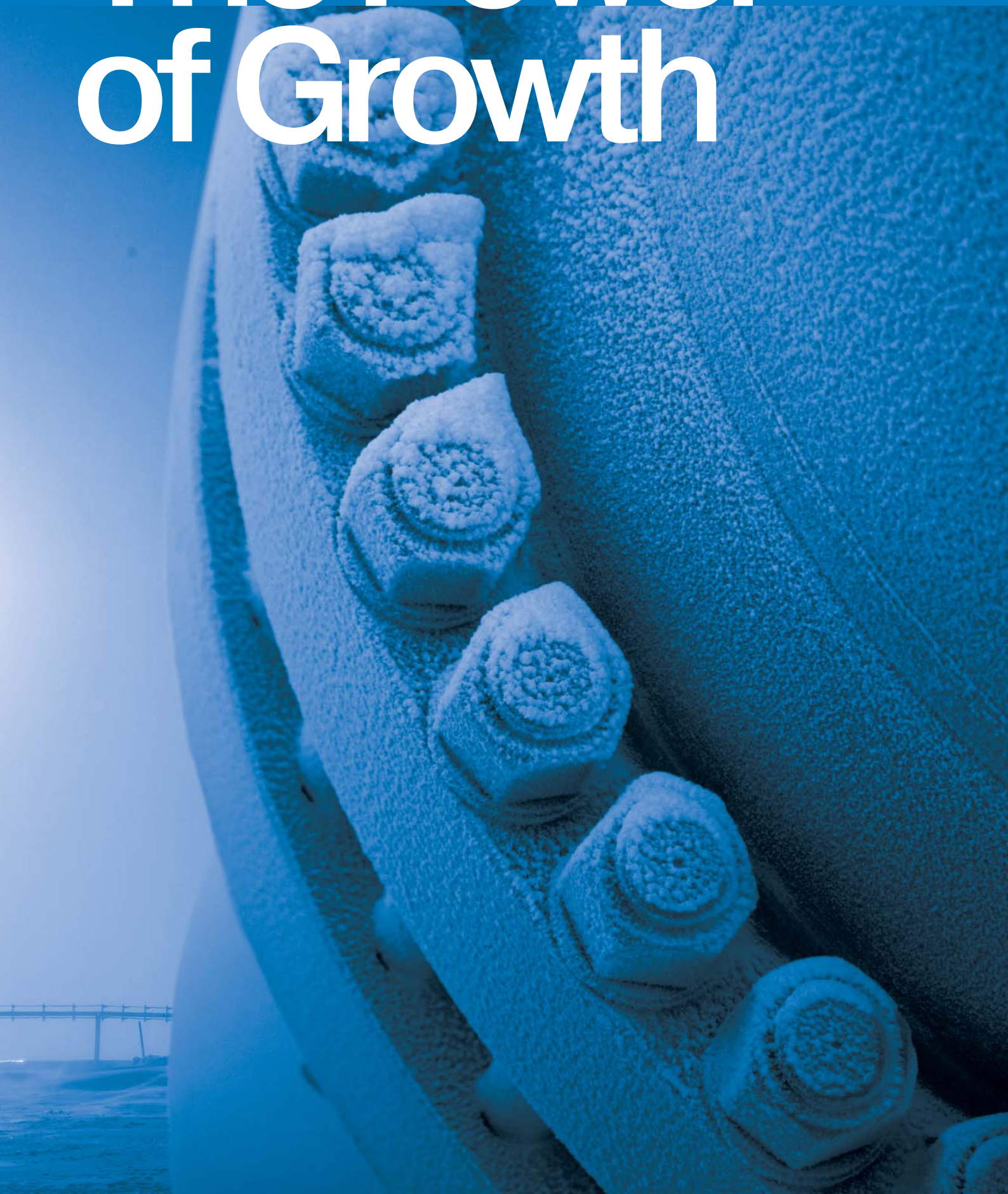


The Power of Growth



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Statutory Accounting Reports
of the Parent Company OAO Gazprom 2014**
- 77 **Statutory consolidated accounting reports
of OAO Gazprom and its subsidiaries 2014**

To the Shareholders of Open Joint Stock Company Gazprom:

Client

Open Joint Stock Company Gazprom.

State registration certificate № 022.726, issued by Moscow Registration Chamber on 25 February 1993.

Certificate of inclusion in the Unified State Register of Legal Entities the record regarding the legal entity registered before 1 July 2002 No. 1027700070518 issued by the Moscow Department of the Russian Ministry of Taxes and Levies on 2 August 2002.

16, Nametkina str., Moscow, Russian Federation 117997.

Auditor

ZAO PricewaterhouseCoopers Audit (ZAO PwC Audit) located at: 10, Butyrsky Val, Moscow, Russian Federation 125047.

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

Certificate of inclusion in the Unified State Register of Legal Entities the record regarding the legal entity registered before 1 July 2002 No. 1027700148431 issued by Interregional Inspectorate of the Russian Ministry of Taxes and Levies No. 39 for the Moscow city on 22 August 2002.

Member of non-profit partnership Audit Chamber of Russia (NP ACR) being a self-regulating organisation of auditors — registration number 870 in the register of NP ACR members.

Major registration record number (ORNZ) in the register of auditors and audit organisations — 10201003683.

To the Shareholders of Open Joint Stock Company Gazprom:

We have audited the attached financial statements of Open Joint Stock Company Gazprom (hereinafter — JSC Gazprom) which comprise the balance sheet as at 31 December 2014, and statement of financial results, statement of changes in equity and statement of cash flows for 2014, and notes to the balance sheet and statement of financial results (hereinafter all the reports together are referred to as the “financial statements”).

JSC Gazprom's responsibility for the financial statements

JSC Gazprom's management is responsible for the preparation and fair presentation of these financial statements in accordance with the reporting rules established in the Russian Federation and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the 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 of JSC Gazprom, as well as evaluating the presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of JSC Gazprom as at 31 December 2014, and the results of its financial performance and its cash flows for 2014 in accordance with the reporting rules established in the Russian Federation.

Director of ZAO PricewaterhouseCoopers Audit

27 March 2015



M.E. Timchenko

Balance sheet as at 31 December 2014

		Form on OKUD	CODES
Company JSC GAZPROM		Date (day, month, year)	0710001
Taxpayer identification number		OKPO	31 / 12 / 2014
Field of activity wholesale		INN	00040778
Legal form/property form Open Joint Stock Company		OKVED	7736050003
Measurement unit: thousand of RR		OKOPF/OKFS	51.51.3
Address Russian Federation, 11799, Moscow, Nametkina str., 16, V-420, GSP-7		OKEI	1.22 47/ 31
			384

Note	Narrative	Line code	As at 31. 12. 2014	As at 31. 12. 2013	As at 31. 12. 2012
Assets					
I. Non-current assets					
1	Intangible assets, including:	1110	7,659,649	277,132	523,393
	intellectual property rights	1111	7,571,638	241,095	522,739
	other	1119	88,011	36,037	654
2	Results of research and development	1120	3,466,656	2,155,015	1,957,582
9	Intangible exploration assets	1130	111,861,427	78,174,655	39,582,961
9	Tangible exploration assets	1140	14,984,602	14,474,505	22,816,595
2	Fixed assets, including	1150	6,722,378,077	5,718,189,804	5,570,644,795
	Fixed assets items, including:	1151	6,434,475,251	5,654,253,785	5,547,269,450
	land plots and natural resources	1152	1,130,192	1,034,135	920,428
	buildings, facilities, machinery and equipment	1153	6,356,206,635	5,584,268,143	5,476,588,337
	Capital investments in progress	1154	287,902,826	63,936,019	23,375,345
3	Financial investments, including:	1170	2,012,614,153	2,000,854,436	1,769,588,382
	investments in subsidiaries	1171	1,649,835,127	1,661,313,512	1,540,121,603
	investments in associates	1172	99,909,279	104,534,868	80,808,417
	investments in other entities	1173	713,080	715,324	112,665
	loans provided to companies for a period over 12 months	1174	194,595,652	119,013,856	32,222,356
	Deferred tax assets	1180	32,927,070	23,088,893	40,512,953
	Other non-current assets	1190	25,184,926	30,190,808	28,988,508
	Total Section 1	1100	8,931,076,560	7,867,405,248	7,474,615,169

Form on OKUD 0710001 p. 2

Note	Narrative	Line code	As at 31. 12. 2014	As at 31. 12. 2013	As at 31. 12. 2012
Assets					
II. Current Assets					
4	Inventories, including	1210	491,437,777	402,256,939	350,733,995
	raw materials and other inventories	1211	3,541,526	3,620,353	2,965,322
	work in progress	1213	298,764,068	249,671,612	224,731,247
	finished goods and goods for resale	1214	186,050,803	146,310,669	120,554,119
	goods dispatched	1215	3,081,347	2,654,272	2,483,274

Form on OKUD 0710001 p. 2

Note	Narrative	Line code	As at 31. 12. 2014	As at 31. 12. 2013	As at 31. 12. 2012
	Value-added tax on goods purchased	1220	69,933,019	56,729,385	49,199,088
5	Accounts receivables, including:	1230	1,959,540,653	2,119,271,161	2,012,827,396
	Accounts receivable (payment expected beyond 12 months after the reporting date), including:	1231	496,606,800	512,731,066	585,306,509
	buyers and customers	1232	3,837,690	6,508,098	9,178,505
	advances issued	1233	–	9,097,975	19,021,844
	other debtors	1234	492,769,110	497,124,993	557,106,160
	Accounts receivable (payment expected within 12 months after the reporting date), including	1235	1,462,933,853	1,606,540,095	1,427,520,887
	buyers and customers	1236	567,356,737	627,091,365	516,433,842
	advances issued	1238	41,466,603	58,558,434	102,000,902
	other debtors	1239	854,110,513	920,890,296	809,086,143
3	Financial investments (except for cash equivalents), including	1240	70,045,548	25,111,518	21,046,052
	loans provided to companies for a period less than 12 months	1241	48,486,396	23,543,609	20,960,267
	Cash and cash equivalents, including	1250	725,100,916	380,231,778	120,666,566
	cash in hand	1251	16,993	27,282	25,855
	settlement accounts	1252	471,860,061	311,985,071	67,817,882
	foreign currency accounts	1253	253,136,708	67,638,473	48,766,336
	other cash and cash equivalents	1259	87,154	580,952	4,056,493
	Other current assets	1260	2,600,651	4,180,033	6,189,094
	Total Section II	1200	3,318,658,564	2,987,780,814	2,560,662,191
	Balance	1600	12,249,735,124	10,855,186,062	10,035,277,360

Form on OKUD 0710001 p.3

Note	Narrative	Line code	As at 31. 12. 2014	As at 31. 12. 2013	As at 31. 12. 2012
	Equity and Liabilities				
	III. Equity and Reserves				
	Charter capital	1310	118,367,564	118,367,564	118,367,564
	Own shares buy-back	1320	–	–	–
	Revaluation of non-current assets	1340	5,025,377,538	4,326,532,592	4,328,879,078
	Additional paid-in capital (without revaluation)	1350	–	–	–
	Reserve capital	1360	8,636,001	8,636,001	8,636,001
	Retained earnings (loss)	1370	3,936,832,017	3,915,629,303	3,426,914,344
	Total Section III	1300	9,089,213,120	8,369,165,460	7,882,796,987

Form on OKUD 0710001 p. 3

Note	Narrative	Line code	As at 31. 12. 2014	As at 31. 12. 2013	As at 31. 12. 2012
	Borrowings and bank loans, including:	1410	1,368,217,117	944,249,743	774,749,753
	bank loans due for repayment beyond 12 months	1411	43,313,605	35,789,939	42,524,135
	other borrowings due for repayment beyond 12 months	1412	1,324,903,512	908,459,804	732,225,618
	Deferred tax liabilities	1420	334,312,526	298,537,693	216,171,520
7	Estimated liabilities	1430	–	–	–
5	Other liabilities	1450	2,602,174	3,786,251	2,120,310
	Total Section IV	1400	1,705,131,817	1,246,573,687	993,041,583
	V. Current Liabilities				
	Borrowings and bank loans, including:	1510	756,735,637	655,966,239	526,648,116
	bank loans due for repayment within 12 months	1511	26,695,588	–	–
	other borrowings due for repayment within 12 months	1512	33,037,483	53,497,429	12,294,308
	current portion of long-term borrowings and bank loans	1513	697,002,566	602,468,810	514,353,808
5	Accounts payable, including:	1520	639,986,936	553,363,884	513,089,718
	suppliers and contractors	1521	489,778,400	387,898,669	359,027,028
	salaries payable	1522	264,874	383,692	209,039
	payable to state non-budget funds	1523	90,525	101,158	73,999
	taxes payable	1524	14,679,988	23,004,964	6,549,779
	other creditors, including:	1525	134,521,188	141,746,432	146,940,385
	advances from customers	1527	106,110,006	97,646,011	82,087,411
	other settlements	1528	28,411,182	44,100,421	64,852,974
	dividends payable to participants (shareholders)	1529	651,961	228,969	289,488
	Future periods income	1530	–	940,619	838,101
7	Estimated liabilities	1540	58,667,614	29,176,173	118,862,855
	Other liabilities	1550	–	–	–
	Total Section V	1500	1,455,390,187	1,239,446,915	1,159,438,790
	Balance	1700	12,249,735,124	10,855,186,062	10,035,277,360

Chief Executive Officer _____ A.B. Miller

Chief Accountant _____ E.A. Vasilieva

27 March 2015

		Form on OKUD	CODES
Company JSC GAZPROM		Date (day, month, year)	0710002
Taxpayer identification number		OKPO	31 / 12 / 2014
Field of activity wholesale		INN	00040778
Legal form/property form Open Joint Stock Company		OKVED	7736050003
Measurement unit: thousand of RR		OKOPF/OKFS	51.51.3
		OKEI	1.22 47/ 31
			384

Note	Narrative	Line code	For 2014	For 2013
	Sales of goods, products, works, services			
	(less VAT, excise tax and similar mandatory payments)	2110	3,990,280,172	3,933,335,313
	including:			
	gas	2111	2,887,395,036	2,917,451,056
	leased assets	2112	604,297,807	574,946,915
	gas transportation services	2113	227,352,970	202,009,785
	oil and gas refinery products	2114	205,995,366	181,783,964
	gas condensate	2115	55,304,842	49,252,429
	other	2116	7,071,342	5,930,439
	gas storage services	2117	2,862,809	1,960,725
6	Cost of goods, products, work, services sold	2120	(2,029,257,577)	(1,927,545,811)
	including:			
	gas	2121	(1,031,208,264)	(997,264,231)
	leased assets	2122	(602,605,545)	(579,826,935)
	gas transportation services	2123	(228,705,134)	(197,744,067)
	oil and gas refinery products	2124	(111,854,649)	(110,719,873)
	gas condensate	2125	(39,904,566)	(33,769,147)
	other	2126	(13,866,795)	(7,445,985)
	gas storage services	2127	(1,112,624)	(775,573)
	Gross profit (loss)	2100	1,961,022,595	2,005,789,502
6	Sales expenses	2210	(976,374,373)	(978,592,795)
6	General business expenses	2220	(63,402,712)	(65,369,929)
	Profit (loss) from sales	2200	921,245,510	961,826,778
	Income from participation in other entities	2310	378,170,347	110,443,031
	Interest receivable	2320	52,168,226	17,898,134
	Interest payable	2330	(84,333,437)	(74,147,485)

Form on OKUD 0710002 p. 2

Note	Narrative	Line code	For 2014	For 2013
	Other income	2340	3,375,128,881	3,137,062,487
	Other expenses	2350	(4,364,298,166)	(3,298,514,899)
	Profit (loss) before taxation	2300	278,081,361	854,568,046
	Income tax, including:	2405	(54,193,723)	(122,479,079)
	current income tax	2410	(54,082,641)	(118,903,415)
	prior year income tax	2411	(111,082)	(3,575,664)
	<i>including permanent tax liabilities (assets) from line 2405</i>	2421	99,653,392	72,873,963
	Changes in deferred tax liabilities	2430	(35,786,069)	(74,768,362)
	Changes in deferred tax assets	2450	9,859,730	(25,019,624)
	Other	2460	(11,898,618)	(8,258,254)
	Reallocation of income tax within the Consolidated Taxpayer Group	2465	2,917,335	4,101,516
	Net profit (loss)	2400	188,980,016	628,144,243

Form on OKUD 0710002 p. 3

Note	Narrative	Line code	For 2014	For 2013
	REFERENCE:			
	Result of revaluation of non-current assets not included to the net profit (loss) for the period	2510	701,489,908	–
	Results of other transactions not included to the net profit (loss) for the period	2520	27,029	28,572
	Cumulative financial result for the year	2500	890,496,953	628,172,815
	Basic earnings/ (loss) per share (RR)	2900	7.98	26.53
	Basic diluted earnings/(loss) per share (in RR)	2910		

Chief Executive Officer



A.B. Miller

Chief Accountant



E.A. Vasilieva

27 March 2015

		Form on OKUD	CODES
Company JSC GAZPROM		Date (day, month, year)	0710003
Taxpayer identification number		OKPO	31 / 12 / 2014
Field of activity wholesale		INN	00040778
Legal form/property form Open Joint Stock Company		OKVED	7736050003
Measurement unit: thousand of RR		OKOPF/OKFS	51.51.3
		OKEI	1.22 47/ 31
			384

1. Changes in equity

Narrative	Line code	Charter capital	Own shares buy-back	Additional capital	Reserve capital	Accumulated profit (loss)	Total
Equity as at 31 December 2012	3100	118,367,564	–	4,328,879,078	8,636,001	3,426,914,344	7,882,796,987
For 2013							
Increase in equity — total, including:	3210	–	–	–	–	628,172,815	628,172,815
net profit	3211	X	X	X	X	628,144,243	628,144,243
revaluation of assets	3212	X	X	–	X	–	–
income directly attributable to equity	3213	X	X	–	X	28,572	28,572
additional shares issue	3214	–	X	–	X	X	–
increase in share par value	3215	–	X	–	X	–	–
reorganisation of legal entity	3216	–	–	–	–	–	–
placement of buy-backed shares	3217	X	–	X	X	X	–
other	3219	–	–	–	–	–	–
Decrease in equity — total, including:	3220	–	–	–	–	(141,804,342)	(141,804,342)
loss	3221	X	X	X	X	–	–
revaluation of assets	3222	X	X	–	X	–	–
income directly attributable to equity	3223	X	X	X	X	–	–
decrease in share par value	3224	–	X	X	X	–	–
decrease in number of shares	3225	–	–	X	X	X	–
reorganisation of legal entity	3226	–	–	–	–	–	–
dividends	3227	X	X	X	X	(141,804,342)	(141,804,342)
other	3229	–	–	–	–	–	–

Form on OKUD 0710003 p. 2

Narrative	Line code	Charter capital	Own shares buy-back	Additional capital	Reserve capital	Accumulated profit (loss)	Total
Additional capital change	3230	X	X	(2,346,486)	X	2,346,486	–
Reserve capital change	3240	X	X	X	–	–	–
Equity as at 31 December 2013	3200	118,367,564	–	4,326,532,592	8,636,001	3,915,629,303	8,369,165,460
For 2014							
Increase in equity — total, including:	3310	–	–	703,594,216	–	189,007,045	892,601,261
net profit	3311	X	X	X	X	188,980,016	188,980,016
revaluation of assets	3312	X	X	703,594,216	X	X	703,594,216
income directly attributable to equity	3313	X	X	–	X	27,029	27,029
additional shares issue	3314	–	X	–	X	X	–
increase in share par value	3315	–	X	–	X	–	–
reorganisation of legal entity	3316	–	–	–	–	–	–
placement of buy-backed shares	3317	X	–	X	X	X	–
other	3319	–	–	–	–	–	–
Decrease in equity — total, including:	3320	–	–	(2,104,308)	–	(170,449,293)	(172,553,601)
loss	3321	X	X	X	X	–	–
revaluation of assets	3322	X	X	(2,104,308)	X	X	(2,104,308)
expenses directly attributable to equity	3323	X	X	X	X	–	–
decrease in share par value	3324	–	X	X	X	–	–
decrease in number of shares	3325	–	–	X	X	X	–
reorganisation of legal entity	3326	–	–	–	–	–	–
dividends	3327	X	X	X	X	(170,449,293)	(170,449,293)
other	3329	–	–	–	–	–	–
Additional capital change	3330	X	X	(2,644,962)	X	2,644,962	–
Reserve capital change	3340	X	X	X	–	–	–
Equity as at 31 December 2014	3300	118,367,564	–	5,025,377,538	8,636,001	3,936,832,017	9,089,213,120

Form on OKUD 0710003 p. 3

2. Restatements due to changes in accounting policies and correction of mistakes

Narrative	Line code	As at 31 December 2012	Changes in equity for 2013		As at 31 December 2013
			From net profit (loss)	Due to other factors	
Equity — total before restatement	3400	7,883,096,524	628,311,221	(141,775,770)	8,369,631,975
restatement due to:					
changes in accounting policies	3410	(299,537)	(166,978)	—	(466,515)
correction of accounting errors	3420	—	—	—	—
after restatement	3500	7,882,796,987	628,144,243	(141,775,770)	8,369,165,460
including:					
Retained earnings (uncovered loss): before restatement	3401	3,427,213,881	628,311,221	(139,429,284)	3,916,095,818
restatement due to:					
changes in accounting policies	3411	(299,537)	(166,978)	—	(466,515)
correction of accounting errors	3421	—	—	—	—
after restatement	3501	3,426,914,344	628,144,243	(139,429,284)	3,915,629,303
Additional capital: before restatement	3402	4,328,879,078	—	(2,346,486)	4,326,532,592
restatement due to:					
changes in accounting policies	3412	—	—	—	—
correction of accounting errors	3422	—	—	—	—
after restatement	3502	4,328,879,078	—	(2,346,486)	4,326,532,592
Reserve capital: before restatement	3403	8,636,001	—	—	8,636,001
restatement due to:					
changes in accounting policies	3413	—	—	—	—
correction of accounting errors	3423	—	—	—	—
after restatement	3503	8,636,001	—	—	8,636,001
Own shares buy-back before restatement	3404	—	—	—	—
restatement due to:					
changes in accounting policies	3414	—	—	—	—
correction of accounting errors	3424	—	—	—	—
after restatement	3504	—	—	—	—
Social government fund before restatement	3405	—	—	—	—
restatement due to:					
changes in accounting policies	3415	—	—	—	—
correction of accounting errors	3425	—	—	—	—
after restatement	3505	—	—	—	—

Form on OKUD 0710003 p. 4

3. Net assets

Narrative	Line code	As at 31 December 2014	As at 31 December 2013	As at 31 December 2012
Net assets	3 600	9,089,213,120	8,369,165,460	7,882,796,987

Chief Executive Officer  A.B. Miller

Chief Accountant  E.A. Vasilieva

27 March 2015

Company JSC GAZPROM Taxpayer identification number Field of activity wholesale Legal form/property form Open Joint Stock Company Measurement unit: thousand of RR	Form on OKUD		CODES
	Date (day, month, year)		0710004
	OKPO		31 / 12 / 2014
	INN		00040778
	OKVED		7736050003
	OKOPF/OKFS		51.51.3
OKEI		1.22 47/ 31	
		384	
Narrative	Line code	For reporting period	For the same period of the prior year
Cash flows from operating activities			
Receipts — total, including:	4110	4,896,360,065	4,602,153,188
sales of products, goods, work and services	4111	4,555,330,019	4,302,513,425
rent payments, license payments, royalties, commissions and other payments	4112	—	—
resale of financial investments	4113	—	—
other receipts	4119	341,030,046	299,639,763
Payments — total, including:	4120	(3,523,294,166)	(3,394,697,697)
to suppliers for raw materials, work and services	4121	(2,434,117,313)	(2,305,182,272)
wages and salaries	4122	(34,106,295)	(28,607,347)
interest on borrowings	4123	(82,214,113)	(66,459,881)
income tax	4124	(157,044,719)	(149,296,046)
other payments	4129	(815,811,726)	(845,152,151)
Net cash flows from operating activities	4100	1,373,065,899	1,207,455,491

Form on OKUD 0710004 p. 2

Narrative	Line code	For reporting period	For the same period of the prior year
Cash flows from investing activities			
Receipts — total, including:	4210	421,416,114	124,834,185
from sales of non-current assets (except for financial investments)	4211	972,124	988,976
sales of shares of other entities (ownership interest)	4212	11,011,031	1,170,375
from return of loans issued, sales of debt securities (sale of rights of claiming cash to third parties)	4213	467,095	6,082,114
dividends, interest from long-term financial investments and receipts from participation in other entities	4214	401,965,105	115,881,641
from sales of exploration assets	4215	—	—
other receipts	4219	7,000,759	711,079
Payments — total, including:	4220	(1,027,361,743)	(1,123,280,505)
acquisition, construction, modernisation, reconstruction and preparation for the use of non-current assets	4221	(45,994,369)	(28,075,379)
acquisition of other entities shares	4222	(81,174,576)	(118,771,131)
acquisition of debt securities (rights of claiming cash from third parties), issue of loans to third parties	4223	(116,393,189)	(100,525,973)
borrowing costs included in the cost of the investment assets	4224	—	—
construction/acquisition of exploration assets	4225	(46,976,433)	(52,431,805)
other payments	4229	(736,823,176)	(823,476,217)
Net cash flows from investing activities	4200	(605,945,629)	(998,446,320)
Cash flows from financing activities			
Receipts — total, including:	4310	213,691,865	376,184,753
borrowings and bank loans	4311	198,462,466	346,188,503
contributions of owners (participants)	4312	—	—
issue of shares, increase in participation interest	4313	—	—
issue of bonds, promissory notes and other debt securities, etc.	4314	14,998,125	29,996,250
other receipts	4319	231,274	—

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Narrative	Line code	For reporting period	For the same period of the prior year
Payments — total, including:	4320	(699,315,668)	(338,094,142)
to owners (participants) due to the fact of share buy-back or cessation of membership	4321	—	—
dividend payments or other distribution of profit to owners	4322	(168,023,717)	(132,203,230)
redemption (buy-back) of promissory notes and other debt securities, loan repayment	4323	(528,432,376)	(201,556,288)
other payments	4329	(2,859,575)	(4,334,624)
Net cash flows from financing activities	4300	(485,623,803)	38,090,611
Net cash flows for the reporting period	4400	281,496,467	247,099,782
Cash and cash equivalents at the beginning of the reporting year	4450	380,231,778	120,666,566
Cash and cash equivalents as of the end of the reporting period	4500	725,100,916	380,231,778
Effect of changes in the Russian rouble exchange rate	4490	63,372,671	12,465,430

Chief Executive Officer _____  A.B. Miller

Chief Accountant _____  E.A. Vasilieva

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1. Intangible assets and expenditure on R&D

1.1 Movement of intangible assets

Narrative	Line code	Period	At the beginning of the year		Changes for the period						At the end of reporting period			
			Initial cost	Accumulated amortisation and impairment losses	Additions	Disposals		Amortisation charge	Impairment loss	Revaluation				
						Initial cost	Accumulated amortisation and impairment losses			Initial cost	Accumulated amortisation and impairment losses			
Intangible assets total	5100	For 2014	1,502,144	(1,261,049)	7,524,847	-	-	(194,304)	-	-	9,026,991	(1,455,353)		
	5110	For 2013	1,657,494	(1,134,755)	163,750	(319,100)	136,947	(263,241)	-	-	1,502,144	(1,261,049)		
including:														
Intellectual property (exclusive rights to intellectual property)	5101	For 2014	1,502,144	(1,261,049)	7,524,847	-	-	(194,304)	-	-	9,026,991	(1,455,353)		
	5111	For 2013	1,657,494	(1,134,755)	163,750	(319,100)	136,947	(263,241)	-	-	1,502,144	(1,261,049)		
Goodwill	5102	For 2014	-	-	-	-	-	-	-	-	-	-		
	5112	For 2013	-	-	-	-	-	-	-	-	-	-		
Other	5104	For 2014	-	-	-	-	-	-	-	-	-	-		
	5114	For 2013	-	-	-	-	-	-	-	-	-	-		

1.2 The initial cost of intangible assets developed by the company

Narrative	Line code	As at 31 December 2014	As at 31 December 2013	As at 31 December 2012
Total	5120	9,013,499	1,489,702	1,646,596
including:				
Intellectual property (exclusive rights to intellectual property)	5121	9,013,499	1,489,702	1,646,596
Other	5129	–	–	–

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1.3 Intangible assets fully amortised

Narrative	Line code	As at 31 December 2014	As at 31 December 2013	As at 31 December 2012
Total	5130	1,315,477	1,017,674	892,511
including:				
Intellectual property (exclusive rights to intellectual property)	5131	1,315,477	1,017,674	892,511
Goodwill	5138	—	—	—
Other	5139	—	—	—

1.4 Movement of the results of research and development

Narrative	Line code	Period	At the beginning of the year		Changes for the period			At the end of reporting period	
			Initial cost	Part of the cost recognised in expenses	Additions	Initial cost	Disposals	Part of the cost recognised in expenses	Part of the cost recognised in expenses
Research and development —	5140	For 2014	23,209,806	(21,088,276)	4,537,724	(57,069)	57,069	(3,214,674)	27,690,461
total	5150	For 2013	20,366,384	(18,447,355)	2,843,422	—	—	(2,640,921)	23,209,806

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1.5 Costs of research and development works and intangible assets acquisition in progress

Narrative	Line code	Period	At the beginning of the year	Changes for the period		At the end of reporting period
				Costs for the period	Written off to expenses (without positive results) Recognised as intangible assets or R&D	
Costs of R&D in progress — total	5160	For 2014	33,485	4,622,559	(96,244)	(4,537,724)
	5170	For 2013	38,553	2,893,988	(54,383)	(2,844,673)
Acquisitions of intangible assets in progress — total	5180	For 2014	36,037	7,576,833	(12)	(7,524,847)
	5190	For 2013	654	199,136	(3)	(163,750)
						22,076
						33,485
						88,011
						36,037

2. Fixed assets

2.1 Movement of fixed assets

Narrative	Line code	Period	At the beginning of the year			Changes for the period						At the end of reporting period	
			Initial cost	Accumulated depreciation	Additions	Disposals		Depreciation	Reclassification		Revaluation	Initial cost	Accumulated depreciation
						Initial cost	Accumulated depreciation		Initial cost	Accumulated depreciation			
Fixed assets (less income-bearing investments in tangible assets) — total													
including:													
Trunk pipelines													
Wells													
Machinery and equipment													
Buildings, roads and other production facilities													
Other fixed assets													
including land													
Included within income-bearing investments in tangible assets — total													
including:													
Trunk pipelines													
Wells													
Machinery and equipment													
Buildings, roads and other production facilities													
Other fixed assets													
5200	For 2014		15,543,349,472	(9,889,095,687)	624,358,740	(20,512,704)	18,932,322	(544,440,833)	—	2,292,505,351	(1,590,621,410)	18,439,700,859	(12,005,225,608)
5210	For 2013		14,942,220,620	(9,394,951,170)	614,703,935	(13,575,083)	11,526,983	(505,671,500)	—	—	—	15,543,349,472	(9,889,095,687)
5201	For 2014		9,704,668,096	(6,668,598,213)	288,384,519	(3,330,764)	3,188,627	(263,647,391)	(1,365)	683	1,412,239,424	(1,016,333,140)	11,401,959,910
5211	For 2013		9,610,565,765	(6,403,894,547)	94,693,933	(497,610)	456,060	(265,236,800)	(93,992)	77,074	—	9,704,668,096	(6,668,598,213)
5202	For 2014		1,234,709,926	(929,370,767)	32,808,399	(4,507,506)	4,116,415	(43,553,934)	3,599	2,660	198,637,298	1,461,651,716	(1,122,057,135)
5212	For 2013		1,209,239,843	(889,352,557)	31,299,653	(5,836,349)	5,506,347	(45,517,778)	6,779	(6,779)	—	1,234,709,926	(929,370,767)
5203	For 2014		2,098,224,503	(1,430,500,138)	147,475,893	(9,472,647)	9,207,655	(130,943,364)	145,361	(133,521)	337,453,734	2,573,826,844	(1,822,015,599)
5213	For 2013		1,925,066,293	(1,327,395,919)	177,894,847	(4,804,307)	4,141,420	(107,216,909)	67,670	(28,730)	—	2,098,224,503	(1,430,500,138)
5204	For 2014		2,425,709,066	(850,574,330)	154,484,147	(2,662,277)	1,978,248	(104,060,218)	(75,146)	62,856	333,136,159	2,910,591,949	(1,102,361,616)
5214	For 2013		2,118,690,259	(766,330,800)	309,211,374	(2,212,027)	1,252,187	(85,454,163)	19,460	(41,554)	—	2,425,709,066	(850,574,330)
5205	For 2014		80,037,881	(10,052,239)	1,205,782	(539,510)	441,377	(2,235,926)	(72,449)	67,322	11,038,736	91,670,440	(13,401,824)
5215	For 2013		78,658,460	(7,977,347)	1,604,128	(224,790)	170,969	(2,245,850)	83	(11)	—	80,037,881	(10,052,239)
	For 2014		1,034,135	—	12,118	(14)	—	—	—	83,953	—	1,130,192	—
	For 2013		920,428	—	113,769	(62)	—	—	—	—	—	1,034,135	—
5220	For 2014		—	—	—	—	—	—	—	—	—	—	—
5230	For 2013		—	—	—	—	—	—	—	—	—	—	—
	For 2014		—	—	—	—	—	—	—	—	—	—	—
	For 2013		—	—	—	—	—	—	—	—	—	—	—
5221	For 2014		—	—	—	—	—	—	—	—	—	—	—
5231	For 2013		—	—	—	—	—	—	—	—	—	—	—
5222	For 2014		—	—	—	—	—	—	—	—	—	—	—
5232	For 2013		—	—	—	—	—	—	—	—	—	—	—
5223	For 2014		—	—	—	—	—	—	—	—	—	—	—
5233	For 2013		—	—	—	—	—	—	—	—	—	—	—
5224	For 2014		—	—	—	—	—	—	—	—	—	—	—
5234	For 2013		—	—	—	—	—	—	—	—	—	—	—
5225	For 2014		—	—	—	—	—	—	—	—	—	—	—
5235	For 2013		—	—	—	—	—	—	—	—	—	—	—

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2.2 Capital investments in progress

Narrative	Line code	Period	At the beginning of the year	Changes for the period			At the end of reporting period	
				Costs for the period	Written off	Recognised as fixed assets or increased costs		Other changes
Construction and activity in progress on acquisition, modernisation etc. of fixed assets — total	5240	For 2014	63,936,019	877,510,846	(802,806)	(611,377,230)	(41,364,003)	287,902,826
	5250	For 2013	23,375,345	657,775,275	(13,467)	(614,511,405)	(2,689,729)	63,936,019
including:								
construction in progress	5241	For 2014	60,176,368	819,019,859	(802,806)	(611,377,230)	(31,645,239)	235,370,952
	5251	For 2013	23,371,467	654,019,502	(13,467)	(614,511,405)	(2,689,729)	60,176,368
equipment for installation	5242	For 2014	3,759,651	58,490,987	—	—	(9,718,764)	52,531,874
	5252	For 2013	3,878	3,755,773	—	—	—	3,759,651

2.3 Change of the fixed assets' cost as a result of completion, equipping, reconstruction or partial liquidation

Narrative	Line code	For 2014	For 2013
Increase in the cost of fixed assets as a result of completion, equipping, reconstruction or partial liquidation — total	5260	10,182,180	27,514,500
including:			
Trunk pipelines	5261	3,584,391	22,166,670
Wells	5262	2,919,062	2,897,698
Machinery and equipment	5263	2,466,588	814,078
Buildings and roads	5264	605,790	29,157
Other fixed assets	5265	606,349	1,606,897
Reducing the cost of fixed assets as a result of partial liquidation total	5270	(174,083)	(184,003)
including:			
Trunk pipelines	5271	(11,494)	(39)
Wells	5272	(56,540)	(4,395)
Machinery and equipment	5273	(44,932)	(139,715)
Buildings and roads	5274	(44,317)	(3,278)
Other fixed assets	5275	(16,800)	(36,576)

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2.4 Other use of fixed assets

Narrative	Line code	As at 31 December 2014	As at 31 December 2013	As at 31 December 2012
Leased out on-balance fixed assets	5280	6,067,276,797	5,291,784,807	5,368,345,566
Off-balance fixed assets leased to third parties	5281	–	–	–
On-balance fixed assets received in lease	5282	–	–	–
Off-balance fixed assets received in lease	5283	16,126,278	25,332,819	23,925,562
Real estate actually used and in the process of state registration	5284	1,536,372,472	1,343,379,448	1,254,062,154
Fixed assets transferred to conservation	5285	97,705,171	104,242,127	99,232,966
Other use of fixed assets (pledged and others)	5286	–	–	–
including:				
pledged fixed assets	5287	–	–	–

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3. Financial investments

3.1 Movement of financial investments

Narrative	Line code	Period	At the beginning of the year		Changes for the period				At the end of reporting period	
			Initial cost	Accrued adjustment	Additions	Disposals	Other	The current market value (impairment loss)	Initial cost	Accrued adjustment
						Initial cost				
Long term financial investments — total	5301	For 2014	1,923,062,647	92,031,101	263,685,329	(199,016,379)	(2,499,416)	(51,531,259)	2,026,566,023	38,000,426
	5311	For 2013	1,709,655,500	69,378,613	232,073,685	(20,450,822)	–	22,652,488	1,923,062,647	92,031,101
investments	5302	For 2014	1,666,644,625	99,919,079	146,541,285	(108,617,878)	(2,499,416)	(51,530,209)	1,704,568,032	45,889,454
	5312	For 2013	1,543,780,199	77,262,486	136,172,077	(13,307,651)	–	22,656,593	1,666,644,625	99,919,079
including:										
investments	53021	For 2014	1,563,997,212	97,316,300	79,941,206	(40,367,565)	–	(51,052,026)	1,603,570,853	46,264,274
in subsidiaries	53121	For 2013	1,464,501,820	75,619,783	111,471,128	(11,975,736)	–	21,696,517	1,563,997,212	97,316,300
investments	53022	For 2014	101,931,928	2,602,940	66,560,353	(68,208,343)	(2,499,416)	(478,183)	100,283,938	(374,659)
in associates	53122	For 2013	79,161,834	1,646,583	24,098,290	(1,328,196)	–	956,357	101,931,928	2,602,940
investments	53023	For 2014	715,485	(161)	39,726	(41,970)	–	–	713,241	(161)
in other entities	53123	For 2013	116,545	(3,880)	602,659	(3,719)	–	3,719	715,485	(161)

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3.1 Movement of financial investments (continued)

Narrative	Line code	Period	At the beginning of the year		Changes for the period				At the end of reporting period	
			Initial cost	Accrued adjustment	Additions	Disposals	Other	The current market value (impairment loss)	Initial cost	Accrued adjustment
other long-term financial investments	5303	For 2014	256,418,022	(7,887,978)	117,144,044	(90,398,501)	–	(1,050)	321,997,991	(7,889,028)
	5313	For 2013	165,875,301	(7,883,873)	95,901,608	(7,143,171)	–	(4,105)	256,418,022	(7,887,978)
including:										
loans provided to companies for a period over 12 months	53031	For 2014	131,733,768	–	54,520,331	(3,000)	–	–	225,011,291	–
	53131	For 2013	41,630,811	–	95,284,284	(6,924,006)	–	–	131,733,768	–
joint activity	53032	For 2014	122,318,015	(7,887,978)	750,856	(89,930,267)	–	(1,050)	33,138,604	(7,889,028)
	53132	For 2013	121,882,833	(7,883,873)	617,324	(182,142)	–	(4,105)	122,318,015	(7,887,978)
third party promissory notes	53033	For 2014	–	–	–	–	–	–	–	–
	53133	For 2013	–	–	–	–	–	–	–	–
long-term deposits	53034	For 2014	515,717	–	20,000,000	(465,234)	74,234	–	20,124,717	–
	53134	For 2013	511,135	–	–	(37,023)	41,605	–	515,717	–
bonds	53035	For 2014	–	–	–	–	–	–	–	–
	53135	For 2013	–	–	–	–	–	–	–	–
other	53036	For 2014	1,850,522	–	41,872,857	–	–	–	43,723,379	–
	53136	For 2013	1,850,522	–	–	–	–	–	1,850,522	–
Short-term financial investments — total	5305	For 2014	10,872,206	–	18,505,914	(11,283,729)	(1,139)	–	18,093,252	–
	5315	For 2013	11,600,321	–	14,743,357	(15,482,362)	10,890	–	10,872,206	–
including:										
loans provided to companies for a period less than 12 months	5306	For 2014	10,823,697	–	15,143,117	(7,896,057)	–	–	18,070,757	–
	5316	For 2013	11,551,812	–	11,909,776	(12,648,781)	10,890	–	10,823,697	–
other short-term financial investments	5307	For 2014	48,509	–	3,362,797	(3,387,672)	(1,139)	–	22,495	–
	5317	For 2013	48,509	–	2,833,581	(2,833,581)	–	–	48,509	–
including:										
short-term deposits	53071	For 2014	–	–	424,385	(423,246)	(1,139)	–	–	–
	53171	For 2013	–	–	–	–	–	–	–	–
third party promissory notes	53072	For 2014	–	–	–	–	–	–	–	–
	53172	For 2013	–	–	–	–	–	–	–	–
bonds	53073	For 2014	–	–	–	–	–	–	–	–
	53173	For 2013	–	–	–	–	–	–	–	–
other	53074	For 2014	48,509	–	2,938,412	(2,964,426)	–	–	22,495	–
	53174	For 2013	48,509	–	2,833,581	(2,833,581)	–	–	48,509	–
Financial investments — total	5300	For 2014	1,933,934,853	92,031,101	282,191,243	(210,300,108)	38,633,287	(51,531,259)	2,044,659,275	38,000,426
	5310	For 2013	1,721,255,821	69,378,613	246,817,042	(35,933,184)	1,795,174	22,652,488	1,933,934,853	92,031,101

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3.1.1 Current portion of long-term financial investments

Narrative	Line code	Period	At the beginning of the year			At the end of reporting period		
			Initial cost	Including current portion	Accrued adjustment	Including current portion	Accumulated adjustment	Including current portion
Long term financial investments — total	5301	For 2014	1,923,062,647	14,239,312	92,031,101	—	2,026,566,023	51,952,296
	5311	For 2013	1,709,655,500	9,445,731	69,378,613	—	1,923,062,647	14,239,312
	5302	For 2014	1,666,644,625	—	99,919,079	—	1,704,568,032	—
investments	5312	For 2013	1,543,780,199	—	77,262,486	—	1,666,644,625	—
including:								
investments in subsidiaries	53021	For 2014	1,563,997,212	—	97,316,300	—	1,603,570,853	—
	53121	For 2013	1,464,501,820	—	75,619,783	—	1,563,997,212	—
investments in associates	53022	For 2014	101,931,928	—	2,602,940	—	100,283,938	—
	53122	For 2013	79,161,834	—	1,646,583	—	101,931,928	—
investments in other entities	53023	For 2014	715,485	—	(161)	—	713,241	—
	53123	For 2013	116,545	—	(3,880)	—	715,485	—
other long-term financial investments	5303	For 2014	256,418,022	14,239,312	(7,887,978)	—	321,997,991	51,952,296
	5313	For 2013	165,875,301	9,445,731	(7,883,873)	—	256,418,022	14,239,312
including:								
loans provided to companies for a period over 12 months	53031	For 2014	131,733,768	12,719,912	—	—	225,011,291	30,415,639
	53131	For 2013	41,630,811	9,408,455	—	—	131,733,768	12,719,912
joint activity	53032	For 2014	122,318,015	—	(7,887,978)	—	33,138,604	—
	53132	For 2013	121,882,833	—	(7,883,873)	—	122,318,015	—
third party promissory notes	53033	For 2014	—	—	—	—	—	—
	53133	For 2013	—	—	—	—	—	—
long-term deposits	53034	For 2014	515,717	39,004	—	—	20,124,717	20,056,261
	53134	For 2013	511,135	37,276	—	—	515,717	39,004
bonds	53035	For 2014	—	—	—	—	—	—
	53135	For 2013	—	—	—	—	—	—
other	53036	For 2014	1,850,522	1,480,396	—	—	43,723,379	1,480,396
	53136	For 2013	1,850,522	—	—	—	1,850,522	1,480,396

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3.2 Other use of financial investments

Narrative	Line code	As at 31 December 2014	As at 31 December 2013	As at 31 December 2012
Long-term financial investments pledged — total	5320	15,274,472	15,274,472	15,506,333
including:				
investments	5321	15,274,472	15,274,472	15,506,333
investments in subsidiaries	53211	15,274,472	15,274,472	15,274,472
investments in associates	53212	—	—	231,861
investments in other entities	53213	—	—	—
other long-term financial investments	5322	—	—	—
third party promissory notes	53221	—	—	—
bonds	53222	—	—	—
other	53223	—	—	—
Long-term financial investments transferred to third parties (except sales) — total	5325	—	—	—
including:				
investments	5326	—	—	—
investments in subsidiaries	53261	—	—	—
investments in associates	53262	—	—	—
investments in other entities	53263	—	—	—
other long-term financial investments	5327	—	—	—
third party promissory notes	53271	—	—	—
bonds	53272	—	—	—
other	53273	—	—	—
Short-term financial investments pledged — total	5328	—	—	—
including:				
third party promissory notes	53281	—	—	—
bonds	53282	—	—	—
other	53283	—	—	—
Short-term financial investments transferred to third parties (except sales) — total	5329	—	—	—
including:				
third party promissory notes	53291	—	—	—
bonds	53292	—	—	—
other	53293	—	—	—

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4. Inventory

4.1 Movement of inventory

Narrative	Line code	Period	At the beginning of the year			Changes for the period				At the end of reporting period			
			Cost	Provision for impairment in value of inventory	Book value	Additions and expenses	Disposals	Provision for impairment	Impairment loss	Inventory turnover between groups (types)	Cost	Provision for impairment in value of inventory	Book value
Inventory — total	5400	For 2014	402,256,939	—	402,256,939	2,338,606,707	(2,249,426,009)	—	—	140	491,437,777	—	491,437,777
	5420	For 2013	350,733,995	—	350,733,995	2,268,270,759	(2,216,747,815)	—	—	—	402,256,939	—	402,256,939
including:													
raw materials and other inventories	5401	For 2014	3,620,353	—	3,620,353	100,944,504	(101,324,744)	—	—	301,413	3,541,526	—	3,541,526
	5421	For 2013	2,965,322	—	2,965,322	95,691,797	(95,290,510)	—	—	253,744	3,620,353	—	3,620,353
livestock	5402	For 2014	33	—	33	—	—	—	—	—	33	—	33
	5422	For 2013	33	—	33	—	—	—	—	—	33	—	33
work in progress	5403	For 2014	249,671,612	—	249,671,612	1,025,642,480	(463,173,632)	—	—	(513,376,392)	298,764,068	—	298,764,068
	5423	For 2013	224,731,247	—	224,731,247	1,003,647,293	(463,761,089)	—	—	(514,945,839)	249,671,612	—	249,671,612
finished goods and goods for resale	5404	For 2014	146,310,669	—	146,310,669	1,211,935,735	(533,529,748)	—	—	(638,665,853)	186,050,803	—	186,050,803
	5424	For 2013	120,554,119	—	120,554,119	1,168,201,327	(490,637,183)	—	—	(651,807,594)	146,310,669	—	146,310,669
goods dispatched	5405	For 2014	2,654,272	—	2,654,272	83,988	(1,151,397,885)	—	—	1,151,740,972	3,081,347	—	3,081,347
	5425	For 2013	2,483,274	—	2,483,274	730,342	(1,167,059,033)	—	—	1,166,499,689	2,654,272	—	2,654,272

5. Accounts receivable and accounts payable

5.1 The presence and movement of receivables

Narrative	Line code	Period	At the beginning of the year			Changes for the period							At the end of reporting period		
			Recognised under the terms of the contract	Provision for doubtful debt	Additions	Disposals			Transfer from long-term to short-term (and vice versa)		Recognised under the terms of the contract	Provision for doubtful debt			
						As a result of transactions	Interest, penalties and other charges due	Provision for doubtful debt	Settlement	Write off to financial result			Recovery of the provision for doubtful debt	Writing off against provision	
Long-term accounts receivable — total	5501	For 2014	512,731,066	—	99,740,272	6,669,948	—	(445,492)	—	—	—	(122,088,994)	—	496,606,800	—
	5521	For 2014	585,306,509	—	5,497,277	975,922	—	(356,343)	—	—	—	(78,692,299)	—	512,731,066	—
including:															
buyers and customers	5502	For 2014	6,508,098	—	—	—	—	—	—	—	—	(2,670,408)	—	3,837,690	—
	5522	For 2014	9,178,505	—	—	—	—	—	—	—	—	(2,670,407)	—	6,508,098	—
advances issued	5503	For 2014	9,097,975	—	—	—	—	—	—	—	—	(9,097,975)	—	—	—
	5523	For 2014	19,021,844	—	—	—	—	—	—	—	—	(9,923,869)	—	9,097,975	—
other debtors	5504	For 2014	497,124,993	—	99,740,272	6,669,948	—	(445,492)	—	—	—	(110,320,611)	—	492,769,110	—
	5524	For 2014	557,106,160	—	5,497,277	975,922	—	(356,343)	—	—	—	(66,098,023)	—	497,124,993	—
Short-term accounts receivable — total	5510	For 2014	1,736,602,972	(130,062,877)	8,992,615,935	425,580,250	(418,132,304)	(9,426,979,850)	(280,973)	161,501,706	(1,851)	122,088,994	—	1,849,625,477	(386,691,624)
	5530	For 2014	1,530,514,976	(102,994,089)	8,773,675,852	117,514,294	(27,821,162)	(8,763,764,266)	(4,374)	726,565	(25,809)	78,692,299	—	1,736,602,972	(130,062,877)
including:															
buyers and customers	5511	For 2014	756,995,881	(129,904,516)	5,142,310,504	—	(418,068,251)	(4,948,148,901)	(94)	161,501,706	—	2,670,408	—	953,827,798	(386,471,061)
	5531	For 2014	619,365,816	(102,931,974)	4,830,833,720	—	(27,671,292)	(4,695,847,914)	(339)	672,941	(25,809)	2,670,407	—	756,995,881	(129,904,516)
advances issued	5512	For 2014	58,651,838	(93,404)	73,868,131	—	(50,381)	(99,982,157)	(25,399)	—	(1,743)	9,097,975	—	41,608,645	(142,042)
	5532	For 2014	102,000,902	—	57,043,717	—	(93,404)	(110,312,734)	(3,916)	—	—	9,923,869	—	58,651,838	(93,404)
outstanding shareholders' contributions to charter capital	5513	For 2014	—	—	—	—	—	—	—	—	—	—	—	—	—
other debtors	5533	For 2014	—	—	—	—	—	—	—	—	—	—	—	—	—
	5514	For 2014	920,955,253	(64,957)	3,776,437,300	425,580,250	(13,672)	(4,378,848,792)	(255,480)	—	(108)	110,320,611	—	854,189,034	(78,521)
	5534	For 2014	809,148,258	(62,115)	3,885,798,415	117,514,294	(56,466)	(3,957,603,618)	(119)	53,624	—	66,098,023	—	920,955,253	(64,957)
Accounts receivable — total	5500	For 2014	2,249,334,038	(130,062,877)	9,092,356,207	432,250,198	(418,132,304)	(9,427,425,342)	(280,973)	161,501,706	(1,851)	—	—	2,346,232,277	(386,691,624)
	5520	For 2014	2,115,821,485	(102,994,089)	8,779,173,129	118,490,216	(27,821,162)	(8,764,120,609)	(4,374)	726,565	(25,809)	—	—	2,249,334,038	(130,062,877)

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5.2 Overdue accounts receivable

Narrative	Line code	As at 31 December 2014		As at 31 December 2013		As at 31 December 2012	
		Under a contract	Book value	Under a contract	Book value	Under a contract	Book value
Overdue receivable — total	5540	586,634, 103	199,958,571	278,137,230	152,509,334	217,909,953	117,556,036
including:							
buyers and customers	5541	544,009,291	157,554,322	252,430,821	126,961,286	192,199,480	91,854,054
advances issued	5542	630,422	488,380	173,949	80,545	—	—
other debtors	5543	41,994,390	41,915,869	25,532,460	25,467,503	25,710,473	25,701,982

5.3 The presence and movement of accounts payable

Narrative	Line code	Period	At the beginning of the year	Changes for the period				Transfer from long-term to short-term (and vice versa)	At the end of reporting period
				Additions		Disposals			
				As a result of transactions	Interest, penalties and other charges due	Settlement	Write off to financial result		
Long-term accounts payable — total	5551	For 2014	3,786,251	—	—	—	—	(1,184,077)	2,602,174
	5571	For 2013	2,120,310	—	—	—	—	1,665,941	3,786,251
including:									
suppliers and contractors	5552	For 2014	—	—	—	—	—	—	—
	5572	For 2013	—	—	—	—	—	—	—
promissory notes payable	5553	For 2014	—	—	—	—	—	—	—
	5573	For 2013	—	—	—	—	—	—	—
restructured debt to budget and state non-budgetary funds	5554	For 2014	—	—	—	—	—	—	—
	5574	For 2013	—	—	—	—	—	—	—
advances from customers	5555	For 2014	—	—	—	—	—	—	—
	5575	For 2013	—	—	—	—	—	—	—
other creditors	5556	For 2014	3,786,251	—	—	—	—	(1,184,077)	2,602,174
	5576	For 2013	2,120,310	—	—	—	—	1,665,941	3,786,251

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5.3 The presence and movement of accounts payable (continued)

Narrative	Line code	Period	At the beginning of the year	Changes for the period			Transfer from long-term to short-term (and vice versa)	At the end of reporting period
				Additions	Interest, penalties and other charges due	Disposals		
				As a result of transactions		Settlement	Write off to financial result	
Short-term accounts payable — total	5560	For 2014	553,363,884	5,079,781,475	175,350,354	(5,169,689,927)	(2,927)	639,986,936
including:	5580	For 2013	513,089,718	4,695,494,537	143,888,836	(4,797,442,785)	(481)	553,363,884
suppliers and contractors	5561	For 2014	387,898,669	3,082,272,240	360	(2,980,392,828)	(41)	489,778,400
	5581	For 2013	359,027,028	2,846,424,885	283,537	(2,817,836,781)	—	387,898,669
promissory notes payable	5562	For 2014	—	—	—	—	—	—
	5582	For 2013	—	—	—	—	—	—
payable to employees of organisation	5563	For 2014	383,692	39,758,703	—	(39,877,521)	—	264,874
	5583	For 2013	209,039	35,909,311	—	(35,734,658)	—	383,692
payable to state non-budgetary funds	5564	For 2014	101,158	7,381,025	12	(7,391,670)	—	90,525
	5584	For 2013	73,999	6,668,877	33	(6,641,751)	—	101,158
payable to budget	5565	For 2014	23,004,964	644,634,719	4,669,827	(657,629,522)	—	14,679,988
	5585	For 2013	6,549,779	671,298,592	1,558,380	(656,401,787)	—	23,004,964
advances from customers	5566	For 2014	97,646,011	945,627,009	—	(937,161,231)	(1,783)	106,110,006
	5586	For 2013	82,087,411	852,771,640	—	(837,213,040)	—	97,646,011
dividends payable to participants (shareholders)	5567	For 2014	228,969	—	170,449,300	(170,026,308)	—	651,961
	5587	For 2013	289,488	—	141,804,342	(141,864,861)	—	228,969
other creditors	5568	For 2014	44,100,421	360,107,779	230,855	(377,210,847)	(1,103)	28,411,182
	5588	For 2013	64,852,974	282,421,232	242,544	(301,749,907)	(481)	44,100,421
Accounts payable — total	5550	For 2014	557,150,135	5,079,781,475	175,350,354	(5,169,689,927)	(2,927)	642,589,110
	5570	For 2013	515,210,028	4,695,494,537	143,888,836	(4,797,442,785)	(481)	557,150,135

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5.4 Overdue accounts payable

Narrative	Line code	As at 31 December 2014	As at 31 December 2013	As at 31 December 2012
Overdue payables — total	5590	141,867,986	123,528,736	109,039,490
including:				
suppliers and contractors	5591	135,553,829	115,669,138	107,374,416
promissory notes payable	5592	—	—	—
advances from customers	5593	—	—	—
dividends payable to participants (shareholders)	5594	—	—	—
other creditors	5599	6,314,157	7,859,598	1,665,074

6. Cost of production

Narrative	Line code	For 2014	For 2013
Material costs	5610	1,426,029,405	1,358,393,524
Payroll expenses	5620	34,856,793	31,494,600
Social contributions	5630	6,698,856	5,829,625
Depreciation	5640	532,497,386	508,293,498
Other expenses	5650	124,701,577	109,030,641
Total by cost element	5660	2,124,784,017	2,013,041,888
Change in the balances			
Increases ([-]):	5670		
finished goods	5671	(165,775,638)	(148,371,374)
other (except intrafirm turnover costs)	5672	(524,423,322)	(524,807,518)
Decrease (+):	5680		
sales of finished products	5681	25,580,545	17,809,415
sales of goods for resale	5682	506,914,125	472,322,350
sales of goods dispatched	5683	1,151,047,391	1,166,454,139
Changes in the balance of work in progress (increase [-], decrease [+]):	5690	(49,092,456)	(24,940,365)
Total expenses attributable to ordinary activities	5600	3,069,034,662	2,971,508,535

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7. Estimated liabilities

Narrative	Line code	At the beginning of the year	Accrued	Used	Reversed	At the end of the year
Estimated liabilities — total	5700	29,176,173	59,499,362	(27,648,262)	(2,359,659)	58,667,614
onerous contracts	5702	—	—	—	—	—
liabilities related to future restructuring	5703	—	—	—	—	—
given guarantee commitment	5704	—	—	—	—	—
legal proceedings	5705	—	—	—	—	—
other estimated liabilities	5706	22,694,111	51,490,638	(20,050,254)	(2,299,580)	51,834,915
including adjustments to gas prices		22,374,990	50,815,713	(19,691,066)	(2,246,369)	51,253,268
liabilities of paying remuneration based on performance results	5707	3,605,522	3,811,928	(3,556,140)	(50,594)	3,810,716
liability of vacation payment	5708	2,876,540	4,196,796	(4,041,868)	(9,485)	3,021,983
including repayment period up to 1 year		29,176,173				58,667,614

8. Security

Narrative	Line code	As at 31 December 2014	As at 31 December 2013	As at 31 December 2012
Received — total	5800	263,158	121,459	707,713
including:				
promissory notes	5801	—	—	—
assets under pledge	5802	—	95,949	677,110
including:				
fixed assets	5803	—	94,410	677,110
securities and other financial investments	5804	—	—	—
other	5805	—	1,539	—
Issued — total	5810	467,741,986	402,756,292	364,244,062
including:				
promissory notes	5811	—	—	—
assets under pledge	5812	16,967,763	16,967,763	17,092,937
including:				
fixed assets	5813	—	—	—
securities and other financial investments	5814	16,967,763	16,967,763	17,092,937
other	5815	—	—	—

9. Exploration assets

9.1 The presence and movement of exploration assets

Narrative	Line code	Period	At the beginning of the year			Changes for the period					At the end of reporting period			
			Initial cost	Accumulated depreciation	Impairment loss	Additions	Disposals		Depreciation	Revaluation		Initial cost	Accumulated depreciation	Impairment loss
							Initial cost	Accumulated depreciation		Initial cost	Accumulated depreciation			
Intangible exploration assets	6010	For 2014	78,100,817	-	-	45,266,007	(11,563,424)	-	-	-	-	111,803,400	-	-
	6020	For 2013	39,582,961	-	-	41,721,948	(3,204,092)	-	-	-	-	78,100,817	-	-
including:														
licenses	6011	For 2014	78,100,817	-	-	45,266,007	(11,563,424)	-	-	-	-	111,803,400	-	-
	6021	For 2013	39,582,961	-	-	41,721,948	(3,204,092)	-	-	-	-	78,100,817	-	-
other	6019	For 2014	-	-	-	-	-	-	-	-	-	-	-	-
	6029	For 2013	-	-	-	-	-	-	-	-	-	-	-	-
Tangible exploration assets	6030	For 2014	-	-	-	962,335	-	-	-	-	-	962,335	-	-
	6040	For 2013	-	-	-	-	-	-	-	-	-	-	-	-
including:														
buildings and roads	6031	For 2014	-	-	-	-	-	-	-	-	-	-	-	-
	6041	For 2013	-	-	-	-	-	-	-	-	-	-	-	-
wells	6032	For 2014	-	-	-	962,335	-	-	-	-	-	962,335	-	-
	6042	For 2013	-	-	-	-	-	-	-	-	-	-	-	-
machinery and equipment	6033	For 2014	-	-	-	-	-	-	-	-	-	-	-	-
	6043	For 2013	-	-	-	-	-	-	-	-	-	-	-	-
other fixed assets	6039	For 2014	-	-	-	-	-	-	-	-	-	-	-	-
	6049	For 2013	-	-	-	-	-	-	-	-	-	-	-	-

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9.2 Exploration expenses recognised as non-current assets

Narrative	Line code	Period	At the beginning of the year	Changes for the period			At the end of reporting period
				Expenses for the period	Written off	Recognised as tangible exploration assets or intangible exploration assets	
Exploration expenses recognised as intangible exploration assets	6050	For 2014	73,838	45,250,196	–	(45,266,007)	58,027
	6060	For 2013	–	41,795,786	–	(41,721,948)	73,838
Exploration expenses recognised as tangible exploration assets	6070	For 2014	14,474,505	8,533,200	(7,531,101)	(962,335)	14,022,267
	6080	For 2013	22,816,595	14,480,853	–	(22,822,943)	14,474,505



Chief Executive Officer _____ A.B. Miller



Chief Accountant _____ E.A. Vasilieva

27 March 2015

Explanatory Notes to Balance Sheet and Statement of Financial Results in the Statutory Financial Statements for 2014 (in thousand Russian Roubles, unless otherwise stated)

1. General Information

The principal activity of OAO Gazprom (hereinafter “the Company”) is the sale of natural gas. The Company is also involved in other types of activities, which include leasing of assets, gas transportation and storage services, sales of gas condensate and refined products.

The Company’s registered address is: 16 Nametkina St., Moscow, Russian Federation 117997 and it has branches and representative offices in the following cities: Algiers, Astana, Ashkhabad, Bishkek, Brussels, Dokha, Ekaterinburg, Kiev, Kishenev, Krasnodar, Minsk, Moscow, Novy Urengoy, Peking, Riga, Rio de Janeiro, Samara, St. Petersburg, Teheran, Tomsk, Khabarovsk, Yuzhno-Sakhalinsk and the Moscow region.

As at 31 December 2014, 2013 and 2012 the Company employed 24,334; 24,106 and 23,304 people, respectively.

As at 31 December 2014 members of the Board of Directors of OAO Gazprom included:

Zubkov, Victor Alekseevich — Chairman of the Board of Directors

Akimov, Andrey Igorevich	Mau, Vladimir Alexandrovich
Gazizullin, Farit Rafikovich	Miller, Alexei Borisovich
Kulibayev, Timur Askarovich	Musin, Valery Abramovich
Markevov, Vitaly Anatolievich	Sapelin, Andrei Yurievich
Martynov, Victor Georgievich	Sereda, Mikhail Leonidovich

As at 31 December 2014 members of the Management Committee of OAO Gazprom included:

Miller, Alexei Borisovich — Chairman of the Management Committee

Aksyutin, Oleg Evgenievich	Markov, Vladimir Konstantinovich
Vasilieva, Elena Alexandrovna	Medvedev, Alexander Ivanovich
Golubev, Valery Alexandrovich	Mikhailova, Elena Vladimirovna
Dubik, Nikolay Nikolayevich	Prozorov, Sergei Frolovich
Kozlov, Alexander Nikolayevich	Seleznev, Kirill Gennadievich
Kruglov, Andrei Viacheslavovich	Fedorov, Igor Yuryevich
Lyugai, Dmitry Vladimirovich	Khomyakov, Sergei Fedorovich
Markevov, Vitaly Anatolievich	Cherepanov, Vsevolod Vladimirovich

As at 31 December 2014 members of the Internal Audit Commission of OAO Gazprom included:

Mikhina, Marina Vitalievna — Chairman of the Internal Audit Commission

Arkhipov, Dmitry Alexandrovich	Nosov, Yury Stanislavovich
Afoniashin, Alexey Anatolievich	Platonov, Sergei Revazovich
Babenkova, Irina Mikhailovna	Fisenko, Tatiana Vladimirovna
Bikulov, Vadim Kasymovich	Khadziev, Alan Fedorovich

2. Significant Accounting Policies and Basis of Presentation

Basis of presentation

The financial statements have been prepared in accordance with the accounting and reporting rules applicable in the Russian Federation, specifically with Federal Law «On Accounting» dated 6 December 2011 No. 402-FZ, and the Regulations on Accounting and Reporting in the Russian Federation, approved by Order of the Ministry of Finance of the Russian Federation dated 29 July 1998 No. 34n, as well as the Accounting Policy Regulation approved by order of OAO Gazprom of 26 December 2013 No. 563.

Assets and liabilities are measured at actual purchase costs, except for regularly re-valued fixed assets at the current (replacement) value, intangible and tangible exploration assets, investments for which current market price is determinable, estimated liabilities carried based on current valuation of the amount that will result in decrease of economic benefits and assets for which impairment provisions have been formed in accordance with the generally accepted procedure.

Assets, liabilities and transactions denominated in foreign currency

Business transactions in foreign currencies have been recorded using the official rouble exchange rate as at the date of the relevant transaction. Cash on currency and deposit accounts with banks, cash in hand, securities (except for shares), accounts receivable and payable, including loans issued and raised but without advances received and issued, prepayments and down payments denominated in foreign currency have been recorded using the official rouble exchange rate as at the reporting date.

In the fourth quarter of 2014 there was a decline of the official exchange rates of Russian Ruble to US dollar and euro. As at 31 December 2014 the rates of exchange were: RR 56.2584 to USD 1 (as at 31 December 2013 — RR 32.7292; 31 December 2012 — RR 30.3727) and RR 68.3427 to EUR 1 (as at 31 December 2013 — 44.9699; 31 December 2012 — RR 40.2286).

Exchange differences arising in the reporting year as a result of transactions involving assets and liabilities denominated in foreign currency as well as revaluation of such assets and liabilities as of the reporting date have been recorded within other income and expenses.

Current and non-current assets and liabilities

Accounts receivable and accounts payable, including loans and borrowings, are treated in the balance sheet as current if the term of their circulation (maturity) does not exceed 12 months after the reporting date or is not specified. Accounts receivable and accounts payable including loans are treated as non-current, if the term of their circulation (maturity) exceeds 12 months after the reporting date. Investments are classified as long-term or short-term based on the anticipated period of their use (circulation, ownership or maturity) after the reporting date.

Research and development results

The balance sheet line “Results of research and development” includes expenses for completed research and development (R&D) works, which are not subject to legal safeguard in accordance with the effective legislation and whose results are used for the company's production or management needs. These expenses are written-off against costs of production (works, services) during the year starting from the date of their actual use for production of products (works, services) on a straight-line basis by decreasing their historical cost. In addition, the above amount includes cost of purchase and creation of incomplete R&D accounted for within investments in non-current assets.

2. Significant accounting policies and basis of presentation (continued)

Intangible and tangible exploration assets

Exploration expenses recognised within tangible exploration assets relate to the following:

- expenses for drilling and development of prospecting and appraisal, exploratory and pre-drilled development wells (drilled at exploration stage until production's commercial viability is confirmed) with breakdown by fields (areas);
- expenses for purchasing and assembling buildings, installations, equipment and facilities, acquisition of vehicles used for prospecting, assessment of fields and exploration of mineral reserves.

Accounting items for tangible exploration assets include wells, buildings, machinery, equipment, installations, facilities, vehicles, metal structures, dedicated tooling and other tools.

Exploration expenses recognised within intangible exploration assets include expenses for acquisition of subsoil use rights.

Accounting items for intangible exploration assets include licenses for geological survey, licenses for geological survey and production; a standalone delivery (report) that summarizes results of performed surveys.

Original cost of the license which grants the right to geological survey of a subsoil field or prospecting and exploration of mineral resources is depreciated on a straight-line basis during the licence period.

Original cost of the combined license which in addition to the right to geological survey, evaluation of mineral resources and (or) their exploration grants the right to production of mineral resources is not subject to depreciation until production's commercial viability is confirmed.

Tangible exploration assets (machinery and equipment, installations, facilities, vehicles) are depreciated on a straight-line basis during the whole period of their useful lives. Depreciation charges are included in expenses incurred in exploration by respective areas. The Company determines useful lives of exploration assets under the procedure similar to determining useful lives of fixed assets.

When mineral production's commercial viability on subsoil area (field) is confirmed, exploration assets are tested for impairment and transferred to fixed assets, intangible assets or other non-current assets which are intended for development and production of mineral reserves.

The Company assesses whether there is any indication that exploration assets may be impaired as at 31 December of the reporting year and when production's commercial viability on subsoil site (field) is confirmed. The amounts of exploration assets' impairment were charged to other expenses of the reporting year.

Data about availability and movement of exploration assets are presented in table form 9.1 "Movement of Exploration Assets". Table form 9.2 "Exploration Expenses Recognised within Non-Current Assets" of the explanatory notes to balance sheet and statement of financial results includes data on exploration expenses related to acquisition (creation) of exploration assets.

Fixed assets

Fixed assets include assets which conform to the requirements of the Russian accounting standard "Accounting for Fixed Assets" (RAR 6/01) approved by the order of the Russian Ministry of Finance dated 30 March 2001, No. 26n.

Real property assets which have been constructed, put into operation and are actually used but the title to which was not registered under the procedure established by the effective legislation are accounted for within fixed assets in a separate line.

The Company revalued its lands plots, buildings, structures, machinery and equipment, transport vehicles and other fixed assets as at 31 December 2014 at their current replacement cost determined by an independent appraiser. Results of the revaluation were recognized on the

2. Significant accounting policies and basis of presentation (continued)

balance sheet as at 31 December 2014. The revaluation surplus and accumulated depreciation were taken to additional capital.

The revaluation surplus as at 31 December 2014 in the amount of prior period revaluation write-downs that had been recognised within other expenses in prior periods, was recorded within other income. Fixed assets revaluation write-down is posted to other expenses. The revaluation write down of an asset as at 31 December 2014, the value of which had been increased in prior periods as a result of prior period revaluations, was charged against additional capital formed by revaluation surpluses recognised for this asset in prior periods. Any excess of the revaluation write-down over the revaluation surplus included in the additional capital as a result of prior year revaluation is posted to other expenses.

Fixed assets acquired before 1 January 2002 are depreciated at uniform depreciation rates approved by Decree of the USSR Council of Ministers dated 22 October 1990, No. 1072 "On Uniform Depreciation Rates of Fixed Asset of the USSR National Economy". Fixed assets acquired after 1 January 2002 are depreciated at rates determined based on their estimated useful lives. Classification of fixed assets by depreciation groups approved by the Resolution of the Russian Government dated 1 January 2002 No. 1 ("the Classification"), is used as one of the sources of information about useful lives of fixed assets. Useful lives adopted by the Company for major groups of fixed assets are presented as follows:

	Useful lives of assets carried on the balance sheet (number of years)	
	prior to 01.01.2002	after 01.01.2002
Trunk pipelines	33	25
Wells	12–15	10–25
Plant and equipment	10–18	3–18
Buildings	20–50	7–100

Fixed assets are depreciated on a straight line basis.

The following assets are not depreciated:

- land plots;
- suspended assets (above 3 months);
- housing assets commissioned prior to 1 January 2006 (similar assets acquired after 1 January 2006 are depreciated in accordance with the generally accepted procedure);
- fully depreciated assets that are still on the balance sheet.

Assets that comply with the criteria of their recognising as fixed assets and with value below RR 40,000 (inclusively) per unit are recorded within inventory including assets (tools and other inventory) and special clothing, which are not fully consumed after their transfer to production and their useful life exceeds 12 months. Prior to 1 January 2011 assets with the cost below RR 20,000 per unit were accounted for within inventory. To ensure safety of the assets with the value below RR 20,000 and RR 40,000 recorded within inventory when they are transferred in production or operation, the Company implemented the control over their movement. Fixed assets with the value between RR 20,000 and RR 40,000 which were recorded prior to 1 January 2011 are accounted for within fixed assets and depreciated under the generally accepted procedure.

Capital investments in progress

Capital investments in progress are represented by real estate assets under construction, which have not been put into operation, equipment subject to assemblage, equipment not subject to assemblage but stored in warehouses and intended for assets under construction and recorded

2. Significant accounting policies and basis of presentation (continued)

within investments in non-current assets in a separate line, other capital investments not included within fixed assets.

Financial assets

Investments are recorded at their historical cost, being their actual cost of acquisition, except for investments for which the market value is determinable.

Investments for which the market value is determinable are recognised for accounting and reporting purposes as at the end of the reporting period by types of their current market value. This value is determined at their average daily price (quote) for the transactions effected during the selling day at Moscow Interbank Currency Exchange and calculated under the procedure specified by the institutor of trading on the securities market. The current market value can be determined based on data of other institutors of trading including foreign ones having the respective license issued by the national authorised body. The difference between the value of these investments as at the current reporting date and their prior value is recorded within other income and expenses.

Investments for which the fair market value cannot be reliably measured and significant and constant impairment indicators exist at the reporting date are presented in the year end balance sheet at their carrying (book) value net of the impairment provision. The investment impairment provision is determined annually based on the stock taking results as at 31 December of the reporting year. For the purposes of determining the provision amount the Company estimated the cost of investments, for which significant and constant impairment indicators exist, on the basis of the available information and created the investment impairment provision in the amount by which the carrying value (historical cost) of investments exceeded their estimated value. Changes in the above provision resulting from the year-end stock-take are posted to other expenses and income.

Securities which do not have market value (except for those individually identifiable, including promissory notes and certificates of deposit) are recorded upon their disposal (by types) under the FIFO method. Other investments (including individually identifiable securities (such as promissory notes and certificates of deposit) with an undeterminable market value are recorded upon disposal at the historic cost of each unit.

Income and expenses attributable to transactions with investments are recorded within other income and expenses.

Inventories

The main type of inventory is natural gas pumped into pipelines and underground storage. On the balance sheet gas inventories are measured at the weighted average cost.

Work-in-progress

The balance sheet line "Work-in-progress" includes gas transportation and storage costs attributable to outstanding gas balances.

Selling and administrative expenses

Selling expenses, except for the cost of natural gas transportation and storage, are written off in full on a monthly basis to general expenses. Costs of natural gas transportation and storage are allocated in proportion to the volumes of gas sold and to the volumes of gas pumped into underground storage within the reporting period.

Administrative expenses are expensed in full on a monthly basis.

2. Significant accounting policies and basis of presentation (continued)

Accounts receivable and accounts payable

Trade accounts receivable are recorded based on prices contracted between the Company and buyers (customers) taking into account all discounts and mark-ups provided by the Company. Bad debts are written-off when recognized as such based on the stock taking results.

Doubtful receivables that are very likely to become uncollectible are stated net of bad debt provisions. Bad debt provisions are recorded within other expenses. A corresponding amount of the provision is released and posted to other income after settlement of doubtful receivables previously provided for as bad debts.

In table form 5.1 "Movement of Receivables" of the notes to the balance sheet and statement of financial results the accounts receivable which arise and are repaid (written off) in the same reporting period are disclosed on a gross-up basis. Accounts payable are disclosed in a similar manner.

Cash equivalents and presentation of cash flows in the cash flow statement

Cash equivalents comprise highly liquid investments which are readily convertible into a predictable amount of cash and are only exposed to an insignificant risk of changes in value.

The Company recognises within cash equivalents its short-term bank deposits with a maturity of up to 3 months and includes them in the balance sheet line "Cash and cash equivalents".

The Company's cash flows which cannot be clearly attributed to cash flows from operating, investing or financing activities are included in the cash flows from operating activities in the cash flow statement. These cash flows include indirect taxes paid to the budget and their reimbursements received from the budget.

Data about availability and movement of cash flows denominated in foreign currency for the purposes of presentation in the cash flow statement, are translated into roubles at the official foreign currency exchange rate set by the Central Bank of Russia as of the date of payment or receipt thereof.

Any difference arising on translation of foreign currency-denominated cash flows, cash balances and cash equivalents at the exchange rates as at the date of transaction and reporting dates, is included in the line "Effect of changes in the Russian rouble exchange rate" in the cash flow statement.

The following items are presented on a net basis in the cash flow statement:

- receipts and payments arising from foreign exchange transactions;
- commissioner's (agent's) cash flows due to rendering agency services (except for the fees for services rendered);
- cash flows characterised by prompt turnover, large volume and short repayment periods;
- indirect taxes within receipts from customers and buyers and payments made to suppliers and contractors;
- other settlements that relate to the operations of company's counterparties rather than its own operations.

Loans and borrowings received

Interest on loans and borrowings received and additional costs related to the receipt of loans and borrowings are included in other expenses in the reporting period in which they are incurred.

Loans and (or) borrowings payable by the Company are recognized in the amount of actually received cash.

Loans and borrowings raised by the Company are mainly intended for corporate purposes. Under the contracts for the implementation of investment projects the Company provides its

2. Significant accounting policies and basis of presentation (continued)

subsidiaries that act as property developers in these projects with loans. The Company does not calculate a share of interest on loans and borrowings which are not directly associated with financing the investing activities, to be included in the investment asset. This accounting treatment is based on the rationality requirement.

In the fourth quarter 2014, the RF Central Bank's refinance rate increased from 8% to 17%.

Estimated liabilities

The Company recognizes the following estimated liabilities:

- remuneration based on annual performance results;
- payments of vacations;
- compensation payable to employees upon their retirement;
- other estimated liabilities.

Liabilities related to payments of the annual remuneration based on annual performance results are determined on the basis of stock take results and the adopted procedure for calculating remuneration based on annual performance results.

Liabilities related to vacation payments are determined based on the number of basic and additional vacation days earned but not used by all employees during their service at the Company as of the reporting date and their average daily salary.

Liabilities related to payments of one-time allowance upon retirement are made as at the date of the Company's employee reaching pension age and ceased upon expiration of six months from the reporting date.

The above estimated liabilities are recognised as at the reporting date.

In addition, the Company records estimated liabilities with regard to adjustments to gas prices arising out of requirements made by foreign buyers under the contractual terms. The effect of adjustments to gas prices including the respective impact on income tax is recognised in the financial statements when the probability that the liabilities arise is high and the liabilities can be reliably estimated.

Estimated liabilities are recognised within expenses incurred in ordinary activities and other expenses.

Estimated liabilities are recognised in the balance sheet line 1540 "Estimated liabilities".

Taxation

The Company is a responsible participant of the consolidated group of taxpayers (CGT) since 1 January 2012.

The Company independently prepares information about income tax in accordance with RAR 18/02. Temporary and permanent differences are determined by the Company based on its income and expenses included in the consolidated tax base of CGT in accordance with the Russian Tax Code. Current income tax is determined based on the accounting data and recognised in the statement of financial results in line 2410 "Current Income Tax". Difference between current income tax calculated by the Company for inclusion in the consolidated tax base of CGT and cash payable by the Company under the CGT agreement is recognised in line 2465 "Reallocation of Income Tax within the Consolidated Taxpayer Group" of the statement of financial results and taken into account to calculate the Company's net profit (loss) but not considered for calculating the Company's profit (loss) before tax.

Income tax payable related to CGT as a whole and to be paid by the Company as a responsible participant of CGT is recognised in balance sheet line 1524 "Taxes Payable".

Income tax overpayments related to CGT are recorded in balance sheet line 1239 "Other Debtors".

2. Significant accounting policies and basis of presentation (continued)

Balances on settlements with CGT participants related to CGT income tax payable (interim payment) are recognised in the balance sheet within current assets in line 1239 “Other Debtors” and current liabilities in line 1528 “Other Settlements” on a gross basis.

Revenue recognition

Revenue from sales of products and delivery of services is recognized as the products/services are delivered/provided and relevant settlement documents presented. Revenue is stated net of value-added tax, excise, customs duty and similar mandatory charges.

Segment information

The Company, its subsidiaries and associated companies (hereinafter — Gazprom Group) operates as a vertically-integrated business. The principal activities of Gazprom Group are exploration, production, gas transportation and storage, sales of gas in the Russian Federation and abroad, oil and gas condensate production, sale of oil and gas condensate, oil, gas condensate and other hydrocarbons refining and sales of refined products, sales of electricity and heat. Management information results are analysed on a regular basis by the Company's chief operating decision-makers responsible for distribution of resources within the Company and assessment of these results, is prepared with regard to Gazprom Group operations. Considering the fact that the Company's activities as a legal entity and its managing the Group's operations are tightly connected, the management decisions and distribution of resources are made by persons with respective powers at the Group level; separate management accounts that relate to the Company's operations exclusively and do not cover the whole Group, are not prepared with a breakdown by directions. Therefore, segment information is disclosed in Gazprom Group consolidated financial statements.

3. Changes in the accounting policies

Changes in the 2014 accounting policies

As a result of the enactment of Order No. 84n of the Russian Finance Ministry of 28 August 2014 “On the Approval of the Procedure for Net Assets Calculation”, the Company has revised the procedure for net assets calculation starting from its 2014 financial statements. The procedure has changed as compared to the net assets calculation procedure for joint-stock companies approved by Order of the Russian Finance Ministry and the Federal Commission for Markets and Securities No. 10n, 03-6/pz of 29 January 2003, since under the new procedure liabilities for the calculation purposes do not include only deferred income related to granted government support or property received free of charge. All other types of deferred income are not excluded from liabilities considered for the calculation purposes. Application by the Company of the new net assets calculation procedure resulted in the need to adjust line 3600 “Net Assets” of the statement of changes in equity as at 31 December 2013 and 2012. Information on adjustments to the comparative net assets data is provided in Note 4 “Adjustments to Prior Reporting Period Data” to the balance sheet and statement of financial results.

Changes in the 2015 accounting policies

No significant changes have been made to the Company's accounting policies for 2015.

4. Adjustments to prior reporting period data

Certain data of columns “As at 31 December 2013” and “As at 31 December 2012” on the balance sheet and certain data of the statement of financial results for 2013 and the statement of changes in equity for 2013 and 2012 were adjusted due to the following events:

1. Enactment of the Methodology for planning and accounting for costs of natural resources development (hereinafter the Methodology) approved by the Company, No. 13 dated 20 January 2015:
 - The time to recognise commercial viability of production has been updated. In this connection expenses for acquisition of licenses for prospecting, exploration and production of mineral reserves and one-time subsoil use payments related to licensed areas where production has been determined commercially viable, have been transferred from intangible exploration assets (balance sheet line 1130 “Intangible Exploration Assets” to other non-current assets (line 1190 “Other Non-Current Assets” and 1260 “Other Current Assets”). The above licenses have been depreciated; as to one-time subsoil use payments a proportionate share of these expenses has been recognised as expenses of prior periods. This adjustment resulted in a corresponding adjustment of deferred tax liabilities (adjustment No. 1).
 - Further, in connection with the updated time for recognising production’s commercial viability, all expenses relating to the licensed area stopped being recognised as prospecting expenses after commercial viability of production at the licensed area was supported by documentary evidence. As a result adjustments have been made to line 1140 “Tangible prospecting Assets” and line 1154 “Capital Investments in progress” for assets of licensed areas with determined commercial viability of production (adjustment No. 2).
 - An update was made to the nature of expenses related to drilling of prospecting wells for the purposes of creating underground storage facilities, as a result of which they were reclassified from other non-current assets (line 1190 Other Non-Current Assets) to capital investments in progress (line 1154 “Capital Investments in Progress”) (adjustment No. 3).
2. Recognition of interest free loans issued to subsidiaries within long-term and short-term accounts receivable. Earlier these loans were recognised within investments (lines 1174 “Loans Provided to Entities for a Period Over 12 Months” and line 1241 “Loans Provided to Entities for a Period of Less Than 12 Months” respectively) (adjustment No. 4).
3. Transfer of loans from current liabilities (line 1520 “Accounts Payable”) to non-current liabilities (line 1450 “Other Liabilities”) due to their updated maturity (adjustment No. 5).
4. Changed statutory procedure for net assets calculation. The restatement is needed because the Company has deferred income that starting from 2014 reporting should not be eliminated from the Company’s liabilities considered for the net assets calculation purposes (adjustment No. 6).
5. Reclassification of interest related to contracts with required minimum balances signed with credit institutions, from line 2340 “Other Income” to line 2320 “Interest Receivable” of the statement of financial results (adjustment No. 7).

4. Adjustments to prior reporting period data (continued)

Adjustments to the 2012 and 2013 data in the annual financial statements for 2014:

Line code	Narrative	Unadjusted	Number of adjustment	Adjustment RR'000	Adjusted
2012 data adjustments					
Balance sheet					
1130	Intangible exploration assets	42,764,714	1	(3,181,753)	39,582,961
1140	Tangible exploration assets	32,784,530	2	(9,967,935)	22,816,595
1150	Fixed assets	5,559,595,966	2, 3	11,048,829	5,570,644,795
1154	Capital investments in progress	12,326,516	2, 3	11,048,829	23,375,345
1190	Other non-current assets	27,615,257	1, 3	1,373,251	28,988,508
1100	Total Section I	7,475,342,777	1, 2, 3	(727,608)	7,474,615,169
1260	Other current assets	6,084,600	1	104,494	6,189,094
1200	Total Section II	2,560,557,697	1	104,494	2,560,662,191
1600	Balance	10,035,900,474	1, 2, 3	(623,114)	10,035,277,360
1370	Retained earnings (accumulated deficit)	3,427,412,835	1	(498,491)	3,426,914,344
1300	Total Section III	7,883,295,478	1	(498,491)	7,882,796,987
1420	Deferred tax liabilities	216,296,143	1	(124,623)	216,171,520
1400	Total Section IV	993,166,206	1	(124,623)	993,041,583
1700	Balance	10,035,900,474	1	(623,114)	10,035,277,360
Statement of changes in equity					
3600	Net assets	7,884,133,579	1, 6	(1,336,592)	7,882,796,987
2013 data adjustments					
Balance sheet					
1130	Intangible exploration assets	82,733,078	1	(4,558,423)	78,174,655
1140	Tangible exploration assets	52,007,458	2	(37,532,953)	14,474,505
1150	Fixed assets	5,679,205,304	2, 3	38,984,500	5,718,189,804
1154	Capital investments in progress	24,951,519	2, 3	38,984,500	63,936,019
1170	Financial investments	2,006,056,074	4	(5,201,638)	2,000,854,436
1174	Loans provided to companies for a period over 12 months	124,215,494	4	(5,201,638)	119,013,856
1180	Deferred tax assets	15,490,136	1	7,598,757	23,088,893
1190	Other non-current assets	28,020,262	1, 3	2,170,546	30,190,808
1100	Total Section I	7,865,944,459	1, 2, 3, 4	1,460,789	7,867,405,248
1230	Accounts receivable	2,108,538,791	4	10,732,370	2,119,271,161
1231	Accounts receivable (payment expected beyond 12 months after the reporting date)	507,529,428	4	5,201,638	512,731,066
1234	Other debtors	491,923,355	4	5,201,638	497,124,993
1235	Accounts receivable (payments expected within 12 months of the reporting date)	1,601,009,363	4	5,530,732	1,606,540,095
1239	Other debtors	915,359,564	4	5,530,732	920,890,296
1240	Financial investments (except for cash equivalents)	30,642,250	4	(5,530,732)	25,111,518
1241	Loans provided to companies for a period less than 12 months	29,074,341	4	(5,530,732)	23,543,609
1260	Other current assets	4,075,539	1	104,494	4,180,033
1200	Total Section II	2,982,474,682	1, 4	5,306,132	2,987,780,814

4. Adjustments to prior reporting period data (continued)

Line code	Narrative	Unadjusted	Number of adjustment	Adjustment RR'000	Adjusted
1600	Balance	10,848,419,141	1, 2, 3, 4	6,766,921	10,855,186,062
1370	Retained earnings (accumulated deficit)	3,916,294,772	1	(665,469)	3,915,629,303
1300	Total section III	8,369,830,929	1	(665,469)	8,369,165,460
1420	Deferred tax liabilities	291,105,303	1	7,432,390	298,537,693
1450	Other liabilities	1,060,164	5	2,726,087	3,786,251
1400	Total section IV	1,236,415,210	1, 5	10,158,477	1,246,573,687
1520	Accounts payable	556,089,971	5	(2,726,087)	553,363,884
1525	Other payables	144,472,519	5	(2,726,087)	141,746,432
1528	Other settlements	46,826,508	5	(2,726,087)	44,100,421
1500	Total Section V	1,242,173,002	5	(2,726,087)	1,239,446,915
1700	Balance	10,848,419,141	1, 5	6,766,921	10,855,186,062
Statement of changes in equity					
3600	Net assets	8,370,771,548	1, 6	(1,606,088)	8,369,165,460
Statement of financial results					
2120	Cost of goods, products, work, services sold	(1,927,337,089)	1	(208,722)	(1,927,545,811)
2100	Gross profit (loss)	2,005,998,224	1	(208,722)	2,005,789,502
2200	Profit (loss) from sales	962,035,500	1	(208,722)	961,826,778
2320	Interest income	17,881,474	7	16,660	17,898,134
2340	Other income	3,137,079,147	7	(16,660)	3,137,062,487
2300	Profit (loss) before taxation	854,776,768	1	(208,722)	854,568,046
2430	Changes in deferred tax liabilities	(74,810,106)	1	41,744	(74,768,362)
2400	Net profit	628,311,221	1	(166,978)	628,144,243
2500	Cumulative financial result for the period	628,339,793	1	(166,978)	628,172,815
2900	Basic earnings/ (loss) per share (RR)	26.54	1	(0.01)	26.53

5. Fixed assets

	Trunk pipelines	Wells	Machinery and equipment	Buildings	Other	Total
As at 31 December 2012						
Historical (replacement) cost	9,610,565,765	1,209,239,843	1,925,066,293	608,918,155	1,588,430,564	14,942,220,620
Accumulated depreciation	6,403,894,547	889,352,557	1,327,395,919	258,510,715	515,797,432	9,394,951,170
Net book value	3,206,671,218	319,887,286	597,670,374	350,407,440	1,072,633,132	5,547,269,450
As at 31 December 2013						
Historical (replacement) cost	9,704,668,096	1,234,709,926	2,098,224,503	669,818,386	1,835,928,561	15,543,349,472
Accumulated depreciation	6,668,598,213	929,370,767	1,430,500,138	275,085,156	585,541,413	9,889,095,687
Net book value	3,036,069,883	305,339,159	667,724,365	394,733,230	1,250,387,148	5,654,253,785
As at 31 December 2014						
Historical (replacement) cost	11,401,959,910	1,461,651,716	2,573,826,844	792,168,215	2,210,094,174	18,439,700,859
Accumulated depreciation	7,945,389,434	1,122,057,135	1,822,015,599	343,345,481	772,417,959	12,005,225,608
Net book value	3,456,570,476	339,594,581	751,811,245	448,822,734	1,437,676,215	6,434,475,251

Net book value of fixed assets leased out to subsidiaries amounted to 6,023,122,130; 5,254,613,370 and 5,350,122,236 as of 31 December 2014, 2013 and 2012, respectively.

5. Fixed assets (continued)

As of 31 December 2014, 2013 and 2012 fixed assets included property items that had been constructed and put into operation but were still to be registered in the State Register, amounting to 1,536,372,472; 1,343,379,448 and 1,254,062,154 respectively (net of accumulated depreciation in the amount of 110,554,545, 57,022,375 and 18,839,204 respectively). As at 31 December 2014 the following production infrastructure assets represent the most significant real property assets, title to which is undergoing registration: gas trunk pipeline Bovanenkovo — Ukhta 526.7 km — 860.5 km 1st line; gas trunk pipeline Bovanenkovo — Ukhta 186.7 km — 526.7 km 1st line; gas trunk pipeline Sakhalin- Khabarovsk-Vladivostok, area of 1,136.0 km — 1,574.7 km.; gas trunk pipeline Sakhalin — Khabarovsk — Vladivostok, area of 158.0 km — 505.0 km; gas trunk pipeline Bovanenkovo — Ukhta 2.9 km — 28.0/0 — 111.7 km 1st line.

Revaluation of fixed assets

The Company revalued its fixed assets as at 31 December 2014; no revaluation was performed as at 31 December 2013 and 2012 as the change in the current (replacement) cost was not significant.

	Trunk pipelines	Wells	Machinery and equipment	Buildings	Other	Total
As at 31 December 2014						
Revaluation surplus posted to additional capital	396,031,914	45,401,508	67,928,113	52,806,295	141,426,386	703,594,216
Revaluation surplus (in the part related to revaluation write down posted earlier to other income)	21,453	42,885	372,577	333,910	626,243	1,397,068
Revaluation write-down posted to other expenses	1,793	4,926	361,361	235,288	399,667	1,003,035
Revaluation write-down (in the part related to revaluation surplus posted earlier to additional capital)	145,290	53,678	131,826	618,119	1,155,395	2,104,308
Total revaluation of fixed assets at their current (replacement cost).	395,906,284	45,385,789	67,807,503	52,286,798	140,497,567	701,883,941

6. Investments

Long-term investments

Investments in subsidiaries and associates

Information on investments in subsidiaries and associates is provided in Note 18.

“Investments in subsidiaries” (balance sheet line 1171) are presented net of impairment provision of 26,581,909; 4,119,920 and 2,731,050 as at 31 December 2014, 2013 and 2012, respectively.

“Investments in Associates” (balance sheet line 1172) are presented net of impairment provision of 728,310; 728,437 and 715,473 as at 31 December 2014, 2013 and 2012, respectively.

Investments in other entities

“Investments in other entities” (balance sheet line 1173) are presented net of impairment provision of 161; 161 and 3,880 as at 31 December 2014, 2013 and 2012, respectively.

6. Investments (continued)

Loans provided to companies for a period over 12 months

“Loans provided to companies for a period over 12 months” (balance sheet line 1174) include long-term loans of 194,595,652; 119,013,856 and RR 32,222,356 as at 31 December 2014, 2013 and 2012 respectively. Loans provided for a period from one to three years, among them, amounted to 138,443,830; 92,878,280 and 14,443,914 as at 31 December 2014, 2013 and 2012 respectively.

Other long-term investments

Other long-term investments included within “Long-Term Investments” (balance sheet line 1170) are presented net of impairment provision of 7,889,028; 7,887,978 and 7,883,873 as at 31 December 2014, 2013 and 2012, respectively. The provision relates to investments in joint activities.

	31 December		
	2014	2013	2012
Joint activity	25,249,576	114,430,037	113,998,960
including:			
development of oil and gas fields on continental shelf of the Socialist Republic of Vietnam (operator — ZAO Gazprom Zarubezhneftegas)	20,597,948	19,848,143	19,358,803
development of a satellite communication system (operator — OAO Gazprom Space Systems)	3,252,323	3,252,323	3,252,323
development of oil and gas fields on the Barents and Pechora Seas shelf (operator — OOO Gazprom Neft Shelf)	—	89,930,267	89,886,111
Long-term deposits	67,456	475,713	472,859
Other	42,243,983	371,126	371,126
including:			
Investment in additional capital of South Stream Transport B.V.	41,872,857	—	—
South Pars (oil and gas field located in Iran)	370,126	370,126	370,126
Total	67,561,015	115,276,876	114,842,945

Long-term investments include securities of other entities, mainly investments in the shares of subsidiaries and associates and other entities of 1,227,953,737; 1,210,666,485 and 1,157,464,664 as at 31 December 2014, 2013 and 2012 respectively, including securities of foreign issuers of 537,888,702; 492 129 234 and 490,343,041 as at 31 December 2014, 2013 and 2012 respectively.

Additional information is provided in table forms 3.1 “Availability and Movement of Investments” and 3.2 “Other Use of Investments” of the Notes to the Balance Sheet and Income Statement. In table form 3.1 “Movement of investments” data are presented considering the current part of long-term investments

7. Other Non-current Assets

As at 31 December 2014, 2013 and 2012 other non-current assets included costs associated with the implementation of international projects of 17,438,203; 17,299,178 and 16,161,814, respectively.

8. Accounts receivable

Trade receivables

	31 December		
	2014	2013	2012
Accounts receivable for gas sold:	457,029,808	513,431,778	407,656,947
in Russia	192,083,656	182,201,567	185,432,389
outside Russia (net of doubtful debt provision of 385,397,886; 129,811,259 and 102,233,464 as at 31 December 2014, 2013 and 2012, respectively), including:	264,946,152	331,230,211	222,224,558
far abroad countries (net of doubtful debt provision of 10,286,635; 6,117,198 and 5,714,741 as at 31 December 2014, 2013 and 2012, respectively)	216,266,208	212,798,084	183,156,730
Accounts receivable for leased property (net of doubtful debt provision of 973,327 and 579,426 as at 31 December 2014 and 2012, respectively).	63,675,649	69,853,026	62,852,572
Accounts receivable for services related to organisation of gas transportation (net of doubtful debt provision of 93,193; 93,188 and 118,990 as at 31 December 2014, 2013 and 2012, respectively).	8,181,783	4,247,862	9,732,506
Accounts receivable for gas condensate and refined products sale (net of doubtful debt provision of 65; 69 and 94 as at 31 December 2014, 2013 and 2012, respectively).	36,736,263	38,445,313	36,198,644
Other trade receivables (net of doubtful debt provision of 6,590 as at 31 December 2014, no doubtful debt provision was formed as at 31 December 2013 and 2012).	5,570,924	7,621,484	9,171,678
Total	571,194,427	633,599,463	525,612,347

The accounts receivable recorded in the balance sheet line "Trade Accounts Receivable (payments expected within 12 months after the reporting date)" (line 1236) are presented net of a bad debt provision of 386,471,061; 129,904,516 and 102,931,974 as of 31 December 2014, 2013 and 2012, respectively. The doubtful debt provisions were calculated net of a deferred excise in the amount of 101,437; 119,384 and 133,973 as at 31 December 2014, 2013 and 2012, respectively. Deferred excise reduces the balance sheet line 'Other Settlements' (line 1528).

The balance sheet line "Accounts receivable from buyers and customers (payments expected within 12 months after the reporting date)" (line 1232) included the non-current portion of the receivable from OAO Gazprom Neft Salavat amounting to 745,464 and 2,385,130 as at 31 December 2014 and 2013 respectively, that was restructured in 2012 in accordance with the debt restructuring agreement dated 1 February 2012; and the receivable from ZAO Gazprom Neft Orenburg under the sale contract of 2 July 2012 amounting to 3,092,226 and 4,122,968 as at 31 December 2014 and 2013 respectively.

Advances receivable

The balance sheet line "Advances issued" (line 1233) within accounts receivable payments for which are expected beyond 12 months after the reporting date, includes the advance paid to NAK Naftogaz Ukraine for gas transportation services in the amount of 9,094,735 and 19,016,264 as at 31 December 2013 and 2012, respectively. Short-term part of the advance in the amount of 9,094,735; 9,921,529 and 9,921,530 as at 31 December 2014, 2013 and 2012, respectively, is recognized in the balance sheet line "Advances issued" (line 1238) within accounts receivable payments for which are expected within 12 months after the reporting date. This line also includes

8. Accounts receivable (continued)

short-term advances paid to NAK Naftogaz Ukraine for gas transportation services in the amount of 0; 38,370,602 and 85,854,695 as at 31 December 2014, 2013 and 2012.

The Company concludes investment agreements with developers and agents (mainly its subsidiaries) for construction and commencement of production fixed assets. The Company is the owner of all assets constructed under such investment and agency agreements. Subsidiaries have no right to sell, pledge or otherwise dispose of the constructed assets.

The balance sheet line "Advances issued" (line 1238) includes advances provided under agency contracts on the implementation of investment projects in the amount of 19,791,127 as at 31 December 2014. There were no such receivable balances as at 31 December 2013 and 2012.

Other receivables

A long-term portion of accounts receivable from subsidiaries relates to amounts received for investment project financing and is presented in the balance sheet line "Accounts Receivables from Other Debtors (payments expected beyond 12 months after the reporting date)" (line 1234) in the amount of 378,016,350; 478,598,621 and 544,327,118 as of 31 December 2014, 2013 and 2012, respectively.

A current portion of accounts receivable from subsidiaries relates to amounts received for investment project financing and is presented in the balance sheet line "Accounts Receivables from Other Debtors (payments expected within 12 months after the reporting date)" (line 1239) in the amount of 593,337,415; 751,810,078 and 661,857,677 as at 31 December 2014, 2013 and 2012, respectively.

"Accounts receivable from other debtors (payments expected within 12 months after the reporting date)" (balance sheet line 1239) include accounts receivable from OOO Gazprom Energoholding related to the contract of guarantee of 21,508,289 as at 31 December 2014, 2013 and 2012. The Company issued a guarantee to secure the loans obtained by OOO "Gazoenergeticheskaya kompaniya" from OAO Gazprombank (Joint Stock Company) to finance the purchase of shares of energy companies.

Additional information is provided in table forms 5.1 "Balances and Movement of Accounts Receivable" and 5.2 "Past Due Accounts Receivable" of the Notes to the Balance Sheet and Statement of Financial Results.

9. Cash and cash equivalents

The structure of cash and cash equivalents

	31 December		
	2014	2013	2012
Cash on hand	16,993	27,282	25,855
Cash on settlement accounts	471,860,061	311,985,071	67,817,882
Cash on foreign currency accounts	253,136,708	67,638,473	48,766,336
Cash on special bank accounts	81,787	577,958	4,056,493
Cash in transit	5,367	2,994	—
Total cash	725,100,916	380,231,778	120,666,566

The balance sheet line "Other Cash and Cash Equivalents" (line 1259) includes a cash balance of 3,658,108 as at 31 December 2012, which is restricted as to withdrawal under the terms of certain loans. As at 31 December 2013 the loans were repaid (see Note 11).

9. Cash and cash equivalents (continued)

Cash flows from operating activities recognized in line “Other Receipts” (line 4119) of the cash flow statement include cash received from members of the consolidated group of taxpayers (CGT) (established in 2012) for the purpose of CGT income tax settlements in the amount of 55,585,276 and 44,535,427 for 2014 and 2013 respectively; advances received from buyers (customers) in the amount of 35,732,482 and 38,287,985 for 2014 and 2013 respectively; proceeds from the payment of short-term loans provided to other companies in the amount of 18,954,825 and 12,618,781 for 2014 and 2013 respectively; proceeds from refunded customs fee amounts that were paid in access amounting to 27,028,179 and 34,474,602 for 2014 and 2013 respectively; proceeds from refunded profit tax amounting to 55,953 and 362,974 for 2014 and 2013 respectively; in 2014 proceeds from refunded CGT profit tax amounting to 53,802; net based indirect taxes related to operating activities that are presented within payments to suppliers and contractors and proceeds from buyers and customers amounting to 173,799,105 and 162,510,282 for 2014 and 2013 respectively.

Cash flows from operating activities recognized in line “Other Payments” (line 4129) of the cash flow statement include contributions to subsidiaries’ property amounting to 70,863,643 and 63,432,782 for 2014 and 2013, respectively; short-term loans provided to other entities amounting to 38,320,701 and 17,370,458 for 2014 and 2013, respectively; cash used to pay customs duties amounting to 535,909,078 and 545,973,453 for 2014 and 2013, respectively; advances made to suppliers (contractors) amounting to 4,502,556 and 37,603,610 for 2014 and 2013, respectively; cash refunds to gas buyers due to adjusted gas prices for deliveries made in 2012, 2011 and 2013, amounting to 20,520,865 in 2014 and 70,050,345 in 2013.

Cash flows from investment operations recognized in line “Other Payments” (line 4229) of the cash flow statement include cash used to finance investment agreements in the amount of 724,548,055 and 813,998,537 for 2014 and 2013, respectively; net based indirect taxes related to investment operations that are presented within payments to suppliers and contractors and proceeds from buyers and customers amounting to 8,202,050 and 6,679,637 for 2014 and 2013, respectively.

The line “Income Tax” (line 4124) includes the income tax amount that is attributable to the whole CGT and that the Company paid being the CGT responsible member. The income tax amount accrued for CGT and paid by the Company as the CGT responsible participant amounted to 157,044,719 and 139,562,020 for 2014 and 2013, respectively.

Cash flows from financing operations recognized in line “Other Payments” (line 4329) of the cash flow statement include cash used to repay finance lease obligations in the amount of 2,423,369 and 3,673,410 for 2014 and 2013, respectively; net based indirect taxes related to financing operations that are presented within lease payments amounting to 436,206 and 661,214 for 2014 and 2013, respectively.

10. Equity and reserves

Charter capital

The Company’s charter capital amounts to 118,367,564 (23,673,513 thousand fully paid common shares with the nominal value of RR 5 each) did not change in 2014.

In accordance with the decision of the general shareholders’ meeting, final dividends on the Company 2013 results were accrued in the amount of RR 7.20 per one common share. Dividends paid amounted to 169,944,384. Final dividends on the Company 2012 and 2011 results were accrued in the amount of RR 5.99 and RR 8.97 per one common share, dividends paid amounted to 141,723,998 and 212,286,035, respectively (including taxes).

10. Equity and reserves (continued)

Reserve capital

In 2014, 2013 and 2012 the Company did not make any contributions to the reserve fund from net profit as the target limit of the fund was reached (7.3% of the charter capital).

11. Borrowings and loans

Bank loans

Lender	Loan currency	Maturity	31 December		
			2014	2013	2012
Lender	Euro	2015	26,695,588	–	–
UniCredit Bank Austria AG	Euro	2013–2022	22,352,240	16,549,560	16,450,652
BNP Paribas SA ¹	US Dollars	2013–2016	21,232,244	18,528,452	22,887,493
Bank of Tokyo-Mitsubishi UFJ Ltd. ¹	US Dollars	2013–2021	13,435,720	9,020,276	8,562,705
Citibank N.A. ¹	US Dollars	2013–2014	–	2,345,529	4,353,111
Deutsche Bank AG	US Dollars	2013	–	–	54,857,526
Royal Bank of Scotland AG	US Dollars	Various	1,879,440	1,178,494	1,179,801
Loans of other banks			85,595,232	47,622,311	108,291,288
Total, including:					
Due within one year, including current portion of long-term loans			42,281,627	11,832,372	65,767,153

¹ Loans received from bank syndicates, named lender is the bank-agent.

Total amount of loans received in 2014 was RR 26,207,571; total amount of loans and interest repaid in 2014 was RR 15,317,606 (in 2013, total amount of loans received was 15,887,351 and total amount of loans repaid was 83,699,087; in 2012, total amount of loans received was 32,761,751 and total amount of loans repaid was 67,043,575).

In 2012–2014 the Company used the credit facility of 60,000,000 that was opened by Gazprombank (Joint Stock Company) in 2012 and is to be repaid in 2017.

Under credit facility agreement No. P2-0001/2012 of 26 June 2012, in August – September 2012 the Company received a short-term loan of 31,725,000 from Gazprombank (Joint Stock Company) to be repaid in September 2012.

In 2012, total interest accrued for the use of credit facility provided by Gazprombank (Joint Stock Company) was 20,080 (at 5.42%, 5.50%, 6.28%); in 2013 and 2014 no loans were drawn under this credit facility.

In 2013 credit lines of 60,000,000 and 30,000,000 were opened for the Company by OAO Sberbank of Russia and OAO Bank VTB, respectively, to be repaid in 2018.

Under credit facility agreement No. 5589 of 18 June 2013, in October 2013 the Company received short-term loans of 220,000 thousand euro and 120,000 thousand euro from OAO Sberbank of Russia that were repaid in November 2013. In 2013, total interest accrued for the use of this credit facility at 0.5% was 6 thousand euro and 5 thousand euro, respectively.

In December 2014 the Company received a short-term loan of 26,207,571 from UniCredit Bank Austria AG at the interest rate determined for each interest period at EURIBOR +2.75%, to be repaid in 2015.

In December 2011, the Company received a loan of 25,416,080 from Bank of Tokyo-Mitsubishi UFJ Ltd. for the development of Bovanenkovo gas field, repayable in December 2016, with the interest rate determined for each interest period at LIBOR +1.95%.

11. Borrowings and loans (continued)

Interest rate on foreign currency long-term loans was 8.87% in 2014, ranged from 8.87% to 9.63% in 2013, and from 5.0% to 9.63% in 2012. In addition, LIBOR and EURIBOR rates were used in 2012–2014.

In 2014 the rate of 2.83% was used for short-term foreign currency loans; in 2013 the rate of 0.5% was used and in 2012 no short-term foreign currency loans were received.

In 2012–2012 no long-term loans denominated in Russian roubles were received.

In 2014 and 2013 no short-term loans denominated in Russian roubles were received. In 2012 interest rates on long-term bank loans denominated in Russian roubles ranged from 5.42% to 6.28%.

Loans

Lenders	Currency	Maturity	31 December		
			2014	2013	2012
Gazprom Sakhalin Holdings B.V.	US Dollars	2015	373,307,206	379,748,578	277,699,400
Gaz Capital S.A.	US Dollars	2019	128,793,058	74,927,367	69,532,602
Gaz Capital S.A.	Euro	2017	98,554,001	64,849,114	57,249,565
Gaz Capital S.A.	Euro	2018	86,789,934	57,108,289	51,088,231
Gaz Capital S.A.	US Dollars	2016	76,459,950	44,481,767	41,279,082
Gaz Capital S.A.	US Dollars	2022	74,643,617	43,425,086	40,298,483
Gaz Capital S.A.	US Dollars	2037	72,244,928	42,029,611	39,003,482
Gaz Capital S.A.	Euro	2015	70,684,861	46,511,056	41,607,268
Rosingaz Ltd.	Russian Roubles	2015	70,651,374	65,814,508	61,657,038
Gaz Capital S.A.	Euro	2020	70,163,879	46,164,172	–
Gaz Capital S.A.	US Dollars	2034	68,528,489	39,867,848	36,997,366
Gaz Capital S.A.	US Dollars	2018	63,004,482	36,653,838	34,014,765
Gaz Capital S.A.	Euro	2018	62,506,046	41,129,347	–
Gaz Capital S.A.	Euro	2015	62,371,549	41,040,848	36,714,505
Gaz Capital S.A.	US Dollars	2022	57,511,556	33,458,243	31,049,252
Gaz Capital S.A.	US Dollars	2016	56,552,350	32,900,210	30,531,397
Gaz Capital S.A.	US Dollars	2015	56,513,038	32,877,340	30,510,174
Gaz Capital S.A.	Euro	2021	52,819,171	–	–
Gaz Capital S.A.	US Dollars	2028	51,642,047	30,043,565	–
Gaz Capital S.A.	US Dollars	2020	45,704,637	26,589,384	–
Gaz Capital S.A.	Euro	2020	41,333,545	27,197,716	–
Gaz Capital S.A.	US Dollars	2015	39,620,775	–	–
Gaz Capital S.A.	Euro	2017	35,541,724	23,386,664	20,920,944
Gaz Capital S.A.	Euro	2025	35,339,827	23,253,815	–
Gaz Capital S.A.	US Dollars	2021	34,643,923	20,154,641	18,703,509
Gaz Capital S.A.	Euro	2017	34,476,926	22,686,021	20,294,171
Gaz Capital S.A.	Swiss francs	2019	28,637,001	18,443,868	–
OOO Gazprom Capital	Russian Roubles	2016	15,418,520	15,415,397	–
BO-21 series Russian bonds	Russian Roubles	2044	15,281,400	–	–
BO-19 series Russian bonds	Russian Roubles	2043	15,133,800	15,102,000	–
BO-20 series Russian bonds	Russian Roubles	2043	15,133,800	15,102,000	–
OOO Gazprom Capital	Russian Roubles	2017	10,280,849	10,278,753	–

11. Borrowings and loans (continued)

Lenders	Currency	Maturity	31 December		
			2014	2013	2012
OOO Gazprom Resource Nortgas	Russian Roubles	2015	8,476,000		
OOO Gazprom Capital	Russian Roubles	2018	5,140,425	5,139,377	–
OOO Gazprom Export	Russian Roubles	on demand	3,500,000	–	–
OOO Gazprom Komplektatsia	Russian Roubles	2016	1,952,834	188,583	–
Gaz Capital S.A.	US Dollars	2014	–	42,296,695	39,251,336
Gaz Capital S.A.	Euro	2014	–	36,575,010	32,719,456
Gaz Capital S.A.	Euro	2014	–	31,765,749	28,416,599
White Night Finance B.V.	US Dollars	2014	–	26,221,544	24,333,595
White Night Finance B.V.	US Dollars	2014	–	16,460,060	15,274,937
Gazprom Finance B.V.	Russian Roubles	2014	–	13,154,757	12,294,308
A9 series Russian bonds	Russian Roubles	2014		5,137,650	5,136,700
A11 series Russian bonds	Russian Roubles	2014	–	5,013,200	5,011,300
Gaz Capital S.A.	US Dollars	2013		–	48,795,436
Gaz Capital S.A.	US Dollars	2013	–	–	15,617,263
Gaz Capital S.A.	US Dollars	2012–2020	–	–	12,508,993
Gaz Capital S.A.	US Dollars	2013	–	–	12,347,353
RosUkrEnergo AG	US Dollars	2013	–	–	2,248,071
Total			2,039,357,522	1,552,593,671	1,193,106,581
including:					
Due within one year, including current portion of long-term loans			714,454,010	644,133,867	460,880,963

¹ These loans were repaid ahead of contracted schedule.

Total amount of loans received in 2014 was 187,254,897; total amount of loans and interest repaid in 2014 was 595,328,883 (in 2013, total amount of loans received was 375,258,002 and total amount of loans repaid was 199,256,886; in 2012, total amount of loans received was 261,283,047 and total amount of loans repaid was 190,184,450).

In 2004, the Company raised a long-term loan from Gazprom International S.A. secured by export revenues from gas sales to Western Europe and due in 2020. In February 2013 this loan was repaid ahead of time in full in the amount of 12,434,149. This resulted in the removal of the restriction to withdraw cash under the terms of the above loan. As at 31 December 2012 the restricted cash balances amounted to 3,658,108 and were recorded in the balance sheet line “Other Cash and Cash Equivalents” (line 1259).

In 2008 the Company raised a loan from Gaz Capital S. A. related to the issue of loan participation notes of RR 11,722,800. The loan has a variable rate linked to Brent oil quotes. In 2013 and 2012 the interest rate was 6.81%. In July 2013, the Company repaid this loan.

In July 2012, the Company raised two loans from Gaz Capital S.A. related to the issue of loan participation notes of 32,404,100 due in 2022 at 4.95% and of 55,560,755 due in 2017 at 3.76%.

In August 2012 the Company raised a loan of 12,000,000 from Gazprom Finance B.V. In 2013 the loan was extended to 2014. In 2014 the interest rate was 6.86% and in 2013 and 2012 it ranged from 6.86% to 6.90% and from 6.00% to 6.90%, respectively. In July 2014, the Company repaid this loan.

In December 2012 the Company raised a loan of 2,265,510 from RosUkrEnergo AG at 2.00%. In December 2013, the Company repaid this loan.

In 2012 the Company raised a loan of 134,968,278 from Gazprom Skhalin Holdings B.V. In 2013 this loan was extended to 2014 and increased by 78,861,616. In 2014 this loan was extended

to 2015 and increased by 33,192,416. In 2014 the interest rate ranged from 1.2% to 2.15% and in 2013 and 2012 it ranged from 0.85% to 1.5% and from 1.5% to 2.25%, respectively.

In February 2013, the Company raised two loans from Gaz Capital S.A. related to the issue of loan participation notes of 24,098,480 due in 2020 at 3.85% and of 27,110,790 due in 2028 at 4.95%.

In March 2013, the Company raised two loans from Gaz Capital S.A. related to the issue of loan participation notes of 39,875,200 due in 2020 at 3.389% and of 19,937,600 due in 2025 at 4.364%.

In 2013 the Company raised three loans from Gaz Capital S. A. related to the issue of loan participation notes: in July a loan of 38,450,610 due in 2018 at 3.7%, in September a loan of 25,684,656 due in 2020 at 4.39%, and in October a loan of 17,741,700 due in 2019 at 2.85%.

In 2014 the Company raised two loan from Gaz Capital S. A. related to the issue of loan participation notes: in February a loan of 36,649,050 due in 2021 at 3.6%, and in November a loan of 33,514,180 due in 2015 at 4.30%.

In February 2013 the Company raised three loans from OOO Gazprom Capital of 5,000,000, 10,000,000 and 15,000,000 due in 2018, 2017 and 2016, at 7.65%, 7.65% and 7.60%, respectively.

In September 2014 the Company raised a short-term loan of 8,476,000 from OOO Gazprom Resource Norgas at 8.17%.

In July 2013 the Company raised two loans from Rosingaz Ltd. in the amount of 20,000,000 and 19,000,000, at 7.50% and due in 2013. In December 2013 these loans were extended to 2014 at 6.90% and repaid in 2014.

In June 2014 the Company raised two loans from Rosingaz Ltd. in the amount of 20,200,000 and 21,400,000, at 8.46% and due in 2015.

Interest rates on foreign currency long-term borrowings received from Gaz Capital S.A. and Gazprom International S.A. as a result of Loan Participation Notes ranged from 2.85% to 9.25 % in 2014, from 2.85% to 9.25% in 2013 and from 3.76% to 9.25% in 2012.

Interest rates on other foreign currency long-term loans, ranged from 1.20% to 10.50% in 2014, from 0.85% to 10.50% in 2013 and from 1.50% to 10.50% in 2012.

In 2014 no short-term foreign currency loans were received, in 2013 interest rates on short-term foreign currency loans were 2.00%, in 2012 they ranged from 1.33% to 3.60%.

Interest rates on rouble short-term loans, ranged from 1.50% to 10.92% in 2014, from 1.50% to 13.75% in 2013 and from 7.0% to 13.75% in 2012.

Interest rates on rouble short-term loans, ranged from 8.17% to 8.46% in 2014, from 6.90% to 7.50% in 2013 and from 4.50% to 6.90% in 2012.

The amounts of loans (credits) that were not needed, and consequently, were not drawn down by the Company were 56,539,766; 16,472,648 and 8,458,883 as of 31 December 2014, 2013 and 2012, respectively.

12. Taxation

Income tax

Income tax determined based on accounting profit (loss) and statutory rates (20%, 9%, 0%) amounted to a negative amount of 19,533,330 (provisional income tax benefit) and 149,434,847 (provisional income tax expense) in 2014 and 2013, respectively. According to the tax returns, the income tax was 54,082,641 and 118,903,415 in 2014 and 2013, respectively.

According to the amended tax returns submitted in 2014 for the period of 2012–2013, the income tax amounted to 111,082. According to the amended tax returns submitted in 2013, the income tax amounted to 3,575,664.

Permanent differences, which increase the taxable profit of the reporting year, amounted to 767,394,903 and 394,515,631 (net of doubtful debt provision) in 2014 and 2013, respectively. Permanent differences which decrease the taxable profit amounted to 271,152,971 and 32,320,407

12. Taxation (continued)

(net of doubtful debt provision) in 2014 and 2013, respectively. Permanent differences which increase the taxable profit exceeded permanent differences which decrease the taxable profit by 496,241,932 and 362,195,224 in 2014 and 2013, respectively. This resulted in the income tax amount (calculated per tax accounts) exceeding the provisional income tax expense (benefit) by 99,653,392 and 72,873,963 in 2014 and 2013, respectively.

Deductible temporary differences amounted to 113,531,688 (including 113,422,391 related to the current period) and 58,284,702 in 2014 and 2013, respectively; deductible temporary differences settled in 2014 and 2013 amounted to 64,233,038 and 183,382,822 in 2014 and 2013, respectively. In 2014 newly originated deductible temporary differences exceeded redeemed deductible temporary differences by 49,298,650 (including 49,189,353 related to the current period), as a result of which the deferred tax asset increased by 9,859,730 (including 9,837,871 related to current period). In 2013 redeemed deductible temporary differences exceeded newly originated deductible temporary differences by RR 125,098,120 as a result of which the deferred tax asset decreased by RR 25,019,624.

In 2014 deductible temporary differences have primarily changed due to recognition for accounting purposes of estimated liabilities that are not recognized in tax accounts, resulting in a deferred tax asset of 10,163,143. In 2013 deductible temporary differences have primarily changed due to a write off in accounts of estimated liabilities that are not recognized in tax accounts as a result of which the deferred tax asset decreased by 22,775,774 in 2013.

In addition, net profit for 2014 was decreased by written off deferred tax assets of 21,553, such a decrease being recorded in the line "Other" (line 2460) in the statement of financial results. In 2013, net profit was decreased by deferred tax asset of 3,193.

Taxable temporary differences amounted to 277,951,756 (including 277,816,695 related to the current period) in 2014 and to 518,672,306 in 2013; taxable temporary differences settled in 2014 and 2013 totalled 99,618,121 and 144,111,281, respectively. In 2014 newly originated taxable temporary differences exceeded redeemed taxable temporary differences by 178,333,635 (including 178,198,574 related to the current period) as a result of which the deferred tax liability increased by 35,786,069 (including 35,759,057 related to the current period). In 2013 newly originated taxable temporary differences exceeded redeemed taxable temporary differences by 374,561,025 as a result of which the deferred tax liability increased by 74,810,106.

Taxable temporary differences have primarily arisen from different methods of depreciation used for statutory accounting and tax accounting purposes, resulting in a deferred tax liability increase of 30,463,608 in 2014 (in 2013: 59,494,460).

In addition, net profit for 2014 was increased by written off deferred tax liabilities of 11,236, such an increase being recorded in the line "Other" (line 2460) in the statement of financial results. In 2013, net profit was increased by written off deferred tax liabilities in the amount of 946.

OAO Gazprom recorded income tax and value added tax of 6,888,354 and 6,320,726, respectively, that relate to the period of 2010–2011. The income tax and value added tax amounts for 2010–2011 are recorded in the statement of financial results in the line "Other" (line 2460) and the line "Other expenses" (line 2350), respectively.

CGT was established in Gazprom Group from 1 January 2012, OAO Gazprom is the responsible member of CGT. The contract on creation of the CGT Group consisting of 56 members was registered with the Interregional Inspectorate of the Russian Federal Tax Service dealing with major taxpayers No. 2 on 20 March 2012. In December 2012 an amendment to the contract on creation of Gazprom Group CGT was registered with the Interregional Inspectorate of the Russian Federal Tax Service dealing with major taxpayers No. 2. In accordance with the amendment the number of CGT members was increased to 65 from 1 January 2013. In 2013 Supplement No. 2 of 26 November 2013 to the contract on creation of Gazprom Group CGT was registered with the Interregional Inspectorate of the Russian Federal Tax Service dealing with major taxpayers No. 2. In accordance with the amendment the number of CGT members was increased to 69 from

12. Taxation (continued)

1 January 2014. In 2013 Supplement No. 3 of 26 November 2014 to the contract on creation of Gazprom Group CGT was registered with the Interregional Inspectorate of the Russian Federal Tax Service dealing with major taxpayers No. 2. In accordance with the amendment the number of CGT members was decreased to 65 from 1 January 2015.

The income tax of CGT for 2014 and 2013 amounted to 89,883,127 and 153,133,603.

Under the adjusted income tax returns of CGT for 2013 and 2014 additional income tax amounts of 65,198 and 116,271 were accrued in 2014.

Other taxes

VAT accrued upon dispatch (transfer) of goods (works, services, property rights) including VAT accrued upon receipt of payment, partial payment against forthcoming supplies of goods (works, services, property rights) and restored amounts of previously recovered VAT with respect to payment, partial payment issued against forthcoming purchases of goods (works, services, property rights) totalled 477,175,016 and 442,020,581 for 2014 and 2013, respectively.

13. Accounts payable

As at 31 December 2014, 2013 and 2012, the balance sheet line "Advances Received" (line 1527) within accounts payable (payment expected within 12 months of the reporting date) includes the advances of 75,007,577; 92,350,297 and 77,656,913, respectively, received by the Company from gas customers under commission agreements between OAO Gazprom and OOO Gazprom Export in accordance with the terms of gas supply contracts.

Trade accounts payable mainly include accounts payable to related parties (Note 18).

Additional information is provided in table forms 5.3 "Movement of Accounts Payable" and 5.4 "Past Due Accounts Payable" of the Notes to the Balance Sheet and Statement of Financial Results.

14. Sale of goods, work and services

	2014	2013
Revenue from gas sales:		
in Russia	940,809,973	956,149,736
outside Russia, including	1,946,585,062	1,961,301,320
to far abroad countries	1,552,179,456	1,556,133,222
	2,887,395,036	2,917,451,056
Revenue from leasing out assets	604,297,807	574,946,915
Revenue from sale of gas condensate and refined products	261,300,208	231,036,393
Revenue from sale of gas transportation services	227,352,970	202,009,785
Other	9,934,151	7,891,164
Total	3,990,280,172	3,933,335,313

Revenues from gas sales outside Russia, include revenue from export gas sales through an agent as well. Revenues from sales of gas outside Russia in 2014 were reduced by 14,701,147 as an adjustment for gas supplies made in 2014, prices of which were revised in 2014. Revenues from sales of gas outside Russia in 2013 were reduced by 36,860,193 as an adjustment for gas supplies made in 2013, prices of which were revised in 2013.

14. Sale of goods, work and services (continued)

The Company's customers, each contributing material percentage of the total revenue from gas sales, are presented below:

	2014	2013
OOO Gazprom Mezhhregiongaz	828,649,404	831,238,178
NAK Naftogaz Ukraine	157,881,983	144,632,263

15. Cost of sales and selling expenses (lines 2120 and 2210 of the statement of financial results)

	2014	2013
Purchase cost of gas, including gas sold		
in Russia	465,599,210	423,749,073
outside Russia, including	565,609,054	573,515,158
to far abroad countries	489,118,916	488,498,598
	1,031,208,264	997,264,231
Gas transportation costs, including		
in Russia	375,720,913	382,422,956
outside Russia, including	588,970,526	587,280,304
to far abroad countries	492,779,889	477,022,969
	964,691,439	969,703,260
Cost of assets leasing out	602,605,545	579,826,935
Cost of purchased gas condensate, oil products and their refinery and transportation	163,442,149	153,378,555
Cost of gas transportation services	228,705,134	197,744,067
Cost of other sales	14,979,419	8,221,558
Total	3,005,631,950	2,906,138,606

The increase in gas purchase costs mainly resulted from the increase in Inter-Group prices for the Company subsidiaries.

16. Other income and expenses

	2014		2013	
	Income	Expenses	Income	Expenses
Sale of foreign currency	2,453,917,185	2,452,153,801	2,836,207,579	2,836,825,349
Exchange differences on foreign currency transactions	628,813,715	1,074,301,869	175,111,489	262,384,943
Bad debt provision accrual/release	161,483,759	418,132,304	711,976	27,821,162
Movement of investments	96,080,973	127,622,838	4,458,243	3,827,774
Prior year profit (loss)	25,831,674	7,265,119	18,882,945	5,087,081
Recognition/release of estimated liabilities related to gas price adjustments (Note 19)	2,246,369	50,815,713	73,441,954	22,309,998
Investments impairment provision accrual/release	127	22,463,039	30,866	1,433,086
Contributions to subsidiaries' property	–	70,863,643	–	63,432,782
Costs of mineral resources development	–	42,066,573	–	14,464,899
Market value revaluation of investments	–	29,068,347	24,054,708	–
Charity expenses	–	18,112,103	–	6,733,404
Other	6,755,079	51,432,817	4,162,727	54,194,421
Total	3,375,128,881	4,364,298,166	3,137,062,487	3,298,514,899

In 2014, due to a decrease in the share quotation of investees the Company recognised expenses of 29,068,347 from the market revaluation of investments as at 31 December 2014, including an expense of 28,590,037 from the market revaluation of its investment in the shares of OAO Gazprom Neft. In 2013, due to an increase in the share quotation of investees the Company recognised an income of 24,054,708 from the market revaluation of investments as at 31 December 2013, including an income of 23,085,387 from the market revaluation of its investment in the shares of OAO Gazprom Neft.

The Company's investments in its subsidiary and associated undertakings are of a long-term nature and are not intended for deriving profit from the movement of share quotations at Russian stock exchanges.

In 2014 the line "Investments impairment provision accrual/release" includes an impairment provision of 22,348,227 accrued for investments in Shtockman Development A.G.

In 2014 the line "Profit (loss) of previous years" includes the positive effect of gas prices revision of 899,969. In 2013 the positive effect of gas prices revision amounted to 217,226. These adjustments relate to gas supplies of prior years for which price adjustments were agreed in 2014 and 2013, respectively.

The line "Contributions to Subsidiaries' Property" includes contributions made into the property of subsidiaries under decisions adopted by the participant (the Company) in 2004–2014. As at 31 December 2014, 2013 and 2012, contributions in the subsidiaries' property that were to be made under the adopted decisions amounted to 31,868,416; 45,534,389 and 29,771,802, respectively.

Income and expenses from the accrual and release of bad debt provision are presented in the Company's accounting reports on a net basis except for income from a release of the bad debt provision in the part related to accounts receivable settled during the year.

The line "Other Expenses" includes pension contributions of 1,218,271 and 787,658 transferred to OAO Gazprom's joint account in NPF Gazfund in 2014 and 2013, respectively. Non-state pensions shall be paid to employees of the Company when corresponding conditions are met.

17. Earnings per share

Basic earnings per share have been calculated by dividing the net profit for the year by the weighted average number of common shares outstanding during the year. The weighted average number of shares totalled 23,673,513 thousand during the years ended 31 December 2014, 2013 and 2012.

As of the beginning and the end of the reporting period the Company did not have any potentially dilutive securities and therefore the diluted profit per share was not calculated.

18. Related companies

Major 100% subsidiaries of OAO Gazprom:

ZAO Gazprom Armenia (former ZAO ArmRosgazprom)	OAO Gazprom Transgas Blarus
OOO Aviapredpriyatiye Gazprom Avia	OOO Gazprom Transgaz Volgograd
OOO Gaz Oil	OOO Gazprom Transgaz Ekaterinburg
OOO Gazprom VNIIGAZ	ICHUP Gazprom Transgaz Zapad
OOO Gazprom Geologorazvedka	OOO Gazprom Transgaz Kazan
OOO Gazprom Georesource	OOO Gazprom Transgaz Krasnodar
OOO Gazprom Dobycha Astrakhan	OOO Gazprom Transgaz Makhachkala
OOO Gazprom Dobycha Irkutsk	OOO Gazprom Transgaz Moskva
OOO Gazprom Dobycha Krasnoyarsk	OOO Gazprom Transgaz Nizhny Novgorod
OOO Gazprom Dobycha Kuznetsk	OOO Gazprom Transgaz Samara
OOO Gazprom Dobycha Nadym	OOO Gazprom Transgaz Saint Petersburg
OOO Gazprom Dobycha Noyabrsk	OOO Gazprom Transgaz Saratov
OOO Gazprom Dobycha Orenburg	OOO Gazprom Transgaz Stavropol
OOO Gazprom Dobycha Urengoy	OOO Gazprom Transgaz Surgut
OOO Gazprom Dobycha Shelf	OOO Gazprom Transgaz Tomsk
Yuzhno-Sakhalinsk	OOO Gazprom Transgaz Ufa
(former OOO Gazprom Dobycha Shelf)	OOO Gazprom Transgaz Ukhta
OOO Gazprom Dobycha Yamburg	OOO Gazprom Transgaz Chaykovsky
OOO Gazprom Invest	OOO Gazprom Transgaz Yugorsk
OOO Gazprom Invest Vostok	OOO Gazprom Tsentrremont
OOO Gazprom Investproject	OOO Gazprom Export
OOO Gazprom Investholding	OOO Gazprom Energo
OOO Gazprom Inform	OOO Gazprom Energoholding
OOO Gazprom Capital	Gazprom (U.K.) Limited
OOO Gazprom Komplektatsia	ZAO Gazprom Flot (former OOO Gasflot)
OOO Gazprom Mezhhregiongaz	OOO Kovyktaneftegaz
OOO Gazprom Pererabotka	OOO Novourengeysky GCC
OOO Gazprom PHG	South Stream Transport B.V.
OOO Gazprom Svyaz	OOO Surgutstroygaz
OOO Gazprom Sotsinvest	OOO Temryukmortrans
OOO Gazpromtrans	OOO TyumenNIIgiprogas
	ZAO Yamalgazinvest

All the above subsidiary companies, excluding South Stream Transport B.V. which is registered in the Netherlands, Gazprom (UK) Ltd. registered in Great Britain, ZAO Gazprom Armenia registered in Armenia, ICHUP Gazprom Transgaz Zapad and OAO Gazprom Transgaz Belarus, which are registered in the Republic of Belarus, are registered in Russia. These companies are mainly engaged in producing, transporting and selling natural gas.

In January 2014 the Company purchased from the Ministry of Energy and Natural Resources of Armenia an interest of 20% (12,600 shares) in ZAO Gazprom Armenia for 5,469,581. As a result

18. Related companies (continued)

of this transaction the entity was transferred from the list of other major subsidiaries to the list of major 100% subsidiaries.

In 2014 the Company purchased 100% charter capital of South Stream Transport B.V. from the following companies:

- in April 2014 an interest of 50% was bought from Gazprom Germania GmbH for 10,462,614;
- in December 2014 an interest of 20% was bought from ENI International B.V. for 22 419 896;
- in December 2014 an interest of 15% was bought from Wintershall Holding GmbH for 16,852,673;
- in December 2014 an interest of 15% was bought from EDF International S.A.S. for 16,824,962.

In November 2014 the Company made an additional contribution of 3,869,600 to the charter capital of OOO Gazprom Investproject. As at 31 December 2014, no increase in the charter capital of OOO Gazprom Investproject was registered, therefore the Company recorded settlements related to the contribution to the charter capital of OOO Gazprom Investproject within "Other Debtors" (payments expected within 12 months after the reporting date) (balance sheet line 1239) and did not recognise any increase in its investment into the equity.

Other major subsidiaries of OAO Gazprom:

Company name	Share in the charter capital, %	Nature of operations	Location
OAO Vostokgazprom	99.98%	Production, processing and sale of gas and gas condensate	Russia
OAO Gazmash	99.99%	Manufacture of household fuel using equipment	Russia
OOO Gazpromviet	51.0%	Exploration, oil and gas transportation and processing	Russia
Gazprom EP International B.V.	0.02104%	Investment activities	Netherlands
OAO Gazprom Neft	90.0%	Oil production, processing and refinery.	Russia
OOO Gazprom Torgservice	99.0%	Trading	Russia
OAO Gazpromtrubinvest	99.87%	Manufacturing and sale of pipes	Russia
Gazprom Sakhalin Holdings B.V.	97.01%	Financing and investing activities	Netherlands
Gazprom Finance B.V.	0.0056%	Financing and investing activities	Netherlands
Gazprom Holding Cooperativa U.A.	99.99972%	Financing and investing activities	Netherlands
ZAO Gazprom YuRGM Development	75.0%	Sale of hydrocarbons	Russia
ZAO Gazprom YuRGM Trading	75.0%	Gas production, storage and transportation	Russia
OAO Daltransgaz	87.99%	Transportation of gas	Russia
OAO Kamchatgazprom	92.25%	Production, processing and sale of gas and gas condensate	Russia
OOO Lazurnaya	99.69%	Design and construction	Russia
South Stream Serbia AG	51.0%	Design, construction and operation of the South Stream pipeline section	Serbia
OAO Severneftegazprom	40.0%	Production, processing and sale of gas and gas condensate	Russia
OAO Tsentr-gaz	99.99%	Construction	Russia
OAO Chechengazprom	99.99%	Gas delivery, transportation and sale in the territory of the Chechen Republic	Russia

In 2014 the Company's share in Gazprom EP International B.V. reduced from 100% to 0.02104% after the company shares in the amount of 629,869 were contributed to Gazprom Holding Cooperative U.A. The Company continues to control operations of Gazprom EP International B.V. As a result of the above transaction the company was transferred from the list of major 100% subsidiaries to the list of other major subsidiaries.

18. Related companies (continued)

Major associates of OAO Gazprom:

Company name	Share in the charter capital, %	Nature of operations	Location
OAO Belgazprombank	49.66%	Banking	Republic of Belarus
Gazprombank (joint stock company) (former Gazprombank (open joint stock company))	35.54%	Banking	Russia
AO Gazum	25.0%	Sale of gas	Finland
Pipeline Company Blue Stream B.V.	50.0%	Transportation of gas	Netherlands
AO EuRoPol Gas	48.0%	Transportation and sale of gas	Poland
TOO KazRosGaz	50.0%	Transportation and sale of gas	Kazakhstan
AO Latvijas Gaze	34.0%	Transportation and sale of gas	Latvia
ZAO Leader	25.71%	Trust management of NSPF pension reserves, management of insurance companies and mutual funds	Russia
AO Moldovagaz	50.0%	Transportation and sale of gas	Moldova
Nord Stream AG	51.0%	Design, construction and operation of the North Stream pipeline section	Switzerland
RosUkrEnergo AG	50.0%	Transportation and sale of gas	Switzerland
ZAO Rosshelf	39.51%	Gas production	Russia
South Stream Austria GmbH	50.0 %	Design, construction and operation of the South Stream pipeline section	Austria
South Stream Bulgaria A.D.	50.0%	Design, construction and operation of the South Stream pipeline section	Bulgaria
South Stream Hungary	50.0%	Design, construction and operation of the South Stream pipeline section	Hungary
South Stream Greece S.A.	50.0%	Design, construction and operation of the South Stream pipeline section	Greece
South Stream Slovenia LLC	50.0%	Design, construction and operation of the South Stream pipeline section	Slovenia
ZAO Stella Vitae	30.0%	Transportation and sale of gas	Lithuania
AO Turusgaz	45.0%	Sale of gas	Turkey
OOO TsentrKasneftegaz	50.00%	Exploration of oil and gas fields	Russia
Shtockman Development AG	75.00%	Gas field development	Switzerland
AO YugoRosGaz	50.0%	Transportation and sale of gas	Serbia

In June 2014 the Company sold its 37.06% share in AO Lietuvos Dujos to ZAO Lietuvos Energy for 3,318,558.

In June 2014 the Company sold its 37.06% share in AO Amer Grid to ZAO EPSO-G for 2,376,402.

In December 2013, the Company made an additional contribution of 4,365,472 to the charter capital of South Stream Bulgaria A.D. As at 31 December 2013 and 2014, the increase in the charter capital of South Stream Bulgaria AG was not registered, therefore the Company recorded settlements related to the contribution to the charter capital of South Stream Bulgaria AG within «Other Debtors» (payments expected within 12 months after the reporting date) (balance sheet line 1239).

Other major related parties

Bosphorus Gas Corporation A.S.	GASCADE Gastransport GmbH
B&G Beteiligungs GmbH and Co. KG	OPAL Gastransport GmbH and Co. KG
Wintershall Erdgas	AO Overgas Inc.
Handelshaus GmbH & Co. KG	OAOWGC-2
Wintershall Erdgas Handelshaus Zug AG	ZAO Panrusgaz
Gazprom Schweiz AG	ZAO Gazprom Engineering
OAOGazprom Gasenergoset	(former OOO PeterGas)
Gazprom Germania GmbH	PremiumGas S.P.A.
ZAO Gazprom Invest Yug	AO Promgaz S.P.A.
OOOGazprom Liquefied Gas	ZAO Purgaz
Gazprom Marketing and Trading Ltd.	Rosingaz Ltd.
OOOGazprom Podzemremont Orenburg	Sakhalin Energy Investment Company Ltd.
OOOGazprom Podzemremont Urengoy	OAOTGC-1
OOOGazprom Neft Shelf	Wingas GmbH
OAOGazprom Neftekhim Salavat	OOOGazprom Resource Nortgas
Gazprom Austria GmbH	AO Eesti Gaas
(former GWH Gas und Varen	OOOGazprom Sera (Sulphur)
Handelshaus GmbH)	OAOSOGAS

The Company owns directly or through its subsidiaries the blocks of shares or has ownership interest in the above companies. In addition, the Company has its representatives in the Boards of Directors thus influencing their business significantly. The above companies (except for OAOGazprom Neftekhim Salavat, OAOGazprom Gazenergoset, OOOGazprom Podzemremont Orenburg, OOOGazprom Podzemremont Urengoy, OOOGazprom Resource Nortgas, OAOWGC-2, OAOTGC-1, OOOGazprom Engineering, Rosingaz Ltd., ZAO Gazprom Invest Yug, OOOGazprom Neft Shelf, OOOGazprom Sera and OAOSOGAS) are involved in gas transportation and sales.

In May 2014 the Company sold its 100% share in OOOGazprom Neft Shelf to OAOGazprom Neft for 2,682,300. As a result of the above transaction the company was transferred from the list of major 100 % subsidiaries to the list of other major related parties.

In 2014 in accordance with the Estonian legislation on separation of gas transportation from gas sales operations AO Eesti Gaas was reorganised by spinning off AO Vorguteenus Valdus. At the same time AO Eesti Gaas continues operations of importing and distributing gas in Estonia. As a result of the reorganisation the Company received in proportion to its interest in the Company a 6.38% interest in the charter capital of AO Vorguteenus Valdus and retained the Company's interest of 6.38% in AO Eesti Gaas.

18. Related companies (continued)

Related party transactions

OAQ Gazprom transactions with major wholly owned subsidiaries

	2014	2013
Sale (net of VAT, excise, custom duties and similar payments):		
gas	1,093,225,813	1,063,188,869
leased-out assets	599,352,232	570,209,466
gas transportation services	13,493,378	2,262,127
gas condensate and oil refinery products	6,678,203	7,228,366
Acquisition:		
gas transportation and storage services	973,462,774	952,041,715
gas	588,193,729	558,889,760
of liquid hydrocarbons	81,758,772	82,454,154
liquid hydrocarbons processing services	36,177,146	35,369,443

Prices for gas, gas transportation and storage services purchased from wholly owned subsidiary companies of OAO Gazprom (except from OAO Gazprom Transgas Belarus) were set in accordance with the Price-List "Internal Settlement (Wholesale) Prices of Gas and Internal Settlement Tariffs for Gas Transportation and Storage for OAO Gazprom Entities" approved by OAO Gazprom ("inter-group tariffs"). Gas and gas transportation services were provided to major wholly owned subsidiaries (except from OAO Gazprom Transgas Belarus) based on the above price-list. Prices for liquid hydrocarbons and liquid hydrocarbons processing services purchased from major wholly owned subsidiaries were set in accordance with the Price-List "Internal Prices of Hydrocarbons and Hydrocarbon Processing Services for OAO Gazprom Entities", approved by OAO Gazprom. Prices for OAO Gazprom Transgaz Belarus were set up in accordance with the contract.

Accounts receivable from and accounts payable to major wholly owned subsidiaries of OAO Gazprom were as follows:

	31 December		
	2014	2013	2012
Trade and other receivables	1,275,848,076	1,377,315,920	1,495,885,085
Trade and other payables	385,820,545	343,820,763	331,865,610

As at 31 December 2014 the doubtful debt provision of 65 was formed with respect to doubtful accounts receivable from major subsidiaries of OAO Gazprom (as at 31 December 2013 and 2012: 69 and 94, respectively).

Loan debt of major wholly owned subsidiaries of OAO Gazprom was as follows:

	31 December		
	2014	2013	2012
Loans due beyond 12 months of the reporting date	51,700,500	92,615,493	26,845,604
Loans due within 12 months of the reporting date	13,323,610	9,850,397	7,414,723

18. Related companies (continued)

Interest on loans that the Company granted to its major wholly owned subsidiaries was 4,898,895; 3,133,990 and 1,413,334 in 2014, 2013 and 2012, respectively. The Company granted loans to its major wholly owned subsidiaries at the interest rate in the range from 8.51% to 10.81%; from 2.86% to 9.04% and from 3.19% to 11.90% in 2014, 2013 and 2012, respectively.

Debt of the Company on loans that it received from its major wholly owned subsidiaries was as follows:

	31 December		
	2014	2013	2012
Loans due beyond 12 months of the reporting date	31,952,834	30,188,583	–
Loans due within 12 months of the reporting date	4,339,794	833,527	–

As at 31 December 2014 the debt on loans received from OOO Gazprom Capital and OOO Gazprom Komplektatsia amounted to 30,000,000 and 1,952,834, respectively; as at 31 December 2013 the debt on these loans amounted to 30,000,000 and 188,583 respectively.

Interest on loans that the Company received from its major wholly owned subsidiaries was 2,309,985; 1,993,829 and 971,342 in 2014, 2013 and 2012, respectively.

The Company received loans from its major wholly owned subsidiaries at the interest rate ranged from 0.00% to 7.65% in 2014; from 1.50% to 7.65% in 2013 and from 1.50% to 7.60% in 2012.

In 2014 the Company allocated cash of 8,393,980 for the increase of charter capitals of its major wholly owned subsidiaries (2013: 83,300,234 and 2012: 61,727,331), including 3 060 000 for the increase of OOO Gazprom Pererabotka charter capital (2013: 10,000,000; 2012: 40,000,000) and for the increase of OOO Gazprom Energoholding charter capital: 50,000,000 in 2013 and 10,000,000 in 2012). In 2014 no cash was allocated for the increase of OOO Gazprom Energoholding charter capital.

Guarantees issued by the Company on behalf of its other major wholly owned subsidiaries totalled 237,469,427; 189,506,351 and 155,940,091 as of 31 December 2014, 2013 and 2012, respectively.

Transactions with other major subsidiaries

	2014	2013
Sale (net of VAT, excise, custom duties and similar payments):		
gas transportation services	43,071,914	41,050,298
gas	8,212	8,311,753
Acquisition:		
gas	117,458,273	115,125,073
liquid hydrocarbons	14,180,805	2,091,052

Prices for gas sold to other major subsidiaries were set up based on the contracts concluded.

18. Related companies (continued)

Accounts receivable and accounts payable arising from settlements with other major subsidiaries of the Company were as follows:

	31 December		
	2014	2013	2012
Accounts receivables	8,468,149	14,838,991	10,159,893
Accounts payable	19,296,109	20,252,455	18,358,837

As at 31 December 2012 the doubtful debt provision of 79,817 was formed with respect to accounts receivable from other major subsidiaries.

The debt of other major subsidiaries of the Company on loans received was as follows:

	31 December		
	2014	2013	2012
Loans due beyond 12 months of the reporting date	90,595,152	–	–
Loans due within 12 months of the reporting date	16,476,367	6,959,111	5,679,275

As at 31 December 2014 loans due beyond 12 months are represented by the debt of the Company subsidiary Gazprom EP International B.V. amounting to 90,595,152. As at 31 December 2014, 2013 and 2012 loans due within 12 months are represented primarily by the debt of its subsidiary OAO Daltransgaz amounting to 4,590,325; 5,312,098 and 5,679,275, respectively; and by the debt of Gazprom EP International B.V. in the amount of 10,239,029 as at 31 December 2015.

Interest on loans that the Company granted to its other major subsidiaries was 2,207,438; 473,551 and 646,227 in 2014, 2013 and 2012, respectively.

The Company granted loans to its other major subsidiaries at the interest rate in the range from 3.19% to 8.48%; 6.02% to 8.48% and from 4.73% to 6.02% in 2014, 2013 and 2012, respectively.

The Company's accounts payable related to loans received from other major subsidiaries were as follows:

	31 December		
	2014	2013	2012
Loans due within 12 months of the reporting date	373,307,206	392,903,335	289,993,709

As at 31 December 2014, 2013 and 2012 loans due within 12 months are represented by the loan due to the subsidiary Gazprom Sakhalin Holdings B.V. in the amount of 373,307,206; 379,748,578 and 277,699,400, respectively.

In 2014, 2013 and 2012 interest on loans that the Company received from its other major subsidiaries was 7,346,104; 4,422,660 and 4,173,851, respectively, including interest on the loan received from Gazprom Sakhalin Holdings B.V. amounting to 6,528,874; 3,562,211 and 3,879,543 in 2014, 2013 and 2012, respectively.

The Company received loans from its other major subsidiaries at the interest rate ranged from 1.2% to 8.46% in 2014; from 0.85% to 6.9% in 2013 and from 1.50% to 7.60% in 2012.

Guarantees issued by the Company on behalf of its other major subsidiaries totalled 17,131,361; 16,967,763 and 18,191,580 as of 31 December 2014, 2013 and 2012, respectively.

18. Related companies (continued)

Transactions with major associates

	2014	2013
Sale (net of VAT, excise, custom duties and similar payments):		
gas	94,728,293	83,587,607
Acquisition:		
gas transportation and storage services, including	74,860,938	53,001,350
through the commissioner OOO Gazprom Export	71,517,623	50,003,666

Prices for gas sold at external market to major associates and prices for gas transportation and storage services purchased from major associates were set up based on the contracts.

Accounts receivable and accounts payable from settlements with major associates of the Company were as follows:

	31 December		
	2014	2013	2012
Accounts receivables	284,768,895	144,360,638	110,261,440
Accounts payable	12,141,387	15,558,233	13,479,316

As at 31 December 2014, 2013 and 2012 the doubtful debt provision of 247,262,465; 123,537,992 and 96,518,724 respectively, was formed with respect to accounts receivable from major associated companies.

The debt of other major subsidiaries of the Company on loans received was as follows:

	31 December		
	2014	2013	2012
Loans due within 12 months of the reporting date	3,816,845	3,781,146	–

As at 31 December 2014 and 2013 loans due within 12 months of the reporting date are presented by the loan receivable from OOO TsentrKasneftegaz.

Interest on the loans that the Company provided to its major associate OOO TsentrKasneftegaz was 322,603 and 319,254 in 2014 and 2013, respectively.

Deposits placed by the Company in Gazprombank (open joint stock company) totalled 20,123,717; 514,717 and 510,135 as of 31 December 2014, 2013 and 2012, respectively.

	31 December		
	2014	2013	2012
Deposits due beyond 12 months of the reporting date	67,456	475,713	472,859
Deposits due within 12 months of the reporting date	20,056,261	39,004	37,276

18. Related companies (continued)

The Company's debt on borrowings and loans received from its major associates was as follows:

	31 December		
	2014	2013	2012
Loans due within 12 months of the reporting date	–	–	2,248,071

Interest on loans that the Company received from its major associates was 0; 57,934 and 286,706 in 2014, 2013 and 2012, respectively.

Guarantees issued by the Company on behalf of its major associates totalled 0; 50,830,273 and 42,642,803 as at 31 December 2014, 2013 and 2012, respectively.

Information on cash flows related to transactions with major subsidiaries and associates of OAO Gazprom

Line code	Narrative	For reporting period	including major subsidiaries and associates	For similar period of the prior year	including major subsidiaries and associates
Cash flows from operating activities					
4110	Receipts — total including	4,896,360,065	1,957,543,769	4,602,153,188	1,878,257,391
4111	from sale of goods, products, work and services	4,555,330,019	1,851,811,587	4,302,513,425	1,788,204,780
4112	rent payments, license payments, royalties, commissions and other payments	–	–	–	–
4113	resale of financial investments	–	–	–	–
4119	other receipts	341,030,046	105,732,182	299,639,763	90,052,611
4120	Payments — total including	(3,523,294,166)	(2,088,869,378)	(3,394,697,697)	(1,957,323,167)
4121	suppliers (contractors) — raw materials, work and services	(2,434,117,313)	(1,947,424,177)	(2,305,182,272)	(1,859,228,062)
4122	wages and salaries	(34,106,295)	–	(28,607,347)	–
4123	interest on debt liabilities	(82,214,113)	(11,517,984)	(66,459,881)	(4,683,245)
4124	income tax	(157,044,719)	–	(149,296,046)	–
4129	other payments	(815,811,726)	(129,927,217)	(845,152,151)	(93,411,860)
4100	Net cash flows from operating activities	1,373,065,899	(131,325,609)	1,207,455,491	(79,065,776)
Cash flows from investing activities					
4210	Receipts — total including	421,416,114	397,818,821	124,834,185	117,951,398
4211	from sale of non-current assets (except for investments)	972,124	–	988,976	75,386
4212	from sale of shares of other entities (ownership interest)	11,011,031	2,682,300	1,170,375	–
4213	from return of loans issued, sale of debt securities (sale of rights of claiming cash to third parties)	467,095	–	6,082,114	4,802,773
4214	dividends, interest on debt investments and similar proceeds from equity participation in other organisations	401,965,105	395,095,672	115,881,641	113,036,216
4219	other receipts	7,000,759	40,849	711,079	37,023

18. Related companies (continued)

Line code	Narrative	For reporting period	including major subsidiaries and associates	For similar period of the prior year	including major subsidiaries and associates
4220	Payments — total including	(1,027,361,743)	(791,930,259)	(1,123,280,505)	(897,611,777)
4221	related to acquisition, creation, modernisation, reconstruction and preparation for use of non-current assets	(45,994,369)	(1,346,142)	(28,075,379)	(88,647)
4222	acquisition of other entities shares (ownership interest)	(81,174,576)	(8,973,734)	(118,771,131)	(92,909,542)
4223	acquisition of debt securities (rights of claiming cash from third parties), issue of loans to third parties	(116,393,189)	(61,872,857)	(100,525,973)	(68,925,973)
4224	borrowing costs included in the cost of investment assets	—	—	—	—
4225	creation/acquisition of exploration assets	(46,976,433)	(16,277,081)	(52,431,805)	(10,601,567)
4229	other payments	(736,823,176)	(703,460,445)	(823,476,217)	(725,086,048)
4200	Net cash flows from investing activities	(605,945,629)	(394,111,438)	(998,446,320)	(779,660,379)
Cash flows from financing activities					
4310	Receipts — total including	213,691,865	52,015,667	376,184,753	113,358,965
4311	borrowings and bank loans	198,462,466	52,015,667	346,188,503	113,358,965
4312	contributions of owners (participants)	—	—	—	—
4313	issue of shares, increase in ownership interest	—	—	—	—
4314	issue of bonds, promissory notes and other debt securities, etc.	14,998,125	—	29,996,250	—
4319	other receipts	231,274	—	—	—
4320	Payments — total including	(699,315,668)	(296,029,688)	(338,094,142)	(6,767,595)
4321	to owners (participants) due to the fact of share buy-back or cessation of membership	—	—	—	—
4322	dividend payments or other distribution of profit to owners (participants)	(168,023,717)	—	(132,203,230)	—
4323	redemption (buy-back) of promissory notes and other debt securities, loan repayment	(528,432,376)	(296,029,688)	(201,556,288)	(6,767,595)
4329	other payments	(2,859,575)	—	(4,334,624)	—
4300	Net cash flows from financing activities	(485,623,803)	(244,014,021)	38,090,611	106,591,370
4400	Net cash flows for the reporting period	281,496,467	(769,451,068)	247,099,782	(752,134,785)

Transactions with other major related parties

	2014	2013
Sale (net of VAT, excise, custom duties and similar payments):		
gas	451,386,323	396,289,082
gas condensate and oil refinery products	194,762,796	164,405,009
gas transportation services	38,062,694	34,101,927
Acquisition:		
gas	295,408,296	266,518,216
gas transportation and storage services, including through the commissioner OOO Gazprom Export	17,397,844	14,047,563
	17,344,914	14,010,534

18. Related companies (continued)

Prices for gas sold at external market to other major related parties and prices for gas transportation and storage services purchased from other major related parties were set up based on the contracts.

Accounts receivable and accounts payable from settlements with other major related parties of the Company were as follows:

	31 December		
	2014	2013	2012
Accounts receivables	260,114,199	265,335,747	83,813,577
Accounts payable	45,848,753	34,271,973	26,373,552

In 2014, 2013 and 2012 no doubtful debt provision was formed for accounts receivable from other major related parties of the Company.

The debt of other major related parties on loans received from the Company was as follows:

	31 December		
	2014	2013	2012
Loans due beyond 12 months of the reporting date	47,700,000	31,600,000	–
Loans due within 12 months of the reporting date	6,500,000	–	–

Interest on loans that the Company granted to its other major related parties in 2014 amounted to 3,425,723 (2013: 366,071).

In 2014 the Company granted loans to its other major related parties at the rate ranging from 7.91% to 10.18% (2013: 8.0%).

The Company's accounts payable related to loans received from other major related parties were as follows:

	31 December		
	2014	2013	2012
Loans due within 12 months of the reporting date	79,127,374	65,814,508	61,657,038

Interest on loans that the Company received from its other major related parties was 5,143,070; 4,335,067 and 3,704,860 in 2014, 2013 and 2012, respectively. Interest on loans that the Company received from its other major related parties varied from 6.90% to 10.92 % in 2014, from 6.90% to 7.85% in 2013, and from 4.50% to 7.85% in 2012.

Guarantees issued by the Company on behalf of its other major related parties totalled 147,464,049; 89,825,426 and 94,144,621 as at 31 December 2014, 2013 and 2012, respectively.

18. Related companies (continued)

Information on cash flows related to transactions with other major related parties

	2014	2013
Cash inflow	892,991,887	788,108,614
including:		
from operating activities	824,989,942	728,040,194
from financing activities	50,076,000	39,000,000
from investing activities	17,925,945	21,068,420
Cash outflow	443,455,081	491,400,349
including:		
for operating activities	325,081,187	284,953,128
for financing activities	40,325,343	38,280,005
for investing activities	78,048,551	168,167,216

The line "Cash inflows from operating activities" primarily includes proceeds from sale of goods, products, works and services.

The line "Cash outflows used for operating activities" includes payments to the suppliers (contractors) for raw materials, works and services.

Remuneration to key management personnel

Short-term compensation of key management personnel (the members of the Board of Directors and Management Committee of OAO Gazprom), including salary, bonuses and remuneration for membership in the management bodies of the Company, amounted to 3,118,188; 2,261,612 and 1,562,887 for the years ended 31 December 2014, 2013 and 2012, respectively. Such amounts include personal income tax and insurance contributions. Government officials, who are members of the Board of Directors, do not receive any remuneration from the Company. Remuneration of members of the Board of Directors shall be approved by the annual meeting of shareholders. Compensation of key management personnel (other than remuneration of the Board of Directors) is determined by the terms of the annual employment contracts. Key management personnel also receive certain short-term benefits related to healthcare.

According to the Russian legislation, the Company makes contributions to the Russian Federation State Pension Fund, Social Insurance Fund of the Russian Federation, Federal Compulsory Medical Insurance Fund calculated on the basis of salaries and other payments to employees including key management personnel.

The Company provided medical insurance and liability insurance for key management personnel. Voluntary medical insurance amounted to 824; 851 and 856 and liability insurance was 1,376; 855 and 894 as at 2014, 2013 and 2012, respectively.

19. Estimated and contingent liabilities

Estimated liabilities

Information about estimated liabilities is disclosed in Section 7 of the table enclosed in the notes to the balance sheet and statement of financial results.

Estimated asset retirement liability and liability to restore environment disturbed by mineral extraction

The specifics of the subsoil use management process are as follows: the fixed assets items used in this process are owned by the Company but leased out to subsidiaries (users of mineral resources) and used by them in compliance with the terms and conditions of their licence agreements.

19. Estimated and contingent liabilities (continued)

According to Articles 22.8 of Federal Law No. 2395-I of 21 February 1992 «On Subsoil» and subsoil use licence agreements, the user of mineral resources is obliged to bring the land plots and other natural sites disturbed by subsoil use to the condition appropriate for further use as well as liquidate mine workings and wells that are not subject to further use.

Consequently, the Company who owns fixed assets that have been leased out to the user of mineral resources, do not have any liabilities of dismantling fixed assets that are not subject for further use or restoring the environment disturbed by the subsoil use.

Pension liabilities

The Company operates a defined benefit plan. As the current legislation provides no guidance for recording pension liability accruals on accounts, calculations of both pension liabilities and pension assets are only possible at the level of Gazprom Group and they are disclosed in the Notes to Gazprom Group's consolidated financial statements prepared under International Financial Reporting Standards (www.gazprom.ru).

Estimated liabilities related to gas price adjustments

The Company has recognized estimated liabilities related to price adjustments with regard to delivered gas supplies caused by foreign customer claims based on contract conditions. The estimated liabilities of 51,253,268; 22,374,990 and 113,918,582 as at 31 December 2014, 2013 and 2012, respectively, do not include any potential adjustment of customs duties accrued earlier.

Contingencies

The Company issued the following guarantees to third parties on behalf of other entities:

	31 December		
	2014	2013	2012
Guarantees issued on behalf of the following entities:			
OOO Novourengosky GCC	218,397,257	161,496,197	127,859,111
Sakhalin Energy Investment Company Ltd.	136,490,246	89,825,426	94,144,621
OAo Gazpeom Space Systems	47,827,225	36,982,320	30,868,285
OAo Severneftegazprom	16,967,763	16,967,763	16,967,763
OOO Gazprom Neft Shelf	10,973,802	6,687,058	7,159,993
OOO Gazprom Export	10,099,486	6,645,521	5,944,866
OOO Gazprom Investproject	8,972,684	14,677,574	14,916,381
Blackrock Capital Investments Ltd.	7,675,462	4,804,160	4,572,764
VIS Manufacturing Firm	7,016,244	8,164,256	2,506,706
EM Interfinance Ltd.	3,064,641	3,668,031	5,385,257
AO Gaztransit	62,466	60,568	360,995
Nord Stream AG	–	50,830,273	40,518,687
OAo Gazprom Automatisatation	–	1,900,000	–
Gazprom Lybia B.V.	–	–	8,868,828
Blue Stream Pipeline Company B.V.	–	–	2,124,116
ZAO Kaunasskaya Heat-Electric Generating Plant	–	–	1,223,817
ZAO Achimgaz	–	–	700,205
Other	194,710	47,145	121,667
Total	467,741,986	402,756,292	364,244,062

19. Estimated and contingent liabilities (continued)

In June 2008, the Company issued a number of guarantees to Bank of Tokyo-Mitsubishi UFJ Ltd. for Sakhalin Energy Investment Company Ltd. within the Company's share (50%) in the liabilities of Sakhalin Energy Investment Company Ltd. regarding the loans received. The guarantees were issued for the period of loans received by Sakhalin Energy Investment Company Ltd., but not later than 15 December 2021. Total liabilities guaranteed amounted to 136,490,246; 89,825,426 and 94,144,621 as at 31 December 2014, 2013 and 2012, respectively.

In 2011, Nord Stream AG, engaged in the construction of the Nord Stream pipeline, started Stage 2 of the project under which the second line of the pipeline was being built. In March 2011, the Company provided a guarantee to Societe Generale Bank for Nord Stream AG guaranteeing the completion of works under Stage 2 of Nord Stream pipeline construction project. According to the terms of this guarantee, the Company is obliged to repay debt to the creditors of Stage 2 of the project within its share (51%) if Nord Stream AG fails to pay its debt. The guarantee expires upon completion of construction and tests of the second pipeline. In June 2014 Stage 2 of Nord Stream pipeline construction project was finalised financially resulting in the termination of the guarantee agreement. As at 31 December 2014, 2013 and 2012, the guaranteed liabilities were 0; 50,830,273 and 40,518,687, respectively.

In July 2005, Blue Stream Pipeline Company B.V. refinanced some of the existing liabilities, guaranteed by the Company, by means of repayment of the liabilities to a group of Italian and Japanese banks. For the purpose of financing this transaction loans in the amount of USD 1,185.3 million were received from Gazstream S.A. The Company guaranteed the above loans until July 2013. As at 31 December 2012 the guarantees totalled 2,124,116. In July 2013, Blue Stream Pipeline Company B.V. repaid the loan and, therefore, the guarantee agreement was no longer effective.

In January 2007 the Company issued guarantees for the liabilities of OOO Gazprom Neft Shelf to Blueward Shipping Company Ltd. and Nostalgic Moon Shipping Company Ltd. under shipping agreements. The guarantee will be valid for 25 years after the vessels are transferred to OOO Gazprom Neft Shelf. As at 31 December 2014, 2013 and 2012, guarantees totalled 10,973,802; 6,687,058 and 7,159,993, respectively.

In 2006, the Company issued guarantees to Asset Repackaging Trust Five B.V. registered in the Netherlands, for companies (Devere Capital International Limited, Blackrock Capital Investments Limited, EM Interfinance Limited) registered in Ireland with respect to the bonds issued by them and due in June 2018, and December 2015, respectively. The bonds were issued for the purposes of financing the construction of a transit gas pipeline in the territory of Poland to be carried out by AO EuroPol Gaz. Consequently, as at 31 December 2014, 2013 and 2012, guarantees totalled 10,740,103; 8,472,191 and 9,958,021, respectively.

In March 2011, the Company issued a guarantee valid until March 2016 to Bank of Tokyo-Mitsubishi UFJ Ltd. as a security of the loan granted to OOO Novourengoysky GCC. As at 31 December 2014, 2013 and 2012 the guarantee was 16,955,815; 10,228,115 and 9,680,100, respectively.

In July 2011, the Company issued a guarantee valid until July 2016 to Sumitomo Mitsui Finance Dublin Ltd as a security of the loan granted to OOO Novourengoysky GCC. As at 31 December 2014, 2013 and 2012 the guarantee was 18,074,256; 10,921,796 and 10,309,810, respectively.

In December 2011, the Company issued a guarantee valid until December 2018 to OOO Regional'naya Finansovaya Compania as a security of the loan granted to OOO Novourengoysky GCC. As at 31 December 2014, 2013 and 2012 the guarantee was 10,000,000.

In December 2011, the Company issued a guarantee valid until 2016 to Bank of America Securities Ltd. as a security of the loan granted to OOO Novourengoysky GCC. As at 31 December 2014, 2013 and 2012 the guarantee was 14,647,147; 9,400,222 and 8,802,796, respectively.

In July 2012 the Company issued a guarantee valid until April 2015 to OAO Sberbank of Russia as a security of the loan granted to OOO VIS Manufacturing Firm. As at 31 December 2014, 2013 and 2012 the guarantee was 7,016,244; 8,164,256 and 2,506,706, respectively.

19. Estimated and contingent liabilities (continued)

In August 2012 the Company issued a guarantee valid until April 2016 to Deutsche Bank AG as a security of the loan granted to OOO Novourengoysky GCC. As at 31 December 2014, 2013 and 2012 the guarantee was 23,022,409; 14,701,241 and 14,271,334, respectively.

In August 2012 the Company issued a guarantee valid until June 2015 to Royal Bank of Scotland PLC as a security of the loan granted to OOO Novourengoysky GCC. As at 31 December 2014, 2013 and 2012 the guarantee was 26,962,049; 17,567,188 and 16,960,620, respectively.

In September 2012, the Company issued a guarantee valid until September 2015 to Credit Agricole Corporate and Investment Bank as a security of the loan granted to OOO Novourengoysky GCC. As at 31 December 2014, 2013 and 2012 the guarantee was 16,520,262; 11,376,754 and 10,452,745, respectively.

In October 2012, the Company issued a guarantee valid until July 2017 to OOO Regional'naya Finansovaya Compania as a security of the loan granted to OOO Novourengoysky GCC. As at 31 December 2014, 2013 and 2012 the guarantee was 10,000,000.

In November 2012, the Company issued a guarantee valid until October 2017 to Bank of America Securities Ltd. as a security of the loan granted to OOO Novourengoysky GCC. As at 31 December 2014, 2013 and 2012 the guarantee was 12,534,923; 9,396,020 and 8,674,548, respectively.

In September 2013, the Company issued a guarantee valid until September 2018 to Bank of America Securities Ltd. as a security of the loan granted to OOO Gazprom Space Systems. As at 31 December 2014 and 2013 the guarantee was 17,061,100 and 11,475,265, respectively.

In October 2013, the Company issued a guarantee valid until October 2018 to Bank of America Securities Ltd. as a security of the loan granted to OOO Novourengoysky GCC. As at 31 December 2014 and 2013 the guarantee was 17,157,627 and 11,442,755, respectively.

In October 2013, the Company issued a guarantee valid until August 2017 to OAO Sberbank of Russia as a security of the loan granted to OOO Novourengoysky GCC. As at 31 December 2014 and 2013 the guarantee was 15,484,310 and 11,247,482, respectively.

In December 2013, the Company issued a guarantee valid until December 2018 to UniCredit Bank Austria AG as a security of the loan granted to OOO Novourengoysky GCC. As at 31 December 2014 and 2013 the guarantee was 11,415,664 and 7,495,986, respectively.

In January 2014, the Company issued a guarantee valid until December 2018 to OAO Sberbank of Russia as a security of the loan granted to OOO Novourengoysky GCC. As at 31 December 2014 the guarantee amounted to 8,561,748.

In September 2014, the Company issued a guarantee valid until December 2019 to UniCredit Bank Austria AG as a security of the loan granted to OOO Gazprom Space Systems. As at 31 December 2014 the guarantee amounted to 4,293,686.

Based on the Company's estimates, there are no third party liabilities secured by OAO Gazprom's guarantee with significant risk of non-fulfilment as at 31 December 2014, 2013 and 2012. Therefore, the Company did not record estimated liabilities for the issued guarantees as of 31 December 2013, 2013 and 2012.

Legal proceedings

On 16 June 2014 the Company addressed the Arbitration Court of Stockholm Chamber of Commerce, Sweden, with a request for arbitration aimed at demanding NAK Naftogaz to settle the outstanding gas payments and corresponding interest for the total amount of USD 4,500 million.

At the same time, on 16 June 2014 NAK Naftogaz Ukraine addressed the Arbitration Court of Stockholm Chamber of Commerce with a request for arbitration with regard to the Company, claiming to retrospectively change the price of gas and refund excessively paid amounts for the period from 20 May 2011 in the total amount of at least USD 6,000 million as well as to revoke the contract provision prohibiting the sale of gas supplied under the contract, outside Ukraine.

19. Estimated and contingent liabilities (continued)

On 1 July 2014 NAK Naftogaz Ukraine and the Company provided their responses to corresponding arbitration requests. On 21 July 2014 both requests were combined into one litigation process, the hearings are expected to commence not until February-March 2016.

On 13 October 2014 NAK Naftogaz Ukraine addressed the Arbitration Court of Stockholm Chamber of Commerce, Sweden, with a request for arbitration with regard to the Company, seeking: (1) to acknowledge that rights and obligations of Naftogaz under the Contract on volumes and terms of gas transportation through Ukraine in 2009-2019 should be transferred to Ukrtransgas; (2) to acknowledge that certain provisions of Contract, that will be subsequently updated, are invalid and/or inoperative and should be supplemented with or substituted by provisions that will be updated in line with the energy and anti-monopoly legislation of Ukraine and EU; (3) to oblige Gazprom to pay a compensation of USD 3,200 million (and related interest) to NAK Naftogas Ukraine for the failure to provide agreed volumes of gas for transit; (4) to acknowledge that the transit tariff stipulated in the Contract should be revised in such a way as provided in further written statements of NAK Naftogas Ukraine in line with key principles of the Swedish contractual law. The claim amounts to approximately USD 6,200 million. The Company responded to the request for arbitration on 28 November 2014. A new arbitration panel was formed on 11 December 2014. On 28 January 2015 the arbitration court made a decision not to combine the case with the above ones. Verbal hearing of the case is expected late September 2016 and decision of the arbitration panel is expected at the end of 2016.

The Company is also a party to certain legal proceedings arising in the ordinary course of business. There are no current legal proceedings or other claims outstanding which could have a material adverse effect on the results of operations or financial position of the Company.

Taxation

Russian tax, currency and customs legislation is subject to varying interpretations and changes which can occur frequently. As of 31 December 2014, management believes that its interpretation of the relevant legislation is appropriate and the Company's tax, currency and customs positions will be sustained.

The Russian transfer pricing law grants taxpayers the right to justify their compliance with the arm's length principle at prices used in controlled transactions by preparing the tax control documentation.

The Company's management believe that the prices applied by the Company are at the market level and the Company has implemented internal control procedures to ensure compliance with transfer pricing law.

Since currently there is no practice for application of the new rules, therefore the outcome of any disputes with tax authorities over applied prices cannot be estimated reliably but may have a material effect on the Company's financial results and operations.

20. Business risks

The Company manages its risk in the framework of its integrated corporate system. Risk management is a permanent cyclic process of making and executing management decisions, that includes identification, assessment and measurement of risks, responding to risks, efficiency control and planning of risk management and monitoring. This process is integrated in the general process of management aimed at optimizing the size of risks in line with the Company interests and covers all areas of its practical activities.

Information about risks associated with assets and liabilities is presented in relevant sections of the present notes to the balance sheet and income statement of the Company.

20. Business risks (continued)

On its official website the Company should place information about the Company's position in the industry, including development trends in the corresponding market segment, the Company's level of adaptation to market conditions, main priority areas of the Company's activity, including its development prospects, as well as key information on risk factors associated with the Company's operation.

21. Information on production innovations and upgrade

Information on intangible assets that the Company developed or acquired, on movement of property, plant and equipment as well as expenses incurred by the Company in the production innovation and upgrade process, if material, should be disclosed in the corresponding sections of the present notes to the balance sheet and income statement of the Company.

Chief Executive Officer _____  _____ A.B. Miller

Chief Accountant _____  _____ E.A. Vasilieva

27 March 2015

To the Shareholders and Board of Directors of OAO Gazprom:

Client

OAO Gazprom.

State registration certificate № 022.726 was issued by the Moscow Registration Bureau on 25 February 1993.

Certificate of inclusion in the Unified State Register of Legal Entities regarding the legal entity registered before 1 July 2002 No. 1027700070518 issued by the Moscow Department of the Russian Ministry of Taxes and Levies No. 2 on August 2, 2002.

Russian Federation, 117997, Moscow, Nametkina str., 16.

Auditor

ZAO PricewaterhouseCoopers Audit (ZAO PwC Audit) located at: 125047, Russian Federation, Moscow, Butyrsky Val, 10.

State registration certificate No. 008.890, issued by Moscow Registration Bureau on 28 February 1992.

Certificate of inclusion in the Unified State Register of Legal Entities regarding the legal entity registered before 1 July 2002 No. 1027700148431 issued by the Moscow Department of the Russian Ministry of Taxes and Levies No. 39 on 22 August 2002.

Member of non-profit partnership "Audit Chamber of Russia" (NP ACR) being a self-regulating organisation of auditors — registration number 870 in the register of NP ACR members.

Major registration record number (ORNZ) in the register of auditors and audit organisations — 10201003683.

ZAO PricewaterhouseCoopers Audit
White Square Office Center 10 Butyrsky Val Moscow, Russia, 125047
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Translation note: Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version.

To the Shareholders and Board of Directors of OAO Gazprom:

We have audited the accompanying Statutory consolidated accounting reports of OAO Gazprom and its subsidiaries (the Group), which comprise the Consolidated balance sheet as of 31 December 2014, and the Consolidated statement of financial results, the Consolidated statement of changes in shareholders' equity and the Consolidated statement of cash flow for the year ended 31 December 2014 and Notes to the consolidated accounting reports (hereinafter all the reports together are referred to as the "Statutory consolidated accounting reports"). The reports were prepared by the management of OAO Gazprom in accordance with the reporting rules established in the Methodology recommendations on preparing consolidated accounting reports, approved by the Order of the Russian Ministry of Finance dated 30 December 1996 No. 112 (Methodology recommendations).

Management's Responsibility for the Statutory consolidated accounting reports

Management is responsible for the preparation and fair presentation of these Statutory consolidated accounting reports in accordance with the reporting rules established in the Methodology recommendations, and for such internal control as management determines is necessary to enable the preparation of the Statutory consolidated accounting reports that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion as to whether the Statutory consolidated accounting reports are fairly presented based on our audit. We conducted our audit in accordance with Russian Federal Auditing Standards and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statutory consolidated accounting reports are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statutory consolidated accounting reports. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the Statutory consolidated accounting reports, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Statutory consolidated accounting reports 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 of OAO Gazprom, as well as evaluating the presentation of the Statutory consolidated accounting reports.

We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinion on the Statutory consolidated accounting reports.

Opinion

In our opinion, the Statutory consolidated accounting reports of the Group for the year ended 31 December 2014 have been prepared in all material respects in accordance with the reporting rules established in the Methodology recommendations.

Basis of preparation of the Statutory consolidated accounting reports

Without modifying our opinion on the fairness of the Statutory consolidated accounting reports we draw attention to Note 2 which describes the basis of preparation of the Statutory consolidated accounting reports. The Statutory consolidated accounting reports have been prepared in accordance with the reporting rules established in the Methodology recommendations. Therefore these reports may not be applicable for other purposes.

Director of ZAO PricewaterhouseCoopers Audit

28 April 2015



M.E. Timchenko

Consolidated Balance Sheet as of 31 December 2014
(in million Roubles)

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Note	Assets	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012
I. Non-current Assets				
	Intangible assets, including:	875,418	914,204	889,763
5	goodwill on subsidiaries	856,397	907,085	885,672
	Results of research and development	8,012	6,711	5,728
6	Intangible exploration assets	168,113	104,561	56,659
6	Tangible exploration assets	72,892	40,360	41,481
	Fixed assets, including:	10,466,318	9,170,286	8,533,550
7	Objects of fixed assets, including:	8,608,333	7,511,539	7,120,971
	buildings, constructions, machinery and equipment	8,394,473	7,354,415	6,972,686
8	Construction in progress	1,857,985	1,658,747	1,412,579
9, 20	Financial investments, including:	1,276,472	991,949	905,275
	investments in subsidiaries	127,459	115,306	59,982
	investments in associates	769,069	566,722	540,289
	investments in other companies	160,820	168,938	160,434
	loans issued to companies beyond 12 months	188,863	110,944	113,715
	other financial investments	30,261	30,039	30,855
16	Deferred tax assets	96,841	82,871	108,041
	Other non-current assets	170,870	201,044	196,971
	Total Section I	13,134,936	11,511,986	10,737,468
II. Current Assets				
10	Inventories, including:	755,370	638,398	498,273
	raw materials and other inventories	175,979	151,799	131,015
	work in progress	24,432	15,541	12,558
	finished goods and goods for resale	549,632	460,465	342,497
	goods dispatched	5,327	10,593	12,203
	Value added tax on purchased goods	289,490	341,870	404,572
11	Accounts receivable, including:	1,389,596	1,339,174	1,269,286
	Accounts receivable (payment expected beyond 12 months of the reporting date), including:	65,929	62,389	84,614
	buyers and customers	19,278	16,967	14,569
	advances paid	1,646	12,291	25,112
	other accounts receivable	45,005	33,131	44,933
	Accounts receivable (payment expected within 12 months of the reporting date), including:	1,323,667	1,276,785	1,184,672
	buyers and customers	698,885	739,138	592,944
	advances paid	188,661	217,200	328,351
	other accounts receivable	436,121	320,447	263,377
	Financial investments (less cash equivalents), including:	277,844	204,659	165,693
	loans issued to companies due within 12 months	122,255	105,496	97,194
12	other financial investments	155,589	99,163	68,499
13	Cash and cash equivalents, including:	1,048,298	699,612	438,746
	cash on hand	852	570	475
	rouble bank accounts	623,063	442,138	203,106
	non-rouble bank accounts	347,978	134,131	114,850
	other monetary assets and cash equivalents	76,405	122,773	120,315
	Other current assets	9,658	13,524	14,550
	Total Section II	3,770,256	3,237,237	2,791,120
	Total Assets	16,905,192	14,749,223	13,528,588

Note	Equity and Liabilities	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012
14	III. Equity and Reserves			
	Charter capital	118,368	118,368	118,368
	Treasury shares	(126,786)	(126,786)	(126,961)
	Revaluation of non-current assets	5,494,423	4,773,210	4,736,497
	Additional capital (less revaluation)	747,666	210,031	66,163
	Legal reserves	33,862	32,955	30,483
	Retained earnings	5,718,511	6,030,110	5,370,909
2, 7	Social government fund	574	632	741
	Total Section III	11,986,618	11,038,520	10,196,200
	Minority Interest	296,629	291,268	264,596
	IV. Non-Current Liabilities			
15	Borrowings, including:	2,237,812	1,480,903	1,178,381
	bank borrowings due for repayment beyond 12 months of the reporting date	613,002	353,479	306,514
	loans due for repayment beyond 12 months of the reporting date	1,624,810	1,127,424	871,867
16	Deferred tax liabilities	440,325	371,200	265,424
25	Estimated liabilities	103,000	122,409	125,781
	Other liabilities	8,940	32,894	4,712
	Total Section IV	2,790,077	2,007,406	1,574,298
	V. Current Liabilities			
15	Borrowings, including:	464,991	330,479	325,447
	bank borrowings due for repayment within 12 months of the reporting date	50,212	35,338	57,749
	loans due for repayment within 12 months of the reporting date	2,847	3,111	11,788
	current portion of loans and borrowings due for repayment beyond 12 months of the reporting date	411,932	292,030	255,910
	Accounts payable, including:	1,127,728	954,146	941,881
	suppliers and contractors	695,857	592,530	609,608
	salaries payable	23,345	17,926	14,186
	payable to state non-budget funds	5,810	5,252	4,208
	payable to budget	162,667	151,807	119,654
	advances received	147,861	131,224	129,241
	other accounts payable	87,429	51,616	63,205
	dividends payable	4,759	3,791	1,779
	Income of future periods	1,679	2,551	2,362
25	Estimated liabilities	237,470	124,853	223,804
	Total Section V	1,831,868	1,412,029	1,493,494
	Total Equity and Liabilities	16,905,192	14,749,223	13,528,588



A.B. Miller
Chairman of the Management Committee



E.A. Vasilieva
Chief Accountant

28 April 2015

Consolidated Statement of Financial Results
for the year ended 31 December 2014
(in million Roubles)

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Note		For 2014	For 2013
17	Sales	5,660,975	5,247,300
18	Cost of sales	(4,041,383)	(3,603,634)
	Gross profit	1,619,592	1,643,666
18	Commercial expenses	(419)	(422)
18	Administrative expenses	(275,431)	(213,570)
	Profit from sales	1,343,742	1,429,674
	Income from investments in other companies	8,854	4,750
	Interest income	70,452	34,170
	Interest expense	(104,836)	(88,756)
19	Other income	6,358,978	5,656,376
19	Other expenses	(7,678,120)	(5,950,244)
9	Capitalized profit of associates	66,683	93,481
	Profit before profit tax	65,753	1,179,451
16	Profit tax, including:	(126,314)	(207,478)
	current profit tax	(119,067)	(197,644)
	previous years' profit tax	(7,247)	(9,834)
	including: permanent tax liabilities	173,667	99,654
16	Change in deferred tax liabilities	(64,166)	(90,939)
16	Change in deferred tax assets	8,207	(36,526)
	Other	(8,184)	(5,630)
	Net (loss)/profit of the reporting period before minority interest	(124,704)	838,878
	Minority interest	(12,145)	(27,503)
	Net (loss)/profit of the reporting period	(136,849)	811,375
	FOR REFERENCE:		
7	Results of fixed assets revaluation not included into net (loss)/profit of the reporting period	734,419	21,413
	Results of other transactions not included into net (loss)/profit of the reporting period	537,740	51,596
	Comprehensive income of the reporting period attributable to the owners of OAO Gazprom	1,135,310	884,384
22	Basic (loss)/earnings per share for profit attributable to the owners of OAO Gazprom (in Roubles)	(5.96)	35.36



A.B. Miller
Chairman of the Management Committee



E.A. Vasilieva
Chief Accountant

28 April 2015

Consolidated Statement of Changes in the Shareholders' Equity
for the year ended 31 December 2014
(in million Roubles)

Note	Share capital	Treasury shares	Additional capital	Legal reserves	Retained earnings	Social government fund	Total
Equity as of 31 December 2012	118,368	(126,961)	4,802,660	30,483	5,370,909	741	10,196,200
For 2013							
Change of capital — total, including:	—	175	186,288	558	655,408	(109)	842,320
net profit	—	—	—	—	811,375	—	811,375
7 revaluation of property	—	—	21,413	—	—	—	21,413
differences resulting from the translation of foreign investments	—	—	51,565	—	—	—	51,565
change in the Group structure and change of interest in subsidiaries	—	—	112,803	558	(15,737)	—	97,624
dividends	—	—	—	—	(137,464)	—	(137,464)
social assets transferred to state authorities	—	—	—	—	—	(109)	(109)
other	—	175	507	—	(2,766)	—	(2,084)
Change of additional capital	—	—	(5,707)	—	5,707	—	—
Change of legal reserves	—	—	—	1,914	(1,914)	—	—
Equity as of 31 December 2013	118,368	(126,786)	4,983,241	32,955	6,030,110	632	11,038,520
For 2014							
Change of capital — total, including:	—	—	1,267,760	16	(319,620)	(58)	948,098
net loss	—	—	—	—	(136,849)	—	(136,849)
7 revaluation of property	—	—	734,419	—	—	—	734,419
differences resulting from the translation of foreign investments	—	—	537,695	—	—	—	537,695
change in the Group structure and change of interest in subsidiaries	—	—	(4,685)	16	(11,238)	—	(15,907)
dividends	—	—	—	—	(165,247)	—	(165,247)
social assets transferred to state authorities	—	—	—	—	—	(58)	(58)
other	—	—	331	—	(6,286)	—	(5,955)
Change of additional capital	—	—	(8,912)	—	8,912	—	—
Change of legal reserves	—	—	—	891	(891)	—	—
Equity as of 31 December 2014	118,368	(126,786)	6,242,089	33,862	5,718,511	574	11,986,618



A.B. Miller
Chairman of the Management Committee



E.A. Vasilieva
Chief Accountant

28 April 2015

Consolidated Statement of Cash Flows
for the year ended 31 December 2014
(in million Roubles)

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Note	For 2014	For 2013
Cash flows from operating activities		
Total cash received, including:	6,838,094	6,161,981
sales of products, goods, works and services	6,411,331	5,876,391
resale of financial investments	13,366	–
other receipts, including:	413,397	285,590
indirect taxes	227,329	189,089
advances received from buyers (customers)	65,464	30,692
Total cash paid, including:	(4,889,377)	(4,496,017)
payment for purchased raw materials, works and services	(2,213,033)	(2,020,241)
wages and salaries	(378,371)	(337,960)
interests on borrowings	(103,569)	(84,194)
profit tax	(208,587)	(196,530)
other payments, including:	(1,985,817)	(1,857,092)
settlements with customs	(803,923)	(744,933)
settlements with budget (less profit tax)	(809,470)	(730,642)
advances paid	(74,351)	(78,724)
Net cash provided by operating activities	1,948,717	1,665,964
Cash flows from investing activities		
Total cash received, including:	299,152	255,192
sales of non-current assets (less financial investments)	10,897	12,976
sales of other entities' shares (equity interests)	14,910	3,875
return of loans issued, sales of debt securities (assignment of cash from third parties)	33,421	52,625
dividends, interest from debt financial investments and receipts from participation in other entities	107,236	120,441
other receipts	132,688	65,275
Total cash paid, including:	(1,771,495)	(1,632,098)
purchase, construction, modernization, reconstruction and preparation for use of non-current assets, including:	(1,184,903)	(1,168,176)
purchase of exploration assets	(81,176)	(62,997)
23, 24 purchase of other entities' shares (equity interests)	(155,272)	(154,247)
purchase of debt securities (assignment of cash from third parties), loans issued	(139,498)	(62,196)
other payments, including:	(291,822)	(247,479)
indirect taxes	(163,275)	(169,489)
Net cash used for investing activities	(1,472,343)	(1,376,906)

Note	For 2014	For 2013
Cash flows from financing activities		
Total cash received, including:	379,973	568,734
loans and borrowings, issue of bonds, promissory notes and other debt securities	379,632	567,434
other receipts	341	1,300
Total cash paid, including:	(644,759)	(618,326)
dividends and other distributions to owners (participants)	(213,435)	(171,482)
redemption (buyback) of promissory notes and other debt securities, loan repayment	(414,546)	(426,066)
other payments	(16,778)	(20,778)
Net cash used for financing activities	(264,786)	(49,592)
Net cash for the reporting period	211,588	239,466
Cash and cash equivalents at the beginning of the reporting period	699,520	438,674
Cash and cash equivalents at the end of the reporting period	1,048,292	699,520
Impact of changes in exchange rates	137,184	21,380



A.B. Miller
Chairman of the Management Committee



E.A. Vasilieva
Chief Accountant

28 April 2015

1. General information

OA O Gazprom and its subsidiaries (the "Group") operate one of the largest gas pipeline systems in the world and are responsible for substantially all gas production and high pressure gas transportation in the Russian Federation. The Group is a major exporter of gas to European countries. The Group is engaged in oil production, refining activities and electricity/heat generation.

The Group is involved in the following principal activities:

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

Other financial and operational activities include mainly production of other goods, works and services.

On average, the Group employed 444,950 and 422,767 people in 2014 and 2013, respectively.

2. Significant accounting policies and basis of presentation

Accounting principles

The statutory consolidated accounting reports of the Group have been prepared in accordance with the accounting rules effective in the Russian Federation, in particular, the Federal Law On Accounting dated 6 December 2011 No. 402-FZ and the Regulation on Accounting and Reporting in the Russian Federation adopted by Order of the Ministry of Finance of the Russian Federation dated 29 July 1998 No. 34n, other statutory accounting and reporting regulatory acts included in accounting and reporting regulatory system of organizations in the Russian Federation and the Methodology recommendations on preparing consolidated accounting reports, approved by Order of the Russian Ministry of Finance dated 30 December 1996 No. 112.

Assets and liabilities are accounted for at actual purchase costs, except for fixed assets that are revalued on a regular basis, investments for which fair value is determinable, estimated liabilities carried based on current valuation of the amount that will result in decrease of economic benefits and other assets against which impairment provisions have been formed in accordance with the applicable accounting rules and regulations.

Basis of consolidation

In accordance with the Methodology recommendations on preparing consolidated accounting reports, approved by Order of the Russian Ministry of Finance dated 30 December 1996 No. 112, the Consolidated Balance Sheet, Consolidated Statement of Financial Results, Consolidated Statement of Changes in Shareholder's Equity, Consolidated Statement of Cash Flow and the Notes to the consolidated accounting reports (together, the "statutory consolidated accounting reports") comprise a consolidation of the statutory accounting reports of OA O Gazprom and its principal subsidiaries and associates.

Accounting policy for the year 2014 of OA O Gazprom and its subsidiaries is approved by Order No. 559 dated 26 December 2013.

All significant investments in subsidiary undertakings which exercise a significant influence on the financial position and financial results of the Group have been included in the consolidated accounting reports in compliance with the consolidation Methodology. Investments in companies with 50% interest and more owned by the Group and in case the Group does not exercise

2. Significant accounting policies and basis of presentation (continued)

control over these companies are accounted for as investments in associates in the Consolidated Balance Sheet.

Statutory consolidated accounting reports include investments in associates, acquisition price and financial results of which are stated on the equity basis in these consolidated accounting reports.

Assets and liabilities denominated in foreign currency

Business transactions denominated in foreign currencies have been recorded using the official Rouble exchange rate determined by Central Bank of Russian Federation as of the date of the relevant transaction.

Cash on currency and deposit accounts, cash on hand, securities (except for shares) and settlement balances, including loans issued and raised (except for advances received and issued, prepayments and down payments) denominated in foreign currency were recorded using the official Rouble exchange rate as at reporting date.

In the fourth quarter of 2014 there was a decline of the official exchange rates of Russian Rouble to US dollar and euro. As at 31 December 2014 the rates of exchange were: RR 56.2584 to USD 1 (as at 31 December 2013 — RR 32.7292; 31 December 2012 — RR 30.3727) and RR 68.3427 to EUR 1 (as at 31 December 2013 — 44.9699; 31 December 2012 — RR 40.2286).

Exchange differences resulting from transactions with assets and liabilities denominated in foreign currency during the year, and from their recalculation as of the reporting date, are included in the Consolidated Statement of Financial Results as other income and expenses.

Exchange differences arising from the translation of the assets and liabilities of foreign subsidiaries and associates are included into additional capital. Statements of Financial Results of foreign entities are translated at average exchange rate of relevant foreign currency for the year.

Current and non-current assets and liabilities

In the Consolidated Balance Sheet accounts receivable and accounts payable, including loans and borrowings, are treated as current if the term of their circulation (maturity) does not exceed 12 months after the reporting date or is not specified. All other assets and liabilities are treated as non-current.

Investments are classified as current or non-current based on the estimated period of use (circulation, possession or maturity) after the reporting date.

Goodwill of subsidiaries

In the consolidated accounting reports goodwill arising on the acquisition of subsidiary undertakings represents the positive difference between the historic cost of acquired investments in subsidiaries and the nominal value of their shares at the date of acquisition. Goodwill is amortized on a straight-line basis over 20 years starting from the month following the month of acquisition. Amortization charge of goodwill for the period is represented within other expenses in the Consolidated Statement of Financial Results.

Results of research and development

Results of research and development in the Consolidated Balance Sheet include expenditure on completed research and development, which met recognition criteria, which are not subject to legal protection under the existing laws and are used for production or managerial needs of the Group. These expenses are written off to cost of production of goods and services throughout

2. Significant accounting policies and basis of presentation (continued)

the year from the moment they were first used on a straight-line basis. Expenditure on acquisition and development of research and development in progress, which are accounted within other non-current assets, are also included into this line.

Intangible and tangible exploration assets

Exploration costs accounted within tangible exploration assets include:

1. expenditure on drilling and infrastructure development of prospecting, exploration and advance development wells (drilled at the exploration stage before the commercial practicability of minerals extraction is proved) broken down by fields (areas);
2. acquisition and set-up costs of property, constructions, plant, equipment, vehicles used for prospecting, valuation of minerals fields and minerals exploration.

Tangible exploration assets include wells, property, plant, equipment, constructions, sets, vehicles, metalwork, special gear and tools.

Exploration costs accounted within intangible exploration assets include expenditure on acquisition of the rights to use subsurface resources.

Intangible exploration assets include geological exploration and mining licences; a standalone delivery (report) that summarizes results of performed surveys.

Minerals prospecting and exploration licences are amortized on a straight-line basis during the period of the validity of the licenses.

Combined licences with rights on minerals prospecting, exploration and extraction are not amortised till the commercial practicability of minerals extraction is proved.

Tangible exploration assets (machinery and equipment, installations, facilities, vehicles) are depreciated on a straight-line basis during the whole period of their useful lives. Depreciation charges are attributed to cost of geological exploration of an associated field. The Group determines useful lives of exploration assets similarly to determination of fixed assets useful lives.

In case the commercial practicability of minerals extraction in a particular area of the field is proved the exploration assets are tested for impairment and transferred to fixed assets, intangible assets or other non-current assets, which are intended for mining and extraction of minerals.

The Group tests exploration assets for impairment as of 31 December of the reporting year and in case the commercial practicability of minerals extraction in a particular area of a field is proved.

Fixed assets

Fixed assets include assets which conform to the requirements of the Russian accounting rule "Accounting for Fixed Assets" (RAR 6/01) approved by Order of the Russian Ministry of Finance dated 30 March 2001, No. 26n, accounted for in accordance with the established procedure.

Completed fixed assets, which have been put into operation but documents for the state registration of title for which have not been submitted to the State Register are accounted separately within fixed assets.

In the consolidated accounting reports fixed assets are recorded at replacement cost (as of 31 December 2014) net of depreciation accumulated for the period of their use.

As of 31 December 2014 the Group revalued land, property, plant and equipment, inventory and other fixed assets at current replacement cost, defined by an independent appraiser. The result of revaluation is reflected in the Consolidated Balance Sheet as of 31 December 2014.

Certain assets of the certain entities of the Group (including Gazprom нефт Group entities, OAO WGC-2, OAO TGC-1) are reported at historical cost net of depreciation accumulated for the period of their use. The management of OAO Gazprom does not believe that this has a material impact on the consolidated accounting reports.

2. Significant accounting policies and basis of presentation (continued)

Fixed assets recorded on the subsidiaries' balance sheets include state social assets. The Group's companies received these assets without title transfer, in the course of restructuring of the unified gas supply system and assets of the state gas concern Gazprom. These assets were accounted for in accordance with the procedures effective at that period by creating the fund of social assets in the amount equal to their net book value. When the subsidiaries were restructured to the subsidiary undertakings of the Group these assets jointly with the fund of social assets were transferred to the Group's companies. When these assets are transferred to the municipal authorities (or disposed otherwise) their net book value is charged to the above mentioned fund recorded in line "Social government fund" of the Consolidated Balance Sheet. Although this practice represents a deviation from the established procedure, Management of OAO Gazprom believes that it ensures fair presentation of the Group's property relations as the assets are used according to their functional purposes and the Group is held liable for their maintenance and safety.

Fixed assets accounted before 1 January 2002 are depreciated based on uniform depreciation rates approved by Decree of the USSR Council of Ministers dated 22 October 1990, No. 1072 "On Uniform Depreciation Rates of Fixed Assets of the USSR National Economy". Fixed assets acquired after 1 January 2002 are depreciated at rates based on estimated useful lives of these assets. Classification of fixed assets by depreciation groups approved by Government Resolution of the Russian Federation No. 1 dated 1 January 2002, is used as one of the sources of information about useful lives of fixed assets. The Group has adopted the following useful lives for fixed asset groups:

	Useful lives of assets recorded on the balance sheet (number of years)	
	before 1 January 2002	after 1 January 2002
Trunk pipelines	33	25
Wells	12–15	7–15
Machinery and equipment	10–18	5–25
Buildings and roads	8–100	10–50
Social assets	5–50	5–50

The following assets are not depreciated:

- land;
- suspended assets (above 3 months);
- state social assets;
- fully depreciated assets that are still on the balance sheet;
- housing assets commissioned prior to 1 January 2006, public amenities and other similar assets (such assets acquired after 1 January 2006 are depreciated in accordance with the general procedure).

Investments in non-current assets

Investments in non-current assets include projects under construction which are not put into operation, equipment requiring assembly and other investments in non-current assets not accounted within fixed and intangible assets. Equipment requiring assembly which is in storage and which is meant for projects under construction is accounted within construction in progress separately.

Depending on how these assets will be accounted for after the investments into non-current assets are completed the items stated above are represented in lines "Intangible assets", "Results of research and development", "Intangible exploration assets", "Tangible exploration assets", or "Construction in progress".

2. Significant accounting policies and basis of presentation (continued)

Financial investments

Investments are recorded at their historical cost (actual acquisition costs) except for investments for which market value is determinable and investments for which impairment provision is created.

Investments for which market value is determinable are restated to their market value as of the end of the reporting year. The change in the investment value at the reporting date and the date of previous valuation is recorded in other income and expenses.

Investments for which market value is non-determinable and there are indications as of the reporting date that the decline in their value is significant and constant are recorded on the Consolidated Balance Sheet as of the end of the reporting year at their carrying (book) value net of impairment provision. The investment impairment provision is determined annually based on the stock taking results as of 31 December. While determining the provision, the Group calculated the estimated value of investments, showing significant steady decline, based on available information and created the investment impairment provision in the amount by which the carrying value of investments exceeded their estimated value. Changes in provision introduced based on stock-taking results as of 31 December are posted to other expenses and income.

Securities which do not have market value (except for those individually identifiable, including promissory notes and certificates of deposit) are recorded by types in the statutory accounting reports upon disposal under the first in, first out (FIFO) method. Other investments (including individually identifiable securities such as promissory notes and certificates of deposit) for which the market value is not determinable are recorded upon disposal at the historical cost of each unit.

Income and expenses related to investments are included within other income and expenses.

Inventories and costs

Raw materials are recognized at their actual cost of purchase or production. Dispatch into production or other disposals of inventories are recorded using the average cost method.

Oil and gas produced and purchased but unsold and retained in storages and pipelines as of the end of the reporting period are reported in line "Finished goods and goods for resale" of the Consolidated Balance Sheet. Disposals of finished goods and goods for resale are recorded using the average cost method.

Transportation costs related to the transportation of natural gas on the territory of Russia and abroad are allocated between volumes of gas sold and gas in pipelines and storage as of the end of the reporting period. Transit costs for gas, oil and refined products are shown as Cost of sales of the Consolidated Statement of Financial Results.

Impairment provision is created for raw materials and other inventories used in production, works and services, if current market value of those goods, works and services is less than their actual cost as of reporting date.

Work in progress is carried at actual cost of production less general administrative expenses.

Finished goods are carried at the simplified actual cost of production less general administrative expenses.

Accounts receivable

Trade receivables are recorded based on prices contracted between the Group and buyers (customers) taking account of all discounts (markups) provided by the Group. Bad debts are written off when recognized as such.

Doubtful accounts receivable with high probability of nonredemption are represented net of bad debt provision. Bad debt provision is recorded within other expenses in the Consolidated

2. Significant accounting policies and basis of presentation (continued)

Statement of Financial Results. Corresponding amount of provision is recorded in other income (recognized as bad debt) upon repayment of doubtful receivables.

Cash equivalents and representation of cash flows in the Consolidated Statement of Cash Flow

Cash equivalents include most liquid financial investments, which are easily convertible into a known amount of cash and are not subject to risk of change in price.

The Group classifies short-term bank deposits with maturity up to 3 months as cash equivalents and represents them in the line "Cash and cash equivalents" in the Consolidated Balance Sheet.

Cash flows of the Group which are not clearly identified as cash flows from operating, investment or financial activities are represented within operating activities in the Consolidated Statement of Cash Flow. Such cash flows include tax payments and reimbursement of indirect tax from the state budget.

For cash flow statement purposes cash flows denominated in foreign currency are recalculated using the official Rouble exchange rate set by the Central bank of the Russian Federation as at the date of transaction.

Forex effect, arising from recalculation of cash flows and closing balances of cash and cash equivalents denominated in foreign currency using exchange rates as at date of transaction and reporting date, is included into the line "Impact of changes in Exchange rates" in the Consolidated Statement of Cash Flows.

In the Consolidated Statements of Cash Flows the following cash flows are netted:

- cash outflow and cash inflow arising from foreign exchange operations;
- settlements with commissioner or agent in relation to rendering services (except for commission itself);
- cash flows with high turnover, large amounts and short pay-back period;
- indirect taxes within receipts from customers and buyers and payments made to suppliers and contractors;
- other settlements that relate rather to the activity of counterparties than to the activity of the Group itself.

Loans and borrowings received

Interest on credits and loans received and additional costs attributable to the receipt of credits and loans are included in other expenses in the reporting period, in which they are incurred.

OAOGazprom is the Group's main credit raiser. The majority of the finance acquired are general purpose loans and borrowings which are passed on to subsidiaries under investment agreements (the subsidiaries are acting as developers). Due to investment process specifics and following the principle of rational accounting the Group does not calculate any loan interest on non-investment activities for inclusion in the cost of investment assets.

The Group accounts for loans or credits payable in the amounts actually received.

Commitments and contingencies

The Group recognizes the following contingent liabilities in accounting:

- bonus payments at the year end;
- vacations;
- retirement benefits payable as a lump sum;
- fixed assets liquidation and environmental restoration in the context of subsurface use;
- other contingent liabilities.

2. Significant accounting policies and basis of presentation (continued)

The amount of contingent liabilities for bonus payments at the year end is defined based on the stock-taking results and adopted procedure for accrual of bonus payments at the year end.

The amount of contingent liabilities for vacations is defined based on the quantity of days of annual and excess leave earned but not used by employees during the whole period of employment as at reporting date and the average daily salary. It is revised at reporting date.

Contingent liabilities for retirement benefits payable as a lump sum are accrued at the date when an employee becomes of pensionable age and are written off 6 months after this date.

The Group recognized contingent liabilities for gas price adjustment arising from the claims of European customers based on the contracts terms. The effect of gas price adjustment including corresponding impacts on profit tax are recorded when they become probable and a reliable estimate of the amounts can be made. Contingent liabilities are attributed to general expenses and to other expenses in the Consolidated Statement of Financial Results.

Contingent liabilities for fixed assets liquidation and environmental restoration in the context of subsurface use are recognized within fixed assets value. Increase or decrease of the amount of contingent liability due to change of its value is attributed to other income and other expenses.

Contingent liabilities are represented in the line "Commitments and contingencies" in the Consolidated Balance Sheet.

Deferred taxes

For the purposes of consolidated accounting reports the Group recognizes non-temporary tax assets and non-temporary tax liabilities, deferred tax assets and deferred tax liabilities, i.e. amounts that can affect current profit tax expenses in the current or future reporting periods.

Information about non-temporary and temporary differences is based on the supporting documents. Current profit tax is determined based on theoretical expense (theoretical income) related to profit tax, non-temporary tax assets and liabilities, deferred tax assets and liabilities for accounting purposes. The amount corresponds to current tax according to profit tax return. On the Consolidated Balance Sheet deferred tax assets and deferred tax liabilities are recorded within non-current assets or non-current liabilities on a gross-up basis.

Revenue and other income recognition

Revenues from sales of goods and services rendering are recognized at the moment when goods are shipped (or services rendered) and corresponding settlement documents are submitted to customers. In the consolidated accounting reports revenues are presented net of value added tax, customs duties and other similar mandatory payments.

Other income primarily include transactions related to the sale of foreign currency, positive exchange differences arising from foreign currency transactions, income from trading operations without actual delivery.

Expenses recognition

General expenses are those related to production, rendering of work and services, sales of goods.

Administrative expenses are general business expenses which are monthly written off to Cost of sales of the reporting period in full amount.

Other expenses primarily include expenses related to the sale and purchase of foreign currency, negative exchange differences arising from foreign currency transactions, expenses associated with trading operations without actual delivery.

In the Consolidated Statement of Financial Results other expenses are represented netted in relation to relevant income, if this is directly prescribed or is not prohibited by the accounting

2. Significant accounting policies and basis of presentation (continued)

regulation and if expenses and related income resulted from the same or similar economic event are not material for financial characteristics of the entity of the Group.

3. Changes in the accounting policies and comparative information for the previous reporting periods**Changes in the 2014 accounting policies**

There were no significant changes in the 2014 accounting policies.

Changes in the 2015 accounting policies

There were no significant changes in the 2015 accounting policies.

Changes in the comparative periods

Columns "As of 31 December 2013" and "As of 31 December 2012" of the Consolidated Balance Sheet as of 31 December 2014 were formed by the way of adjusting closing balances of the Consolidated Balance Sheet as of 31 December 2013 and 2012 due to the following:

1. Enactment of the Methodology for planning and accounting for costs of natural resources development (hereinafter the Methodology) approved by OAO "Gazprom", No. 13 dated 20 January 2015:
 - The time to recognise commercial viability of production has been updated. In this connection expenses for acquisition of licenses for prospecting, exploration and production of mineral reserves and one-time subsoil use payments related to licensed areas where production has been determined commercially viable, have been transferred from intangible exploration assets (balance sheet line "Intangible Exploration Assets" to other non-current assets (line "Other Non-Current Assets" and "Other Current Assets") of the Consolidated Balance Sheet. This adjustment resulted in a corresponding adjustment of deferred tax liabilities.
 - Further, in connection with the updated time for recognising production's commercial viability, all expenses relating to the licensed area stopped being recognised as prospecting expenses after commercial viability of production at the licensed area was supported by documentary evidence. As a result adjustments have been made to line "Tangible Exploration Assets" and line "Construction in progress" for assets of licensed areas with determined commercial viability of production.
 - An update was made to the nature of expenses related to drilling of prospecting wells for the purposes of creating underground storage facilities, as a result of which they were reclassified from other non-current assets (line Other Non-Current Assets) to capital investments in progress (line "Construction in Progress").
2. Transfer of loans from current liabilities (line "Accounts Payable") to non-current liabilities (line "Other Liabilities") due to their updated maturity.
3. Adjustment of line "Estimated liabilities" due to separation of non-current part of estimated liabilities.

3. Changes in the accounting policies and comparative information for the previous reporting periods (continued)

Adjustments to the amounts as at 31 December 2013 and 2012
in the Consolidated Balance Sheet as at 31 December 2014

Item	As of 31 December 2013			As of 31 December 2012		
	Amount before adjustment	Adjustment	Amount after adjustment	Amount before adjustment	Adjustment	Amount after adjustment
I. Non-current Assets						
Intangible exploration assets	106,479	(1,918)	104,561	59,841	(3,182)	56,659
Tangible exploration assets	77,893	(37,533)	40,360	51,449	(9,968)	41,481
Fixed assets, including:	9,131,301	38,985	9,170,286	8,522,501	11,049	8,533,550
Objects of fixed assets, including:	7,511,539	–	7,511,539	7,120,971	–	7,120,971
buildings, constructions, machinery and equipment	7,354,415	–	7,354,415	6,972,686	–	6,972,686
Construction in progress	1,619,762	38,985	1,658,747	1,401,530	11,049	1,412,579
Deferred taxes assets	75,272	7,599	82,871	106,668	1,373	108,041
Other non-current assets	201,513	(469)	201,044	196,971	–	196,971
Total Section I	11,505,322	6,664	11,511,986	10,738,196	(728)	10,737,468
II. Current Assets						
Other current assets	13,421	103	13,524	14,446	104	14,550
Total Section II	3,237,134	103	3,237,237	2,791,016	104	2,791,120
Total assets	14,742,456	6,767	14,749,223	13,529,212	(624)	13,528,588
III. Equity and Reserves						
Retained earnings	6,030,775	(665)	6,030,110	5,371,407	(498)	5,370,909
Total Section III	11,039,185	(665)	11,038,520	10,196,698	(498)	10,196,200
IV. Non-current Liabilities						
Deferred tax liabilities	363,768	7,432	371,200	265,550	(126)	265,424
Estimated liabilities	119,861	2,548	122,409	124,027	1,754	125,781
Other liabilities	30,168	2,726	32,894	4,712	–	4,712
Total Section IV	1,994,700	12,706	2,007,406	1,572,670	1,628	1,574,298
V. Current Liabilities						
Accounts payable, including:	956,872	(2,726)	954,146	941,881	–	941,881
other accounts payable	54,342	(2,726)	51,616	63,205	–	63,205
Estimated liabilities	127,401	(2,548)	124,853	225,558	(1,754)	223,804
Total Section V	1,417,303	(5,274)	1,412,029	1,495,248	(1,754)	1,493,494
Total Equity And Liabilities	14,742,456	6,767	14,749,223	13,529,212	(624)	13,528,588

3. Changes in the accounting policies and comparative information for the previous reporting periods (continued)

Adjustments to the Consolidated Statement of Financial Results

Item	Amount before adjustment for 2013	Adjustment	Amount after adjustment for 2013
Cost of sales	(3,603,425)	(209)	(3,603,634)
Gross profit	1,643,875	(209)	1,643,666
Profit from sales	1,429,883	(209)	1,429,674
Profit before profit tax	1,179,660	(209)	1,179,451
Change in deferred tax liabilities	(90,981)	42	(90,939)
Net profit of the reporting period before minority interest	839,045	(167)	838,878
Minority interest	(27,503)	–	(27,503)
Net profit of the reporting period	811,542	(167)	811,375

4. Segment information

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

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

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

Production of gas	Geologic exploration and production of gas
Transportation	Transportation of gas
Distribution of gas	Sales of gas on internal and external markets
Gas storage	Storage of extracted and purchased gas in underground gas storages
Production of crude oil and gas condensate	Exploration and production of oil and gas condensate, sales of crude oil and gas condensate
Refining	Processing of oil, gas condensate and other hydrocarbons, and sales of refined products
Electric and heat energy generation and sales	Electric and heat energy generation and sales
Other	Other activities

The inter-segment sales mainly consist of:

Production of gas	Sales of gas to the Distribution of gas and Refining segments
Transportation	Rendering transportation services to the Distribution of gas segment
Distribution of gas	Sales of gas to the Transportation segment for own needs and to the Electric and heat energy generation and sales segment
Gas storage	Sales of gas storage services to Distribution of gas segment
Production of crude oil and gas condensate	Sales of oil and gas condensate to the Refining segment for further processing
Refining	Sales of refined hydrocarbon products to other segments

4. Segment information (continued)

Internal transfer prices, mostly for Production of gas, Transportation and Gas storage segments, are established by the management of the Group with the objective of providing specific funding requirements of the individual subsidiaries within each segment. Prices are determined based on principle "cost plus normal profit".

The CODM assesses the performance, assets and liabilities of the operating segments based on the internal financial reporting. Segment revenues (income) of the Group are generated from transactions with customers. Profit tax expense and other similar mandatory payments, interest income and expense, income from investments in other companies are not included in the segment profit (loss). Other income and expenses are not allocated by segments because it is deemed impracticable and as the required allocation base is not available.

	Production of gas	Transportation	Distribution of gas	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
For 2014									
Total segment revenues	701,406	924,788	3,234,238	44,264	667,634	1,629,180	426,810	210,785	7,839,105
Inter-segment sales	682,338	789,452	237,040	41,461	417,274	10,565	–	–	2,178,130
External sales	19,068	135,336	2,997,198	2,803	250,360	1,618,615	426,810	210,785	5,660,975
Segment result	68,013	18,560	1,011,471	6,550	48,226	177,421	34,198	(17,045)	1,347,394
Depreciation	141,594	380,105	14,597	18,969	88,542	38,425	48,541	18,775	749,548
Capitalized (loss)/profit of associates	(22,277)	4,560	10,936	(2,725)	67,480	1,111	(24)	7,622	66,683
For 2013									
Total segment revenues	662,593	910,595	3,123,217	37,640	678,457	1,361,434	376,162	232,740	7,382,838
Inter-segment sales	653,921	783,653	247,053	35,679	404,531	10,701	–	–	2,135,538
External sales	8,672	126,942	2,876,164	1,961	273,926	1,350,733	376,162	232,740	5,247,300
Segment result	81,207	31,996	1,031,918	5,172	94,554	145,221	32,763	10,113	1,432,944
Depreciation	132,068	365,686	14,228	15,206	74,673	33,706	31,895	15,723	683,185
Capitalized profit of associates	852	7,755	12,442	374	68,631	2,116	–	1,311	93,481

A reconciliation of total operating segment results to total profit before profit tax in the Consolidated Statement of Financial Results is provided as follows:

	For 2014	For 2013
Segment result	1,347,394	1,432,944
Income from investments in other companies	8,854	4,750
Interest income	70,452	34,170
Interest expense	(104,836)	(88,756)
19 Other income	6,358,978	5,656,376
19 Other expense	(7,678,120)	(5,950,244)
Difference in depreciation	(3,652)	(3,270)
9 Capitalized profit of associates	66,683	93,481
Profit before profit tax	65,753	1,179,451

4. Segment information (continued)

Segment assets include primarily tangible and intangible exploration assets, fixed assets, construction in progress, inventory, work in progress, accounts receivable and other non-current assets. Investments into unconsolidated subsidiaries, associates, equity investments and joint activity are allocated to the reporting segments on the basis of primary activity of these entities. Goodwill, deferred tax assets, value added tax, cash and cash equivalents, other financial investments, as well as loans issues to other entities are not included in segment assets as they are not directly related to the reporting segments and the required allocation base is not available.

Inter-segment operations represent the balance of intercompany transactions.

Segment capital expenditures include capital investments in fixed assets of the corresponding periods.

	Production of gas	Transpor- tation	Distri- bution of gas	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
As of 31 December 2014									
Segment assets	2,395,101	6,093,326	1,477,043	281,390	1,580,028	1,335,281	731,241	845,413	14,738,823
Investments in associated undertakings	13,177	149,883	77,194	7,258	361,459	20,918	414	138,766	769,069
Capital expenditure	182,307	434,433	23,709	15,530	173,393	135,051	72,738	47,701	1,084,862
As of 31 December 2013									
Segment assets	2,194,752	5,265,289	1,405,879	242,631	1,204,678	1,001,352	715,677	754,932	12,785,190
Investments in associated undertakings	31,032	93,325	76,484	6,209	252,691	12,628	448	93,905	566,722
Capital expenditure	218,517	380,543	36,085	23,524	189,069	109,362	71,458	102,513	1,131,071
As of 31 December 2012									
Segment assets	1,996,958	5,262,632	1,245,007	220,928	1,019,330	887,233	512,769	655,676	11,800,533
Investments in associated undertakings	27,698	67,550	85,731	4,025	259,407	8,414	448	87,016	540,289
Capital expenditure	243,754	563,822	47,166	18,247	85,161	128,529	52,002	61,470	1,200,151

Reportable segments' assets are reconciled to total assets in the Consolidated Balance Sheet as follows:

	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012
Segment assets for reportable segments	13,893,410	12,030,258	11,144,857
Other segments' assets	845,413	754,932	655,676
Total segment assets	14,738,823	12,785,190	11,800,533
5 Goodwill	856,397	907,085	885,672
Loans issued to companies beyond 12 months	188,863	110,944	113,715
Other long-term financial investments	30,261	30,039	30,855
Deferred tax assets	96,841	82,871	108,041
Value added tax on purchased goods	289,490	341,870	404,572
Loans issued to companies due within 12 months	122,255	105,496	97,194
Other short-term financial investments	155,589	99,163	68,499
Cash and cash equivalents	1,048,298	699,612	438,746

4. Segment information (continued)

	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012
Decommissioning costs	70,587	57,414	52,111
Inter-segment assets	(760,190)	(673,902)	(647,567)
Other	67,978	203,441	176,217
Total assets per the balance sheet	16,905,192	14,749,223	13,528,588

Segment liabilities include primarily short-term liabilities except for profit tax and other taxes payable to the budget for which there is no basis for allocation and loans and borrowings received to finance the Group operations.

	Production of gas	Transpor- tation	Distri- bution of gas	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
As of 31 December 2014									
Segment liabilities	146,755	351,338	663,454	18,352	304,269	237,753	76,541	129,657	1,928,119
As of 31 December 2013									
Segment liabilities	155,578	290,775	511,433	9,599	218,783	281,666	46,491	124,989	1,639,314
As of 31 December 2012									
Segment liabilities	135,554	427,157	585,171	9,844	154,023	241,356	29,469	146,500	1,729,074

Reportable segments' liabilities are reconciled to total liabilities in the Consolidated Balance Sheet as follows:

	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012
Segment liabilities for reportable segments	1,798,462	1,514,325	1,582,574
Other segments' liabilities	129,657	124,989	146,500
Total segments liabilities	1,928,119	1,639,314	1,729,074
15 Long-term loans and borrowings	2,237,812	1,480,903	1,178,381
Deferred tax liabilities	440,325	371,200	265,424
15 Short-term loans and borrowings and current portion of long-term loans and borrowings	464,991	330,479	325,447
Dividends payable	4,759	3,791	1,779
Income of future periods	1,679	2,551	2,362
25 Contingent liabilities regarding fixed assets liquidation and environmental restoration in the context of subsurface use	98,069	116,483	121,930
Inter-segment liabilities	(760,190)	(673,902)	(647,567)
Other	206,381	148,616	90,962
Total liabilities per the balance sheet	4,621,945	3,419,435	3,067,792

Information on sales by geographical segments is presented in Note 17. Information on assets by geographical segments is not disclosed as assets of the Group are mainly located on the territory of the Russian Federation.

4. Segment information (continued)

Cash flows from operating, investing and financial activities for reporting segments are represented in the table below:

	Production of gas	Transportation	Distribution of gas	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
For 2014									
Cash flows from operating activities									
Total cash received	9,493	133,742	3,711,121	2,772	320,746	1,733,177	405,812	224,960	6,541,823
Unallocated cash flows									296,271
Total cash paid	(536,704)	(382,313)	(1,335,913)	(13,271)	(708,851)	(907,406)	(288,567)	(266,748)	(4,439,773)
Unallocated cash flows									(449,604)
Cash flows from investing activities									
Total cash received	137	1,908	271	62	16,570	14,384	4,311	16,438	54,081
Unallocated cash flows									245,071
Total cash paid	(189,378)	(499,987)	(38,440)	(4,704)	(200,640)	(150,082)	(53,979)	(72,798)	(1,210,008)
Unallocated cash flows									(561,487)
Cash flows from financial activities									
Total cash received	–	–	–	–	–	–	–	291	291
Unallocated cash flows									379,682
Total cash paid	(2,239)	(6,035)	(2,242)	(68)	(260)	(1,894)	(229)	(868)	(13,835)
Unallocated cash flows									(630,924)
For 2013									
Cash flows from operating activities									
Total cash received	7,883	129,556	3,446,632	1,909	298,996	1,534,319	346,479	171,843	5,937,617
Unallocated cash flows									224,364
Total cash paid	(443,992)	(466,447)	(1,334,655)	(13,551)	(669,570)	(829,004)	(251,000)	(135,992)	(4,144,211)
Unallocated cash flows									(351,806)
Cash flows from investing activities									
Total cash received	99	1,633	495	71	13,131	693	552	5,896	22,570
Unallocated cash flows									232,622
Total cash paid	(268,874)	(432,933)	(50,039)	(15,568)	(154,503)	(106,451)	(58,097)	(88,767)	(1,175,232)
Unallocated cash flows									(456,866)
Cash flows from financial activities									
Total cash received	–	–	–	–	–	–	–	–	–
Unallocated cash flows									568,734
Total cash paid	(2,644)	(7,601)	(3,377)	(67)	(87)	(2,552)	(257)	(1,083)	(17,668)
Unallocated cash flows									(600,658)

5. Goodwill on subsidiaries

Note		Gross book value	Accumulated amortization	Net book value
As of 31 December 2013				
	OAo Gazprom neft	539,720	(196,937)	342,783
	OAo Gazprom transgaz Belarus	146,316	(14,632)	131,684
	OAo Gazpromneft — MNPZ	120,121	(25,129)	94,992
	OAo WGC-2	87,263	(24,167)	63,096
	OAo Gazprom neftekhim Salavat	70,882	(5,319)	65,563
23	OAo MIPC	69,957	(873)	69,084
	OAo Mosenergo	46,612	(14,984)	31,628
	OOO Gazprom neft shelf	37,416	(16,435)	20,981
	OAo TGC-1	35,518	(7,104)	28,414
	OAo Sibirske gazovie seti	17,000	(923)	16,077
	OAo Daltransgaz	6,990	(1,630)	5,360
	OAo Yuzhuralneftegaz	6,815	(710)	6,105
	OAo Gazprom gazoraspredelenie Sever*	6,314	(1,101)	5,213
	Others	33,394	(7,289)	26,105
	Total	1,224,318	(317,233)	907,085
Additions for 2014				
	OAo Gazpromneft — MNPZ	3,689	—	3,689
23	OAo MIPC	57	—	57
	Others	13,481	(20)	13,461
	Total	17,227	(20)	17,207
Disposals for 2014				
	OOO Gazpromneft shelf	(114)	5	(109)
	OAo Gazpromneft — MNPZ	(16)	—	(16)
	Others	(6,316)	764	(5,552)
	Total	(6,446)	769	(5,677)
2	Amortization charge			
	OAo Gazprom neft		(26,986)	
	OAo Gazprom transgaz Belarus		(7,316)	
	OAo Gazpromneft — MNPZ		(6,067)	
	OAo WGC-2		(4,363)	
	OAo Gazprom neftekhim Salavat		(3,544)	
23	OAo MIPC		(3,500)	
	OAo Mosenergo		(2,331)	
	OOO Gazprom neft shelf		(1,869)	
	OAo TGC-1		(1,776)	
	OAo Gazprom gazoraspredelenie Sever*		(952)	
	OAo Daltransgaz		(348)	
	OAo Yuzhuralneftegaz		(341)	
	OAo Sibirske gazovie seti*		(213)	
	Others		(2,612)	
	Total		(62,218)	
As of 31 December 2014				
	OAo Gazprom neft	539,720	(223,923)	315,797
	OAo Gazprom transgaz Belarus	146,316	(21,948)	124,368
	OAo Gazpromneft — MNPZ	123,794	(31,196)	92,598

5. Goodwill on subsidiaries (continued)

Note		Gross book value	Accumulated amortization	Net book value
	OAo WGC-2	87,263	(28,530)	58,733
	OAo Gazprom neftekhim Salavat	70,882	(8,863)	62,019
23	OAo MIPC	70,014	(4,373)	65,641
	OAo Mosenergo	46,612	(17,315)	29,297
	OOO Gazprom neft shelf	37,302	(18,299)	19,003
	OAo TGC-1	35,518	(8,880)	26,638
	OAo Gazprom gazoraspredelenie Sever*	23,314	(3,189)	20,125
	OAo Daltransgaz	6,990	(1,978)	5,012
	OAo Yuzhuralneftegaz	6,815	(1,051)	5,764
	Others	40,559	(9,157)	31,402
	Total	1,235,099	(378,702)	856,397

* In May 2014 OAo Sibirskie gazovie seti was reorganized in the form of a merger with OAo Gazprom gazoraspredelenie Sever. As a result of this reorganization the Group's share in OAo Gazprom gazoraspredelenie Sever has increased from 91% to 96%.

6. Exploration assets

	As of 31 December 2013	Changes for 2014				As of 31 December 2014
		Additions	Disposals	Intra-group	Depreciation charge	
Total Intangible exploration assets,	104,561	73,248	(9,696)	–	–	168,113
including:						
Licences on minerals prospecting, estimation, exploration and extraction	92,504	7,425	(1,381)	45,266	–	143,814
Expenditure on obtaining rights on subsurface use, expenditure on geological knowledge	12,057	65,823	(8,315)	(45,266)	–	24,299
Total Tangible exploration assets,	40,360	43,186	(10,654)	–	–	72,892
including:						
Wells	2,348	346	(18)	1,171	–	3,847
Exploration expenses classified as tangible exploration assets	38,012	42,840	(10,636)	(1,171)	–	69,045
	As of 31 December 2012	Changes for 2013				As of 31 December 2013
		Additions	Disposals	Intra-group	Depreciation charge	
Total Intangible exploration assets,	56,659	51,353	(3,451)	–	–	104,561
including:						
Licences on minerals prospecting, estimation, exploration and extraction	52,079	2,427	(2,433)	40,431	–	92,504
Expenditure on obtaining rights on subsurface use, expenditure on geological Knowledge	4,580	48,926	(1,018)	(40,431)	–	12,057
Total Tangible exploration assets,	41,481	1,138	(2,259)	–	–	40,360
including:						
Wells	2,196	23	(262)	391	–	2,348
Exploration expenses classified as tangible exploration assets	39,285	1,115	(1,997)	(391)	–	38,012

7. Fixed assets

Note	Trunk pipelines	Wells	Machinery and equipment	Buildings and roads	Other	Total
As of 31 December 2012						
	9,701,580	1,688,677	2,667,113	1,618,022	2,136,862	17,812,254
	(6,457,541)	(1,125,194)	(1,770,340)	(566,489)	(771,719)	(10,691,283)
	3,244,039	563,483	896,773	1,051,533	1,365,143	7,120,971
For 2013						
	94,656	147,794	275,592	144,850	409,207	1,072,099
	(70)	(450)	(2,078)	(5,260)	(5,890)	(13,748)
	(644)	(7,007)	(16,077)	(7,937)	(12,230)	(43,895)
	574	6,557	13,999	2,677	6,340	30,147
4	(268,159)	(85,771)	(166,951)	(52,893)	(112,680)	(686,454)
	595	341	1,844	9,675	6,216	18,671
	(1,100)	57,350	8,494	20,568	16,307	101,619
	1,695	(57,009)	(6,650)	(10,893)	(10,091)	(82,948)
As of 31 December 2013						
	9,794,022	1,891,789	2,965,778	1,779,721	2,579,956	19,011,266
	(6,722,961)	(1,266,392)	(1,960,598)	(631,816)	(917,960)	(11,499,727)
	3,071,061	625,397	1,005,180	1,147,905	1,661,996	7,511,539
For 2014						
	291,728	176,469	309,512	120,134	252,457	1,150,300
	(147)	(17,812)	(2,840)	(9,315)	(4,594)	(34,708)
	(3,345)	(23,442)	(26,248)	(11,812)	(15,510)	(80,357)
	3,198	5,630	23,408	2,497	10,916	45,649
4	(267,156)	(95,810)	(189,225)	(55,704)	(145,287)	(753,182)
	400,990	45,822	69,183	100,039	118,350	734,384
	1,410,152	201,125	350,119	183,461	210,140	2,354,997
	(1,009,162)	(155,303)	(280,936)	(83,422)	(91,790)	(1,620,613)
As of 31 December 2014						
	11,497,053	2,247,608	3,626,071	2,073,151	3,032,276	22,476,159
	(8,000,577)	(1,513,542)	(2,434,261)	(770,092)	(1,149,354)	(13,867,826)
	3,496,476	734,066	1,191,810	1,303,059	1,882,922	8,608,333

In 2014 and 2013 the Group entities continued to transfer social assets which were obtained in the course of privatization to local authorities (see Note 2). The transferred assets which were obtained in the course of privatization amounted to RR 58 in 2014 (in 2013 — RR 109).

8. Construction in progress

	Construction in progress	Equipment for installation	Total
As of 31 December 2012	1,210,370	202,209	1,412,579
For 2013			
Capital expenditures	991,417	170,274	1,161,691
Transfer of equipment for installation	180,133	(180,133)	–
Transfer to Fixed assets	(894,052)	–	(894,052)
Other disposals (incl. write-off)	(18,326)	(3,145)	(21,471)
As of 31 December 2013	1,469,542	189,205	1,658,747
For 2014			
Capital expenditures	1,028,832	203,807	1,232,639
Transfer of equipment for installation	123,497	(123,497)	–
Transfer to Fixed assets	(1,012,892)	–	(1,012,892)
Other disposals (incl. write-off)	(17,094)	(3,415)	(20,509)
As of 31 December 2014	1,591,885	266,100	1,857,985

Construction in progress mostly consists of construction of transport infrastructure, including the implementation of projects on construction of the gas pipeline Bovanenkovo — Ukhta, expansion of a unified system of gas pipelines for gas supply to the gas pipeline “South Stream”, construction of gas chemical complex (Novourengoy sky GCC), as well as development of Bovanenkovskoye field.

In Additions for 2014 reflected acquisition of South Stream Transport B.V. with cost of construction in progress in the amount of RR 127,778.

9. Financial investments**Long-term financial assets****Investments in subsidiaries**

Investments in subsidiaries in the Consolidated Balance Sheet are stated net of impairment provision in the amount of RR 9,003, RR 6,993 and RR 6,063 as of 31 December 2014, 2013 and 2012, respectively. The impairment provision primarily relates to non-core investments.

Investments in associates

Note		Carrying value			Capitalized profit (loss)	
		As of 31 December 2014	As of 31 December 2013	As of 31 December 2012	For 2014	For 2013
21, 25	Sakhalin Energy Investment Company Ltd.	138,475	52,925	73,919	59,145	43,085
21	OA O Tomskneft VNK and its subsidiaries	91,148	88,560	85,414	8,297	8,359
21	Gazprombank (Joint-stock Company) (OA O Gazprombank)*	78,175	73,946	76,067	6,583	76
21	OA O NGK Slavneft and its subsidiaries	73,301	84,274	78,093	(5,072)	9,537
21, 25	Nord Stream AG	52,944	43,851	35,870	3,422	7,433
21	WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries**	39,139	–	–	4,876	–

9. Financial investments (continued)

Note		Carrying value			Capitalized profit (loss)	
		As of 31 December 2014	As of 31 December 2013	As of 31 December 2012	For 2014	For 2013
21	STG EuRoPol GAZ S.A.	27,857	18,802	17,347	188	(240)
21	OOO Yamal razvitie	26,358	10	–	–	–
21, 25	Blue Stream Pipeline Company B.V.	25,872	14,228	13,353	133	415
21	W & G Beteiligungs-GmbH & Co. KG and its subsidiaries**	25,107	40,809	38,260	2,320	4,809
21	TOO KazRosGaz	19,215	9,819	12,819	6,268	4,659
21	Wintershall AG	17,640	11,528	12,198	186	1,492
21	ZAO Achimgaz	16,844	9,956	5,933	6,888	4,023
21	AO Latvijas Gaze	15,182	9,968	8,957	594	470
21	Salym Petroleum Development N.V.	9,161	13,899	15,445	(457)	5,006
21	AO Gazum	6,915	4,515	4,089	229	369
21	ZAO Nortgaz	4,730	2,258	1,128	4,322	1,130
	Shtokman Development AG	–	23,216	21,783	(27,888)	(248)
24	South Stream Transport B.V. and its subsidiaries***	–	7,081	1,869	(4,237)	–
	AO Amber Grid****	–	5,703	–	60	25
21	AO Lietuvos dujos****	–	2,994	8,267	491	281
	Others	101,006	48,380	29,478	335	2,800
	Total	769,069	566,722	540,289	66,683	93,481

* In December 2014 OAO Gazprombank was renamed into Gazprombank (Joint-stock Company).

** In May 2014 the shares in all gas transportation companies that belonged to W&G Beteiligungs-GmbH & Co. KG were transferred to WIGA Transport Beteiligungs-GmbH & Co. KG. As of 31 December 2014 WIGA Transport Beteiligungs-GmbH & Co. KG forms an independent subgroup of associated undertakings.

*** In December 2014 the Group became the owner of 100% interest in South Stream Transport B.V., the company responsible for the offshore part of the South Stream project, by acquiring shares of EDF International S.A.S., Wintershall Holding GmbH and ENI International B.V. (see Note 24).

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

Investments in associates in the Consolidated Balance Sheet are stated net of impairment provision in the amount of RR 27,652 (including impairment provision for investment in Shtokman Development AG in the amount of RR 27,378), RR 292 and RR 322 as of 31 December 2014, 2013 and 2012, respectively.

Investments in other companies

As of 31 December 2014, 2013 and 2012 the line "Investments in other companies" of the Consolidated Balance Sheet includes an investment in OAO NOVATEK in the amount of 9.99% of shares in charter capital with carrying value amounting to RR 133,787, RR 135,910 and RR 110,370, respectively.

The line "Investments in other companies" of the Consolidated Balance Sheet also includes investments in shares of energy companies, with carrying value amounting to RR 5,321, RR 13,537 and RR 24,790 as of 31 December 2014, 2013 and 2012, respectively.

Investments in other companies in the Consolidated Balance Sheet are stated net of impairment provision in the amount of RR 1,793, RR 1,627 and RR 1,850 as of 31 December 2014, 2013 and 2012, respectively. The impairment provision primarily relates to non-core investments.

Loans issued to companies due beyond 12 months

The line "Loans issued to companies due beyond 12 months" of the Consolidated Balance Sheet includes the loan to OOO Yamal razvitie, denominated in RR maturing in 2021, in the amount of RR 48,253, RR 2,200 and RR nil as of 31 December 2014, 2013 and 2012, respectively.

9. Financial investments (continued)

The line “Loans issued to companies beyond 12 months” of the Consolidated Balance Sheet includes the loan to OAO Gazprom teploenego, denominated in RR maturing in 2026, in the amount of RR 47,108, RR 36,937 and RR 32,840 as of 31 December 2014, 2013 and 2012, respectively.

Loans issued to companies beyond 12 months in the Consolidated Balance Sheet include a foreign currency loan to the associated undertaking W&G Beteiligungs GmbH & Co. KG maturing not earlier than in 2016 in the amount of RR 26,161, RR 17,214 and RR 15,399 as of 31 December 2014, 2013 and 2012, respectively.

In 2014 and 2013 the average interest rate on this loan was 2.1%.

Other financial investments

	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012
Joint activity, including:	25,340	24,691	24,419
development of a satellite communication system (operator — OAO Gazprom kosmicheskiye sistemy)	3,252	3,252	3,252
Other	4,921	5,348	6,436
long-term deposits	3,035	3,209	2,063
third party promissory notes	1,282	1,438	2,288
South Pars project (oil and gas field in Iran)	370	370	370
Total	30,261	30,039	30,855

Other long-term financial investments in the Consolidated Balance Sheet are stated net of impairment provision in the amount of RR 7,918, RR 7,918 and RR 7,915 as of 31 December 2014, 2013 and 2012, respectively.

10. Inventory

Raw materials and other inventories

In the Consolidated Balance Sheet values of raw materials and other inventories in amount of RR 175,979, RR 151,799 and RR 131,015 are disclosed net of impairment allowance in amount of RR 4,252, RR 3,560 and RR 3,401 as of 31 December 2014, 2013 and 2012, respectively.

Finished goods and goods for resale

In the Consolidated Balance Sheet values of finished goods and goods for resale in amount of RR 549,632, RR 460,465 and RR 342,497 are disclosed net of impairment allowance in amount of RR 1,623, RR 616 and RR 398 as of 31 December 2014, 2013 and 2012, respectively.

	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012
Gas in pipelines and storages	472,643	384,087	263,460
Oil, gas condensate and refined products	54,259	53,793	54,706
Goods for resale	22,730	22,585	24,331
Total	549,632	460,465	342,497

11. Accounts receivable

Accounts receivable (payment expected beyond 12 months of the reporting date)

The Accounts Receivable line in the Consolidated Balance Sheet includes long-term receivables for gas in the amount of RR 1,140, RR 1,191 and RR 1,187 as of 31 December 2014, 2013 and 2012, respectively.

The Advances issued line in the Consolidated Balance Sheet includes an advance issued to NJSC Naftogas of Ukraine on account of gas transportation services in amount of RR nil, RR 9,095 and RR 19,016 as of 31 December 2014, 2013 and 2012, respectively.

The Other receivables line in the Consolidated Balance Sheet includes receivables, issued for capital construction purposes in amount of RR 16,291, RR 13,151 and RR 20,612 as of 31 December 2014, 2013 and 2012, respectively.

Accounts receivable (payment expected within 12 months of the reporting date)

Accounts receivable from buyers and customers in the Consolidated Balance Sheet as of 31 December 2014, 2013 and 2012 include the following:

	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012
Receivables from Europe and other countries gas, crude oil, gas condensate and refined products customers	362,611	339,313	285,379
Receivables from Domestic gas, crude oil, gas condensate and refined products customers	146,295	141,103	131,128
Receivables from FSU (excluding Russian Federation) gas, crude oil, gas condensate and refined products customers	25,914	111,807	33,560
Receivables from electric and heat energy sales customers	66,177	54,781	43,154
Other trade debtors	97,888	92,134	99,723
Total	698,885	739,138	592,944

As of 31 December 2014, 2013 and 2012 accounts receivable from buyers and customers are stated net of impairment provision of RR 616,655, RR 322,418 and RR 255,025, respectively. The impairment provision has been calculated net of deferred excise tax on natural gas of RR 101, RR 119 and RR 134 as of 31 December 2014, 2013 and 2012, respectively.

As of 31 December 2014, 2013 and 2012 advances paid in the Consolidated Balance Sheet include advances issued for capital construction purposes in amount of RR 135,632, RR 122,999 and RR 158,208, respectively.

The advances paid include current advances issued to NJSC Naftogas of Ukraine for gas transportation services in the amount of RR nil, RR 38,370, RR 85,854 as of 31 December 2014, 2013, 2012, respectively, and current portion of the long-term advance issued to NJSC Naftogas of Ukraine in the amount of RR 9,095, RR 9,922 and RR 9,922 as of 31 December 2014, 2013 and 2012, respectively.

11. Accounts receivable (continued)

As of 31 December 2014, 2013 and 2012 other accounts receivable of the Consolidated Balance Sheet include the following:

	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012
Overpayment of taxes to the budget	217,560	118,624	100,022
Settlements on custom duties	85,432	57,502	67,654
Settlements on claims	4,291	3,404	1,694
Other	128,838	140,917	94,007
Total	436,121	320,447	263,377

Other accounts receivable are stated net of the impairment provision amounting to RR 38,447, RR 32,693 and RR 27,149 as of 31 December 2014, 2013 and 2012, respectively.

12. Other financial investments

	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012
Short-term deposits	140,200	72,788	49,107
Shares, bonds and participatory interests	9,581	22,355	15,931
Third party promissory notes	1,191	2,246	2,274
Other	4,617	1,774	1,187
Total	155,589	99,163	68,499

As of 31 December 2014, 2013 and 2012 other financial investments in Consolidated Balance Sheet are stated net of impairment provision of RR 559, RR 269 and RR 629, respectively.

13. Cash and cash equivalents

Other monetary assets in the Consolidated Balance Sheet include cash balances on bank accounts in amount of RR nil and RR nil and RR 3,658 as of 31 December 2014, 2013 and 2012, respectively, which are restricted as to withdrawal under the terms of certain loans and borrowings.

14. Equity

OAOGazprom's charter capital amounted to RR 118,368. The number of ordinary shares issued and paid did not change in 2014 and amounted to 23,674 million with nominal value of 5 Roubles each.

Treasury shares are recorded in the Consolidated Balance Sheet at their purchase cost. The number of treasury shares held by subsidiaries of the Group totals 723 million, 723 million and 724 million as of 31 December 2014, 2013 and 2012.

Shares held by subsidiaries are not taken into account in calculation of earnings per share (see Note 22).

The Group retains control over all treasury shares held by its subsidiaries.

In accordance with the decision of the General shareholders meeting, based on the 2013 results of OAOGazprom, final dividends were paid in 2014 in the amount of 7.20 Roubles per ordinary share. Based on the 2012 results dividends were paid in 2013 in the amount of 5.99 Roubles per ordinary share.

15. Borrowings

Bank borrowings

Lender	Currency	Final maturity	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012
«Mizuho Bank Ltd.» ¹	US dollar	2019	121,037	–	–
ZAO «Mizuho Corporate Bank (Moscow)» ¹	US dollar	2016	39,396	28,606	26,563
«Commerzbank International S.A.» ³	US dollar	2018	39,381	23,026	–
«The Royal Bank of Scotland AG» ¹	US dollar	2015	26,939	16,339	15,483
«UniCredit Bank AG»	Euro	2015	26,696	–	–
«Deutsche Bank AG»	US dollar	2016	22,901	13,327	12,387
«Alfa-Bank» (Joint-stock Company) ⁴	US dollar	2016	22,513	–	–
«BNP Paribas SA» ¹	Euro	2022	22,352	16,550	16,451
«Bank of Tokyo-Mitsubishi UFJ Ltd.» ¹	US dollar	2016	21,232	18,528	22,887
ОАО «Sberbank of Russia»	Rouble	2017	19,802	–	–
«Sumitomo Mitsui Finance Dublin Limited»	US dollar	2016	18,056	10,504	9,749
«Banc of America Securities Limited»	US dollar	2018	17,005	9,894	–
«Bank of Tokyo-Mitsubishi UFJ Ltd.»	US dollar	2015	16,970	9,874	9,171
«Bank of Tokyo-Mitsubishi UFJ Ltd.»	US dollar	2016	16,896	9,830	9,122
«Credit Agricole CIB»	Euro	2015	16,431	10,813	9,673
ОАО «Sberbank of Russia»	Euro	2017	15,416	10,145	–
«UniCredit Bank AG» ^{1,2}	US dollar	2018	14,421	11,220	13,683
«HSBC Bank plc»	Euro	2022	14,108	10,443	–
«Citibank International plc» ¹	US dollar	2021	13,436	9,020	8,563
«UniCredit Bank AG» ^{1,2}	Euro	2018	12,631	11,116	13,067
ОАО «Sberbank of Russia»	Rouble	2016	12,400	7,400	–
«Banc of America Securities Limited»	Euro	2017	12,372	8,143	7,285
«UniCredit Bank AG»	US dollar	2018	11,253	6,548	–
«Gazprombank» (Joint-stock Company)	US dollar	2016	11,252	–	–
«Banc of America Securities Limited»	US dollar	2016	10,132	5,895	5,471
ОАО «Rosselkhozbank»	Rouble	2019	10,010	–	–
ОАО «Sberbank of Russia»	Rouble	2019	10,010	–	–
«Gazprombank» (Joint-stock Company)	Rouble	2018	10,000	10,000	10,000
«Gazprombank» (Joint-stock Company)	Rouble	2017	10,000	10,000	10,000
«Gazprombank» (Joint-stock Company)	US dollar	2015	9,620	–	–
ОАО «VTB Bank»	US dollar	2016	9,307	–	–
ГК «Vnesheconombank»	Rouble	2025	8,979	14,698	14,808
«BNP Paribas SA» ¹	Euro	2023	8,826	6,536	6,497
ОАО «Sberbank of Russia»	US dollar	2018	8,449	4,915	–
ОАО «Sberbank of Russia»	Rouble	2016	8,300	–	–
ОАО «VTB Bank»	Rouble	2018	8,250	3,750	–
ОАО «Sberbank of Russia»	Rouble	2015	5,504	–	–
«Sberbank Serbia a.d.»	US dollar	2019	5,071	–	–
ОАО «Bank ROSSIYA»	Rouble	2016	5,000	5,000	–
ОАО «Bank ROSSIYA»	Rouble	2017	5,000	–	–
«Banc of America Securities Limited»	Euro	2016	4,445	2,925	2,617

15. Borrowings (continued)

Lender	Currency	Final maturity	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012
«Sberbank Serbia a.d.»	US dollar	2017	4,231	–	–
ОАО «Sberbank of Russia»	Rouble	2018	3,759	3,759	–
Gazprombank (Joint-stock Company)	US dollar	2015	3,584	2,085	–
«UniCredit Bank AG» ^{1, 2}	Rouble	2018	2,352	3,145	4,134
«Natixis SA» ¹	US dollar	2014	–	23,933	36,232
ОАО «VTB Bank»	US dollar	2014	–	22,974	–
«Deutsche Bank AG»	US dollar	2014	–	9,899	9,186
«Deutsche Bank AG»	US dollar	2014	–	6,566	6,093
ОАО «Sberbank of Russia»	Rouble	2014	–	6,216	–
ОАО «VTB Bank»	US dollar	2014	–	5,420	–
ОАО «Bank ROSSIYA»	US dollar	2014	–	3,960	–
«Gazprombank» (Joint-stock Company)	US dollar	2014	–	3,273	–
«Deutsche Bank AG»	US dollar	2014	–	2,346	4,353
ОАО «VTB Bank»	Rouble	2014	–	708	4,010
«The Royal Bank of Scotland AG»	US dollar	2013	–	–	54,858
«Credit Agricole CIB» ¹	US dollar	2013	–	–	7,607
ОАО «TransKreditBank»	Rouble	2013	–	–	7,055
ОАО «Nordea Bank»	US dollar	2013	–	–	3,796
ОАО «Sberbank of Russia»	Rouble	2013	–	–	3,503
«WestLB AG» ¹	US dollar	2013	–	–	3,214
ОАО «Nordea Bank»	US dollar	2013	–	–	3,038
ОАО «Sberbank of Russia»	Rouble	2013	–	–	2,501
«The Royal Bank of Scotland AG» ¹	US dollar	2013	–	–	1,838
Other	Various	Various	85,720	85,282	109,720
Total, including			801,445	484,611	484,615
due within one year, including current portion of long-term borrowings			188,443	131,132	178,101

¹ Loans received from syndicate of banks, named lender is the bank-agent.² Loans were obtained for development of Yuzhno-Russkoye oil and gas field.³ In October 2014 Commerzbank International S.A. was appointed as successor Agent by Commerzbank AG under facilities agreement.⁴ In January 2015 ОАО Alfa-Bank was renamed into Alfa-Bank (Joint-stock Company).

Long-term foreign currency denominated borrowings had fixed interest rates ranging from 3.05% to 10.0% and from 3.25% to 10.0% in 2014 and 2013, respectively. Also in 2014–2013 long-term foreign currency denominated borrowings had variable interest rates generally linked to LIBOR.

Long-term borrowings denominated in Russian Roubles had fixed interest rates ranging from 8.0% to 21.0% and from 7.4% to 11.4% in 2014 and 2013, respectively.

Interest rates on short-term foreign currency denominated borrowings ranged from 5.0% to 11.5% and 1.7% to 12.0%, in 2014 and 2013, respectively. Also in 2014 and 2013 short-term foreign currency denominated borrowings had variable interest rates linked to EURIBOR and LIBOR respectively.

Short-term borrowings denominated in Russian Roubles had fixed interest rates ranging from 8.75% to 25.0% and from 7.25% to 12.55% in 2014 and 2013, respectively.

15. Borrowings (continued)

Loans

Borrowing / Creditors	Currency	Final maturity	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012
Loan participation notes issued in April 2009 ⁵	US dollar	2019	128,793	74,927	69,533
Loan participation notes issued in July 2012 ⁵	Euro	2017	98,554	64,849	57,250
Loan participation notes issued in October 2007 ⁵	Euro	2018	86,790	57,108	51,088
Loan participation notes issued in September 2012 ⁹	US dollar	2022	85,424	49,697	46,118
Loan participation notes issued in November 2013 ⁹	US dollar	2023	84,851	49,364	–
Loan participation notes issued in November 2006 ⁵	US dollar	2016	76,460	44,482	41,279
Loan participation notes issued in March 2007 ⁵	US dollar	2022	74,644	43,425	40,298
Loan participation notes issued in August 2007 ⁵	US dollar	2037	72,245	42,030	39,003
Loan participation notes issued in May 2005 ⁵	Euro	2015	70,685	46,511	41,607
Loan participation notes issued in March 2013 ⁵	Euro	2020	70,164	46,164	–
Loan participation notes issued in April 2004 ⁵	US dollar	2034	68,528	39,868	36,997
Loan participation notes issued in April 2008 ⁵	US dollar	2018	63,004	36,654	34,015
Loan participation notes issued in July 2013 ⁵	Euro	2018	62,506	41,129	–
Loan participation notes issued in July 2009 ⁵	Euro	2015	62,372	41,041	36,715
Loan participation notes issued in July 2012 ⁵	US dollar	2022	57,512	33,458	31,049
Loan participation notes issued in November 2011 ⁵	US dollar	2016	56,552	32,900	30,531
Loan participation notes issued in November 2010 ⁵	US dollar	2015	56,513	32,877	30,510
Loan participation notes issued in February 2014 ⁵	Euro	2021	52,819	–	–
Loan participation notes issued in April 2013 ⁹	Euro	2018	52,277	34,398	–
Loan participation notes issued in February 2013 ⁵	US dollar	2028	51,642	30,044	–
Loan participation notes issued in February 2013 ⁵	US dollar	2020	45,705	26,589	–
Loan participation notes issued in September 2013 ⁵	GBP	2020	41,334	27,198	–
Loan participation notes issued in November 2014 ⁵	US dollar	2015	39,621	–	–
Loan participation notes issued in November 2006 ⁵	Euro	2017	35,542	23,387	20,921
Loan participation notes issued in March 2013 ⁵	Euro	2025	35,340	23,254	–
Loan participation notes issued in November 2011 ⁵	US dollar	2021	34,644	20,155	18,704
Loan participation notes issued in March 2007 ⁵	Euro	2017	34,477	22,686	20,294
Loan participation notes issued in October 2013 ⁵	CHF	2019	28,637	18,444	–
Russian bonds series 06 issued in February 2013 ¹¹	Rouble	2016	15,407	15,404	–
Russian bonds issued in November 2013 ¹²	Rouble	2043	15,134	15,102	–
Russian bonds issued in November 2013 ¹²	Rouble	2043	15,134	15,102	–
Russian bonds issued in October 2014 ¹²	Rouble	2044	13,821	–	–
ОАО «Томскнефт ВНК»	Rouble	2018	13,170	9,908	–
Russian bonds issued in February 2011 ⁹	Rouble	2021	10,361	10,358	10,356
Russian bonds issued in February 2011 ⁹	Rouble	2021	10,345	10,342	10,340
Russian bonds issued in February 2011 ⁹	Rouble	2016	10,345	10,342	10,340
Russian bonds issued in February 2012 ⁹	Rouble	2022	10,335	10,332	10,330
Russian bonds series 05 issued in February 2013 ¹¹	Rouble	2017	10,273	10,271	–
Russian bonds issued in April 2009 ⁹	Rouble	2019	10,175	10,173	10,171
Russian bonds issued in December 2012 ⁹	Rouble	2022	10,068	10,065	10,063
Russian bonds series 04 issued in February 2013 ¹¹	Rouble	2018	5,136	5,126	–

15. Borrowings (continued)

Borrowing / Creditors	Currency	Final maturity	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012
Russian bonds series 02 issued in March 2006 ⁵	Rouble	2016	108	108	446
«White Nights Finance B.V.»	US dollar	2014	–	42,682	39,609
Loan participation notes issued in July 2009 ⁵	US dollar	2014	–	42,297	39,251
Loan participation notes issued in October 2006 ⁵	Euro	2014	–	36,575	32,719
Loan participation notes issued in June 2007 ⁵	Euro	2014	–	31,766	28,417
Russian bonds series A9 issued in February 2007 ¹²	Rouble	2014	–	5,138	5,137
Russian bonds series 03 issued in December 2009 ⁸	Rouble	2014	–	5,038	5,037
Russian bonds series A11 issued in June 2009 ¹²	Rouble	2014	–	5,013	5,011
«Eurofert Trading Limited llc» ⁷	Rouble	2014	–	3,600	5,000
Russian bonds issued in July 2009 ¹⁰	Rouble	2014	–	126	2,894
Loan participation notes issued in June 2007 ⁵	US dollar	2013	–	–	48,795
Russian bonds issued in April 2010 ⁹	Rouble	2013	–	–	20,326
Loan participation notes issued in July 2008 ⁵	US dollar	2013	–	–	15,617
Structured export notes issued in July 2004 ⁶	US dollar	2013	–	–	12,509
Loan participation notes issued in April 2008 ⁵	US dollar	2013	–	–	12,347
«Eurofert Trading Limited llc» ⁷	Rouble	2013	–	–	8,600
Russian bonds issued in July 2009 ⁹	Rouble	2013	–	–	141
Other loans	Various	Various	23,911	19,264	29,845
Total, including			1,901,358	1,326,771	1,019,213
due within one year, including current portion of long-term borrowings			276,548	199,347	147,346

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

6 Issuer of these notes is Gazprom International S.A.

7 Issuer of these notes is OAO WGC-2.

8 Issuer of these bonds is OAO Mosenergo.

9 Issuer of these bonds is OAO Gazprom neft.

10 Issuer of these bonds is OAO TGC-1.

11 Issuer of these bonds is OOO Gazprom Capital.

12 Issuer of these bonds is OAO Gazprom

As of 31 December 2014, 2013 and 2012 long-term loans (including current portion of long-term loans) of RR nil, RR nil and RR 12,509, respectively, were secured by cash from gas sales contracts to Western Europe.

As at 31 December 2014, 2013 and 2012 according to the project facility agreement, signed within the framework of the development project of Yuzhno-Russkoe oil and gas field with the group of international financial institutions with UniCredit Bank AG acting as a facility agent, ordinary shares of OAO Severneftegazprom with the pledge value of RR 16,968 and fixed assets with the pledge value of RR 26,210 were pledged to ING Bank N.V. (London branch) up to the date of full redemption of the liabilities on this agreement. As of 31 December 2014, 2013 and 2012 carrying amount of these fixed assets is RR 17,058, RR 19,247 and RR 21,481, respectively. Management of the Group does not expect any substantial consequences to occur which relate to respective pledge agreement.

Fixed interest rates on long-term foreign currency denominated loans ranged from 2.85% to 9.25% and from 2.85% to 10.5% in 2014 and 2013, respectively. Fixed interest rates on long-term loans denominated in Russian Roubles ranged from 0.30% to 8.90% and from 7.23% to 13.75% in 2014 and 2013, respectively.

In 2014 and 2013 fixed interest rates on short-term loans denominated in Russian Roubles ranged from 0.3% to 10.0% and from 0.3% to 8.25%, respectively.

16. Taxation

Profit tax

In 2014 and 2013 theoretical profit tax determined based on accounting profit and statutory rates amounted to RR 8,605 and RR 235,331, respectively. According to the tax returns the profit tax in 2014 and 2013 included within the line Current Profit Tax amounted to RR 119,067 and RR 197,644, respectively.

According to updated tax returns submitted in 2014 the profit tax amounted to RR 7,247. According to updated tax returns submitted in 2013 the profit tax amounted to RR 9,834.

In 2014 permanent differences which increase the taxable profit exceeded permanent differences which decrease the taxable profit by RR 1,239,820 (in 2013 by RR 622,291). The permanent differences principally arise from non-deductible expenses, such as excess of depreciation charge in respect of fixed assets revalued for accounting purposes as compared to depreciation charge for tax purposes, excess of provision for doubtful accounts for accounting purposes as compared to provision for doubtful accounts for tax purposes, non-production costs, social expenses, charitable donations, and expenses exceeding prescribed limits.

In 2014 and 2013 incurred deductible temporary differences which impacted the difference between the theoretical profit tax expense and the current profit tax amounted to RR 355,912 and RR 238,699, respectively.

Deductible temporary differences incurred in 2014 principally arise from accrual of contingent liabilities for gas price adjustment and other contingent liabilities, longer useful lives of certain fixed asset items for tax purposes as compared to useful lives of these items for accounting purposes, the fact that expenses for geological and geophysical exploration are deductible for tax purposes later than for accounting purposes, and elimination in accounting records of unrealised income from intergroup transactions.

Deductible temporary differences settled in 2014 and 2013 totaled RR 274,808 and RR 418,038, respectively. Settlement of these differences in 2014 is principally due to decrease of the current tax base related to contingent liabilities and geological and geophysical exploration expenses recognized for accounting purposes in prior periods, decrease of the current tax base by the amount of depreciation charge, accrued on fixed assets, useful life of which for tax purposes is longer than for accounting purposes, during prior tax periods, and recognition of the profit that was formerly excluded as unrealised income from intergroup transactions for accounting purposes in the current period.

In 2014 and 2013 incurred taxable temporary differences which impacted the difference between the theoretical profit tax expense and the current profit tax expense amounted to RR 646,286 and RR 702,829, respectively. Taxable temporary differences in 2014 principally arise from longer useful lives of certain fixed asset items for accounting purposes as compared to useful lives of these items for tax purposes, application of a special depreciation premium of 30% to fixed assets that were put into operation after January 1, 2013 but prior to submission of documents for their state registration, one-time recognition of one-off payments for mineral resources use for tax purposes, and storage costs included in the cost of finished goods for accounting purposes.

Taxable temporary differences settled in 2014 and 2013 totaled RR 248,879 and RR 316,667, respectively. Settlement of these differences in 2014 is principally due to increase of the current tax base by the amount of depreciation charge, accrued on fixed assets, useful life of which for accounting purposes is longer than for tax purposes, during prior tax periods, as well as by the amount of costs of storage included in the cost of finished goods recognized in prior period for accounting purposes.

Starting from 1 January 2012 the Gazprom Group established a CGT, the liable partner of which is OAO Gazprom. On 20 March 2012 the Interdistrict Inspectorate of the Federal Tax Service for Major Taxpayers No. 2 registered the agreement on establishment of CGT of the Group with 56 participants.

16. Taxation (continued)

In December 2012 the Interdistrict Inspectorate of the Federal Tax Service for Major Taxpayers No. 2 registered an amendment to the agreement on establishment of CGT of the Gazprom Group which increased the number of participants up to 65 starting from 1 January 2013. In 2013 the Interdistrict Inspectorate of the Federal Tax Service for Major Taxpayers No. 2 registered an amendment No. 2 dated 26 November 2013 to the agreement on establishment of CGT of the Gazprom Group which increased the number of participants up to 69 starting from 1 January 2014. In 2014 the Interdistrict Inspectorate of the Federal Tax Service for Major Taxpayers No. 2 registered an amendment No. 3 dated 26 November 2014 to the agreement on establishment which decreased the number of participants to 65 starting from 1 January 2015.

The income tax of CGT for 2014 and 2013 amounted to 89,883 and 153,134, respectively.

17. Sales

	For 2014	For 2013
Gas sales (net of VAT, excise and other similar mandatory payments)		
Russian Federation	798,082	773,993
Former Soviet Union countries (excluding Russian Federation)	416,980	423,508
Europe and other countries	1,801,204	1,687,335
Net sales of gas	3,016,266	2,884,836
Sales of refined products (net of VAT and other similar mandatory payments)		
Russian Federation	952,537	820,507
Former Soviet Union countries (excluding Russian Federation)	79,874	80,557
Europe and other countries	586,204	449,669
Net sales of refined products	1,618,615	1,350,733
Sales of oil and gas condensate (net of VAT and other similar mandatory payments)		
Russian Federation	92,729	95,804
Former Soviet Union countries (excluding Russian Federation)	16,013	50,115
Europe and other countries	141,618	128,007
Net sales of oil and gas condensate	250,360	273,926
Sales of electric and heat energy (net of VAT)		
Russian Federation	408,946	362,988
Former Soviet Union countries (excluding Russian Federation)	2,481	2,191
Europe and other countries	15,383	10,983
Net sales of electric and heat energy	426,810	376,162
Sales of gas transportation services (net of VAT)		
Russian Federation	133,641	125,502
Former Soviet Union countries (excluding Russian Federation)	1,687	1,434
Europe and other countries	8	6
Net sales of gas transportation services	135,336	126,942
Other sales (net of VAT)		
Russian Federation	189,521	201,585
Former Soviet Union countries (excluding Russian Federation)	4,757	4,992
Europe and other countries	19,310	28,124
Total other sales	213,588	234,701
Net sales	5,660,975	5,247,300

17. Sales (continued)

Net sales of gas increased by 5% in the year ended December 31, 2014 compared to the year ended December 31, 2013. The overall increase of net sales of gas was primarily driven by increase of average prices of gas for customers in Europe and other countries in the year ended December 31, 2014 compared to the prior year.

The increase of net sales of refined products in the year ended December 31, 2014 compared to the year ended December 31, 2013 is mainly due to increase in prices as well as an increase in volumes sold by Gazprom neft group to customers in the Russian Federation, Europe and other countries.

Increase in electric and heat energy sales in the year ended December 31, 2014 compared to the same period of the prior year was mainly due to consolidation of OAO MIPC since September 2013.

18. Cost of sales, commercial and administrative expenses

	For 2014	For 2013
Depreciation and amortization	759,363	688,749
Taxes included in cost of sales	722,354	654,842
Staff costs and social expenses	484,170	432,147
Purchased gas	468,506	438,214
Transit costs for gas, oil and refined products	399,716	359,641
Purchased oil	351,565	365,227
Cost of goods for resale	334,561	198,712
Materials	267,368	234,328
Repairs and maintenance	171,766	201,051
Energy	83,891	86,057
Rent, lease payments	45,650	42,969
Insurance	36,943	34,332
Other	291,760	248,692
Changes in inventories of finished goods, work in progress and other effects	(100,380)	(167,335)
Total cost of goods, products, works and services sold, commercial and administrative expenses	4,317,233	3,817,626

The increase of purchased gas is primarily explained by increase of costs for gas purchased outside the Russian Federation.

Mineral Extraction Tax within the line "Taxes included in cost of sales" amounted to RR 516,045 and RR 467,606 in 2014 and 2013, respectively.

The cost of purchased oil decreased mainly due to decline in volumes of oil purchased from the third parties.

Other expenses primarily include transportation services, software services and maintenance, refining costs, advertisement, legal and consulting fees, cost of geologic and other services.

19. Other income and expenses

Note		For 2014		For 2013	
		Income	Expenses	Income	Expenses
	Sales and purchases of foreign currency	2,836,817	2,833,931	3,646,669	3,646,100
	Income/expense from trading activity without delivery	2,362,986	2,385,496	1,498,368	1,492,518
	Exchange differences	962,686	1,624,063	266,943	364,468
	Bad debts provision	–	300,649	–	64,006
25	Provisions for estimated liabilities	39,579	143,139	88,636	48,819
	Amortization of goodwill	–	62,218	–	58,518
	Social expenses	–	35,576	–	35,498
	Profit and losses of previous years identified in the reporting year	37,765	31,950	29,726	12,937
	Transactions with securities, including promissory notes	33,214	27,406	20,013	18,692
	Adjustment of investments (to fair value)	53	9,464	25,970	19,740
	Transfer of accounts receivable	7,287	7,850	5,727	5,362
	Income/expense related to sale and disposal of fixed assets	10,947	7,643	11,012	7,102
	Income/expense related to sale of other assets	8,732	6,427	25,176	28,550
	Fines and penalties for breach of contracts	7,657	4,782	6,691	4,214
	Services of credit organizations	–	3,032	–	4,553
	Income/expense related to gratuitous transfer of assets	499	2,917	790	1,695
	Investment impairment provision	–	2,117	–	1,178
	Accounts receivable written-off	–	727	–	1,001
	Other	50,756	188,733	30,655	135,293
	Total	6,358,978	7,678,120	5,656,376	5,950,244

The Group recognized estimated liability regarding possible gas price adjustment derived from foreign customers' claims based on the contract terms. The contingent liabilities as of 31 December 2014 and 31 December 2013 in the amount of RR 58,164 and RR 8,430 respectively do not include possible correction of customs duties accrued formerly. In 2013 the Group included in other income reversal of previously accrued estimated liabilities in the amount of RR 74,176 in respect of price adjustments, related to claims of European customers, based on the contract terms.

The line "Profit and losses of previous years identified in the reporting year" for 2014 year includes positive effect of corrections regarding gas price adjustment in the amount of RR 2,147. For 2013 year positive effect of corrections regarding gas price adjustment amounted to RR 217. These corrections refer to price adjustment of gas delivered in previous periods for which an adjustment was agreed in 2014 and 2013 respectively.

Other income and expenses related to accrual (release) of bad debts and investment impairment provisions are presented netted.

20. Consolidated subsidiaries and associates of the group

Principal subsidiaries as of 31 December 2014

Note	Company	Share in Charter Capital*, %	Type of activity	Location
	OOO Aviapredpriyatie Gazprom avia	100	Air transportation services	Russia
	OAo Vostokgazprom	100	Gas production	Russia
	GAZPROM Schweiz AG	100	Gas distribution	Switzerland
	ZAO Gazprom Armenia**	100	Gas transportation and gas distribution	Armenia
	OOO Gazprom VNIIGAZ	100	Research and development	Russia
	OAo Gazprom gazoraspredelenie	100	Gas network operation	Russia
	OAo Gazprom gazoraspredelenie Sever***	96	Gas network operation	Russia
	OOO Gazprom geologorazvedka	100	Exploration, geophysics	Russia
	OOO Gazprom georesurs	100	Exploration, geophysics	Russia
	GAZPROM Germania GmbH	100	Gas distribution	Germany
	Gazprom Gerosgaz Holdings B.V.	100	Investing	Netherlands
	Gazprom Global LNG Ltd.	100	Participation in LNG production and realization projects	United Kingdom
	OOO Gazprom dobycha Astrakhan	100	Production and refining of hydrocarbons	Russia
	OOO Gazprom dobycha Krasnodar	100	Gas production	Russia
	OOO Gazprom dobycha Nadym	100	Production of hydrocarbons	Russia
	OOO Gazprom dobycha Noyabrsk	100	Production of hydrocarbons	Russia
	OOO Gazprom dobycha Orenburg	100	Production, refining and transportation of hydrocarbons	Russia
	OOO Gazprom dobycha Urengoy	100	Production of hydrocarbons	Russia
	OOO Gazprom dobycha shelf Yuzhno-Sakhalinsk (OOO Gazprom dobycha shelf)****	100	Development of hydrocarbon fields	Russia
	OOO Gazprom dobycha Yamburg	100	Production of hydrocarbons	Russia
	OOO Gazprom invest	100	Construction	Russia
	OOO Gazprom invest Vostok	100	Construction	Russia
	OOO Gazprom invest RGK (ZAO Gazprom invest RGK)****	100	Information, consulting and transportation services	Russia
	ZAO Gazprom invest Yug	100	Construction	Russia
	OOO Gazprom investholding	100	Investing	Russia
	Gazprom International Germany GmbH	100	Investing	Germany
	OOO Gazprom inform	100	Informational and technical assistance	Russia
	OOO Gazprom kompletatciya	100	Trading	Russia
	Gazprom Marketing and Trading Ltd.	100	Gas distribution	United Kingdom
	OOO Gazprom mezhtsegiogaz	100	Gas distribution	Russia
	OAo Gazprom neftekhim Salavat	100	Processing and distribution of refined products	Russia
	OAo Gazprom neft	96	Exploration, refining and sales of crude oil	Russia
	ZAO Gazprom neft Orenburg	100	Exploration and sales of oil and petroleum gas	Russia
	Gazprom Neft Trading GmbH	100	Oil products trading	Austria
	OOO Gazprom neft shelf	100	Development of oil and gas fields	Russia
	OOO Gazprom pererabotka	100	Refining of hydrocarbons	Russia

20. Consolidated subsidiaries and associates of the group (continued)

Note	Company	Share in Charter Capital*, %	Type of activity	Location
	OOO Gazprom podzemremont Orenburg	100	Repairs, modernization, reconstruction and conservation of gas production wells	Russia
	OOO Gazprom podzemremont Urengoy	100	Repairs, modernization, reconstruction and conservation of gas production wells	Russia
	OOO Gazprom PKhG	100	Gas storage	Russia
	Gazprom Sakhalin Holdings B.V.	100	Foreign investing	Netherlands
	OOO Gazprom torgservis	100	Trading	Russia
	OAO Gazprom transgaz Belarus	100	Transportation and gas distribution	Belorussia
	OOO Gazprom transgaz Volgograd	100	Gas transportation	Russia
	OOO Gazprom transgaz Ekaterinburg	100	Gas transportation	Russia
	OOO Gazprom transgaz Kazan	100	Gas transportation	Russia
	OOO Gazprom transgaz Krasnodar	100	Gas transportation	Russia
	OOO Gazprom transgaz Makhachkala	100	Gas transportation	Russia
	OOO Gazprom transgaz Moskva	100	Gas transportation	Russia
	OOO Gazprom transgaz Nizhny Novgorod	100	Gas transportation	Russia
	OOO Gazprom transgaz Samara	100	Gas transportation	Russia
	OOO Gazprom transgaz St. Petersburg	100	Gas transportation	Russia
	OOO Gazprom transgaz Saratov	100	Gas transportation	Russia
	OOO Gazprom transgaz Stavropol	100	Gas transportation	Russia
	OOO Gazprom transgaz Surgut	100	Gas transportation	Russia
	OOO Gazprom transgaz Tomsk	100	Gas transportation	Russia
	OOO Gazprom transgaz Ufa	100	Gas transportation	Russia
	OOO Gazprom transgaz Ukhta	100	Gas transportation	Russia
	OOO Gazprom transgaz Tchaikovsky	100	Gas transportation	Russia
	OOO Gazprom transgaz Yugorsk	100	Gas transportation	Russia
	Gazprom Finance B.V.	100	Investing	Netherlands
	OOO Gazprom tsentrremont	100	Agency on technical maintenance and repairs	Russia
	OOO Gazprom export	100	Foreign trade	Russia
	OOO Gazprom energo	100	Electric energy transmission	Russia
	OOO Gazprom energoholding	100	Investing, asset management	Russia
	Gazprom EP International B.V.	100	Investments, asset management	Netherlands
	ZAO Gazprom YRGM Development*****	100	Raw hydrocarbons distribution	Russia
	ZAO Gazprom YRGM Trading*****	100	Raw hydrocarbons distribution	Russia
	OOO Gazpromneft-Vostok	100	Oil and gas production	Russia
	ZAO Gazpromneft-Kuzbass	100	Oil products trading	Russia
	OAO Gazpromneft-MNPZ*****	100	Processing and distribution of refined products	Russia
	OAO Gazpromneft-Noyabrskneftegaz	100	Oil and gas production	Russia
	OAO Gazpromneft-Omsk	100	Oil products trading	Russia
	OAO Gazpromneft-Omskiy NPZ	100	Oil refining	Russia
	ZAO Gazpromneft-Severo-Zapad	100	Oil products trading	Russia
	OOO Gazpromneftfinans	100	Investing	Russia
	OOO Gazpromneft-Khantos	100	Oil and gas production	Russia
	OOO Gazpromneft-Centr	100	Oil products trading	Russia
	OOO Gazpromtrans	100	Forwarding services	Russia

20. Consolidated subsidiaries and associates of the group (continued)

Note	Company	Share in Charter Capital*, %	Type of activity	Location
	OAO Gazpromtrubinvest	100	Production and sales of pipes	Russia
	OOO Gazprom flot (OOO Gazflot)****	100	Transportation, offshore field development	Russia
	OAO Daltransgaz	100	Gas transportation	Russia
	OOO Zapolyarneft	100	Oil and gas production	Russia
	OAO Krasnoyarskgazprom	75	Exploration, geophysics	Russia
23	OAO MIPC	90	Generation, purchase and supply of heat energy	Russia
	OAO Mosenergo	53	Production of electric and heat power, electric power supply services	Russia
	Naftna Industrija Srbije a.d.	56	Extraction and processing of oil, distribution of refined products	Serbia
	OOO Novourenogysky GCC	100	Construction of gas chemical complex	Russia
	OAO WGC-2	77	Production and sales of electric and heat energy	Russia
	ZAO Purgaz	51	Gas production	Russia
	OAO Regiongazholding	57	Construction and maintenance of gas facilities	Russia
	ZAO Rosshelf	57	Investments in oil and gas fields	Russia
24	South Stream Transport B.V.*****	100	Construction, gas transportation	Netherlands
	OAO Severneftegazprom*****	50	Exploration, processing and sales of gas and gas condensate	Russia
	Sibir Energy Ltd.	100	Exploration, processing and sales of hydrocarbons	United Kingdom
	OOO Sibmetakhim	100	Gas processing and sales of petrochemicals	Russia
	OAO Spetsgazavtotrans	51	Construction and transportation services	Russia
	OAO TGC-1	52	Production and sales of electric and heat energy	Russia
	OAO Teploset Sankt-Peterburga	75	Transportation and distribution of electric and heat energy	Russia
	OAO Tomskgazprom	100	Exploration, production, transportation of hydrocarbons	Russia
	OOO Faktoring-Finance	90	Investing	Russia
	OAO Tsentrgez	100	Construction	Russia
	OAO Tsentrenergogaz	66	Repair and maintenance of gas equipment	Russia
	OAO Yuzhuralneftegaz	88	Exploration and sales of oil and petroleum gas	Russia
	ZAO Yamalgazinvest	100	Designing and construction of gas facilities	Russia

* Cumulative share of the Group in charter capital of investees.

** In January 2014 the Group acquired additional 20% interest in ZAO Gazprom Armenia for the amount of USD 155 mln as a settlement of accounts receivable for gas supply. As a result of the transaction, the Group's interest in ZAO Gazprom Armenia increased from 80% to 100%.

*** In May 2014 OAO Sibirskie gazovie seti was reorganized in the form of a merger with OAO Gazprom gazoraspredelenie Sever. As a result of the transaction, the Group's interest in OAO Gazprom gazoraspredelenie Sever increased from 91% to 96%.

**** The indicated subsidiaries were renamed (former name is put in the brackets).

***** Group's portion of voting shares.

***** In August 2014 the Group acquired an additional 4% interest in the ordinary shares of OAO Gazpromneft-MNPZ increasing its interest to 100%.

***** In December 2014 the Group acquired additional 50% interest in South Stream Transport B.V. for cash consideration of EUR 883 million. As a result of the transaction, the Group's interest in South Stream Transport B.V. increased from 50% to 100%.

20. Consolidated subsidiaries and associates of the group (continued)

Principal associates as of 31 December 2014

Company	Share in Charter Capital*, %	Type of activity	Location
ZAO Achimgaz	50	Exploration and production of gas and gas condensate	Russia
Bosphorus Gaz Corporation A.S.**	71	Gas distribution	Turkey
W&G Beteiligungs GmbH & Co. KG and its subsidiaries***	50	Gas distribution	Germany
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries***	50	Gas transportation	Germany
Wintershall AG	49	Production of oil and gas distribution	Germany
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	50	Gas distribution	Germany
Gaz Project Development Central Asia AG	50	Gas production	Switzerland
Gazprombank (Joint-stock Company) (OAO Gazprombank)****	36	Banking	Russia
AO Gazum	25	Gas distribution	Finland
Blue Stream Pipeline Company B.V.	50	Construction, gas transportation	Netherlands
SGT EuRoPol GAZ S.A.	48	Transportation and gas distribution	Poland
TOO KazRosGaz	50	Gas processing and sales of gas and refined products	Kazakhstan
AO Latvijas Gaze	34	Transportation and gas distribution	Latvia
AO Moldovagaz	50	Transportation and gas distribution	Moldova
Nord Stream AG**	51	Construction, gas transportation	Switzerland
ZAO Nortgaz	50	Exploration and sale of gas and gas condensate	Russia
AO Overgaz Inc.	50	Gas distribution	Bulgaria
ZAO Panrusgas	40	Gas distribution	Hungary
AO Prometey Gaz	50	Gas distribution, construction	Greece
RosUkrEnergo AG	50	Gas distribution	Switzerland
Salym Petroleum Development N.V.	50	Oil production	Netherlands
Sakhalin Energy Investment Company Ltd.	50	Oil production, production of LNG	Bermuda Islands
OAO NGK Slavneft	50	Production of oil, sale of oil and refined products	Russia
OAO Tomskneft VNK	50	Oil production	Russia
AO Turusgas	45	Gas distribution	Turkey
Shtokman Development AG**	75	Gas exploration and production	Switzerland
OOO Yamal razvitie*****	50	Investment, asset management	Russia

* Cumulative share of the Group in charter capital of investees.

** Investments in companies continue to be accounted under the equity method of accounting, as the Group did not obtain control due to its corporate governance structure.

*** In May 2014 the shares in all gas transportation companies that belonged to W&G Beteiligungs-GmbH & Co. KG were transferred to WIGA Transport Beteiligungs-GmbH & Co. KG. As of 31 December 2014 WIGA Transport Beteiligungs-GmbH & Co. KG forms an independent subgroup of associates.

**** The indicated associates were renamed (former name is put in the brackets).

***** OOO Yamal razvitie is a holder of 51% share in OOO SeverEnergiya. During the period from December 2013 to March 2014 as a result of series of transactions, OOO Yamal razvitie acquired 80% interest in Artic Russia B.V. for cash consideration of USD 3,920 million. Artic Russia B.V. owns 49% interest in OOO SeverEnergiya. As a result of these transactions, the Group's effective interest in OOO SeverEnergiya increased to 43.15%.

21. Related parties

As defined by RAR 11/2008 “Related parties”, parties are considered to be related if one party has the ability to control another party or exercise significant influence over another party in making financial and operational decisions, or parties are engaged in joint activity. A non-state pension fund acting in favor of entity’s employees is also considered a related party.

Associates and other major related parties

In 2014 and 2013 the Group had following operations with major associates and other related parties:

	For 2014	For 2013
Revenue (net of VAT, excises and other similar mandatory payments):		
Gas sales		
Wintershall Erdgas Handelshaus GmbH & Co. KG (WIEH)	132,773	133,070
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries*	130,533	107,558
ZAO Panrusgaz	56,523	61,392
AO Moldovagaz	32,421	20,502
AO Gazum	29,987	29,030
Bosphorus Gaz Corporation A.S.	23,097	17,730
AO Latvijas Gaze	8,715	9,490
SGT EuRoPol GAZ S.A.	4,684	3,911
AO Lietuvos dujos**	4,152	7,608
AO Overgaz Inc.	3,932	3,310
Wintershall Erdgas Handelshaus Zug AG (WIEE)***	3,861	13,586
Russian-Serbian Trading Corporation a.d.	–	7,168
Gas transportation services		
TOO KazRosGas	1,682	1,421
Crude oil, gas condensate and refined products sales		
OAO NGK Slavneft and its subsidiaries	29,263	26,063
ZAO SOVEKS	5,631	5,535
OOO Gazpromneft — Aero Sheremetyevo****	3,022	12,263
Operator services sales		
ZAO Messoyakhaneftegaz	9,960	5,980
Gas refining services		
TOO KazRosGas	5,712	5,247
Purchases:		
Gas purchases		
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	66,575	73,071
TOO KazRosGas	28,428	22,724
OOO SeverEnergiya and its subsidiaries	16,486	9,858
Sakhalin Energy Investment Company Ltd.	14,838	5,715
ZAO Nortgaz	8,515	2,222

21. Related parties (continued)

	For 2014	For 2013
Gas transportation services		
Nord Stream AG	55,471	37,058
SGT EuRoPol GAZ S.A.	13,143	9,757
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries*	11,306	–
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries*	7,949	13,586
Blue Stream Pipeline Company B.V.	2,903	3,189
Oil and refined products purchases		
OAo NGK Slavneft and its subsidiaries	83,225	84,091
OAo Tomskneft VNK and its subsidiaries	56,567	53,293
Salym Petroleum Development N.V.	32,956	34,918
Sakhalin Energy Investment Company Ltd.	19,243	13,396
Purchased services of gas and gas condensate extraction		
ZAO Achimgaz	20,513	12,757
Oil and oil product refining services		
OAo NGK Slavneft and its subsidiaries	12,838	11,853
Pension fund contributions:		
NPF Gazfund	13,464	11,890

* In May 2014 the shares in all gas transportation companies that belonged to W&G Beteiligungs-GmbH & Co. KG were transferred to WIGA Transport Beteiligungs-GmbH & Co. KG. As of 31 December 2014 WIGA Transport Beteiligungs-GmbH & Co. KG forms an independent subgroup of associates.

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

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

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

In Russia the Group sold gas to associates mainly using tariffs set by FTS. Export sales of gas are based on long-term contracts with prices linked to world energy commodity prices. The Group purchases oil and gas from associates in the ordinary course of business at prices close to average market prices.

21. Related parties (continued)

The following balances of accounts receivable and accounts payable with major associates and other related parties were recorded on the Consolidated Balance Sheet of the Group as of 31 December 2014, 2013 and 2012:

	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012
Accounts receivable:			
Payment expected within 12 months of the reporting date:			
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	20,739	20,501	14,406
W & G Beteiligungs-GmbH & Co. KG. and its subsidiaries	17,448	8,452	11,420
OA NGK Slavneft and its subsidiaries	10,701	4,512	1,701
AO Overgaz Inc.	9,246	8,011	10,000
AO Gazum	5,353	4,157	3,892
ZAO Panrusgaz	3,523	5,774	8,134
Gazprombank (Joint-stock company)	2,430	9,339	1,438
ZAO Nortgaz	1,952	–	–
ZAO Messoyakhaneftegaz	1,869	935	663
Bosphorus Gaz Corporation A.S.	1,349	2,731	725
AO Moldovagaz*	1,281	–	2,348
OOO Yamal razvitie	1,272	–	–
Salym Petroleum Development N.V.	1,112	674	185
Wintershall Erdgas Handelshaus Zug AG (WIEE)	1,081	1,290	2,451
TOO KazRosGaz	759	676	667
Sakhalin Energy Investment Company Ltd.	493	84	68
AO Latvijas Gaze	60	227	242
AO Lietuvos dujos	–	2,000	2,212
Russian-Serbian Trading Corporation a.d.	–	660	628
Payment expected beyond 12 months of the reporting date:			
Gazprombank (Joint-stock company)	4,119	330	–
Accounts payable:			
Short-term accounts payable:			
W & G Beteiligungs-GmbH & Co. KG. and its subsidiaries	6,464	4,715	7,906
Nord Stream AG	6,098	4,179	2,892
ZAO Achimgaz	3,188	1,998	965
TOO KazRosGaz	2,925	2,992	2,783
STG EuRoPol GAZ S.A.	2,272	7,702	6,565
Salym Petroleum Development N.V.	1,994	3,839	3,569
OA NGK Slavneft and its subsidiaries	1,926	2,466	1,502
Sakhalin Energy Investment Company Ltd.	1,440	657	867
ZAO Nortgaz	381	501	1,035
AO Latvijas Gaze	214	66	38
Gazprombank (Joint-stock company)	48	42	152
AO Lietuvos dujos**	–	3,188	–

* Accounts receivable are stated net of provision for doubtful debts amounting to RR 288,657, RR 158,106 and RR 131,087 as of 31 December 2014, 2013 and 2012, respectively.

** As of 31 December 2013 accounts payable include estimated liability relating to gas price adjustment in amount of RR 3,188.

21. Related parties (continued)

Loans issued to major associates and promissory notes received from major associates as of 31 December 2014, 2013 and 2012 are presented as follows:

	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012
Loans and promissory notes due for repayment beyond 12 months of the reporting date:			
OOO Yamal razvitie	48,253	2,200	–
W & G Beteiligungs-GmbH & Co. KG. and its subsidiaries	26,161	17,214	15,399
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries	13,663	–	–
ZAO Messoyakhaneftegaz	10,672	2,838	1,718
Etzel Kavernenbetriebsgesellschaft mbH & Co. KG	5,293	3,811	3,361
Erdgasspeicher Peissen GmbH	3,745	2,060	1,380
Gas Project Development Central Asia AG	788	1,826	1,707
Gazprombank (Joint-stock company)	154	498	697
Bosphorus Gaz Corporation A.S.	–	–	823
Loans and promissory notes due for repayment within 12 months of the reporting date:			
Wintershall AG	2,567	–	–
Gazprombank (Joint-stock company)	885	1,094	190
OOO Yamal razvitie	–	26,348	26,348
ZAO Messoyakhaneftegaz	–	2,009	4,008

Loans received from major associates as of 31 December 2014, 2013 and 2012 are presented as follows:

	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012
Loans and borrowings due for repayment beyond 12 months of the reporting date:			
Gazprombank (Joint-stock company)	36,490	26,195	24,569
OAo Tomskneft VNK and its subsidiaries	13,170	9,908	–
Loans and borrowings due for repayment within 12 months of the reporting date (including current portion of long-term liabilities):			
Gazprombank (Joint-stock company)	24,397	13,614	21,429
OAo Tomskneft VNK and its subsidiaries	–	–	5,105
RosUkrEnergo AG	–	–	2,248
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	–	–	1,281

The Group received loans from its major associates in Russian Roubles at rates ranging from 9.8% to 25.0% in 2014. The similar figures for 2013 were 8.5% to 12.0%.

Besides, the Group received loans nominated in foreign currency at the rates ranging from 4.25% to 9.5 % in 2014. The similar figures for 2013 were 1.7% to 11.0%.

21. Related parties (continued)

Remuneration to key management personnel

Key management personnel's (the members of the Board of Directors and Management Committee of OAO Gazprom) short-term compensation, including salary, bonuses and remuneration for serving in the management bodies of OAO Gazprom and its subsidiaries, amounted to RR 4,393 and RR 2,992 for the years ended 31 December 2014 and 2013, respectively.

The above amounts include personal income tax and insurance premiums. Government representatives serving in the Board of Directors do not receive any remuneration from OAO Gazprom and its subsidiaries. Remuneration of members of the Board of Directors is approved by the annual meeting of shareholders. Compensation of key management personnel (other than remuneration of the Board of Directors) paid by OAO Gazprom and its subsidiaries is determined by the terms of the employment contracts. Key management personnel also receive certain short-term benefits related to healthcare.

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

OAO Gazprom provided medical insurance and liability insurance to key management personnel. Voluntary medical insurance amounted to RR 1 and liability insurance amounted to RR 1 for 2014 (RR 1 and RR 1 for 2013 respectively).

22. (Loss)/earnings per share

Basic (loss)/earnings per share have been calculated by dividing the net (loss)/profit for the year by the weighted average number of ordinary shares outstanding during the reporting year. The weighted average number of ordinary shares outstanding for 2014 and 2013 amounted to RR 22,951 and 22,948 million shares.

Diluted (loss)/earnings per share have not been calculated due to the absence of instruments convertible to ordinary shares as of 31 December 2014 and 2013.

23. Acquisition of OAO Moscow Integrated Power Company (OAO MIPC)

In September 2013 the Group acquired 89.98% interest in the ordinary shares of OAO Moscow Integrated Power Company (OAO MIPC) and heat assets from the Moscow Government for cash consideration of RR 99,866 including VAT in the amount of RR 1,246 related to acquired heat assets. As a result of the acquisition, the Group obtained control over OAO MIPC. Considering treasury shares of OAO MIPC, the Group's effective interest is 98.77%. The primary business activity of OAO MIPC is generation, purchase and supply of heat energy in the form of heating and hot water to commercial and residential customers in the City of Moscow. As of 31 December 2014 the title on the assets acquired in the amount of RR 6,746 excluding VAT was not transferred to the Group.

As a result of these transactions goodwill in amount of RR 69,957 has arisen in respect of OAO MIPC acquisition.

24. Acquisition of South Stream Transport B.V.

In December 2014 the Group became the owner of 100% of the interest in South Stream Transport B.V., the company responsible for the offshore part of the South Stream project. Until 29 December 2014, South Stream Transport B.V. was a joint project held by the Group (50%), ENI International B.V. (20%), EDF International S.A.S. (15%) and Wintershall Holding GmbH (15%). On 29 December 2014, the Group acquired the remaining 50% of the shares of South Stream Transport B.V. from the minority shareholders for consideration of Euro 883 million paid in cash. South Stream Transport B.V. was established for the planning, construction, and subsequent

24. Acquisition of South Stream Transport B.V. (continued)

operation of the offshore pipeline through the Black Sea and had no notable operating activities up to and as of the purchase date other than the management of construction.

On 1 December 2014 a decision was announced that the South Stream project would be cancelled and that an alternative pipeline through the Black Sea to Turkey would be pursued ("Turkish Stream"). On 1 December 2014 the Group and Turkish company Botas Petroleum Pipeline Corporation signed a Memorandum of Understanding on constructing Turkish Stream. Assets under construction related to the South Stream project are expected to be utilised for Turkish Stream.

25. Commitments and contingencies**Estimated liabilities**

	As of 31 December 2013	Accrued	Utilized	Recovered	As of 31 December 2014
Estimated liabilities on bonus payments at the year end	28,547	41,747	(34,671)	(1,093)	34,530
Estimated liabilities on vacations	23,940	47,473	(45,165)	(544)	25,704
Estimated liabilities on retirement benefits payable as a lump sum	15,027	11,170	(6,682)	(414)	19,101
Estimated liabilities regarding fixed assets liquidation and environmental restoration in the context of subsurface use	116,483	38,097	(5,235)	(51,276)	98,069
Other estimated liabilities, including:	63,265	151,553	(48,981)	(2,771)	163,066
<i>estimated liabilities regarding gas price adjustment</i>	8,430	57,728	(5,779)	(2,215)	58,164
<i>guarantees issued</i>	—	47,407	—	—	47,407
Total, including:	247,262	290,040	(140,734)	(56,098)	340,470
with maturity up to 1 year	124,853	251,142	(133,709)	(4,816)	237,470
	As of 31 December 2012	Accrued	Utilized	Recovered	As of 31 December 2013
Estimated liabilities on bonus payments at the year end	24,306	33,096	(28,855)	—	28,547
Estimated liabilities on vacations	20,156	43,998	(40,214)	—	23,940
Estimated liabilities on retirement benefits payable as a lump sum	16,669	11,590	(13,232)	—	15,027
Estimated liabilities regarding fixed assets liquidation and environmental restoration in the context of subsurface use	121,930	21,118	(1,114)	(25,451)	116,483
Other estimated liabilities, including:	166,524	52,800	(81,816)	(74,243)	63,265
<i>estimated liabilities regarding gas price adjustment</i>	115,255	7,763	(40,412)	(74,176)	8,430
Total, including:	349,585	162,602	(165,231)	(99,694)	247,262
with maturity up to 1 year	223,804	139,229	(163,937)	(74,243)	124,853

Pension obligations

Due to the fact that regulation of accrual of pension obligations in the accounting is not foreseen by the existing regulatory documents, calculation of pension obligations and assets is only possible for the Group as a whole and is provided in the Notes to the IFRS Consolidated Financial Statements (www.gazprom.ru).

25. Commitments and contingencies (continued)

Guarantees issued

The following guarantees were issued to third parties on behalf of other entities:

	As of 31 December 2014	As of 31 December 2013	As of 31 December 2012
Outstanding guarantees issued on behalf of:			
Sakhalin Energy Investment Company Ltd.	136,490	89,825	94,145
Ostchem Holding Limited	47,407	–	–
Blackrock Capital Investments Limited	7,675	4,804	4,573
OOO Production Company VIS	7,016	8,164	2,507
EM Interfinance Limited	3,065	3,668	5,385
Nord Stream AG	–	50,830	40,519
Blue Stream Pipeline Company B.V.	–	–	2,124
Other	75,104	43,752	37,711
Total	276,757	201,043	186,964

In June 2008 the Group provided a guarantee to the Bank of Tokyo-Mitsubishi UFJ Ltd. on behalf of Sakhalin Energy Investment Company Ltd. under the credit facility up to the amount of the Group's share (50%) in the obligations of Sakhalin Energy Investment Company Ltd. toward the Bank of Tokyo-Mitsubishi UFJ Ltd. The above guarantees amounted to RR 136,490, RR 89,825 and RR 94,145 as of 31 December 2014, 2013 and 2012, respectively.

In December 2014 the Group provided a guarantee to Gazprombank (Joint-stock company) on behalf of Ostchem Holding Limited under the credit facility for financing of operating activities. As of 31 December 2014 the above guarantee amounted to RR 47,407 and was fully provided by the Group.

In 2006 the Group guaranteed Asset Repackaging Trust Five B.V. (registered in Netherlands) bonds issued by five financing entities: Devere Capital International Limited, Blackrock Capital Investments Limited, DSL Assets International Limited, United Energy Investments Limited, EM Interfinance Limited (registered in Ireland) in regard to bonds issued with due dates December 2012, June 2018, December 2009, December 2009 and December 2015, respectively. Bonds were issued for financing of construction of a transit pipeline in Poland by SGT EuRoPol GAZ S.A. In December 2009 loans issued by DSL Assets International Limited and United Energy Investments Limited were redeemed. In December 2012 loans issued by Devere Capital International Limited were redeemed. As a result the guarantees issued on behalf of Devere Capital International Limited, Blackrock Capital Investments Limited and EM Interfinance Limited amounted to RR 10,740, RR 8,472 and RR 9,958 as of 31 December 2014, 2013 and 2012, respectively.

In July 2012 the Group provided a guarantee to OAO Sberbank Rossii on behalf of OOO Production Company VIS as a security of credit facility for financing of construction projects for Gazprom Group. As of 31 December 2014, 2013 and 2012 the above guarantee amounted to RR 7,016, RR 8,164 and RR 2,507, respectively.

In March 2011 the Group provided a guarantee to Societe Generale on behalf of Nord Stream AG under the credit facility for financing of Nord Stream gas pipeline Phase 2 construction completion. According to guarantee agreements the Group has to redeem debt up to the amount of the Group's share (51%) in the obligations of Nord Stream toward the Societe Generale in the event that Nord Stream fail to repay those amounts. As of 31 December 2014, 2013 and 2012 the above guarantee within the Group's share in Nord Stream AG obligations to the bank amounted to RR nil, RR 50,830 and RR 40,519, respectively. In July 2005 Blue Stream Pipeline

25. Commitments and contingencies (continued)

Company B.V. (BSPC) refinanced some of the existing liabilities, guaranteed by the Group, by means of repayment of the liabilities to a group of Italian and Japanese banks. For the purpose of this transaction loans in the amount of USD 1,185.3 million were received from Gazstream S.A. The Group guaranteed the above loans. As of 31 December 2012, outstanding amounts of these loans was RUB 2,124, which was guaranteed by the Group, pursuant to its obligations. In July 2013 loans issued by Gazstream S.A. were redeemed.

Other guarantees include mainly guarantees issued by the Group under equipment purchase or construction and installation works contracts.

Legal proceedings

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

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

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

On 13 October 2014 NAK Naftogaz Ukraine submitted a request for arbitration to the Arbitration Institute of the Stockholm Chamber of Commerce, Sweden, against OAO Gazprom, seeking (1) to acknowledge that rights and obligations of NAK Naftogaz Ukraine under Contract on volumes and terms of gas transportation contract through Ukraine in 2009-2019 years should be transferred to PAO Ukrtransgaz; (2) to acknowledge that certain provisions of Contract, that will be subsequently updated, are invalid and/or inoperative and should be supplemented with or substituted by provisions that will be updated in line with the energy and anti-monopoly legislation of Ukraine and EU; (3) to oblige OAO Gazprom to pay a compensation of USD 3,200 million (and related interest) to NAK Naftogaz Ukraine for the failure to provide gas for transit; (4) to acknowledge that the transit tariff stipulated in Contract should be revised in such a way as provided in further written statements of NAK Naftogaz Ukraine in line with key principles of the Swedish contractual law. The claim amounts to approximately USD 6,200 million. On 28 November 2014 OAO Gazprom filed its response to the request of arbitration. On 11 December 2014 the arbitration panel was formed. On 28 January 2015 the arbitration court made a decision not to combine the case with the above ones. Verbal hearing of the case is expected late September 2016 and decision of the arbitration panel is expected by the end of January 2017.

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

Taxation

The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes. As of 31 December 2014 interpretation of the relevant legislation is appropriate and all of the Group's tax, currency and customs positions will be sustainable.

25. Commitments and contingencies (continued)

The Russian Law “On Transfer pricing” grants the right to a taxpayer to validate compliance with arm’s length principle in respect of prices in controlled transactions through preparation of documentation for tax purposes.

The management of the Group believes that the Group sets market prices in its transactions and internal controls procedures were introduced to comply with tax legislative requirements on transfer pricing. Currently the new regulation practice has not been established yet, consequences of the trials with tax authorities cannot be estimated reliably, however they can have significant impact on financial results and activities of the Group.

The Controlled Foreign Company (CFC) rules introduce Russian taxation of profits of foreign companies and non-corporate structures (including trusts) controlled by Russian tax residents (controlling parties). Starting from 2015, CFC undistributed profits should be subject to a 20% tax rate. The management is aware about new legislation and is analyzing the impact on the Group and required actions.

26. Economic environment in the russian federation

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

The political and economic instability, the current impact and ongoing situation with sanctions, uncertainty and volatility of the financial and commodities markets and other risks have had and may continue to have effects on the Russian economy. During 2014 the official Russian Rouble to US dollar and Euro foreign exchange rates depreciated and fluctuated between 32.73 and 56.26 Russian Roubles and 44.97 and 68.34 Russian Roubles per US dollar and Euro, respectively. In addition during 2014 the key interest rate determined by the Central Bank of the Russian Federation increased to 17% and actual inflation increased to 11.4%.

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Subsequent to 31 December 2014 Russia’s credit rating was downgraded by Fitch Ratings in January 2015 from BBB to BBB-, whilst Standard & Poor’s cut it from BBB- to BB+. At the same time as of date of issuance of these consolidated accounting reports the key interest rate determined by the Central Bank of the Russian Federation decreased from 17% to 14% and the official Russian Rouble to US dollar and Euro foreign exchange rates were 50.25 and 54.66, respectively.

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

27. Operating risks

Risk management of the Group is conducted within the framework of a unified corporate system and is defined as a continuous cycle of management decision making and implementation composed of risk identification, estimation and valuation, risk response, efficiency control, planning of risk management and monitoring activities. This process is built into general governance, focused on risk optimization as consistent with the Group interests and spreads to all its activities.

The market position of the Group including trends of the corresponding market segment, adaptation to the market conditions, business priorities and perspectives as well as the Group’s key business risk factors are disclosed on the website www.gazprom.com.

28. Post balance sheet events

Borrowings and loans

In January 2015 the Group obtained a long-term loan from Intesa Sanpaolo S.P.A. bank in the amount of EUR 350 million at an interest rate of EURIBOR + 2.75% due in 2016.

In January and February 2015 the Group obtained long-term loans from OAO Sberbank of Russia in the amount of RR 10,000 and RR 2,500, respectively, at an interest rate of 13.48% due in 2019.

In January and March 2015 the Group obtained loans from a consortium of banks in the amount of EUR 230 million and EUR 130 million at interest rates of EURIBOR + 1.3% and EURIBOR + 1.75%, respectively, due in 2016. Deutsche Bank AG was appointed as bank agent.

In March 2015 the Group obtained a long-term loan from OAO Sberbank of Russia in the amount of RR 12,500 at an interest rate of 13.58% due in 2019.

In March 2015 the Group signed an agreement to obtain a long-term loan from PAO Promsvyazbank in the amount of USD 350 million at an interest rate of 5.4% due in 2018.

In April 2015 the Group obtained a long-term loan from a consortium of banks in the amount of USD 500 million at an interest rate of LIBOR + 3.25% due in 2018. JP Morgan Europe Limited was appointed as bank agent.

Investigation of the European Commission

In August 2012 the European Commission initiated an investigation into a potential breach of European Union antimonopoly law by OAO Gazprom. In April 2015 the European Commission adopted a Statement of Objections in the course of ongoing antitrust investigation of OAO Gazprom activity in the European Union. The adoption of the Statement of Objections by the European Commission is just one of the stages of the antitrust investigation and does not imply holding OAO Gazprom liable for any violation of the European Union antitrust legislation. OAO Gazprom considers the claims brought by the European Commission to be unsubstantiated and expects the situation to be resolved in accordance with the agreement reached earlier between the Government of the Russian Federation and the European Commission.



A.B. Miller
Chairman of the Management Committee



E.A. Vasilieva
Chief Accountant

28 April 2015

