

To the shareholders of

PJSC MegaFon

Auditors' report

on the financial statements of

the Public Joint Stock Company

MegaFon

for the 2015 reporting year

Set out below is an unofficial translation of the auditors' report on the statutory financial statements of the Public Joint Stock Company MegaFon as at and for the year ended 31 December 2015. The statutory financial statements to which the auditors' report relates have been prepared in accordance with the accounting and reporting regulations of the Russian Federation. Russian accounting and reporting regulations differ from accounting frameworks in other jurisdictions. Consequently, the accompanying statutory financial statements are not intended to present the financial position, financial performance and cash flows of the Public Joint Stock Company MegaFon in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Russian Federation.

Information on the audit firm

Name of the audit firm:	Joint Stock Company KPMG.
Location (legal address):	18/1, Olympiysky prospect, Room 3035, Moscow 129110.
Postal address:	10, Presnenskaya Naberezhnaya, Block C, floor 31, Moscow 123317.
State registration:	Registered by the Moscow Registration Chamber on 25 May 1992, Registration No. 011.585. Included in the Unified State Register of Legal Entities on 13 August 2002 by the Moscow Inter-Regional Tax Inspectorate No.39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700125628, Certificate series 77 No. 005721432.
Membership in a self-regulating auditors' organisation	Member of the Self-regulated organization of auditors "Audit Chamber of Russia" (Association). The Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: No.10301000804.

Information on the audited company

Name of audited company:	Public Joint Stock Company MegaFon.
Location (legal address):	30 Kadashevskaya Embankment, Moscow 115035.
Postal address:	30 Kadashevskaya Embankment, Moscow 115035.
State registration:	Registered by Committee of external economic relations under the Saint Petersburg Town Council on 17 June 1993, Registration No. AOL 51-92. Included in the Unified State Register of Legal Entities on 15 July 2002 by Saint Petersburg Central District Inspectorate of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027809169585, Certificate series 78 No. 004009033.

Auditors' report

To the shareholders of MegaFon

We have audited the accompanying financial statements of the Public Joint Stock Company MegaFon (hereinafter the "Company") for the 2015 reporting year.

The financial statements, set on 83 pages, comprise:

- the balance sheet as at 31 December 2015;
- the statement of financial performance for 2015;
- the appendices to the balance sheet and the income statement including:
 - the statement of changes in equity for 2015;
 - the cash flow statement for 2015;
 - the notes to the balance sheet and the statement of financial performance.

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and reliability of the financial statements in accordance with the requirements of the Russian reporting legislation and for the system of internal control necessary for the preparation of the financial statements which are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements in all material respects based on our audit. We conducted our audit in accordance with the Federal Standards on Auditing. These standards require that we comply with relevant ethical requirements and planning and performing the audit in order to obtain sufficient assurance as to whether the financial statements are free from material misstatements.

The audit included performing procedures to obtain audit evidence confirming the amounts and disclosures in the financial statements. The selection of the procedures is a matter of our judgment, which is based on the assessment of risk of material misstatement, whether due to fraud or error. In the process of risk assessment we considered the system of internal control relevant to the preparation and reliability of the financial statements in order to select appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of internal control.

The audit also included an assessment of the appropriateness of the Company's accounting policy and the reasonableness of the estimates made by management, as well as the evaluation of the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present reliably, in all material respects, the financial position of the Company as at 31 December 2015 and its financial performance and cash flows for the 2015 reporting year in accordance with the requirements of the Russian reporting legislation.

Other Matter

The financial statements of the Company for the years 2014 and 2013 were audited by other auditors whose reports dated 10 March 2015 and 4 March 2014 expressed an unmodified opinion on those statements.

Director of JSC KPMG,
(power of attorney dated 16 March 2015 No.77/15)

[signature]

Akylbek Y. A.

16 March 2016