Esch
L – 1030 Luxembourg

R.C.S. Luxembourg B 93 147

INCORPORATION

17/04/2003 MEMORIAL C531 OF 16/05/2003

STATUTORY AMENDMENTS

27/06/2014 MEMORIAL C-2632 OF 29/09/2014

TABLE OF CONTENTS

MANAGEMENT REPORT	1 - 4
AUDIT REPORT	5 - 9
BALANCE SHEET	10 - 14
PROFIT AND LOSS ACCOUNT	15 - 16
NOTES TO THE ANNUAL ACCOUNTS	17 - 23

1. GENERAL INFORMATION

Alrosa Finance S.A. (the "Company") was incorporated in Luxembourg on April 17, 2003 and is organised under the laws of Luxembourg as a "société anonyme" for an unlimited period of time.

The Company has its registered office at 412F, route d'Esch, L-1030 Luxembourg.

The financial year covers the period from January 1 to December 31 of each year.

The purpose of the Company is the holding of participations, in any form whatsoever, in Luxembourg and foreign companies and any other form of investment, the acquisition by purchase, subscription or in any other manner as well as the transfer by sale, exchange or otherwise of securities of any kind and the administration, control and development of its portfolio.

The Company may further guarantee, grant loans or otherwise assist the companies in which it holds a direct or indirect participation or which form part of the same group of companies as the Company. The Company may carry out any commercial, industrial or financial activities which it may deem useful in accomplishment of this purpose.

The Company's accounts are included in the consolidated accounts established by Public Joint Stock Company ALROSA ("PJSC Alrosa"), a public joint stock company established at 6, Lenin Street, Mirny, Mirninskiy ulus, 678175, Republic of Sakha (Yakutia), Russia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, as amended, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise their judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

As at 31 December 2018, the losses of the Company exceed 50% of its subscribed capital. The Board of Directors will propose to the shareholder that the Company will continue its operations. The annual accounts have been prepared on a going concern basis on the assumption that the shareholder will ensure that adequate financial resources remain available for the Company to continue its operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2. Significant accounting policies

The main valuation rules applied by the company are the following:

2.2.1. Financial assets

Loans to affiliated undertakings held as fixed assets are valued at nominal value including the expenses incidental thereto. In the case of durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of financial assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.2. Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.3. Prepayments

This asset item includes expenditures incurred during the financial year but relating to a subsequent financial year.

2.2.4. Creditors

Creditors are recorded at their reimbursement value.

2.2.5. Provisions

Provision for taxation

Current tax provision

Provision for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax returns has not yet been assessed by the Luxembourg Tax Administration are recorded under the item 'Tax authorities' under other creditors. The advance payments are shown in the assets of the balance sheet under the 'Other debtors' item.

2.2.6. Income from other investments and loans forming part of the fixed assets

Interest revenue is recognized on accrual basis. The application of this policy is in line with the accrual accounting in which particular items are recognized at the date of transaction. Therefore amounts of interest are recognized not on a payment date but when it has been accumulated over the certain period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2. Significant accounting policies (continued)

2.2.7. Foreign currency translation

The Company keeps its books in EUR and the annual accounts are expressed in the same currency.

Principal amounts of the Loans and Notes which are expressed in currencies other than EUR are, at balance sheet date, translated at the historical exchange rate. Interests related to these Loans and Notes, expressed in other currencies than EUR, are translated at the exchange rate effective at the time of the transaction.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are translated respectively at the lower or at the higher of the value converted at the historic exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealized exchange losses are recorded in the profit and loss account. The realized exchange gains are recorded in the profit and loss account at the moment of their realization.

Income and expenses transactions are recorded at the rates prevailing on the dates of transactions.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealized loss is recorded in the profit and loss account.

3. FINANCIAL ASSETS

The movements for the year are as follows:

	USD	2018 EUR	2017 EUR
Gross book value - opening balance	1 000 000 000.00	706 963 591.38	706 963 591.38
Additions for the year	0.00	0.00	0.00
Disposals for the year	(140 000 000.00)	(98 974 960.00)	0.00
Gross book value - closing balance	860 000 000.00	607 988 631.38	706 963 591.38
Accumulated value adjustment - opening balance	0.00	0.00	0.00
Allocations for the year	0.00	0.00	0.00
Reversals for the year	0.00	0.00	0.00
Accumulated value adjustment - closing balance	0.00	0.00	0.00
Net book value - closing balance	860 000 000.00	607 988 631.38	706 963 591.38

On November 3, 2010, the Company signed a loan agreement with PJSC Alrosa for the principal amount EUR 706 963 591.38 (USD 1 000 000 000.00) at an interest rate of 8.56600% per annum. The loan will expire in 2020. From June 22, 2018 until September 18, 2018 the company made a partial reimbursement of the loan for EUR 98 974 960 (USD 140 000 000.00) and an amount of EUR 6 124 983.60 (USD 7 113 345.72) of loss on repurchase of the loan was recorded.

ALROSA FINANCE S.A.
SOCIETE ANONYME
Notes to the annual accounts as at December 31, 2018

	USD	2018 EUR
Gross book value - opening balance	0.00	0.00
Additions for the year	24 272 350.87	21 161 596.22
Disposals for the year	0.00	0.00
Gross book value - closing balance	24 272 350.87	21 161 596.22
Accumulated value adjustment - opening balance	0.00	0.00
Allocations for the year	0.00	0.00
Reversals for the year	0.00	0.00
Accumulated value adjustment - closing balance	0.00	0.00
Net book value - closing balance	24 272 350.87	21 161 596.22

On December 24, 2018 the Company signed a loan with PJSC Alrosa for the principal amount EUR 21 161 596.22 (USD 24 272 350.87) at an interest rate of Libor 12 months plus 4% granted until December 31, 2019.

4. DEBTORS

	becoming due and payable within one year EUR	becoming due and payable after more than one year EUR	Total 2018 EUR	Total 2017 EUR
Amount owed by affiliated undertakings	10 416 135.65	0.00	10 416 135.65	10 435 270.13
Other debtors	158 270.12	0.00	158 270.12	183 905.00
Total	10 574 405.77	0.00	10 574 405.77	10 619 175.13

As at December 31, 2018 the accrued interest on the loan granted to PJSC Alrosa amounted to EUR 10 416 135.65 (USD 11 901 476.59).

Other debtors balance is composed of tax advances for 2017 and 2018 fiscal years.

5. CAPITAL AND RESERVES

The subscribed capital amounts to EUR 2 000 000.00 and is divided into 20 000 shares having a par value of EUR 100.00 each, fully paid-up.

ALROSA FINANCE S.A.
SOCIETE ANONYME
Notes to the annual accounts as at December 31, 2018

The movements in capital and reserves during the year are as follows:

	Subscribed Capital	Legal reserve	Other reserves	Profit or loss brought forward	Profit or loss for the financial year	Total
As at 01/01/2018	2 000 000.00	3 100.00	87 975.00	(260 292.19)	(105 353.63)	1 936 136.44
Allocation of prior year results	-	-	-	(105 353.63)	105 353.63	-
Profit or loss for the financial year	-	-	-	-	(1 064 987.33)	(1 064 987.33)
As at 31/12/2018	2 000 000.00	3 100.00	87 975.00	(154 938.56)	(1 064 987.33)	871 149.11

6. LEGAL RESERVE

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

7. OTHER RESERVES

The Company allocates under non-distributable reserves an amount that corresponds to five times the amount of reduction of the Net Wealth Tax. This reserve is non-distributable for a period of five years from the year following that during the Net Wealth Tax was reduced.

8. CREDITORS

Amounts due and payable for the accounts shown under "Creditors" are as follows:

	Within one year	After more than one year	Total 2018	Total 2017
	EUR	EUR	EUR	EUR
Non-convertible loan	0.00	632 296 881.56	632 296 881.56	706 963 591.38
Accrued interest on non convertible loan	9 782 980.46	0.00	9 782 980.46	10 417 014.18
Trade creditors	117 360.36	0.00	117 360.36	59 062.46
Other creditors	9 680.00	0.00	9 680.00	23 296.35
Total	9 910 020.82	632 296 881.56	642 206 902.38	717 462 964.37

The Company issued on November 3, 2010 a note due in 2020 amounting to EUR 706 936 591.38 (USD 1 000 000 000.00) at a rate of 7.7500%. The issue price of the note is 100 % of the principal amount. The Notes due in 2020 have been admitted to the official list of the Irish Stock Exchange and trading on its regulated market.

From June 26, 2018 until October 11, 2018 The Company repurchased the note due in 2020 for EUR 74 666 709.82 (USD 105 616 000).

ALROSA FINANCE S.A.
SOCIETE ANONYME
Notes to the annual accounts as at December 31, 2018

The interest expense for the year related to the notes issued by the Company amounts to EUR 63 788 509.11 (USD 75 075 716.88). Refer to note 9.

All notes are unconditionally and irrevocably guaranteed by PJSC Alrosa. There is a limited recourse clause to the notes holders.

9. OTHER CHARGES AND INCOME

	2018	2017
	EUR	EUR
Other external expenses:		
Legal fees	27 824.61	0.00
Audit fees	34 561.80	24 921.00
Other fees (domiciliation, administration, bookkeeping, tax return)	125 906.75	61 043.23
Total	188 293.16	85 964.23
Income from other investments and loans forming part of the fixed assets:		
Interest PJSC Alrosa	63 455 476.96	68 454 218.84
Total	63 455 476.96	68 454 218.84
Other interest receivable and similar income:		
USD Bank account	21 668.75	1 771.24
Foreign exchange gain	5 569 570.63	0.00
Total	5 591 239.38	1 771.24
Interest payable and similar expenses:		
Interest on notes	63 788 509.11	68 313 185.18
Foreign exchange loss	0.00	110 826.69
Total	63 788 509.11	68 424 011.87

10. CURRENT TAXES

The company is subject to taxes applicable in Luxembourg.

	2018	2017
	EUR	EUR
Corporate income tax	0.00	(131 438.80)
Municipal income tax	0.00	(39 485.25)
Wealth tax	9 680.00	11 630.00
Total	9 680.00	(159 294.05)

11. STAFF

The Company did not employ any personnel during the year. Therefore, no payments in relation to wages and social securities were made.

12. RELATED PARTIES TRANSACTIONS

There were no related parties transactions during the year, except for those mentioned in note 3, note 4 and note 9.

13. ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

There are no advances and loans granted to the members of the management and supervisory bodies.

14. AUDITOR'S FEES

The total fees the Company paid to the auditor/audit firm are as follows:

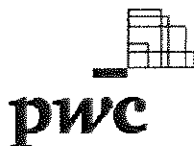
	2018	2017
	EUR	EUR
Audit fees	34 561.80	24 921.00
Tax related fees	6 197.01	3 331.28
Total	40 758.81	28 252.28

15. SUBSEQUENT EVENTS

On April 9, 2019 the Company granted a loan to PJSC Alrosa for an amount of USD 500 000 000.00 at an interest rate of USD Libor 12 months plus 4 %. And issued at the same date note due in 2024 amounting to EUR USD 500 000 000.00) at a rate of 4.65%. The issue price of the note is 100 % of the principal amount.

On April 11, 2019, PJSC Alrosa reimbursed partially the loan's principal for USD 400 000 000. The Company then repurchased the note due in 2020 for USD 400 000 000.

On April 11, 2019 PJSC Alrosa reimbursed the loan for an amount of USD 24 272 350.87 to the Company.



Audit report

To the Shareholder of
Alrosa Finance S.A.

Report on the audit of the annual accounts

Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of Alrosa Finance S.A. (the "Company") as at 31 December 2018, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Our opinion is consistent with our additional report to the Audit Committee or equivalent.

What we have audited

The Company's annual accounts comprise:

- the balance sheet as at 31 December 2018;
 - the profit and loss account for the year then ended; and
 - the notes to the annual accounts, which include a summary of significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 14 to the annual accounts.

*PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg
T : +352 494848 1, F : +352 494848 2900, www.pwc.lu*

*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518*



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud). These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the Key audit matter

Valuation of Loans to affiliated undertakings ("the Loans")

We have obtained and evaluated impairment assessment performed by the Directors.

Loans are reported under the Financial assets caption of the balance sheet. The Loans are stated at cost less durable impairment. As described in Note 3, the carrying value of the Loans amounts to 629.1 million euro as of 31 December 2018. The Board of Directors performs an assessment to determine whether or not an impairment is required to be recorded against the Loans. The assessment is based on latest available financial statements of the borrower and other relevant publicly available financial information, the borrower's ability to comply with the Loans repayment schedule and other terms and conditions of the underlying loan agreements.

Our procedures also included:

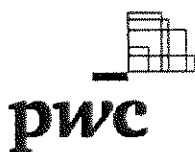
- obtaining and reading latest available annual and interim financial statements of the borrower; press releases and other publicly available financial information;
- analysing macroeconomic and other factors relevant to the borrower's business activities and its main country of operations;
- verifying whether the borrower complied with the schedule of repayment of the loans' principal and interest during 2018, as well as after the year-end and prior to the date of our report.

Impairment assessment is an area which requires judgements to be applied and, due to the significant carrying value of the Loans, any change or omission in the assessment can result in a material change to the valuation of the Loans.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the management report and the Corporate Governance Statement but does not include the annual accounts and our audit report thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the annual accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company'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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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 the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 annual accounts.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, 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 Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;



- conclude on the appropriateness of the Board of Directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts 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 audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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.

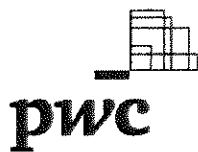
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" of the Company by the General Meeting of the Shareholders on 4 February 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 16 years.

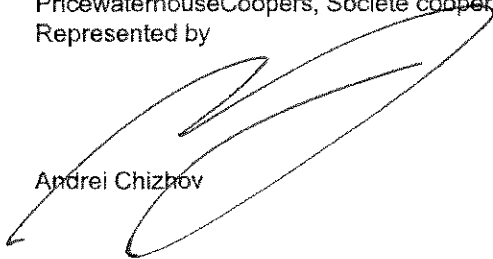


Other matter

The Corporate Governance Statement includes, when applicable, the information required by Article 68ter Paragraph (1) Letters a), b), e), f) and g) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 8 July 2019



Andrei Chizhov