

SLAVNEFT GROUP
IFRS CONSOLIDATED INTERIM CONDENSED
FINANCIAL INFORMATION (UNAUDITED)
AS OF AND FOR THE THREE AND THE SIX MONTHS ENDED
30 JUNE 2015

CONTENTS

REPORT ON REVIEW OF CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

Consolidated Interim Condensed Statement of Financial Position	4
Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income.....	5
Consolidated Interim Condensed Statement of Changes in Equity.....	6
Consolidated Interim Condensed Statement of Cash Flows	7

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION

Note 1. General information	8
Note 2. Basis of presentation	9
Note 3. Application of new and revised IFRS.....	10
Note 4. Property, plant and equipment.....	11
Note 5. Other non-current assets	12
Note 6. Inventories.....	12
Note 7. Accounts receivable and prepayments	12
Note 8. Cash and cash equivalents	12
Note 9. Non-current and current debt.....	13
Note 10. Decommissioning and environmental liabilities	14
Note 11. Accounts payable	14
Note 12. Taxes payable.....	14
Note 13. Other current liabilities.....	14
Note 14. Income tax	15
Note 15. Revenue.....	15
Note 16. Taxes other than income tax.....	15
Note 17. Finance income and costs.....	16
Note 18. Related party transactions.....	16
Note 19. Contingencies and commitments.....	18
Note 20. Financial risk management.....	19
Note 21. Fair value for financial instruments.....	22
Note 22. Dividends	22
Note 23. Non-controlling interest	23
Note 24. Events after the reporting period	24



Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholders and Board of Directors of OAO NGK Slavneft

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of OAO NGK Slavneft and its subsidiaries (the "Group") as of 30 June 2015 and the related consolidated interim condensed statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, consolidated interim condensed statements of changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

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

Conclusion

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

AO PricewaterhouseCoopers Audit

31 July 2015

Moscow, Russian Federation

Slavneft Group
Consolidated Interim Condensed Statement of Financial Position (unaudited)
(in million of Russian Roubles)

	Notes	30 June 2015	31 December 2014
Assets			
Non-current assets			
Property, plant and equipment	4	265,361	257,948
Investments		313	313
Deferred income tax assets		7,601	7,701
Other non-current assets	5	4,079	3,705
Total non-current assets		277,354	269,667
Current assets			
Inventories	6	7,597	6,521
Accounts receivable and prepayments	7	10,138	8,880
Income tax receivables		162	2,152
Cash and cash equivalents	8	16,060	13,709
Other current assets		59	15
Total current assets		34,016	31,277
Total assets		311,370	300,944
Equity			
Ordinary share capital		70	70
Retained earnings		24,902	14,305
Other reserves		14	112
Additional paid-in capital		54,812	54,812
Total equity attributable to OAO NGK Slavneft's shareholders		79,798	69,299
Non-controlling interest	23	77,392	71,004
Total equity		157,190	140,303
Liabilities			
Non-current liabilities			
Non-current debt	9	59,086	46,592
Deferred income tax liabilities		12,787	10,521
Decommissioning and environmental liabilities	10	12,750	12,737
Other non-current liabilities		1,720	1,715
Total non-current liabilities		86,343	71,565
Current liabilities			
Current debt and current portion of non-current debt	9	23,833	44,221
Accounts payable	11	19,237	24,553
Advances received		330	2,223
Dividends payable	22	192	193
Taxes payable	12	20,621	15,192
Other current liabilities	13	3,624	2,694
Total current liabilities		67,837	89,076
Total liabilities		154,180	160,641
Total equity and liabilities		311,370	300,944


 Osipov M.L.
 President
 OAO NGK Slavneft


 Trukhachev A.N.
 Vice-president on corporate relations
 OAO NGK Slavneft

31 July 2015

Slavneft Group
Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income
(unaudited)

(in million of Russian Roubles)

	Notes	Three months ended 30 June 2015	Six months ended 30 June 2015	Three months ended 30 June 2014	Six months ended 30 June 2014
Revenue	15	60,973	119,682	55,282	106,870
Production expenses		(10,996)	(21,225)	(10,582)	(21,256)
Selling, general and administrative expenses		(1,652)	(3,150)	(1,527)	(2,890)
Cost of other sales		(1,084)	(2,225)	(972)	(1,880)
Taxes other than income tax	16	(27,914)	(54,808)	(25,856)	(51,143)
Depreciation, depletion and amortization	4	(7,908)	(15,544)	(7,411)	(14,230)
Exploration expenses		(251)	(313)	(356)	(619)
Impairment and gain/(loss) on disposal of assets		(128)	(21)	(62)	188
Total operating expenses and costs		(49,933)	(97,286)	(46,766)	(91,830)
Other operating income		104	342	226	401
Operating profit		11,144	22,738	8,742	15,441
Finance income		514	1,105	458	836
Finance costs		(1,356)	(2,523)	(179)	(429)
Foreign exchange gain/(loss)		2,559	221	2,881	(1,644)
Finance income/(costs), net	17	1,717	(1,197)	3,160	(1,237)
Profit before income tax		12,861	21,541	11,902	14,204
Income tax expense	14	(2,768)	(4,556)	(2,173)	(2,501)
Profit for the period attributable to:		10,093	16,985	9,729	11,703
- OAO NGK Slavneft's shareholders		6,523	10,597	6,522	7,535
- Non-controlling interest	23	3,570	6,388	3,207	4,168
Other comprehensive loss:		(128)	(98)	-	-
Items that may be subsequently reclassified to profit or loss					
Currency translation differences		(128)	(98)	-	-
Total comprehensive income attributable to:		9,965	16,887	9,729	11,703
- OAO NGK Slavneft's shareholders		6,395	10,499	6,522	7,535
- Non-controlling interest	23	3,570	6,388	3,207	4,168

The accompanying notes are an integral part of this consolidated interim condensed financial information.

Slavneft Group**Consolidated Interim Condensed Statement of Changes in Equity (unaudited)***(in million of Russian Roubles)*

	Equity attributable to Group's shareholders					Non-controlling interest	Total equity
	Ordinary share capital	Additional paid-in capital	Other reserves	Retained earnings	Total		
At 1 January 2014	70	54,812	-	36,019	90,901	69,895	160,796
Profit for the period	-	-	-	7,535	7,535	4,168	11,703
Total comprehensive income	-	-	-	7,535	7,535	4,168	11,703
Dividends	-	-	-	(11,838)	(11,838)	-	(11,838)
At 30 June 2014	70	54,812	-	31,716	86,598	74,063	160,661
At 1 January 2015	70	54,812	112	14,305	69,299	71,004	140,303
Profit for the period	-	-	-	10,597	10,597	6,388	16,985
Other comprehensive loss							
Currency translation differences	-	-	(98)	-	(98)	-	(98)
Total comprehensive income	-	-	(98)	10,597	10,499	6,388	16,887
At 30 June 2015	70	54,812	14	24,902	79,798	77,392	157,190

The accompanying notes are an integral part of this consolidated interim condensed financial information.

Slavneft Group
Consolidated Interim Condensed Statement of Cash Flows (unaudited)
(in million of Russian Roubles)

	Notes	Six months ended 30 June 2015	Six months ended 30 June 2014
Operating activities			
Profit for the period		16,985	11,703
Adjustments to reconcile profit for the period to net cash provided by operating activities:			
Depreciation, depletion and amortization	4	15,544	14,230
Impairment and loss/(gain) on disposal of assets		21	(188)
Finance income	17	(1,105)	(836)
Finance costs	17	2,523	429
Foreign exchange (gain)/loss	17	(221)	1,644
Income tax expense	14	4,556	2,501
Change in provisions		675	1,848
Other		(66)	(19)
Cash flow from operating activities before working capital changes		38,912	31,312
Changes in working capital:			
(Increase)/decrease in accounts receivable and prepayments		(2,002)	1,643
Increase in inventories		(1,532)	(1,143)
Increase in other current and non-current assets		(402)	(895)
Decrease in accounts payable		(2,698)	(2,153)
Increase in other current liabilities		126	172
Increase /(decrease) in other non-current liabilities		3	(156)
Increase in taxes payable		6,807	93
Income tax paid		(1,579)	(1,979)
Net cash provided by operating activities		37,635	26,894
Investing activities			
Proceeds from sale of property, plant and equipment		102	134
Purchases of property, plant and equipment		(26,096)	(28,235)
Interest received		975	798
Net cash used in investing activities		(25,019)	(27,303)
Financing activities			
Proceeds from short-term borrowings		250	-
Proceeds from long-term borrowings		21,050	-
Repayments of short-term borrowings		(11,755)	-
Repayments of long-term borrowings		(17,754)	(12,839)
Dividends paid	22	(3)	(77)
Interest paid		(2,148)	(305)
Net cash used in financing activities		(10,360)	(13,221)
Effect of exchange rate changes on the balance of cash held in foreign currencies		95	372
Net increase/(decrease) in cash and cash equivalents		2,351	(13,258)
Cash and cash equivalents at beginning of the period	8	13,709	28,208
Cash and cash equivalents at end of the period	8	16,060	14,950

The accompanying notes are an integral part of this consolidated interim condensed financial information.

Slavneft Group

Selected Notes to the Consolidated Interim Condensed Financial Information (unaudited)

(in million of Russian Roubles, unless noted otherwise)

NOTE 1. GENERAL INFORMATION

OAO NGK Slavneft (the “Company”) and its subsidiaries (jointly referred to as the “Group”) are engaged in oil exploration, development, production, refining and selling activities for oil in the Russian Federation.

The Company was established as an open joint-stock company in August 1994 in accordance with the Decree of the Government of the Russian Federation # 305, issued April 8, 1994, the Decree of the Council of Ministers of the Republic of Belarus # 589-r, issued June 15, 1994 and the Charter agreement from June 27, 1994. Under the provisions of the decrees and the Charter agreement, the Russian Federation transferred to the Company 60.5% of voting shares of OAO Slavneft-Megionneftegaz, currently the principal oil producing subsidiary of the Group, and 50.7% of voting shares of OAO Megionneftegazgeologiya, the Republic of Belarus transferred to the Company 17.6% of OAO Mozyrsky NPZ and another 15% of OAO Mozyrsky NPZ was transferred to the Company by a number of individuals in exchange for the Company’s shares. Upon formation of the Company, 86.3% of its share capital was owned by the Russian Federation, 7.2% by the Republic of Belarus and 6.5% by a number of individuals.

The authorized capital of the Company is 4,754,238,000 common shares with a par value of RR 0.001 per share. The carrying value of share capital as at 30 June 2015 and 31 December 2014 differs from its historic value due to the effect of hyperinflation in the Russian Federation till 31 December 2002.

In a series of transactions through January 2003, including participation in privatization auctions in the Russian Federation and the Republic of Belarus, 99% of the Company’s shares were ultimately acquired together by OAO Siberian Oil Company (currently known as OAO Gazprom Neft) and TNK-BP (subsequently acquired by Rosneft Oil Company).

OAO Gazprom Neft and Rosneft Oil Company (the “Primary Shareholders”) are the Primary shareholders and jointly control the Group. On March 21, 2013, Rosneft Oil Company completed the acquisition of an aggregate 100% interest in TNK-BP Group, one of the Primary Shareholders of Slavneft Group. As a result of this acquisition, Rosneft Oil Company obtained 49.9% interest in Slavneft Group.

As the Primary Shareholders are state controlled entities, the Government of the Russian Federation is the ultimate controlling party of OAO NGK Slavneft.

Registered address and place of business. The Company’s registered address is 125047, Moscow, 4, 4th Lesnoy side-street, Russian Federation. The Group’s principal place of business is the Russian Federation.

Slavneft Group

Selected Notes to the Consolidated Interim Condensed Financial Information (unaudited)

(in million of Russian Roubles, unless noted otherwise)

NOTE 2. BASIS OF PRESENTATION

Statement of compliance

The Group maintains its books and records in accordance with accounting and taxation principles and practices mandated by legislation in the countries in which it operates (primarily the Russian Federation). The accompanying Consolidated Interim Condensed Financial Information was primarily derived from the Group's statutory books and records with adjustments and reclassifications made to present it in accordance with International Financial Reporting Standards ("IFRS").

The Consolidated Interim Condensed Financial Information has been prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". IAS 34 for interim financial reporting does not require all disclosures that would be necessarily required by IFRS.

The Group does not disclose information which would substantially duplicate the disclosures contained in its audited Consolidated Financial Statements for 2014, such as significant accounting policies, significant estimates and judgements, financial risk disclosures or disclosures of financial line items, which have not changed significantly in amount or composition. Management of the Group believes that the disclosures in this Consolidated Interim Condensed Financial Information are adequate to make the information presented not misleading if this Consolidated Interim Condensed Financial Information is read in conjunction with the Group's Consolidated Financial Statements for 2014.

The results reported in this Consolidated Interim Condensed Financial Information for the six months ended 30 June 2015 and 30 June 2014 are not necessarily indicative of the results expected for the full year.

Basis of measurement

This Consolidated Interim Condensed Financial Information has been prepared on a historical cost basis, except for financial instruments that have been measured at fair value.

Functional and presentation currency

The Group's functional currency is the Russian Rouble ("RR"), because it reflects the economic substance of the underlying events and circumstances of the Company and its subsidiaries. This Consolidated Interim Condensed Financial Information is presented in Russian Roubles, and all values are rounded to the nearest million, except when otherwise indicated.

Functional currency and foreign currency translation

Monetary assets and liabilities, which are held by the Group entities and denominated in foreign currencies at the reporting date, are translated into RR at the official exchange rates of the Central Bank of the Russian Federation at that date. Non monetary assets and liabilities have been translated at historical rates. Revenues, expenses and cashflows are translated into functional currency at average rates for the period or exchange rates prevailing on the transaction dates where practicable. Gains and losses resulting from the re-measurement into functional currency are included in the Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income.

The following exchange rates determined by the Central Bank of the Russian Federation were applied at 30 June 2015 and 31 December 2014 and for six months ended 30 June 2015 and 2014 (in RR):

	At 30 June	At 31 December	Average rates for the six months ended 30 June	
	2015	2014	2015	2014
For one currency unit to equivalent Russian Rouble				
US dollar ("USD")	55.5240	56.2584	57.3968	34.9796
Euro ("EUR")	61.5206	68.3427	64.3057	47.9875

NOTE 2. BASIS OF PRESENTATION (CONTINUED)

Going concern

Management prepared this Consolidated Interim Condensed Financial Information on a going concern basis. In making this judgement management considered the Group's financial position, current intentions, profitability of operations and access to financial resources, and analysed the impact of the situation in the financial markets on the operations of the Group.

The Group believes that its operating cash flows, refinancing capabilities and ability to manage the timing of settlement of transactions with Primary Shareholders provide adequate liquidity for the foreseeable future. Thus the Group continues to use the going concern basis of accounting in preparing the Consolidated Interim Condensed Financial Information.

Seasonality of operations

The Group as a whole is not subject to significant seasonal fluctuations.

Changes in accounting policies, estimates and judgements

The accounting policies and judgements applied by the Group in this Consolidated Interim Condensed Financial Information are the same as those applied by the Group in its Consolidated Financial Statements as at and for the year ended 31 December 2014.

NOTE 3. APPLICATION OF NEW AND REVISED IFRS

The following new standards and interpretations were applied for the first time in 2015:

- Defined benefit plans: Employee contributions - Amendments to IAS 19;
- Annual Improvements to IFRSs 2012 (consist of changes to several standards), and
- Annual Improvements to IFRSs 2013 (consist of changes to several standards).

Application of these standards and interpretations had no significant impact on the Group's financial position or results of operations.

Certain new standards, interpretations and amendments to standards and interpretations, as disclosed in the Consolidated Financial Statements as at and for the year ended 31 December 2014, have been issued but are not effective for the financial year beginning 1 January 2015. The Group has not early adopted any new standards, interpretations and amendments.

Slavneft Group
Selected Notes to the Consolidated Interim Condensed Financial Information (unaudited)
(in million of Russian Roubles, unless noted otherwise)
NOTE 4. PROPERTY, PLANT AND EQUIPMENT

Cost	Oil and gas properties	Plant and equipment	Construction in progress	Total
As of 1 January 2015	300,666	98,909	32,598	432,173
Additions	253	-	23,325	23,578
Transfers	14,809	542	(15,351)	-
Change in decommissioning liabilities	(149)	-	-	(149)
Disposals	(1,834)	(332)	(1,232)	(3,398)
As of 30 June 2015	313,745	99,119	39,340	452,204
Accumulated depreciation, depletion, amortization and impairment				
As of 1 January 2015	(139,557)	(32,803)	(1,865)	(174,225)
Depreciation, depletion and amortization	(12,888)	(2,656)	-	(15,544)
Impairment	(56)	-	(83)	(139)
Impairment disposal	17	-	1,023	1,040
Change in decommissioning liabilities	157	-	-	157
Disposals	1,596	272	-	1,868
As of 30 June 2015	(150,731)	(35,187)	(925)	(186,843)
Net book value as of 1 January 2015	161,109	66,106	30,733	257,948
Net book value as of 30 June 2015	163,014	63,932	38,415	265,361
Cost				
As of 1 January 2014	253,933	84,497	36,124	374,554
Additions	59	-	29,215	29,274
Transfers	17,606	1,195	(18,801)	-
Change in decommissioning liabilities	(5,032)	-	-	(5,032)
Disposals	(1,394)	(236)	(463)	(2,093)
As of 30 June 2014	265,172	85,456	46,075	396,703
Accumulated depreciation, depletion, amortization and impairment				
As of 1 January 2014	(116,130)	(28,135)	(2,075)	(146,340)
Depreciation, depletion and amortization	(11,980)	(2,250)	-	(14,230)
Impairment	-	-	(80)	(80)
Change in decommissioning liabilities	149	-	-	149
Disposals	1,322	148	-	1,470
As of 30 June 2014	(126,639)	(30,237)	(2,155)	(159,031)
Net book value as of 1 January 2014	137,803	56,362	34,049	228,214
Net book value as of 30 June 2014	138,533	55,219	43,920	237,672

Slavneft Group**Selected Notes to the Consolidated Interim Condensed Financial Information (unaudited)***(in million of Russian Roubles, unless noted otherwise)***NOTE 5. OTHER NON-CURRENT ASSETS**

	30 June 2015	31 December 2014
Catalysts	2,889	2,535
Other intangible assets	759	706
Other	439	470
Allowance for impairment of non-current assets	(8)	(6)
Total other non-current assets	4,079	3,705

NOTE 6. INVENTORIES

	30 June 2015	31 December 2014
Crude oil	4,433	3,499
Materials and supplies	2,874	2,372
Petroleum products	636	490
Other	812	734
Allowance for inventory impairment	(1,158)	(574)
Total inventories	7,597	6,521

NOTE 7. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30 June 2015	31 December 2014
Trade receivables		
(net of provision for impairment of RR 621 million and RR 631 million at 30 June 2015 and 31 December 2014)	7,077	5,436
Other accounts receivable		
(net of provision for impairment of RR 75 million and RR 5 million at 30 June 2015 and 31 December 2014)	374	678
Trade and other financial receivables, net	7,451	6,114
Advances to suppliers and prepayments	1,849	2,146
VAT recoverable	838	620
Tax prepayments and advances issued	2,687	2,766
Total trade and other receivables, net	10,138	8,880

NOTE 8. CASH AND CASH EQUIVALENTS

	30 June 2015	31 December 2014
Cash held in banks – Russian Roubles	2,497	2,135
Cash held in banks – other currencies	877	249
Short-term deposits – Russian Roubles	12,055	3,522
Short-term deposits – other currencies	631	7,803
Total cash and cash equivalents	16,060	13,709

Slavneft Group**Selected Notes to the Consolidated Interim Condensed Financial Information (unaudited)***(in million of Russian Roubles, unless noted otherwise)***NOTE 9. NON-CURRENT AND CURRENT DEBT**

	Currency	30 June 2015	31 December 2014
JSC ING Bank London branch	USD	14,958	26,694
JSC Alfa-Bank	RR	14,314	14,314
JSC Raiffeisenbank	USD	8,335	8,446
JSC UniCreditbank	USD	7,781	10,816
OJSC Credit Bank of Moscow	RR	7,701	-
PJSC Bank Saint Peterburg	RR	6,509	649
LLC Expobank	RR	5,500	-
JSC Gazprombank	RR	4,000	4,000
OJSC Absolutbank	RR	3,040	3,040
JSC BNP Paribas bank	USD	2,418	3,267
PJSC Rosbank	USD	2,221	3,001
JSC Natixis Bank	USD	2,221	3,000
PJSC Svyaz bank	RR	2,001	-
CJSC Commerzbank (Eurasia)	USD	1,389	1,408
SC Bank for Development and Foreign Economic Affairs (Vnesheconombank)	JPY	-	559
Less current portion		(23,302)	(32,602)
Total non-current debt		59,086	46,592

The interest rates for these borrowings vary from floating rate LIBOR +2.0% to LIBOR +3.25%. The interest rate of loans received in Japanese Yen is 4.9%. The interest rates of loans received in Russian Rouble vary from 12.50% to 16.00%.

The Group's non-current debt has restrictive covenants calculated based on the Consolidated Interim Condensed Financial Information on a quarter basis including, but not limited to, the requirement to maintain the following minimum ratios: Net debt/EBITDA, Debt/EBITDA, EBITDA/Interest expense. The Group was in compliance with these covenants based on its Consolidated Interim Condensed Financial Information as at the reporting date.

The Group's short-term borrowings are secured by sales and related receivables.

Current debt and current portion of non-current debt

	30 June 2015	31 December 2014
Current loans – Russian Roubles	311	46
Current portion of non-current loans – Russian Roubles	1,224	113
Current loans – other currencies	220	11,573
Current portion of non-current loans – other currencies	22,078	32,489
Total current debt and current portion of non-current debt	23,833	44,221

Slavneft Group
Selected Notes to the Consolidated Interim Condensed Financial Information (unaudited)
(in million of Russian Roubles, unless noted otherwise)
NOTE 10. DECOMMISSIONING AND ENVIRONMENTAL LIABILITIES

	Three months ended 30 June 2015	Six months ended 30 June 2015	Three months ended 30 June 2014	Six months ended 30 June 2014
Decommissioning and environmental provisions, opening balance (including current portion)	13,429	13,488	8,844	14,309
Additions	107	186	206	281
Disposal	(267)	(561)	(107)	(337)
Change of cost, discount rate and period	(3)	(10)	-	(5,359)
Unwinding of the present value discount	190	353	16	65
Decommissioning and environmental provisions, closing balance	13,456	13,456	8,959	8,959
Less current portion	(706)	(706)	(1,059)	(1,059)
Decommissioning and environmental provisions, non-current portion, closing balance	12,750	12,750	7,900	7,900

NOTE 11. ACCOUNTS PAYABLE

	30 June 2015	31 December 2014
Trade payables (to suppliers, contractors)	12,240	14,264
Payables for purchased non-current assets	6,997	10,175
Trade and other financial payables	19,237	24,439
Other	-	114
Non-financial payables	-	114
Total accounts payable	19,237	24,553

NOTE 12. TAXES PAYABLE

	30 June 2015	31 December 2014
Mineral extraction tax	8,767	6,377
Value added tax	7,968	4,735
Excise	1,894	2,466
Property tax	934	960
Social payments	632	450
Income tax	290	51
Individual income tax	69	74
Other	67	79
Total taxes payable	20,621	15,192

NOTE 13. OTHER CURRENT LIABILITIES

	30 June 2015	31 December 2014
Accrual for bonus payments	1,303	605
Accrual for vacation payments	710	632
Environmental liabilities (current portion)	706	750
Wages and salaries	423	450
Accrued liabilities	22	17
Other	460	240
Total other current liabilities	3,624	2,694

Slavneft Group**Selected Notes to the Consolidated Interim Condensed Financial Information (unaudited)***(in million of Russian Roubles, unless noted otherwise)***NOTE 14. INCOME TAX**

The Group is taxable in various jurisdictions within the Russian Federation and the Republic of Belarus. The Group is subject to a statutory tax rate of 20% in Russian and 18% in Belarus jurisdictions.

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months, ended 30 June 2015 is 21.15% (the estimated tax rate for the six months ended 30 June 2014 was 17.61%). The estimated average annual tax rate increased because of the decline of investment tax credits.

The components of income taxes were as follows:

	Three months ended 30 June 2015	Six months ended 30 June 2015	Three months ended 30 June 2014	Six months ended 30 June 2014
Current income tax expense	1,391	2,192	1,340	2,245
Deferred income tax expense	1,377	2,364	833	256
Total income tax expense	2,768	4,556	2,173	2,501

NOTE 15. REVENUE

	Three months ended 30 June 2015	Six months ended 30 June 2015	Three months ended 30 June 2014	Six months ended 30 June 2014
Crude oil	53,185	103,024	47,922	91,976
Processing services	6,301	13,411	5,928	12,045
Other sales (mainly oilfield services)	1,320	2,901	1,301	2,603
Oil products and associated gas	167	346	131	246
Total revenue	60,973	119,682	55,282	106,870

NOTE 16. TAXES OTHER THAN INCOME TAX

Taxes other than income tax were as follows:

	Three months ended 30 June 2015	Six months ended 30 June 2015	Three months ended 30 June 2014	Six months ended 30 June 2014
Mineral extraction tax	26,083	51,213	24,410	47,953
Property tax	954	1,943	880	1,766
Social payments	688	1,417	586	1,268
Other	189	235	(20)	156
Total taxes other than income tax	27,914	54,808	25,856	51,143

Slavneft Group
Selected Notes to the Consolidated Interim Condensed Financial Information (unaudited)
(in million of Russian Roubles, unless noted otherwise)
NOTE 17. FINANCE INCOME AND COSTS

	Three months ended 30 June 2015	Six months ended 30 June 2015	Three months ended 30 June 2014	Six months ended 30 June 2014
Interest income	509	975	419	798
Other income	5	130	39	38
Total finance income	514	1,105	458	836
Interest expense	(1,088)	(2,037)	(115)	(268)
Unwinding of discount on decommissioning and environmental liabilities	(190)	(353)	(16)	(65)
Expenses on pension liabilities	(34)	(67)	(32)	(63)
Bank commissions and charges	(47)	(65)	(16)	(33)
Other	3	(1)	-	-
Total finance costs	(1,356)	(2,523)	(179)	(429)
Foreign exchange gain	5,047	16,611	2,893	3,344
Foreign exchange loss	(2,488)	(16,390)	(12)	(4,988)
Total foreign exchange gain/(loss)	2,559	221	2,881	(1,644)
Total finance income/(costs), net	1,717	(1,197)	3,160	(1,237)

NOTE 18. RELATED PARTY TRANSACTIONS

For the purposes of this Consolidated Interim Condensed Financial Information, parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group's principal related parties for the six months ended 30 June 2015 were the Primary Shareholders (Note 1) – Rosneft Oil Company and Gazprom Neft Group, and their related entities.

Remuneration of key management personnel of the Group (members of the Company's Board of Directors and the Group Management Board) was as follows:

	Three months ended 30 June 2015	Six months ended 30 June 2015	Three months ended 30 June 2014	Six months ended 30 June 2014
Short-term employee benefits	75	115	142	181
Long-term bonus scheme and other long-term employee benefits	-	-	80	80
Total	75	115	222	261

Sales (including other sales) to related parties were as follows:

Customer	Description	Three months ended 30 June 2015	Six months ended 30 June 2015	Three months ended 30 June 2014	Six months ended 30 June 2014
Entities related to Rosneft Oil Company	Crude oil	26,582	51,426	23,898	45,878
Entities related to Gazprom Neft Group	Crude oil	26,582	51,426	23,898	45,878
Entities related to Rosneft Oil Company	Processing services	3,151	6,706	2,964	6,022
Entities related to Gazprom Neft Group	Processing services	3,151	6,706	2,964	6,022
Other	Oil products and other	1,005	1,979	1,489	2,950
Total		60,471	118,243	55,213	106,750

Slavneft Group**Selected Notes to the Consolidated Interim Condensed Financial Information (unaudited)***(in million of Russian Roubles, unless noted otherwise)***NOTE 18. RELATED PARTY TRANSACTIONS (CONTINUED)**

For the six months ended 30 June 2015, the Group incurred operating expenses with related parties representing purchases in the amount of RR 252 million (for the six months ended 30 June 2014 – RR 157 million).

Cash and cash equivalents with banks which are the related parties were as follows:

	30 June 2015	31 December 2014
Entities related to Gazprom Neft Group	782	1
Total	782	1

Borrowings from related parties were as follows:

	30 June 2015	31 December 2014
Entities related to Gazprom Neft Group	4,000	4,000
Total	4,000	4,000

Receivables from related parties were as follows:

	30 June 2015	31 December 2014
Entities related to Rosneft Oil Company	2,379	1,645
Entities related to Gazprom Neft Group	2,167	1,692
Other	64	70
Total	4,610	3,407

Accounts payable to related parties were as follows:

	30 June 2015	31 December 2014
Entities related to Gazprom Neft Group	1,802	2,957
Entities related to Rosneft Oil Company	939	1,135
Other	188	196
Total	2,929	4,288

Dividends payable to Shareholders were as follows:

	30 June 2015	31 December 2014
Entities related to Gazprom Neft Group	22.5	22.5
Entities related to Rosneft Oil Company	22.5	22.5
Total	45	45

NOTE 19. CONTINGENCIES AND COMMITMENTS

Capital expenditure commitments

The Group has approved contractual capital expenditure commitments for construction and fixed assets acquisition as of 30 June 2015 in the amount of RR 14,243 million (31 December 2014 – RR 7,979 million). The increase of contractual capital expenditure commitments for construction is due to the development of oil fields.

Taxation contingencies in the Russian Federation

Russian tax and customs legislation is subject to varying interpretations and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activities of the Group may be challenged by the tax authorities.

Currently the Russian tax authorities are taking a more assertive position in their interpretation of the legislation and assessments and, as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. It is therefore possible that significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Management believes that it has paid or accrued all taxes that are applicable. Where uncertainty exists, the Group has accrued tax liabilities based on management's best estimate of the probable outflow of resources embodying economic benefits, which will be required to settle such liabilities.

Amended Russian transfer pricing legislation took effect from 1 January 2012. The new transfer pricing rules appear to be more technically elaborate and, to a certain extent, better aligned with the international transfer pricing principles developed by the Organization for Economic Cooperation and Development. The new legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length. Management has implemented internal procedures to be in compliance with the new transfer pricing legislation. Management believes that its pricing methodology is in compliance with the transfer pricing legislation and applied intra-Group prices are arm's length.

Given that the practice of implementation of the new Russian transfer pricing rules has not yet developed, the impact of any challenge of the Group's transfer prices cannot be reliably estimated; however, it may be significant to the financial conditions and/or the overall operations of the Group.

NOTE 19. CONTINGENCIES AND COMMITMENTS (CONTINUED)

Operating environment

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

In 2014 the U.S., the European Union and certain other countries and international organisations enacted sanctions on the Russian energy sector that partially apply to the Group. The sanctions package prohibits the provision of debt financing for a number of Russian energy companies and banking institutions, including the Primary Shareholders of the Company. At June 30, 2015, the sanctions were amended slightly and extended. More detailed analysis of the sanctions was disclosed in the Consolidated Financial Statements of the Group for 2014 year.

During 2014 the Government of the Russian Federation adopted a set of measures in oil production and oil processing, aiming at the reduction of export duties on oil and oil products while increasing MET tax rate. Also, for the purpose of stabilizing prices for gasoline and other oil products for domestic market, the excise and the proportion between the duties on oil products and crude oil were changed. This set of measures (“tax maneuver”) aims to develop the oil refining industry of the Russian Federation, as well as to compensate for the budget expenses associated with the possible re-export from other countries in the Eurasian Economic Union.

Management believes it is taking all necessary measures to support the sustainability of development of the Group’s business in the current business and economic environment.

NOTE 20. FINANCIAL RISK MANAGEMENT

In the normal course of its operations, the Group is exposed to market (including foreign currency, interest rate and commodity price), credit and liquidity risks. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

Risk management is carried out by the Management Board and the central treasury department on a monthly basis and more often when needed. The Management Board jointly with Board of Directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign currency risk, and interest rate risk.

Market risk

The Group is exposed to market price movements relating to changes in commodity prices such as crude oil, gas condensate, foreign currency exchange rates, interest rates and other indices that could adversely affect the value of the Group’s financial assets, liabilities or expected future cash flows. The primary objective of mitigating these market risks is to manage and control risk exposure, while optimizing the return on risk. More detailed analysis of the market risk was disclosed in the Consolidated Financial Statements of the Group for 2014 year.

Foreign currency risk

Foreign currency risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed.

Slavneft Group
Selected Notes to the Consolidated Interim Condensed Financial Information (unaudited)

(in million of Russian Roubles, unless noted otherwise)

NOTE 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group has the following financial assets and financial liabilities denominated in foreign currencies:

	30 June 2015					Subtotal for foreign currency	Total
	RUR	USD	EURO	JPY	BYR		
Current assets							
Trade and other accounts receivable	6,204	-	1,246	-	1	1,247	7,451
Cash and cash equivalents	14,552	643	39	-	826	1,508	16,060
Loans receivable	1	-	-	-	-	-	1
Non-current liabilities							
Non-current debt	(41,841)	(17,245)	-	-	-	(17,245)	(59,086)
Current liabilities							
Current debt	(1,535)	(22,146)	(152)	-	-	(22,298)	(23,833)
Trade and other financial payables	(17,796)	(18)	(1,416)	-	(7)	(1,441)	(19,237)
Net exposure	(40,415)	(38,766)	(283)	-	820	(38,229)	(78,644)

	31 December 2014					Subtotal for foreign currency	Total
	RUR	USD	EURO	JPY	BYR		
Current assets							
Trade and other accounts receivable	4,842	1	1,270	-	1	1,272	6,114
Cash and cash equivalents	5,657	6,690	36	-	1,326	8,052	13,709
Loans receivable	2	-	-	-	-	-	2
Non-current liabilities							
Non-current debt	(21,891)	(24,701)	-	-	-	(24,701)	(46,592)
Current liabilities							
Current debt	(159)	(43,354)	(149)	(559)	-	(44,062)	(44,221)
Trade and other financial payables	(23,032)	(2)	(1,400)	-	(5)	(1,407)	(24,439)
Net exposure	(34,581)	(61,366)	(243)	(559)	1,322	(60,846)	(95,427)

A 20% change in foreign exchange rates at the reporting date would have following effect on pre-tax profit:

	Six months ended 30 June 2015				Six months ended 30 June 2014			
	USD	EURO	JPY	BYR	USD	EURO	JPY	BYR
Effect on pre-tax profit	7,753	57	-	164	8,815	45	158	20

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely impact the financial results of the Group.

The Group's interest rate risk arises primarily from non-current debt. The Group's debt at variable interest rates is primarily denominated in USD. Borrowings at variable interest rates expose the Group to a cash flow interest rate risk.

Slavneft Group

Selected Notes to the Consolidated Interim Condensed Financial Information (unaudited)

(in million of Russian Roubles, unless noted otherwise)

NOTE 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

The interest rate profile of the Group's interest-bearing financial instruments is as follows:

	30 June 2015	31 December 2014
Bank deposits	12,686	11,325
Non-current debt	(21,747)	(21,891)
Current debt	(217)	(718)
Fixed rate financial instruments (net)	(9,278)	(11,284)
Non-current debt	(37,339)	(24,701)
Current debt	(23,243)	(43,504)
Variable rate financial instruments	(60,582)	(68,205)

At 30 June 2015 and 31 December 2014, the Group's risk policy does not provide for any interest risk hedging.

Credit risk

Credit risk is the risk that a counterparty may default or not meet its obligations to the Group on a timely basis, leading to a financial loss to the Group. The Group minimises its exposure to this risk by sale on credit to customers after rigid credit approval procedures.

The Group is dependent on a limited number of customers related to Primary Shareholders. The Group's top trade debtors are entities associated with the Primary Shareholders: Rosneft Oil Company and OAO Gazprom Neft. And so the credit quality of trade receivables not impaired at 30 June 2015 is not a significant risk as the debtors (Primary Shareholders and other than Primary Shareholders) have no history of defaults. Disclosure regarding trade receivables is presented in Note 7. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle its financial liabilities as they fall due. During the six months ended 30 June 2015, global and Russian capital markets continued to experience volatility and significant fluctuation of Russian Rouble against USD and Euro.

At 30 June 2015 the Group has a net current liability position of RR 33,821 million (31 December 2014 – RR 57,799 million). As a result of the six months ended 30 June 2015 operations, the Group recorded a net profit before income tax of RR 21,541 million (for the six months ended 30 June 2014 – RR 14,204 million). Cash flows from operations for the six months ended 30 June 2015 were positive – RR 37,635 million (for the six months ended 30 June 2014 – RR 26,894 million). As of 30 June 2015 the Group has an equity to total asset ratio of 50% (31 December 2014 – 47%).

The central treasury department of the Group ensures flexibility in funding by maintaining availability of credit line facilities. All committed credit lines at 30 June 2015 were totally used, but the unused portion of uncommitted credit lines at 30 June 2015 totalled RR 5,438 million (unused portion of uncommitted credit lines at 31 December 2014 – RR 5,470 million). The Group has complied with all bank covenants and does not foresee that there will be any issue with meeting compliance with these covenants in 2015. During 2015 the Group has to repay RR 23,833 million of short-term borrowings, of which RR 8,858 million has been repaid as of 30 June 2015. As of the date of this Consolidated Interim Condensed Financial Information, the Group has received offers from Russian banks to fund the entirety of the budgeted new/refinanced loans at market interest rates in Roubles.

The Group expects that the major sources of the Group's liquidity in 2015 will be cash generated from operations and additional financing in order to refinance the existing loans.

Slavneft Group**Selected Notes to the Consolidated Interim Condensed Financial Information (unaudited)**

(in million of Russian Roubles, unless noted otherwise)

NOTE 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

The ultimate controlling party of the Group is the Government of the Russian Federation. Currently, along with the development of oil and gas deposits on the shelf, the development of oil and gas in Eastern Siberia (Krasnoyarsk region mainly) is a priority strategy of development of the energy sector of the Russian Federation. In this regard, Management of the Group considers development of the field “Kuyumbinskoye” as a key strategic project for the Group. The Group is included into the Russian Government’s listing of strategically important entities issued by Government Commission on Sustainable Development of the Russian economy.

Management of the Group continues to execute actions on improvement of liquidity as discussed in the Consolidated Financial Statements of the Group for 2014 year.

NOTE 21. FAIR VALUE FOR FINANCIAL INSTRUMENTS**Fair Value Measurement**

There were no transfers between the levels of the fair value hierarchy during the period. There are no significant assets or liabilities measured at fair value categorised within Level 1 of the fair value hierarchy. Borrowings are within Level 2 of the fair value hierarchy, accounts receivable and payable are within Level 3 of the fair value hierarchy.

Cash and cash equivalents, short-term bank deposits, accounts receivable and accounts payable. The carrying amounts of these items are a reasonable approximation of their fair value.

Current debt. Loan arrangements have variable interest rates that reflect the currently available terms for a similar debt.

Non-current debt. Loans under bank arrangements have variable and fixed interest rates that reflect currently available terms and conditions for a similar debt.

The fair value of current and non-current debt differs from its carrying value and amount to RR 78,847 million as at 30 June 2015 (31 December 2014: RR 75,568 million).

NOTE 22. DIVIDENDS

During the six months ended 30 June 2015 no dividends were paid to the Primary Shareholders.

Dividends in the amount of RR 3 million were paid by the subsidiaries in favour of the minority shareholders during the six months ended 30 June 2015.

No dividends were declared by the Group during the six months ended 30 June 2015, or up to the date of issuance of this Consolidated Interim Condensed Financial Information.

Slavneft Group**Selected Notes to the Consolidated Interim Condensed Financial Information (unaudited)***(in million of Russian Roubles, unless noted otherwise)***NOTE 23. NON-CONTROLLING INTEREST**

The table below presents information regarding subsidiaries that are not wholly owned by the Group (non-controlling interest – NCI) as at 30 June 2015 and as at 31 December 2014.

Subsidiaries	Core activity	NCI share, %	30 June 2015	Six months ended 30 June 2015
			NCI in the net assets	NCI in the net comprehensive income
ОАО Slavneft-Megionneftegaz	Oil and gas development and production	43.58%	49,566	4,063
ОАО Slavneft Yaroslavnefteorgsintez *	Petroleum refining	60.17%	24,465	1,984
ОАО Ob'Neftegazgeologiya	Oil and gas development and production	19.76%	2,073	294
ООО MUBR	Field survey and exploration	43.58%	1,021	44
ОАО Slavneft-Megionneftegazgeologiya	Oil and gas development and production	5.28%	211	(22)
ООО MegionErgoNeft'	Field survey and exploration	43.58%	142	22
ООО Megion Geologiya	Field survey and exploration	11.87%	(66)	10
ОАО Sobol'	Oil and gas development and production	16.31%	(37)	(1)
Other	-	-	17	(6)
Total			77,392	6,388

Subsidiaries	Core activity	NCI share, %	31 December 2014	Six months ended 30 June 2014
			NCI in the net assets	NCI in the net comprehensive income
ОАО Slavneft-Megionneftegaz	Oil and gas development and production	43.58%	45,503	2,374
ОАО Slavneft Yaroslavnefteorgsintez *	Petroleum refining	60.17%	22,481	1,443
ОАО Ob'Neftegazgeologiya	Oil and gas development and production	19.76%	1,778	306
ООО MUBR	Field survey and exploration	43.58%	977	31
ОАО Slavneft-Megionneftegazgeologiya	Oil and gas development and production	5.28%	233	(7)
ООО MegionErgoNeft'	Field survey and exploration	43.58%	120	17
ООО Megion Geologiya	Field survey and exploration	11.87%	(76)	8
ОАО Sobol'	Oil and gas development and production	16.31%	(36)	(3)
Other	-	-	24	(1)
Total			71,004	4,168

Slavneft Group**Selected Notes to the Consolidated Interim Condensed Financial Information (unaudited)**

(in million of Russian Roubles, unless noted otherwise)

NOTE 23. NON-CONTROLLING INTEREST (CONTINUED)

* - The voting rights of the Group comprise 39.83% as of 30 June 2015 and 31 December 2014. No dividends were declared by the shareholders of OAO Slavneft Yaroslavnefteorgsintez during the annual general meeting held on 18 June 2015. In this case, the voting rights of the Group did not change and comprise 39.83% as of 30 June 2015. The directors have concluded that the Group controls OAO Slavneft Yaroslavnefteorgsintez, even though it holds less than half of the ownership interest of this subsidiary. The Primary Shareholders who have the majority of the remaining share (together 54.97%) have confirmed to the Group that there has been no effective change, nor is one expected, in the ownership nor any change in how the subsidiary is controlled and operated.

The Group's Primary Shareholders hold financial interests in a number of the Group's subsidiaries.

The share of the Primary Shareholders in non-controlling interest of the Group comprises the following amounts: non-controlling interest in the Consolidated Interim Financial Statements as of 30 June 2015 and 31 December 2014 includes RR 70,410 million and RR 64,574 million respectively, attributable to the Primary Shareholders' interests.

Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income for the six months ended 30 June 2015 and 2014 comprises RR 5,836 million and RR 3,887 million as profit respectively, attributable to the Primary Shareholders' interest.

NOTE 24. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period have been evaluated through 31 July 2015, the date of issuance of this Consolidated Interim Condensed Financial Information. No significant events were identified.

On July 30, 2015, the U.S. expanded additional sanctions against certain subsidiaries of one of the main Group's shareholders. Management believes that the impact of sanctions extension on the Group is insignificant because the sanction list includes no Group's entities.