



Independent Auditor's Report

To the Shareholders and Board of Directors of PAO "Nizhnekamskneftekhim"

We have audited the accompanying consolidated financial statements of PAO "Nizhnekamskneftekhim" and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statements of comprehensive income, changes in equity and cash flows for 2015, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the fair presentation of these consolidated financial statements based on our audit. We conducted our audit in accordance with Russian Federal Auditing Standards and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to express an opinion on the fair presentation of these consolidated financial statements.



Independent Auditor's Report (Continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and its financial performance and its cash flows for 2015 in accordance with International Financial Reporting Standards.

AO PricewaterhouseCoopers Audit

25 March 2016
Moscow, Russian Federation



D.P. Derevyankin, Director (Licence no. 01-001581), AO PricewaterhouseCoopers Audit

Audited entity: PAO Nizhnekamskneftekhim

State registration certificate № 399/к-4(53), issued by State Registration Bureau of Republic of Tatarstan on 3 July 2001

Certificate of inclusion in the Unified State Register of Legal Entities issued on 5 November 2002 under registration № 1021602502316

423574, Russian Federation, Republic of Tatarstan, Nizhnekamsk

Independent auditor: AO PricewaterhouseCoopers Audit

State registration certificate № 008.890, issued by the Moscow Registration Chamber on 28 February 1992

Certificate of inclusion in the Unified State Register of Legal Entities issued on 22 August 2002 under registration № 1027700148431

Certificate of membership in self regulated organisation non-profit partnership "Audit Chamber of Russia" № 870. ORNZ 10201003683 in the register of auditors and audit organizations



Consolidated Statement of Comprehensive Income

	Note	2015	2014
Revenue	8	155,768	137,007
Cost of sales	9	(114,572)	(109,941)
Gross profit		41,196	27,066
Selling, general and administrative expenses	10	(13,561)	(13,295)
Other operating income/(expenses), net	11	5,519	(1,303)
Operating profit		33,154	12,468
Finance costs	12	(247)	(375)
Finance income	13	926	252
Foreign exchange gain/(loss)		1,060	(457)
Share of post tax net results in associates	17	103	156
Profit before income tax		34,996	12,044
Income tax	14	(7,449)	(2,610)
Profit for the year		27,547	9,434
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Decrease in fair value of investments available for sale	18	(69)	(419)
Increase in income tax	14	13	83
Currency translation reserve		216	300
<i>Items that will not be reclassified to profit or loss:</i>			
(Loss)/ gain on remeasurement of post-employment benefit obligations	30	(93)	274
Total other comprehensive income		67	238
Total comprehensive income for the year		27,614	9,672
Profit/(loss) for the year attributable to:			
Shareholders of the parent company		27,505	9,486
Non-controlling interest		42	(52)
Profit for the year		27,547	9,434
Total comprehensive income attributable to:			
Shareholders of the parent company		27,475	9,595
Non-controlling interest		139	77
Total comprehensive income		27,614	9,672
Earnings per share (in Russian Roubles), basic and diluted	26	15.03	5.18

The accompanying notes on pages 5-49 are an integral part of these consolidated financial statements.



Consolidated Statement of Financial Position

	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment	15	64,808	54,497
Intangible assets	16	503	533
Investments in associates	17	639	635
Investments in securities and other financial assets	18	1,728	1,805
Deferred tax assets	14	553	616
Other non-current assets	19	479	708
Goodwill	20	83	83
Total non-current assets		68,793	58,877
Current assets			
Inventories	21	17,250	14,673
Trade and other receivables	22	6,046	6,129
Income tax prepayments		24	37
Taxes prepayments and VAT recoverable	23	4,613	2,603
Investments in securities and other financial assets	18	970	-
Other current assets	24	1,514	862
Cash and cash equivalents	25	12,384	7,193
Total current assets		42,801	31,497
Total assets		111,594	90,374
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	26	6,332	6,332
Currency translation reserve		355	236
Revaluation reserve		(286)	(230)
Retained earnings		86,030	61,400
Total equity attributable to shareholders of the parent company		92,431	67,738
Non-controlling interest		985	846
Total equity		93,416	68,584
Non-current liabilities			
Non-current loans and borrowings	27	143	1,679
Deferred tax liabilities	14	2,528	2,118
Other non-current liabilities	29	1,007	1,160
Total non-current liabilities		3,678	4,957
Current liabilities			
Current loans and borrowings	28	2,282	5,318
Trade and other payables	32	6,810	6,010
Advances received and accrued liabilities	33	3,990	4,183
Income tax payable		189	337
Taxes payable, other than income tax	34	1,209	968
Dividends payable		20	17
Deferred income		-	-
Total current liabilities		14,500	16,833
Total liabilities		18,178	21,790
Total equity and liabilities		111,594	90,374

A.Sh. Bikmurzin
 General Director
 25 March 2016



I.R. Yakhin
 Chief Accountant

The accompanying notes on pages 5-49 are an integral part of these consolidated financial statements.

NIZHNEKAMSKNEFTEKHIM GROUP

IFRS consolidated financial statements
for the year ended 31 December 2015
(in millions of Russian Roubles unless otherwise stated)

**Consolidated Statement of Cash Flows**

OPERATING ACTIVITIES	Note	2015	2014
Profit before income tax		34,996	12,044
Adjustments for:			
Depreciation charge	9, 10	4,256	3,719
Finance (income)/costs, net	12, 13	(679)	123
Income from investments, net	11, 17	(317)	(159)
Loss on disposal of non-current assets	11	421	795
Foreign exchange (gain)/loss, net	5	(424)	1,517
(Decrease)/increase in allowance for doubtful debts	11, 22, 24	(29)	218
Increase/(decrease) in allowance for inventory impairment	21	2	(2)
Increase in provision for impairment of other assets	11	-	37
Operating profit before working capital changes		38,226	18,292
(Increase)/decrease in inventories	15, 21	(2,563)	128
Decrease/(increase) in trade and other receivables	5, 18, 19, 22	188	(1,683)
(Increase)/decrease in prepaid and recoverable taxes other than prepaid income tax	23	(2,010)	- 703
(Increase)/decrease in other assets	19, 24	(451)	195
Increase/(decrease) in trade and other payables and other liabilities	5, 29, 32, 33	829	(3,169)
(Decrease)/increase in advances received and accruals	33	(351)	1,217
Increase in taxes payable other than income tax	34	241	165
Working capital changes		(4,117)	(2,444)
Interest paid		(120)	(146)
Income taxes paid		(7,098)	(1,566)
Cash from operating activities		26,891	14,136
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(14,748)	(6,884)
Acquisition of subsidiaries		-	(412)
Acquisition of other financial assets		(1,198)	(29)
Interest received		924	252
Purchase of other non-current assets		(246)	(176)
Proceeds from sale of financial assets		373	2
Proceeds from sale of property, plant and equipment		52	289
Interest capitalised		(229)	(308)
Dividends received	17	43	16
Cash used in investing activities		(15,029)	(7,250)
FINANCING ACTIVITIES			
Proceeds from non-current borrowings		100	2,359
Proceeds from current borrowings		1,105	5,765
Repayment of non-current borrowings		(3,144)	(4,509)
Repayment of current borrowings		(2,799)	(5,332)
Repayment of finance lease payables		(76)	(87)
Dividends paid		(2,782)	(1,830)
Proceeds from government grants		136	100
Cash used in financing activities		(7,460)	(3,534)
Net increase in cash and cash equivalents before the effects of exchange rate changes		4,402	3,352
Effect of exchange rate changes on cash and cash equivalents		789	790
Cash and cash equivalents at the beginning of the year		7,193	3,051
Cash and cash equivalents at the end of the year		12,384	7,193

The accompanying notes on pages 5-49 are an integral part of these consolidated financial statements.

NIZHNEKAMSKNEFTEKHIM GROUP

IFRS consolidated financial statements

for the year ended 31 December 2015

(in millions of Russian Roubles unless otherwise stated)


Consolidated Statement of Changes in Equity

	Share capital	Retained earnings	Currency translation reserve	Revaluation reserve	Total equity attributable to shareholders of the parent company	Non-controlling interest	Total
Balance at 31 December 2013	6,332	53,470	65	106	59,973	769	60,742
Profit for the year	-	9,486	-	-	9,486	(52)	9,434
<i>Other comprehensive income:</i>							
Change in fair value of available for sale investments	-	-	-	(336)	(336)	-	(336)
Currency translation reserve	-	-	171	-	171	129	300
Remeasurement of post-employment benefit obligations	-	274	-	-	274	-	274
Total comprehensive income	-	9,760	171	(336)	9,595	77	9,672
Dividends	-	(1,830)	-	-	(1,830)	-	(1,830)
Balance at 31 December 2014	6,332	61,400	236	(230)	67,738	846	68,584
Balance at 31 December 2014	6,332	61,400	236	(230)	67,738	846	68,584
Profit for the year	-	27,505	-	-	27,505	42	27,547
<i>Other comprehensive income:</i>							
Change in fair value of available for sale investments	-	-	-	(56)	(56)	-	(56)
Currency translation reserve	-	-	119	-	119	97	216
Remeasurement of post-employment benefit obligations	-	(93)	-	-	(93)	-	(93)
Total comprehensive income	-	27,412	119	(56)	27,475	139	27,614
Dividends	-	(2,782)	-	-	(2,782)	-	(2,782)
Balance at 31 December 2015	6,332	86,030	355	(286)	92,431	985	93,416

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