

ОАО ГАЗПРОМ

**IFRS CONSOLIDATED
INTERIM CONDENSED
FINANCIAL INFORMATION
(UNAUDITED)**

30 SEPTEMBER 2014



Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholders and Board of Directors of OAO Gazprom:

Introduction

We have reviewed the accompanying consolidated interim condensed balance sheet of OAO Gazprom and its subsidiaries (the "Group") as of 30 September 2014 and the related consolidated interim condensed statements of comprehensive income for the three-month and nine-month periods then ended, and of cash flows and changes in equity for the nine-month period then ended. Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

ZAO PricewaterhouseCoopers Audit

26 January 2015
Moscow, Russian Federation

OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED BALANCE SHEET (UNAUDITED)
AS OF 30 SEPTEMBER 2014
(In millions of Russian Roubles)

Notes	30 September 2014	31 December 2013
Assets		
Current assets		
6	753,767	689,130
	1,610	401
21	11,637	24,502
7	953,858	1,032,026
8	676,276	569,724
	231,140	341,315
	<u>327,960</u>	<u>205,572</u>
	2,956,248	2,862,670
Non-current assets		
9	9,424,849	8,940,088
	151,144	151,189
10	613,942	549,684
11	444,798	437,349
21	190,312	168,904
12	<u>270,831</u>	<u>326,352</u>
	11,095,876	10,573,566
Total assets	14,052,124	13,436,236
Liabilities and equity		
Current liabilities		
	837,455	895,694
	6,270	17,750
	144,409	146,095
	<u>330,965</u>	<u>331,926</u>
	1,319,099	1,391,465
Non-current liabilities		
13	1,687,929	1,470,002
20	344,407	330,580
14	607,289	558,869
	<u>39,043</u>	<u>50,966</u>
	2,678,668	2,410,417
Total liabilities	3,997,767	3,801,882
Equity		
15	325,194	325,194
15	(103,919)	(103,919)
	<u>9,524,171</u>	<u>9,098,315</u>
	9,745,446	9,319,590
	308,911	314,764
Total equity	10,054,357	9,634,354
Total liabilities and equity	14,052,124	13,436,236


A.B. Miller
Chairman of the Management Committee

26 January 2015


E.A. Vasilieva
Chief Accountant

26 January 2015

The accompanying notes on pages 6 to 34 are an integral part of this consolidated interim condensed financial information.

OA0 GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2014
(In millions of Russian Roubles)

Notes		Three months ended		Nine months ended	
		2014	2013	2014	2013
16	Sales	1,133,590	1,204,546	4,007,522	3,772,668
	Net (loss) gain from trading activity	(4,474)	3,309	9,903	7,073
17	Operating expenses	<u>(770,165)</u>	<u>(877,957)</u>	<u>(3,018,824)</u>	<u>(2,596,841)</u>
	Operating profit	358,951	329,898	998,601	1,182,900
18	Finance income	24,033	49,518	189,629	88,019
18	Finance expense	(283,343)	(47,355)	(501,883)	(209,834)
10	Share of net income of associated undertakings and joint ventures	23,609	22,995	71,493	35,799
	(Losses) gains on disposal of available-for-sale financial assets	<u>(955)</u>	<u>76</u>	<u>(981)</u>	<u>92</u>
	Profit before profit tax	122,295	355,132	756,859	1,096,976
	Current profit tax expense	(16,502)	(69,677)	(141,027)	(112,669)
	Deferred profit tax income (expense)	<u>1,635</u>	<u>(2,529)</u>	<u>(43,178)</u>	<u>(107,976)</u>
	Profit tax expense	(14,867)	(72,206)	(184,205)	(220,645)
	Profit for the period	107,428	282,926	572,654	876,331
	Other comprehensive income (loss):				
	Items that will not be reclassified to profit or loss:				
20	Remeasurements of post-employment benefit obligations	<u>(60,060)</u>	<u>(14,133)</u>	<u>(66,523)</u>	<u>61,490</u>
	Total items that will not be reclassified to profit or loss	(60,060)	(14,133)	(66,523)	61,490
	Items that will be reclassified to profit or loss:				
	(Losses) gains, arising from change in fair value of available-for-sale financial assets, net of tax	(3,220)	11,615	(12,070)	9,027
	Share of other comprehensive (loss) income of associated undertakings and joint ventures	(1,806)	3,647	(5,209)	7,785
	Translation differences	129,112	(1,617)	142,779	47,630
	(Losses) gains from cash flow hedges, net of tax	<u>(9,770)</u>	<u>922</u>	<u>(16,741)</u>	<u>(3,059)</u>
	Total items that will be reclassified to profit or loss	114,316	14,567	108,759	61,383
	Other comprehensive income for the period, net of tax	54,256	434	42,236	122,873
	Total comprehensive income for the period	161,684	283,360	614,890	999,204
	Profit attributable to:				
	Owners of OAO Gazprom	105,676	276,090	556,254	858,773
	Non-controlling interest	<u>1,752</u>	<u>6,836</u>	<u>16,400</u>	<u>17,558</u>
		107,428	282,926	572,654	876,331
	Total comprehensive income attributable to:				
	Owners of OAO Gazprom	157,448	276,362	595,918	978,691
	Non-controlling interest	<u>4,236</u>	<u>6,998</u>	<u>18,972</u>	<u>20,513</u>
		161,684	283,360	614,890	999,204
19	Basic and diluted earnings per share for profit attributable to the owners of OAO Gazprom (in Roubles)	4.60	12.03	24.24	37.42


A.B. Miller
Chairman of the Management Committee

26 January 2015


E.A. Vasilieva
Chief Accountant

26 January 2015

The accompanying notes on pages 6 to 34 are an integral part of this consolidated interim condensed financial information.

OA0 GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014
(In millions of Russian Roubles)

Notes	Nine months ended 30 September	
	2014	2013
	Cash flows from operating activities	
	756,859	1,096,976
	Profit before profit tax	
	Adjustments to profit before profit tax for:	
17	345,081	310,907
	Depreciation	
18	312,254	121,815
	Net finance expense	
10	(71,493)	(35,799)
	Share of net income of associated undertakings and joint ventures	
	164,893	58,155
	Charge for provisions	
17	11,487	(5,481)
	Derivatives losses (gains)	
	(31,839)	(14,974)
	Other	
	730,383	434,623
	Total effect of adjustments	
	1,487,242	1,531,599
	Cash flows from operating activities before working capital changes	
	394	2,858
	Decrease in non-current assets	
	4,465	2,073
	Increase in non-current liabilities	
	13,990	(146,206)
	Changes in working capital	
	(205,936)	(98,526)
	Profit tax paid	
	1,300,155	1,291,798
	Net cash from operating activities	
	Cash flows from investing activities	
	(930,005)	(1,020,793)
	Capital expenditures	
18	(54,924)	(46,284)
	Interest paid and capitalised	
	(45,269)	(5,931)
	Net change in loans issued	
	(18,926)	(115,376)
	Acquisition of subsidiaries, net of cash acquired	
	(71,782)	(7,923)
	Investments in associated undertakings and joint arrangements	
	32,148	25,118
	Interest received	
	1,574	(335)
	Change in available-for-sale long-term financial assets	
	90,147	70,818
	Proceeds from associated undertakings and joint ventures	
	(20,000)	-
	Placement of long-term bank deposits	
	710	5,970
	Repayment of long-term bank deposits	
	(1,584)	(1,132)
	Other	
	(1,017,911)	(1,095,868)
	Net cash used in investing activities	
	Cash flows from financing activities	
	245,012	343,072
	Proceeds from long-term borrowings	
	(269,684)	(224,129)
	Repayment of long-term borrowings (including current portion)	
	49,046	54,378
	Proceeds from short-term borrowings	
	(44,930)	(87,559)
	Repayment of short-term borrowings	
	(175,283)	(136,242)
	Dividends paid	
18	(31,477)	(20,570)
	Interest paid	
	(13,327)	(2,904)
	Acquisition of non-controlling interest in subsidiaries	
	-	(2,167)
	Purchase of treasury shares	
	(1,209)	3,531
	Change in restricted cash	
	(241,852)	(72,590)
	Net cash used in financing activities	
	24,245	21,714
	Effect of foreign exchange rate changes on cash and cash equivalents	
	64,637	145,054
	Increase in cash and cash equivalents	
6	689,130	425,720
	Cash and cash equivalents at the beginning of reporting period	
6	753,767	570,774
	Cash and cash equivalents at the end of reporting period	


A.B. Miller
Chairman of the Management Committee

26 January 2015


E.A. Vasilieva
Chief Accountant

26 January 2015

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OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014
(In millions of Russian Roubles)

Notes	Number of shares outstanding (billions)	Attributable to the owners of OAO Gazprom				Total	Non-controlling interest	Total equity
		Share capital	Treasury shares	Retained earnings and other reserves				
Nine months ended 30 September 2013								
	Balance as of 31 December 2012	22.9	325,194	(104,094)	7,949,633	8,170,733	309,212	8,479,945
	Profit for the period	-	-	858,773	858,773	17,558	876,331	
20	Other comprehensive income (loss):							
	Remeasurements of post-employment benefit obligations	-	-	61,490	61,490	-	61,490	
	Gains arising from change in fair value of available-for-sale financial assets, net of tax	-	-	9,027	9,027	-	9,027	
	Share of other comprehensive income of associated undertakings and joint ventures	-	-	7,785	7,785	-	7,785	
	Translation differences	-	-	44,532	44,532	3,098	47,630	
	Losses from cash flow hedges, net of tax	-	-	(2,916)	(2,916)	(143)	(3,059)	
	Total comprehensive income for the nine months ended 30 September 2013	-	-	978,691	978,691	20,513	999,204	
	Changes in non-controlling interest in subsidiaries	-	-	(634)	(634)	5,864	5,230	
	Net treasury shares transactions	-	(2,167)	-	(2,167)	-	(2,167)	
	Return of social assets to governmental authorities	-	-	(141)	(141)	-	(141)	
	Dividends declared	-	-	(137,464)	(137,464)	(9,974)	(147,438)	
	Acquisition of shares in subsidiaries	-	-	19,600	19,600	(19,600)	-	
	Balance as of 30 September 2013	22.9	325,194	(106,261)	8,809,685	9,028,618	306,015	9,334,633
Nine months ended 30 September 2014								
	Balance as of 31 December 2013	23.0	325,194	(103,919)	9,098,315	9,319,590	314,764	9,634,354
	Profit for the period	-	-	556,254	556,254	16,400	572,654	
20	Other comprehensive income (loss):							
	Remeasurements of post-employment benefit obligations	-	-	(66,523)	(66,523)	-	(66,523)	
	Losses arising from change in fair value of available-for-sale financial assets, net of tax	-	-	(12,060)	(12,060)	(10)	(12,070)	
	Share of other comprehensive loss of associated undertakings and joint ventures	-	-	(5,209)	(5,209)	-	(5,209)	
	Translation differences	-	-	139,564	139,564	3,215	142,779	
	Losses from cash flow hedges, net of tax	-	-	(16,108)	(16,108)	(633)	(16,741)	
	Total comprehensive income for the nine months ended 30 September 2014	-	-	595,918	595,918	18,972	614,890	
	Changes in non-controlling interest in subsidiaries	-	-	(4,761)	(4,761)	(13,534)	(18,295)	
	Return of social assets to governmental authorities	-	-	(54)	(54)	-	(54)	
	Dividends declared	-	-	(165,247)	(165,247)	(11,291)	(176,538)	
	Balance as of 30 September 2014	23.0	325,194	(103,919)	9,524,171	9,745,446	308,911	10,054,357


A.B. Miller
Chairman of the Management Committee
26 January 2015


E.A. Vasilieva
Chief Accountant
26 January 2015

The accompanying notes on pages 6 to 34 are an integral part of this consolidated interim condensed financial information.

1 NATURE OF OPERATIONS

ОАО Газпром and its subsidiaries (the “Group”) operates one of the largest gas pipeline systems in the world, is responsible for the major part of gas production and high pressure gas transportation in the Russian Federation, and is a major supplier of gas to European countries. The Group is also engaged in oil production, refining activities, electric and heat energy generation. The Government of the Russian Federation is the ultimate controlling party of ОАО Газпром and has a controlling interest (including both direct and indirect ownership) of over 50% in ОАО Газпром.

The Group is involved in the following principal activities:

- Exploration and production of gas;
- Transportation of gas;
- Sales of gas within the Russian Federation and abroad;
- Gas storage;
- Production of crude oil and gas condensate;
- Processing of oil, gas condensate and other hydrocarbons, and sales of refined products; and
- Electric and heat energy generation and sales.

Other activities primarily include production of other goods, works and services.

The gas business is subject to seasonal fluctuations with peak demand in the first and fourth quarters of each year. Typically approximately 20% and 70% of total annual gas volumes are shipped in the three and nine months ended 30 September, respectively.

2 ECONOMIC ENVIRONMENT IN THE RUSSIAN FEDERATION

The Russian Federation displays certain characteristics of an emerging market. Tax, currency and customs legislation is subject to varying interpretations and contributes to the challenges faced by companies operating in the Russian Federation.

The political and economic instability, the current impact and ongoing situation with sanctions, uncertainty and volatility of the financial and commodities markets and other risks have had and may continue to have effects on the Russian economy. Management determined impairment provisions by considering the economic situation and outlook at the end of the reporting period.

The future economic development of the Russian Federation is dependent upon external factors and internal measures undertaken by the government to sustain growth, and to change the tax, legal and regulatory environment. Management believes it is taking all necessary measures to support the sustainability and development of the Group’s business in the current business and economic environment.

3 BASIS OF PRESENTATION

This consolidated interim condensed financial information is prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). The consolidated interim condensed financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2013 prepared in accordance with International Financial Reporting Standards (“IFRS”).

The official Russian Rouble (“RR”) to US dollar (“USD”) foreign exchange rates as determined by the Central Bank of the Russian Federation were 39.39 and 32.35 as of 30 September 2014 and 2013, respectively, 32.73 and 30.37 as of 31 December 2013 and 2012, respectively. The official RR to Euro foreign exchange rates as determined by the Central Bank of the Russian Federation were 49.95 and 43.65 as of 30 September 2014 and 2013, respectively, 44.97 and 40.23 as of 31 December 2013 and 2012, respectively.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The principal accounting policies followed by the Group and the critical accounting estimates in applying accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2013.

Profit tax in the interim periods is accrued using a tax rate that would be applicable to expected total annual earnings.

Application of new IFRS

A number of amendments to current IFRS and new IFRIC became effective for the periods beginning on or after 1 January 2014:

- Amendments to IAS 32 “Financial Instruments: Presentation” regarding offsetting rules.
- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other entities” and IAS 27 “Separate Financial Statements” in respect of investment entities.
- Amendments to IAS 36 “Impairment of Assets” regarding additional disclosure.
- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” (“IAS 39”) regarding novation of derivatives and hedge accounting.
- IFRIC 21 “Levies”, Annual improvements 2013.

The Group has applied amended standards and new IFRIC while preparing this consolidated interim condensed financial information. It has no significant impact on the Group’s consolidated interim condensed financial information.

Standards, Amendments and Interpretations to existing Standards that are not yet effective and have not been early adopted by the Group

Certain new standards, amendments and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 October 2014. In particular the Group has not early adopted:

- The amendments to IFRS 11 “Joint Arrangements” (issued in May 2014 and effective for annual periods beginning on or after 1 January 2016) on accounting for acquisitions of interests in joint operations. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.
- The amendment to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets” (issued in May 2014 and effective for annual periods beginning on or after 1 January 2016) on clarification of acceptable methods of depreciation and amortization. In this amendment the IASB clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.
- Disclosure Initiative Amendments to IAS 1 “Presentation of Financial Statements” (issued in December 2014 and effective for annual periods beginning on or after 1 January 2016). The standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The standard also provides new guidance on subtotals in financial statements.
- IFRS 15 “Revenue from Contracts with Customers” (issued in May 2014 and effective for annual periods beginning on or after 1 January 2017). The new standard introduces the core principle that revenue must be recognized when the goods and services are transferred to the customer, at the transaction price. Any bundled goods and services that are distinct must be separately recognized, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognized if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be recognized as an asset and amortized over the period when the benefits of the contract are consumed.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

- IFRS 9 “Financial Instruments” (“IFRS 9”) (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018). IFRS 9 replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortized cost. The decision is to be made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 or continuing to apply IAS 39 to all hedging instruments because the standard currently does not address accounting for macro hedging.

The Group is currently assessing the impact of the amendments on its financial position and results of operation.

5 SEGMENT INFORMATION

The Group operates as a vertically integrated business with substantially all external gas sales generated by the Distribution segment.

The Board of Directors and Management Committee of OAO Gazprom (chief operating decision maker (CODM)) provide general management of the Group, an assessment of the operating results and allocate resources using different internal financial information.

Based on that the following reportable segments within the Group were determined:

- Production of gas – exploration and production of gas;
- Transport – transportation of gas;
- Distribution – sales of gas within the Russian Federation and abroad;
- Gas storage – storage of extracted and purchased gas in underground gas storages;
- Production of crude oil and gas condensate – exploration and production of oil and gas condensate, sales of crude oil and gas condensate;
- Refining – processing of oil, gas condensate and other hydrocarbons, and sales of refined products; and
- Electric and heat energy generation and sales.

Other activities have been included within “All other segments” column.

The inter-segment sales mainly consist of:

- Production of gas – sales of gas to the Distribution and Refining segments;
- Transport – rendering transportation services to the Distribution segment;
- Distribution – sales of gas to the Transport segment for own needs and to the Electric and heat energy generation and sales segment;
- Gas storage – sales of gas storage services to the Distribution segment;
- Production of crude oil and gas condensate – sales of oil and gas condensate to the Refining segment for further processing; and
- Refining – sales of refined hydrocarbon products to other segments.

Internal transfer prices, mostly for Production of gas, Transport and Gas storage segments, are established by the management of the Group with the objective of providing specific funding requirements of the individual subsidiaries within each segment.

The CODM assesses the performance, assets and liabilities of the operating segments based on the internal financial reporting. The effects of certain non-recurring transactions and events, such as business acquisitions, and the effects of some adjustments that may be considered necessary to reconcile the internal financial information to IFRS consolidated financial statements are not included within the operating segments which are reviewed by the CODM on a central basis. Gains and losses on available-for-sale financial assets, and financial income and expenses are also not allocated to the operating segments.

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 SEPTEMBER 2014
(In millions of Russian Roubles)

5 SEGMENT INFORMATION (continued)

	Production of gas	Transport	Distribution	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
Nine months ended 30 September 2014									
Total segment revenues	491,332	718,370	2,236,308	32,599	537,074	1,234,156	291,941	149,987	5,691,767
Inter-segment sales	479,084	593,091	164,152	30,713	384,680	7,646	-	-	1,659,366
External sales	12,248	125,279	2,072,156	1,886	152,394	1,226,510	291,941	149,987	4,032,401
Segment result	26,718	54,610	501,542	7,061	59,606	201,296	18,776	(27,228)	842,381
Depreciation	104,824	281,592	10,759	13,880	56,413	30,741	27,730	21,828	547,767
Share of net income (loss) of associated undertakings and joint ventures	2,963	8,256	7,902	(80)	47,641	2,167	(21)	2,665	71,493
Nine months ended 30 September 2013									
Total segment revenues	472,069	692,342	2,277,206	28,029	511,010	1,009,826	250,972	162,871	5,404,325
Inter-segment sales	465,889	571,615	159,001	26,771	355,581	7,735	-	-	1,586,592
External sales	6,180	120,727	2,118,205	1,258	155,429	1,002,091	250,972	162,871	3,817,733
Segment result	41,766	62,875	653,706	5,108	80,550	132,347	32,666	(15,169)	993,849
Depreciation	99,785	276,406	9,538	11,401	54,762	28,721	18,011	15,219	513,843
Share of net income (loss) of associated undertakings and joint ventures	1,452	860	7,685	43	17,728	(1,295)	-	9,326	35,799
Three months ended 30 September 2014									
Total segment revenues	153,895	246,956	529,512	12,198	168,064	435,119	73,258	46,830	1,665,832
Inter-segment sales	149,334	204,398	36,340	11,580	120,468	2,241	-	-	524,361
External sales	4,561	42,558	493,172	618	47,596	432,878	73,258	46,830	1,141,471
Segment result	12,333	26,683	185,958	3,239	12,896	98,799	(5,213)	(10,528)	324,167
Depreciation	35,028	93,698	3,083	4,569	20,310	10,091	9,885	6,872	183,536
Share of net income (loss) of associated undertakings and joint ventures	954	5,569	1,779	(96)	13,379	469	(32)	1,587	23,609
Three months ended 30 September 2013									
Total segment revenues	160,790	238,464	680,640	9,974	188,214	364,794	71,406	54,112	1,768,394
Inter-segment sales	158,947	198,232	46,515	9,345	132,574	2,346	-	-	547,959
External sales	1,843	40,232	634,125	629	55,640	362,448	71,406	54,112	1,220,435
Segment result	20,388	24,897	137,964	1,588	25,276	46,071	8,540	519	265,243
Depreciation	33,932	91,826	3,093	3,924	13,118	10,667	6,048	4,964	167,572
Share of net income (loss) of associated undertakings and joint ventures	725	105	1,448	(58)	15,177	680	-	4,918	22,995

OA O GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 SEPTEMBER 2014
(In millions of Russian Roubles)

5 SEGMENT INFORMATION (continued)

A reconciliation of total reportable segments' results to total profit before profit tax in consolidated interim condensed statement of comprehensive income is provided as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2014	2013	2014	2013
Segment result for reportable segment	334,695	264,724	869,609	1,009,018
Other segments' result	(10,528)	519	(27,228)	(15,169)
Segment result	324,167	265,243	842,381	993,849
Difference in depreciation*	67,239	67,475	202,686	202,936
Expenses associated with pension obligations	(2,942)	(3,079)	(7,303)	(10,241)
Net finance (expense) income	(259,310)	2,163	(312,254)	(121,815)
(Losses) gains on disposal of available-for-sale financial assets	(955)	76	(981)	92
Share of net income of associated undertakings and joint ventures	23,609	22,995	71,493	35,799
Derivatives (losses) gains	(2,033)	5,453	(11,487)	5,481
Charity and financial aid	(5,138)	(2,832)	(17,840)	(10,511)
Other	(22,342)	(2,362)	(9,836)	1,386
Profit before profit tax	122,295	355,132	756,859	1,096,976

* The difference in depreciation relates to adjustments of statutory fixed assets to comply with IFRS, such as reversal of revaluation of fixed assets recorded under Russian statutory accounting or accounting for historical hyperinflation which is not recorded under statutory accounting.

A reconciliation of reportable segments' external sales to sales in consolidated interim condensed statement of comprehensive income is provided as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2014	2013	2014	2013
External sales for reportable segments	1,094,641	1,166,323	3,882,414	3,654,862
External sales for other segments	46,830	54,112	149,987	162,871
Total external segment sales	1,141,471	1,220,435	4,032,401	3,817,733
Differences in external sales*	(7,881)	(15,889)	(24,879)	(45,065)
Total sales per the consolidated interim condensed statement of comprehensive income	1,133,590	1,204,546	4,007,522	3,772,668

* The difference in external sales relates to adjustments of statutory sales to comply with IFRS, such as netting of sales of materials to subcontractors recorded under Russian statutory accounting and other adjustments.

Substantially all of the Group's operating assets are located in the Russian Federation. Segment assets consist primarily of property, plant and equipment, accounts receivable and prepayments, investments in associated undertakings and joint ventures, and inventories. Cash and cash equivalents, restricted cash, VAT recoverable, financial assets and other current and non-current assets are not considered to be segment assets but rather are managed on a central basis.

	Production of gas	Transport	Distribu- tion	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
30 September 2014									
Segment assets	2,112,290	5,235,944	1,399,240	233,337	1,723,008	1,256,887	825,098	697,627	13,483,431
Investments in associated undertakings and joint ventures	38,777	121,911	51,350	6,951	258,918	19,483	411	116,141	613,942
Capital additions*	141,382	263,896	12,690	6,338	161,861	74,644	51,199	24,083	736,093
31 December 2013									
Segment assets	2,051,204	5,271,761	1,394,112	242,198	1,585,429	1,121,301	798,781	669,682	13,134,468
Investments in associated undertakings and joint ventures	31,032	74,292	73,339	6,090	228,612	17,575	439	118,305	549,684
Capital additions**	257,407	380,547	36,085	23,524	223,557	113,254	77,191	102,285	1,213,850

* Capital additions for the nine months ended 30 September 2014.

** Capital additions for the year ended 31 December 2013.

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5 SEGMENT INFORMATION (continued)

Reportable segments' assets are reconciled to total assets in consolidated interim condensed balance sheet as follows:

	30 September 2014	31 December 2013
Segment assets for reportable segments	12,785,804	12,464,786
Other segments' assets	<u>697,627</u>	<u>669,682</u>
Total segment assets	13,483,431	13,134,468
Differences in property, plant and equipment, net*	(1,395,716)	(1,600,509)
Loan interest capitalised	434,536	378,792
Decommissioning costs	75,279	75,886
Cash and cash equivalents	753,767	689,130
Restricted cash	1,610	401
Short-term financial assets	11,637	24,502
VAT recoverable	231,140	341,315
Other current assets	327,960	205,572
Available-for-sale long-term financial assets	190,312	168,904
Goodwill	151,144	151,189
Other non-current assets	270,831	326,352
Inter-segment assets	(709,585)	(671,612)
Other	<u>225,778</u>	<u>211,846</u>
Total assets per the consolidated interim condensed balance sheet	14,052,124	13,436,236

* The difference in property, plant and equipment relates to adjustments of statutory fixed assets to comply with IFRS, such as reversal of revaluation of fixed assets recorded under Russian statutory accounting or accounting for historical hyperinflation which is not recorded under statutory accounting.

Segment liabilities mainly comprise operating liabilities. Profit tax payable, deferred tax liabilities, provisions for liabilities and charges, short-term and long-term borrowings, including current portion of long-term borrowings, short-term and long-term promissory notes payable and other non-current liabilities are managed on a central basis.

	Production of gas	Transport	Distribu- tion	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy genera- tion and sales	All other segments	Total
Segment liabilities									
30 September 2014	119,984	211,998	525,555	7,321	252,828	291,423	54,241	115,755	1,579,105
31 December 2013	155,578	290,678	534,370	9,599	225,777	287,677	49,088	125,339	1,678,106

Reportable segments' liabilities are reconciled to total liabilities in consolidated interim condensed balance sheet as follows:

	30 September 2014	31 December 2013
Segment liabilities for reportable segments	1,463,350	1,552,767
Other segments' liabilities	<u>115,755</u>	<u>125,339</u>
Total segments liabilities	1,579,105	1,678,106
Current profit tax payable	6,270	17,750
Short-term borrowings, promissory notes and current portion of long-term borrowings	330,965	331,926
Long-term borrowings and promissory notes	1,687,929	1,470,002
Provisions for liabilities and charges	344,407	330,580
Deferred tax liabilities	607,289	558,869
Other non-current liabilities	39,043	50,966
Dividends	7,353	3,791
Inter-segment liabilities	(709,585)	(671,612)
Other	<u>104,991</u>	<u>31,504</u>
Total liabilities per the consolidated interim condensed balance sheet	3,997,767	3,801,882

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6 CASH AND CASH EQUIVALENTS

Balances included within cash and cash equivalents in the consolidated interim condensed balance sheet represent cash on hand, balances with banks and term deposits with original maturity of three months or less.

	30 September 2014	31 December 2013
Cash on hand and bank balances payable on demand	623,086	568,663
Term deposits with original maturity of three months or less	<u>130,681</u>	<u>120,467</u>
	753,767	689,130

7 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30 September 2014	31 December 2013
Trade receivables	621,446	751,219
Prepayments and advances	108,057	105,741
Other receivables	<u>224,355</u>	<u>175,066</u>
	953,858	1,032,026

Accounts receivable and prepayments are presented net of impairment provision of RR 490,108 and RR 334,141 as of 30 September 2014 and 31 December 2013, respectively.

Accounts receivable due from NAK Naftogaz Ukraine in relation to gas sales are RR 122,098 and RR 90,267 net of impairment provision of RR 86,616 and nil as of 30 September 2014 and 31 December 2013, respectively. In the three months ended 30 September 2014 impairment provision was partially released due to partial payments by NAK Naftogaz Ukraine (see Note 17).

8 INVENTORIES

Inventories are presented net of provision for obsolescence of RR 4,835 and RR 4,895 as of 30 September 2014 and 31 December 2013, respectively.

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9 PROPERTY, PLANT AND EQUIPMENT

	Production assets (including production licenses)	Social assets	Assets under construction	Total
As of 31 December 2012				
Cost	9,788,646	93,181	1,578,379	11,460,206
Accumulated depreciation	<u>(3,478,858)</u>	<u>(32,178)</u>	<u>-</u>	<u>(3,511,036)</u>
Net book value as of 31 December 2012	6,309,788	61,003	1,578,379	7,949,170
Nine months ended 30 September 2013				
Net book value as of 31 December 2012	6,309,788	61,003	1,578,379	7,949,170
Depreciation	(307,706)	(1,963)	-	(309,669)
Additions	48,225	322	750,305	798,852
Acquisition of subsidiaries	109,425	-	18,960	128,385
Translation differences	11,606	2	816	12,424
Transfers	264,613	236	(264,849)	-
Disposals	(10,639)	(256)	(8,919)	(19,814)
Charge for impairment provision	<u>-</u>	<u>-</u>	<u>(183)</u>	<u>(183)</u>
Net book value as of 30 September 2013	6,425,312	59,344	2,074,509	8,559,165
Three months ended 31 December 2013				
Net book value as of 30 September 2013	6,425,312	59,344	2,074,509	8,559,165
Depreciation	(107,834)	(653)	-	(108,487)
Additions	52,233	88	461,975	514,296
Acquisition of subsidiaries	2,688	-	-	2,688
Translation differences	5,653	-	639	6,292
Transfers	701,755	2,455	(704,210)	-
Disposals	(23,743)	(4)	(10,256)	(34,003)
Release of impairment provision	<u>-</u>	<u>-</u>	<u>137</u>	<u>137</u>
Net book value as of 31 December 2013	7,056,064	61,230	1,822,794	8,940,088
As of 31 December 2013				
Cost	10,942,398	94,737	1,822,794	12,859,929
Accumulated depreciation	<u>(3,886,334)</u>	<u>(33,507)</u>	<u>-</u>	<u>(3,919,841)</u>
Net book value as of 31 December 2013	7,056,064	61,230	1,822,794	8,940,088
Nine months ended 30 September 2014				
Net book value as of 31 December 2013	7,056,064	61,230	1,822,794	8,940,088
Depreciation	(344,901)	(1,964)	-	(346,865)
Additions	67,427	121	734,658	802,206
Acquisition of subsidiaries	9,406	-	396	9,802
Translation differences	42,648	15	3,936	46,599
Transfers	291,665	1,472	(293,137)	-
Disposals	(16,269)	(880)	(9,755)	(26,904)
Charge for impairment provision	<u>-</u>	<u>-</u>	<u>(77)</u>	<u>(77)</u>
Net book value as of 30 September 2014	7,106,040	59,994	2,258,815	9,424,849
As of 30 September 2014				
Cost	11,343,474	94,835	2,258,815	13,697,124
Accumulated depreciation	<u>(4,237,434)</u>	<u>(34,841)</u>	<u>-</u>	<u>(4,272,275)</u>
Net book value as of 30 September 2014	7,106,040	59,994	2,258,815	9,424,849

Production assets are shown net of provision for impairment of RR 54,047 as of 30 September 2014 and 31 December 2013. Assets under construction are presented net of provision for impairment of RR 42,873 and RR 42,873 as of 30 September 2014 and 31 December 2013, respectively.

Included in the property, plant and equipment are social assets (such as rest houses, housing, schools and medical facilities) vested to the Group at privatisation with a net book value of RR 372 and RR 463 as of 30 September 2014 and 31 December 2013, respectively.

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10 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINT VENTURES

Notes			Carrying value as of		Share of the income (loss) of associated undertakings and joint ventures for the nine months ended	
			30 September 2014	31 December 2013	30 September 2014	30 September 2013
23	OA O NGK Slavneft and its subsidiaries	Joint venture	123,419	126,976	2,344	(20,746)
23	Gazprombank Group	Associate	100,298	100,612	1,971	8,649
23,24	Sakhalin Energy Investment Company Ltd.	Associate	61,551	67,868	43,760	33,344
23	OOO Yamal razvitie and its subsidiaries*	Joint venture	60,057	24,165	(1,966)	(86)
23,24	Nord Stream AG	Joint venture	37,003	43,851	6,435	1,126
	South Stream Transport B.V. and its subsidiaries	Joint venture	33,700	7,081	(2,174)	-
23	WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries **	Associate	27,767	-	3,684	-
	Shtokman Development AG	Joint venture	27,378	23,216	(510)	(175)
23,24	SGT EuRoPol GAZ S.A.	Associate	20,821	18,802	116	(350)
23	W & G Beteiligungs-GmbH & Co. KG and its subsidiaries**	Associate	16,311	40,302	1,038	2,761
23	ZAO Achimgaz	Joint venture	15,025	9,956	5,069	2,821
	Wintershall AG	Associate	12,639	11,528	(19)	1,567
23	TOO KazRosGaz	Joint venture	12,261	9,819	4,808	3,085
23	ZAO Nortgaz	Joint venture	5,613	2,258	3,355	378
23	AO Latvijas Gaze	Associate	5,252	4,959	222	210
23	AO Gasum	Associate	5,161	4,515	356	243
23	AO Lietuvos dujos***	Associate	-	1,359	491	182
	AO Amber Grid***	Associate	-	1,206	60	(5)
	Other (net of provision for impairment of RR 1,929 as of 30 September 2014 and 31 December 2013)		<u>49,686</u>	<u>51,211</u>	<u>2,453</u>	<u>2,795</u>
			613,942	549,684	71,493	35,799

* OOO Yamal razvitie is a holder of 51% share in OOO SeverEnergiya. Artic Russia B.V. owns the remaining 49% interest in OOO SeverEnergiya. In March 2014 OOO Yamal razvitie acquired additional 20% interest in Artic Russia B.V. for USD 980 million. As a result of the transaction, the Group's effective interest in OOO SeverEnergiya increased from 38.46% to 43.15%. In April 2014 the Group provided loans to OOO Yamal razvitie in the amount of USD 980 million to finance this acquisition. The loans will form the Group's contribution in equity of OOO Yamal razvitie upon completion of the restructuring of this joint venture.

** In May 2014 the shares in all gas transportation companies that belonged to W&G Beteiligungs-GmbH & Co. KG were transferred to WIGA Transport Beteiligungs-GmbH & Co. KG. As of 30 September 2014 WIGA Transport Beteiligungs-GmbH & Co. KG forms an independent subgroup of associated undertakings.

*** In accordance with the provisions of the Third Energy Package of the European Union regarding the split between the gas transmission and distribution activities in August 2013 AO Lietuvos dujos transferred assets, liabilities and rights related to gas transportation to AO Amber Grid, an associate of the Group. In June 2014 the Group sold its 37% interests in associates, AO Lietuvos dujos and AO Amber Grid, to companies controlled by the Republic of Lithuania for Euro 121 million.

The Group's share of income of associated undertakings and joint ventures for the nine months ended 30 September 2013 includes additional expense of RR 25,961 recognized for OA O NGK Slavneft and its subsidiaries as a result of a one-time adjustment in the first quarter of 2013 to correct the prior understatement of depreciation on the basis difference for property, plant and equipment since the Group's acquisition of interest in OA O NGK Slavneft.

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10 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (continued)

Summarized financial information on the Group's principal associated undertakings and joint ventures is presented in tables below. The financial information may be different from information in the financial statements of the associated company or joint venture prepared and presented in accordance with IFRS, due to adjustments required in application of equity method of accounting, such as fair value adjustments on identifiable assets and liabilities at the date of acquisition and adjustments on differences in accounting policies.

The values, disclosed in the tables, represent total assets, liabilities, revenues, income (loss) of the Group's principal associated undertakings and joint ventures and not the Group's share.

The differences between the carrying value of investments in associated undertakings and joint ventures and the calculated Group's share in their net assets are mostly attributable to translation differences.

	Percent of share capital held	Country of primary operations	As of 30 September 2014		For the nine months ended 30 September 2014	
			Assets	Liabilities	Revenues	Income (loss)
Gazprombank Group*	37%	Russia	3,923,061	3,636,721	117,281	5,328
Sakhalin Energy Investment Company Ltd.**	50%	Russia	775,419	606,480	220,612	87,519
OOO Yamal razvitie and its subsidiaries	50%	Russia	406,718	284,311	18,950	(8,931)
Nord Stream AG***	51%	Russia, Germany	386,279	288,518	38,757	12,646
OA OGAZPROM Slavneft and its subsidiaries	50%	Russia	378,030	141,406	156,311	4,707
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries	50%	Germany	175,800	120,243	7,656	6,968
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	50%	Germany	139,925	102,379	452,384	14,161
South Stream Transport B.V. and its subsidiaries****	50%	Russia, Bulgaria	98,368	27,741	13	(1,457)
AO Gasum	25%	Finland	69,319	45,862	36,968	630
SGT EuRoPol GAZ S.A.	48%	Poland	53,607	10,231	9,972	243
Wintershall AG*****	49%	Libya	53,017	30,649	2,339	(38)
ZAO Nortgaz	50%	Russia	49,728	36,855	21,033	6,709
ZAO Achimgaz	50%	Russia	43,640	12,478	14,642	10,135
Shtokman Development AG***	75%	Russia	42,623	2,285	-	(680)
TOO KazRosGaz	50%	Kazakhstan	31,040	6,519	26,740	9,615
AO Latvijas Gaze	34%	Latvia	27,862	10,523	16,049	653
AO Lietuvos dujos*****	37%	Lithuania	-	-	8,917	1,325
AO Amber Grid*****	37%	Lithuania	-	-	1,059	163

* Presented revenue of Gazprombank Group includes revenue of media business, machinery business and other non-banking companies.

** Country of incorporation is Bermuda Islands.

*** Country of incorporation is Switzerland.

**** Country of incorporation is the Netherlands.

***** Country of incorporation is Germany.

***** The revenue and profit of AO Lietuvos dujos and AO Amber Grid for the nine months ended 30 September 2014 are disclosed until the date of disposal of interests in these associates.

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10 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (continued)

	Percent of share capital held	Country of primary operations	As of 30 September 2013		For the nine months ended 30 September 2013	
			Assets	Liabilities	Revenues	Income (loss)
Gazprombank Group*	38%	Russia	3,256,662	2,986,337	103,052	22,955
Sakhalin Energy Investment Company Ltd**	50%	Russia	671,812	488,769	177,347	66,686
ОАО NGK Slavneft and its subsidiaries	50%	Russia	377,833	134,256	145,379	(46,494)
Nord Stream AG***	51%	Russia, Germany	343,682	251,716	25,566	2,209
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	50%	Germany	271,456	192,936	386,484	11,492
ООО Yamal razvitie and its subsidiaries	50%	Russia	205,572	110,631	11,184	(335)
SGT EuRoPol GAZ S.A.	48%	Poland	47,350	10,326	8,120	(336)
Wintershall AG****	49%	Libya	44,361	23,340	54,394	3,198
ZАО Nortgaz	50%	Russia	37,810	33,150	6,380	920
Shtokman Development AG***	75%	Russia	33,442	2,107	-	(233)
АО Gasum	25%	Finland	31,915	14,878	35,300	914
ZАО Achimgaz	50%	Russia	27,344	8,720	8,392	5,625
АО Latvijas Gaze	34%	Latvia	27,072	13,567	17,205	614
ТОО KazRosGaz	50%	Kazakhstan	17,288	1,047	20,680	6,169
АО Amber Grid	37%	Lithuania	11,647	6,539	332	(15)
АО Lietuvos dujos	37%	Lithuania	9,402	4,064	13,198	489

* Presented revenue of Gazprombank Group includes revenue of media business, machinery business and other non-banking companies.

** Country of incorporation is Bermuda Islands.

*** Country of incorporation is Switzerland.

**** Country of incorporation is Germany.

The estimated fair values of investments in associated undertakings and joint ventures for which there are published price quotations were as follows:

	30 September 2014	31 December 2013
АО Latvijas Gaze	6,347	5,702
АО Lietuvos dujos	-	3,065
АО Amber Grid	-	2,170

11 LONG-TERM ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30 September 2014	31 December 2013
Long-term accounts receivable and prepayments	180,047	160,957
Advances for assets under construction	<u>264,751</u>	<u>276,392</u>
	444,798	437,349

Long-term accounts receivable and prepayments are presented net of impairment provision of RR 24,518 and RR 14,670 as of 30 September 2014 and 31 December 2013, respectively.

12 OTHER NON-CURRENT ASSETS

Included within other non-current assets is VAT recoverable related to assets under construction totalling RR 76,308 and RR 74,711 as of 30 September 2014 and 31 December 2013, respectively.

Other non-current assets include net pension assets in the amount of RR 29,858 and RR 111,160 as of 30 September 2014 and 31 December 2013, respectively (see Note 20).

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13 LONG-TERM BORROWINGS AND PROMISSORY NOTES

	Currency	Final maturity	30 September 2014	31 December 2013
Long-term borrowings and promissory notes payable to:				
Loan participation notes issued in April 2009 ²	US dollar	2019	92,218	74,927
Mizuho Bank Ltd. ¹	US dollar	2019	84,735	-
Loan participation notes issued in July 2012 ²	Euro	2017	71,375	64,849
Loan participation notes issued in October 2007 ²	Euro	2018	62,433	57,108
Loan participation notes issued in November 2013 ⁷	US dollar	2023	60,291	49,364
Loan participation notes issued in September 2012 ⁷	US dollar	2022	59,159	49,697
Loan participation notes issued in November 2006 ²	US dollar	2016	54,355	44,482
Loan participation notes issued in March 2007 ²	US dollar	2022	51,425	43,425
Loan participation notes issued in May 2005 ²	Euro	2015	50,932	46,511
Loan participation notes issued in March 2013 ²	Euro	2020	50,858	46,164
Loan participation notes issued in August 2007 ²	US dollar	2037	49,682	42,030
Loan participation notes issued in April 2004 ²	US dollar	2034	48,996	39,868
Loan participation notes issued in July 2013 ²	Euro	2018	45,269	41,129
Loan participation notes issued in April 2008 ²	US dollar	2018	44,992	36,654
Loan participation notes issued in July 2009 ²	Euro	2015	44,720	41,041
Loan participation notes issued in November 2011 ²	US dollar	2016	40,080	32,900
Loan participation notes issued in November 2010 ²	US dollar	2015	40,066	32,877
Loan participation notes issued in July 2012 ²	US dollar	2022	39,777	33,458
Loan participation notes issued in February 2014 ²	Euro	2021	38,267	-
Loan participation notes issued in April 2013 ⁷	Euro	2018	37,934	34,398
Loan participation notes issued in June 2007 ²	Euro	2014	36,689	31,766
Loan participation notes issued in February 2013 ²	US dollar	2028	35,716	30,044
Loan participation notes issued in February 2013 ²	US dollar	2020	31,695	26,589
Loan participation notes issued in September 2013 ²	GBP	2020	29,884	27,198
Commerzbank AG	US dollar	2018	27,696	23,026
ZAO Mizuho Corporate Bank (Moscow) ¹	US dollar	2016	27,453	28,606
Loan participation notes issued in March 2007 ²	Euro	2017	26,217	22,686
Loan participation notes issued in November 2006 ²	Euro	2017	25,655	23,387
Loan participation notes issued in March 2013 ²	Euro	2025	25,556	23,254
Loan participation notes issued in November 2011 ²	US dollar	2021	23,900	20,155
Loan participation notes issued in October 2013 ²	CHF	2019	21,259	18,444
OA O Sberbank of Russia	Rouble	2017	19,797	-
The Royal Bank of Scotland AG ¹	US dollar	2015	18,676	16,339
BNP Paribas SA ¹	Euro	2022	17,468	16,550
Bank of Tokyo-Mitsubishi UFJ Ltd. ¹	US dollar	2016	16,723	18,528
Deutsche Bank AG	US dollar	2016	15,853	13,327
Alfa-Bank (Joint-stock Company) ¹¹	US dollar	2016	15,762	-
Russian bonds issued in November 2013 ³	Rouble	2043	15,426	15,102
Russian bonds issued in November 2013 ³	Rouble	2043	15,426	15,102
Russian bonds issued in February 2013 ⁹	Rouble	2016	15,123	15,404
GK Vnesheconombank	Rouble	2025	12,895	14,698
Sumitomo Mitsui Finance Dublin Limited	US dollar	2016	12,641	10,504
Credit Agricole CIB	Euro	2015	12,009	10,813
Banc of America Securities Limited	US dollar	2018	12,003	9,894
Deutsche Bank AG	US dollar	2014	11,912	9,899
Bank of Tokyo-Mitsubishi UFJ Ltd.	US dollar	2016	11,828	9,830
Bank of Tokyo-Mitsubishi UFJ Ltd.	US dollar	2015	11,817	9,874
OA O Sberbank of Russia	Euro	2017	11,268	10,145
HSBC Bank plc	Euro	2022	11,004	10,443
Russian bonds issued in April 2009 ⁷	Rouble	2019	10,377	10,173
Russian bonds issued in December 2012 ⁷	Rouble	2022	10,277	10,065
Citibank International plc ¹	US dollar	2021	10,181	9,020
Russian bonds issued in February 2011 ⁷	Rouble	2021	10,137	10,358

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13 LONG-TERM BORROWINGS AND PROMISSORY NOTES (continued)

	Currency	Final maturity	30 September 2014	31 December 2013
Russian bonds issued in February 2011 ⁷	Rouble	2021	10,130	10,342
Russian bonds issued in February 2011 ⁷	Rouble	2016	10,130	10,342
Russian bonds issued in February 2012 ⁷	Rouble	2022	10,127	10,332
UniCredit Bank AG ^{1,6}	US dollar	2018	10,096	11,220
Russian bonds issued in February 2013 ⁹	Rouble	2017	10,083	10,271
ОАО Росселкхозбанк	Rouble	2019	10,000	-
Газпромбанк (Joint-stock Company) ¹⁰	Rouble	2018	10,000	10,000
Газпромбанк (Joint-stock Company) ¹⁰	Rouble	2017	10,000	10,000
UniCredit Bank AG ^{1,6}	Euro	2018	9,233	11,116
Bank of America Securities Limited	Euro	2017	9,139	8,143
ОАО Сбербанк of Russia	Rouble	2016	8,300	-
ОАО ВТБ Bank	Rouble	2018	8,250	3,750
UniCredit Bank AG	US dollar	2018	7,936	6,548
Deutsche Bank AG	US dollar	2014	7,902	6,566
Газпромбанк (Joint-stock Company) ¹⁰	US dollar	2016	7,877	-
ОАО Сбербанк of Russia	Rouble	2016	7,400	7,400
Banc of America Securities Limited	US dollar	2016	7,093	5,895
Газпромбанк (Joint-stock Company) ¹⁰	US dollar	2015	6,735	-
ОАО ВТБ Bank	US dollar	2016	6,515	-
BNP Paribas SA ¹	Euro	2023	6,434	6,536
ОАО Сбербанк of Russia	US dollar	2018	5,957	4,915
ОАО Сбербанк of Russia	Rouble	2015	5,503	-
Russian bonds issued in February 2013 ⁹	Rouble	2018	5,041	5,126
ОАО Bank ROSSIYA	Rouble	2017	5,000	-
ОАО Bank ROSSIYA	Rouble	2016	5,000	5,000
Russian bonds issued in December 2009 ⁵	Rouble	2014	4,729	5,038
Газпромбанк (Joint-stock Company) ¹⁰	US dollar	2015	2,509	2,085
UniCredit Bank AG ^{1,6}	Rouble	2018	2,351	3,145
Deutsche Bank AG	US dollar	2014	1,418	2,346
White Nights Finance B.V.	US dollar	2014	-	42,682
Loan participation notes issued in July 2009 ²	US dollar	2014	-	42,297
Loan participation notes issued in October 2006 ²	Euro	2014	-	36,575
Natixis SA ¹	US dollar	2014	-	23,933
ОАО ВТБ Bank	US dollar	2014	-	22,974
Russian bonds issued in February 2007 ³	Rouble	2014	-	5,138
Russian bonds issued in June 2009 ³	Rouble	2014	-	5,013
Eurofert Trading Limited llc ⁴	Rouble	2014	-	3,600
ОАО ВТБ Bank	Rouble	2014	-	708
Russian bonds issued in July 2009 ⁸	Rouble	2014	-	126
Other long-term borrowings and promissory notes	Various	Various	90,712	91,076
Total long-term borrowings and promissory notes			1,979,487	1,762,343
Less: current portion of long-term borrowings			(291,558)	(292,341)
			1,687,929	1,470,002

¹ Loans received from syndicate of banks, named lender is the bank-agent.

² Issuer of these bonds is Gaz Capital S.A.

³ Issuer of these bonds is ОАО Газпром.

⁴ Issuer of these notes is ОАО WGC-2.

⁵ Issuer of these bonds is ОАО Мосэнерго.

⁶ Loans were obtained for development of Yuzhno-Russkoye oil and gas field.

⁷ Issuer of these bonds is ОАО Газпром нефть.

⁸ Issuer of these bonds is ОАО TGC-1.

⁹ Issuer of these bonds is ООО Газпром капитал.

¹⁰ In December 2014 ОАО Газпромбанк was renamed into Газпромбанк (Joint-stock Company).

¹¹ In January 2015 ОАО Alfa-Bank was renamed into Alfa-Bank (Joint-stock Company).

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13 LONG-TERM BORROWINGS AND PROMISSORY NOTES (continued)

Due for repayment:	30 September 2014	31 December 2013
Between one and two years	279,933	242,531
Between two and five years	775,241	640,741
After five years	<u>632,755</u>	<u>586,730</u>
	1,687,929	1,470,002

Long-term borrowings include fixed rate loans with a carrying value of RR 1,549,410 and RR 1,427,690 and fair value of RR 1,557,529 and RR 1,500,542 as of 30 September 2014 and as of 31 December 2013, respectively. All other long-term borrowings have variable interest rates generally linked to LIBOR, and carrying value of these liabilities approximates their fair value.

As of 30 September 2014 and 31 December 2013 according to the project facility agreement, signed within the framework of the development project of Yuzhno-Russkoe oil and gas field with the group of international financial institutions with UniCredit Bank AG acting as a facility agent, ordinary shares of OAO Severneftegazprom with the pledge value of RR 16,968 and fixed assets with the pledge value of RR 26,210 were pledged to ING Bank N.V. (London branch) up to the date of full redemption of the liabilities on this agreement. As of 30 September 2014 and 31 December 2013 carrying amount of these fixed assets is RR 23,854 and RR 24,614, respectively. Management of the Group does not expect any substantial consequences to occur which relate to respective pledge agreement.

As of 30 September 2014 loan participation notes with the nominal value of RR 47,264 issued by Gaz Capital S.A. in April 2004 due in 2034 were classified as long-term borrowings as the noteholders did not execute the right of early redemption.

Under the terms of the Russian bonds with the nominal value of RR 10,000 issued by OAO Gazprom neft in February 2012 due in 2022 bondholders can execute the right of early redemption in February 2015 at par, including interest accrued. As of 30 September 2014 these loan participation notes were classified as current portion of long-term borrowings.

Under the terms of the Russian bonds with the nominal value of RR 10,000 issued by OAO Gazprom neft in December 2012 due in 2022 bondholders can execute the right of early redemption in December 2017 at par, including interest accrued.

Under the terms of the Russian bonds with the nominal value of RR 10,000 issued by OAO Gazprom neft in February 2011 due in 2021 bondholders can execute the right of early redemption in February 2016 at par, including interest accrued.

Under the terms of the Russian bonds with the nominal value of RR 10,000 issued by OAO Gazprom neft in February 2011 due in 2021 bondholders can execute the right of early redemption in February 2018 at par, including interest accrued.

Under the terms of the Russian bonds with the nominal value of RR 10,000 issued by OAO Gazprom neft in April 2009 due in 2019 bondholders can execute the right of early redemption in April 2018 at par, including interest accrued.

The Group has no subordinated debt and no debt that may be converted into an equity interest in the Group.

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14 PROFIT TAX

Profit tax is recognized based on the estimated average annual effective profit tax rate applied to the profit before tax for the nine months ended 30 September 2014. Differences between the recognition criteria in Russian statutory taxation regulations and IFRS give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and for profit tax purposes. The tax effect of the movement on these temporary differences is recorded at the applicable statutory rates, including the prevailing rate of 20% in the Russian Federation.

	30 September 2014	Differences recognition and reversals	31 December 2013	30 September 2013	Differences recognition and reversals	31 December 2012
Tax effects of taxable temporary differences:						
Property, plant and equipment	(622,613)	(56,630)	(565,983)	(552,644)	(87,146)	(465,498)
Financial assets	(6,885)	2,788	(9,673)	(9,094)	899	(9,993)
Inventories	(8,404)	(2,792)	(5,612)	(3,682)	(3,825)	143
	<u>(637,902)</u>	<u>(56,634)</u>	<u>(581,268)</u>	<u>(565,420)</u>	<u>(90,072)</u>	<u>(475,348)</u>
Tax effects of deductible temporary differences:						
Tax losses carry forward	13,599	2,898	10,701	220	12	208
Gas price adjustments	7,745	3,033	4,712	8,410	(14,641)	23,051
Other deductible temporary differences	9,269	2,283	6,986	7,814	(471)	8,285
	<u>30,613</u>	<u>8,214</u>	<u>22,399</u>	<u>16,444</u>	<u>(15,100)</u>	<u>31,544</u>
Total net deferred tax liabilities	(607,289)	(48,420)	(558,869)	(548,976)	(105,172)	(443,804)

Taxable temporary differences recognized for the nine months ended 30 September 2014 include the effect of depreciation premium on certain property, plant and equipment. As a result a deferred tax liability related to property, plant and equipment was recognized in the amount of RR 23,741 with the corresponding offsetting credit to the current profit tax expense and therefore no net impact on the consolidated net profit for the nine months ended 30 September 2014.

Taxable temporary differences recognized for the nine months ended 30 September 2013 include the effect of depreciation premium on certain property, plant and equipment. As a result a deferred tax liability related to property, plant and equipment was recognized in the amount of RR 64,691 with the corresponding offsetting credit to the current profit tax expense and therefore no net impact on the consolidated net profit for the nine months ended 30 September 2013.

15 EQUITY

Share capital

Share capital authorised, issued and paid totals RR 325,194 as of 30 September 2014 and 31 December 2013 and consists of 23.7 billion ordinary shares, each with a historical par value of 5 Russian Roubles.

Treasury shares

As of 30 September 2014 and 31 December 2013, subsidiaries of OAO Gazprom held 723 millions of the ordinary shares of OAO Gazprom, which are accounted for as treasury shares. The management of the Group controls the voting rights of these shares.

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16 SALES

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
Gas sales gross of customs duties to customers in:				
Russian Federation	111,834	125,912	552,362	536,925
Former Soviet Union (excluding Russian Federation)	46,858	133,849	367,195	350,258
Europe and other countries	<u>428,659</u>	<u>513,543</u>	<u>1,532,699</u>	<u>1,535,996</u>
	587,351	773,304	2,452,256	2,423,179
Customs duties	(89,618)	(137,336)	(367,852)	(372,224)
Retroactive gas price adjustments*	-	-	-	73,430
Sales of gas	<u>497,733</u>	<u>635,968</u>	<u>2,084,404</u>	<u>2,124,385</u>
Sales of refined products to customers in:				
Russian Federation	267,536	228,122	717,329	596,636
Former Soviet Union (excluding Russian Federation)	21,762	21,478	56,962	59,455
Europe and other countries	<u>143,580</u>	<u>112,848</u>	<u>452,219</u>	<u>346,000</u>
Total sales of refined products	432,878	362,448	1,226,510	1,002,091
Sales of crude oil and gas condensate to customers in:				
Russian Federation	13,117	7,856	35,879	22,568
Former Soviet Union (excluding Russian Federation)	3,855	12,685	12,246	36,245
Europe and other countries	<u>30,624</u>	<u>35,099</u>	<u>104,269</u>	<u>96,616</u>
Total sales of crude oil and gas condensate	47,596	55,640	152,394	155,429
Electric and heat energy sales	73,258	71,406	291,941	250,972
Gas transportation sales	42,558	40,232	125,279	120,727
Other revenues	<u>39,567</u>	<u>38,852</u>	<u>126,994</u>	<u>119,064</u>
Total sales	<u>1,133,590</u>	<u>1,204,546</u>	<u>4,007,522</u>	<u>3,772,668</u>

* Retroactive gas price adjustments relate to gas deliveries in 2010, 2011 and 2012 for which a discount has been agreed or is in the process of negotiations and where it is probable that a discount will be provided. The effects of gas price adjustments, including corresponding impacts on profit tax, are recorded when they become probable and a reliable estimate of the amounts can be made. The effect of retroactive gas price adjustments on sales for the three and nine months ended 30 September 2013 was a credit of RR nil and RR 73,430, respectively reflecting a decrease in a related accrual following estimates made and agreements reached prior to the issuance of this consolidated interim condensed financial information.

17 OPERATING EXPENSES

Note	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
Purchased gas and oil	190,856	188,445	573,784	558,311
23 Taxes other than on income	176,781	174,843	571,173	518,035
Staff costs	128,745	110,760	388,033	345,998
Depreciation	116,297	100,097	345,081	310,907
Transit of gas, oil and refined products	92,785	88,215	284,194	259,517
Cost of goods for resale, including refined products	86,330	37,343	209,641	102,408
Materials	65,286	61,363	198,679	169,244
(Release of) charge for impairment provisions	(80,996)	3,766	138,453	33,947
Repairs and maintenance	48,774	55,907	120,982	133,556
Electricity and heating expenses	17,583	18,211	62,044	57,497
Social expenses	13,309	12,569	29,524	30,790
Rental expenses	9,004	6,091	26,584	18,386
Transportation services	6,595	6,830	22,629	22,239
Insurance expenses	7,072	6,712	19,482	17,673
Research and development expenses	8,527	3,025	17,085	10,516
Processing services	4,540	3,628	13,257	11,734
Derivatives losses (gains)	2,033	(5,453)	11,487	(5,481)
Heat transmission	119	354	180	5,171
Foreign exchange rate differences on operating items	(98,347)	5,246	(101,913)	(37,792)
Other	<u>48,484</u>	<u>52,044</u>	<u>180,866</u>	<u>151,560</u>
	<u>843,777</u>	<u>929,996</u>	<u>3,111,245</u>	<u>2,714,216</u>
Changes in inventories of finished goods, work in progress and other effects	<u>(73,612)</u>	<u>(52,039)</u>	<u>(92,421)</u>	<u>(117,375)</u>
Total operating expenses	<u>770,165</u>	<u>877,957</u>	<u>3,018,824</u>	<u>2,596,841</u>

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17 OPERATING EXPENSES (continued)

Staff costs include RR 8,823 and RR 26,440 of expenses associated with post-employment benefit obligations for the three and nine months ended 30 September 2014, respectively, and RR 8,080 and RR 24,208 for the three and nine months ended 30 September 2013, respectively (see Note 20).

Significant release of impairment provisions for the three months ended 30 September 2014 is primarily related to partial repayments of accounts receivable due from NAK Naftogaz Ukraine in relation to gas sales (see Note 7).

Significant foreign exchange rate differences for the nine months ended 30 September 2014 are primarily related to operating items such as accounts receivable and accounts payable. Foreign exchange losses were recognized as a result of the depreciation of the US dollar and Euro against Russian Rouble during the period of the three months ended 30 June 2014, while foreign exchange gains – as a result of the appreciation of the US dollar and Euro against the Russian Rouble during the periods of the three months ended 31 March and 30 September 2014.

18 FINANCE INCOME AND EXPENSES

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
Foreign exchange gains	329	40,284	150,083	62,252
Interest income	<u>23,704</u>	<u>9,234</u>	<u>39,546</u>	<u>25,767</u>
Total finance income	24,033	49,518	189,629	88,019
Foreign exchange losses	273,056	36,278	470,797	177,652
Interest expense	<u>10,287</u>	<u>11,077</u>	<u>31,086</u>	<u>32,182</u>
Total finance expenses	283,343	47,355	501,883	209,834

Total interest paid amounted to RR 23,296 and RR 86,401 for the three and nine months ended 30 September 2014, respectively, and RR 19,423 and RR 66,854 for the three and nine months ended 30 September 2013, respectively.

Significant foreign exchange gains and losses for the nine months ended 30 September 2014 are primarily related to non-operating items such as foreign denominated borrowings. Foreign exchange gains were recognized as a result of the depreciation of the US dollar and Euro against Russian Rouble during the period of the three months ended 30 June 2014, while foreign exchange losses – as a result of the appreciation of the US dollar and Euro against the Russian Rouble during the periods of the three months ended 31 March and 30 September 2014.

19 BASIC AND DILUTED EARNINGS PER SHARE, ATTRIBUTABLE TO OWNERS OF OAO GAZPROM

Earnings per share have been calculated by dividing the profit, attributable to owners of OAO Gazprom by the weighted average number of shares outstanding during the period, excluding the weighted average number of ordinary shares purchased by the Group and held as treasury shares (see Note 15).

There were 23.0 billion weighted average shares outstanding for the three and nine months ended 30 September 2014, respectively, and 22.9 billion weighted average shares outstanding for the three and nine months ended 30 September 2013, respectively.

There are no dilutive financial instruments outstanding.

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20 PROVISIONS FOR LIABILITIES AND CHARGES

	30 September 2014	31 December 2013
Provision for post-employment benefit obligations	193,495	198,202
Provision for decommissioning and site restoration costs	130,210	120,782
Other	<u>20,702</u>	<u>11,596</u>
	344,407	330,580

The Group operates post-employment benefits, which are recorded in this consolidated interim condensed financial information under IAS 19 (revised) “Employee benefits”. Defined benefit plan covers the majority employees of the Group. These benefits include pension benefits provided by the non-governmental pension fund, NPF Gazfund, and certain post-retirement benefits from the Group provided upon retirement.

The net pension assets related to benefits, provided by the pension plan NPF Gazfund in the amount of RR 29,858 and RR 111,160 as of 30 September 2014 and 31 December 2013, respectively, are presented within other non-current assets in the consolidated interim condensed balance sheet. In accordance with IAS 19 (revised), pension assets are recorded at estimated fair value subject to certain limitations. The pension assets comprise shares of OAO Gazprom, shares of Gazprombank (Joint-stock Company) and other assets held by NPF Gazfund. As of 30 September 2014 and 31 December 2013 management estimated the fair value of these assets at approximately RR 339 billion and RR 429 billion, respectively, which decreased mainly due to the current economic situation of the Russian Federation. Remeasurements of plan assets were recognized in other comprehensive income within Return on assets excluding amounts included in net interest expense.

The amounts associated with post-employment benefit obligations recognized in the consolidated interim condensed balance sheet are as follows:

	30 September 2014		31 December 2013	
	Funded benefits - provided through NPF Gazfund	Unfunded liabilities - other benefits	Funded benefits - provided through NPF Gazfund	Unfunded liabilities - other benefits
Present value of benefit obligations	(309,155)	(193,495)	(318,208)	(198,202)
Fair value of plan assets	<u>339,013</u>	-	<u>429,368</u>	-
Net balance asset (liability)	29,858	(193,495)	111,160	(198,202)

The amounts associated with post-employment benefit obligations recognized in operating expenses are as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Current service cost	7,011	6,006	21,031	18,016
Net interest expense	<u>1,812</u>	<u>2,074</u>	<u>5,409</u>	<u>6,192</u>
Total expenses included in staff costs	8,823	8,080	26,440	24,208

The principal assumptions used for post-employment benefit obligations for the nine months ended 30 September 2014 were the same as those applied for the year ended 31 December 2013 with exception of the discount rate based on interest rates of government securities. The increase in the discount rate from 8% to 9% resulted in recognition of an actuarial gain of RR 1,199 and RR 52,926 in other comprehensive income for the three and nine months ended 30 September 2014.

Remeasurements of post-employment benefit obligations to be recognized in other comprehensive income are as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Actuarial gains	1,199	1,032	52,926	79,505
Return on assets excluding amounts included in net interest expense	<u>(61,259)</u>	<u>(15,165)</u>	<u>(119,449)</u>	<u>(18,015)</u>
Total	(60,060)	(14,133)	(66,523)	61,490

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21 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities is determined as follows:

a) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market closing prices at the reporting date.

b) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using various valuation techniques, primarily based on market or income approach, such as discounted cash flows valuation method. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on Group specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

c) Financial instruments in Level 3

If one or more of the significant inputs in the valuation model used to fair value an instrument is not based on observable market data, the instrument is included in Level 3.

As of 30 September 2014 and 31 December 2013 the Group had the following assets and liabilities that are measured at fair value:

	30 September 2014			Total
	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique with significant non- observable inputs (Level 3)	
Financial assets held for trading:				
Equity securities	293	-	-	293
Bonds	7,148	-	-	7,148
Available-for-sale financial assets:				
Equity securities	2,403	-	-	2,403
Promissory notes	<u>-</u>	<u>1,793</u>	<u>-</u>	<u>1,793</u>
Total short-term financial assets	9,844	1,793	-	11,637
Available-for-sale financial assets:				
Equity securities	131,226	51,786	6,528	189,540
Bonds	81	-	90	171
Promissory notes	<u>-</u>	<u>601</u>	<u>-</u>	<u>601</u>
Total available-for-sale long-term financial assets	131,307	52,387	6,618	190,312
Derivatives	<u>4,348</u>	<u>20,230</u>	<u>62</u>	<u>24,640</u>
Total assets	145,499	74,410	6,680	226,589
Derivatives	<u>6,338</u>	<u>44,423</u>	<u>571</u>	<u>51,332</u>
Total liabilities	6,338	44,423	571	51,332

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21 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	31 December 2013			Total
	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique with significant non- observable inputs (Level 3)	
Financial assets held for trading:				
Equity securities	2,200	14,474	-	16,674
Bonds	5,681	-	-	5,681
Available-for-sale financial assets:				
Promissory notes	-	<u>2,147</u>	-	<u>2,147</u>
Total short-term financial assets	7,881	16,621	-	24,502
Available-for-sale financial assets:				
Equity securities	150,632	11,395	5,958	167,985
Bonds	49	-	-	49
Promissory notes	-	<u>870</u>	-	<u>870</u>
Total available-for-sale long-term financial assets	150,681	12,265	5,958	168,904
Derivatives	<u>527</u>	<u>18,525</u>	<u>591</u>	<u>19,643</u>
Total assets	159,089	47,411	6,549	213,049
Derivatives	<u>439</u>	<u>16,931</u>	<u>437</u>	<u>17,807</u>
Total liabilities	439	16,931	437	17,807

The derivatives include natural gas contracts and are categorised in levels 1, 2 and 3 of the fair value hierarchy. The contracts in level 1 are valued using active market price of identical assets and liabilities. Due to absence of quoted prices or other observable, market-corroborated data the contracts in level 2 are valued using internally developed models that include inputs such as quoted forward prices, time value, volatility factors, current market prices, contractual prices and expected volumes of the underlying instruments. Where necessary, the price curves are extrapolated to the expiry of the contracts using all available external pricing information, historic and long-term pricing relationships. These valuations are categorised in level 3.

There were no transfers between Levels 1, 2 and 3 and changes in valuation techniques during the period. The Group has recognized available-for-sale investments losses in the profit or loss in the amount of RR 73 and RR 2,289 for the three and nine months ended 30 September 2014, respectively, and RR 842 for the three and nine months ended 30 September 2013.

Financial assets held for trading primarily comprise marketable equity and debt securities intended to generate short-term profits through trading.

Available-for-sale long-term financial assets in total amount of RR 190,312 and RR 168,904 are shown net of provision for impairment of RR 1,563 and RR 1,629 as of 30 September 2014 and 31 December 2013, respectively.

As of 30 September 2014 and 31 December 2013 long-term available-for-sale financial assets include OAO NOVATEK shares in the amount of RR 124,488 and RR 135,910, respectively.

Carrying value of financial assets and liabilities not measured at fair value approximates their fair value.

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22 ACQUISITION OF THE CONTROLLING INTEREST IN OAO MOSCOW INTEGRATED POWER COMPANY (OAO MIPC)

In September 2013 the Group acquired 89.98% interest in the ordinary shares of OAO Moscow Integrated Power Company (OAO MIPC) and heat assets from the Moscow Government for cash consideration of RR 99,866 including VAT in the amount of RR 1,246 related to acquired heat assets. As a result of the acquisition, the Group obtained control over OAO MIPC. Considering treasury shares of OAO MIPC, the Group's effective interest is 98.77%. The primary business activity of OAO MIPC is generation, purchase and supply of heat energy in the form of heating and hot water to commercial and residential customers in the City of Moscow. As of 30 September 2014 the title on the assets acquired in the amount of RR 6,746 excluding VAT was not transferred to the Group.

In accordance with IFRS 3 "Business Combinations", the Group recognized the acquired assets and liabilities based upon their provisional fair values at the date when control of OAO MIPC was obtained. As of 30 September 2014 the Group finalized their assessment of the estimated fair values of assets and liabilities acquired in accordance with IFRS 3 "Business Combinations".

Final fair values of the assets acquired and liabilities assumed are as follows:

	Fair value
Cash and cash equivalents	3,276
Short-term financial assets	2,762
Accounts receivable and prepayments	18,234
Inventories	2,273
VAT recoverable	102
Other current assets	<u>6,026</u>
Current assets	32,673
Property, plant and equipment	124,993
Long-term accounts receivable and prepayments	4,477
Available-for-sale long-term financial assets	3,117
Other non-current assets	<u>4,175</u>
Non-current assets	136,762
Total assets	169,435
Accounts payable and accrued charges	29,112
Other taxes payable	601
Short-term borrowings, promissory notes and current portion of long-term borrowings	<u>30,235</u>
Current liabilities	59,948
Long-term borrowings and promissory notes	7,400
Deferred tax liability	196
Provisions for liabilities and charges	372
Other non-current liabilities	<u>444</u>
Non-current liabilities	8,412
Total liabilities	68,360
Net assets at acquisition date	101,075
Non-controlling interest at acquisition date measured at the proportionate share of the net assets	1,209
Purchase consideration	99,866

The comparative financial information of consolidated balance sheet as of 31 December 2013 and consolidated statement of comprehensive income for 2013 were not restated due to immaterial difference between provisional and final fair values of assets and liabilities of OAO MIPC. All changes in fair values were recorded in this consolidated interim condensed financial information for the nine months ended 30 September 2014.

If the acquisition had occurred on 1 January 2013, the Group's sales and the Group's profit for the year ended 31 December 2013 would have been RR 5,291,256 and RR 1,160,092, respectively.

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23 RELATED PARTIES

For the purpose of this consolidated interim condensed financial information, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions as defined by IAS 24 “Related Party Disclosures”. Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding as of 30 September 2014 is detailed below.

Government

The Government of the Russian Federation is the ultimate controlling party of OAO Gazprom and has a controlling interest (including both direct and indirect ownership) of over 50% in OAO Gazprom.

The Government does not prepare consolidated financial statements for public use. Governmental economic and social policies affect the Group’s financial position, results of operations and cash flows.

As a condition of privatisation in 1992, the Government imposed an obligation on the Group to provide an uninterrupted supply of gas to customers in the Russian Federation at government controlled prices.

Parties under control of the Government

In the normal course of business the Group enters into transactions with other entities under Government control. Prices of natural gas sales, gas transportation and electricity tariffs in Russia are regulated by the Federal Tariffs Service (“FTS”). Bank loans with related parties are provided on the basis of market rates. Taxes are accrued and settled in accordance with the applicable statutory rules.

As of 30 September 2014 and 31 December 2013 and for the three and nine months ended 30 September 2014 and 2013, the Group had the following significant transactions and balances with the Government and parties under control of the Government:

	As of 30 September 2014		Three months ended 30 September 2014		Nine months ended 30 September 2014	
	Assets	Liabilities	Income	Expenses	Income	Expenses
Transactions and balances with the Government						
Current profit tax	51,588	1,988	-	13,631	-	133,778
Insurance contributions to non-budget funds	364	5,560	-	22,250	-	72,765
VAT recoverable/payable	456,649	54,634	-	-	-	-
Customs duties	58,103	-	-	-	-	-
Other taxes	2,866	75,606	-	196,145	-	570,638
Transactions and balances with other parties under control of the Government						
Gas sales	-	-	11,192	-	47,001	-
Electric and heat energy sales	-	-	39,742	-	167,630	-
Other services sales	-	-	509	-	1,753	-
Accounts receivable	38,247	-	-	-	-	-
Oil transportation expenses	-	-	-	22,556	-	72,892
Accounts payable	-	14,112	-	-	-	-
Loans	-	118,684	-	-	-	-
Interest expense	-	-	-	1,996	-	6,085
Short-term financial assets	8,221	-	-	-	-	-
Available-for-sale long-term financial assets	6,632	-	-	-	-	-

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23 RELATED PARTIES (continued)

	As of 31 December 2013		Three months ended 30 September 2013		Nine months ended 30 September 2013	
	Assets	Liabilities	Income	Expenses	Income	Expenses
Transactions and balances with the Government						
Current profit tax	9,884	14,554	-	67,619	-	107,671
Insurance contributions to non-budget funds	534	5,354	-	17,030	-	57,685
VAT recoverable/payable	518,192	51,638	-	-	-	-
Customs duties	57,511	-	-	-	-	-
Other taxes	2,698	78,457	-	164,512	-	491,073
Transactions and balances with other parties under control of the Government						
Gas sales	-	-	7,931	-	44,948	-
Electric and heat energy sales	-	-	39,075	-	144,391	-
Other services sales	-	-	291	-	1,309	-
Accounts receivable	54,970	-	-	-	-	-
Oil transportation expenses	-	-	-	22,542	-	74,951
Accounts payable	-	11,290	-	-	-	-
Loans	-	111,434	-	-	-	-
Interest expense	-	-	-	1,440	-	3,398
Short-term financial assets	4,334	-	-	-	-	-
Available-for-sale long-term financial assets	13,376	-	-	-	-	-

Gas sales and respective accounts receivable, oil transportation expenses and respective accounts payable included in the table above are related to major state controlled companies.

In the normal course of business the Group incurs electricity and heating expenses (see Note 17). A part of these expenses relates to purchases from the entities under Government control. Due to the specifics of the electricity market in the Russian Federation, these purchases cannot be accurately separated from the purchases from private companies.

See the consolidated interim condensed statement of changes in equity for returns of social assets to government during the nine months ended 30 September 2014 and 2013. See Note 9 for net book values as of 30 September 2014 and 31 December 2013 of social assets vested to the Group at privatisation.

Compensation for key management personnel

Key management personnel (the members of the Board of Directors and Management Committee of OAO Gazprom) receive short-term compensation, including salary, bonuses and remuneration for serving on the management bodies of various Group companies. Government officials, who are directors, do not receive remuneration from the Group. The remuneration for serving on the Boards of Directors of Group companies is subject to approval by the General Meeting of Shareholders of each Group company.

Compensation of key management personnel (other than remuneration for serving as directors of Group companies) is determined by the terms of the employment contracts. Key management personnel also receive certain short-term benefits related to healthcare.

According to Russian legislation, the Group makes contributions to the Russian Federation State pension fund for all of its employees including key management personnel.

Key management personnel also participate in certain post-retirement benefit programs. The programs include pension benefits provided by the non-governmental pension fund, NPF Gazfund, and a one-time retirement payment from the Group. Employees of the majority of Group companies are eligible for such benefits.

The Group provided medical insurance and liability insurance for key management personnel.

Associated undertakings and joint ventures

For the three and nine months ended 30 September 2014 and 2013 and as of 30 September 2014 and 31 December 2013 the Group had the following significant transactions and balances with associated undertakings and joint ventures:

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23 RELATED PARTIES (continued)

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
	Revenues		Revenues	
Gas sales				
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries*	31,706	28,644	89,775	76,441
Wintershall Erdgas Handelshaus GmbH & Co. KG (WIEH)	27,046	33,458	88,250	94,681
ZAO Panrusgaz	13,420	14,431	45,981	47,351
AO Gasum	4,815	5,375	19,967	21,001
Bosphorus Gaz Corporation A.S.	6,571	4,544	18,551	13,328
AO Moldovagaz	4,902	3,548	18,374	12,961
ZAO Gazprom YRGM Trading**	2,906	2,769	9,397	8,716
ZAO Gazprom YRGM Development**	2,076	1,978	6,712	6,226
AO Latvijas Gaze	1,590	1,964	4,782	6,953
AO Lietuvos dujos***	-	1,893	4,152	8,072
SGT EuRoPol GAZ S.A.	1,055	867	3,207	2,891
Wintershall Erdgas Handelshaus Zug AG (WIEE)****	162	3,302	2,594	10,951
AO Overgaz Inc.	613	533	2,365	2,351
Russian-Serbian Trading Corporation a.d.	-	2,018	-	5,857
Gas transportation sales				
ZAO Gazprom YRGM Trading**	4,764	4,869	15,933	15,156
ZAO Gazprom YRGM Development**	3,403	3,478	11,381	10,826
Gas condensate, crude oil and refined products sales				
OA O NGK Slavneft and its subsidiaries	7,464	7,266	21,990	20,169
ZAO SOVEKS	1,673	1,827	4,390	4,285
OOO Gazpromneft – Aero Sheremetyevo*****	-	3,738	3,022	9,179
Sakhalin Energy Investment Company Ltd.	1,554	-	1,554	-
Operator services sales				
ZAO Messoyakhaneftegaz	2,852	1,464	7,336	4,686
Gas refining services sales				
TOO KazRosGaz	1,262	1,137	4,159	3,826
		Expenses		Expenses
Purchased gas				
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries*	15,954	13,235	47,877	49,655
ZAO Gazprom YRGM Trading**	11,866	13,598	43,186	42,052
ZAO Gazprom YRGM Development**	8,479	9,715	30,860	30,043
TOO KazRosGaz	5,757	5,792	21,205	16,194
Sakhalin Energy Investment Company Ltd.	3,723	826	9,910	3,571
OOO SeverEnergiya and its subsidiaries	4,159	2,716	9,805	6,972
ZAO Nortgaz	2,002	402	7,821	1,211
Purchased transit of gas				
Nord Stream AG	13,070	8,982	39,019	25,665
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries*	-	3,474	7,949	9,843
SGT EuRoPol GAZ S.A.	3,003	2,346	8,551	6,684
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries*	3,353	-	4,879	-
Purchased crude oil and refined products				
OA O NGK Slavneft and its subsidiaries	20,902	23,729	67,057	63,158
Sakhalin Energy Investment Company Ltd.	8,362	5,712	16,924	10,568
Purchased services of gas and gas condensate extraction				
ZAO Achimgaz	4,816	3,147	14,642	8,392
Purchased processing services				
OA O NGK Slavneft and its subsidiaries	2,389	2,977	9,399	8,819

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23 RELATED PARTIES (continued)

* In May 2014 the shares in all gas transportation companies that belonged to W&G Beteiligungs-GmbH & Co. KG were transferred to WIGA Transport Beteiligungs-GmbH & Co. KG. As of 30 September 2014 WIGA Transport Beteiligungs-GmbH & Co. KG forms an independent subgroup of associated undertakings.

** ZAO Gazprom YRGM Trading and ZAO Gazprom YRGM Development are not associated undertakings and joint ventures.

***In accordance with the provisions of the Third Energy Package of the European Union regarding the split between the gas transmission and distribution activities in August 2013 AO Lietuvos dujos transferred assets, liabilities and rights related to gas transportation to AO Amber Grid, an associate of the Group. In June 2014 the Group sold its 37% interests in associates, AO Lietuvos dujos and AO Amber Grid, to companies controlled by the Republic of Lithuania for Euro 121 million.

**** Wintershall Erdgas Handelshaus Zug AG (WIEE) is the subsidiary of Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH).

***** In March 2014 the Group acquired 100% share in OOO Aero TO the only asset of which is 50% share in OOO Gazpromneft – Aero Sheremetyevo. As a result the Group's effective share in OOO Gazpromneft – Aero Sheremetyevo increased from 47.84% to 95.68% and the Group obtained control over Gazpromneft – Aero Sheremetyevo.

Gas is sold to associated undertakings in the Russian Federation mainly at the rates established by the FTS. Gas is sold outside the Russian Federation mainly under long-term contracts at prices indexed mainly to world oil product prices.

	As of 30 September 2014		As of 31 December 2013	
	Assets	Liabilities	Assets	Liabilities
Short-term accounts receivable and prepayments				
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	13,055	-	20,501	-
ZAO Messoyakhaneftegas	11,142	-	2,944	-
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	10,969	-	8,452	-
OA O NGK Slavneft and its subsidiaries	9,829	-	4,512	-
AO Overgaz Inc.	5,901	-	8,011	-
TOO KazRosGaz	5,158	-	676	-
ZAO Panrusgaz	4,056	-	5,774	-
Bosphorus Gaz Corporation A.S.	2,911	-	2,731	-
AO Gasum	2,904	-	4,157	-
ZAO Gazprom YRGM Trading	2,602	-	1,377	-
AO Moldovagaz*	2,459	-	-	-
Sakhalin Energy Investment Company Ltd.	1,967	-	84	-
ZAO Gazprom YRGM Development	1,858	-	976	-
Gazprombank Group	1,257	-	8,974	-
AO Latvijas Gaze	924	-	227	-
Wintershall Erdgas Handelshaus Zug AG (WIEE)	40	-	1,290	-
AO Lietuvos dujos	-	-	2,000	-
Russian-Serbian Trading Corporation a.d.	-	-	660	-
Short-term promissory notes				
Gazprombank Group	1,043	-	1,059	-
Cash balances				
Gazprombank Group	365,526	-	366,421	-
Long-term accounts receivable and prepayments				
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	19,122	-	17,214	-
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries	9,987	-	-	-
OOO Yamal razvitie	8,403	-	2,200	-
ZAO Messoyakhaneftegas	3,204	-	2,838	-
Gazprombank Group	1,013	-	330	-
Gas Project Development Central Asia AG	754	-	1,826	-
Long-term promissory notes				
Gazprombank Group	163	-	431	-
Short-term accounts payable				
SGT EuRoPol GAZ S.A.	-	8,342	-	7,702
ZAO Gazprom YRGM Trading	-	5,934	-	8,723
Nord Stream AG	-	4,457	-	4,179
AO Latvijas Gaze	-	4,049	-	66
Sakhalin Energy Investment Company Ltd.	-	3,891	-	657
ZAO Gazprom YRGM Development	-	3,797	-	5,786

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23 RELATED PARTIES (continued)

	As of 30 September 2014		As of 31 December 2013	
	Assets	Liabilities	Assets	Liabilities
ZAO Nortgaz	-	2,737	-	501
ZAO Achimgaz	-	2,543	-	1,998
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	-	2,507	-	4,715
OA0 NGK Slavneft and its subsidiaries	-	2,102	-	2,466
AO Lietuvos dujos	-	1,905	-	3,188
TOO KazRosGaz	-	1,800	-	2,992
Gazprombank Group	-	392	-	42
Other non-current liabilities				
ZAO Gazprom YRGM Trading	-	797	-	797
ZAO Gazprom YRGM Development	-	124	-	124
Short-term borrowings (including current portion of long-term borrowings)				
Gazprombank Group	-	30,942	-	13,614
Long-term borrowings				
Gazprombank Group	-	32,655	-	26,195

* Net of impairment provision on accounts receivable in the amount of RR 185,052 and RR 142,592 as of 30 September 2014 and 31 December 2013.

Investments in associated undertakings and joint ventures are disclosed in Note 10.

See Note 24 for financial guarantees issued by the Group for the associated undertakings and joint ventures.

24 COMMITMENTS AND CONTINGENCIES

Taxation

The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes. Tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments. Management believes that its interpretation of the relevant legislation as of 30 September 2014 is appropriate and all of the Group's material tax, currency and customs positions will be sustainable.

Legal proceedings

On 16 June 2014, OA0 Gazprom submitted a request for arbitration to the Arbitration Institute of the Stockholm Chamber of Commerce, Sweden, against NAK Naftogaz Ukraine to recover more than USD 4,500 million unpaid debt for gas supplies and related interest charged.

On 16 June 2014, NAK Naftogaz Ukraine submitted a request for arbitration to the Arbitration Institute of the Stockholm Chamber of Commerce against OA0 Gazprom seeking a retroactive revision of the price, compensation of all overpaid amounts starting from 20 May 2011, which according to the claim amounted to not less than USD 6,000 million and cancellation of the contractual prohibition on reexport of natural gas.

On 1 July 2014 OA0 Gazprom and NAK Naftogaz Ukraine filed its responses to the requests of arbitration. On 21 July 2014, both cases were consolidated; oral hearings will start not earlier than in February-March 2016.

On 13 October 2014 NAK Naftogaz Ukraine submitted a request for arbitration to the Arbitration Institute of the Stockholm Chamber of Commerce, Sweden, against OA0 Gazprom, seeking (1) to acknowledge that rights and obligations of NAK Naftogaz Ukraine under Contract on volumes and terms of gas transportation contract through Ukraine in 2009-2019 years should be transferred to PAO Ukrtransgaz; (2) to acknowledge that certain provisions of Contract, that will be subsequently updated, are invalid and/or inoperative and should be supplemented with or substituted by provisions that will be updated in line with the energy and anti-monopoly legislation of Ukraine and EU; (3) to oblige OA0 Gazprom to pay a compensation of USD 3,200 million (and related interest) to NAK Naftogaz Ukraine for the failure to provide gas for transit; (4) to acknowledge that the transit tariff stipulated in Contract should be revised in such a way as provided

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24 COMMITMENTS AND CONTINGENCIES (continued)

in further written statements of NAK Naftogaz Ukraine in line with key principles of the Swedish contractual law. The claim amounts to approximately USD 6,200 million. On 28 November 2014 OAO Gazprom filed its response to the request of arbitration. On 11 December 2014 the arbitration panel was formed.

The Group is also a party to certain other legal proceedings arising in the ordinary course of business and subject to various environmental laws regarding handling, storage, and disposal of certain products, regulation by various governmental authorities. Management believe, there are no such current legal proceedings or other claims outstanding which could have a material adverse effect on the results of operations or financial position of the Group.

Sanctions

In September 2014 the U.S., the EU and certain other countries imposed additional sanctions on the Russian energy sector that partially apply to the Group.

The U.S. sanctions prohibit any U.S. person, and U.S. incorporated entities (including their foreign branches) or any person or entity in the United States from (1) transacting in, providing financing for, or otherwise dealing in new debt of longer than 90 days maturity for a number of Russian energy companies, including OAO Gazprom Neft, and (2) from providing, exporting, or reexporting, directly or indirectly, goods, services (except for financial services), or technology in support of exploration or production for deep water, Arctic offshore, or shale projects that have the potential to produce oil in the Russian Federation, or in maritime area claimed by the Russian Federation and extending from its territory to Russian companies, including OAO Gazprom and OAO Gazprom neft. These sanctions also apply to any entity if 50% or more of its capital is owned, directly or indirectly, separately or in the aggregate, by sanctioned entities.

The EU sanctions prohibit (1) provision of drilling, well testing, logging and completion services and supply of specialized floating vessels necessary for deep water oil exploration and production, Arctic oil exploration and production, or shale oil projects in Russia, and (2) purchasing, selling, providing investment services for or assistance in the issuance of, or other dealings with transferable securities and money-market instruments with a maturity exceeding (a) 90 days issued after 1 August 2014 to 12 September 2014 or (b) 30 days, issued after 12 September 2014 by certain Russian companies such as OAO Gazprom neft (including subsidiaries of OAO Gazprom neft or any legal person, entity or body acting on behalf or at the direction of OAO Gazprom neft).

Sanctions imposed by the EU also prohibit EU persons from directly or indirectly making or being part of any arrangement to make new loans or credit with a maturity exceeding 30 days to a number of Russian companies (including OAO Gazprom Neft), after 12 September 2014 except for loans or credit that have a specific and documented objective to provide financing for non-prohibited imports or exports of goods and non-financial services between the EU and Russia or for loans that have a specific and documented objective to provide emergency funding to meet solvency and liquidity criteria for legal persons established in the EU, whose proprietary rights are owned for more than 50% by any entity referred to above.

The Group continues to assess and monitor the impact of the ongoing sanctions but currently does not believe they have a significant impact on the financial position and results of operations of the Group.

Financial guarantees

	30 September 2014	31 December 2013
Outstanding guarantees issued for:		
Sakhalin Energy Investment Company Ltd.	102,140	89,825
OOO Production Company VIS	9,730	8,164
Blackrock Capital Investments Limited	5,677	4,804
EM Interfinance Limited	2,716	3,668
Nord Stream AG	-	50,830
Other	<u>63,961</u>	<u>43,752</u>
Total financial guarantees	<u>184,224</u>	<u>201,043</u>

24 COMMITMENTS AND CONTINGENCIES (continued)

Included in financial guarantees are amounts denominated in USD of USD 3,191 million and USD 3,404 million as of 30 September 2014 and 31 December 2013, respectively, as well as amounts denominated in Euro of Euro 354 million and Euro 1,493 million as of 30 September 2014 and 31 December 2013, respectively.

In June 2008 the Group provided a guarantee to the Bank of Tokyo-Mitsubishi UFJ Ltd. for Sakhalin Energy Investment Company Ltd. under the credit facility up to the amount of the Group's share (50%) in the obligations of Sakhalin Energy Investment Company Ltd. toward the Bank of Tokyo-Mitsubishi UFJ Ltd. As of 30 September 2014 and 31 December 2013 the above guarantee amounted to RR 102,140 (USD 2,593 million) and RR 89,825 (USD 2,744 million), respectively.

In July 2012 the Group provided a guarantee to OAO Sberbank of Russia for OOO Production company VIS as a security of credit facility for financing of construction projects for Gazprom Group. As of 30 September 2014 and 31 December 2013 the above guarantee amounted to RR 9,730 and RR 8,164, respectively.

In 2006 the Group guaranteed Asset Repackaging Trust Five B.V. (registered in Netherlands) bonds issued by five financing entities: Devere Capital International Limited, Blackrock Capital Investments Limited, DSL Assets International Limited, United Energy Investments Limited, EM Interfinance Limited (registered in Ireland) in regard to bonds issued with due dates December 2012, June 2018, December 2009, December 2009 and December 2015, respectively. Bonds were issued for financing of construction of a transit pipeline in Poland by SGT EuRoPol GAZ S.A. In December 2009 loans issued by DSL Assets International Limited and United Energy Investments Limited were redeemed. In December 2012 loans issued by Devere Capital International Limited were redeemed. As a result as of 30 September 2014 and 31 December 2013 the guarantees issued for Blackrock Capital Investments Limited and EM Interfinance Limited amounted to RR 8,393 (USD 213 million) and RR 8,472 (USD 259 million), respectively.

In May 2011 the Group provided a guarantee to Societe Generale for Nord Stream AG under the credit facility for financing of Nord Stream gas pipeline Phase 2 construction completion. According to guarantee agreements the Group has to redeem debt up to the amount of the Group's share (51%) in the obligations of Nord Stream toward the Societe Generale in the event that Nord Stream fails to repay those amounts. As of 31 December 2013 the above guarantee amounted to RR 50,830 (Euro 1,130 million). Construction of Phase 2 of Nord Stream was completed in the second quarter 2014. As a result as of 30 September 2014 the obligation under credit facility for financing of Nord Stream gas pipeline Phase 2 construction completion was redeemed.

Capital commitments

The total investment program related to gas, oil and power assets for 2014 is RR 1,464 billion.

25 POST BALANCE SHEET EVENTS

Investments

In December 2014 a decision was taken to cease the South Stream project. On 29 December 2014 the Group became the owner of 100% of the interest in South Stream Transport B.V., the company responsible for the offshore part of the project, by acquiring shares of EDF International S.A.S., Wintershall Holding GmbH and ENI International B.V. The Group is currently assessing the impact of the decision and acquisition of the additional share in South Stream Transport B.V. on its annual consolidated financial statements.

Borrowings and loans

In October 2014 the Group issued Russian bonds in the amount of RR 15,000 at an interest rate of 10.7% at the date of issuance due in 2044.

In October 2014 the Group obtained a long-term loan from OAO Sberbank of Russia in the amount of RR 10,000 at an interest rate of 11.98% due in 2019 under the contract signed in September 2014.

In November 2014 the Group issued Loan Participation Notes in the amount of USD 700 million at an interest rate of 4.3% due in 2015.

25 POST BALANCE SHEET EVENTS (continued)

In December 2014 the Group obtained a loan from UniCredit Bank Austria AG in the amount of EUR 390 million at an interest rate of EURIBOR + 2.75% due in 2015.

In January 2015 the Group signed an agreement to obtain a loan from Intesa Sanpaolo S.P.A. bank in the amount of EUR 350 million at an interest rate of EURIBOR + 2.75% due in 2016.

Economic environment in the Russian Federation

During the fourth quarter of 2014 the official Russian Rouble to US dollar and Euro foreign exchange rates depreciated. As of 31 December 2014 the official Russian Rouble to US dollar and Euro foreign exchange rates were 56.26 and 68.34, respectively. In addition during the fourth quarter of 2014 the key interest rate determined by the Central Bank of the Russian Federation increased from 8% to 17%. The Group is currently assessing the impact of these events on its annual consolidated financial statements.

ОАО ГАЗПРОМ
INVESTORS RELATIONS

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