

Independent auditor's report

To the Shareholders of
Open Joint Stock Company "Surgutneftegas"

We have audited the accompanying consolidated financial statements of Open Joint Stock Company "Surgutneftegas" and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for 2014, and notes comprising a summary of significant accounting policies and other explanatory information.

Audited entity's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on the fair presentation of these consolidated financial statements based on our audit.

We conducted our audit in accordance with Federal Standards of Auditing effective in the Russian Federation and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2014, and its financial performance and its cash flows for 2014 in accordance with International Financial Reporting Standards.

Rosexperiza LLC
28 April 2015

General director

Qualification Certificate in General Audit No. K 008734 of 24.10.1994,
issued without limitation of the period of validity.
The Main Registration Number in Register
of Individual Auditors and Audit Organizations is
29405012883, a member of "NP Russian Collegium of Auditors"
a self-regulating organization of auditors
in accordance with decision by RCA Board of 29.06.2000.
Certificate No. 758



Kozlov A.V.

Deputy of General director

Auditor's qualification certificate with No. 05-000126
on the basis of self-regulatory organization
decision of "NP Russian Collegium of Auditors"
Decision No. 20 of 22.06.2012
ORNZ 20205019596,
a member of "NP Russian Collegium of Auditors"
a self-regulating organization of auditors
in accordance with decision by RCA Board of 12.11.2009.
Certificate No. 3453

Potekhin V.V.

Details of the audited entity

Name: Open Joint Stock Company "Surgutneftegas"

Information about the State Register of Legal Entities Concerning a Legal Entity: 1028600584540.

Address: Russian Federation, 628415, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast, Surgut, ul. Grigoriya Kukuyevitskogo, 1, bld. 1

Details of the auditor

Name: Rosexpertiza LLC

State registration certificate № 183.142, issued by the Moscow Registration Bureau on 23 September 1993.

Main State Registration Number 1027739273946.

Certificate of membership in self-regulatory organization of auditors Non-Profit Partnership «Russian Collegium of Auditors» № 362-ю, main registration number 10205006556.

Legal address: Russian Federation, 107078, Moscow, Mashki Poryvaevoy street, 11.

Q U A R T E R L Y R E P O R T

Open Joint Stock Company “Surgutneftegas”

Issuer’s code: 00155-A

for 2Q2015

The issuer’s location: **Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1**

**The information contained herein is subject to disclosure
pursuant to the Securities Legislation of the Russian Federation**

Acting Director General

Date: 12 August 2015

_____ A.N.Bulanov
signature

First Deputy Chief Accountant – Head of Accounting
and Reporting Division

Date: 12 August 2015

_____ P.V.Shevelev
signature

Contact person: **Anton I. Molchanov, Securities Division Head**

Telephone: **(3462) 42-65-89**

Fax: **(3462) 42-63-40**

E-mail: **Molchanov_AI@surgutneftegas.ru**

The information presented herein is disclosed at the website(s): **<http://www.surgutneftegas.ru/ru/investors/>;**
<http://www.e-disclosure.ru/portal/company.aspx?id=312>

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Introduction

Grounds for the issuer's obligation to disclose information in the form of a quarterly report

State registration of an issue (additional issue) of the issuer's securities was accompanied by registration of the issue prospectus and such securities were offered publicly or privately to more than 500 persons.

The issuer is a joint stock company formed through privatization of state and/or municipal enterprises (their business units); under the duly approved privatization plan, which was the issue prospectus of such enterprise as of the date of its approval, the issuer's securities may be disposed of in favor of more than 500 acquirers or the general public.

The present quarterly report contains estimates and forecasts of the issuer's authorized management bodies as to the forthcoming events and/or actions, prospects of development of the issuer's main industry and the issuer's operating results, including the issuer's plans, probability of certain events and actions. Investors should not entirely rely on the estimates and forecasts of the issuer's management bodies since the issuer's future actual operating results may differ from the forecast results for many reasons. Acquisition of the issuer's securities may entail risks described in the present quarterly report.

Section I. The issuer's bank accounts, auditor (audit organization), appraiser and financial adviser as well as persons who signed the present quarterly report

1.1. Issuer's bank accounts

There were no changes in the information contained in this section of the quarterly report.

1.2. Issuer's auditor(s)

Specify the auditor(s) who is/are in charge of or has/have prepared independent audit of accounting (financial) statements of the issuer and consolidated financial statements of the issuer and/or a group of companies having control over or being under control in relation to each other or being liable for such statements otherwise and in accordance with procedures set forth in the federal laws, provided that the issuer is engaged in any company of such group of companies (hereinafter referred to as "consolidated accounting (financial) statements of the issuer"), incorporated into a quarterly report under the contract concluded with the issuer, as well as the auditor(s) approved (selected) for audit of annual accounting (financial) statements including the issuer's consolidated financial statements for the current and last completed financial year.

Full corporate name: **Limited Liability Company "Rosexpertiza"**

Abbreviated corporate name: **Rosexpertiza LLC**

Location: **ul.Mashi Poryvaevoy, 11, Moscow, Russian Federation, 107078**

INN: **7708000473**

OGRN: **1027739273946**

Telephone: **(495) 721-3883**

Fax: **(495) 721-3894**

E-mail: **rosexp@online.ru**

Auditor's membership in self-regulatory audit organizations

Full name: **Self-Regulatory Auditor Organization Nonprofit Partnership "Russian Collegium of Auditors"**

Location: **2nd Goncharny pereulok, 3, bld.1, Russia, Moscow, 115172**

Additional information

LLC "Rosexpertiza" is entered into the Register of Auditors and Audit Organizations opened by Nonprofit Partnership "Russian Collegium of Auditors" under Main Registration Number (MRN) 10205006556.

Reporting year (years) for the period of five last completed financial years and current financial year for which the auditor has carried or will carry out independent audit of accounting (financial) statements of the issuer:

Accounting (financial) statements, year	Consolidated financial statements, year
2010	
2011	
2012	2012
2013	2013
2014	2014
2015	2015

Describe factors that may affect the auditor's (audit organization's) independence from the issuer, including any material interests between the auditor (officers of the management bodies and bodies supervising the financial activities of the audit organization) and the issuer (officers of the management bodies and bodies supervising the financial activities of the issuer): ***There are no factors that may affect the auditor's (audit organization's) independence from the issuer, including any material interests between the auditor (officers of the management bodies and bodies supervising the financial activities of the audit organization) and the issuer (officers of the management bodies and bodies supervising the financial activities of the issuer).***

Selection of the issuer's auditor

Tender procedure for auditor selection, if any, and its basic terms and conditions: ***No tender has been held.***

Auditor nomination for approval by the shareholders' (members') meeting, including the management body adopting such resolution: ***The Company's Board of Directors at its meeting considers proposals from various auditing***

companies received by the date of the meeting. The Board of Directors reviews the proposals from auditing companies and (based on recommendations of the Audit Committee of the Board of Directors) adopts a resolution to recommend an auditor to be further approved by a general shareholders' meeting.

Specify any special engagement of the auditor: *None.*

Describe the procedure for determination of the auditor's (audit organization's) remuneration and specify the actual remuneration paid by the issuer to the auditor (audit organization) upon completion of the last completed financial year for which the auditor (audit organization) has carried out independent audit of annual accounting (financial) statements and (or) annual consolidated financial statements of the issuer: *LLC "Rosexpertiza" tenders its commercial offer to the Board of Directors of the Company, which specifies the audit procedure in all substantial aspects and contains an estimation of labor costs to conduct the audit of the Company's annual financial (accounting) statements and estimation of traveling expenses, as well as includes a draft Auditing Services Agreement. If necessary, the Company may request information on additional estimations and explanations from LLC "Rosexpertiza". Based on the information provided, the Company's Board of Directors makes a decision in regard to the amount of remuneration to be paid to LLC "Rosexpertiza".*

Specify any deferred and overdue payments for services provided by the auditor: *The Company does not have any deferred and overdue payments for the services provided by LLC "Rosexpertiza".*

1.3. Issuer's appraiser(s)

There were no changes in the information contained in this section of the quarterly report.

1.4. Issuer's advisors

With reference to this section, the Company has not engaged any advisors during 12 months prior to the end of the reporting quarter.

1.5. Persons who signed the present quarterly report

Name: *Bulanov Alexander Nikolaevich*

Year of birth: *1959*

Primary employment:

Company: *OJSC "Surgutneftegas"*

Position: *Member of the Board of Directors. Chief Engineer – First Deputy Director General.*

Name: *Shevelev Pavel Vadimovich*

Year of birth: *1974*

Primary employment:

Company: *OJSC "Surgutneftegas"*

Position: *First Deputy Chief Accountant – Head of Accounting and Reporting Division.*

Section II. General information on the issuer's financial and economic position

2.1. Issuer's financial and economic performance

The dynamics of indicators of the issuer's financial and economic performance calculated on the basis of accounting (financial) statements

Standard (rules) of accounting (financial) statements in accordance with which the accounting (financial) figures are calculated: **Russian accounting standards (RSBU)**

Measurement unit of labor productivity: **thousand RUB per person**

Indicator	2014, 6 months	2015, 6 months
Labor productivity	4,416.92	5,091.2
Debt to equity ratio	0.089	0.083
Long-term debt to total amount of long-term debt and equity ratio	0.027	0.022
Debt to operating income (profit)	0.469	0.473
Overdue debts, %	0.006	0.001

Economic analysis of the issuer's liquidity and solvency based on the economic analysis of the above performance:

Labor efficiency increased due to increase in revenues by 15.3% in 1H2015 against 1H2014, which proves the effectiveness of labor potential use and operations;

Such indicators as "Debt to equity ratio" and "Long-term debt to total amount of long-term debt and equity ratio" saw a decreasing tendency (1H2015 and 1H2014 – 7% and 17% respectively) and show a low level of the Company's dependence on raised and borrowed money;

Low level of the Company's overdue debts in the reporting period proves that the Company redeems its financial obligations in time. Credit risk is minimal;

Such indicator as "Debt to operating income (profit)" in 1H2015 against 1H2014 remains low despite a slight increase (0.7%) and demonstrates the Company's ability to cover its liabilities by operating income.

2.2. Issuer's market capitalization

Market capitalization is calculated by taking the total number of shares of certain category (type) and multiplying it by the relevant share market price which is disclosed by a securities market trading organizer

Unit of measure: **thousand RUB**

Indicator	As of 31.12.2014	As of 30.06.2015
Market capitalization	1,077,074,682	1,507,035,110.1

Securities market trading organizer who provides data for market capitalization calculation and any other additional information on outstanding securities at the issuer's discretion: **The Company's market capitalization is calculated in accordance with data of MICEX Stock Exchange CJSC.**

2.3. Issuer's liabilities

2.3.1. Borrowed funds and accounts payable

As of 30.06.2015

Structure of borrowed assets

Unit of measure: *thousand RUB*

Indicator	Indicator value
Long-term borrowed funds	
including:	
loans	
borrowings, excluding bonded loans	
bonded loans	
Short-term borrowed funds	
including:	
loans	
borrowings, excluding bonded loans	
bonded loans	
Total overdue amount of borrowed funds	
including:	
loans	
borrowings, excluding bonded loans	
bonded loans	

Structure of accounts payable

Unit of measure: *thousand RUB*

Indicator	Indicator value
Total accounts payable	159,707,097
including those overdue	1,937
including	
accounts payable to the budget and state non-budget funds	39,359,071
including those overdue	
accounts payable to suppliers and contractors	20,925,420
including those overdue	1,690
accounts payable to personnel	7,021,185
including those overdue	
other	92,401,421
including those overdue	247

In case of any overdue accounts payable, including those under loan agreements, specify the reasons for non-fulfillment of obligations and consequences (both actual and possible) arising for the issuer from such non-fulfillment, including sanctions imposed against the issuer and the date when overdue accounts payable or overdue amount of borrowed funds will be or are expected to be paid.

Non-fulfillment of overdue accounts payable obligations will not have any consequences for the Company in the future.

Creditors accounting for at least 10 percent of the total accounts payable or at least 10 percent of the total long-term and short-term borrowed funds: ***No such creditors.***

2.3.2. Issuer's credit history

The history of the issuer's obligations fulfilled under credit and (or) loan agreements having been in force during the last completed reporting and current years, including those in the form of bonds issued and sold, the principal amount of which equaled to or exceeded five percent of the book value of the issuer's assets as of the last day of the last completed reporting period of 3, 6, 9 or 12 months preceding the conclusion of such agreement as well as obligations under other credit and (or) loan agreements which the issuer deems significant.

The issuer did not have such obligations.

2.3.3. Issuer's liabilities related to security provided by the issuer

As of 30.06.2015

Unit of measure: *thousand RUB*

Indicator	As of 30.06.2015
Total amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security, if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full)	10,500,000
including liabilities of third parties	10,500,000
Amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security, if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full) in the form of pledge.	
including liabilities of third parties	
Amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security, if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full) in the form of guarantee.	
including liabilities of third parties	

The issuer's liabilities related to security provided to third parties, including pledge or guarantee, that account for 5 and more percent of the book value of the issuer's assets as of the last date of the relevant reporting period.

No such liabilities in this reporting period.

2.3.4. Other liabilities of the issuer

There are no other liabilities not shown in the balance sheet which may significantly affect the issuer's financial position, its liquidity, sources of funds, terms of their use, performance results, and expenses.

2.4. Risks related to acquisition of placed securities or those being placed

Risk management policy of the issuer: *In the course of its activities, the Company seeks to fulfill its obligations and minimize the impact of the risks.*

2.4.1. Industry risks

Industry risks of OJSC "Surgutneftegas" are related to the Company's core businesses: production and processing of oil and gas, and marketing of hydrocarbons. These include the risk of drop in hydrocarbon prices, increased competition between oil companies, shortage of the industry specialists, higher operating and capital costs, geological, technological and environmental risks.

Oil and petroleum products price reduction is recognized as a serious risk for the Company as it has the most significant impact on the Company's financial performance.

Hydrocarbon prices depend on several factors, including supply-demand balance in the global and regional markets, the world economy expected growth rate, production and consumption forecasts for the main types of energy, political and economic situation in the countries which are the largest producers and consumers of hydrocarbons, data on oil and petroleum products reserves, investment levels, development rates of hard to recover reserves, and alternative energy sources development.

Prices for hydrocarbons in the Russian market depend on the trends in the global oil and gas market and internal factors such as the level of oil and petroleum products demand and supply, state tax and tariff policy, and the cost of logistics.

OJSC "Surgutneftegas" has no opportunity to affect market prices for oil, gas, and petroleum products. The Company monitors trends of hydrocarbon market to assess the current and plan the future activities related to its commodity flow directions, investment programs and projects, and the level of cost reduction based on different price scenarios. At the same time, OJSC "Surgutneftegas" has internal resources that provide the ability of maintaining a stable production process during price fluctuations without borrowing.

Activities of oil companies are characterized by a high level of competition in the acquisition of new production assets at an affordable price and access to markets.

Due to the depletion of old fields, deterioration of reserves and a limited number of promising license areas in the unallocated subsoil reserve fund, oil companies are competing for the right to acquire new production assets. As a result, there are risks of economic efficiency decrease of field development projects due to increased costs for acquisition of new licenses and the need for industrial and social infrastructure development in remote areas of production. To reduce possible losses from this risk realization, OJSC “Surgutneftegas” monitors fields available for purchase regarding the Company’s further development plans, and thoroughly evaluates hydrocarbon potential of these areas and return on the required investment in their development and operation.

Limited absorptive capacity of oil and petroleum products markets as well as insufficient transport infrastructure in certain delivery directions may lead to lower prices and/or sales volumes in the most attractive markets, and adversely affect the Company’s financial results.

In order to reduce the risk of limited access to markets and transport infrastructure, OJSC “Surgutneftegas” plans in advance the amount and timing of product delivery, maintains long-term mutually beneficial relationships with the Company’s fellow partners, and provides stable supplies of hydrocarbons to the most popular delivery directions.

Shortage of skilled workers and technical personnel due to the growing sophistication of production methods, use of state-of-the-art equipment and technologies, and expansion of industrial activity territory are significant risks to the oil and gas industry.

In order to mitigate this risk, OJSC “Surgutneftegas” collaborates with specialist training educational institutions, provides professional training and further education for the staff, and develops its own training centers based on its production needs. The Company creates a comfortable working environment for its employees, implements programs of additional social guarantees, creates a candidate pool, and makes an attractive image of the Company.

OJSC “Surgutneftegas” is subject to risk of operating and capital costs increase due to higher prices for energy resources, basic and auxiliary materials, metal products, and equipment as well as to risk of growth of tariff rates of the Company’s main transport providers: OJSC “AK “Transneft”, OJSC “AK “Transnefteprodukt” and JSC “Russian Railways”.

In order to reduce the negative impact of these risks, OJSC “Surgutneftegas” regularly carries out operating and capital costs optimization in all areas of its activities. The Company holds equipment procurement tenders, implements programs ensuring energy efficiency of its industrial activity, constructs in-house power generation facilities, and considers alternative variants of its suppliers for the whole range of products purchased.

Uncertainty and risk of failure to discover commercially significant oil and gas reserves are present at all stages of geological exploration activities of the Company. Geological risks are higher when operating in less-studied areas and areas with a complex structure of deposits. When evaluating the prospects of new license areas and new operation regions and deciding to drill exploratory and prospect wells, OJSC “Surgutneftegas” takes these risks into account. The Company has extensive experience in geological exploration works, its own units, qualified staff, and modern equipment allowing to obtain necessary amount of drilling data and geophysical studies as well as advanced programs for their interpretation, which leads to mitigation of geological risks.

Oil and gas production and processing operations and use of sophisticated equipment and technologies expose the Company to technological and environmental risks related to possible abnormal and emergency situations that may adversely affect people and the environment, disrupt production processes, and, as a consequence, have negative impact on the Company’s operating and financial performance and reputation. The key factors of such situations are non-compliance with rules and procedures and safety measures, and problems with the quality of materials and equipment.

To mitigate the technological and environmental risks, OJSC “Surgutneftegas” strictly complies with the requirements in the field of industrial safety at production facilities and environmental protection. The Company constantly monitors the state of production facilities and timely conducts their maintenance and replacement. Incoming materials and equipment go through receipt inspection, and the Company collaborates with manufacturers in order to develop equipment meeting its requirements. OJSC “Surgutneftegas” has its own service companies taking into account the specificity and complexity of the equipment, and increasing workover interval of its operation. The Company has a system of labor protection and industrial safety, provides training and skills development of its personnel, and carries out a special workplace assessment.

2.4.2. Country and regional risks

OJSC “Surgutneftegas” carries out its core business in the Russian Federation and is subject to the country risks of Russia.

Negative impact of external macroeconomic factors may affect the economic situation in the country and result in reduction of demand for the Company’s products. To reduce possible losses from this risk realization, OJSC “Surgutneftegas” carefully analyzes marketing prospects and evaluates profitability of different delivery directions and demand for the product range produced.

Major production facilities of OJSC “Surgutneftegas” are located in regions with stable social and economic climate. The Company contributes significantly to the development of social and transport infrastructure

and economic growth and stability in the regions of its presence, and fully pays taxes and makes other obligatory payments.

Operating activities of OJSC “Surgutneftegas” may be affected by unforeseen circumstances related to weather conditions, natural hazards and disasters.

The regions of the Company’s presence are not prone to earthquakes, hurricanes and other natural disasters. Extremely low temperatures may greatly affect the efficiency of the Company’s hydrocarbon production. Moreover, geographical remoteness of certain operating assets of OJSC “Surgutneftegas” from the regions with good infrastructure exposes the Company to the risk of transport connection breakdown due to unfavorable weather conditions. Given that a large part of the Company’s finished goods is exported through ports, force majeure weather conditions can lead to delivery time extension and upset conditions during shipping of finished products.

OJSC “Surgutneftegas” takes into account the specific nature of work in the areas with severe climatic conditions and absence of transport infrastructure. The Company carefully plans installation of production facilities and transportation of staff, periods and amounts of cargo delivery to the fields, and ensures the necessary infrastructure in remote areas of hydrocarbon production.

2.4.3. Financial risks

In the course of its activities, OJSC “Surgutneftegas” is exposed to financial risks that may have a negative impact on the Company’s cash flow, profit, and value of financial assets. The most significant financial risks are currency risk, interest rate risk, inflation risk, credit risk, and liquidity risk.

OJSC “Surgutneftegas” is exposed to the risk of foreign exchange fluctuations, mainly the US dollar against the ruble. An essential part of the Company’s production is sold in the foreign market with settlements in foreign currencies. An adverse change in foreign exchange rates against the ruble may lead to lower profitability and deterioration of the Company’s financial performance.

OJSC “Surgutneftegas” regularly carries out analysis of exchange rate volatility and its impact on the Company’s financial performance, and based on its results the Company defines the parameters and structure of its financial reserves placement, and carries out current planning of the cash flow.

Interest rate risk has no significant impact on the financial and economic activity of OJSC “Surgutneftegas” as the Company does not attract borrowed capital to finance current and capital expenditures. Given that the Company’s investments consist mainly of bank deposits, in order to ensure an acceptable return on them, OJSC “Surgutneftegas” constantly analyzes the level of interest rates on financial instruments in money and capital market and places funds in bank deposits with fixed rates.

OJSC “Surgutneftegas” is subject to inflation risk, realization of which may lead to increased production costs and reduced profitability of operations, increased capital expenditures and adjustment of the Company’s investment project portfolio.

OJSC “Surgutneftegas” carries out a regular analysis of the impact of inflation risk on efficiency of its current activities, feasibility of new production projects, and processing and marketing of products. To reduce the negative impact, the Company implements a complex of measures to curb rising costs, holds tenders to select contractors’ products and services, and has a balanced approach to setting up of contract terms.

OJSC “Surgutneftegas” is exposed to credit risk due to accounts receivable, advanced payment of transactions with counterparties, and fund placement on deposit accounts in banks.

The Company has established a system of permanent and comprehensive solvency assessment of counterparties based on qualitative and quantitative criteria, including check on a positive credit history and financial soundness. Making advance payments to counterparties, the Company uses tools of ensuring the money repayment in the form of bank guarantees and sureties.

OJSC “Surgutneftegas” avoids excessive concentration of credit risk in the placement of temporary free funds, carefully choosing credit institutions on the basis of the developed methodology for assessing the financial condition of banks, which considers financial performance, equity holding structure, credit rating, capital structure and other indicators of financial stability of a credit institution. Monitoring of counterparty banks in terms of their financial condition is carried out during the whole period of fund allocation.

Liquidity risk arises from the possibility of occurrence of difficulties in the Company’s performance of its financial obligations. Liquidity risk for OJSC “Surgutneftegas” is minimal as the Company maintains the necessary level of liquid assets to redeem its financial obligations, taking into account the uncertainties related to day-to-day operation cash flow. The Company’s system of detailed financial planning allows establishing such financial structure that maintains sufficient liquidity for timely settlement of the liabilities.

OJSC “Surgutneftegas” does not use derivative financial instruments to mitigate financial risks, but takes into account their possible impact on the financial and operating activities of the Company in the course of the development of investment projects, plans, and budgets. OJSC “Surgutneftegas” uses tools of asset and operation insuring to guarantee timely settlement of its current liabilities.

2.4.4. Legal risks

The Company's major legal risks include:

- *changes in tax law;*
- *changes in customs law;*
- *changes in exchange regulations;*
- *changes in forest law;*
- *changes in land law;*
- *changes in subsoil law and provisions;*
- *changes in licensing regulations;*
- *changes in environmental rules and regulations.*

When carrying out its operations, the Company observes the Russian law in force, fulfills its obligations to partners, and minimizes legal risks.

2.4.5. Reputation risk

Reputation risk is related to the loss of counterparties due to lower confidence in the quality of products as well as in the Company as a reliable and financially stable partner.

The main products of OJSC "Surgutneftegas" (oil, gas, refined products) are standardized and their quality characteristics are determined by the requirements of the regulations. When using pipeline transport, compliance with standards is a prerequisite for putting products into the pipeline system. The Company strictly complies with applicable requirements for product quality.

When carrying out oil and gas production, OJSC "Surgutneftegas" performs their processing and conditioning at its own facilities. While performing production and marketing of petroleum and gas products, the Company carries out constant multilevel control of their quality characteristics in its own accredited laboratories.

OJSC "Surgutneftegas" has the reputation of a stable, reliable, and financially sound company. The Company conducts corporate social responsibility policy: implements a complex of programs providing additional social benefits and guarantees for the staff, high standards of industrial, environmental and labor safety, and participates in social and economic development of the regions of its presence. This minimizes the possibility of getting a negative impression of the Company and appearance of reputation risks.

2.4.6. Strategy risk

Strategy risk is related to the possibility of losses caused by mistakes made in decisions that determine the strategy of the Company's activities as well as administrative errors in the implementation of this strategy.

Significant strategic risk for the Company is the underestimation of internal and external threats which may adversely affect its activity.

The Company minimizes this risk through regular analysis of key factors influencing oil and gas industry. To reduce the uncertainty in the long-run prospect and mitigate the risk in the decision-making process, the Company uses methods of strategic analysis which give a clearer picture of potential internal and external hazards. Based on the results the Company reviews its development plans.

Making wrong or unfounded decisions when determining promising areas of activity where the Company can gain competitive advantage, new areas of industrial activity and markets may prevent the Company from achieving the desired goals.

On a continuing basis, OJSC "Surgutneftegas" makes assessment of its operating performance in all major business areas, monitors trends in the Company's key markets, and assesses the possibilities to increase product supply to the most attractive destinations. The company evaluates investment feasibility in different areas of its business and new areas of activity according to economic efficiency and investment payback principles. In addition, the Company carries out analysis and models scenarios of development under various conditions.

Risks of lack or insufficient provision of necessary financial, inventory and human resources as well as managerial procedures may lead to the failure of achieving the strategic objectives of the Company.

OJSC "Surgutneftegas" has sufficient financial reserves and in advance develops its production program, according to which planning of necessary resources and procurement are carried out. Moreover, the Company has a unified procedure for discussion and making of decisions and their implementation control, which minimizes these risks.

2.4.7. Risks related to the issuer's operations

In the course of its activities, OJSC "Surgutneftegas" is exposed to various kinds of risks, including those related to the peculiarities of the oil and gas industry, as well as financial, legal, country, and other kinds of risks. The risk management system of OJSC "Surgutneftegas" is designed to minimize their impact on the operating and financial performance by means of performing ongoing early risk identification and assessment, and development of measures aimed at rundown of contingency and mitigation of the possible negative impact on the ongoing work and prospects of the Company.

Section III. Detailed information on the issuer

3.1.1. Issuer's corporate name (name):

The issuer's full corporate name: *Open Joint Stock Company "Surgutneftegas"*

Date of introduction of the issuer's existing full corporate name: *27.06.1996*

The issuer's abbreviated corporate name: *OJSC "Surgutneftegas"*

Date of introduction of the issuer's existing abbreviated name: *27.06.1996*

The issuer's corporate name (name for a nonprofit organization) is registered as a trademark or a service mark.

Trademark registration

Trademark: *Open Joint Stock Company "Surgutneftegas"*

Certificate of trademark: *No. 438918 dated 09.06.2011*

Priority (commencement) of the document of title: *06.05.2010*

Validity period of the document of title: *06.05.2020*

All previous names of the issuer during its existence

Full corporate name: *Production Association "Surgutneftegas"*

Abbreviated corporate name: *PO "Surgutneftegas"*

Introduced: *15.09.1977*

Grounds for introduction:

Full corporate name: *Joint Stock Company of Open Type "Surgutneftegas"*

Abbreviated corporate name: *AOOT "Surgutneftegas"*

Introduced: *06.05.1993*

Grounds for introduction: *Decree of the President of the Russian Federation No.1403 dated 17 November 1992 "On Special Provisions for Privatization and Corporization of State Enterprises, Production and Scientific Production Associations in the Petroleum, Petroleum Refining, and Petroleum Products Supply Industries"*

3.1.2. State registration of the issuer

Initial state registration

State registration number: *12-4782*

Date of state registration: *06.05.1993*

Body that conducted the state registration: *Administration of the city of Surgut, Khanty-Mansiysky Autonomous Okrug, Tyumenskaya Oblast*

Registration of the legal entity:

Main state registration number of the legal person: *1028600584540*

Date of entry of the legal body registered prior to 1 July 2002 into the Uniform State Register of Legal Entities: *18.09.2002*

Name of the registration authority: *Inspectorate of the Ministry of Taxation of Russia for Surgut, Khanty-Mansiysky Autonomous Okrug*

3.1.3. Establishment and development of the issuer

There were no changes in the information contained in this section of the quarterly report.

3.1.4. Contacts

The issuer's location: *Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1*

Address of the issuer indicated in the uniform state register of legal entities: *Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1*

Telephone: *(3462) 42-60-28; 42-61-33*

Fax: *(3462) 42-64-94*

E-mail: *Bogdanov-VL-REF@surgutneftegas.ru*

Web site(s) where information about the issuer and securities issued and/or being issued by the issuer is available: <http://www.surgutneftegas.ru/ru/investors>; <http://www.e-disclosure.ru/portal/company.aspx?id=312>

The issuer's special division for shareholder and investor relations: **Limited Liability Company Invest-Zaschita**

Division's location: **ul.Entuziastov, 52/1, Surgut, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Russian Federation, 628400**

Telephone: **(3462) 46-27-64**

Fax: **(3462) 46-46-50**

E-mail: **invz@yandex.ru**

No website.

The issuer's special division for shareholder and investor relations: **Investor relations and DR program support department of OJSC “Surgutneftegas”**

Division's location: **ul.Grigoriya Kukuyevitskogo 1, bld. 1, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast, Russian Federation, 628415**

Telephone: **(495) 698-94-18**

Fax: **(495) 698-94-14**

E-mail: **ir@surgutneftegas.ru**

Website: **www.surgutneftegas.ru**

3.1.5. Taxpayer identification number

8602060555

3.1.6. Branches and representative offices of the issuer

Changes in the list of branches and representative offices of the issuer during the reporting quarter; in the event of any changes in the name or location of a branch or representative office or the first, middle or last names of its head, term of the power of attorney issued by the issuer to the head of a branch or representative office, please also include information about such changes

In the reporting quarter, the Company issued the Powers of Attorney to the heads of St. Petersburg Representative Office of OJSC “Surgutneftegas” and Yakutsk Representative Office of OJSC “Surgutneftegas”.

1. Name: **St. Petersburg Representative Office of OJSC “Surgutneftegas”**

Head: **Fortov Vladimir Ivanovich**

Term of the Power of Attorney: **till 21.04.2016**

2. Name: **Yakutsk Representative Office of OJSC “Surgutneftegas”**

Head: **Bandura Sergei Nikolaevich**

Term of the Power of Attorney: **till 31.05.2016**

3.2. Core operations of the issuer

3.2.1. Core economic activities of the issuer

Code of economic activity which is core for the issuer

OKVED codes
11.10.11
11.10.12
11.20.4
45.12
51.51.2
51.51.3
74.20.2

3.2.2. Core operations of the issuer

Types of operations (business activities, types of products (works, services)) that accounted for at least 10 percent of the issuer's revenue (income) in the reporting period

Unit of measure: **thousand RUB**

Type of activity: **oil**

Indicator	2014, 6 months	2015, 6 months
Revenue from sales (volume of sales) related to the specified type of activity, thousand RUB	287,833,509	344,154,740
Revenue from sales (volume of sales) related to the specified type of activity in total revenue from sales (volume of sales) of the issuer, %	63.3	65.5

Changes in the issuer's operating revenue (income) equal to or exceeding 10 percent as compared with the corresponding reporting period of the previous year and the reasons for such changes

For 6 months of 2015, the Company's revenue from sales (volume of sales) derived from core business operations changed by more than 10 percent as compared with the corresponding period of the previous year and amounted to 115.5%, including 119.6% from oil sales. The key factor behind the increase in the Company's revenue is amendments to Part II of the Tax Code of the Russian Federation and certain legal acts according to Federal Law No. 366-FZ "On Amendments to Part II of the Russian Tax Code and Certain Legal Acts of the Russian Federation" dated 24 November 2014, which led to a decrease in export duties on oil and oil products and a simultaneous increase in expenses of subsoil users in the form of the mineral extraction tax. Moreover, the revenue was further pushed up by an increase in crude supplies by 2.4%.

Type of activity: **petroleum products**

Indicator	2014, 6 months	2015, 6 months
Revenue from sales (volume of sales) related to the specified type of activity, thousand RUB	151,296,826	164,592,977
Revenue from sales (volume of sales) related to the specified type of activity in total revenue from sales (volume of sales) of the issuer, %	33.3	31.3

Changes in the issuer's operating revenue (income) equal to or exceeding 10 percent as compared with the corresponding reporting period of the previous year and the reasons for such changes

No such changes.

Cost structure of the issuer

Indicator	2014, 6 months	2015, 6 months
Raw materials and supplies, %	3.79	3.77
Acquired components and semi-finished articles, %	3.91	3.58
Production works and services performed/rendered by third parties, %	16.32	17.22
Fuel, %	0.44	0.45
Energy, %	1.94	1.67
Labor costs, %	11.87	11.96
Interests on loans, %	0	0
Rental payments, %	0.01	0.01
Social expenditures, %		
Depreciation of fixed assets, %	15.42	14.32
Taxes included in production costs, %	42.09	42.71
Other expenses (please specify)	1.22	1.29
amortization of intangible assets, %	0.04	0.1
remuneration for innovation proposals, %	0	0
compulsory insurance payments, %	0.06	0.06
entertainment expenses, %	0	0
other, %	1.12	1.13
Insurance premiums	2.99	3.02
Total: costs of production and sale of goods (works, services) (production costs), %	100	100

For reference only: Revenue from sale of goods (works, services), % to cost of production	131.4	137.6
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Essential new types of products (works, services) offered by the issuer in its core market, to the extent that corresponds to publicly available information about such products (works, services). Please specify the development status of such types of products (works, services).

There are no essential new types of products (works, services).

Standards (rules) used for accounting (financial) statements and calculations shown in this subparagraph: *The accounting (financial) statements of OJSC “Surgutneftegas” have been prepared in accordance with the applicable accounting standards of the Russian Federation as per Federal Law of the Russian Federation No. 402-FZ “On Accounting” dated 6 December 2011, “Regulations on Accounting and Reporting in the Russian Federation” approved by Order No. 34n of the Ministry of Finance of the Russian Federation dated 29 July 1998, “Accounting Regulations “Reporting of an Enterprise” PBU 4/99 approved by Order No. 43n of the Ministry of Finance of the Russian Federation dated 6 July 1999 and Order No. 66n of the Ministry of Finance of the Russian Federation “Reporting Standards of Enterprises” dated 2 July 2010, and approved regulations “Accounting Policy of OJSC “Surgutneftegas” for 2015 for Accounting Purposes” and “Accounting Policy of OJSC “Surgutneftegas” for Taxation Purposes for 2015”.*

3.2.3. Issuer’s supplies, goods (raw materials) and suppliers

For 6 months of 2015

Suppliers who provide at least 10 percent of all supplies of materials and goods (raw materials)

There are no suppliers who provide at least 10 percent of all supplies of materials and goods (raw materials).

Change in prices by more than 10 percent for basic materials and goods (raw materials) during the reporting period against the corresponding reporting period of the previous year

Changes in prices by more than 10 percent during 6 months of 2015 against the corresponding period of 2014 were for the following types of basic materials and goods (raw materials):

- pipes;
- spare parts for drilling and oilfield equipment;
- cables;
- lubricants and chemicals;
- oil production equipment;
- building materials;
- rolled metal products;
- vehicles, tractors and oilfield machinery.

The share of imported materials and goods in total supplies, expected availability of import sources in the future, and possible alternative sources

Imported materials and goods accounted for 21.4% of total supplies to the Company.

OJSC “Surgutneftegas” expects availability of these and possible alternative sources of imported materials and goods.

3.2.4. Marketing outlets for the issuer’s products (work, services)

Key markets where the issuer operates:

OIL	6 months of 2015
- on the territory of Russia	<i>the Northwestern Federal District the Southern Federal District the Volga Federal District the Urals Federal District the Far Eastern Federal District</i>
- export	<i>non-CIS countries CIS countries</i>
OIL PRODUCTS	6 months of 2015
- on the territory of Russia	<i>the Northwestern Federal District the Central Federal District the Urals Federal District the Siberian Federal District</i>
- export	<i>European countries</i>

Factors that can adversely affect the issuer's sales of goods (works, services) and steps that may be taken by the issuer to mitigate such impact: *Some of the factors that can adversely affect the Company's sales include changes in world oil prices, tax legislation and natural monopoly prices. To minimize the impact of the above factors on sales, the Company monitors prices on foreign and domestic oil and oil products markets on a routine basis and redirects export flows choosing those with better prices.*

3.2.5. Issuer's permits (licenses) or authorizations for certain types of works

The issuer does not have permits (licenses) information about which must be specified in the quarterly report.

3.2.6. Activity of certain categories of issuers

The issuer is not a stock investment fund, insurance or lending institution, or mortgage agent.

3.2.7. Additional information on issuers whose primary activity is mineral resources extraction

a) Mineral resources

The list of mineral deposits which have a significant financial and business importance for the issuer, to which the issuer or its subsidiaries hold the right of use

1. Field: Zapadno-Surgutskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 19,499 thous. tonnes; C2 – 3,047 thous. tonnes*

Production rate for the relevant reporting period (periods): *735.702 thous. tonnes*

2. Field: Zapadno-Surgutskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *ABC1 – 732 mn cub m; C2 – 154 mn cub m*

Production rate for the relevant reporting period (periods): *38.566337 mn cub m*

3. Field: Vostochno-Surgutskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 70,560 thous. tonnes; C2 – 11,741 thous. tonnes*

Production rate for the relevant reporting period (periods): *874.359 thous. tonnes*

4. Field: Vostochno-Surgutskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *ABC1 – 4,224 mn cub m; C2 – 704 mn cub m*

Production rate for the relevant reporting period (periods): *52.624020 mn cub m*

5. Field: Yaunlorskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 32,136 thous. tonnes; C2 – 1,093 thous. tonnes*

Production rate for the relevant reporting period (periods): *410.615 thous. tonnes*

6. Field: Yaunlorskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *ABC1 – 3,895 mn cub m; C2 – 236 mn cub m*

Production rate for the relevant reporting period (periods): *39.536145 mn cub m*

7. Field: Fedorovskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 226,473 thous. tonnes; C2 – 36,518 thous. tonnes*

Production rate for the relevant reporting period (periods): *2100.089 thous. tonnes*

8. Field: *Fedorovskoye*

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *ABC1 – 136,397 mn cub m; C2 – 3,706 mn cub m*

Production rate for the relevant reporting period (periods): *880.531557 mn cub m*

9. Field: *Lyantorskoye*

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 35,905 thous. tonnes; C2 – 104 thous. tonnes*

Production rate for the relevant reporting period (periods): *1065.074 thous. tonnes*

10. Field: *Lyantorskoye*

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *ABC1 – 107,148 mn cub m; C2 – 4 mn cub m*

Production rate for the relevant reporting period (periods): *356.378943 mn cub m*

11. Field: *Bystrinskoye*

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 25,979 thous. tonnes; C2 – 1,465 thous. tonnes*

Production rate for the relevant reporting period (periods): *683.907 thous. tonnes*

12. Field: *Bystrinskoye*

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *ABC1 – 24,535 mn cub m; C2 – 66 mn cub m*

Production rate for the relevant reporting period (periods): *174.331407 mn cub m*

13. Field: *Vachinskoye*

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 30,778 thous. tonnes; C2 – 1,836 thous. tonnes*

Production rate for the relevant reporting period (periods): *402.122 thous. tonnes*

14. Field: *Vachinskoye*

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *ABC1 – 11,613 mn cub m; C2 – 2,031 mn cub m*

Production rate for the relevant reporting period (periods): *111.619662 mn cub m*

15. Field: *Rogozhnikovskoye*

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 82,672 thous. tonnes; C2 – 77,857 thous. tonnes*

Production rate for the relevant reporting period (periods): *775.503 thous. tonnes*

16. Field: *Rogozhnikovskoye*

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *ABC1 – 5,519 mn cub m; C2 – 5,323 mn cub m*

Production rate for the relevant reporting period (periods): *70.972787 mn cub m*

17. Field: *Russkinskoye*

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 53,333 thous. tonnes; C2 – 10,991 thous. tonnes*

Production rate for the relevant reporting period (periods): *774.745 thous. tonnes*

18. Field: *Russkinskoye*

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: **ABC1 – 2,312 mn cub m; C2 – 770 mn cub m**
Production rate for the relevant reporting period (periods): **42.721770 mn cub m**

19. Field: Konitlorskoye

Rights to the field are held by: **the issuer**

Type of minerals: **oil**

Proved reserves: **ABC1 – 51,007 thous. tonnes; C2 – 1,061 thous. tonnes**

Production rate for the relevant reporting period (periods): **417.326 thous. tonnes**

20. Field: Konitlorskoye

Rights to the field are held by: **the issuer**

Type of minerals: **associated gas**

Proved reserves: **ABC1 – 2,147 mn cub m; C2 – 63 mn cub m**

Production rate for the relevant reporting period (periods): **26,836871 mn cub m**

21. Field: Severo-Labatyuganskoye

Rights to the field are held by: **the issuer**

Type of minerals: **oil**

Proved reserves: **ABC1 – 58,264 thous. tonnes; C2 – 10,245 thous. tonnes**

Production rate for the relevant reporting period (periods): **1536.893 thous. tonnes**

22. Field: Severo-Labatyuganskoye

Rights to the field are held by: **the issuer**

Type of minerals: **associated gas**

Proved reserves: **ABC1 – 4,363 mn cub m; C2 – 772 mn cub m**

Production rate for the relevant reporting period (periods): **112.985501 mn cub m**

23. Field: Zhumazhanovskoye

Rights to the field are held by: **the issuer**

Type of minerals: **oil**

Proved reserves: **ABC1 – 13,926 thous. tonnes; C2 – 11,310 thous. tonnes**

Production rate for the relevant reporting period (periods): **375.088 thous. tonnes**

24. Field: Zhumazhanovskoye

Rights to the field are held by: **the issuer**

Type of minerals: **associated gas**

Proved reserves: **ABC1 – 994 mn cub m; C2 – 852 mn cub m**

Production rate for the relevant reporting period (periods): **22.035859 mn cub m**

25. Field: Central Block of the Talakanskoye oil and gas condensate field

Rights to the field are held by: **the issuer**

Type of minerals: **oil**

Proved reserves: **ABC1 – 99,789 thous. tonnes; C2 – 3,494 thous. tonnes**

Production rate for the relevant reporting period (periods): **1331.815 thous. tonnes**

26. Field: Central Block of the Talakanskoye oil and gas condensate field

Rights to the field are held by: **the issuer**

Type of minerals: **associated gas**

Proved reserves: **ABC1 – 45,403 mn cub m; C2 – 8,035 mn cub m**

Production rate for the relevant reporting period (periods): **127.904811 mn cub m**

27. Field: Severo-Talakanskoye

Rights to the field are held by: **the issuer**

Type of minerals: **oil**

Proved reserves: **ABC1 – 27,907 thous. tonnes; C2 – 38,785 thous. tonnes**

Production rate for the relevant reporting period (periods): **518.600 thous. tonnes**

28. Field: Severo-Talakanskoye

Rights to the field are held by: **the issuer**

Type of minerals: **associated gas**

Proved reserves: **ABC1 – 5,591 mn cub m; C2 – 11,184 mn cub m**

Production rate for the relevant reporting period (periods): **37.039895 mn cub m**

Licenses for subsoil use obtained by the issuer or subsidiaries for the fields use which have a significant financial and economic importance

Legal person that obtained a license: *the issuer*

1. Number: KhMN 01525 NR

Date of issue: **18.04.2001**

Valid till: **17.04.2051**

according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992

Basis for license issuance: **according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Oktyabrsky and Khanty-Mansiysky Districts, area (sq. km) - 1271.50**

Type of the license: **geological survey of subsoil, exploration and production of hydrocarbons, injection of formation and salt underground water to maintain formation pressure**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **drilling of prospecting and exploration wells, seismic acquisition, and fields commissioning according to the terms and conditions of the license agreement**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 30.06.2015, all conditions are being met.**

Legal person that obtained a license: *the issuer*

2. Number: KhMN 11293 NE

Date of issue: **05.09.2002**

Valid till: **01.06.2047**

according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992

Basis for license issuance: **according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 1474.95**

Type of the license: **exploration and production of oil and gas, as well as injection of surface, formation and salt underground water to maintain formation pressure**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **drilling of prospecting and exploration wells, seismic acquisition, and fields commissioning according to the terms and conditions of the license agreement**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 30.06.2015, all conditions are being met.**

Legal person that obtained a license: *the issuer*

3. Number: KhMN 13455 NE

Date of issue: **25.01.2006**

Valid till: **01.02.2068**

according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992

Basis for license issuance: **according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) - 483.90**

Type of the license: **exploration and production of hydrocarbons, as well as injection of surface, formation and salt underground water to maintain formation pressure**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **drilling of prospecting and exploration wells, seismic acquisition, and fields commissioning according to the terms and conditions of the license agreement**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 30.06.2015, all conditions are being met.*

Legal person that obtained a license: *the issuer*

4. Number: YaKU 12061 NE

Date of issue: **26.12.2003**

Valid till: **31.12.2045**

according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992

Basis for license issuance: *according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992*

Description of subsoil plot provided for use: *Republic of Sakha (Yakutia), Lensky District, area (sq. km) - 410.57*

Type of the license: *exploration and production of hydrocarbons, injection of surface, formation and salt underground water and excessive associated gas to maintain formation pressure*

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: *drilling of prospecting and exploration wells, seismic acquisition, and fields commissioning according to the terms and conditions of the license agreement*

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 30.06.2015, all conditions are being met.*

Legal person that obtained a license: *the issuer*

5. Number: KhMN 00431 NE

Date of issue: **05.03.1997**

Valid till: **31.12.2039**

according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992

Basis for license issuance: *according to the Regulations for Subsurface Use Licensing Procedure*

Description of subsoil plot provided for use: *Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 544.03*

Type of the license: *oil and gas production*

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: *fields commissioning operations according to the terms and conditions of the license agreement*

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 30.06.2015, all conditions are being met.*

Legal person that obtained a license: *the issuer*

6. Number: KhMN 00435 NE

Date of issue: **05.03.1997**

Valid till: **31.12.2045**

according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992

Basis for license issuance: *according to the Regulations for Subsurface Use Licensing Procedure*

Description of subsoil plot provided for use: *Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 1182.20*

Type of the license: *oil and gas production, injection of surface, formation and salt underground water to maintain formation pressure within Vostochno-Surgutsky license area.*

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: *drilling of prospecting and exploration wells, seismic acquisition, and fields commissioning according to the terms and conditions of the license agreement*

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 30.06.2015, all conditions are being met.*

Legal person that obtained a license: *the issuer*

7. Number: KhMN 00438 NE

Date of issue: **05.03.1997**

Valid till: **31.12.2043**

according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992

Basis for license issuance: **according to the Regulations for Subsurface Use Licensing Procedure**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 457.578**

Type of the license: **oil, gas and condensate production, as well as injection of formation, surface and salt underground water to maintain formation pressure**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **drilling of prospecting and exploration wells, seismic acquisition, and fields commissioning according to the terms and conditions of the license agreement**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 30.06.2015, all conditions are being met.*

Legal person that obtained a license: *the issuer*

8. Number: KhMN 00408 NE

Date of issue: **18.12.1996**

Valid till: **31.12.2086**

according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992

Basis for license issuance: **according to the Regulations for Subsurface Use Licensing Procedure**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 1952.07**

Type of the license: **oil, gas and condensate production, as well as injection of formation and surface water to maintain formation pressure**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **drilling of prospecting and exploration wells, seismic acquisition, and fields commissioning according to the terms and conditions of the license agreement**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 30.06.2015, all conditions are being met.*

Legal person that obtained a license: *the issuer*

9. Number: KhMN 00406 NE

Date of issue: **18.12.1996**

Valid till: **31.12.2037**

according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992

Basis for license issuance: **according to the Regulations for Subsurface Use Licensing Procedure**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 1815.718**

Type of the license: **oil, gas and condensate production, as well as injection of formation, surface and salt underground water to maintain formation pressure**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **drilling of prospecting and exploration wells, seismic acquisition, and fields commissioning according to the terms and conditions of the license agreement**

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 30.06.2015, all conditions are being met.*

Legal person that obtained a license: *the issuer*

10. Number: KhMN 00409 NE

Date of issue: **18.12.1996**

Valid till: **31.12.2041**

according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992

Basis for license issuance: **according to the Regulations for Subsurface Use Licensing Procedure**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 528.793**

Type of the license: **oil, gas and condensate production, as well as injection of formation, surface and salt underground water to maintain formation pressure.**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **drilling of prospecting and exploration wells, seismic acquisition, and fields commissioning according to the terms and conditions of the license agreement**

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 30.06.2015, all conditions are being met.*

Legal person that obtained a license: *the issuer*

11. Number: KhMN 00407 NE

Date of issue: **18.12.1996**

Valid till: **31.12.2027**

according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992

Basis for license issuance: **according to the Regulations for Subsurface Use Licensing Procedure**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 658.758**

Type of the license: **oil, gas and condensate production, as well as injection of formation and salt underground water to maintain formation pressure**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **drilling of prospecting and exploration wells, seismic acquisition, and fields commissioning according to the terms and conditions of the license agreement**

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 30.06.2015, all conditions are being met.*

Legal person that obtained a license: *the issuer*

12. Number: KhMN 00417 NE

Date of issue: **14.01.1997**

Valid till: **31.12.2048**

according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992

Basis for license issuance: **according to the Regulations for Subsurface Use Licensing Procedure**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 959.79**

Type of the license: **oil and gas production, as well as injection of surface, formation and salt underground water to maintain formation pressure**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: *drilling of prospecting and exploration wells, seismic acquisition, and fields commissioning according to the terms and conditions of the license agreement*

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 30.06.2015, all conditions are being met.*

Legal person that obtained a license: *the issuer*

13. Number: KhMN 00564 NE

Date of issue: **29.05.1997**

Valid till: **31.12.2055**

according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992

Basis for license issuance: *according to the Regulations for Subsurface Use Licensing Procedure*

Description of subsoil plot provided for use: *Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 1046.28*

Type of the license: *oil and gas production, as well as injection of formation and salt underground water to maintain formation pressure*

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: *drilling of prospecting and exploration wells, seismic acquisition, and fields commissioning according to the terms and conditions of the license agreement*

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 30.06.2015, all conditions are being met.*

Legal person that obtained a license: *the issuer*

14. Number: YaKU 14372 NE

Date of issue: **21.01.2008**

Valid till: **01.02.2028**

according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992

Basis for license issuance: *according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992*

Description of subsoil plot provided for use: *Republic of Sakha (Yakutia), Lensky District, area (sq. km) - 1188.46*

Type of the license: *exploration and production of hydrocarbons, as well as injection of surface, formation and salt underground water to maintain formation pressure*

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: *drilling of prospecting and exploration wells, seismic acquisition, and fields commissioning according to the terms and conditions of the license agreement*

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 30.06.2015, all conditions are being met.*

Legal person that obtained a license: *the issuer*

15. Number: KhMN 14906 NR

Date of issue: **27.04.2010**

Valid till: **31.12.2095**

according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992

Basis for license issuance: *according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992*

Description of subsoil plot provided for use: *Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) - 167.45*

Type of the license: *geological survey, exploration and production of hydrocarbons.*

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: *drilling of prospecting and exploration wells, seismic acquisition, and fields commissioning according to the terms and conditions of the license agreement*

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 30.06.2015, all conditions are being met.*

Legal person that obtained a license: *the issuer*

16. Number: KhMN 14757 NR

Date of issue: **02.10.2009**

Valid till: **22.09.2034**

according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992

Basis for license issuance: *according to RF Law No. 2395-1 "On Subsurface" of 21 February 1992*

Description of subsoil plot provided for use: *Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) - 156.50*

Type of the license: *geological survey, exploration and production of hydrocarbons.*

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: *drilling of prospecting and exploration wells, seismic acquisition, and fields commissioning according to the terms and conditions of the license agreement*

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 30.06.2015, all conditions are being met.*

This section provides a list of fields with production level of 2.0% and more of the total volume of oil produced by the Company in 2Q2015.

In the lines "Proved reserves" the current recoverable oil and condensate reserves in respect of oil are shown under the Russian classification of hydrocarbon reserves and resources.

In the lines "Proved reserves" the current recoverable associated gas reserves in respect of associated gas are shown under the Russian classification of hydrocarbon reserves and resources.

In 2Q2015, oil, associated petroleum gas and natural gas produced from the Company's fields under development amounted to 15,352.831 thousand tonnes, 2,354.221880 million cubic meters and 18.653585 million cubic meters respectively.

License KhMN 00431 NE is issued in lieu of License KhMN 00051 NE dtd 13.07.1993.

License KhMN 00435 NE is issued in lieu of License KhMN 00049 NE dtd 13.07.1993.

License KhMN 00438 NE is issued in lieu of License KhMN 00057 NE dtd 14.07.1993.

License KhMN 00408 NE is issued in lieu of License KhMN 00052 NE dtd 14.07.1993.

License KhMN 00406 NE is issued in lieu of License KhMN 00062 NE dtd 15.07.1993.

License KhMN 00409 NE is issued in lieu of License KhMN 00047 NE dtd 13.07.1993.

License KhMN 00407 NE is issued in lieu of License KhMN 00104 NE dtd 29.09.1993.

License KhMN 00417 NE is issued in lieu of License KhMN 00054 NE dtd 14.07.1993.

License KhMN 00564 NE is issued in lieu of License KhMN 00106 NE dtd 29.09.1993.

b) Mineral resources processing

Fixed assets used for processing:

Associated gas is processed by the Gas Processing Division of OJSC "Surgutneftegas". The sector of oil refining and petrochemistry is represented by LLC "KINEF" located in the city of Kirishi.

The issuer, its subsidiaries or affiliates do not engage any contractors to process mineral resources they produce.

c) Products marketing

Permits granted by authorized government agencies for the sale of mineral resources and their processed products and quotas, including export quotas: *In accordance with RF Federal Law No. 147-FZ dated 17.08.1995 "On Natural Monopolies", a duly registered oil producer and an organization being a parent company of an oil producer are granted with the right of access to the system of Russian trunk pipelines and terminals to transport oil out of the customs territory of the Russian Federation, proportionally to the volumes of produced oil pumped into the system of trunk pipelines with a 100% trunk pipeline transmission capacity (subject to feasibility).*

3.2.8. Additional requirements to be met by issuers whose primary activity is telecommunication services provision

Telecommunication services provision is not the primary activity of the issuer.

3.3. Plans for the issuer's future activity

The long-term strategy of OJSC "Surgutneftegas" is aimed at strengthening its position of a financially sustainable company with good production growth prospects in the domestic oil and gas sector. To achieve its goal, the Company is developing the following priority areas of business:

Oil and gas production:

- *to strengthen and enlarge the Company's mineral resource base through geological exploration and acquisition of new promising areas;*
- *to develop and apply innovative solutions, introduce advanced equipment in order to enhance efficiency of oil and gas exploration and field development, including fields with tight oil reserves;*
- *to maintain production targets;*
- *to form new centers of hydrocarbon production;*
- *to take a comprehensive approach to gas sector development: to provide for a high utilization level and maximize efficient use of associated petroleum gas;*
- *to provide a high quality of work and control costs.*

Oil refining and gas processing:

- *to increase oil conversion ratio and light oil products yield;*
- *to improve the quality of products and ensure compliance with Russian and international quality standards;*
- *to enhance refining and processing efficiency through modernization and reconstruction of production facilities.*
- *to extend the range of products in accordance with the market needs.*

Marketing:

- *to diversify product supplies by entering new markets and developing Russian transportation infrastructure;*
- *to increase consumer's loyalty by providing high quality products and services at gas stations;*
- *to increase the efficiency of retail sales through extending the range of products and boosting sales of associated goods and services;*

Power sector:

- *to develop energy complex which ensures generation, transmission and sale of electric and thermal energy, and provides for rational use of hydrocarbons produced;*
- *to introduce energy saving and energy efficient solutions and technology within every area of the Company's operations.*

Social responsibility:

- *to mitigate the environmental impact of production facilities, ensure environmental safety of production facilities and use natural resources in a responsible and rational way;*
- *to assure high industrial and occupational safety standards;*
- *to contribute to balanced social and economic development of the areas where the Company operates and preserve the status of a reliable partner and supplier of high quality products;*
- *to offer extra social benefits and guarantees for the employees, their families, and retired employees.*

The Company's medium-term plans for oil and gas production include maintaining the target level of oil production at 61-62 million tonnes per year. Surgutneftegas' plans for 2015 embrace oil production at 61.4 million tonnes, including 8.1 million tonnes in Eastern Siberia, gas recovery and generation at nearly 9.3 billion cubic meters. To succeed in its objective, the Company brings new hydrocarbon reserves into development, carries out a significant amount of development drilling, conducts continuous optimization of well operations and takes a variety of measures to enhance oil recovery.

The Company's efforts in 2015 will focus on improving the efficiency of the existing fields in Western and Eastern Siberia, putting into development 2 new deposits in Western Siberia: Spielman (Severo-Rogozhnikovskoye) and Yuzhno-Vatlorskoye. The Company will drill 197.6 thousand meters of rock for exploration purposes and construct 71 prospecting and exploration wells.

On the refining side, the Company will continue upgrading the existing production facilities and building new plants intended to enhance the range of products and improve product quality. As far the gas sector is concerned, the Company intends to focus on maintaining a high level of associated petroleum gas utilization – at about 99%. The amount of gas processing will be 6.1 billion cubic meters.

On the marketing side, OJSC “Surgutneftegas” will focus on the development of its network of gas filling stations, strengthening their competitiveness through expanded additional services and optimized related products.

In the energy sector, the Company plans to further develop its energy facilities and carry out its energy conservation program. Power generated in-house by gas turbine and gas piston power plants will be about 5.4 billion kWh, which will satisfy nearly 43% of the Company’s total energy demand.

In 2015, pursuing its environmental program the Company will conduct environmental monitoring, enhance reliability of field pipelines, and remediate oil contaminated soils and sludge pits. As part of its social responsibility initiatives, OJSC “Surgutneftegas” will further promote comfortable work and leisure environment for its employees, implement various social programs and contribute to the development of the areas of its operations.

3.4. Issuer’s share in banking groups, bank holding companies, holdings and associations

There were no changes in the information contained in this section of the quarterly report.

3.5. Organizations under the issuer’s control which are material to the issuer

1. Full corporate name: **Limited Liability Company Novgorodnefteproduct**

Abbreviated corporate name: **LLC Novgorodnefteproduct**

Location: **Russia, Veliky Novgorod**

INN: **5321059365**

OGRN: **1025300788644**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer’s control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer’s control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer’s control.**

Type of control: **direct control**

The issuer’s share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer’s ordinary shares held by the controlled organization: **0%**

Description of the company’s core business: **procurement, storage and marketing of petroleum products.**

The company’s Board of Directors (Supervisory Board)

No provision is made for the Board of Directors (Supervisory Board).

Individual executive body of the company

Name	The person’s share in the charter capital of the issuer, %:	The issuer’s ordinary shares held by the person, %:
Serebrennikov Viktor Georgievich	0	0

The company’s collegiate executive body

No provision is made for a collegiate executive body.

2. Full corporate name: **Limited Liability Company Syrgutmebel**

Abbreviated corporate name: **LLC Syrgutmebel**

Location: **Russia, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, poselok Barsovo, Vostochnaya industrial 1 territory, 2**

INN: **8617013396**

OGRN: **1028601679688**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder

agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core business: **manufacturing of timber construction materials.**

The company's Board of Directors (Supervisory Board)

No provision is made for the Board of Directors (Supervisory Board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Ivanov Nikolai Ivanovich	0	0

The company's collegiate executive body

No provision is made for a collegiate executive body.

3. Full corporate name: **Limited Liability Company Pskovnefteproduct**

Abbreviated corporate name: **LLC Pskovnefteproduct**

Location: **Russia, Pskov**

INN: **6027042337**

OGRN: **1026000970049**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core business: **procurement, storage and marketing of petroleum products.**

The company's Board of Directors (Supervisory Board)

No provision is made for the Board of Directors (Supervisory Board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Maleshin Yuri Vladimirovich	0	0

The company's collegiate executive body

No provision is made for a collegiate executive body.

4. Full corporate name: **Limited Liability Company Tvernefteproduct**

Abbreviated corporate name: **LLC Tvernefteproduct**

Location: **Russia, Tver, ul. Novotorzhskaya, 6**

INN: **6905041501**

OGRN: **1026900510647**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core business: **procurement, storage and marketing of petroleum products.**

The company's Board of Directors (Supervisory Board)

No provision is made for the Board of Directors (Supervisory Board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Klinovsky Alexander Eduardovich	0.0025	0.0014

The company's collegiate executive body

No provision is made for a collegiate executive body.

5. Full corporate name: **Limited Liability Company Kaliningradnefteproduct**

Abbreviated corporate name: **LLC Kaliningradnefteproduct**

Location: **Russia, Kaliningrad, Central District, ul. Komsomolskaya, 22-b**

INN: **3900000136**

OGRN: **1023900589240**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core business: **procurement, storage and marketing of petroleum products.**

The company's Board of Directors (Supervisory Board)

No provision is made for the Board of Directors (Supervisory Board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Berdnikov Igor Vladimirovich	0	0

The company's collegiate executive body

No provision is made for a collegiate executive body.

6. Full corporate name: **Limited Liability Company "Oil Refining and Petrochemical Enterprises Design Institute"**

Abbreviated corporate name: **LLC "Lengiproneftekhim"**

Location: **Russia, Saint Petersburg, nab. Obvodnogo kanala, 94**

INN: **7810327462**

OGRN: **1057803105755**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100 %**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core business: **design of buildings and constructions including process design of facilities and constructions for fuel, mining and processing industry.**

The company's Board of Directors (Supervisory Board)

No provision is made for the Board of Directors (Supervisory Board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Lebedskoy-Tambiyev Mikhail Andreevich	0	0

The company's collegiate executive body

No provision is made for a collegiate executive body.

7. Full corporate name: **Limited Liability Company KIRISHIAVTOSERVIS**

Abbreviated corporate name: **KIRISHIAVTOSERVIS Ltd**

Location: **196084, Russia, Saint Petersburg, ul.Smolenskaya 12, lit. A**

INN: **7840016802**

OGRN: **1057807804064**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core business: **procurement, storage and marketing of petroleum products.**

The company's Board of Directors (Supervisory Board)

No provision is made for the Board of Directors (Supervisory Board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Farbman Valery Evseevich	0	0

The company's collegiate executive body

No provision is made for a collegiate executive body.

8. Full corporate name: **Limited Liability Company "Media-Invest"**

Abbreviated corporate name: **LLC "Media-Invest"**

Location: **119847 Russia, Moscow, Zubovsky boulevard, 17, bld.1**

INN: **7704667322**

OGRN: **1077762407580**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core business: **television and radio broadcasting, production and distribution of television and radio programs.**

The company's Board of Directors (Supervisory Board)

No provision is made for the Board of Directors (Supervisory Board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Litvin Viktoriya Viktorovna	0	0

The company's collegiate executive body

No provision is made for a collegiate executive body.

9. Full corporate name: **Open Joint Stock Company "Sovkhoz "Chervishevsky"**

Abbreviated corporate name: **OJSC "Sovkhoz "Chervishevsky"**

Location: **Russia, Tyumenskaya Oblast, Tyumensky District, s.Chervishevo**

INN: **7224019466**

OGRN: **1027200789142**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **94.9996%**

Fraction of the ordinary shares held by the issuer: **94.9996%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core business: **dairy products, grain, flour, feed concentrates, bakery products, pastry, pasta, meat, sausage products, vegetables, fruit jam products; cattle keeping; woodwork.**

The company's Board of Directors (Supervisory Board)

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Tatarchuk Valery Grigoryevich (Chairperson)	0.006	0
Mikhaylov Andrei Viktorovich	0	0
Bruslinovsky Igor Petrovich	0	0
Grigoryev Sergei Ivanovich	0	0
Panov Igor Leonidovich	0	0

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Grigoryev Sergei Ivanovich	0	0

The company's collegiate executive body

No provision is made for a collegiate executive body.

10. Full corporate name: **Limited Liability Company Insurance Company Surgutneftegas**

Abbreviated corporate name: **LLC Insurance Company Surgutneftegas**

Location: **Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut**

INN: **8602103061**

OGRN: **1028600581811**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core business: **providing various types of insurance.**

The company's Board of Directors (Supervisory Board)

No provision is made for the Board of Directors (Supervisory Board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Solovyeva Elvira Damirovna	0	0

The company's collegiate executive body

No provision is made for a collegiate executive body.

11. Full corporate name: **Limited Liability Company Production Association "Kirishinefteorgsintez"**

Abbreviated corporate name: **LLC "KINEF"**

Location: **Russia, Leningradskaya Oblast, Kirishi, shosse Entuziastov, 1**

INN: **4708007089**

OGRN: **1024701478735**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder

agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the company's core business: **oilstock refining, manufacturing and marketing of oil products (automobile gasoline, diesel fuel and fuel oil, petroleum asphalt, aromatic hydrocarbons and other refined and petrochemical products).**

The company's Board of Directors (Supervisory Board)

No provision is made for the Board of Directors (Supervisory Board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Somov Vadim Evseevich	0.0086	0.0103

The company's collegiate executive body

No provision is made for a collegiate executive body.

12. Full corporate name: **ZAO Surgutneftegasbank**

Abbreviated corporate name: **ZAO SNGB**

Location: **628400 Russia, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Kukuyevitskogo, 19**

INN: **8602190258**

OGRN: **1028600001792**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **97.7591%**

Fraction of the ordinary shares held by the issuer: **98.2389%**

The share of the controlled organization in the charter capital of the issuer: **0.0015%**

The issuer's ordinary shares held by the controlled organization: **0.0018%**

Description of the company's core business: **banking**

The company's Board of Directors (Supervisory Board)

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Barankov Vladislav Georgievich (Chairperson)	0.0139	0.0153
Burtsev Gennady Alekseevich	0	0
Zhernovkov Alexander Georgievich	0.0007	0.0001
Pospelova Natalia Evgenyevna	0.0002	0.0002
Druchinin Andrei Vladislavovich	0.0006	0.0004
Sobakinskikh Valery Leonidovich	0	0
Tarasova Olga Ivanovna	0	0

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Korol Andrei Vitalyevich	0.0003	0.0003

The company's collegiate executive body

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Korol Andrei Vitalyevich (Chairperson)	0.0003	0.0003
Chaplin Dmitry Vladimirovich	0	0
Chernozhukov Evgeny Nikolaevich	0	0
Krotov Sergei Grigoryevich	0	0
Potapova Vera Vladimirovna	0	0

The Board is the collegial executive body of ZAO SNGB.

3.6. Constitution, structure, and cost of the issuer's fixed assets; information on plans to purchase, replace, and dispose of fixed assets, as well as on all facts of encumbrance of the issuer's fixed assets

As of 30.06.2015

Unit of measure: *thousand RUB*

Name of fixed assets group	Historical (replacement) cost	Accumulated depreciation
Land and objects of environmental management	13,945,765	
Buildings, structures and transfer mechanisms	2,198,487,624	1,663,050,225
Machinery, equipment and vehicles	467,728,933	372,488,561
Perennial growing stock	96,501	12,600
Other types of fixed assets	3,796,792	3,019,639
TOTAL	2,684,055,615	2,038,571,025

Depreciation methods for different groups of fixed assets:

Historical (replacement) cost of fixed assets is redeemed through depreciation under the straight-line method in conformity with depreciation rates calculated on the basis of useful life of such assets.

Reporting date: **30.06.2015**

The results of the last revaluation of fixed assets and long-term leased fixed assets for the last completed financial year, specifying the date of revaluation, full and residual (net of depreciation) of book value of fixed assets before revaluation and of full and residual (net of depreciation) replacement cost of fixed assets with regard to this revaluation. The information is provided for groups of fixed assets. Information on depreciation methods for different groups of fixed assets.

Unit of measure: *thousand RUB*

Name of fixed assets group	Full value prior to revaluation	Residual (net of depreciation) value prior to revaluation	Date of revaluation	Full replacement cost after revaluation	Residual (net of depreciation) replacement value after revaluation
Land and objects of environmental management	15,469,933	15,469,933	31.12.2014	13,817,382	13,817,382
Buildings and structures	2,116,260,714	526,028,483	31.12.2014	2,159,030,669	531,922,767
Machinery, equipment and vehicles	441,132,222	93,175,553	31.12.2014	457,180,890	95,145,279
Perennial growing stock	96,631	85,213	31.12.2014	96,631	85,213
Other types of fixed assets	3,775,729	771,559	31.12.2014	3,821,883	791,430
Total	2,576,735,229	635,530,741	31.12.2014	2,633,947,455	641,762,071

Specify the method of fixed assets revaluation (using the factors of the federal statistics body of executive authority or the market value of such fixed assets supported by documents or expert opinions. In case of an expert opinion, specify the valuation procedure): *revaluation of fixed assets was based on the replacement cost of the fixed assets.*

Specify any plans to purchase, replace, and dispose of fixed assets, the value of which is 10 and more percent of the value of the issuer's fixed assets and other fixed assets at the issuer's discretion. Specify all facts of encumbrance of the issuer's fixed assets (stating the nature of encumbrance, the date when such encumbrance occurred, its duration and other conditions at the issuer's discretion): *as of the last day of the reporting quarter, there are no plans to purchase, replace, or dispose of fixed assets, the value of which is 10 and more percent of the value of the Company's fixed assets, as well as facts of encumbrance of the issuer's fixed assets.*

Section IV. Financial and operating activities of the issuer

4.1. Results of the issuer's financial and operating activities

The dynamics of indicators characterizing the financial results of the issuer including its profit and loss calculated on the basis of accounting (financial) statements

Standard (rules) of accounting (financial) statements in accordance with which the accounting (financial) figures are calculated: *Russian accounting standards (RSBU)*

The unit of measure for the amount of uncovered loss: *thousand RUB*

Indicator	2014, 6 months	2015, 6 months
Net profit margin, %	29.581	24.599
Asset turnover ratio, times	0.203	0.169
Return on assets, %	6.006	4.165
Return on equity, %	6.542	4.51
Uncovered loss as of the reporting date	0	0
Uncovered loss as of the reporting date to book value of the assets, %	0	0

The above indicators are based on the recommended accounting practices.

Economic analysis of profit/loss of the issuer based on the dynamics of these indicators as well as reasons which (according to the management bodies) led to the loss/profit of the issuer as shown in the accounting (financial) statements:

- *Indicators characterizing the Company's return and profitability for 6 months of 2015 against the corresponding period of 2014 decreased, but retain the values indicating a stable financial position and effective use of the Company's assets;*

- *Decrease in net profit margin of 16.8% in 1H2015 is caused by changes in exchange rates and unfavorable conditions in the global oil and petroleum products market.*

The opinions of the issuer's management bodies regarding the reasons or level of their influence on the financial and operating results of the issuer are different: *no.*

A member of the issuer's Board of Directors (Supervisory Board) or collegiate executive body has his/her dissenting opinion on the specified reasons and/or level of their influence on financial and operating results of the issuer, which is recorded in the minutes of the meeting (session) of the issuer's Board of Directors (Supervisory Board) or collegiate executive body considering relative issues, and presses for this opinion to be included in a quarterly report: *no.*

4.2. Issuer's liquidity position, capital and current assets adequacy

The dynamics of indicators of the issuer's liquidity position calculated based on accounting (financial) statements

Standard (rules) of accounting (financial) statements in accordance with which the accounting (financial) figures are calculated: *Russian accounting standards (RSBU)*

The unit of measure for net working capital: *thousand RUB*

Indicator	2014, 6 months	2015, 6 months
Net working capital	595,092,172	619,683,751
Current liquidity ratio	5.738	4.611
Quick liquidity ratio	5.166	4.18

At the issuer's discretion, the dynamics of indicators of the issuer's liquidity position based on the issuer's consolidated accounting (financial) statements incorporated in the quarterly report: *no.*

All the above indicators are based on the recommended accounting practices: **yes**.

Economic analysis of the issuer's liquidity and solvency as well as adequacy of the issuer's equity to fulfill short-term liabilities and cover operating costs based on the economic analysis of the above performance which (in the opinion of the issuer's management bodies) have the most considerable influence on the issuer's liquidity and solvency: **a decrease in current liquidity ratios of 19.6% and quick liquidity ratios of 19.1% in 1H2015 against 1H2014 is caused by an increase in accounts payable of 38.9%. However, liquidity ratios are significantly higher than recommended levels, which proves that the Company enjoys a high level of financial solvency.**

The opinions of the issuer's management bodies regarding the reasons or level of their influence on the financial and operating results of the issuer are different: **no**.

A member of the issuer's Board of Directors (Supervisory Board) or collegiate executive body has his/her dissenting opinion on the specified reasons and/or level of their influence on financial and operating results of the issuer, which is recorded in the minutes of the meeting (session) of the issuer's Board of Directors (Supervisory Board) or collegiate executive body considering relative issues, and presses for this opinion to be included in a quarterly report: **no**.

4.3. Issuer's financial investments

As of 30.06.2015

Financial investments of the issuer constituting 5 and more percent of its total financial investments as of the last day of the reporting period:

Investments in the issuer's equity securities

There are no investments in the issuer's equity securities constituting 5 and more percent of all financial investments.

Investments in the issuer's non-equity securities

There are no investments in the issuer's non-equity securities constituting 5 and more percent of all financial investments.

The issuer has formed a reserve for devaluation of financial investments in equity securities.

The reserve for devaluation of financial investments in equity securities as of the first and last day of the completed financial year before the end date of the last reporting quarter: ***the reserve for devaluation of financial investments in equity securities as of 01.01.2014 and 31.12.2014 amounted to RUB 100,000.***

Other financial investments

Object of financial investments: ***loans granted***

Amount of the investments in money terms: ***106,485,974***

Unit of measure: ***thousand RUB***

Returns from the object of financial investments or the procedure of its determination, the payment period: ***interest accrual on the sums of the loans granted and transfer dates are determined in accordance with the terms and conditions of the contracts.***

Additional information: ***no***.

Object of financial investments: ***deposits***

Amount of the investments in money terms: ***1,802,405,756***

Unit of measure: ***thousand RUB***

Returns from the object of financial investments or the procedure of its determination, the payment period: ***interest accrual on the sums of the deposits and payment periods are determined in accordance with the terms and conditions of the contracts.***

Additional information: ***no***.

Amount of potential losses due to bankruptcy of organizations (enterprises) in which investments have been made, by each type of such investments: ***no***.

Losses are included in the issuer's assessment of financial investments shown in the issuer's accounting statements for the period from the beginning of the reporting year till the last day of the last reporting quarter.

Reporting standards (rules) used by the issuer to make calculations shown in this section of the quarterly report: ***in accordance with Order No. 126n dated 10 December 2002 of the RF Ministry of Finance "Accounting Regulations "Financial Investments Recognition" PBU 19/02".***

4.4. Issuer's intangible assets

As of 30.06.2015

Unit of measure: *thousand RUB*

Name of intangible assets group	Historical (replacement) cost	Accumulated depreciation
TOTAL	1,232,774	737,789

Accounting standards (rules) used by the issuer to disclose information about its intangible assets:

- *intangible assets are recorded at their actual (historical) cost determined as of the date when such assets were recorded;*

- *the Company records intangible assets in accordance with Order No. 153n dated 27 December 2007 of the RF Ministry of Finance "On Approval of Accounting Regulations "Intangible Assets Accounting" PBU 14/2007".*

Reporting date: 30.06.2015

4.5. Data on the issuer's policy and expenses for scientific and technical development, licenses and patents, new developments and research

OJSC "Surgutneftegas" research and development (R&D) activity.

In 1H2015, the Company's R&D Institute "SurgutNIPIneft" carried out 90 research projects, while third-party contractors completed another 36 projects. During 6 months of 2015, the Company's expenses for 126 projects totaled RUB 1,031.461 million.

Introduction and testing of new equipment and technology. Import substitution program.

1. Introduction of new operating procedures, production methods and equipment.

The section "Mastering of new operating procedures, production methods and equipment" of the innovative plan for 2015 includes 260 projects to introduce new equipment and technology. As many as 82 projects to introduce new technology were carried out during 6 months of 2015.

Forty-four structural units of the Company were engaged in introduction of new engineering processes and new types of production methods and equipment.

2. New equipment and technology testing.

The section "Pilot projects to test new equipment and technology of the innovative plan" for 2015 includes 141 projects. Subject to adjustments and amendments to the plan, tests during 6 months of 2015 were carried out under a total of 101 projects. Tests of 27 models of new equipment were completed, 21 of them with positive results.

3. Import substitution program.

During 6 months of 2015, 612 items were used; the economic benefit was over RUB 534.4 million.

The Company's rationalization and invention activities and acquisition of patents.

For 6 months of 2015, the Company issued and sent 8 applications to the Federal Institute of Industrial Property (FIPS): 2 applications for state registration of a utility model, 1 applications for state registration of an invention, 1 application for state registration of a trademark and 4 applications for state registration of databases.

The Company obtained 5 documents of title, including 4 for databases and 1 for computer programs.

There are no risk factors related to termination of these documents of title.

Rospatent is currently reviewing 5 applications, including 1 application for a trademark, 2 applications for inventions and 2 applications for utility models.

The obtained documents of title increased the cost of the Company's intangible assets for 6 months of 2015 by RUB 74.5 million.

Information on intellectual industrial property (inventions, utility models, industrial prototypes, trademarks) of OJSC "Surgutneftegas" as of 30.06.2015.

No.	Description of intellectual property	Document of exclusive rights (patent, certificate)	Priority (commencement of document of title)	Period of validity of document of title
1	2	3	4	5
1	Trademark of STsBPO EPU (service mark)	Certif. (TZ) No. 248903 dtd 16.06.2003	02.11.1999	02.11.2019
2	Well stream stimulation method	Patent (I) No. 2209948 dtd 10.08.2003	20.11.2000	20.11.2020
3	Road design	Certif. (PM) No. 29936 dtd 10.06.2003	30.10.2002	30.10.2015
4	Design of securing seating for derrick man evacuation device at cluster rig	Patent (PM) No. 36432 dtd 10.03.2004	06.10.2003	06.10.2016

5	Method of determination of SPM mass concentration with scratch resistance over 5 in well production	Patent (I) No. 2273020 dtd 27.03.2006	10.12.2003	10.12.2023
6	BOP suspended manifold of modular-assembly rigs	Patent (PM) No. 43585 dtd 27.01.2005	21.09.2004	21.09.2017
7	Oil man outfit "Universal"	Patent (PO) No. 59443 dtd 16.07.2006	27.07.2004	27.07.2019
8	Development method of complex oil deposit with thin oil margin	Patent (I) No. 2095552 dtd 10.11.1997	15.09.1995	15.09.2015
9	Tubing-casing annulus sealing tool	Patent (I) No. 2311525 dtd 27.11.2007	10.01.2006	10.01.2026
10	Method of hydraulic fracturing	Patent (I) No. 2311528 dtd 27.11.2007	10.01.2006	10.01.2026
11	Submersible electric centrifugal pump package (UPETsNM)	Patent (PM) No. 65586 dtd 10.08.2007	30.08.2006	30.08.2016
12	Safety screen for fire monitor (options)	Patent (PM) No. 65767 dtd 27.08.2007	18.01.2007	18.01.2017
13	Automatic winding drum shelter UNKRT-2M	Patent (PM) No. 67643 dtd 27.10.2007	31.05.2007	31.05.2017
14	Bottom-hole formation zone protector	Patent (PM) No. 72719 dtd 27.04.2008	14.12.2007	14.12.2017
15	Drilling bit design	Patent (PM) No. 73017 dtd 10.05.2008	14.12.2007	14.12.2017
16	Wash tank dewaxer	Patent (PM) No. 79810 dtd 20.01.2009	14.02.2008	14.02.2018
17	Blowout valve	Patent (PM) No. 80495 dtd 10.02.2009	05.06.2008	05.06.2018
18	Method of determining filtration parameters at complex reservoirs and multilayer objects	Patent (I) No. 2290507 dtd 27.12.2006	11.01.2005	11.01.2025
19	Loading control unit for natural gas liquids (NGL) and commercial propane/butane mixture (CPBM)	Patent (PM) No. 89985 dtd 27.12.2009	18.05.2009	18.05.2019
20	Method to remove insulating lacquer coatings of lacquer-impregnated windings of electric motors, including submersible electric motors (SEM)	Patent (I) No. 2396670 dtd 10.08.2010	04.05.2009	04.05.2029
21	Design of an adsorber vessel	Patent (PM) No. 102307 dtd 27.02.2011	19.07.2010	19.07.2020
22	Restoration method of disturbed wetlands (swamplands)	Patent (I) No. 2459397 dtd 27.08.2012	22.09.2010	22.09.2030
23	Production tree heater	Patent (PM) No. 113902 dtd 27.02.2012	20.07.2011	20.07.2021
24	Sludge pump	Patent (PM) No. 124335 dtd 27.04.2009	14.12.2011	14.12.2021
25	Method of determining kerogen parameters and its content in rocks	Patent (I) No. 2485495 dtd 20.06.2013	20.07.2011	20.07.2031
26	Method for repairing a tubing unit without removing the logging cable	Patent (I) No. 2513319 dtd 18.02.2014	27.07.2012	27.07.2032
27	Stand for pneumatic tests of screwed pipe joints	Patent (PM) No. 136570 dtd 10.01.2014	01.10.2012	01.10.2022
28	Design of the liner running into the well drilled under balance	Patent (PM) No. 137571 dtd 20.03.2014	26.03.2013	26.03.2023
29	Open Joint Stock Company "Surgutneftegas"	Certificate of trademark No. 438918 dtd 09.06.2011	06.05.2010	06.05.2020
30	Equipment for multizone well survey and operation	Patent (PM) No. 131074 dtd 10.08.2013	10.01.2013	10.01.2023
31	Turning casing float valve	Patent (PM) No. 135706 dtd 20.12.2013	23.07.2013	23.07.2023
32	Circular casing module	Patent (PM) No. 146266 dtd 03.09.2014	19.05.2014	19.05.2024
33	SPM and foreign objects protection device for cutoff valve (KOC) GUIBERSON during well operation	Patent (PM) No. 36998 dtd 10.04.2004	28.08.2003	28.08.2016

4.6. Oil and gas industry trends analysis

The development of oil and gas industry in Russia depends greatly on the ongoing changes in the global oil and gas industry. In the reporting year, the key factor in the development of the global oil and gas market was a decline in oil prices caused by imbalance of supply and demand of hydrocarbons as a result of a slowdown in the economies of major oil-importing countries, growth of shale oil production in the United States and a number of other factors.

In 2014, the volume of crude oil production in Russia amounted to 526.7 million tonnes, 0.7% higher than in 2013. In the reporting year, significant contribution to the achieved level of oil production was made by oil fields that had been put online in Eastern Siberia several years ago and new fields in Krasnoyarsky Krai and Nenetsky Autonomous Okrug. In addition, oil companies managed to halt the decline in production in brown fields, which is the result of the active work aimed at improving the wells' operation carried out in recent years.

In 2014, oil companies put on stream 6,065 new oil wells. The share of inactive wells remained the same as in the previous year and amounted to 13.1%. They continued to expand their exploratory drilling which at the end of the year reached 993.9 thousand meters, 21.6% higher than in 2013. In contrast to this, the volume of development drilling decreased by 5.1%.

Despite the record volume of production, the export of oil declined in the reporting year and amounted to 42% of oil produced. Reduced supplies were observed both for CIS and non-CIS countries. The greater portion of exports to non-CIS countries was delivered via marine terminals. They accounted for 58.7%. At the same time, transportation of crude oil via pipelines increased, mainly due to Asian countries.

In 2014, the Russian refineries received about 290 million tonnes of oil for processing, 5.3% up against 2013. The utilization of refining capacities still remains high (94.1%). The conversion ratio at the refinery reached 72.4%. The industry continued an extensive upgrade of refineries aimed at higher conversion ratio and compliance with Technical Regulations on the quality characteristics of oil products. The investments of oil companies in development and upgrading of refineries in the reporting year amounted to RUB 290 billion, or 7.8% up compared with 2013; thirteen processing units were commissioned.

In 2014, the output of basic petroleum products, mostly a diesel fuel, increased by 5.5%, due to the fact that the retrofitted refineries are adapted specifically for this product. Its production increased by 8.2% and amounted to 77.4 thousand tonnes. Aviation fuel production grew significantly (by 5.4%). Automobile gasolines production decreased slightly (by 1%). The share of ecology Class 5 products increased in the general structure of petroleum products: for diesel fuel – from 43% to 58%, for gasoline – from 63% to 75%. Supplies of major oil products for the domestic market increased by 8.3% compared with the level of 2013 and amounted to over 46% from the level of their production. Diesel fuel deliveries grew by 3.4%, and within this sector the share of Class 5 products grew to 74%.

Natural gas production in Russia in 2014 amounted to 654.2 billion cubic meters. OAO Gazprom and OAO NOVATEK generated the bulk of production. The share of oil companies engaged in domestic gas production continued to grow and reached 14% in the reporting year, which is due to a more active involvement in production of gas through both purchase of gas assets, development of gas fields, and compliance with legal requirements for maintaining APG utilization rate at 95%. In 2014, the domestic APG utilization rate reached 84% against 78.8% in 2013.

OJSC "Surgutneftegas" is one of the largest vertically integrated oil companies in the Russian Federation. At 2014 year-end, OJSC "Surgutneftegas" accounted for about 12% of Russia's total crude output and about 15% of associated petroleum gas output, as well as about 7% of the crude refining.

The Company's oil and gas operations take place mainly in Western and Eastern Siberia. Oil production of OJSC "Surgutneftegas" was 61.4 million tonnes in the reporting year, which is the same as in the previous year. A crucial role in sustaining the oil production belongs to East Siberian fields – in the reporting year, this region accounted for 13% of the Company's total oil output.

The total number of production oil wells of Surgutneftegas is 13.3% of operating well stock; at the end of 2014, the share of inactive wells counts 8.6%, which is the lowest rate in the industry.

The Company pays special attention to the development of the system for collection and rational use of associated petroleum gas. The associated petroleum gas is processed at the Company's gas processing plant, delivered to the Company's gas turbine and gas-fired reciprocating engine power plants for electric power generation; it is used as fuel and feedstock for the process needs, and is injected to formation to keep the reservoir pressure. Such an approach allows OJSC "Surgutneftegas" to reach a high level of APG utilization and keep a leading position in this in the industry – in 2014, the utilization rate was 99.14%.

OJSC "Surgutneftegas" incorporates LLC "KINEF" that is one of the leading refineries in terms of hydrocarbons refining output among Russian companies. The refinery's oil processing facilities are being upgraded, new objects are being built to help ecological parameters of the fuel produced. Oil refining throughput at LLC "KINEF" amounted to 18.5 million tonnes, with light petroleum products growth to 1.1 million tonnes. The production of ecology Class 5 gasoline has increased by 34% among basic petroleum products, with all diesel fuel complying with ecology Class 5.

The Company's marketing network is located in the North-West of Russia. Over many years, due to high quality of the marketed oil products, the level of service and a wide range of services the marketing subsidiaries of OJSC "Surgutneftegas" have leading positions in the regions of its operations.

In 1H2015, the Russian oil and gas industry was influenced by the gradual recovery of oil prices in the world market (after sharp decrease in 2H2014) and implementation of changes in the tax legislation in the sector – "tax maneuver".

The volume of oil production in Russia increased slightly – by 1.2 % compared with 1H2014 – and totaled 264.2 million tonnes. 140.2 million tonnes of crude oil was refined, that is 53% of the oil produced, 2% down against 1H2014. Oil companies increased the amount of drilling: development drilling increased by 10.3% against 1H2014, exploratory drilling increased by 7.8%. In January-June 2015, the crude oil exports to non-CIS countries via Transneft pipeline system increased by 5.4% against the same period of the previous year. The bulk of deliveries come through the seaside terminals, with an increase of 6.2% in the reporting period.

In 1H2015, OJSC "Surgutneftegas" produced 30.5 million tonnes of crude oil, which is 11.5% of the industry production. Development and exploration drilling by the Company increased against 1H2014 by 6.3% and 4.1% and amounted to 2,099.9 thousand meters and 107.7 thousand meters respectively. In the reporting period, the share of OJSC "Surgutneftegas" in the development drilling in Russia was 20.4%, in the exploration drilling – 24.7%. Oil refining throughput at LLC "KINEF" amounted to 9.1 million tonnes, which is 6.5 % of Russia's refining capacity.

4.7. Analysis of the factors influencing the issuer's activity

The Company's financial results are affected by the following key factors:

- hydrocarbon price trends on global and domestic markets;
- tax burden ratio;
- foreign exchanges/national currency rate;
- inflation rate and natural monopoly tariffs;
- operating figures.

Hydrocarbon price trends on global and domestic markets

The Company's operation is mostly affected by oil and oil products prices on domestic and global markets.

In 2Q2015, global oil prices were in the 53-66 USD/bbl range.

- in 2Q2015, Brent price amounted to 61.9 USD/bbl, 14.7% up against the previous quarter and 43.5% down against the same period of 2014;
- the weighted average Urals price went up by 16.6% from 1Q2015 to 61.8 USD/bbl, which means a 42.6 % decrease against the same period of the previous year.

The prices in the domestic market of Russia depend on export alternatives and take into account seasonal demand for hydrocarbons, changes in excise duties on oil products and other factors. In 2Q2015, the weighted average oil price in the open Russian market grew 5.4 % against 1Q2015 to 16.1 thousand RUB/tonne (West-Siberian petroleum province). It is also a 10.9% growth compared to the same period of 2014.

To fairly estimate the impact of the price factor on the Company's activities, it is essential to take into account the tax burden ratio, since any change of global oil quotations results in corresponding changes of export duties and the Mineral Extraction Tax.

Tax burden ratio

In January 2015, a "tax maneuver" was introduced in the oil and gas industry. It provides for a decrease in crude export duties and a simultaneous growth of mineral extraction tax rates.

In the reporting period, the average duty rate for crude oil to be exported to non-CIS countries remained at the level of the previous quarter and amounted to 130.4 USD/tonne and decreased by 65.9% against 2Q2014.

Since 1 January 2015, the MET rate accordingly increased to 766 RUB/ tonne (in 2014, it was 493 RUB/ tonne). The increase of basic rate, gradual recovery of oil prices and weakening of ruble against the US dollar enabled higher MET rate – it increased by 3.5% against 1Q2015 and by 15.3% against 2Q2014 .

The foreign exchanges/national currency rate

A significant part of the Company's revenue from export of crude oil and oil products is denominated in foreign currency. As a result, any fluctuations in the exchange rate of the Russian ruble to main currencies strongly influence the Company's financial results, mostly the revenue figures.

During 2Q2015, national currency rising against the US dollar was observed. As a result, the average USD rate for the quarter under review was 52.65 RUB/USD, 15.3% less than in the previous quarter. The USD/national currency rate increased by 1.5 times against 2Q2014.

Inflation rate and natural monopoly tariffs

The Company's performance is adversely affected by inflation growth rates and higher natural monopoly tariffs because soaring prices drive up the Company's costs.

In the reporting quarter, Transneft tariffs for pipeline transportation and service tariffs for orders and crude delivery supervision did not change compared with 1Q2015. The tariffs were 6.8% higher against the corresponding period of the previous year.

The inflation rate in 2Q2015 was 1.1%.

Operating figures

In 2Q2015, the Company's crude production was 15.4 million tonnes, 1.3% higher compared to 1Q2015 and 0.3% higher compared to 2Q2014. The growth of production in the reporting happened due to the organic growth of production in Eastern Siberia by 3.8% against the previous quarter of 2015 and by 10.9% against the corresponding quarter of 2014.

In the reporting period, gas production totaled about 2.4 billion cubic meters, 2.6% higher than in the same period of 2014. The Company's gas processing plant processed 1.4 billion cubic meters of gas.

Development drilling in 2Q2015 increased by 14.6% against 1Q2015 and 2.6% against 2Q2014 and amounted to 1,121.3 thousand meters, exploratory drilling amounted to 48.8 thousand meters. As many as 257 new wells were put online. The Company generated 1,270.9 million kWh of electric power at its own gas turbine power stations, which is an 8.1 % increase from 2Q2014.

4.8. Issuer's competitors

The main Company's competitors in terms of production operation are Russian vertically integrated oil companies: LUKOIL, Rosneft, Gazprom нефт, Bashneft, and Tatneft.

Key competitive strengths of the Company include sound resource base and availability of advanced equipment and technologies for oil production which ensure development of difficult-to-recover reserves and enhanced oil recovery at the Company's fields.

Key competitive strengths of the refining segment include close proximity of the Company's refinery to the sea ports and own marketing outlets which ensure efficient oil products supply.

The Company's key competitive strength in the gas sector is the complete cycle for production, utilization, and processing of associated petroleum gas.

Section V. Detailed data on members of the issuer's management bodies, the issuer's agencies supervising its financial and business activities, and summary on its staff (employees)

5.1. Structure and terms of reference for the issuer's management bodies

There were no changes in the information contained in this section of the quarterly report.

5.2. Members of the issuer's management bodies

5.2.1. Issuer's Board of Directors (Supervisory Board)

Name: *Erokhin Vladimir Petrovich*

(Chairman)

Year of birth: **1949**

Education: **Higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	by		
2010	present	Open Joint Stock Company "Surgutneftegas"	Chairman of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.0104**

The issuer's ordinary shares held by the person, %: **0.0126**

Participation in the work of the committees of the Board of Directors: ***The member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).***

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***The person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***No such kinship.***

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person.***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

Name: ***Bogdanov Vladimir Leonidovich***

Year of birth: ***1951***

Education: ***Higher professional, Doctor of Economics***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	by		
2010	present	Open Joint Stock Company "Surgutneftegas"	Director General
2010	present	Open Joint Stock Company "Surgutneftegas"	Vice Chairperson of the Board of Directors
2010	May 2012	ZAO Surgutneftegasbank	Chairman of the Board of Directors
2010	June 2010	Open Joint Stock Company "Zarubezhneft"	Member of the Board of Directors
2010	June 2012	Open Joint Stock Company "Oil Company "Rosneft"	Member of the Board of Directors
2010	January 2013	Limited Liability Company "National Petroleum Consortium"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.3028**

The issuer's ordinary shares held by the person, %: **0.3673**

Participation in the work of the committees of the Board of Directors: ***The member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).***

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***The person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***No such kinship.***

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person.***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

Name: **Bulanov Alexander Nikolaevich**

Year of birth: **1959**

Education: **Higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	by		
2010	present	Open Joint Stock Company "Surgutneftegas"	Chief Engineer – First Deputy Director General
2010	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.0005**

The issuer's ordinary shares held by the person, %: **0.0002**

Participation in the work of the committees of the Board of Directors: **The member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).**

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: **The person does not have such shares.**

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: **No such kinship.**

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: **There were no administrative or criminal actions brought against the person.**

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: **The person did not hold such positions.**

Name: **Dinichenko Ivan Kalistratovich**

Year of birth: **1946**

Education: **Higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	by		
June 2014	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.0003**

The issuer's ordinary shares held by the person, %: **0**

Participation in the work of the committees of the Board of Directors:

Committee	Chairman
Audit Committee of the Board of Directors	no

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: **The person does not have such shares.**

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: **No such kinship.**

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: **There were no administrative or criminal actions brought against the person.**

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: **The person did not hold such positions.**

Name: **Krivosheev Viktor Mikhailovich**

Year of birth: **1953**

Education: **Higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	by		
2010	July 2010	Open Joint Stock Company "Surgutneftegas"	Chief Power Engineer – Energy Division Head
June 2014	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.0064**

The issuer's ordinary shares held by the person, %: **0.0072**

Participation in the work of the committees of the Board of Directors: **The member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).**

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: **The person does not have such shares.**

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: **No such kinship.**

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: **There were no administrative or criminal actions brought against the person.**

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: **The person did not hold such positions.**

Name: **Matveev Nikolai Ivanovich**

Year of birth: **1942**

Education: **Higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	by		
2010	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

Share in the charter capital of the issuer/no ordinary shares.

Participation in the work of the committees of the Board of Directors:

Committee	Chairman
Audit Committee of the Board of Directors	no

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: **The person does not have such shares.**

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: **No such kinship.**

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: **There were no administrative or criminal actions brought against the person.**

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: **The person did not hold such positions.**

Name: **Raritsky Vladimir Ivanovich**

Year of birth: **1940**

Education: **Higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	by		
June 2014	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.0079**

The issuer's ordinary shares held by the person, %: **0.0089**

Participation in the work of the committees of the Board of Directors: ***The member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).***

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***The person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***No such kinship.***

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person.***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

Name: **Usmanov Ildus Shagalievich**

Year of birth: **1954**

Education: **Higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	by		
June 2014	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.0018**

The issuer's ordinary shares held by the person, %: **0.0022**

Participation in the work of the committees of the Board of Directors: ***The member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).***

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***The person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***No such kinship.***

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person.***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

Name: **Shashkov Vladimir Aleksandrovich**

Year of birth: **1946**

Education: **Higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	by		
June 2012	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.0094**

The issuer's ordinary shares held by the person, %: **0.0115**

Participation in the work of the committees of the Board of Directors:

Committee	Chairman
Audit Committee of the Board of Directors	yes

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***The person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***No such kinship.***

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person.***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

5.2.2. Individual executive body of the issuer

Name: ***Bogdanov Vladimir Leonidovich***

Year of birth: ***1951***

Education: ***Higher professional, Doctor of Economics***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	by		
2010	present	Open Joint Stock Company "Surgutneftegas"	Director General
2010	present	Open Joint Stock Company "Surgutneftegas"	Vice Chairperson of the Board of Directors
2010	May 2012	ZAO Surgutneftegasbank	Chairman of the Board of Directors
2010	June 2010	Open Joint Stock Company "Zarubezhneft"	Member of the Board of Directors
2010	June 2012	Open Joint Stock Company "Oil Company "Rosneft"	Member of the Board of Directors
2010	January 2013	Limited Liability Company "National Petroleum Consortium"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.3028**

The issuer's ordinary shares held by the person, %: **0.3673**

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***The person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***No such kinship.***

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person.***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

5.2.3. Issuer's collegiate executive body

No provision is made for a collegiate executive body.

5.3. Remuneration and/or compensation for expenses for each management body of the issuer

Remuneration for each management body (except for the individual who performs the functions of the individual executive body of the issuer) Specify all types of remuneration, including salary, bonuses, commissions, benefits and/or compensations for expenses and other material representations:

Remuneration

Board of Directors

Unit of measure: *thousand RUB*

Indicator	2015, 6 months
Remuneration for the participation in the work performed by the management body	8,053
Salary	
Bonus	
Commission	
Other types of remuneration	134
TOTAL	8,187

Existing agreements in relation to such payments in the current financial year: *Remunerations are paid to the members of the Company's Board of Directors in accordance with the Company's Charter.*

Compensation

Unit of measure: *thousand RUB*

Management body	2015, 6 months
Board of Directors	417

Additional information: *no.*

5.4. Structure and terms of reference for the agencies supervising the issuer's financial and business activities and organization of risk management system and internal control

There were no changes in the information contained in this section of the quarterly report.

5.5. Members of the agencies supervising the issuer's financial and business activities

Agency supervising the issuer's financial and business activities: *Auditing Committee*

Name: *Klinovskaya Taisiya Petrovna*

(Chairman)

Year of birth: *1946*

Education: *Higher professional*

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	by		
2010	January 2013	Open Joint Stock Company "Surgutneftegas"	Financial Division Head
June 2012	June 2014	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: *0.0091*

The issuer's ordinary shares held by the person, %: *0.0053*

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: *The person does not have such shares.*

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: *No such kinship.*

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person.***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

Name: ***Oleynik Tamara Fedorovna***

Year of birth: ***1947***

Education: ***Secondary professional***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	by		

Share in the charter capital of the issuer/no ordinary shares.

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***The person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***No such kinship.***

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person.***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

Name: ***Musikhina Valentina Viktorovna***

Year of birth: ***1960***

Education: ***Secondary professional***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	by		
2010	May 2010	Open Joint Stock Company "Surgutneftegas"	Head of Capital Investments and Exploration Accounting Department, Accounting and Reporting Division
May 2010	June 2012	Open Joint Stock Company "Surgutneftegas"	Deputy Head of Accounting and Reporting Division

Share in the charter capital of the issuer/no ordinary shares.

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***The person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***No such kinship.***

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person.***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

Agency supervising the issuer's financial and business activities: ***Other***

Internal Audit Service

Head of such separate business unit (body) of the issuer

Position of the head of the business unit: **Head of service**

Name: **Arteeva Alexandra Ivanovna**

Year of birth: **1959**

Education: **Higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	by		
2010	present	Open Joint Stock Company "Surgutneftegas"	Head of Internal Audit Service

Share in the charter capital of the issuer/no ordinary shares.

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: **The person does not have such shares.**

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: **No such kinship.**

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: **There were no administrative or criminal actions brought against the person.**

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: **The person did not hold such positions.**

If the issuer has a separate business unit(s) for risk management and internal control (body (business unit) other than the Auditing Committee (Auditor), performing internal audit of the issuer's financial and business activities) and/or separate business unit (service) for internal audit, the information provided for in this clause shall contain data on the head of the issuer's business unit (body).

5.6. Remuneration and (or) compensation for expenses for the agency supervising the issuer's financial and business activity

Remuneration

For each agency supervising the issuer's financial and business activities (except for the individual who holds the position (who performs the functions) of the issuer's Auditor) all types of remuneration with their amount are specified, including salaries of the members of the agencies supervising the issuer's financial and business activities, who are (were) its employees, including ones having (had) other employment, bonuses, commissions, benefits paid separately for the participation in the work performed by the agency supervising the issuer's financial and business activities, other types of remuneration paid by the issuer during the reporting period, and also costs for performing the duties of the members of the agency supervising the issuer's financial and business activities remunerated by the issuer for the reporting period are specified with their amount.

Unit of measure: **thousand RUB**

Agency supervising the issuer's financial and business activities: **Auditing Committee**

Remuneration for the participation in the work performed by the supervising agency

Unit of measure: **thousand RUB**

Indicator	2015, 6 months
Remuneration for the participation in the work performed by the agency supervising the issuer's financial and business activities	210
Salary	
Bonus	
Commission	
Other types of remuneration	
TOTAL	210

Existing agreements in relation to such payments in the current financial year: **no.**

Agency supervising the issuer's financial and business activities: **Internal Audit Service**

Remuneration for the participation in the work performed by the supervising agency

Unit of measure: **thousand RUB**

Indicator	2015, 6 months
Remuneration for the participation in the work performed by the agency supervising the issuer's financial and business activities	
Salary	4,204
Bonus	4
Commission	
Other types of remuneration	
TOTAL	4,208

Existing agreements in relation to such payments in the current financial year: **no**.

Compensation

Unit of measure: **thousand RUB**

Supervising body (of the business unit)	2015, 6 months
Auditing Committee	25
Internal Audit Service	0

Additional information: **no**.

5.7. Number of the issuer's employees (workers), their categories and changes in their number

Unit of measure: **thousand RUB**

Indicator	2015, 6 months
Average number of employees, people	103,295
Gross payroll for the reporting period	50,466,183
Social payments for the reporting period	356,161

The employees (workers) of the Company formed a trade union body.

5.8. Obligations of the issuer to its employees (workers) relating to their possible participation in the issuer's charter capital

The issuer has no obligations to its employees (workers) relating to their possible participation in the issuer's charter capital.

Section VI. Issuer's members (shareholders) and interested party transactions conducted by the issuer

6.1. Total number of the issuer's shareholders (members)

The total number of persons having a non-zero balance accounts registered in the issuer's shareholder register as of the end of the reporting quarter: **32,825**

Total number of the issuer's nominee shareholders: **6**

The total number of persons included in the most recently compiled list of persons who had (have) the right to participate in the issuer's general shareholders' meeting (other list of persons compiled in order to exercise (realize) rights to the issuer's shares, and for the compiling of which the nominee holders of the issuer's shares provided data on persons, on behalf of which they held (hold) the issuer's shares): **32,825**

Date when the list of persons included in the most recently compiled list of persons who had (have) the right to participate in the issuer's general shareholders' meeting is compiled (other list of persons compiled in order to exercise (realize) rights to the issuer's shares, and for the compiling of which the nominee holders of the issuer's shares provided data on persons, on behalf of which they held (hold) the issuer's shares): **14 May 2015**

Holders of the issuer's ordinary shares who were to be included in such list: **28,720**

Holders of the issuer's preference shares who were to be included in such list: **0**

Information on the number of treasury shares on the issuer's balance as of the day of the reporting quarter: **there are no treasury shares on the issuer's balance.**

Information on the number of the issuer's shares held by its subordinates

Category of shares: **ordinary**

Number of the issuer's shares held by its subordinates: **650,000**

6.2. Issuer's members (shareholders) holding at least five percent of its charter capital or at least five percent of its ordinary shares as well as persons controlling such members (shareholders) and in absence of such persons – members (shareholders) of such persons who hold at least 20 percent of the charter capital or at least 20 percent of their ordinary shares

Issuer's members (shareholders) holding at least 5 percent of its charter capital or at least 5 percent of its ordinary shares

1. Nominee holder

Information on nominee holder:

Full corporate name: **Non-banking credit organization Closed Joint-Stock Company "National Settlement Depository"**

Abbreviated corporate name: **NCO CJSC NSD**

Location: **Russian Federation, Moscow, ul. Spartakovskaya, 12**

INN: **7702165310**

OGRN: **1027739132563**

Telephone: **(495) 956-0931**

Fax: **(495) 956-0938**

E-mail: **reginfo@nsd.ru**

License of securities market professional participant

Number: **177-12042-000100**

Date of issue: **19.02.2009**

Valid till: **Unlimited**

Issuing authority: **Federal Financial Markets Service (FSFR) of Russia**

Number of the issuer's ordinary shares registered in the issuer's shareholder register in the name of the said nominee holder: **3,936,379,220**

Number of the issuer's preference shares registered in the issuer's shareholder register in the name of the said nominee holder: **5,196,956,563**

Other information as the issuer may wish to disclose: **no.**

6.3. Share of the state or a municipal formation in the issuer's charter capital; any special rights ("golden share")

Persons who administer blocks of shares owned by the state, municipal formations

Municipal ownership

Name: **Administration of the city of Surgut**

Location: **ul. Engelsa, 8, Surgut, KhMAO – Yugra, Tyumenskaya Oblast, Russia, 628408**

Share of the charter capital of the issuer under state (federal, of constituent territories of the Russian Federation) municipal ownership: **0.0278**

Municipal ownership

Name: **Administration of Surgutsky District**

Location: **Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast, Russia, 628400**

Share of the charter capital of the issuer under state (federal, of constituent territories of the Russian Federation) municipal ownership: **0.0127**

Persons who exercise functions of the issuer's member (shareholder) on behalf of the Russian Federation, an entity of the Russian Federation, or municipal formation

Municipal ownership

Name: ***Administration of the city of Surgut***

Location: ***ul.Engelsa, 8, Surgut, KhMAO – Yugra, Tyumenskaya Oblast, Russia, 628408***

Share of the charter capital of the issuer under state (federal, of constituent territories of the Russian Federation) municipal ownership: ***0.0278***

Municipal ownership

Name: ***Administration of Surgutsky District***

Location: ***Surgut, Khanty-Mansiysky Autonomous Okrug –Yugra, Tyumenskaya Oblast, Russia, 628400***

Share of the charter capital of the issuer under state (federal, of constituent territories of the Russian Federation) municipal ownership: ***0.0127***

Special right of the Russian Federation, the constituent territories of the Russian Federation, or municipalities to participate in the administration of the issuer - joint stock company ("golden share") and duration of the special right ("golden share"): ***no such right.***

6.4. Restrictions on participation in the issuer's charter capital

There are no restrictions on participation in the issuer's charter capital.

6.5. Changes in the list and the participation of the issuer's shareholders (members) holding at least five percent of its charter capital or at least five percent of its ordinary shares

The issuer's shareholders (members) holding at least five percent of the issuer's charter capital, and for joint stock companies as issuers also holding at least five percent of the issuer's ordinary shares determined as of the date when the list was drawn up of persons entitled to participate in each general shareholders' (members') meeting of the issuer held in the last completed financial year preceding the end of the reporting quarter, and for the period from the date when the current financial year started till the date when the reporting quarter ended based on the list of persons entitled to participate in each of such meetings

Additional information: ***no.***

6.6. Interested party transactions conducted by the issuer

Number and value of transactions conducted by the issuer if such transactions are recognized under the law of the Russian Federation as interested party transactions that require approval by an authorized management body of the issuer, as of the last reporting quarter

Unit of measure: ***thousand RUB***

Indicator	Total number	Total value
Interested party transactions conducted by the issuer in the reporting period that required approval of an authorized management body of the issuer	<i>1</i>	
Interested party transactions conducted by the issuer in the reporting period and approved by a general members' (shareholders') meeting of the issuer		
Interested party transactions conducted by the issuer in the reporting period and approved by the Board of Directors (Supervisory Board of the issuer)	<i>1</i>	
Interested party transactions conducted by the issuer in the reporting period that required approval of but were not approved by an authorized management body of the issuer		

Transactions (groups of interrelated transactions) with the value equal to or exceeding 5 percent of the book value of the issuer's assets as per its accounting statements as of the last reporting date prior to a transaction conducted by the issuer in the last reporting quarter ***No such transactions.***

Interested party transactions (groups of interrelated transactions) which the Board of Directors (Supervisory Board) or a general shareholders' (members') meeting of the issuer has not resolved to approve in cases when such approval is mandatory according to the law of the Russian Federation: ***no such transactions.***

Additional information: ***transaction value in money terms – USD 350,000.***

6.7. Accounts receivable

As of 30.06.2015

Unit of measure: ***thousand RUB***

Indicator	Indicator value
Accounts receivable from buyers and customers	85,765,182
including those overdue	4,374,127
Notes receivable	
including those overdue	
Members' (incorporators') arrears of charter capital contributions	
including those overdue	
Other accounts receivable	125,528,872
including those overdue	
Total accounts receivable	211,294,054
including total overdue accounts receivable	4,374,127

Debtors who account for at least 10 percent of the total accounts receivable in the reporting period: ***no such debtors.***

Section VII. Issuer's accounting (financial) statements and other financial information

7.1. Annual accounting (financial) statements of the issuer

Not subject to presentation in this reporting quarter.

7.2. Interim accounting (financial) statements of the issuer

Balance Sheet as of 30.06.2015

Company: **Open Joint Stock Company “Surgutneftegas”**

Taxpayer identification number

Type of activity: **oil production**

Form of legal organization / form of ownership: **open joint stock company/private property**

Unit of measure: **thousand RUB**

Location (address): **Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1**

Form by OKUD	Codes
Date	0710001
by OKPO	30.06.2015
INN	05753490
by OKVED	8602060555
by OKOPF / OKFS	11.10.11
by OKEI	12247 / 16
	384

Notes	ASSETS	Line code	As of 30.06.2015	As of 31.12.2014	As of 31.12.2013
1	2	3	4	5	6
	I. NON-CURRENT ASSETS				
	Intangible assets	1110	582,736	515,101	440,909
	R&D results	1120	147,779	160,404	138,515
	Intangible prospecting assets	1130	78,714,505	73,240,752	70,051,419
	Tangible prospecting assets	1140			
	Fixed assets	1150	709,423,338	691,063,519	641,086,929
	including buildings, machinery, equipment, and other fixed assets, excluding land, objects of environmental management, and capital investments in progress	1151	631,538,825	627,944,689	589,652,193
	Income yielding investments in tangible assets	1160	3,201,409	48,429	51,009
	Financial investments	1170	1,448,645,660	1,280,457,334	707,816,723
	including other financial investments, excluding investments in organizations and loans granted	1171	1,319,209,558	1,154,646,709	588,536,763
	Deferred tax assets	1180	28,485	32,313	45,016
	Other non-current assets	1190	13,947,443	14,125,572	12,718,149
	TOTAL for Section I	1100	2,254,691,355	2,059,643,424	1,432,348,669
	II. CURRENT ASSETS				
	Inventories	1210	69,781,733	81,425,788	68,279,281
	Value Added Tax on acquired valuables	1220	4,148,223	4,103,573	3,848,562
	Accounts receivable	1230	211,294,054	180,790,266	161,489,569
	Financial investments (excluding cash equivalents)	1240	489,196,198	658,014,455	408,139,542
	including other financial investments, excluding investments in organizations and loans granted	1241	483,196,198	651,832,161	402,139,542
	Cash and cash equivalents	1250	73,711,977	30,922,038	29,017,245
	Other current assets	1260	698,200	1,989,624	2,003,481
	TOTAL for Section II	1200	848,830,385	957,245,744	672,777,680
	BALANCE (assets)	1600	3,103,521,740	3,016,889,168	2,105,126,349

Notes	LIABILITIES	Line code	As of 30.06.2015	As of 31.12.2014	As of 31.12.2013
1	2	3	4	5	6
	III. CAPITAL AND RESERVES				
	Charter capital (share capital, authorized fund, partners' contributions)	1310	43,427,993	43,427,993	43,427,993
	Treasury shares	1320			
	Revaluation of non-current assets	1340	477,722,727	482,261,224	477,878,998
	Additional capital (no revaluation)	1350	192,511,786	192,511,786	192,511,786
	Reserve capital	1360	6,514,198	6,514,198	6,514,198
	Retained profit (uncovered loss)	1370	2,145,806,205	2,098,453,730	1,241,732,806
	TOTAL for Section III	1300	2,865,982,909	2,823,168,931	1,962,065,781
	IV. LONG-TERM LIABILITIES				
	Borrowed funds	1410			
	Deferred tax liabilities	1420	65,156,319	65,034,039	54,699,539
	Estimated liabilities	1430			
	Other liabilities	1450	361,896	269,580	148,199
	TOTAL for Section IV	1400	65,518,215	65,303,619	54,847,738
	V. SHORT-TERM LIABILITIES				
	Borrowed funds	1510		139,650	139,650
	Accounts payable	1520	159,345,201	116,340,208	77,355,155
	Deferred income	1530	406,570	516,885	716,490
	Estimated liabilities	1540	11,883,873	10,715,949	9,675,073
	Other liabilities	1550	384,972	703,926	326,462
	TOTAL for Section V	1500	172,020,616	128,416,618	88,212,830
	BALANCE (liabilities)	1700	3,103,521,740	3,016,889,168	2,105,126,349

**Income Statement
for 6 months of 2015**

Company: **Open Joint Stock Company “Surgutneftegas”**

Taxpayer identification number

Type of activity: **oil production**

Form of legal organization / form of ownership: **open joint stock company/private property**

Unit of measure: **thousand RUB**

Location (address): **Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1**

	Codes
Form by OKUD	0710002
Date	30.06.2015
by OKPO	05753490
INN	8602060555
by OKVED	11.10.11
by OKOPF / OKFS	12247 / 16
by OKEI	384

Notes	Indicator	Line code	For 6 months of 2015	For 6 months of 2014
1	2	3	4	5
	Revenue	2110	525,498,847	454,890,098
	Cost of sales	2120	-342,224,396	-313,940,537
	Gross profit (loss)	2100	183,274,451	140,949,561
	Selling expenses	2210	-39,689,446	-32,310,071
	Management expenses	2220		
	Sales profit (loss)	2200	143,585,005	108,639,490
	Income from participation in other organizations	2310	924,952	1,490,177
	Interest receivable	2320	46,447,107	27,508,221
	Interest payable	2330	-7	-7
	Other income	2340	1,152,156,687	647,453,750
	Other expenses	2350	-1,188,307,495	-627,065,716
	Profit (loss) before tax	2300	154,806,249	158,025,915
	Current profit tax	2410	-26,525,377	-25,094,148
	incl. permanent tax liabilities (assets)	2421	1,070,375	1,458,868
	Change in deferred tax liabilities	2430	-122,280	-2,378,558
	Change in deferred tax assets	2450	-3,828	-8,162
	Other	2460	239,764	-151
	Reallocation of profit tax within the consolidated group of taxpayers	2465	875,457	4,016,478
	Net profit (loss)	2400	129,269,985	134,561,374
	FOR REFERENCE ONLY:			
	Results of revaluation of non-current assets not included in net profit (loss) of the period	2510		
	Results of other operations not included in net profit (loss) of the period	2520		
	Comprehensive income of the period	2500	129,269,985	134,561,374
	Base profit (loss) per share	2900		
	Diluted profit (loss) per share	2910		

7.3. Consolidated financial statements of the issuer

As the issuer has provided the annual consolidated accounting statements prepared in accordance with IFRS, the annual consolidated accounting statements prepared in compliance with the Russian law requirements have not been provided.

The issuer prepared the consolidated accounting statements for the last completed financial year in accordance with International financial reporting standards.

2014 – IFRS/GAAP

Reporting period

Year: **2014**

Quarter: **IV**

Standards (rules) used for preparing consolidated financial statements shown in this section of the quarterly report: **IFRS**

The information is provided in the appendix to the present quarterly report.

7.4. Accounting policy of the issuer

There were no changes in the information contained in this section of the quarterly report.

7.5. Total export and share of export in total sales

Unit of measure: *thousand RUB*

Indicator	2015, 6 months
Total earnings of the issuer from export of products (goods, works, services)	395,551,805
Share of such earnings in sales revenue, %	75.3

7.6. Substantial changes in the issuer's property after the end of the last completed reporting year

Substantial changes in the issuer's property during 12 months prior to the end of the reporting quarter: *There were no substantial changes in the issuer's property during 12 months prior to the end date of the reporting quarter.*

Additional information: *no.*

7.7. Issuer's participation in litigations in case such participation may substantially affect financial and business activities of the issuer

The issuer did not/does not participate in any litigations which affect/may affect financial and business activities for the period from the beginning of the last completed financial year and up to the end of the reporting quarter.

Section VIII. Further information on the issuer and equity securities placed by the issuer

8.1. Further information on the issuer

8.1.1. Size and structure of the issuer's charter capital

The issuer's charter (share) capital (mutual fund) as of the end of the last reporting quarter, RUB: **43,427,992,940**

Ordinary shares

Total nominal value: **35,725,994,705**

Share in the charter capital, %: **82.264899**

Preference shares

Total nominal value: **7,701,998,235**

Share in the charter capital, %: **17.735101**

Specify if the amount of charter capital shown in this paragraph corresponds to the issuer's constituent documents: ***the amount of the Company's charter capital corresponds to the constituent documents.***

Some of the issuer's shares are traded outside the Russian Federation in conformity with the foreign law governing foreign issuers' securities which represent such shares of the issuer.

Category (type) of shares traded outside the Russian Federation

Type of securities: ***shares***

Category of shares: ***ordinary***

Shares traded outside the Russian Federation in the total number of shares of the same category (type): **6.69%**

Foreign issuer whose securities represent the issuer's shares of the same category (type):

Full corporate name: ***The Bank of New York Mellon.***

Location: ***USA, NY 10286, New York, 101, Barclay Street, 22w.***

Summary of the issue program (type of the program) for the foreign issuer's depository securities representing shares of the relevant category (type): ***sponsored, level I. Each American Depositary Share represents 10 ordinary registered shares of the Company.***

On the Company's obtaining a permit issued by a federal executive authority for the securities market for placement of and/or dealing in the issuer's equity securities of the relevant category (type) outside the Russian Federation (if applicable): ***Not applicable.***

Foreign market maker(s) trading the issuer's shares (depository receipts representing the issuer's shares) (if such trading exists): ***Berlin Stock Exchange, Frankfurt Stock Exchange, London Stock Exchange, Pink OTC Markets Inc.***

Other information about the issuer's shares traded outside the Russian Federation as the issuer may wish to disclose: ***The date when the program was launched is 30 December 1996.***

Type of securities: ***shares***

Category of shares: ***preference***

Type of shares: -

Shares traded outside the Russian Federation in the total number of shares of the same category (type): **9.54%**

Foreign issuer whose securities represent the issuer's shares of the same category (type):

Full corporate name: ***The Bank of New York Mellon.***

Location: ***USA, NY 10286, New York, 101, Barclay Street, 22w.***

Summary of the issue program (type of the program) for the foreign issuer's depository securities representing shares of the relevant category (type): ***sponsored, level I. Each American Depositary Share represents 10 preference registered shares of the Company.***

On the Company's obtaining a permit issued by a federal executive authority for the securities market for placement of and/or dealing in the issuer's equity securities of the relevant category (type) outside the Russian Federation (if applicable): ***Not applicable.***

Foreign market maker(s) trading the issuer's shares (depository receipts representing the issuer's shares) (if such trading exists): ***Berlin Stock Exchange, Frankfurt Stock Exchange, Pink OTC Markets Inc.***

Other information about the issuer's shares traded outside the Russian Federation as the issuer may wish to disclose: ***The date when the program was launched is 19 March 1998.***

8.1.2. Changes in the size of the issuer's charter capital

The size of the charter capital did not change during this period.

8.1.3. Convening and holding a meeting (session) of the issuer's supreme management body

There were no changes in the information contained in this section of the quarterly report.

8.1.4. Commercial organizations where the issuer holds at least five percent of the charter capital or at least five percent of ordinary shares

Commercial organizations where the issuer holds at least five percent of the charter (share) capital (mutual fund) or at least five percent of ordinary shares as of the end of the last reporting quarter

1. Full corporate name: ***Limited Liability Company Novgorodnesteproduct***
Abbreviated corporate name: ***LLC Novgorodnesteproduct***
Location: ***Russia, Veliky Novgorod***
INN: ***5321059365***
OGRN: ***1025300788644***
The issuer's share in the charter (share) capital (mutual fund) of commercial organization: ***100%***
The person's share in the charter capital of the issuer: ***0%***
The issuer's ordinary shares held by the person: ***0%***
2. Full corporate name: ***Limited Liability Company Syrgutmebel***
Abbreviated corporate name: ***LLC Syrgutmebel***
Location: ***Russia, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, poselok Barsovo, Vostochnaya industrial 1 territory, 2***
INN: ***8617013396***
OGRN: ***1028601679688***
The issuer's share in the charter (share) capital (mutual fund) of commercial organization: ***100%***
The person's share in the charter capital of the issuer: ***0%***
The issuer's ordinary shares held by the person: ***0%***
3. Full corporate name: ***Limited Liability Company Pskovnesteproduct***
Abbreviated corporate name: ***LLC Pskovnesteproduct***
Location: ***Russia, Pskov***
INN: ***6027042337***
OGRN: ***1026000970049***
The issuer's share in the charter (share) capital (mutual fund) of commercial organization: ***100%***
The person's share in the charter capital of the issuer: ***0%***
The issuer's ordinary shares held by the person: ***0%***
4. Full corporate name: ***Limited Liability Company Tvernesteproduct***
Abbreviated corporate name: ***LLC Tvernesteproduct***
Location: ***Russia, Tver, ul.Novotorzhskaya, 6***
INN: ***6905041501***
OGRN: ***1026900510647***
The issuer's share in the charter (share) capital (mutual fund) of commercial organization: ***100%***
The person's share in the charter capital of the issuer: ***0%***
The issuer's ordinary shares held by the person: ***0%***
5. Full corporate name: ***Limited Liability Company Kaliningradnesteproduct***
Abbreviated corporate name: ***LLC Kaliningradnesteproduct***
Location: ***Russia, Kaliningrad, Central District, ul.Komsomolskaya, 22-b.***
INN: ***3900000136***
OGRN: ***1023900589240***
The issuer's share in the charter (share) capital (mutual fund) of commercial organization: ***100%***
The person's share in the charter capital of the issuer: ***0%***
The issuer's ordinary shares held by the person: ***0%***
6. Full corporate name: ***Limited Liability Company "Oil Refining and Petrochemical Enterprises Design Institute"***
Abbreviated corporate name: ***LLC "Lengiproneftekhim"***
Location: ***Russia, Saint Petersburg, nab.Obvodnogo kanala, 94.***
INN: ***7810327462***
OGRN: ***1057803105755***

The issuer's share in the charter (share) capital (mutual fund) of commercial organization: **100%**
The person's share in the charter capital of the issuer: **0%**
The issuer's ordinary shares held by the person: **0%**

7. Full corporate name: **Limited Liability Company KIRISHIAVTOSERVIS**

Abbreviated corporate name: **KIRISHIAVTOSERVIS Ltd**

Location: **196084, Russia, Saint Petersburg, ul.Smolenskaya 12, lit. A**

INN: **7840016802**

OGRN: **1057807804064**

The issuer's share in the charter (share) capital (mutual fund) of commercial organization: **100%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

8. Full corporate name: **Limited Liability Company "Media-Invest"**

Abbreviated corporate name: **LLC "Media-Invest"**

Location: **119847 Russia, Moscow, Zubovsky boulevard, 17, bld.1**

INN: **7704667322**

OGRN: **1077762407580**

The issuer's share in the charter (share) capital (mutual fund) of commercial organization: **100%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

9. Full corporate name: **Open Joint Stock Company "Sovkhoz "Chervishevsky"**

Abbreviated corporate name: **OJSC "Sovkhoz "Chervishevsky"**

Location: **Russia, Tyumenskaya Oblast, Tyumensky District, s.Chervishevo**

INN: **7224019466**

OGRN: **1027200789142**

The issuer's share in the charter (share) capital (mutual fund) of commercial organization: **94.9996%**

The Company's ordinary shares held by the issuer: **94.9996%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

10. Full corporate name: **Limited Liability Company Insurance Company Surgutneftegas**

Abbreviated corporate name: **LLC Insurance Company Surgutneftegas**

Location: **Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut**

INN: **8602103061**

OGRN: **1028600581811**

The issuer's share in the charter (share) capital (mutual fund) of commercial organization: **100%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

11. Full corporate name: **Limited Liability Company Production Association "Kirishinefteorgsintez"**

Abbreviated corporate name: **LLC "KINEF"**

Location: **Russia, Leningradskaya Oblast, Kirishi, shosse Entuziastov, 1**

INN: **4708007089**

OGRN: **1024701478735**

The issuer's share in the charter (share) capital (mutual fund) of commercial organization: **100%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

12. Full corporate name: **ZAO Surgutneftegasbank**
Abbreviated corporate name: **ZAO SNGB**
Location: **628400 Russia, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Kukuyevitskogo, 19**
INN: **8602190258**
OGRN: **1028600001792**
The issuer's share in the charter (share) capital (mutual fund) of commercial organization: **97.7591%**
The Company's ordinary shares held by the issuer: **98.2389%**
The person's share in the charter capital of the issuer: **0.0015%**
The issuer's ordinary shares held by the person: **0.0018%**
13. Full corporate name: **Closed Joint Stock Company "Surgutinvestneft"**
Abbreviated corporate name: **CJSC "Surgutinvestneft"**
Location: **Russia, Tyumenskaya Oblast, Surgut.**
INN: **8602039063**
OGRN: **1028600588246**
The issuer's share in the charter (share) capital (mutual fund) of commercial organization: **16.5043%**
The Company's ordinary shares held by the issuer: **16.5043%**
The person's share in the charter capital of the issuer: **0%**
The issuer's ordinary shares held by the person: **0%**
14. Full corporate name: **Limited Liability Company Invest-Zaschita.**
Abbreviated corporate name: **LLC "Invest-Zaschita"**
Location: **628400 Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Entuziastov, 52/1.**
INN: **8602102332**
OGRN: **1028600581680**
The issuer's share in the charter (share) capital (mutual fund) of commercial organization: **15.13%**
The person's share in the charter capital of the issuer: **0.1106%**
The issuer's ordinary shares held by the person: **0.0236%**
15. Full corporate name: **Limited Liability Company "Neft-Konsalting"**
Abbreviated corporate name: **LLC "Neft-Konsalting"**
Location: **Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Entuziastov, 52/1.**
INN: **8602102290**
OGRN: **1028600581602**
The issuer's share in the charter (share) capital (mutual fund) of commercial organization: **18.8492%**
The person's share in the charter capital of the issuer: **0.0089%**
The issuer's ordinary shares held by the person: **0.0033%**
16. Full corporate name: **Open Joint Stock Company "Khantymansiyskintersport"**
Abbreviated corporate name: **OJSC "Khantymansiyskintersport"**
Location: **626200 Russia, Tyumenskaya Oblast, Khanty-Mansiysk, ul Mira, 5a.**
INN: **8601009436**
OGRN: **1028600517285**
The issuer's share in the charter (share) capital (mutual fund) of commercial organization: **10%**
The Company's ordinary shares held by the issuer: **10%**
The person's share in the charter capital of the issuer: **0%**
The issuer's ordinary shares held by the person: **0%**

17. Full corporate name: ***Closed Joint Stock Company “St.Petersburg International Mercantile Exchange”***
Abbreviated corporate name: ***CJSC “SPIMEX”***
Location: ***191119 Russia, Saint Petersburg, ul.Marata, 69-71, lit. A***
INN: ***7840389730***
OGRN: ***1089847188903***
The issuer’s share in the charter (share) capital (mutual fund) of commercial organization: ***8%***
The Company’s ordinary shares held by the issuer: ***8%***
The person’s share in the charter capital of the issuer: ***0%***
The issuer’s ordinary shares held by the person: ***0%***
18. Full corporate name: ***Open Joint Stock Company “Aksionerny Bank “ROSSIYA”***
Abbreviated corporate name: ***OJSC “AB “ROSSIYA”***
Location: ***Russia, Saint Petersburg***
INN: ***7831000122***
OGRN: ***1027800000084***
The issuer’s share in the charter (share) capital (mutual fund) of commercial organization: ***5.42%***
The Company’s ordinary shares held by the issuer: ***0%***
The person’s share in the charter capital of the issuer: ***0%***
The issuer’s ordinary shares held by the person: ***0%***
19. Full corporate name: ***Open Joint-Stock Company “Airport Surgut”***
Abbreviated corporate name: ***OJSC “Airport Surgut”***
Location: ***628422 Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Aeroflotskaya, 49/1***
INN: ***8602060523***
OGRN: ***1028600603998***
The issuer’s share in the charter (share) capital (mutual fund) of commercial organization: ***5%***
The Company’s ordinary shares held by the issuer: ***5%***
The person’s share in the charter capital of the issuer: ***0%***
The issuer’s ordinary shares held by the person: ***0%***
20. Full corporate name: ***TELCREST INVESTMENTS LIMITED***
Abbreviated corporate name: ***TELCREST INVESTMENTS LIMITED***
Location: ***Cyprus, JULIA HOUSE 1066, Nicosia, Cyprus, Themistokli Dervi, 3***
The issuer’s share in the charter (share) capital (mutual fund) of commercial organization: ***13.62%***
The person’s share in the charter capital of the issuer: ***0%***
The issuer’s ordinary shares held by the person: ***0%***
21. Full corporate name: ***Joint-Stock Company “National Media Group”***
Abbreviated corporate name: ***JSC “National Media Group”***
Location: ***119034 Russia, Moscow, Prechistenskaya nab., 13, bld. 1***
INN: ***7704676655***
OGRN: ***1087746152207***
The issuer’s share in the charter (share) capital (mutual fund) of commercial organization: ***23.9752%***
The Company’s ordinary shares held by the issuer: ***23.9752%***
The person’s share in the charter capital of the issuer: ***0%***
The issuer’s ordinary shares held by the person: ***0%***

8.1.5. Major transactions conducted by the issuer

No such transactions in the period under review.

8.1.6. Credit ratings of the issuer

There were no changes in the information contained in this section of the quarterly report.

8.2. Data on each category (type) of the issuer's shares

There were no changes in the information contained in this section of the quarterly report.

8.3. Previous issues of the issuer's equity securities excluding the issuer's shares

8.3.1. Issues with all securities redeemed

There were no changes in the information contained in this section of the quarterly report.

8.3.2. Issues with securities that are not redeemed

There were no changes in the information contained in this section of the quarterly report.

8.4. Person(s) who offered security for the issuer's secured bonds and security offered for the issuer's secured bonds

The issuer made no registration of the prospectus for secured bonds, no secured bonds were admitted to stock-exchange trade.

8.4.1. Additional information on the issuer's mortgage bonds

The issuer did not place any mortgage bonds with obligations not fulfilled yet.

8.4.2. Additional information on collateral for collateral bonds that includes money claims

8.4.2.1. Person keeping records of claims under pledge and funds received into the collateral account

8.4.2.2. Insurance of downside risks caused by non-fulfillment of liabilities for monetary claims under pledge and (or) liability risk of non-fulfillment of liabilities for collateral cash secured bonds

8.4.2.3. Organizations serving money claims under pledge

8.4.2.4. Scope, structure and value (amount) of collateral for collateral bonds that includes money claims

8.4.2.5. Forms, ways of risk taking and the amount of risks taken by the original and (or) subsequent bond creditors, money claims under which make collateral

8.5. Organizations keeping records of rights for the issuer's equity securities

There were no changes in the information contained in this section of the quarterly report.

8.6. Legislative acts regulating import and export of capital, which may influence the payment of dividends, interests, and other payments to non-residents

There were no changes in the information contained in this section of the quarterly report.

8.7. Declared (accrued) and (or) paid dividends on the issuer's shares and the issuer's bond yield

8.7.1. Dividends declared and paid on the issuer's shares

Indicator	Indicator value for the relevant reporting period – 2010, full year
Category of shares, for preference shares – type:	<i>ordinary</i>
The issuer's management body which passed a resolution of dividend declaration, date when such resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such resolution was adopted	<i>The resolution was adopted at a general shareholders' meeting 24.06.2011, Minutes No. 22 dated 27.06.2011</i>
Dividends declared per one share, RUB:	<i>0.5</i>
Total dividends declared on all shares of this category (type), RUB:	<i>17,862,997,352.5</i>
The date as of which the persons entitled to dividends are determined:	<i>13.05.2011</i>
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid:	<i>2010, full year</i>
The due period (date) for declared dividend payment:	<i>from 01.07.2011 till 23.08.2011</i>
Form of declared dividend payment:	<i>cash</i>
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund):	<i>net profit (loss) of the reporting year</i>
Declared dividends ratio in the net profit of the reporting year, %:	<i>13.91</i>
Total dividends paid on shares of this category (type), RUB:	<i>17,852,089,109.64</i>
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %:	<i>99.94</i>
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends:	<i>Obligations to pay dividends for 2010 on the Company's shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law "On Joint Stock Companies" for the reasons beyond the Company's control: incorrect, incomplete or outdated information on the shareholder's banking details and/or mailing address he/she entered into a registered person's dividends questionnaire.</i>
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2010, full year
Category of shares, for preference shares – type:	<i>preference</i>
The issuer's management body which passed a resolution of dividend declaration, date when such resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such resolution was adopted	<i>The resolution was adopted at a general shareholders' meeting 24.06.2011, Minutes No. 22 dated 27.06.2011</i>
Dividends declared per one share, RUB:	<i>1.18</i>
Total dividends declared on all shares of this category (type), RUB:	<i>9,088,357,917.3</i>
The date as of which the persons entitled to dividends are determined:	<i>13.05.2011</i>
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid:	<i>2010, full year</i>
The due period (date) for declared dividend payment:	<i>from 01.07.2011 till 23.08.2011</i>
Form of declared dividend payment:	<i>cash</i>
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund):	<i>net profit (loss) of the reporting year</i>

Declared dividends ratio in the net profit of the reporting year, %:	7.08
Total dividends paid on shares of this category (type), RUB:	8,985,237,238.54
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %:	98.87
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends:	<i>Obligations to pay dividends for 2010 on the Company's preference shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law "On Joint Stock Companies" for the reasons beyond the Company's control: incorrect, incomplete or outdated information on the shareholder's banking details and/or mailing address he/she entered into a registered person's dividends questionnaire.</i>
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2011, full year
Category of shares, for preference shares – type:	<i>ordinary</i>
The issuer's management body which passed a resolution of dividend declaration, date when such resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such resolution was adopted	<i>The resolution was adopted at a general shareholders' meeting 29.06.2012, Minutes No. 23 dated 02.07.2012</i>
Dividends declared per one share, RUB:	0.6
Total dividends declared on all shares of this category (type), RUB:	21,435,596,823
The date as of which the persons entitled to dividends are determined:	14.05.2012
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid:	2011, full year
The due period (date) for declared dividend payment:	<i>dividends shall be paid not later than on 28 August 2012</i>
Form of declared dividend payment:	cash
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund):	net profit (loss) of the reporting year
Declared dividends ratio in the net profit of the reporting year, %:	9.19
Total dividends paid on shares of this category (type), RUB:	21,422,962,171.48
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %:	99.94
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends:	<i>Obligations to pay dividends for 2011 on the Company's shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law "On Joint Stock Companies" for the reasons beyond the Company's control: incorrect, incomplete or outdated information on the shareholder's banking details and/or mailing address he/she entered into a registered person's dividends questionnaire.</i>
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2011, full year
Category of shares, for preference shares – type:	<i>preference</i>
The issuer's management body which passed a resolution of dividend declaration, date when such resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such resolution was adopted	<i>The resolution was adopted at a general shareholders' meeting 29.06.2012, Minutes No. 23 dated 02.07.2012</i>
Dividends declared per one share, RUB:	<i>2.15</i>
Total dividends declared on all shares of this category (type), RUB:	<i>16,559,296,205.25</i>
The date as of which the persons entitled to dividends are determined:	<i>14.05.2012</i>
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid:	<i>2011, full year</i>
The due period (date) for declared dividend payment:	<i>dividends shall be paid not later than on 28 August 2012</i>
Form of declared dividend payment:	<i>cash</i>
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund):	<i>net profit (loss) of the reporting year</i>
Declared dividends ratio in the net profit of the reporting year, %:	<i>7.1</i>
Total dividends paid on shares of this category (type), RUB:	<i>16,374,683,902.96</i>
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %:	<i>98.89</i>
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends:	<i>Obligations to pay dividends for 2011 on the Company's preference shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law "On Joint Stock Companies" for the reasons beyond the Company's control: incorrect, incomplete or outdated information on the shareholder's banking details and/or mailing address he/she entered into a registered person's dividends questionnaire.</i>
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2011, full year
Category of shares, for preference shares – type:	<i>ordinary</i>
The issuer's management body which passed a resolution of dividend declaration, date when such resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such resolution was adopted	<i>The resolution was adopted at a general shareholders' meeting 28.06.2013, Minutes No. 24 dated 01.07.2013</i>
Dividends declared per one share, RUB:	<i>0.5</i>
Total dividends declared on all shares of this category (type), RUB:	<i>17,862,997,352.5</i>
The date as of which the persons entitled to dividends are determined:	<i>14.05.2013</i>
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid:	<i>2012, full year</i>
The due period (date) for declared dividend payment:	<i>dividends shall be paid not later than on 27 August 2013</i>
Form of declared dividend payment:	<i>cash</i>

Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund):	<i>net profit (loss) of the reporting year.</i>
Declared dividends ratio in the net profit of the reporting year, %:	<i>11.1</i>
Total dividends paid on shares of this category (type), RUB:	<i>17,851,586,297.96</i>
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %:	<i>99.94</i>
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends:	<i>Obligations to pay dividends for 2012 on the Company's shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law "On Joint Stock Companies" for the reasons beyond the Company's control: incorrect, incomplete or outdated information on the shareholder's banking details and/or mailing address he/she entered into a registered person's dividends questionnaire.</i>
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2011, full year
Category of shares, for preference shares – type:	<i>preference</i>
The issuer's management body which passed a resolution of dividend declaration, date when such resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such resolution was adopted	<i>The resolution was adopted at a general shareholders' meeting 28.06.2013, Minutes No. 24 dated 01.07.2013</i>
Dividends declared per one share, RUB:	<i>1.48</i>
Total dividends declared on all shares of this category (type), RUB:	<i>11,398,957,387.8</i>
The date as of which the persons entitled to dividends are determined:	<i>14.05.2013</i>
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid:	<i>2012, full year</i>
The due period (date) for declared dividend payment:	<i>dividends shall be paid not later than on 27 August 2013</i>
Form of declared dividend payment:	<i>cash</i>
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund):	<i>net profit (loss) of the reporting year</i>
Declared dividends ratio in the net profit of the reporting year, %:	<i>7.08</i>
Total dividends paid on shares of this category (type), RUB:	<i>11,270,571,435.52</i>
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %:	<i>98.87</i>
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends:	<i>Obligations to pay dividends for 2012 on the Company's preference shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law "On Joint Stock Companies" for the reasons beyond the Company's control: incorrect, incomplete or outdated information on the shareholder's banking details and/or mailing address he/she entered into a registered person's dividends questionnaire.</i>
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2013, full year
Category of shares, for preference shares – type:	<i>ordinary</i>
The issuer's management body which passed a resolution of dividend declaration, date when such resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such resolution was adopted	<i>The resolution was adopted at a general shareholders' meeting 27.06.2014, Minutes No. 25 dated 30.06.2014</i>
Dividends declared per one share, RUB:	<i>0.6</i>
Total dividends declared on all shares of this category (type), RUB:	<i>21,435,596,823</i>
The date as of which the persons entitled to dividends are determined:	<i>16.07.2014</i>
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid:	<i>2013, full year</i>
The due period (date) for declared dividend payment:	<i>dividends shall be paid not later than on 20 August 2014</i>
Form of declared dividend payment:	<i>cash</i>
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund):	<i>net profit (loss) of the reporting year</i>
Declared dividends ratio in the net profit of the reporting year, %:	<i>8.36</i>
Total dividends paid on shares of this category (type), RUB:	<i>21,420,243,127.59</i>
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %:	<i>99.93</i>
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends:	<i>Obligations to pay dividends for 2013 on the Company's shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law "On Joint Stock Companies" for the reasons beyond the Company's control: incorrect, incomplete or outdated information on the shareholder's banking details and/or mailing address he/she entered into a registered person's dividends questionnaire.</i>
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2013, full year
Category of shares, for preference shares – type:	<i>preference</i>
The issuer's management body which passed a resolution of dividend declaration, date when such resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such resolution was adopted	<i>The resolution was adopted at a general shareholders' meeting 27.06.2014, Minutes No. 25 dated 30.06.2014</i>
Dividends declared per one share, RUB:	<i>2.36</i>
Total dividends declared on all shares of this category (type), RUB:	<i>18,176,715,834.6</i>
The date as of which the persons entitled to dividends are determined:	<i>16.07.2014</i>
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid:	<i>2013, full year</i>
The due period (date) for declared dividend payment:	<i>dividends shall be paid not later than on 20 August 2014</i>
Form of declared dividend payment:	<i>cash</i>

Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund):	<i>net profit (loss) of the reporting year</i>
Declared dividends ratio in the net profit of the reporting year, %:	<i>7.09</i>
Total dividends paid on shares of this category (type), RUB:	<i>17,963,119,618.7</i>
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %:	<i>98.82</i>
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends:	<i>Obligations to pay dividends for 2013 on the Company's preference shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law "On Joint Stock Companies" for the reasons beyond the Company's control: incorrect, incomplete or outdated information on the shareholder's banking details and/or mailing address he/she entered into a registered person's dividends questionnaire.</i>
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2014, full year
Category of shares, for preference shares – type:	<i>ordinary</i>
The issuer's management body which passed a resolution of dividend declaration, date when such resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such resolution was adopted	<i>The resolution was adopted at a general shareholders' meeting 27.06.2015, Minutes No. 26 dated 30.06.2015</i>
Dividends declared per one share, RUB:	<i>0.65</i>
Total dividends declared on all shares of this category (type), RUB:	<i>23,221,896,558.25</i>
The date as of which the persons entitled to dividends are determined:	<i>16.07.2015.</i>
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid:	<i>2014, full year</i>
The due period (date) for declared dividend payment:	<i>dividends shall be paid not later than on 20 August 2015</i>
Form of declared dividend payment:	<i>cash</i>
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund):	<i>net profit (loss) of the reporting year</i>
Declared dividends ratio in the net profit of the reporting year, %:	<i>2.6</i>
Total dividends paid on shares of this category (type), RUB:	<i>0</i>
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %:	<i>0</i>
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends:	<i>the Annual General Shareholders' Meeting for 2014 approved the date as of which the list of persons entitled to dividends is determined – 16.07.2015.</i>
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2014, full year
Category of shares, for preference shares – type:	<i>preference</i>
The issuer's management body which passed a resolution of	<i>The resolution was adopted at a general</i>

dividend declaration, date when such resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such resolution was adopted	<i>shareholders' meeting 27.06.2015, Minutes No. 26 dated 30.06.2015</i>
Dividends declared per one share, RUB:	<i>8.21</i>
Total dividends declared on all shares of this category (type), RUB:	<i>63,233,405,509.35</i>
The date as of which the persons entitled to dividends are determined:	<i>16.07.2015.</i>
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid:	<i>2014, full year</i>
The due period (date) for declared dividend payment:	<i>dividends shall be paid not later than on 20 August 2015</i>
Form of declared dividend payment:	<i>cash</i>
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund):	<i>net profit (loss) of the reporting year</i>
Declared dividends ratio in the net profit of the reporting year, %:	<i>7.09</i>
Total dividends paid on shares of this category (type), RUB:	<i>0</i>
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %:	<i>0</i>
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends:	<i>the Annual General Shareholders' Meeting for 2014 approved the date as of which the list of persons entitled to dividends is determined – 16.07.2015.</i>
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

8.7.2. Accrued and paid yield on the issuer's bonds

There were no changes in the information contained in this section of the quarterly report.

8.8. Miscellaneous information

In view of specific features of the electronic form provided by the Federal Financial Markets Service of Russia:

1. The form of Section VII "Issuer's Accounting (Financial) Statements and Other Financial Information" of the present report prepared with the help of software questionnaire (version 3.0.9) of the Federal Financial Markets Service of Russia for the issuer's quarterly report does not meet the requirements of Federal Law of the Russian Federation No. 402-FZ "On Accounting" dated 6 December 2011; Order of the Ministry of Finance of the Russian Federation No. 66n "Reporting Standards of Enterprises" dated 2 July 2010.

2. In paragraph 3.6.1, columns 2 and 3 of the table "Results of the latest reappraisal of fixed assets as of 31 December 2014" shall be interpreted as "Historical (replacement) cost prior to reappraisal" and "Residual (net of depreciation) historical (replacement) cost prior to reappraisal" respectively.

8.9. Represented securities and the issuer of represented securities the title to which is evidenced by Russian Depositary Receipts

The issuer does not issue any represented securities the title to which is evidenced by Russian Depositary Receipts.

Appendix to the quarterly report. Annual consolidated accounting (consolidated financial) statements prepared in accordance with International financial reporting standards or other internationally recognized rules different from IFRS

OJSC “SURGUTNEFTEGAS”

**CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL
REPORTING STANDARDS (IFRS)**

31 December 2014

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

OJSC “Surgutneftegas”
Consolidated statement of financial position
(in millions of Russian rubles, unless otherwise stated)

Note	As of 31 December 2014	As of 31 December 2013
ASSETS		
Current assets		
9 Cash and cash equivalents	27,919	32,990
9 Restricted cash	730	794
10 Deposits placed	727,419	443,326
13 Loans granted	21,541	3,306
18 Other financial assets	4,823	8,905
11 Receivables	60,419	83,297
14 Inventories	65,446	54,975
12 Advances issued	41,673	28,487
VAT recoverable	7,309	7,241
Income tax receivable	125	2,746
Other taxes recoverable	96	72
Total current assets	957,500	666,139
Non-current assets		
15 Property, plant and equipment	1,112,476	1,047,798
16 Intangible assets	8,567	8,141
10 Deposits placed	1,186,001	613,183
18 Other financial assets	9,137	9,981
17 Investments in associates	5,758	6,264
28 Deferred tax assets	1,096	1,166
13 Loans granted	21,821	28,269
11 Receivables	711	1,097
Other non-current assets	3,026	2,948
Total non-current assets	2,348,593	1,718,847
Total assets	3,306,093	2,384,986
LIABILITIES AND EQUITY		
Current liabilities		
19 Payables and accrued liabilities	43,121	39,530
20 Other financial liabilities	37,671	22,158
Advances received	20,388	16,489
21 Other tax liabilities	35,020	39,094
Income tax liabilities	38,024	37
Other current liabilities	140	147
22 Provisions for liabilities and charges	3,489	3,314
Total current liabilities	177,853	120,769
Non-current liabilities		
20 Other financial liabilities	13,198	13,069
28 Deferred tax liabilities	127,302	108,849
22 Provisions for liabilities and charges	78,328	78,607
Other non-current liabilities	364	1,026
Total non-current liabilities	219,192	201,551
Equity		
23 Share capital	154,666	154,666
Additional paid-in capital	4	-
23 Treasury shares	(30)	(111)
23 Share premium	57,809	57,809
Retained earnings	2,696,826	1,850,165
Other reserves	(396)	(35)
Total shareholders' equity	2,908,879	2,062,494
Non-controlling interests	169	172
Total equity	2,909,048	2,062,666
Total liabilities and equity	3,306,093	2,384,986

A.N.Bulanov

Acting Director General
of OJSC “Surgutneftegas”

28 April 2015

A.V.Druchinin

Chief Accountant of
OJSC “Surgutneftegas”

28 April 2015

OJSC "Surgutneftegas"**Consolidated statement of profit or loss and other comprehensive income***(in millions of Russian rubles, unless otherwise stated)*

Note		2014	2013
7	Sales	1,360,533	1,316,171
24	less export duties	(469,959)	(478,437)
7	Total sales revenue:	890,574	837,734
	sale of crude oil	525,313	500,234
	sale of oil products	327,714	297,756
	sale of gas and gas products	22,138	24,447
	sale of other products and finished goods	7,580	7,275
	other sales	7,829	8,022
25	Operating expenses	(727,774)	(620,365)
	Operating income	162,800	217,369
26	Finance income	69,297	53,623
26	Finance expenses	(7,135)	(5,027)
27	Exchange differences	845,940	77,768
	Gain / (loss) on sale and other disposal of financial assets	(9)	2,401
	Share of profit / (loss) of associates	(353)	65
	Gain on disposal of subsidiary	-	47
	Other income / (expenses)	(1,001)	(1,846)
	Profit before tax	1,069,539	344,400
	Income tax		
	Current income tax	(166,515)	(38,664)
	Changes in deferred income tax	(18,191)	(26,655)
28	Total income tax expense	(184,706)	(65,319)
	Net income	884,833	279,081
	Other comprehensive income / (expense)		
	that may be reclassified subsequently to profit / (loss)		
	Changes in fair value of available-for-sale financial assets	(215)	(25)
	Share of other comprehensive income / (expense) of associates	(153)	-
	Other comprehensive income/ (expense)		
	that may not be reclassified subsequently to profit / (loss)		
	Remeasurements of post-employment benefit obligations	1,447	(473)
	Total other comprehensive income / (expense)	1,079	(498)
	Total comprehensive income	885,912	278,583
	Net income		
	attributable to shareholders	884,824	279,070
	attributable to non-controlling interests	9	11
	Total comprehensive income		
	attributable to shareholders	885,906	278,572
	attributable to non-controlling interests	6	11
	Net earnings attributable to shareholders per ordinary share (rubles)		
29	basic and diluted	23.00	7.30

OJSC “Surgutneftegas”
Consolidated statement of cash flows
(in millions of Russian rubles, unless otherwise stated)

Note		2014	2013
	Operating activities		
	Profit before tax	1,069,539	344,400
	Adjustments:		
25	Depreciation, depletion and amortisation expenses	74,611	48,455
25	Expenses on disposal of prospecting and exploration properties	7,745	5,789
	Provisions	9,014	3,107
	Exchange differences	(803,097)	(70,451)
	(Gain) / loss on revaluation of financial assets	148	(74)
	(Gain) / loss on sale and other disposal of financial assets	9	(2,401)
	Share of (profit) / loss of associates	353	(65)
26	Interest expenses from discounting	4,413	3,256
26	Interest receivable	(69,233)	(53,563)
26	Interest payable	2,658	1,711
	Loss on sale and disposal of property, plant and equipment, and intangible assets	2,572	4,116
15, 16	Impairment of non-financial assets	6,962	-
	Gain on disposal of subsidiary	-	(47)
	Cash flows from operating activities before changes in working capital and income tax	305,694	284,233
	Change in receivables	23,305	(3,891)
	Change in advances issued	(13,186)	(420)
	Change in inventories	(10,710)	(3,067)
	Change in other assets	(162)	397
	Change in trade and other payables	2,916	2,329
	Change in advances received	3,899	6,542
	Change in restricted cash	64	(130)
	Changes in other taxes (other than income tax)	(4,166)	8,897
	Change in other liabilities	(640)	(573)
	Cash from operating activities before income tax	307,014	294,317
	Income tax paid	(125,833)	(36,804)
	Net cash from operating activities	181,181	257,513
	Investing activities		
	Capital expenditures	(159,152)	(176,789)
	Deposits placed	(557,396)	(415,202)
	Deposits refunded	491,517	327,865
	Loans granted	(52,453)	(85,911)
	Loans collected	41,165	76,013
	Interest received	68,379	31,889
	Proceeds from disposal of subsidiary net of cash disposed	-	297
	Proceeds from sale of financial assets	7,191	9,755
	Acquisition of financial assets	(8,092)	(11,471)
	Proceeds from sale of property, plant and equipment	352	514
	Net cash used for investing activities	(168,489)	(243,040)
	Financing activities		
	Net proceeds from borrowings	13,642	7,678
	Dividends paid (incl. dividend tax)	(39,415)	(29,132)
	Interest paid	(2,640)	(1,185)
	Proceeds from sale of treasury shares	85	-
	Net cash used for financing activities	(28,328)	(22,639)
	Net change in balances of cash and cash equivalents	(15,636)	(8,166)
	Effect of exchange rate changes against ruble on cash and cash equivalents	10,565	192
9	Cash and cash equivalents as at the beginning of the period	32,990	40,964
9	Cash and cash equivalents as at the end of the period	27,919	32,990

OJSC “Surgutneftegas”**Consolidated statement of changes in equity***(in millions of Russian rubles, unless otherwise stated)*

	Note	Share capital	Share premium	Additional paid-in capital	Treasury shares	Retained earnings	Other reserves	Total shareholders' equity	Non-controlling interest	Total equity
Balance as of 31 December 2012		154,666	57,809	-	(111)	1,600,926	(111)	1,813,179	169	1,813,348
Net income for the year		-	-	-	-	279,070	-	279,070	11	279,081
Other comprehensive income/ (expense)		-	-	-	-	(574)	76	(498)	-	(498)
Dividends declared		-	-	-	-	(29,257)	-	(29,257)	(8)	(29,265)
Balance as of 31 December 2013	23	154,666	57,809	-	(111)	1,850,165	(35)	2,062,494	172	2,062,666
Net income for the year		-	-	-	-	884,824	-	884,824	9	884,833
Sale of treasury shares		-	-	4	81	-	-	85	-	85
Other comprehensive income/ (expense)		-	-	-	-	1,443	(361)	1,082	(3)	1,079
Dividends declared		-	-	-	-	(39,606)	-	(39,606)	(9)	(39,615)
Balance as of 31 December 2014	23	154,666	57,809	4	(30)	2,696,826	(396)	2,908,879	169	2,909,048

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

1 General information

Open Joint Stock Company “Surgutneftegas” (the Company) is one of Russia’s major hydrocarbons producers.

The Company began its oil and gas production history back in 1964 when it was established as oil producing division “Surgutneft”. In 1977, the Company was recognised as a diversified production association. In 1993, pursuant to Decree of the President of the Russian Federation No. 1403 dated 17.11.1992, Production Association “Surgutneftegas” was transformed into Joint Stock Company of Open Type “Surgutneftegas”.

The Company’s shares are allocated to shareholders, neither of them being an ultimate controlling party or a party exercising a significant influence.

The core activities of the Company and its subsidiaries (together, “the Group”) are:

hydrocarbon exploration and production: prospecting, exploration, and operation of oil and gas fields;

manufacturing and marketing of petroleum and petrochemical products, crude oil refining and associated petroleum gas processing, wholesale and retail sales of fuel and related goods and services.

Other financial and business activities include banking and insurance activities, and provision of other goods, works and services.

The Company is exploring for oil and gas in Western Siberia, Eastern Siberia and Timano-Pechora oil and gas provinces and producing in Western and Eastern Siberia.

In 2014, the Company produced 61.4 million tonnes of oil and 9.4 billion cubic meters of gas. Gas utilisation efficiency is 99.14%, which has been the industry’s highest result for many years.

The Company is dynamically developing its resource potential through exploration of existing sites, acquisition of new licenses for promising oil and gas provinces and additional exploration of subsurface deposits. At the end of the reporting year, the Company’s resource base included 148 licenses for subsoil use. In 2014, meterage drilled for exploration purposes totaled 202.8 thousand meters which makes up 20.4% of all exploratory drilling done in the industry. 2D seismic exploration increased by more than 2.5 times and amounted to 3.5 thousand linear kilometers. As a result of exploration, the Company discovered 1 new oil field in Western Siberia, 1 gas condensate field in Nenetsky Autonomous Okrug and 32 new oil deposits within earlier found fields. The Company added 76.8 million tonnes of C1 recoverable oil reserves. The Company’s annual reserves replacement exceeds annual oil production. In the reporting year, the replacement ratio was 125%.

The reliable resource base allows the Company to sustain production of hydrocarbons. The Company brings new fields onstream, actively employs EOR techniques and optimises well performance annually.

In 2014, 3 new oil fields in Western Siberia – Vysotnoye, Kochevskoye and Verkhnekazymskoye – were put online. Development drilling amounted to 4,103 thousand meters; 1,183 new wells were placed on production.

The Group incorporates a refinery in Leningradskaya Oblast – LLC “KINEF”– with a capacity of 20.1 million tonnes, a gas processing plant in Khanty-Mansiysky Autonomous Okrug – Yugra with a capacity of 7.3 billion cubic meters, and 5 marketing subsidiaries located in the North-West of Russia. In 2014, the refinery processed 19.3 million tonnes of feedstock and produced 18.5 million tonnes of oil products, of which 47.3% were light products. The throughput of light oil products increased largely due to commissioning of the deeper refining complex based on residue hydrocracking processes in the fourth quarter of 2013.

The Company transports its products to most attractive areas in terms of logistics and profitability. In 2014, the Company supplied crude mostly to non-CIS countries and KINEF refinery; these supplies accounted for 42.3% and 31.4% of crude oil produced by the Company respectively. Crude supplied to CIS countries accounted for 4.9%, the rest was sold domestically, mainly to refineries.

In 2014, the Company exported 18.5 million tonnes of crude oil through the ports of Kozmino, Ust-Luga, Primorsk and Novorossiysk, that was 71.1% of all crude supplied to non-CIS countries. The rest of oil was supplied to the European market via the pipeline operated by OJSC “AK “Transneft”.

Oil and diesel fuel made up the largest proportion of oil products supplied for export. Oil products were exported through the ports of Ust-Luga, Saint Petersburg and Primorsk.

In the domestic market, diesel fuel, gasoline and jet kero sold best. Distribution included both wholesale and retail (through its own gas stations network) supplies. In 2014, the Group operated 289 gas stations; the retail turnover amounted to 880.6 thousand tonnes.

The Company's location: ul.Grigoriya Kukuyevitskogo 1, bld. 1, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast, Russian Federation, 628415.

The average number of the Group's employees in 2014 and 2013 was 118 thousand people.

2 Basic principles of financial reporting

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), including all IFRS standards and interpretations adopted by the International Accounting Standards Board (IASB) and effective in the reporting period, and are fully compliant therewith.

These consolidated financial statements have been prepared on the basis of the actual cost principle, except for financial instruments initially recognised at fair value, revaluation of available-for-sale financial assets, and financial instruments measured at fair value with its changes reported through profit or loss.

These consolidated financial statements have been prepared on the basis of the accounting data as set out in the accounting and reporting regulations of the Russian Federation, adjusted for the purpose of fair presentation under IFRS.

These consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future which means that the amount of assets shall be duly recovered and liabilities shall be duly settled.

3 Summary of significant accounting policies

The summary of significant accounting policies used to prepare these consolidated financial statements is presented below. These accounting policies have been consistently applied to all periods defined in these consolidated financial statements.

Subsidiaries

The consolidated financial statements include data on the operations of the Company and its subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when it has power that gives it the ability to direct the relevant activities (the activities that significantly affect the subsidiary's returns); when it has rights, and is exposed, to variable returns from its involvement with the entity. The acquisition date is a date on which control is transferred to the Group.

Investments in subsidiaries are recorded based on the acquisition method. The cost of an acquisition is evaluated as the aggregate of the consideration transferred, measured at its fair value at the acquisition date.

Non-controlling interest is a part of net assets of a subsidiary attributable to equity interests which are not owned, directly or indirectly, by the Group. Non-controlling interest is a separate component of the Group's equity.

Non-controlling interest is recognised as the non-controlling interest's proportionate share of net assets of the acquiree.

When acquiring (selling) non-controlling interests, the difference between the consideration transferred (received) and the carrying amount of the non-controlling interest acquired (sold) is recognised as an equity transaction and recorded within a statement of changes in equity.

Transactions eliminated during consolidation

The following is eliminated from the consolidated financial statements:

carrying value of the parent entity's investments in each subsidiary, the amount of share capital of each subsidiary as well as interests in other equity and retained profit items from the date on which the control over a subsidiary becomes effective;

intragroup cash flows;

balances, income and expenses resulting from intragroup transactions as well as unrealised gains and losses on such transactions, except losses from intragroup transactions which indicate impairment and shall be recognised in the statements.

Associates

Associates are entities over which the Group has significant influence, but not control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not control or joint control of those policies.

Investments in associates are accounted for using the equity method of accounting.

Investments are recognised at the acquisition cost. The excess of the consideration transferred over the fair value of the Group's interest in the associate's acquired net identifiable assets is recorded as goodwill within Investments in associates in the consolidated statement of financial position. The cost of the investment in an associate then changes as the Group's share in changes in net assets of an associate is recognised after the acquisition date. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in Group's share of net assets of associates are recognised as follows:

the Group's share of profits and losses of associates is recorded in the consolidated profit or loss for the year as share of result of associates;

the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately;

all other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the share of result of associates.

When the Group's share of losses in an associate equals or exceeds its investments in the associate (including long-term receivables recorded as part of investments), the Group ceases to further recognise its share in losses, unless it has incurred obligations or made payments on behalf of the associate.

If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Application of uniform accounting policies

The Group's entities use uniform accounting policies and consistent reporting periods. If entities of the Group use different accounting policies, their financial statements are duly adjusted and included in the consolidated financial statements of the Group.

Cash and cash equivalents, restricted cash

Cash and cash equivalents include cash in hand, cash in current accounts, cash held with correspondent banks, and other short-term highly liquid investments (with an original maturity of less than three months) which are readily convertible to previously known amounts of cash and which are subject to an insignificant risk of changes in value. Amounts, which relate to funds that are of a restricted nature, are excluded from cash and cash equivalents.

Restricted cash is shown separately in the consolidated statement of financial position.

Inventories

Inventories consisting primarily of materials and supplies, crude oil and petroleum products are presented in the consolidated statement of financial position at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises the cost of raw materials and supplies, direct costs as well as related production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less costs of completion and disposal.

The cost of inventories that are recognised as operating expenses is measured at the weighted average cost.

Property, plant and equipment

Property, plant and equipment is stated at actual cost of acquisition or construction less accumulated depreciation and impairment losses, where required. The cost of property, plant and equipment also includes the initial estimate of the costs of removal of an item of property, plant and equipment and the estimate of obligations for land remediation and restoration.

Minor renewals, which do not contribute to any quality improvements, are charged to expenses in the current period. The costs of replacing major parts or components of property, plant and equipment are capitalised, and the cost of the parts to be replaced is concurrently written off. Enhancement or renovation of an asset which has already been recognised as an item of property, plant and equipment increases its carrying amount, if future economic benefits to be most likely obtained by the Group exceed the initial asset standard estimates.

Oil and gas properties

Exploration and evaluation costs

Oil and gas exploration and evaluation at fields not brought into commercial production is recognised using the successful efforts method. Accordingly, costs associated with acquisition of licenses for oil and gas reserves exploration and evaluation, prospecting and exploratory drilling, costs of equipment for exploratory wells and prospecting and appraisal wells, and topographical, geological and geophysical surveys costs are designated as exploration and evaluation assets until development of a field is proved to be commercially feasible, and are capitalised within respective license areas.

These costs are recognised to be written off pending the results of the works performed. Capitalised costs which have been ineffective are recognised within loss for the period.

Annually, all costs are measured for impairment from technical, economic and management perspectives. If any indications of impairment exist, an estimated amount is expensed and an asset is written down.

If oil and gas reserves have been discovered and a decision on bringing a field into development has been made, the capitalised costs, less losses from impairment of the respective exploration and evaluation assets, are classified as corresponding assets.

Other costs associated with protection of lands, minerals and other natural resources as well as costs of engineering and geological surveys are expensed as incurred.

Development and production costs

Costs incurred at fields brought into commercial production, which include expenses required to access recoverable reserves, expenses necessary for construction of exploratory wells, and construction, installation and equipment of other facilities directly associated with development of a field, are capitalised as part of oil and gas assets.

Oil and gas exploration and production licenses

Oil and gas exploration and production licenses are recorded within oil and gas exploration and production assets at actual cost less accumulated amortisation and impairment loss.

Depletion, depreciation and amortisation

Oil and gas properties and oil and gas exploration and production licenses are depreciated using the unit-of-production method on a field-by-field basis starting from the commencement of commercial production.

Items of other property, plant and equipment and their respective estimated useful lives are as follows:

Buildings and structures	10-40 years
Vehicles	5-20 years
Machinery and equipment	5-25 years
Other properties	2-25 years

Capitalised costs are amortised over the useful life of an asset or its parts determined by the Group.

Abandoned, idle items of other property, plant and equipment (except for those classified as held for sale) are depreciated subject to general rules applied to the respective classes of assets. Items of property, plant and equipment are depreciated on a straight-line basis over their useful lives.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognised.

Land and construction in progress are not depreciated.

The cumulative gain or loss on disposal of property, plant and equipment is the difference between the consideration received and the carrying amount and recognised as incurred in the statement of profit or loss.

Construction in progress

Construction in progress includes expenses directly related to the construction of items of property, plant and equipment, including overhead costs allocated to such construction. Depreciation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by the management.

Advances for acquisition of items of property, plant and equipment and construction projects are accounted for in construction in progress.

Recognition of asset retirement (decommissioning) obligations

The Group has liabilities related to decommissioning of facilities engaged in its core activities.

The Group's core activities are oil and gas exploration, development and production associated with operation of wells, equipment and adjacent sites, oil gathering and initial treatment facilities, pipelines to oil trunk lines. Exploration rights include requirements for decommissioning of oil production facilities and other facilities related to the Group's core activities. According to these requirements, the Company is obliged to decommission wells, dismantle equipment, restore the sites and perform other related activities. The Group's estimates of these liabilities are subject to actual decommissioning obligations in respect of such facilities fulfilled to the extent that the Group is obliged to perform restoration works, and include discounted costs which are expected to be incurred to fulfil such liabilities. The discount rate is reviewed at each reporting date and reflects current market assessments of the time value of money and the risks specific to the liability.

This liability is analysed at the end of each reporting period. Changes in the estimates of the decommissioning liabilities are subject to recognition as follows:

upon changes in the estimates of future cash flows (e.g., the costs of and timeframe for abandoning one well) or a discounting rate, changes in the estimates of the liability are included in the amount of the item of plant, property and equipment. However, if a decrease in the estimate of a liability exceeds the carrying amount of the relevant asset, the excess is recognised in profit or loss. In case of an increase in the liability the amount of the adjusted item of property, plant and equipment may not exceed the recoverable amount of this item.

changes in the amount of the liability due to its nearing maturity (amortisation of discount) are included in finance expenses.

Future events that may affect the amount required to settle decommissioning and environmental protection liabilities are reflected in the estimates of this liability where there is sufficient objective evidence that they will occur. Due to changes in the law of the Russian Federation, there can be changes to decommissioning liabilities.

Intangible assets

To recognise the internally generated intangible assets, the Group classifies the generation of the asset into a research phase and a development phase.

Research expenditures are charged to operating expenses as incurred.

Costs incurred to develop an intangible asset are capitalised once technical and economic feasibility of a product or a process has been proved. Development expenditures that were initially recognised as expenses are not subsequently capitalised even if complying with conditions for the recognition of assets.

The cost of acquired intangible assets is an aggregate of expenditures incurred to acquire and put them into service.

Advances issued for acquisition of intangible assets are classified as non-current assets irrespective of the date when such assets have been delivered.

After initial recognition, the Group applies the cost model where an intangible asset is carried at its actual cost less accumulated amortisation and any accumulated impairment losses, where required.

Amortisation of intangible assets begins when they are available for use. Intangible assets are amortised on a straight-line basis over their expected useful lives, and amortisation charges are recognised in expenses in the current period. The amortisation methods and expected useful lives are reviewed at each reporting date, and all the changes in the estimates are accounted for in future periods.

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset which are recognised in profit or loss as other income or expense when the asset is derecognised.

Goodwill

Goodwill arises from the acquisition of subsidiaries.

The excess of the consideration transferred, value of the acquired non-controlling interest and fair value of any interest previously held by the Group at the acquisition date over the Group's interest in fair value of the acquired net identifiable assets is recognised as goodwill within Intangible assets in the consolidated statement of financial position. If the actual cost of acquisition is lower than the fair value of the net assets of the subsidiary acquired, and in case the acquisition proves beneficial, the difference is directly recognised in the consolidated statement of profit or loss and other comprehensive income. Goodwill is reviewed for potential impairment at each reporting date.

Cash-generating units (CGU) to which the goodwill is allocated represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and within the operating segment only.

Impairment of non-current non-financial assets

The Group's non-current non-financial assets, except for deferred tax assets, are reviewed for any indication of impairment at each reporting date. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount of goodwill is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped into the smallest group of cash-generating units that are independent of the cash inflows from other cash-generating units.

The recoverable amount of the CGU is the higher of its value in use and its fair value less costs to sell.

The CGU value in use is determined using discounted cash flow models. Estimates of the CGU value in use are made using future cash flows projections.

The CGU future cash flows projections are based on external and internal factors forecasted in relation to the Group.

Forecasted external factors include: forecast of the market macroeconomic environment (oil, gas and products prices, inflation and interest rates) and tax environment (tax rates, export duties, fees and charges). These forecasts are based on the management's assessments and macroeconomic forecasts available at the reporting date.

The expected future cash flows are discounted to their present value using a pre-tax discount rate estimated on the basis of the weighted average cost of capital.

An impairment loss is recognised if the carrying amount of an asset or its unit (CGU) exceeds its recoverable amount. An impairment loss is recorded in profit or loss. The CGU impairment losses are allocated first to reduce the carrying amount of the goodwill allocated to such CGU, and then to reduce the carrying amount of other assets of the CGU on a pro rata basis. Goodwill impairment is not reversed.

Impairment losses relating to other assets recognised in prior periods are assessed at each reporting date to confirm whether there is any indication that they may exist or may have decreased. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed in the manner that the value of an asset shall not exceed the carrying amount of an asset (net of amortisation) had no impairment loss been recognised.

Financial assets

The Group recognises a financial asset in the consolidated statement of financial position only when it becomes a party to the contract concerning such financial instrument.

All purchases and sales of financial assets that require delivery within the timeframe established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Group commits to purchase or sell a financial asset. All other purchases and sales are recognised on the settlement date with the change in value between the commitment date and settlement date not recognised for assets carried at cost or amortised cost; it is recognised in profit or loss for assets classified as financial assets at fair value through profit or loss; and it is recognised in other comprehensive income for assets classified as available for sale.

The Group classifies financial assets into the following categories: financial assets at fair value through profit or loss (financial assets at FVTPL), loans granted and receivables, held-to-maturity investments, and available-for-sale financial assets.

Financial assets at FVTPL are initially recognised at fair value. All other financial assets are initially recorded at fair value plus transaction costs. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value of financial assets is price in an active market. Fair value of a financial asset at initial recognition is best evidenced by the price of an orderly transaction in the principal market (or in the most advantageous one).

Financial assets at FVTPL include financial assets held for trading and other financial assets classified as recorded at FVTPL at initial recognition.

A financial asset is recognised in financial assets at FVTPL if the Group has an intention to purchase or sell it in the near term, or if it is part of a single portfolio of identified financial instruments for which there is evidence of an actual pattern of short-term profit-taking.

Upon initial recognition the fair value of financial assets of this category is measured as a quoted price in an active market at the measurement date.

Financial assets at FVTPL are recorded within other financial assets in the consolidated statement of financial position; gains or losses arising from changes in the fair value are recognised within other income (expenses) in the consolidated statement of profit or loss and other comprehensive income.

Granted loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that arise when providing money, goods or services to a borrower with no intention of selling them. Granted loans and receivables are further measured at amortised cost using the effective interest method less provision for impairment. Amortised cost of discounts or premiums for granted loans and receivables based on effective interest method is stated within finance income in the consolidated statement of profit or loss and other comprehensive income. An impairment loss on granted loans and receivables is recognised in profit or loss.

Placed deposits are classified by the Group as Loans and receivables.

Held-to-maturity investments include non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold to maturity. On subsequent recognition, financial assets of this category are measured at amortised cost using the effective interest method, less provision for impairment.

All other financial assets are recognised by the Group at fair value within available-for-sale financial assets.

Gain or loss on available-for-sale financial assets is recognised in other comprehensive income less impairment losses and foreign exchange gains and losses.

Reclassification of financial assets

The Group assesses the validity of classifying financial assets into a category at each reporting date.

Available-for-sale financial assets can be reclassified as held-to-maturity investments if the Group changes its expectations and has the possibility of holding these securities to maturity.

Impairment of financial assets

At each reporting period the Group assesses whether there are any indications that financial assets of all categories are impaired except for those recognised at FVTPL.

Sings of impairment are:

- significant financial difficulty of the issuer or obligor;

- a breach of contract (failure to pay, delay in payment);
- it's becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for that financial asset because of financial difficulties;
- observable data indicating that there is a decrease in the estimated future cash flows from a group of financial assets, although the decrease cannot yet be identified with the individual financial assets (e.g., negative changes in industry conditions that affect borrowers in the group);
- significant changes with an adverse effect have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that investments in equity instruments cannot be recovered;
- a significant or prolonged decline in the fair value of financial assets below acquisition cost.

A financial asset is impaired only if there is objective evidence of impairment as a result of one or more events that affect the estimated future cash flows from the financial asset (provided that the sum of cash flows can be reliably measured).

An impairment loss is recognised by making provisions in the amount determined by:

- financial assets measured at amortised cost (loans and receivables, held-to-maturity investments) as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the effective interest rate calculated at initial recognition;
- financial assets measured at historical cost (available-for-sale financial assets) as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset;
- available-for-sale financial assets (measured at fair value) if there is a decrease in fair value and objective evidence of impairment as the difference between the acquisition cost of the asset (net of principal repayment and amortisation) and the current fair value.

If there is objective evidence of impairment, accumulated loss, recognised in other comprehensive income, on available-for-sale financial assets is excluded from equity and recognised in profit or loss as a reclassification adjustment.

Derecognition of financial assets

The Group derecognises financial assets when these assets are redeemed or the rights to cash flows from these assets expired, or when the Group has transferred the rights to the cash flows from the financial assets or entered into a pass-through arrangement while also transferring substantially all the risks and rewards of ownership of the assets, or neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control in respect to these assets.

Financial liabilities

Financial liabilities of the Group are trade and other payables as well as loans and borrowings received. Financial liabilities are recognised at amortised cost.

The Group derecognises a financial liability (or a part of a financial liability) if it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the redemption amount, including any non-cash assets transferred or liabilities assumed is recognised in profit or loss.

Value added tax

The amount of value added tax (VAT) payable to the budget at the end of each tax period is defined as output VAT less input VAT paid on the purchase of goods (works, services). The tax base is determined on delivery where delivery is recognised on the earliest of the dates: date of dispatch (transfer) of goods (works, services), property rights and date of payment, partial payment against future deliveries of goods (works, services), property rights.

The VAT rate is 18%.

Zero rate is applicable to export of goods. This application is substantiated by the documents which are submitted to the tax authorities as required under the law of the Russian Federation. Input VAT related to zero-rated transactions is deductible.

Mineral extraction tax

Mineral extraction tax (MET) related to crude oil production is levied based on the quantities of mineral resources extracted and calculated on a monthly basis as a quantity of mineral resources produced per fixed tax rate (in 2014 – RUB 493/tonne, in 2013 – RUB 470/tonne) adjusted depending on the monthly average world market prices of the Urals oil and RUB/USD exchange rate for the preceding month.

The Company qualifies for certain MET reliefs and fixed rate discounts subject to production areas, the degree of depletion and reserves availability at the subsoil area, and the degree of complexity of extraction. MET is recorded within operating expenses.

Customs duties

Hydrocarbons exported outside the territory of the Customs Union are subject to customs export duties, the amount of which is adopted on a monthly basis by the Government of the Russian Federation and reviewed depending on the average world market prices of the Urals oil for the preceding period.

Income tax

The income tax expenses for the reporting period comprise current tax and deferred tax. Income tax is fully recognised in profit or loss, except if it arises from transactions which are directly recorded in equity or other comprehensive income.

Currently, the Group continues to apply the concept of the consolidated group of taxpayers which was introduced in the Russian law in 2012. Income tax in relation to companies which do not belong to the consolidated group of taxpayers is calculated based on income stated in their individual tax returns. These consolidated financial statements include deferred income tax assets and liabilities accounted for by the Group under IAS 12 “Income taxes”.

Current income tax is the amount expected to be paid to (recovered from) the budget in respect of taxable profits or losses for the current and prior periods.

Deferred income tax is recorded in respect of temporary differences arising between accounting data and data used for tax purposes. Deferred taxes are not recorded for:

temporary differences on initial recognition of assets or liabilities in transactions other than business combinations and which do not affect neither accounting nor taxable profit or loss;

temporary differences associated with investments in subsidiaries and joint ventures to the extent where it is probable that they will not reverse in the foreseeable future;

temporary differences arising from the initial recognition of goodwill.

Deferred tax is measured at tax rates which are expected to apply to the period when the temporary differences will reverse based on the legal provisions enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax liabilities, and if they relate to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities to the extent when they intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously.

In accordance with the law of the Russian Federation, tax effect of loss incurred in prior reporting periods can be recognised as deferred tax asset.

Deferred tax assets are recorded only to the extent that it is probable that future taxable profit will be available against which the occurred temporary difference could be utilised. The amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that the respective benefit will be derived from its utilisation.

Deferred tax assets and liabilities are classified as non-current deferred tax assets and non-current deferred tax liabilities respectively.

Uncertain tax positions

The Group’s uncertain tax positions are assessed by the management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by the management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. Such assessment is based on the interpretation of tax laws that have been enacted

or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on the management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Employee benefits

Pensions and other retirement benefits

Pension expenses are accrued and recognised in payroll expenses. Pension liabilities are measured at current cost of the estimated cash outflows using the interest rates applicable to government securities which maturity is near the same as that of the liabilities. Costs related to pension liabilities are measured using the projected unit credit method. Actuarial gains and losses are shown in other comprehensive income in “remeasurements of post-employment benefit obligations” in the period in which they occur.

In accordance with its collective bargaining agreements, the Group pays additional pension contributions and other post-employment benefits to its employees. Pursuant to its corporate plan, the Group makes employee contributions to OJSC NPF “Surgutneftegas”. Once contributions to OJSC NPF “Surgutneftegas” have been made and benefits due to employees have been paid, pension liabilities to the employees are regarded as covered, hence the Group does not incur actuarial and investment risks. Besides, the Group does not have assets attributed to pension plans.

In the course of its ordinary business, the Group contributes to the Pension Fund of the Russian Federation on behalf of its employees. Liabilities in respect to such contributions are recognised as employee benefits expenses incurred during the period when the respective services have been rendered by employees under employment agreements.

Operating leases

Where the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments inclusive of payments due to expected lease termination are charged to operating expenses in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease. Leased operating assets including property, plant and equipment are not accounted for in the consolidated statement of financial position.

Revenue recognition

Revenue from the sale of goods is measured at the fair value of consideration received or receivable, net of reimbursements, discounts and volume rebates. Revenue is recognised when all significant risks and rewards of ownership have been transferred to the buyer, consideration can be received, costs incurred can be measured reliably and return of goods can be assured, the seller retains no effective control over the goods sold and the amount of revenue can be measured reliably. The transfer of risks and rewards occurs at a different time subject to the relevant terms of each sale and purchase agreement.

Domestic sales of crude oil and gas as well as petroleum products and materials are usually recognised when title passes.

Export sales of crude oil (transfer of title and risks of accidental loss) are normally FOB based (the seller fulfills its obligations to deliver when the goods have passed over the ship's rail in the designated port), DAF (delivered at frontier) or DAP based (delivered at designated place). The title passes at the time when goods pass the tanker's permanent hose connection at the port of loading, the border of the Russian Federation, or when the seller places the goods at the disposal of the buyer on the means of transport ready for unloading, at the named place, subject to delivery conditions. Oil products are normally sold on FCA basis, and the respective sales proceeds are recognised once the goods have been cleared through customs and delivered to the buyer. Export sales of some oil products and petrochemicals are also FOB and DAP based. The Company covers transportation expenses, duties and taxes on such sales.

Revenue from other services is recognised when such services are rendered provided that the cost of services is determinable and no significant uncertainty in respect of potential proceeds exists.

Functional and presentation currency

The national currency of the Russian Federation is Russian Ruble (RUB), which is the functional currency of the Group's entities and used by the Group as the presentation currency of these consolidated financial statements.

All values presented in rubles are rounded to the nearest million except when otherwise indicated.

Transactions and balances in foreign currencies

Foreign currency transactions are translated into the functional currency of the Group's entities at the exchange rate effective at the dates of such transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate effective at this date. Non-monetary assets and liabilities in foreign currencies measured at fair value are translated into the functional currency at the exchange rate effective at the date when their fair value has been determined. Exchange differences resulting from the translation of currencies are recognised in other income and expense.

Net earnings per share

Earnings per share are calculated by dividing net income attributable to the holders of the Company's ordinary shares by the weighted average number of ordinary shares outstanding during the reporting period, net of average number of treasury ordinary shares bought back by the Group's entities.

Equity

Ordinary and preference shares

Ordinary and preference shares are classified as equity. Preference shares are entitled to vote on matters in respect of reorganisation and liquidation of the Company, and matters related to: releasing the Company from an obligation to disclose or provide information required under the law of the Russian Federation on securities; introducing amendments and addenda to the Company's Charter which restrict the rights of holders of the preference shares of this type; filing an application for listing or delisting of preference shares of this type.

If dividends on preference shares per year have not been declared or paid, preference shares are entitled to vote on a par with ordinary shares unless dividends on preference shares are declared and paid.

Additional paid-in capital

Additional paid-in capital represents profit (loss) on operations, financial results of which shall be recognised directly in equity, including gains and losses on the sale of treasury shares bought back from shareholders and gains and losses on the purchase (sale) of a non-controlling interest (whole or its part) provided that the control is retained.

Treasury shares

If the Group purchases the Company's shares, these shares are deducted from equity. Treasury shares are recorded at the cost of acquisition. Gains and losses associated with purchase, sale, issue or cancellation of treasury shares must be recorded directly in equity.

Share premium

Share premium represents the excess of contributions received over the nominal value of the Company's ordinary shares issued, less flotation costs.

Non-controlling interests

Non-controlling interest is the part of profit or loss and net assets of a subsidiary attributable to equity interests which are not owned, directly or indirectly through subsidiaries, by the Company.

Non-controlling interests are presented within equity, separately from the Group's equity, in the consolidated statement of financial position.

Dividends

Dividends are recognised as liability attributable to the period when they have been declared.

Adoption of new or revised standards and interpretations

The following new standards and interpretations became effective from 1 January 2014:

The amendments to IFRS 10, IFRS 12 and IAS 27 "Investment entities" – these amendments did not have a material impact on the Group's consolidated financial statements.

The amendments to IAS 36 "Recoverable amount disclosures for non-financial assets" – these amendments did not have a material impact on the Group's consolidated financial statements.

The amendments to IAS 32 "Offsetting financial assets and financial liabilities" – these amendments did not have a material impact on the Group's consolidated financial statements.

The interpretation of IFRIC 21 "Levies" – the requirements of IFRIC 21 did not have a material impact on the Group's consolidated financial statements.

The amendments to IAS 39 "Novation of derivatives and continuation of hedge accounting" – these amendments did not have a material impact on the Group's consolidated financial statements.

4 Critical accounting judgements, estimates and assumptions

The Group makes estimates and assumptions that affect assets and liabilities recognised in the financial statements within the next financial year. Estimates and judgments are continuously evaluated and are based on the management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements that significantly affect the amounts recognised in the financial statements and estimates that may require adjustments of assets and liabilities carrying amount within the next financial year include:

Estimation of oil and gas reserves

Estimates of oil and gas recoverable reserves are imprecise as they require application of personal judgement and are subject to regular revision, either upward or downward, based on new information such as from the drilling of additional wells, observation of long-term reservoir performance under producing conditions and changes of other factors. The management makes certain assumptions while estimating actual volumes of available recoverable oil and gas reserves. Oil and gas reserves are estimated for the purpose of the present statements in accordance with the provisions of Federal Budgetary Institution "State Reserves Committee" (FBU "GKZ").

Oil and gas estimation is used for depreciation of oil and gas assets and for impairment determination. Oil and gas estimation is made based on possible assumptions and is reviewed on an annual basis.

Assumptions and estimates may vary as new information about oil and gas field reserves, change in forecast and assumptions become available.

Reserve estimations have an impact on certain amounts of financial statements – oil and gas assets depreciation value, and impairment losses. Depreciation of oil and gas assets is calculated using the unit-of-production method for each field based upon initial recoverable reserves (under Russian classification – A, B, C1 categories). Oil and gas estimation (under Russian classification – A, B, C1, C2 categories) is also used for calculations of future cash flows to be the main evidence of asset impairment.

Useful life of other property, plant and equipment, and intangible assets

The Group estimates the remaining useful life of other property at least once a year at the end of financial year. If expected values differ from previous estimations, changes are recognised as changes in accounting estimates in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The management of the Group determines useful life periods for property, plant and equipment, and intangible assets subject to physical properties and terms during which they bring benefit to the Group.

Impairment of goodwill and other assets

When assessed for possible impairment, forecast of cash flows requires a number of significant assumptions and estimates of such assessments as oil and gas production output, natural gas, oil and refined products prices, operating expenses, capital expenditures, hydrocarbon reserves including such macroeconomic indicators as inflation rate and discount rate. Besides, assumptions are applied for determining generating group of assets subject to assessment for impairment. Value of assets and group

of generating assets related to oil and gas production is determined based on production output projections.

Asset retirement (decommissioning) and environmental protection obligation

Production and exploration operations of the Group are governed by a number of environmental safety regulations and statutory acts. The Group assesses environmental protection liabilities based on the Group's management awareness of the current legislation, license agreements and in-house engineering judgements. Decommissioning liabilities are recognised on a net discounted basis at the moment at which the relevant liability arose. Actual deferred expenses may significantly differ from the amount of liability formed. Additionally, such provision may be influenced by future changes in environmental safety legislation and statutory acts, discount rates and expected terms of field development.

Pension benefit obligations

Pension benefit liabilities are assessed based on assumptions. Actual amounts may differ from the estimated values of the Group and may be adjusted in the future based on modified expectations of the Group.

Expected survival assumptions are based on published statistics and demographic tables of mortality. At present, age of retirement in the Russian Federation is 60 and 55 years for men and women respectively.

5 New interpretations and standards

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2015, and which the Group has not early adopted.

“Accounting for acquisitions of interests in joint operations” – Amendments to IFRS 11 (issued in May 2014 and effective for annual periods beginning on or after 1 January 2016). This amendment introduces new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The Group's management expects that this amendment will not have any material impact on its consolidated financial statements.

“Clarification of acceptable methods of depreciation and amortisation” – Amendments to IAS 16 and IAS 38 (issued in May 2014 and effective for annual periods beginning on or after 1 January 2016). In the amendment the IASB clarifies that revenue-based methods are not appropriate to calculate the depreciation of an asset because the revenue from activities involving the use of an asset, usually takes into account factors other than the consumption of economic benefits associated with the asset. The Group's management expects that this amendment will not have any material impact on its consolidated financial statements.

IFRS 15 “Revenue from contracts with customers” (issued in May 2014 and effective for periods beginning on or after 1 January 2017). The new standard introduces a key principle according to which the revenue shall be recognised when goods or services are rendered to a customer at a price of the transaction. Any separate lots of goods or services shall be recognised separately, and all discounts and retrospective discounts from the contractual price are, as a rule, distributed to the separate elements. If the amount of compensation may vary due to some reason, then minimal sums shall be accepted in case they are not subject to the substantial reconsideration risk. Expenditures associated with the support of contracts with customers shall be capitalised and depreciated for a term within which benefits from the contracts will be obtained. The Group's management expects that this amendment will not have any material impact on its consolidated financial statements.

IFRS 9 “Financial instruments” (with amendments introduced in July 2014 and effective for annual periods beginning on or after 1 January 2018).

The main differences of this standard from IAS 39 “Financial Instruments: recognition and measurement” are as follows:

- financial assets must be classified into three measurement categories: subsequently measured at amortised cost, subsequently measured at fair value through other comprehensive income and measured at fair value through profit or loss;
- the classification depends on the model for the management of financial assets and on whether contractual cash flows are solely payments of principal and interest;
- investments in equity instruments are always measured at fair value. However, the management

can make a final decision to show changes in fair value in other comprehensive income, unless the instrument in question is not classified as held for trading. If the equity instrument is classified as held for trading, the changes in fair value are presented in profit or loss;

- IFRS 9 introduces a new model of impairment loss recognition: an expected credit loss model.

The Group is currently considering the impact of adopting the standard and the timing of its adoption by the Group.

Amendments to IAS 16 and IAS 41 – “Agriculture: bearer plants” (issued in June 2014 and effective for periods beginning on or after 1 January 2016). These amendments are not relevant to the Group. These amendments have not been adopted for use in RF.

IFRS 14 “Regulatory deferral accounts” (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016). The standard permits first-time adopters of IFRS to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and that do not recognise these amounts, the standard requires that the effect from rate regulation must be presented separately from other items. This standard does not apply to companies that already provide financial statements prepared in accordance with IFRS.

Amendments to IAS 19 – “Defined benefit plans: employee contributions” (issued in November 2013 and effective for annual periods beginning 1 July 2014). The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service. The Group’s management expects that this amendment will not have any material impact on its consolidated financial statements.

Annual improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated). The improvements consist of changes to seven standards.

IFRS 2 was amended to clarify the definition of “vesting conditions” and to define separately “performance conditions” and “service condition”. The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

IFRS 3 was amended to clarify that (i) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (ii) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit or loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014.

IFRS 8 was amended to require (i) disclosure of the judgements made by the management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (ii) a reconciliation of segment assets to the entity’s assets when segment assets are reported.

The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial.

IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (“the management entity”), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided.

The Group is currently assessing the impact of the amendments on its financial statements.

Annual improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated). The improvements consist of changes to four standards.

The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not

yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.

IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

The amendment of IFRS 13 clarifies that the portfolio exception that allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy and sell non-financial items) that are within the scope of IAS 39 or IFRS 9.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

The Group is currently assessing the impact of the amendments on its financial statements.

“Equity method in separate financial statements” – Amendments to IAS 27 (issued in August 2014 and effective for annual periods beginning on or after 1 January 2016). These amendments allow enterprises to use the equity method to account for investments in subsidiaries, joint ventures and associates in its separate financial statements. These amendments are not relevant to the Group. These amendments have not been adopted for use in RF.

“Sale or contribution of assets between an investor and its associate or joint venture” – Amendments to IFRS 10 and IAS 28 (issued in September 2014 and effective for annual periods beginning on or after 1 January 2016). These amendments eliminate the mismatch between the requirements of IFRS 10 and IAS 28 relating to sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that gain or loss is recognised in full if the transaction constitutes a business. If the assets do not constitute a business, profit or loss is recognised partially, even if the assets belong to a subsidiary. The Group’s management expects that this amendment will not have any material impact on its consolidated financial statements. These amendments have not been adopted for use in RF.

Annual improvements to IFRSs 2014 (issued in September 2014 and effective for annual periods beginning on or after 1 January 2016). The amendments affect four standards.

The purpose of the amendments to IFRS 5 is to clarify that a change the method of disposal (transfer from category “held for sale” to “held for distribution” or vice versa) is not a change of the plan of sales or distribution and shall not be accounted for as a change of this plan.

The amendment to IFRS 7 provides additional guidance to help the management determine whether servicing arrangements are representative of continuing involvement in a transferred financial asset for the purpose of the transfer disclosures in accordance with IFRS. In addition, the amendment clarifies that requirements for offsetting disclosure set out in IFRS 7 are not applicable to interim financial statements unless required by IAS 34.

The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise.

IAS 34 will require a cross reference from the interim consolidated financial statements to the location of “information disclosed elsewhere in the interim financial report”.

The Group’s management does not expect the amendments to have a material impact on the Group’s consolidated financial statements. These amendments have not been adopted for use in RF.

“Disclosure initiative” – Amendments to IAS 1 (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 explain that the company does not need to provide disclosures required by IFRS if they are not material even if such disclosures are included in the list of requirements of a certain international financial reporting standard or are the minimum required disclosures. The standard also includes new guidance on disclosures in the financial statements of subtotals, according to which the subtotals (a) should be made up of items that are recognised and evaluated in accordance with IFRS; (b) should be presented and labelled in a manner that makes the components of the subtotal understandable;

(c) should be consistent from period to period; and (d) should not be displayed with more prominence than the subtotals and totals required by IFRS.

The Group is currently assessing the impact of the amendments on its financial statements. These amendments have not been adopted for use in RF.

“Investment entities: applying the consolidation exception” – Amendments to IFRS 10, IFRS 12 and IFRS 28 (issued in August 2014 and effective for annual periods beginning on or after 1 January 2016). These amendments explain that the investment company is required to measure its investments in subsidiaries, that are investment companies, at fair value through profit or loss. In addition, the exception to the requirement to present consolidated financial statements, if the ultimate or any parent company of the enterprise provides consolidated financial statements available for public use, is supplemented with an explanation that this exception applies regardless of whether the subsidiary is included in consolidation or measured at fair value through profit or loss in accordance with IFRS 10 in consolidated financial statements of the ultimate or any parent company. The Group’s management expects that this amendment will not have any material impact on its consolidated financial statements. These amendments have not been adopted for use in RF.

6 Subsidiaries

The Company has the following subsidiaries registered and doing business in the Russian Federation:

Description	Area of activity	As of 31 December 2014 Ownership interest (%)	As of 31 December 2013 Ownership interest (%)
<i>Oil and gas exploration and production</i>			
OJSC “Surgutneftegas”	Oil and gas exploration and production	Parent company	Parent company
<i>Oil refining</i>			
“KINEF” LLC	Oil refining	100%	100%
<i>Oil products sale</i>			
“Novgorodnefteproduct” LLC	Oil products sale	100%	100%
“Pskovnefteproduct” LLC	Oil products sale	100%	100%
“Kaliningradnefteproduct” LLC	Oil products sale	100%	100%
“Tvernefteproduct” LLC	Oil products sale	100%	100%
“KIRISHIAVTOSERVIS” LLC	Oil products sale	100%	100%
<i>Other companies</i>			
“Insurance Company “Surgutneftegas” LLC	Insurance	100%	99.9838%
Closed Joint Stock Company “Surgutneftegasbank” (ZAO “SNGB”)	Banking operations	97.7591%	97.7591%
“Surgutmebel” LLC	Manufacture of wood construction items	100%	100%
OJSC “Sovkhoz “Chervishevsky””	Argiculture	94.9996%	94.9996%
LLC “Media-Invest”	Television and radio broadcasting, production and coverage of TV and radio programmes	100%	100%
“Lengiproneftekhim” LLC	Engineering	100%	100%

The presented list of subsidiaries is complete; the Group has no subsidiaries outside the Russian Federation.

As of 31 December 2014, non-controlling interests in the amount of RUB 169 million (as of 31 December 2013 – RUB 172 million) are not significant to the Group.

7 Segment information

The information about the Group is considered by individual executive body represented by director general of the Company and deputies of director general covering different operations to comprise the following operating segments:

“Exploration and production” is part of the Company’s activity related to exploration, evaluation, production of oil and gas, and oil sale;

“Refining and sale” is part of the Company’s activity related to oil and gas processing, and sale of refined products, and the activity of the Group’s subsidiaries involved in refining and refined products sale as well as engineering;

“Other activity” includes all other non-significant segments having no similar economic performance and represents subsidiaries of the Group engaged in banking operations, insurance and production of other goods, jobs and services. This information was not presented separately as the management does not make allowance for the performance of these segments when making decision regarding resource distribution or the total operating efficiency of the Group.

On a monthly basis the management estimates performance results of the segments based on the revenue, profit and operating expenses to resolve on resource distribution and operating efficiency.

Results of separate significant operations and a number of adjustments required to bring RAS statements in line with the relevant IFRS amounts are considered by the management across the whole Group without breakdown by segments.

Sales operations among operational segments recorded as “intersegment sales” are performed based on market prices.

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Performance results of production segments for 2014:

	Exploration and production	Refining and sale	Other activity	Intersegment sales	Total
Sales revenue					
Export, including:	386,434	189,804	-	-	576,238
<i>revenues from crude sales</i>	386,434	-	-	-	386,434
<i>revenues from oil products sales</i>	-	189,628	-	-	189,628
<i>revenues from gas products sales</i>	-	176	-	-	176
<i>other sales</i>	-	-	-	-	-
Domestic market, including:	174,610	208,803	3,784	(72,861)	314,336
<i>revenues from crude sales</i>	152,287	-	-	(13,408)	138,879
<i>revenues from oil products sales</i>	-	195,879	-	(57,793)	138,086
<i>revenues from gas and gas products sales</i>	14,564	7,405	-	(7)	21,962
<i>sale of other products and finished goods</i>	2,825	3,482	1,989	(716)	7,580
<i>other sales</i>	4,934	2,037	1,795	(937)	7,829
Total sales revenue	561,044	398,607	3,784	(72,861)	890,574
Operating expenses	(445,925)	(345,361)	(8,825)	72,337	(727,774)
Operating profit / (loss)	115,119	53,246	(5,041)	(524)	162,800
Finance income					69,297
Finance expenses					(7,135)
Exchange differences					845,940
Gain / (loss) on sale and other disposal of financial assets					(9)
Other income / (expenses)					(1,001)
Share of profit / (loss) of associates					(353)
Gain on disposal of subsidiary					-
Profit before tax					1,069,539
Income tax					(184,706)
Net income					884,833

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Performance results of production segments for 2013:

	Exploration and production	Refining and sale	Other activity	Intersegment sales	Total
Sales revenue					
Export, including:	400,109	193,678	-	-	593,787
revenues from crude sales	399,860	-	-	-	399,860
revenues from oil products sales	-	192,355	-	-	192,355
revenues from gas products sales	-	1,323	-	-	1,323
other sales	249	-	-	-	249
Domestic market, including:	140,139	137,176	1,980	(35,348)	243,947
revenues from crude sales	113,283	-	-	(12,909)	100,374
revenues from oil products sales	-	127,742	-	(22,341)	105,401
revenues from gas and gas products sales	18,417	4,712	-	(5)	23,124
sale of other products and finished goods	2,374	3,675	1,226	-	7,275
other sales	6,065	1,047	754	(93)	7,773
Total sales revenue	540,248	330,854	1,980	(35,348)	837,734
Operating expenses	(396,507)	(273,664)	(7,568)	57,374	(620,365)
Operating income	143,741	57,190	(5,588)	22,026	217,369
Finance income					53,623
Finance expenses					(5,027)
Exchange differences					77,768
Gain / (loss) on sale and other disposal of financial assets					2,401
Other income / (expenses)					(1,846)
Share of profit / (loss) of associates					65
Gain on disposal of subsidiary					47
Profit before tax					344,400
Income tax					(65,319)
Net income					279,081

Sales comprise the following (based on the registration country):

Sales	2014	2013
export of crude oil – Europe	507,214	519,510
export of crude oil – Asia	160,484	155,273
export of crude oil – CIS, other than Russia	36,871	38,558
export of crude oil – Canada	26,670	35,727
export of crude oil – USA	-	5,190
domestic sales of crude oil	138,879	100,374
domestic sales of gas	14,557	18,535
Total oil and gas sales	884,675	873,167
export of oil products – Europe	314,667	315,384
domestic sales of oil products	138,086	105,401
export of gas products – Europe	291	2,333
domestic sales of gas products	7,405	4,589
Total oil and gas products sales	460,449	427,707
Other international market sales	-	249
Other domestic sales	15,409	15,048
Total sales	1,360,533	1,316,171
less export duties	(469,959)	(478,437)
Total sales revenue	890,574	837,734

Information about sales to the main buyers

The Group has one buyer accounting for over 10% of total revenues of the Group. Aggregate amount of revenues from this buyer for 2014 is RUB 142,791 million (for 2013 – RUB 189,055 million). Sales revenue from this buyer is included in “Refining and sale”.

The management does not believe that the Group depends on any individual buyer.

8 Related party transactions

In these consolidated financial statements, parties are generally considered to be related if one party has the ability to control the other party or can exercise significant influence over the other party in its financial and business activities as well as in making financial and operational decisions. While considering each possible related party’s relationship, the economic essence of such relationship, not merely the legal form, is taken into account.

Related parties may enter into transactions, which unrelated parties might not exercise, and transactions between related parties may not be affected on the same terms and conditions as transactions between unrelated parties.

Within 2014 and 2013, the Group entered into transactions with OJSC NPF “Surgutneftegas” to finance pensions of employees retired within the year, and other related parties.

Within 2014 and 2013, the Group contributed to OJSC NPF “Surgutneftegas” RUB 1,118 million and RUB 1,023 million respectively.

As of 31 December 2014, the Group had RUB 2,051 million (as of 31 December 2013 – RUB 2,890 million) of loans received from the related parties (funds of the customers of the Group’s bank).

The amount of compensation subject to the regional coefficient and Northern allowance (the salary for the reporting period with taxes and other obligatory budget and non-budget payments accrued, annual paid leave for the work performed in the reporting period and similar payments) to the key management personnel (9,732 people in 2014 and 9,496 people in 2013), including subsidiaries and structural units of the Company, authorised to plan and control the Group’s operations in 2014 equaled RUB 29,417 million. (for 2013 – RUB 27,197 million). Pension benefits are provided to the management personnel on a non-preferential basis.

9 Cash and cash equivalents, restricted cash

Cash and cash equivalents represent the following:

	As of 31 December 2014	As of 31 December 2013
Cash in hand and at current accounts	6,391	11,043
- rubles	4,870	3,338
- foreign currency	1,521	7,705
Deposits with original maturity under contract less than 3 months	21,528	21,947
Total cash and cash equivalents	27,919	32,990

Restricted cash represents obligatory reserves of the Group’s bank at RF Central Bank accounts.

The information on cash and cash equivalents placed by currency and credit quality is presented in Note 32.

10 Deposits placed

Placed deposits comprise the following:

	As of 31 December 2014	As of 31 December 2013
Bank deposits:		
- short-term	727,419	443,326
- long-term	1,186,001	613,183
Total deposits placed	1,913,420	1,056,509

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Placed cash represents short-term and long-term bank deposits. Interest is paid mainly together with return of the principal amount to the current account. In accordance with deposit agreement, the Group loses its right for part of the accrued interest in case of early return of the principal amount.

The amount of deposits interest received at current accounts of the Group for 2014 is RUB 58,291 million (for 2013 – RUB 27,451 million).

The classification of deposits by maturity is presented in the table below:

	As of 31 December 2014	As of 31 December 2013
with maturity less than 30 days	59,217	46,644
with maturity between 31 and 90 days	117,144	56,371
with maturity between 91 and 180 days	208,065	100,693
with maturity between 181 and 270 days	153,003	123,286
with maturity between 271 and 365 days	189,990	116,332
with maturity more than 365 days	1,186,001	613,183
Total bank deposits	1,913,420	1,056,509

The management believes that in the foreseeable future the Group will not need to withdraw funds from financial instruments.

The information on deposits placed by currency and credit quality is presented in Note 32.

The fair value of deposits is disclosed in Note 33.

11 Receivables

Accounts receivable include:

	As of 31 December 2014	As of 31 December 2013
Trade receivables	51,548	81,220
impairment provision	(194)	(266)
Other receivables	10,197	3,873
impairment provision	(421)	(433)
Total receivables including:	61,130	84,394
short-term	60,419	83,297
long-term	711	1,097

A provision for impairment of trade receivables and other receivables has been estimated based on the individual customers, payment history, debts repaid after the reporting date (on an individual basis).

Analysis of changes in impairment provision of receivables is presented below:

	Trade receivables	Other receivables
Impairment provision of accounts receivable as of 1 January 2013	(261)	(167)
Impairment provision of accounts receivable charged	(27)	(277)
Impairment provision of accounts receivable used	-	2
Impairment provision of accounts receivable recovered	22	9
Impairment provision of accounts receivable as of 31 December 2013	(266)	(433)
Impairment provision of accounts receivable charged	(1)	(42)
Impairment provision of accounts receivable used	-	26
Impairment provision of accounts receivable recovered	73	28
Impairment provision of accounts receivable as of 31 December 2014	(194)	(421)

As of 31 December 2014, the Group had three (as of 31 December 2013 – three) main debtors, with at least 10% of total accounts receivable. These debtors provide about 18% of Group's revenue in 2014 (in 2013 – 14%).

The information on receivables by currency and credit quality is presented in Note 32.

12 Advances issued

Advances issued include:

	As of 31 December 2014	As of 31 December 2013
Export custom duties	27,148	20,008
Oil transport	9,576	4,367
Other advances issued	4,949	4,112
Total advances issued	41,673	28,487

13 Loans granted

Short-term and long-term loans granted are represented by loans of the Group's bank:

	As of 31 December 2014	As of 31 December 2013
Current loans	41,528	31,726
Overdue loans	6,807	3,799
Impairment provision	(4,973)	(3,950)
Total loans granted including:	43,362	31,575
short-term	21,541	3,306
long-term	21,821	28,269

Analysis of changes in loan impairment provision is presented below:

	2014	2013
Impairment provision as of 1 January	(3,950)	(3,084)
(allocations to provision) / provision recovery	(1,023)	(866)
Impairment provision as of 31 December	(4,973)	(3,950)

Analysis of loans by currency and credit quality as well as information on the fair value of the collateral are disclosed in Note 32.

14 Inventories

Inventories include:

	As of 31 December 2014	As of 31 December 2013
Oil and refined products	14,823	11,615
<i>impairment provision</i>	(11)	(9)
Materials and supplies	42,650	36,066
<i>impairment provision</i>	(2,520)	(2,113)
Other reserves	7,646	7,350
<i>impairment provision</i>	(411)	(581)
Goods for resale	1,378	1,102
<i>impairment provision</i>	(5)	(5)
Work in progress	1,873	1,525
Gas and gas products	23	25
Total inventories	65,446	54,975

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15 Property, plant and equipment

	Oil and gas exploration and production	Refining and sale	Other properties	Construction in progress	Total
Historical cost as of 31 December 2012	723,945	133,902	94,347	85,782	1,037,976
Construction and proceeds	169,136	609	268	25,415	195,428
Reclassifications	-	81,781	2,377	(84,158)	-
Changes in asset retirement (decommissioning) obligations	9,450	-	-	-	9,450
Disposals, retirements and other movements	(11,872)	(739)	(3,443)	(366)	(16,420)
Historical cost as of 31 December 2013	890,659	215,553	93,549	26,673	1,226,434
Construction and proceeds	143,049	2,412	6,765	22,457	174,683
Reclassifications	-	8,521	5,492	(14,013)	-
Internal movements	(6,352)	5	6,347	-	-
Changes in asset retirement (decommissioning) obligations	118	-	-	-	118
Disposals, retirements and other movements	(12,214)	(854)	(2,703)	(529)	(16,300)
Historical cost as of 31 December 2014	1,015,260	225,637	109,450	34,588	1,384,935
Accumulated depletion, depreciation and amortisation as of 31 December 2012	(74,838)	(20,972)	(21,690)	-	(117,500)
Charge for the period	(44,434)	(11,762)	(8,448)	-	(64,644)
Disposals, retirements and other movements	1,432	213	1,863	-	3,508
Accumulated depletion, depreciation and amortisation as of 31 December 2013	(117,840)	(32,521)	(28,275)	-	(178,636)
Charge for the period	(59,848)	(23,292)	(7,607)	-	(90,747)
Internal movements	(4,302)	(205)	4,507	-	-
Impairment	(6,419)	(395)	-	-	(6,814)
Disposals, retirements and other movements	1,585	297	1,856	-	3,738
Accumulated depletion, depreciation and amortisation as of 31 December 2014	(186,824)	(56,116)	(29,519)	-	(272,459)
Carrying amount as of 31 December 2012	649,107	112,930	72,657	85,782	920,476
Carrying amount as of 31 December 2013	772,819	183,032	65,274	26,673	1,047,798
Carrying amount as of 31 December 2014	828,436	169,521	79,931	34,588	1,112,476

Construction in progress mainly refers to the process of capital construction. As of 31 December 2014, property, plant and equipment included advances for purchase and construction of property, plant and equipment in the amount of RUB 11,224 million (as of 31 December 2013 – RUB 2,831 million).

At each date of the consolidated financial statements, the management estimates a decline in the recoverable value of the assets below their carrying amount. As of 31 December 2014, the Group recognised losses from impairment of the exploration and production assets in the amount of RUB 6,419

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million. Besides, the Group recognised the loss from impairment of property, plant and equipment of sales companies in the amount of RUB 395 million.

Depreciation on property, plant, and equipment includes the amount capitalised in construction in progress for 2014 in the amount of RUB 16,891 million (for 2013 – RUB 17,191 million).

Exploration and evaluation assets included in the cost of property, plant and equipment changed over the period as follows:

	2014	2013
As of 1 January	42,651	34,114
Capitalised costs	17,256	16,993
Reclassified to property, plant and equipment	(5,832)	(2,667)
Disposal of expenses associated with ineffective exploration and evaluation	(7,377)	(5,789)
Impairment	(5,917)	-
As of 31 December	40,781	42,651

The cost of oil and gas exploration and production licences included in exploration and production properties changed as follows:

	2014	2013
Historical cost as of 1 January	64,563	28,890
Accumulated depreciation	(1,681)	(1,477)
Carrying amount as of 1 January	62,882	27,413
Proceeds	1,748	36,929
Disposals and retirement of assets by exploration and evaluation	(368)	(1,256)
Impairment	(181)	-
Depreciation charge	(203)	(204)
Carrying amount as of 31 December	63,878	62,882

16 Intangible assets

	Software	Goodwill	Other	Total
Historical cost				
As of 31 December 2012	5,234	5,788	331	11,353
Proceeds	643	-	189	832
Disposal	(841)	-	(59)	(900)
As of 31 December 2013	5,036	5,788	461	11,285
Proceeds	1,273	-	106	1,379
Disposal	(974)	-	(36)	(1,010)
As of 31 December 2014	5,335	5,788	531	11,654
Depreciation and impairment loss				
As of 31 December 2012	(2,910)	-	(124)	(3,034)
Accumulated depreciation	(952)	-	(50)	(1,002)
Disposal	835	-	57	892
As of 31 December 2013	(3,027)	-	(117)	(3,144)
Accumulated depreciation	(736)	-	(35)	(771)
Impairment	-	(148)	-	(148)
Disposal	956	-	20	976
As of 31 December 2014	(2,807)	(148)	(132)	(3,087)
Net carrying amount as of 31 December 2012	2,324	5,788	207	8,319
Net carrying amount as of 31 December 2013	2,009	5,788	344	8,141
Net carrying amount as of 31 December 2014	2,528	5,640	399	8,567

In 2014, amortisation of intangible assets was capitalised into property, plant and equipment in the amount of RUB 16 million. In 2013, amortisation of intangible assets was not capitalised.

At each date of the consolidated financial statements, the management estimates a decline in the recoverable value of the assets below their carrying amount. As of 31 December 2014 and 2013, no impairment of intangible assets has been identified (excluding goodwill).

As of 31 December 2014 and 2013, the Group had no intangible assets with indefinite useful lives (excluding goodwill).

Goodwill

As of 31 December 2014 and 2013, the goodwill amount was allocated to “Refining and distribution” segment. This goodwill is recognised as the Company and its subsidiaries represent a business combination.

As of 31 December 2014, the Group recognised losses from goodwill impairment of sales companies in the amount of RUB 148 million. As of 31 December 2013, no impairment of goodwill has been identified.

17 Investments in associates

The Group has an equity-accounted investment in associated company “National Media Group” (NMG).

The Group’s interest in the capital of NMG as of 31 December 2014 and 2013 was 26.22%. NMG is a holding company with investments in companies involved in television and radio broadcasting in the Russian Federation, printing of periodicals (newspaper) as well as in other companies.

The carrying amount of the investment as of 31 December 2014 amounted to RUB 5,758 million (as of 31 December 2013 – RUB 6,264 million).

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The net assets of NMG as of 31 December 2014 amounted to RUB 17,759 million (as of 31 December 2013 – RUB 19,688 million); the amount of goodwill recognised in the cost of investments as of 31 December 2014 and 2013 equaled RUB 1,103 million.

18 Other financial assets

Short-term and long-term financial assets include:

	As of 31 December 2014	As of 31 December 2013
Short-term financial assets		
Financial assets at FVTPL	485	18
Financial assets available-for-sale	1,547	2,683
Investments held-to-maturity	2,791	6,204
Total short-term financial assets	4,823	8,905
Long-term financial assets		
Financial assets at FVTPL	58	650
Financial assets available-for-sale	7,660	9,331
Investments held-to-maturity	1,419	-
Total long-term financial assets	9,137	9,981

Financial assets at FVTPL

The structure of financial assets at fair value through profit and loss is presented below:

	As of 31 December 2014	As of 31 December 2013
Government bonds	217	118
Corporate bonds	177	288
Corporate eurobonds	144	166
Shares	3	41
Municipal bonds	2	55
Total financial assets at FVTPL	543	668

Corporate bonds are presented by interest bearing securities denominated in Russian rubles issued by major Russian companies and banks and are listed on Moscow Interbank Currency Exchange (MICEX).

Corporate eurobonds are presented by interest bearing securities denominated in US dollars issued by major Russian companies and freely traded internationally.

Government securities are federal loan bonds (FLB) issued by the Ministry of Finance of the Russian Federation and denominated in Russian rubles.

As of 31 December 2014, the value of securities held in trust was RUB 341 million (as of 31 December 2013 – RUB 401 million).

Securities recorded at fair value through profit and loss are reviewed by credit quality and currency in Note 32.

Available-for-sale financial assets

The structure of financial assets available for sale is presented below:

	As of 31 December 2014	As of 31 December 2013
Shares	5,494	5,471
Corporate eurobonds	1,745	1,414
Corporate bonds	1,248	1,624
Government and municipal bonds	646	3,431
Contributions to charter capitals	74	74
Total financial assets available-for-sale	9,207	12,014

Movements in available-for-sale financial assets are presented below:

	2014	2013
Carrying amount as of 1 January	12,014	8,592
Acquisition	5,259	5,304
Redemption / sale / reclassification	(8,175)	(2,011)
Accrued interest income	294	719
Interest received	(365)	(650)
Exchange differences	449	91
Gains / (losses) on fair value revaluation	(269)	(31)
Carrying amount as of 31 December	9,207	12,014

Available-for-sale financial assets are reviewed by credit quality and currency in Note 32.

Held-to-maturity investments

Structure of held-to-maturity investments is presented below:

	As of 31 December 2014	As of 31 December 2013
Government bonds	2,828	-
Corporate bonds	589	-
Corporate eurobonds	524	168
Municipal bonds	269	-
Bills of exchange	-	6,036
Total investments held-to-maturity	4,210	6,204

The movement in held-to-maturity investments is presented below:

	2014	2013
Carrying amount as of 1 January	6,204	1,416
Proceeds / reclassification	7,254	6,167
Disposal / redemption	(3,385)	(1,392)
Accrued interest income	634	81
Interest received	(586)	(73)
Exchange differences	129	5
Gains / (losses) from reflection at amortised cost	(12)	-
Impairment provision	(6,028)	-
Carrying amount as of 31 December	4,210	6,204

In 2014, the Group changed its position concerning the part of investments in bonds which were previously classified as financial assets available for sale. As the Group intends to hold these securities to maturity, these investments were reclassified from the category "Available-for-sale financial assets" into "Held-to-maturity investments". At the date of this reclassification, the fair value of these securities equaled RUB 4,421 million.

In 2014, because of impairment signs, the Group created impairment provision of the part of held-to-maturity investments in the amount of RUB 6,028 million. In 2013, no impairment of held-to-maturity investments has been identified.

Held-to-maturity investments are reviewed by credit quality and currency in Note 32.

The information on the fair value of held-to-maturity investments is presented in Note 33.

19 Payables and accrued liabilities

Accounts payable and accrued liabilities include:

	As of 31 December 2014	As of 31 December 2013
Accounts payable to employees of the Company	24,460	22,863
Trade payables	10,128	8,987
Accounts payable for acquired property, plant and equipment	6,448	5,366
Other accounts payable	1,503	1,820
Dividends payable	582	494
Total payables and accrued liabilities	43,121	39,530
Including the financial part of the accounts payable	18,661	16,667

The financial part of the accounts payable is reviewed by currency and maturity in Note 32.

20 Other financial liabilities

Other short-term and long-term financial liabilities are current accounts and customer deposits of the Group's bank.

	As of 31 December 2014	As of 31 December 2013
Current/settlement accounts and demand accounts	8,724	9,131
Fixed-term deposits	42,145	26,096
Total other financial liabilities		
including:	50,869	35,227
short-term	37,671	22,158
long-term	13,198	13,069

Interest rates on deposits are charged at rates ranging from 0.01% to 16% in rubles (in 2013 – from 0.1% to 10.65%) and from 0% to 5% in foreign currency (in 2013 – from 0.3% to 4.65%). Interests on settlement and current accounts range from 0% to 14.5% in rubles (in 2013 – from 0% to 9.76%) and from 0% to 3.5% in foreign currency (in 2013 – from 0% to 3.5%).

Other financial liabilities are reviewed by currency and maturity in Note 32.

21 Other tax liabilities

	As of 31 December 2014	As of 31 December 2013
Value added tax	3,818	4,199
Property tax	3,249	2,790
Mineral extraction tax	22,068	26,470
Other	5,885	5,635
Total other tax liabilities	35,020	39,094

22 Provisions for liabilities and charges

	As of 31 December 2014	As of 31 December 2013
Asset retirement obligations	64,781	63,223
Post-employment benefit obligations	14,584	16,359
Other liabilities	2,452	2,339
Total provisions for liabilities and charges	81,817	81,921
including:		
short-term	3,489	3,314
long-term	78,328	78,607

Asset retirement obligations

Asset retirement obligations represent cost estimation of land recultivation, wells decommissioning and dismantling of field facilities.

	2014	2013
Obligations as of the beginning of the period	63,223	53,081
Proceeds	11,008	12,659
Changes in estimates and discounting rates	(10,890)	(3,209)
Discount cost amortised	2,061	1,146
Provision used	(621)	(454)
Obligations as of the end of the period	64,781	63,223

Obligations recognised as of 31 December 2014 and 2013 are long-term.

The estimated costs are assessed on the basis of information available as of the reporting date. Upon changes of data the calculations made are adjusted.

Post-employment benefit obligations

Post-employment benefit obligations are performed by the Group at the time the employee retires. The right to pension benefits is given to workers who have been continuously employed by the Group for not less than 5 years and retired on or after the retirement age. The contribution to OJSC NPF “Surgutneftegas” and lump-sum payments depend on the length of service, the salary level and is defined in the collective agreement.

Expenses recognised in the consolidated statement of profit or loss and other comprehensive income and liabilities recognised in the consolidated statement of financial position are as follows:

	2014	2013
Obligations as of the beginning of the period	16,359	15,382
Interest liability expenses	802	819
Current service cost	467	795
Benefits paid	(1,212)	(1,228)
Actuarial (gain) / loss	(1,832)	591
Obligations as of the end of the period	14,584	16,359

Obligations by maturity are as follows:

	As of 31 December 2014	As of 31 December 2013
Short-term	1,037	976
Long-term	13,547	15,383
Total obligations	14,584	16,359

Expenses allocated to payrolls:

	2014	2013
Current service cost	467	795
Interest liability expenses	802	819
Net expenses on pension benefits	1,269	1,614

The main actuarial assumptions in the reporting period have the following weighted averages:

	As of 31 December 2014	As of 31 December 2013
Discount rate	13.00%	8.39%
Average long-term increase in employee compensation	4.56%	3.76%
Rate of inflation and growth of pension	4.56%	3.76%

23 Equity

Share capital and share premium

As of 31 December 2014 and 2013:

Share capital

Ordinary shares:

Number of shares issued, thousand	35,725,995
Par value (1 ruble per share), million rubles	35,726
Amount adjusted for inflation, million rubles	121,203

Preference shares:

Number of shares issued, thousand	7,701,998
Par value (1 ruble per share), million rubles	7,702
Amount adjusted for inflation, million rubles	33,463

Share premium

Amount by which the fair value of funds received exceeded the par value, million rubles	35,245
Amount adjusted for inflation, million rubles	57,809

The share capital is fully paid. In 2014 and 2013, changes in the structure of the share capital did not occur. The Company did not place any shares.

Treasury shares

As of 31 December 2014 and 2013, the Group owns 650 thousand of ordinary shares or less than 1% of the total number of shares. During its investment activity in 2014, the Group's bank sold 2,590 thousand of preference shares for the amount of RUB 85 million.

Retained earnings

Retained earnings include the result of recalculation of the consolidated financial statement in order to bring to the equivalent the buying capacity of Russian ruble as of 31 December 2002 in accordance with IAS 29 "Financial reporting in hyperinflationary economies".

Dividends

The Company's accounting statement prepared in accordance with Russian accounting standards which differ significantly from IFRS consolidated statement serves as the basis for the distribution of profits to shareholders. Net income available for distribution is the net income in the current year calculated in accordance with the applicable law of the Russian Federation and recognised in the Company's RAS statement.

As of 27 June 2014, the annual general meeting of shareholders of the Company declared dividends for the year ended 31 December 2013 in the amount of RUB 0.6 per one ordinary share and RUB 2.36 per one preference share.

As of 28 June 2013, the annual general meeting of shareholders of the Company declared dividends for the year ended 31 December 2012 in the amount of RUB 0.5 per one ordinary share and RUB 1.48 per one preference share.

As of the date of this consolidated financial statement, the Company did not declare dividends for the year ended 31 December 2014.

24 Export duties

	2014	2013
Export duties on oil sales	344,805	354,398
Export duties on oil and gas products sales	125,154	124,039
Total export duties	469,959	478,437

25 Operating expenses

	2014	2013
Taxes excluding income tax	346,019	290,593
Production services	87,196	78,291
Depreciation, depletion and amortisation	74,611	48,455
Selling and storage expenses	64,252	67,445
Employee benefits	71,446	66,965
Utility and electricity expenses	29,182	27,995
Goods for resale	10,227	5,364
Supplies	29,154	22,375
Expenses from disposal of exploration and production properties	7,745	5,789
Changes in inventory and work in progress	(9,605)	(4,303)
Other expenses	17,547	11,396
Total operating expenses	727,774	620,365

Employee benefits include:

	2014	2013
Salary and charges	69,588	65,627
Provision for vacation	1,053	254
Contributions to pension funds	805	1,084
Total employee benefits	71,446	66,965

Taxes, other than income tax, include:

	2014	2013
Mineral extraction tax	316,457	266,684
Excise	15,978	12,649
Property tax	12,948	10,529
Other taxes	636	731
Total taxes excluding income tax	346,019	290,593

26 Finance income and expenses

	2014	2013
Interest receivable	69,233	53,563
Interest income from discounting	64	60
Total financial income	69,297	53,623

	2014	2013
Interest expense from discounting	(4,477)	(3,316)
Interest payable	(2,658)	(1,711)
Total financial expenses	(7,135)	(5,027)

In the article "Interest expense from discounting" the amount of discount for placed deposits for 2014 in the amount of RUB 2,219 million (for 2013 – RUB 1,744 million) is recognised.

27 Exchange differences

Exchange differences arise in the result of oil and refined products sales denominated in foreign currency and are disclosed within placed deposits in foreign currency in the statement of financial position. The

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official exchange rates of the RF Central Bank for foreign currencies against the ruble are presented below:

	As of 31 December 2014	As of 31 December 2013
US Dollars	56.26	32.73
Euro	68.34	44.97

Average exchange rates in 2014 and 2013 equaled:

	2014	2013
US Dollars	38.42	31.85
Euro	50.82	42.31

Exchange differences include:

	2014	2013
Income from exchange differences	991,363	164,155
Expense from exchange differences	(145,423)	(86,387)
Total exchange differences	845,940	77,768

28 Income tax

	2014	2013
Current income tax	166,515	38,664
Changes in deferred tax assets/liabilities	18,191	26,655
Income tax expense	184,706	65,319

In 2014 and 2013, the official rate of the Russian income tax was 20%.

Profit before tax recognised in the financial statement correlates with income tax expenses as follows:

	2014	2013
Profit before tax	1,069,539	344,400
Provisional profits tax expense	213,908	68,880
Tax effect of the preferential tax rate	(34,788)	(7,808)
Tax effect of items which are not accounted for tax purposes	5,586	4,247
Total income tax expense	184,706	65,319

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Temporary differences arising between the differences of these consolidated financial statements and tax accounting resulted in the following deferred assets and liabilities for income tax for 2014:

	As of 31 December 2014	Changes for the period recognised in profit (loss) for the period	Changes for the period in the other comprehensive income	As of 31 December 2013
Tax effect of deductible temporary differences				
Inventories	1,676	349	-	1,327
Property, plant and equipment	39,616	7,962	-	31,654
Intangible assets	768	96	-	672
Financial assets	4,309	2,338	54	1,917
Receivables	1,591	407	-	1,184
Payables	217	62	-	155
Other accruals and additional charges	5,275	232	-	5,043
Deferred tax assets	53,452	11,446	54	41,952
Set off deferred tax assets / (liabilities)	(52,356)			(40,786)
Total deferred tax assets	1,096			1,166
Tax effect of taxable temporary differences				
Inventories	(2,461)	(618)	-	(1,843)
Property, plant and equipment	(153,792)	(26,253)	-	(127,539)
Intangible assets	(13,406)	(772)	-	(12,634)
Financial assets	(1,754)	(633)	-	(1,121)
Receivables	(6,235)	(1,164)	-	(5,071)
Payables	(196)	(27)	-	(169)
Other accruals and additional charges	(1,814)	(170)	(386)	(1,258)
Deferred tax liabilities	(179,658)	(29,637)	(386)	(149,635)
Set off deferred tax assets / (liabilities)	52,356			40,786
Total deferred tax liabilities	(127,302)			(108,849)

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Temporary differences arising between the differences of these consolidated financial statements and tax accounting resulted in the following deferred assets and liabilities for income tax for 2013:

	As of 31 December 2013	Changes for the period recognised in profit (loss) for the period	Changes for the period in the other comprehensive income	As of 31 December 2012
Tax effect of deductible temporary differences				
Inventories	1,327	137	-	1,190
Property, plant and equipment	31,654	7,257	-	24,397
Intangible assets	672	184	-	488
Financial assets	1,917	542	6	1,369
Receivables	1,184	138	-	1,046
Payables	155	60	-	95
Other accruals and additional charges	5,043	563	118	4,362
Deferred tax assets	41,952	8,881	124	32,947
Set off deferred tax assets / (liabilities)	(40,786)			(32,308)
Total deferred tax assets	1,166			639
Tax effect of taxable temporary differences				
Inventories	(1,843)	(865)	-	(978)
Property, plant and equipment	(127,539)	(24,280)	-	(103,259)
Intangible assets	(12,634)	(9,626)	-	(3,008)
Financial assets	(1,121)	(233)	-	(888)
Receivables	(5,071)	13	-	(5,084)
Payables	(169)	(37)	-	(132)
Other accruals and additional charges	(1,258)	(508)	-	(750)
Deferred tax liabilities	(149,635)	(35,536)	-	(114,099)
Set off deferred tax assets / (liabilities)	40,786			32,308
Total deferred tax liabilities	(108,849)			(81,791)

As of 31 December 2014 and 2013, the Group did not recognise a deferred tax liability in respect of temporary differences associated with investments in subsidiaries, as the management believes that the zero rate of tax levied at source of income in respect of dividends will be applied for the distribution of these dividends.

29 Earnings per share

Basic earnings per share for the year ended on 31 December 2014 and for the year ended on 31 December 2013 were calculated based on the income attributable to holders of the Company's ordinary shares and the weighted average number of outstanding ordinary shares. The Company has no potential ordinary shares that have a dilutive effect.

	2014	2013
Shares outstanding as of 31 December, thousand	35,725,995	35,725,995
Effect of treasury shares, thousand	(650)	(650)
Weighted average number of shares for the year ended 31 December, thousand	35,725,345	35,725,345
Net income for the year attributable to shareholders	884,824	279,070
Dividends on preference shares, million rubles	(63,233)	(18,177)
Basic and diluted earnings per share, rubles	23.00	7.30

30 Contingencies and commitments

Court proceedings

As of the reporting date, the Group is a party to legal proceedings related to Group's operations. The Group's management believes that the results of these proceedings will not affect the business operations and financial position of the Group.

Tax exposure

Due to the constant changes in the tax system of the Russian Federation relating to the improvement of tax control mechanisms and regulation, the Group is exposed to tax risks associated with the occurrence of uncertain tax positions as a result of uncertainty in the interpretation of tax legislation.

The management believes that the Group fully complies with the applicable tax legislation, so the results of tax audits have not affected and cannot significantly affect the business activities and financial position of the Group.

Capital expenditure commitments

As of 31 December 2014, the Group has capital expenditure commitments related to the upgrading and construction of new capacities of LLC “KINEF” in the amount of RUB 13,557 million (as of 31 December 2013 – RUB 23,259 million). The obligations are to be executed in the period from 2015 till 2016.

Third-party commitments

As of 31 December 2014, the Group has third-party commitments in the amount of RUB 30,257 million. Among them, issued bank guarantees equaled RUB 19,696 million, commitments in the form of surety agreement – RUB 10,500 million and liabilities on other securities – RUB 61 million.

As of 31 December 2013, the Group had third-party commitments in the amount of RUB 16,577 million. Among them, issued bank guarantees equaled RUB 16,516 million, liabilities on other securities – RUB 61 million.

Credit related commitments

Credit related commitments of the Group’s bank equal:

	As of 31 December 2014	As of 31 December 2013
Commitments to extend credit	3,789	4,106
Import letters of credit	138	14
Guarantees issued	5,951	3,027
Total credit related commitments	9,878	7,147

Operating lease commitments

Operating leases have various terms and conditions and primarily are agreements to lease land plots.

The total amount of operating lease expenses for the year 2014 equals RUB 1,077 million (for 2013 – RUB 1,111 million) and is included in the Group’s operating expenses. Future minimum lease payments under non-cancellable operating leases as of 31 December 2014 and 2013 are as follows:

	2014	2013
Less than 1 year	1,193	1,135
Between 1 and 5 years	4,337	4,155
More than 5 years	31,769	31,665
Total future minimum lease payments	37,299	36,955

Environmental issues

The Group complies with all the legal environmental standards and requirements. The management believes that the Group efficiently minimises environmental risks by following industry standards and requirements, continuously monitoring its production facilities, employing modern machinery, technology and equipment, and improving employees’ HSE expertise.

31 Operational risks

The actions of the Group are exposed to the industry risks which are typical of the oil and gas sector. The cost increase of the materials, services and equipment used in production as well as exploration, technological and environmental risks may considerably affect the income of the Group.

The Group is subject to the risk of growing operational and capital expenditures as a result of increasing prices for energy resources, basic and auxiliary production materials, metal production, equipment and also increase in rates of OJSC “AK “Transneft”, OJSC “AK” Transnefteproduct” and OJSC “Russian Railways” (OJSC “RZD”), the leading companies providing transportation. To mitigate the negative influence of these risks, the Group regularly performs optimisation of current and capital expenditures in all directions of its operation. The Group holds equipment procurement tenders, implements programs aimed at better energy efficiency, develops in-house power generating facilities and reviews alternative suppliers’ offers in all ranges of purchased products.

The Group is subject to the inflation risk the actualisation of which may result in higher costs of its products and lower return from operating activities, growing capital expenditures and adjustments in the portfolio of the Group’s investment projects.

The Group regularly performs the analysis to determine how the inflation risk influences the efficiency of the current activity and studies the appropriateness of implementing new production, processing and sales projects. To mitigate the negative influence, the Group performs the package of measures to prevent cost escalation, holds tenders for counterparties’ services and products and specifies terms and conditions of the contracts.

Exploration activities of oil companies are characterised by a high level of uncertainty and a potential failure to discover commercial reserves. The Group is well-experienced in exploration works, has its own drilling divisions, up-to-date equipment and employs qualified personnel; all these make it possible to get necessary data on drilling and geophysical study; and upgraded software used for data interpretation helps to reduce geological risks.

Highly complicated oil and gas production and refining processes, involvement in development of hard-to-recover reserves demanding the usage of sophisticated equipment and new technologies, commissioning of new facilities increasing the oil conversion ratio make the Group vulnerable to technological and environmental risks.

The Group follows the national regulations and industry standards when carrying out hydrocarbon production and refining and strictly adheres to the environmental legislation and standards on the issues of the impact of the production operations on the environment. The Company has systems of gathering and utilisation of associated petroleum gas, controls the state of the production facilities, performs their timely repairs and replacement, follows industrial safety requirements, organises training and skill upgrading of the personnel.

Worsening of the economic situation in the Russian Federation, where the Group conducts its business, may result in the reduction of the effective demand in the domestic market and the financial performance of the Group. In case of weaker domestic demand the Group is able to change delivery directions, to balance the range of the product output due to cooperation with a great number of counterparties in global and domestic markets.

The lack of specialists in oil and gas industry caused by more complicated production methods, application of modern equipment and technologies and expansion of production activity may become a significant risk for the Group. To reduce risks, the Group cooperates with educational institutions, organises refresher and skills upgrade training of the personnel. The Group gives its employees additional benefits and guarantees, creates comfortable working environment, forms a talent pool and works on the involvement of young professionals.

32 Capital and financial risk management

Financial risks of the Group are related to the possible loss of the value of the financial assets as a result of unfavourable changes in the business environment of the Group. The Group's activities are exposed to the following financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk).

The Group has developed a risk management system and a number of procedures for quantitative risk evaluation, assessment, monitoring and selection of proper methods to manage risks. To optimise risks, the Group takes constant measures for establishing the general methodology intended to identify, analyse, assess and monitor risks and to develop and implement technologies which can provide the Group's continuous activity.

The Group does not apply derivative financial instruments to reduce financial risks, but considers their possible influence on the financial and operating activity of the Group when developing investment projects, making plans and budgets. To settle current liabilities in time, the Group insures some of its assets and operations.

Credit risk

Credit risk is the risk of a potential financial loss to the Group in case when a counterparty defaults on its contractual obligations on the financial asset under the terms of the contract.

The Group is exposed to the credit risk because the Group has receivables, advances the deals with counterparties and invests cash in bank deposits. The Group's bank performs crediting of legal entities and natural persons.

On the basis of qualitative and quantitative criteria, the Group created the system of regular integrated assessment of counterparties' paying capacity which monitors their credit history and financial position. To pay advances to counterparties, the Group applies the instruments of bank and other guarantees to secure the payback.

The carrying amount of financial assets is the maximum degree of credit risk.

Cash and cash equivalents. Cash and cash equivalents are placed into major banks with credit ratings given by the international agencies. The balances on all settlement accounts and short-term bank deposits are not overdue and not impaired.

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As of 31 December 2014, RUB 1,211 million or 30% of cash at current (correspondent) accounts was placed with RF Central Bank. As of 31 December 2013, RUB 7,007 million or 63% of cash at current (correspondent) accounts was placed with one bank with A+ international rating.

As of 31 December 2014, RUB 7,541 million or 35% of deposits with original maturity under contract less than 3 months was placed with one bank with BBB- international rating. As of 31 December 2013, RUB 14,719 million or 67% of deposits with original maturity under contract less than 3 months was placed with one bank with BBB international rating.

Analysis of credit quality of the banks used by the Group to allocate cash and cash equivalents based on external credit ratings assigned to the banks at the reporting date is presented in the table below. The relevant ratings are published by Standard & Poor's and other credit-rating agencies. The ratings are reconciled with classifications of Standard & Poor's:

	As of 31 December 2014	As of 31 December 2013
Cash in hand	2,395	1,739
Central bank	8,751	1,879
<i>Commercial banks:</i>		
Rating from A- to A+	418	7,288
Rating from BBB- to BBB+	13,732	19,395
Rating from BB- to BB+	1,777	2,056
Rating from B- to B+	746	612
No rating	100	21
Total	27,919	32,990

Deposits placed. The Group avoids excessive concentration of credit risk and goes by approved rules of depositing while placing the temporarily free cash in deposits with the banks. The Group has developed the methodology for the assessment of the financial position of the banks that includes the analysis of the following criteria: the financial performance, the portfolio credit quality, the compliance of the norms with the accepted standards, the structure of the capital and other indicators confirming the sound position of a credit institution. The Group monitors the financial position of counterparties' banks during the whole maturity period for its cash placement.

On the basis of this assessment, the Group determines the reliability of the banks, where the deposits are placed, as high, and, therefore, the management of the Group considers that there are no impairment indicators of investments in deposits at the reporting date.

Deposits are placed in Russian largest banks.

The analysis of credit quality of the banks used by the Group to allocate deposits based on external credit ratings assigned to the banks at the reporting date is presented in the table below. The relevant ratings are published by Standard & Poor's and other credit-rating agencies. The ratings are reconciled with classifications of Standard & Poor's:

	As of 31 December 2014	As of 31 December 2013
Rating from BBB- to BBB+	942,174	1,030,258
Rating from BB- to BB+	969,846	26,051
Rating from B- to B+	-	200
No rating	1,400	-
Total	1,913,420	1,056,509

Receivables. While concluding a contract, the Group evaluates the creditworthiness of buyers, their financial position and credit history. Afterwards, the Group is constantly controlling completeness and accuracy of settlements with counterparties.

The Group applies the letter of credit payment method to settle with debtors that substantially reduces the credit risk. When advancing transactions, the Group uses bank guarantees to secure the payback.

Analysis of receivables as of 31 December 2014 by the period of delay from the due date is given below:

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	Amount receivable as of 31 December 2014	Amount of personal provision as of 31 December 2014	Amount receivable less provision as of 31 December 2014
Trade receivables			
not past due	47,396	(168)	47,228
up to 6 months	12	-	12
from 6 months to 1 year	4,114	-	4,114
more than 1 year	26	(26)	-
Total	51,548	(194)	51,354
Other receivables			
not past due	9,780	(4)	9,776
up to 6 months	26	(26)	-
from 6 months to 1 year	2	(2)	-
more than 1 year	389	(389)	-
Total	10,197	(421)	9,776

Analysis of receivables as of 31 December 2013 by the period of delay from the due date is given below:

	Amount receivable as of 31 December 2013	Amount of personal provision as of 31 December 2013	Amount receivable less provision as of 31 December 2013
Trade receivables			
not past due	81,115	(168)	80,947
up to 6 months	30	(23)	7
from 6 months to 1 year	3	(3)	-
more than 1 year	72	(72)	-
Total	81,220	(266)	80,954
Other receivables			
not past due	3,472	(32)	3,440
up to 6 months	5	(5)	-
from 6 months to 1 year	229	(229)	-
more than 1 year	167	(167)	-
Total	3,873	(433)	3,440

As of 31 December 2014, receivables in the amount of RUB 47,228 million (as of 31 December 2013 – RUB 80,947 million) are not overdue or impaired. The greater part of these receivables is mainly formed by trade receivables due from large Russian and foreign buyers of crude and petroleum products.

The redemption of the receivables can be influenced by economic factors, but the management believes that there is no significant risk of loss to the Group exceeding the formed provision for the impairment of receivables.

Receivables are distributed geographically as follows:

	As of 31 December 2014	As of 31 December 2013
Russia	14,309	13,092
Europe	39,032	52,382
Asia	7,789	10,946
CIS countries	-	278
Canada	-	7,696
Total	61,130	84,394

Loans granted. Short-term and long-term loans granted are represented by loans of the Group's bank. Credit risk management of the loan portfolio, granted by the Group's bank, is carried out by way of the volume limitation of credit operations as well as portfolio diversification according to the sectors and regions, the change of the amount and kind of the collateral, reservation as provided by the internal regulatory documents and the development of the optimal conditions for loans restructuring.

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Credit analysis by credit quality is presented below:

	As of 31 December 2014	As of 31 December 2013
Due and unimpaired credits:		
Borrowers with a credit history less than 1 year	18,248	10,306
Borrowers with a credit history between 1 and 3 years	16,783	9,982
Borrowers with a credit history more than 3 years	6,497	11,438
Overdue and impaired credits:		
Payment without delay	2,772	35
Overdue for less than 30 days	156	61
Overdue between 30 and 360 days	248	370
Overdue more than 360 days	3,631	3,333
Total credits before impairment of the credit portfolio	48,335	35,525

Overdue credits are supported by the collateral the fair value of which, as of 31 December 2014, equaled RUB 1,010 million (as of 31 December 2013 – RUB 879 million).

Interest loan cost by currency is presented below:

	As of 31 December 2014	As of 31 December 2013
Rubles	12.82%	12.85%
US Dollars	5.68%	6.73%

Other financial assets. Short-term and long-term financial assets are represented by financial assets at fair value through profit and loss, available-for-sale financial assets and held-to-maturity investments .

Information on the credit risk concerning financial assets at fair value through profit or loss is given below:

	As of 31 December 2014	As of 31 December 2013
Government bonds	217	118
The bonds of the constituent territories of the RF and municipalities		
rating from B and higher	2	55
Russian banks		
rating from BBB- to BBB+ (S&P)	18	15
rating from B- to BB+ (S&P)	-	57
Russian companies		
rating from BBB- to BBB+ (S&P)	162	165
rating from B- to BB+ (S&P)	143	203
no rating	1	55
Total financial assets at FVTPL	543	668

Information on the credit risk concerning available-for-sale financial assets is presented below:

	As of 31 December 2014	As of 31 December 2013
Government and municipal bonds	646	3,431
Russian banks		-
rating from BBB- to BBB+	2,604	1,792
rating from B- to BB+ (S&P)	3	1,068
no rating	1,067	-
Foreign companies without rating	4,218	4,218
Russian companies		
rating from BBB- to BBB+ (S&P)	434	993
rating from B- to BB+ (S&P)	29	53
rating from CCC to CCC+ (S&P)	-	173
no rating	206	286
Total financial assets available-for-sale	9,207	12,014

In 2014 and 2013, no impairment of available-for-sale financial assets has been identified.

The information on credit risk on held-to-maturity investments is presented below:

	As of 31 December 2014	As of 31 December 2013
Government and municipal bonds	3,097	-
Russian companies		
rating from BBB- to BBB+ (S&P)	827	168
no rating	286	6,036
Total investments held-to-maturity	4,210	6,204

The information on the amount of impairment provision of held-to-maturity investments in 2014 is presented in Note 18.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in fulfilling financial liabilities which are to be settled by cash or financial assets. Financial liabilities of the Group are short-term accounts payable and other financial liabilities.

Liquidity risk for the Group is minimal because the Group keeps the necessary amount of liquid assets to meet its liabilities subject to uncertainties connected with cash received from current operating activities. The detail budgeting system of the Group helps to build the financial structure of the Group in such a way as to keep the necessary level of liquidity to settle its liability in timely manner.

Information about the maturity of the financial liabilities of the Group in accordance with the contract dates remained till maturity dates is presented below. The sums show contractual undiscounted cash flows with future interest payments taken into consideration:

As of 31 December 2014	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Financial part of the accounts payable	18,661	-	-	-	18,661
Other financial liabilities	39,736	14,073	140	-	53,949
Other liabilities	140	212	237	-	589
Total financial liabilities	58,537	14,285	377	-	73,199

As of 31 December 2013	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Total
Financial part of the accounts payable	16,667	-	-	-	16,667
Other financial liabilities	23,803	14,386	273	-	38,462
Other liabilities	147	1,162	81	-	1,390
Total financial liabilities	40,617	15,548	354	-	56,519

Market risk

Market risk is the risk that changes in currency rates, interest rates or commodity prices will have a negative effect on assessment of financial assets, financial liabilities and future cash flows of the Group. The Group's management has developed the policies and guides used for market risk management.

(a) Currency risk

The Group is subject to the risk of exchange rate changes, mainly – US dollar against the Russian ruble. The significant amount of the Group's products is sold in the international market in foreign currencies. Negative exchange rate changes of foreign currencies to ruble may lead to lower return and worse financial performance of the Group's operations.

The Group regularly analyses the volatility of exchange rates and its influence on the financial results of the Group and, thus, determines parameters and the scheme of placing temporarily free cash and performs current cash flow planning.

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The carrying amounts of the Group’s financial instruments, as of 31 December 2014, denominated in the following currencies are presented below:

As of 31 December 2014

Assets	Rubles	US Dollars	Euro	Total
Cash and cash equivalents	26,398	817	704	27,919
Restricted cash	730	-	-	730
Deposits placed	4,192	1,909,222	6	1,913,420
Financial assets at FVTPL	399	144	-	543
Financial assets available-for-sale	7,462	1,519	226	9,207
Investments held-to-maturity	1,901	2,240	69	4,210
Receivables	7,254	52,441	1,435	61,130
Loans granted	40,748	2,614	-	43,362
Total financial assets	89,084	1,968,997	2,440	2,060,521
Liabilities				
Financial part of the accounts payable	15,988	1,398	1,275	18,661
Other financial liabilities	45,845	4,064	960	50,869
Other liabilities	480	-	-	480
Total financial liabilities	62,313	5,462	2,235	70,010

As of 31 December 2014, if the ruble had weakened by 30% against the US dollar with all the variables held constant, pre-tax profit would have increased by about RUB 589,061 million. The effect of a corresponding strengthening of the Russian ruble against the US dollar is approximately equal and opposite.

The carrying amounts of the Group’s financial instruments, as of 31 December 2013, denominated in the following currencies are presented below:

As of 31 December 2013

Assets	Rubles	US Dollars	Euro	Total
Cash and cash equivalents	23,116	8,795	1,079	32,990
Restricted cash	794	-	-	794
Deposits placed	3,706	1,052,799	4	1,056,509
Financial assets at FVTPL	502	166	-	668
Financial assets available-for-sale	10,551	1,140	323	12,014
Investments held-to-maturity	6,036	168	-	6,204
Receivables	13,085	71,252	57	84,394
Loans granted	29,710	1,865	-	31,575
Total financial assets	87,500	1,136,185	1,463	1,225,148
Liabilities				
Financial part of the accounts payable	13,909	1,606	1,152	16,667
Other financial liabilities	33,270	1,427	530	35,227
Other liabilities	1,151	-	-	1,151
Total financial liabilities	48,330	3,033	1,682	53,045

As of 31 December 2013, if the ruble had weakened by 30% against the US dollar with all the variables held constant, pre-tax profit would have increased by about RUB 339,946 million. The effect of a corresponding strengthening of the Russian ruble against the US dollar is approximately equal and opposite.

(b) Interest rate risk

Fluctuation of the market interest rates does not have a significant impact on the Group’s financial and business activities since the Group does not raise borrowed funds to finance current and capital expenses.

Taking into account that a significant part of temporarily free cash is placed in deposits, to provide their acceptable return, the Group regularly analyses the level of interest rates by financial instruments in the

money and capital markets and places cash in fixed-rate deposits with the banks. The assessment of interest rates is performed in view of assets and liabilities which are sensitive to changes in interest rates.

Information on interest rate ranges (annual) used to allocate financial assets sensitive to changes in interest rates is presented below:

Cash and cash equivalents	As of 31 December 2014	As of 31 December 2013
Cash at current and correspondent accounts:		
US Dollars	0.03% - 1.00%	0.05% - 1.00%
Euro	0.75% - 1.75%	0.09% - 1.75%
Rubles	1.00% - 4.00%	0.25% - 4.00%
Deposits with original maturity under contract less than 3 months:		
US Dollars	-	0.02% - 0.20%
Euro	-	0.08% - 0.16%
Rubles	9.01% - 29.11%	4.10% - 7.42%
Deposits placed	As of 31 December 2014	As of 31 December 2013
US Dollars	0.75% - 6.55%	1.31% - 6.35%
Euro	0.20%	2.57%
Rubles	7.25% - 21.88%	5.69% - 9.20%

(c) Commodity price risk

The decline of hydrocarbons prices is a significant risk for the Group.

Hydrocarbons prices depend on several factors, among which are the following: the balance between demand and supply in the global and regional markets, the expected growth rate of global economy, the forecast of production and consumption output of principal energy resources, the political and economic situation in the countries with the greatest amount of hydrocarbon production and consumption, data on the reserves of oil and petroleum products, the level of investments and the development rate of hard-to-recover oil and gas reserves and the development of alternative energy sources.

In the domestic market of the Russian Federation prices of hydrocarbons depend on the global oil market conjuncture as well as other internal factors such as: demand and supplies of crude and petroleum products, tax and tariff state policy and logistics expenses.

The Group has no opportunity to influence the market prices for oil, gas and petroleum products. The Group monitors the conjuncture of hydrocarbons market to assess the current activity and to plan future operations concerning the directions of the commodity flows, investment programmes and projects and costs reduction on the basis of various price scenarios. However, due to existent internal reserves the Group has an opportunity to maintain the stable production process for the period of price fluctuations without debt financing.

Pricing mechanism in the Group is based on the market factors which suggest a stable, regular and cost-beneficial demand fulfilment as well as nondiscriminatory and equal contract terms, the pricing procedure unified for all the buyers groups, inadmissibility of price making or changing that is not conditioned by objective economic factors.

As of 31 December 2014, if the average oil and refined products prices related to the export market had weakened or strengthened by 40% with all other variables held constant, pre-tax profit for the twelve months of 2014 would have been lower or higher by RUB 237,857 million respectively.

As of 31 December 2013, if the average oil and refined products prices related to the export market had weakened or strengthened by 40% with all other variables held constant, pre-tax profit for the twelve months of 2013 would have been lower or higher by RUB 243,798 million respectively.

Capital risk management

The Group’s capital management seeks to continue as a going concern and to maximise the profit in the foreseeable future.

The management considers equity and borrowed funds to be the principal elements of capital management. The Group’s objective when managing capital risks is the ability to continue as a going concern in order to provide returns and benefits for shareholders. As of 31 December 2014, the total capital under the Group’s management was RUB 2,959,748 million (as of 31 December 2013 – RUB 2,097,721 million).

The Group finances its operations mainly from its own funds.

33 Fair value of assets and liabilities

Fair value measurements are analysed and distributed by levels in the fair value hierarchy as follows: (a) Level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities; (b) Level 2 measurements are valuations techniques with all significant inputs observable for the asset or liability, either directly (e.g. price) or indirectly (e.g. calculated on the basis of the price); and (c) Level 3 measurements are valuations not based only on observable market data (i.e. a significant amount of unobservable data is required for assessment).

(a) Recurring fair value measurements

Recurring fair value measurements are those that the financial reporting standards require or permit in the statement of financial position at the end of each reporting period.

The levels in the hierarchy of the fair value measurement for financial instruments recorded at fair value are given below:

As of 31 December 2014	Quoted prices in active markets (Level 1)	Valuation technique based on observable data (Level 2)	Valuation technique based on a significant amount of non-observable data (Level 3)
Financial assets at FVTPL	542	-	1
Financial assets available-for-sale	3,715	-	5,492
Total financial assets recurring fair value measurements	4,257	-	5,493

As of 31 December 2013	Quoted prices in active markets (Level 1)	Valuation technique based on observable data (Level 2)	Valuation technique based on a significant amount of non-observable data (Level 3)
Financial assets at FVTPL	667	-	1
Financial assets available-for-sale	6,521	-	5,493
Total financial assets recurring fair value measurements	7,188	-	5,494

As of 31 December 2014 and 2013, the Group has no liabilities recurring fair value measurements in the consolidated statement of financial position.

The estimated fair value of a financial instrument is determined by the Group with reference to various market information (if any) and other valuation techniques as considered appropriate. The management has used all available market information in estimating the fair value of financial instruments.

Valuation techniques such as discounted cash flow models and also models based on recent arm’s length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available.

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Equity instruments which have no market quotation possess significant discrepancy between possible estimated fair values, and it is difficult to determine for certain the probability of applying this or that type of fair value estimation are accounted at their historical cost.

Within 2014 and 2013, there were no changes in valuation technique for Level 3 recurring fair value measurements.

(b) Assets and liabilities not measured at fair value but for which fair value is disclosed

The comparison of the fair value and carrying amount of deposits and held-to-maturity investments is presented below. The carrying amount of the remaining financial assets is approximately equal to their fair value.

	As of 31 December 2014		As of 31 December 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Deposits placed	1,913,420	1,848,016	1,056,509	1,083,193
Investments held-to-maturity	4,210	4,139	6,204	6,206

The carrying amount of liabilities carried at amortised cost is approximately equal to their fair value.

Financial assets carried at amortised cost. The estimated fair value of instruments with the fixed interest rate is based on discounting of expected cash flows coupled with applying interest rates to new instruments with similar credit risk and maturity. The discount rate used depends on the credit risk of the counterparty. The fair value of held-to-maturity investments has been determined by quotations of the demand.

Financial assets by evaluation categories are shown below:

As of 31 December 2014	Loans and receivables	Assets available- for-sale	Assets measured at FVTPL	Investments held-to-maturity	Total
Cash and cash equivalents	27,919	-	-	-	27,919
Restricted cash	730	-	-	-	730
Deposits placed	1,913,420	-	-	-	1,913,420
Loans granted	43,362	-	-	-	43,362
Other financial assets	-	9,207	543	4,210	13,960
Receivables	61,130	-	-	-	61,130
Total financial assets	2,046,561	9,207	543	4,210	2,060,521

As of 31 December 2013	Loans and receivables	Assets available- for-sale	Assets measured at FVTPL	Investments held-to-maturity	Total
Cash and cash equivalents	32,990	-	-	-	32,990
Restricted cash	794	-	-	-	794
Deposits placed	1,056,509	-	-	-	1,056,509
Loans granted	31,575	-	-	-	31,575
Other financial assets	-	12,014	668	6,204	18,886
Receivables	84,394	-	-	-	84,394
Total financial assets	1,206,262	12,014	668	6,204	1,225,148

Liabilities recorded at amortised cost

All financial liabilities of the Group are recognised at amortised cost. Financial liabilities are mainly funds of the Group's bank customers, current accounts payable to suppliers and contractors and other accounts payable.

The fair value of liabilities is determined by valuation techniques. The estimated fair value of instruments with the fixed interest rate and fixed maturity period is based on expected discounted cash flows coupled with applying interest rates to new instruments with similar credit risk and maturity.

34 Subsequent events

Significant events, which have influenced or may influence the financial performance, the cash flow or operating results of the Group, did not take place in the period between the reporting date and the date these consolidated financial statements of the Group were issued.