OAO NOVATEK

IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

AS OF AND FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2015

CONTENTS **Page**

Report on Review of Interim Financial Statements

To the Shareholders and Board of Directors of OAO NOVATEK

Introduction

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

Scope of Review

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

Conclusion

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

AO PricewaterhouseCoopers Audit

28 July 2015
Moscow, Russian Federation

(in millions of Russian roubles)

	Notes	At 30 June 2015	At 31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment	5	312,306	291,726
Investments in joint ventures	6	191,620	166,231
Long-term loans and receivables	7	113,840	94,142
Other non-current assets	8	23,719	20,449
Total non-current assets		**641,485**	**572,548**
Current assets			
Inventories		8,073	7,024
Current income tax prepayments		91	3,576
Trade and other receivables	9	42,598	34,592
Prepayments and other current assets	10	40,535	40,081
Cash and cash equivalents		37,725	41,318
Total current assets		**129,022**	**126,591**
Total assets		**770,507**	**699,139**
LIABILITIES AND EQUITY			
Non-current liabilities			
Long-term debt	11	156,290	204,699
Deferred income tax liabilities		22,463	21,063
Asset retirement obligations		2,726	1,493
Other non-current liabilities		2,086	3,552
Total non-current liabilities		**183,565**	**230,807**
Current liabilities			
Short-term debt and current portion of long-term debt	12	85,823	40,980
Trade payables and accrued liabilities	13	40,881	30,578
Current income tax payable		1,950	406
Other taxes payable		10,126	9,244
Total current liabilities		**138,780**	**81,208**
Total liabilities		**322,345**	**312,015**
Equity attributable to OAO NOVATEK shareholders			
Ordinary share capital		393	393
Treasury shares		(5,222)	(5,222)
Additional paid-in capital		31,297	31,297
Currency translation differences		1,120	208
Asset revaluation surplus on acquisitions		5,617	5,617
Retained earnings		413,569	352,462
Total equity attributable to OAO NOVATEK shareholders	14	**446,774**	**384,755**
Non-controlling interest		**1,388**	**2,369**
Total equity		**448,162**	**387,124**
Total liabilities and equity		**770,507**	**699,139**

The accompanying notes are an integral part of these consolidated interim condensed financial statements.

L. Mikhelson
Chairman of the Management Committee

M. Gyetvay
Chief Financial Officer

28 July 2015

OAO NOVATEK
Consolidated Interim Condensed Statement of Income (unaudited)
(in millions of Russian roubles, except for share and per share amounts)

	Notes	Three months ended 30 June: 2015	Three months ended 30 June: 2014	Six months ended 30 June: 2015	Six months ended 30 June: 2014
Revenues					
Oil and gas sales	15	111,574	87,881	224,798	176,414
Other revenues		670	489	1,188	632
Total revenues		**112,244**	**88,370**	**225,986**	**177,046**
Operating expenses					
Transportation expenses	16	(29,940)	(26,695)	(60,763)	(54,352)
Purchases of natural gas and liquid hydrocarbons	17	(29,892)	(11,859)	(53,315)	(20,911)
Taxes other than income tax	18	(9,015)	(7,353)	(18,033)	(14,861)
Depreciation, depletion and amortization		(4,681)	(4,167)	(9,196)	(8,223)
General and administrative expenses		(4,907)	(3,155)	(8,020)	(5,767)
Materials, services and other		(3,294)	(2,909)	(6,470)	(5,249)
Exploration expenses		(22)	(3)	(40)	(11)
Net impairment (expenses) reversals		261	(22)	232	564
Change in natural gas, liquid hydrocarbons and work-in-progress		1,949	493	2,168	(735)
Total operating expenses		**(79,541)**	**(55,670)**	**(153,437)**	**(109,545)**
Net gain (loss) on disposal of interests in joint ventures	4	-	-	-	2,623
Other operating income (loss)		(158)	1,791	(357)	1,750
Profit from operations		**32,545**	**34,491**	**72,192**	**71,874**
Finance income (expense)					
Interest expense	19	(1,720)	(1,347)	(3,921)	(2,783)
Interest income	19	2,669	1,002	5,855	1,792
Change in fair value of non-commodity financial instruments	21	(95)	-	2,296	-
Foreign exchange gain (loss)	19	1,276	1,153	(9,346)	(2,521)
Total finance income (expense)		**2,130**	**808**	**(5,116)**	**(3,512)**
Share of profit (loss) of joint ventures, net of income tax	6	13,004	3,768	17,278	2,046
Profit before income tax		**47,679**	**39,067**	**84,354**	**70,408**
Income tax expense					
Current income tax expense		(6,520)	(6,279)	(11,834)	(11,115)
Net deferred income tax benefit (expense)		110	(914)	(506)	(2,270)
Total income tax expense	20	**(6,410)**	**(7,193)**	**(12,340)**	**(13,385)**
Profit (loss)		**41,269**	**31,874**	**72,014**	**57,023**
Profit (loss) attributable to:					
Non-controlling interest		(651)	(76)	(981)	(82)
Shareholders of OAO NOVATEK		**41,920**	**31,950**	**72,995**	**57,105**
Basic and diluted earnings per share (in Russian roubles)		13.88	10.58	24.17	18.88
Weighted average number of shares outstanding (in millions)		*3,020.4*	*3,020.9*	*3,020.4*	*3,024.1*

The accompanying notes are an integral part of these consolidated interim condensed financial statements.

OAO NOVATEK
Consolidated Interim Condensed Statement of Comprehensive Income (unaudited)
(in millions of Russian roubles)

	Three months ended 30 June:		Six months ended 30 June:	
	2015	**2014**	**2015**	**2014**
Profit (loss)	**41,269**	**31,874**	**72,014**	**57,023**
Other comprehensive income (loss) that will not be reclassified subsequently to profit (loss)				
Remeasurement of pension obligations	(102)	(2)	(287)	(5)
Other comprehensive income (loss) that may be reclassified subsequently to profit (loss), net of income tax				
Currency translation differences	422	(368)	912	253
Total other comprehensive income (loss)	**320**	**(370)**	**625**	**248**
Total comprehensive income (loss)	**41,589**	**31,504**	**72,639**	**57,271**
Total comprehensive income (loss) attributable to:				
Non-controlling interest	(651)	(76)	(981)	(82)
Shareholders of OAO NOVATEK	**42,240**	**31,580**	**73,620**	**57,353**

The accompanying notes are an integral part of these consolidated interim condensed financial statements.

(in millions of Russian roubles)

	Notes	Six months ended 30 June: 2015	2014
Profit before income tax		**84,354**	**70,408**
Adjustments to profit before income tax:			
Depreciation, depletion and amortization		9,196	8,223
Net impairment expenses (reversals)		(232)	(564)
Net foreign exchange loss (gain)		9,346	2,521
Net loss (gain) on disposal of assets		46	(2,985)
Interest expense		3,921	2,783
Interest income		(5,855)	(1,792)
Share of loss (profit) in joint ventures, net of income tax	6	(17,278)	(2,046)
Change in fair value of non-commodity financial instruments		(2,296)	-
Revaluation of financial instruments through loss (profit)		865	(1,130)
Decrease (increase) in long-term advances given		(4,546)	(2,777)
Other adjustments		94	90
Working capital changes			
Decrease (increase) in trade and other receivables, prepayments and other current assets		(16,293)	(3,815)
Decrease (increase) in inventories		(2,344)	511
Increase (decrease) in trade payables and accrued liabilities, excluding interest and dividends payable		13,756	(1,265)
Increase (decrease) in taxes payable, other than income tax		1,339	213
Total effect of working capital changes		**(3,542)**	**(4,356)**
Dividends received from joint ventures		1,850	-
Interest received		1,018	505
Income taxes paid		(6,777)	(17,628)
Net cash provided by operating activities		**70,164**	**51,252**
Cash flows from investing activities			
Purchases of property, plant and equipment		(21,533)	(27,733)
Purchases of materials for construction		(930)	(2,738)
Proceeds from disposal of stakes in joint ventures		-	53,534
Additional capital contributions to joint ventures	6	-	(3,350)
Interest paid and capitalized		(2,319)	(1,773)
Loans provided to joint ventures	7	(21,931)	(16,301)
Repayments of loans provided to joint ventures	7	623	11,735
Net cash (used for) provided by investing activities		**(46,090)**	**13,374**
Cash flows from financing activities			
Proceeds from long-term debt		-	15,551
Proceeds from short-term debt		39,250	1,619
Repayments of long-term debt		(6,451)	(10,000)
Repayments of short-term debt		(33,067)	(6,656)
Interest paid		(3,809)	(2,312)
Dividends paid	14	(15,702)	(13,569)
Purchase of treasury shares		-	(2,824)
Sale of treasury shares		-	35
Acquisition of non-controlling interest	4	-	(102)
Net cash (used for) provided by financing activities		**(19,779)**	**(18,258)**

(in millions of Russian roubles)

	Notes	Six months ended 30 June: 2015	2014
Net effect of exchange rate changes on cash and cash equivalents		(7,888)	(381)
Net increase (decrease) in cash and cash equivalents		**(3,593)**	**45,987**
Cash and cash equivalents at the beginning of the period		41,318	320
Cash and cash equivalents at the end of the period		**37,725**	**46,307**

The accompanying notes are an integral part of these consolidated interim condensed financial statements.

OAO NOVATEK
Consolidated Interim Condensed Statement of Changes in Equity (unaudited)
(in millions of Russian roubles, except for number of shares)

	Number of ordinary shares (in millions)	Ordinary share capital	Treasury shares	Additional paid-in capital	Currency translation differences	Asset revaluation surplus on acquisitions	Retained earnings	Equity attributable to OAO NOVATEK shareholders	Non-controlling interest	Total equity
1 January 2014	***3,028.1***	**393**	**(2,406)**	**31,297**	**683**	**5,617**	**334,614**	**370,198**	**2,859**	**373,057**
Currency translation differences	-	-	-	-	253	-	-	253	-	253
Remeasurement of pension obligations	-	-	-	-	-	-	(5)	(5)	-	(5)
Profit (loss)	-	-	-	-	-	-	57,105	57,105	(82)	57,023
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**253**	**-**	**57,100**	**57,353**	**(82)**	**57,271**
Dividends (Note 14)	-	-	-	-	-	-	(13,569)	(13,569)	-	(13,569)
Effect from other changes in joint ventures' net assets (Note 6)	-	-	-	-	-	-	3,969	3,969	-	3,969
Acquisition of non-controlling interest (Note 4)	-	-	-	-	-	-	7	7	(109)	(102)
Purchase of treasury shares (Note 14)	*(7.7)*	-	(2,816)	-	-	-	-	(2,816)	-	(2,816)
30 June 2014	***3,020.4***	**393**	**(5,222)**	**31,297**	**936**	**5,617**	**382,121**	**415,142**	**2,668**	**417,810**

The accompanying notes are an integral part of these consolidated interim condensed financial statements.

OAO NOVATEK
Consolidated Interim Condensed Statement of Changes in Equity (unaudited)
(in millions of Russian roubles, except for number of shares)

	Number of ordinary shares (in millions)	Ordinary share capital	Treasury shares	Additional paid-in capital	Currency translation differences	Asset revaluation surplus on acquisitions	Retained earnings	Equity attributable to OAO NOVATEK shareholders	Non-controlling interest	Total equity
1 January 2015	***3,020.4***	**393**	**(5,222)**	**31,297**	**208**	**5,617**	**352,462**	**384,755**	**2,369**	**387,124**
Currency translation differences	-	-	-	-	912	-	-	912	-	912
Remeasurement of pension obligations	-	-	-	-	-	-	(287)	(287)	-	(287)
Profit (loss)	-	-	-	-	-	-	72,995	72,995	(981)	72,014
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**912**	**-**	**72,708**	**73,620**	**(981)**	**72,639**
Dividends (Note 14)	-	-	-	-	-	-	(15,702)	(15,702)	-	(15,702)
Effect from other changes in joint ventures' net assets (Note 6)	-	-	-	-	-	-	4,101	4,101	-	4,101
30 June 2015	***3,020.4***	**393**	**(5,222)**	**31,297**	**1,120**	**5,617**	**413,569**	**446,774**	**1,388**	**448,162**

The accompanying notes are an integral part of these consolidated interim condensed financial statements.

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

OAO NOVATEK (hereinafter referred to as "NOVATEK") and its subsidiaries (hereinafter jointly referred to as the "Group") is an independent oil and gas company engaged in the acquisition, exploration, development, production, processing, and marketing of hydrocarbons with its oil and gas operations located and incorporated in the Yamal-Nenets Autonomous Region ("YNAO") of the Russian Federation. The Group delivers its natural gas on the Russian Federation's domestic market and liquid hydrocarbons on both the Russian domestic and international markets.

The Group sells its natural gas on the Russian domestic market at unregulated market prices (except for deliveries to residential customers); however, the majority of natural gas sold on the Russian domestic market by all producers is sold at prices regulated by the governmental agency of the Russian Federation that carries out state regulation of prices and tariffs in oil and gas, power and transportation industries. The Group's natural gas sales volumes fluctuate on a seasonal basis mostly due to Russian weather conditions, with sales peaking in the winter months of December and January and troughing in the summer months of July and August.

The Group processes unstable gas condensate at its Purovsky Gas Condensate Processing Plant located in close proximity to its fields into stable gas condensate and liquefied petroleum gas. The majority of stable gas condensate is further processed at the Group's Gas Condensate Fractionation and Transshipment Complex located at the port of Ust-Luga on the Baltic Sea into higher-value refined products (naphtha, jet fuel, gasoil and fuel oil). The remaining stable gas condensate volumes are sold on domestic and international markets. The Group sells its liquid hydrocarbons at prices that are subject to fluctuations in underlying benchmark crude oil, naphtha and other gas condensate refined products prices. The Group's liquids sales volumes are not subject to significant seasonal fluctuations.

The Group also purchases and sells natural gas on the European market under long-term and short-term supply contracts to carry out its foreign commercial trading activities.

2 BASIS OF PREPARATION

The consolidated interim condensed financial statements have been prepared in accordance with International Accounting Standard No. 34, *Interim Financial Reporting*, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2014 prepared in accordance with International Financial Reporting Standards ("IFRS").

Use of estimates and judgments. The critical accounting estimates and judgments followed by the Group in the preparation of consolidated interim condensed financial statements are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2014. Estimates have principally been made in respect to useful lives of property, plant and equipment, fair values of assets and liabilities, deferred income taxes, estimation of oil and gas reserves, impairment provisions, pension obligations, asset retirement obligations and investments.

Management reviews these estimates and judgments on a continuous basis, by reference to past experiences and other factors considered as reasonable which form the basis for assessing the book values of assets and liabilities. Adjustments to accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the revision and subsequent periods, if both periods are affected. Actual results may differ from such estimates if different assumptions or circumstances apply; however, management considers that the effect of any changes in these estimates would not be significant.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

2 BASIS OF PREPARATION (CONTINUED)

Functional and presentation currency. Exchange rates used in preparation of these consolidated interim condensed financial statements for the entities whose functional currency is not the Russian rouble were as follows:

Russian roubles to one currency unit	Average rate for the three months ended 30 June: 2015	2014	Average rate for the six months ended 30 June: 2015	2014
US dollar (USD)	52.65	35.00	57.40	34.98
Polish zloty (PLN)	14.25	11.53	15.51	11.49

Russian roubles to one currency unit	At 30 June: 2015	2014	At 31 December: 2014	2013
US dollar (USD)	55.52	33.63	56.26	32.73
Polish zloty (PLN)	14.69	11.04	15.94	10.85

Exchange rates and restrictions. The Russian rouble is not a fully convertible currency outside the Russian Federation and accordingly, any remeasurement of Russian rouble amounts to US dollars or any other currency should not be construed as a representation that such Russian rouble amounts have been, could be, or will in the future be converted into other currencies at these exchange rates.

Reclassifications. Certain reclassifications have been made to the comparative figures to conform to the current period presentation with no effect on profit for the period or shareholder's equity.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies and methods of computation followed by the Group are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2014, except for income tax expense as described below and for the effects of the adoption of new accounting standards (see Note 25).

Income tax expense is recognized based on management's estimate of the expected annual income tax rate for the full financial year.

4 ACQUISITIONS AND DISPOSALS

Disposal of a 20 percent ownership interest in Artic Russia B.V.

In March 2014, NOVATEK and OAO Gazprom Neft agreed in principle to conduct a series of transactions to achieve parity shareholdings in OOO SeverEnergia joint venture. As part of such agreement, in March 2014, the Group sold a 20 percent ownership interest in Artic Russia B.V., which holds a 49 percent participation interest in SeverEnergia, to OOO Yamal Development, the Group's joint venture with Gazprom Neft for total cash consideration of RR 34,972 million (USD 980 million), which were received on 1 April 2014. Both Artic Russia and Yamal Development hold participation interests in SeverEnergia. As a result of the transaction, the Group's effective participation interest in SeverEnergia decreased from 59.8 percent to 54.9 percent.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

4 ACQUISITIONS AND DISPOSALS (CONTINUED)

The gain on the disposal of the 20 percent ownership interest in Artic Russia was determined based on the carrying value of the Group's investment in Artic Russia, which is treated as a legally separate joint venture by the Group, as detailed below:

	RR million
Consideration (USD 980 million at exchange rate of 35.69 to USD 1.00)	34,972
Less: carrying amount of the Group's disposed a 20 percent interest in Artic Russia	(29,726)
Less: the Group's unrealized gain on the disposal	(2,623)
Gain on the disposal recognized in the consolidated statement of income before income tax	**2,623**

As a result of the transaction NOVATEK recognized a gain in the amount of RR 4,198 million, net of associated income tax expense of RR 1,048 million. Due to the fact that NOVATEK sold the equity stake in Artic Russia to Yamal Development, the Group's joint venture, in which it holds a 50 percent participation interest, the Group eliminated an unrealized gain on the disposal on the consolidation level in the amount of RR 2,099 million net of associated deferred income tax expense in the amount of RR 524 million.

Subsequent to the balance sheet date, in July 2015, NOVATEK and Gazprom Neft approved the next stage of restructuring procedures to achieve parity shareholdings in SeverEnergia. Within two months, NOVATEK will contribute a 6.4 percent ownership interest in Artic Russia and convert a loan in the amount of RR 2.5 billion to the charter capital of Yamal Development. Simultaneously, Gazprom Neft will make contributions to the charter capital of Yamal Development by converting loans in the amount of RR 14.9 billion. As a result of these transactions, the Group's effective participation interest in SeverEnergia will decrease from 54.9 percent to 53.3 percent. It is expected that further procedures towards achieving parity shareholdings in SeverEnergia will be completed in early 2016.

Acquisition of an additional equity stake in OOO NOVATEK-Kostroma

In February 2014, the Group acquired an additional 15 percent participation interest in OOO NOVATEK-Kostroma for total cash consideration of RR 102 million. As a result of the transaction the Group increased its share in the subsidiary to 100 percent, reduced the carrying value of non-controlling interest by RR 109 million and recorded a difference of RR 7 million directly to retained earnings.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

5 PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the reporting periods are as follows:

For the six months ended 30 June 2014	Oil and gas properties and equipment	Assets under construction and advances for construction	Other	Total
Cost	249,933	46,626	8,254	304,813
Accumulated depreciation, depletion and amortization	(59,432)	-	(1,693)	(61,125)
Net book value at 1 January 2014	**190,501**	**46,626**	**6,561**	**243,688**
Additions	796	32,382	125	33,303
Transfers	19,603	(20,364)	761	-
Depreciation, depletion and amortization	(7,808)	-	(217)	(8,025)
Disposals, net	(484)	(59)	(18)	(561)
Cost	269,511	58,585	9,091	337,187
Accumulated depreciation, depletion and amortization	(66,903)	-	(1,879)	(68,782)
Net book value at 30 June 2014	**202,608**	**58,585**	**7,212**	**268,405**
For the six months ended 30 June 2015				
Cost	291,212	63,162	14,422	368,796
Accumulated depreciation, depletion and amortization	(74,962)	-	(2,108)	(77,070)
Net book value at 1 January 2015	**216,250**	**63,162**	**12,314**	**291,726**
Additions	1,255	28,355	136	29,746
Transfers	11,822	(12,172)	350	-
Depreciation, depletion and amortization	(8,689)	-	(284)	(8,973)
Disposals, net	(57)	(130)	(6)	(193)
Cost	304,180	79,215	14,873	398,268
Accumulated depreciation, depletion and amortization	(83,599)	-	(2,363)	(85,962)
Net book value at 30 June 2015	**220,581**	**79,215**	**12,510**	**312,306**

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Included in additions to property, plant and equipment for the six months ended 30 June 2015 and 2014 are capitalized interest and foreign exchange differences of RR 2,319 million and RR 1,990 million, respectively.

Included within assets under construction and advances for construction are advances to suppliers for construction and equipment of RR 4,875 million and RR 4,697 million at 30 June 2015 and 31 December 2014, respectively.

The table below summarizes the Group's carrying values of total acquisition costs of proved and unproved properties included in oil and gas properties and equipment:

	At 30 June 2015	At 31 December 2014
Proved properties acquisition costs	45,368	44,882
Less: accumulated depreciation, depletion and amortization of proved properties acquisition costs	(14,956)	(14,352)
Unproved properties acquisition costs	7,436	7,265
Total acquisition costs	**37,848**	**37,795**

The Group's management believes these costs are recoverable as the Group has plans to explore and develop the respective fields.

Capital commitments are disclosed in Note 22.

6 INVESTMENTS IN JOINT VENTURES

	At 30 June 2015	At 31 December 2014
Joint ventures:		
OAO Yamal LNG	82,759	63,783
ZAO Nortgas	49,078	47,998
Artic Russia B.V.	32,300	30,489
OOO Yamal Development	24,148	19,639
ZAO Terneftegas	3,335	4,322
Total investments in joint ventures	**191,620**	**166,231**

The Group considers that its investments in Yamal LNG, Nortgas, Artic Russia, Yamal Development and Terneftegas constitute jointly controlled entities on the basis of the existing contractual arrangements. The Charters and Shareholders' agreements of these entities stipulate that strategic and/or key decisions of a financial, operating and capital nature require effectively the unanimous approval by all shareholders. The Group accounts its shares in joint ventures under "the equity method".

OAO Yamal LNG. The Group holds a 60 percent ownership in Yamal LNG, its joint venture with TOTAL S.A. (20 percent) and China National Petroleum Corporation ("CNPC", 20 percent). The joint venture is responsible for implementing the Yamal LNG Project including the construction of production facilities for natural gas, gas condensate and liquefied natural gas ("LNG") based on the resources of the South-Tambeyskoye field, located on the Yamal peninsula in the YNAO. In September 2014, the Company received a license for exporting LNG.

ZAO Nortgas. The Group holds a 50 percent ownership in Nortgas, its joint venture with PAO Gazprom and OAO Gazprom Neft, which operates the North-Urengoyskoye field, located in the YNAO.

Artic Russia B.V. The Group holds a 20 percent participation interest in Artic Russia, domiciled in the Netherlands. Artic Russia holds a 49 percent participation interest in SeverEnergia.

OOO Yamal Development. The Group holds a 50 percent participation interest in Yamal Development, its joint venture with OAO Gazprom Neft (50 percent). Yamal Development holds a 51 percent participation interest in OOO SeverEnergia and an 80 percent ownership interest in Artic Russia.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

6 INVESTMENTS IN JOINT VENTURES (CONTINUED)

OOO SeverEnergia. The Group holds an effective 54.9 percent participation interest in SeverEnergia through two of the Group's other joint ventures, Yamal Development and Artic Russia. SeverEnergia through its wholly owned subsidiary OAO Arcticgas operates the Samburgskoye and Urengoyskoye fields, and, from April 2015, the Yaro-Yakhinskoye field, and conducts exploration activities on the Evo-Yakhinskoye and North-Chaselskoye fields, located in the YNAO.

ZAO Terneftegas. The Group holds a 51 percent ownership in Terneftegas, its joint venture with TOTAL S.A. (49 percent). In May 2015, Terneftegas launched the Termokarstovoye field, located in the YNAO, and in June achieved full production capacity of 2.4 billion cubic meters of natural gas and 0.8 million tons of gas condensate per annum.

The table below summarizes the movements in the carrying amounts of the Group's joint ventures:

	Six months ended 30 June:	
	2015	2014
At 1 January	**166,231**	**210,066**
Share of profit (loss) of joint ventures before income tax	18,818	2,293
Share of income tax expense	(1,540)	(247)
Share of profit (loss) of joint ventures, net of income tax	**17,278**	**2,046**
Effect from initial remeasurement of loans provided by the Group to joint ventures (see Note 21)	2,686	2,222
Elimination of the Group's share in profits of joint ventures from natural gas and liquid hydrocarbons balances purchased by the Group from joint ventures and not sold as at the reporting date	1,324	-
Effect from other changes in joint ventures' net assets	4,101	3,969
Disposal of stake in joint venture	-	(32,349)
Contributions to equity	-	3,350
At 30 June	**191,620**	**189,304**

For the six months ended 30 June 2015 and 2014, the Group recorded an increase in equity in the amount of RR 4,101 million and RR 3,969 million, respectively, from the initial remeasurement of the disproportional loans provided to Yamal LNG by other shareholders.

In March 2014, the Group disposed of its 20 percent ownership interest in Artic Russia at cost of RR 32,349 million, including an unrealized gain on disposal (see Note 4).

In June 2014, the equity of Terneftegas was increased through proportional contributions by its participants totalling RR 6,569 million, of which RR 3,350 million was attributable to NOVATEK. The Group's shareholding did not change as a result of the proportional contributions.

The Group eliminates its share in profits of joint ventures from natural gas and liquid hydrocarbons purchased by the Group from joint ventures and not sold as at the reporting date.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

7 LONG-TERM LOANS AND RECEIVABLES

	At 30 June 2015	At 31 December 2014
US dollar denominated loans	68,730	66,835
Euro denominated loans	26,683	16,278
Russian rouble denominated loans	17,855	13,361
Total	**113,268**	**96,474**
Less: current portion of long-term loans	(8,107)	(8,107)
Total long-term loans	**105,161**	**88,367**
Long-term interest receivable	8,216	5,291
Other long-term receivables	463	484
Total long-term loans and receivables	**113,840**	**94,142**

The Group's long-term loans by borrower are as follows:

	At 30 June 2015	At 31 December 2014
OAO Yamal LNG	91,623	78,825
OOO Yamal Development	17,855	13,361
ZAO Terneftegas	3,790	4,288
Total long-term loans	**113,268**	**96,474**

OAO Yamal LNG. In August 2012, in accordance with the Shareholders' agreement, the Group provided a US dollar credit line facility to Yamal LNG, the Group's joint venture. Under the terms of the credit line agreement the Group provides loans in tranches based on the annual budget of Yamal LNG approved by the joint venture's Board of Directors. The loans interest rate was set to 4.46 percent per annum effective from 1 January 2014 and can be adjusted during subsequent years subject to certain conditions. The principal and interest are repayable after the commencement of commercial production by Yamal LNG and are both included within non-current assets in the consolidated statement of financial position (see Note 23). The repayment schedule is linked to free cash flows of the joint venture. Effective from August 2014, the Group provided funds to Yamal LNG under the credit line facility in Euros.

During the six months ended 30 June 2015, the Group provided further funds to the joint venture totaling RR 17,437 million (EUR 237 million) under this credit line facility. In January 2014, Yamal LNG repaid the Group part of the loan and accrued interest in the amount of RR 12,045 million (USD 364 million), which was refinanced by CNPC as part of their entrance agreement in the Yamal LNG Project.

OOO Yamal Development. In August 2014, the Group provided a credit line facility to Yamal Development, the Group's joint venture, up to RR 10.5 billion. The loan bore an interest rate of 10.9 percent per annum. The principal and interest are repayable in December 2021 and are both included within non-current assets in the consolidated statement of financial position (see Note 23). The repayment schedule can be extended during subsequent years subject to certain conditions.

In December 2013, the Group provided a credit line facility to Yamal Development up to RR 13 billion. The loan bore an interest rate of 9.25 percent per annum. The principal and interest are repayable in December 2015 and are both included within current assets in the consolidated statement of financial position (see Note 23). In September 2014, the credit line facility was terminated with the outstanding repayable balance of RR 8,107 million.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

7 LONG-TERM LOANS AND RECEIVABLES (CONTINUED)

ZAO Terneftegas. In 2010 and 2011, in accordance with the Shareholders' agreement, the Group provided a US dollar credit line facility to Terneftegas, the Group's joint venture. Under the terms of the credit line agreement the Group provides loans in tranches based on the annual budget of Terneftegas approved by the joint venture's Board of Directors. The loans interest rate was set to 4.52 percent per annum effective from 1 July 2013 and can be adjusted during subsequent years subject to certain conditions. The principal and interest are repayable after the commencement of commercial production by Terneftegas (see Note 23). The repayment schedule is linked to free cash flows of the joint venture.

During the six months ended 30 June 2015, Terneftegas repaid a part of the loan to the Group in the amount of RR 623 million (USD 11 million).

No provisions for impairment of long-term loans and receivables were recognized at 30 June 2015 and 31 December 2014. The carrying values of long-term loans and receivables approximate their respective fair values.

8 OTHER NON-CURRENT ASSETS

	At 30 June 2015	At 31 December 2014
Financial assets		
Commodity derivatives	1,448	1,871
Long-term bank deposits	8	7
Non-financial assets		
Long-term advances	12,745	8,199
Deferred income tax assets	5,526	4,651
Materials for construction	2,249	3,838
Intangible assets, net	1,657	1,796
Other	86	87
Total other non-current assets	**23,719**	**20,449**

At 30 June 2015 and 31 December 2014, the long-term advances represented advances to OAO Russian Railways in the amount of RR 12,745 million and RR 8,199 million, respectively. The advances were paid in accordance with the Strategic Partnership Agreement signed with Russian Railways in 2012.

9 TRADE AND OTHER RECEIVABLES

	At 30 June 2015	At 31 December 2014
Trade receivables (net of provision of RR 128 million and RR 310 million at 30 June 2015 and 31 December 2014, respectively)	39,813	30,430
Other receivables (net of provision of RR 8 million and RR 7 million at 30 June 2015 and 31 December 2014, respectively)	2,785	4,162
Total trade and other receivables	**42,598**	**34,592**

Trade receivables in the amount RR 14,323 million and RR 11,289 million at 30 June 2015 and 31 December 2014, respectively, are secured by letters of credit, issued by banks with investment grade rating. The Group does not hold any other collateral as security for trade and other receivables (see Note 21 for credit risk disclosures).

The carrying values of trade and other receivables approximate their respective fair values. Trade and other receivables were categorized as Level 3 in the fair value measurement hierarchy described in Note 21.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

10 PREPAYMENTS AND OTHER CURRENT ASSETS

	At 30 June 2015	At 31 December 2014
Financial assets		
Russian rouble denominated loans (see Note 7)	8,107	8,107
Commodity derivatives	1,775	2,758
Cash restricted in the form of guarantee	462	1,098
Short-term bank deposits (with original maturity over three months)	-	2
Non-financial assets		
Value-added tax receivable	11,150	10,870
Recoverable value-added tax	6,676	2,324
Prepayments and advances to suppliers	4,548	4,352
Deferred transportation expenses for natural gas	3,239	2,229
Deferred export duties for liquid hydrocarbons	1,924	5,951
Deferred transportation expenses for liquid hydrocarbons	1,661	1,447
Prepaid customs duties	609	691
Other current assets	384	252
Total prepayments and other current assets	**40,535**	**40,081**

11 LONG-TERM DEBT

	At 30 June 2015	At 31 December 2014
US dollar denominated bonds	124,580	126,175
US dollar denominated loans	76,545	83,938
Russian rouble denominated bonds	33,965	33,947
Total	**235,090**	**244,060**
Less: current portion of long-term debt	(78,800)	(39,361)
Total long-term debt	**156,290**	**204,699**

The Group’s long-term debt by facility is as follows:

	At 30 June 2015	At 31 December 2014
Syndicated term US dollar credit line facility	76,545	83,938
Eurobonds – Ten-Year Tenor (par value USD 1 billion, repayable in 2022)	55,342	56,059
Eurobonds – Ten-Year Tenor (par value USD 650 million, repayable in 2021)	35,949	36,409
Eurobonds – Five-Year Tenor (par value USD 600 million, repayable in 2016)	33,289	33,707
Bonds – Three-Year Tenor (par value RR 20 billion, repayable in 2015)	19,995	19,991
Eurobonds – Four-Year Tenor (par value RR 14 billion, repayable in 2017)	13,970	13,956
Total	**235,090**	**244,060**

Syndicated term credit line facility. In June 2013, the Group obtained a USD 1.5 billion unsecured syndicated term credit line facility from a range of international banks available to withdraw until June 2014. The Group withdrew the full amount under the facility at an interest rate of LIBOR plus 1.75 percent per annum (2.04 and 2.00 percent at 30 June 2015 and 31 December 2014, respectively) repayable until July 2018 by quarterly installments starting from June 2015. The facility includes the maintenance of certain restrictive financial covenants.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

11 LONG-TERM DEBT (CONTINUED)

Eurobonds. In February 2013, the Group issued Russian rouble denominated Eurobonds in the amount of RR 14 billion. The Russian rouble denominated Eurobonds were issued with an annual coupon rate of 7.75 percent, payable semi-annually. The bonds have a four-year tenor and are repayable in February 2017.

In December 2012, the Group issued US dollar denominated Eurobonds in the amount of USD 1 billion. The US dollar denominated Eurobonds were issued with an annual coupon rate of 4.422 percent, payable semi-annually. The bonds have a ten-year tenor and are repayable in December 2022.

In February 2011, the Group issued US dollar denominated Eurobonds in an aggregate amount of USD 1,250 million. The US dollar denominated Eurobonds were issued at par in two tranches, a five-year USD 600 million bond with an annual coupon rate of 5.326 percent and a ten-year USD 650 million bond with an annual coupon rate of 6.604 percent. The coupons are payable semi-annually. The bonds are repayable in February 2016 and February 2021, respectively.

Bonds. In October 2012, the Group issued non-convertible Russian rouble denominated exchange-traded bonds in the amount of RR 20 billion with a coupon rate of 8.35 percent per annum, payable semi-annually. The bonds have a three-year tenor and are repayable in October 2015.

The fair values of long-term debt including current portion were as follows:

	At 30 June 2015	At 31 December 2014
Syndicated term US dollar credit line facility	74,536	73,871
Eurobonds – Ten-Year Tenor (par value USD 1 billion, repayable in 2022)	47,949	41,867
Eurobonds – Ten-Year Tenor (par value USD 650 million, repayable in 2021)	36,114	32,717
Eurobonds – Five-Year Tenor (par value USD 600 million, repayable in 2016)	33,675	33,134
Bonds – Three-Year Tenor (par value RR 20 billion, repayable in 2015)	19,840	20,030
Eurobonds – Four-Year Tenor (par value RR 14 billion, repayable in 2017)	13,164	10,752
Total	**225,278**	**212,371**

The fair value of the corporate bonds was determined based on market quote prices (Level 1 in the fair value measurement hierarchy described in Note 21). The fair value of other long-term loans was determined based on future cash flows discounted at the estimated risk-adjusted discount rate (Level 3 in the fair value measurement hierarchy described in Note 21).

Scheduled maturities of long-term debt at the reporting date were as follows:

Maturity period:	At 30 June 2015
1 July 2016 to 30 June 2017	39,484
1 July 2017 to 30 June 2018	25,515
1 July 2018 to 30 June 2019	-
1 July 2019 to 30 June 2020	-
After 30 June 2020	91,291
Total long-term debt	**156,290**

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

12 SHORT-TERM DEBT AND CURRENT PORTION OF LONG-TERM DEBT

	At 30 June 2015	At 31 December 2014
Euro denominated loans	4,715	-
US dollar denominated loans	689	-
Russian rouble denominated loans	1,619	1,619
Total	**7,023**	**1,619**
Add: current portion of long-term debt	78,800	39,361
Total short-term debt and current portion of long-term debt	**85,823**	**40,980**

US dollar and Euro denominated loans. During the six months ended 30 June 2015, the Group obtained a number of short-term US dollar and Euro denominated loans with maturity less than 90 days from ING Belgium bank and Credit Agricole (Suisse) SA at interest rates ranging from 1.25 to 1.5 percent per annum. The loans are secured by cash revenues from specifically identified liquid hydrocarbons export sales contracts.

Russian rouble denominated loans. In January 2014, one of the Group's subsidiaries obtained a Russian rouble denominated loan from its non-controlling shareholder in the amount of RR 1,619 million at an interest rate of 9 percent per annum until November 2014, which was subsequently extended until 31 July 2015.

Available credit line facilities. At 30 June 2015, the Group has available credit facility with UniCredit Bank in amount of USD 180 million until August 2015 with interest rate determined by the parties at time of each withdrawal.

13 TRADE PAYABLES AND ACCRUED LIABILITIES

	At 30 June 2015	At 31 December 2014
Financial liabilities		
Trade payables	28,572	16,347
Other payables	5,275	3,919
Interest payable	3,000	3,028
Commodity derivatives	492	1,831
Non-financial liabilities		
Advances from customers	1,302	3,315
Salary payables	345	226
Other liabilities and accruals	1,895	1,912
Total trade payables and accrued liabilities	**40,881**	**30,578**

The carrying values of trade payables and accrued liabilities approximate their respective fair values. Trade and other payables were categorized as Level 3 in the fair value measurement hierarchy described in Note 21.

14 SHAREHOLDERS' EQUITY

Treasury shares. In accordance with the *Share Buyback Program* authorized by the Board of Directors, the Group's wholly owned subsidiary, Novatek Equity (Cyprus) Limited, purchases ordinary shares of OAO NOVATEK in the form of Global Depository Receipts (GDRs) on the London Stock Exchange (LSE) and ordinary shares on the Moscow Exchange MICEX-RTS through the use of independent brokers.

During the six months ended 30 June 2014, the Group purchased 7.7 million ordinary shares (both ordinary shares and GDRs) at a total cost of RR 2,816 million. At 30 June 2015 and 31 December 2014, the Group held in total (both ordinary shares and GDRs) 15.9 million ordinary shares at total cost of RR 5,222 million. The Group has decided that these shares do not vote.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

14 SHAREHOLDERS' EQUITY (CONTINUED)

Dividends. The Group declares and pays dividends in Russian roubles (amounts include tax on dividends):

	Six months ended 30 June:	
	2015	**2014**
Dividends payable at 1 January	1	1
Dividends declared [(*)]	15,702	13,569
Dividends paid [(*)]	(15,702)	(13,569)
Dividends payable at 30 June	**1**	**1**
Dividends per share declared during the period (in Russian roubles)	5.20	4.49
Dividends per GDR declared during the period (in Russian roubles)	52.00	44.90

[(*)] – excluding treasury shares.

15 OIL AND GAS SALES

	Three months ended 30 June:		Six months ended 30 June:	
	2015	**2014**	**2015**	**2014**
Natural gas	50,534	53,846	104,155	112,560
Naphtha	25,765	20,529	53,202	37,003
Other gas and gas condensate refined products	14,472	4,672	32,947	9,091
Stable gas condensate	10,100	607	14,106	1,051
Liquefied petroleum gas	7,064	5,312	12,838	11,219
Crude oil	3,639	2,915	7,550	5,490
Total oil and gas sales	**111,574**	**87,881**	**224,798**	**176,414**

16 TRANSPORTATION EXPENSES

	Three months ended 30 June:		Six months ended 30 June:	
	2015	**2014**	**2015**	**2014**
Natural gas transportation by trunk and low-pressure pipelines	20,277	21,468	40,655	43,871
Stable gas condensate and liquefied petroleum gas transportation by rail	6,650	3,828	13,550	7,569
Gas condensate refined products and stable gas condensate transportation by tankers	2,635	1,105	5,763	2,325
Crude oil transportation by trunk pipelines	360	286	741	570
Other	18	8	54	17
Total transportation expenses	**29,940**	**26,695**	**60,763**	**54,352**

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

17 PURCHASES OF NATURAL GAS AND LIQUID HYDROCARBONS

	Three months ended 30 June:		Six months ended 30 June:	
	2015	**2014**	**2015**	**2014**
Unstable gas condensate	23,426	5,387	40,629	10,040
Natural gas	6,171	6,346	12,305	10,595
Other liquid hydrocarbons	295	126	381	276
Total purchases of natural gas and liquid hydrocarbons	**29,892**	**11,859**	**53,315**	**20,911**

The Group purchases 50 percent of the natural gas volumes produced by its joint venture ZAO Nortgas (see Note 23). Commencing January 2015, the Group began purchasing natural gas produced by its joint venture SeverEnergia (through its wholly owned subsidiary, OAO Arcticgas, see Note 23).

The Group purchases natural gas from its related party PAO SIBUR Holding at prices based on the market prices in the region of purchases (see Note 23).

The Group purchases all volumes of unstable gas condensate produced by its joint ventures Nortgas and SeverEnergia (through its wholly owned subsidiary, Arcticgas) at ex-field prices based on benchmark crude oil and gas condensate refined products market quotes adjusted for quality and respective tariffs for its transportation and processing (see Note 23).

Commencing May 2015, the Group began purchasing all volumes of natural gas and gas condensate produced by its joint venture ZAO Terneftegas (see Note 23).

18 TAXES OTHER THAN INCOME TAX

The Group is subject to a number of taxes other than income tax, which are detailed as follows:

	Three months ended 30 June:		Six months ended 30 June:	
	2015	**2014**	**2015**	**2014**
Unified natural resources production tax	8,376	6,791	16,730	13,724
Property tax	550	477	1,117	1,002
Other taxes	89	85	186	135
Total taxes other than income tax	**9,015**	**7,353**	**18,033**	**14,861**

19 FINANCE INCOME (EXPENSE)

	Three months ended 30 June:		Six months ended 30 June:	
Interest expense (including transaction costs)	**2015**	**2014**	**2015**	**2014**
Interest expense on fixed rate debt	2,407	1,809	5,132	3,833
Interest expense on variable rate debt	458	328	987	583
Subtotal	**2,865**	**2,137**	**6,119**	**4,416**
Less: capitalized interest	(1,213)	(858)	(2,319)	(1,773)
Interest expense (on historical cost basis)	**1,652**	**1,279**	**3,800**	**2,643**
Provisions for asset retirement obligations: effect of the present value discount unwinding	68	68	121	140
Total interest expense	**1,720**	**1,347**	**3,921**	**2,783**

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

19 FINANCE INCOME (EXPENSE) (CONTINUED)

	Three months ended 30 June:		Six months ended 30 June:	
Interest income	2015	2014	2015	2014
Interest income on loans issued	1,730	606	3,584	1,124
Interest income on cash, cash equivalents and deposits	346	181	1,003	259
Interest income (on historical cost basis)	**2,076**	**787**	**4,587**	**1,383**
Long-term financial assets: effect of the present value discount unwinding	593	215	1,268	409
Total interest income	**2,669**	**1,002**	**5,855**	**1,792**

	Three months ended 30 June:		Six months ended 30 June:	
Foreign exchange gain (loss)	2015	2014	2015	2014
Gains	9,668	9,235	10,721	18,801
Losses	(8,392)	(8,082)	(20,067)	(21,322)
Total foreign exchange gain (loss)	**1,276**	**1,153**	**(9,346)**	**(2,521)**

20 INCOME TAX

Effective income tax rate. The Group's Russian statutory income tax rate for 2015 and 2014 was 20 percent. For the three months ended 30 June 2015 and 2014, the consolidated Group's effective income tax rate was 13.4 percent and 18.4 percent, respectively. For the six months ended 30 June 2015 and 2014, the consolidated Group's effective income tax rate was 14.6 percent and 19.0 percent, respectively.

The difference between effective income tax rates and statutory income tax rate was mainly due to recognition by the Group of its share of net profit (loss) from joint ventures, which influenced the consolidated profit of the Group but has not resulted in additional income tax expense (benefit) at the Group's level. Net profit (loss) of joint ventures was recorded in their financial statements on an after-tax basis. The Group holds at least a 50 percent interest in each of its joint ventures, and dividend income from these joint ventures is subject to a zero withholding tax rate according to the Russian tax legislation.

Without the effect described above the effective income tax rate for the six months ended 30 June 2015 and 2014 was 18.8 percent and 19.6 percent, respectively, and the effective income tax rate for the three months ended 30 June 2015 and 2014 was 19.2 percent and 20.4 percent, respectively.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

21 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

The accounting policies and disclosure requirements for financial instruments have been applied to the line items below:

	At 30 June 2015		At 31 December 2014	
Financial assets	Non-current	Current	Non-current	Current
Loans and receivable				
Loans receivable	9,748	8,107	5,254	8,107
Trade and other receivables	8,679	42,598	5,775	34,592
Bank deposits and letters of credit	8	-	7	2
Cash restricted in the form of guarantee	-	462	-	1,098
Cash and cash equivalents	-	37,725	-	41,318
At fair value through profit or loss				
Loans receivable	95,413	-	83,113	-
Commodity derivatives	1,448	1,775	1,871	2,758
Total	**115,296**	**90,667**	**96,020**	**87,875**
Financial liabilities				
At amortized cost				
Long-term debt	156,290	78,800	204,699	39,361
Short-term debt	-	7,023	-	1,619
Trade and other payables	-	36,847	2,194	23,294
At fair value through profit or loss				
Commodity derivatives	581	492	192	1,831
Total	**156,871**	**123,162**	**207,085**	**66,105**

Fair value measurement. The Group evaluates the quality and reliability of the assumptions and data used to measure fair value in accordance with IFRS 13, *Fair Value Measurement*, in the three hierarchy levels as follows:

i. quoted prices in active markets (Level 1);
ii. inputs other than quoted prices included in Level 1 that are directly or indirectly observable in the market (externally verifiable inputs) (Level 2);
iii. inputs that are not based on observable market data (unobservable inputs) (Level 3).

Commodity derivative instruments. The Group conducts natural gas foreign trading in active markets under long-term and short-term purchase and sales contracts, as well as purchases and sells various derivative instruments (with reference to the European natural gas hubs) for deliveries optimization and decrease exposure to the risk of negative changes in natural gas world prices.

These contracts include pricing terms that are based on a variety of commodities and indices, and/or volume flexibility options that collectively qualify them under the scope of IAS 39, *Financial instruments: recognition and measurement*, although the activity surrounding certain contracts involves the physical delivery of natural gas. All contracts mentioned above are recognized in the consolidated statement of financial position at fair value with movements in fair value recognized in the consolidated statement of income.

The fair value of long-term natural gas derivative contracts involving the physical delivery of natural gas is determined using internal models and other valuation techniques (the mark-to-market and mark-to-model analysis) due to the absence of quoted prices or other observable, market-corroborated data, for the duration of the contracts. Due to the assumptions underlying their fair value, the gas contracts are categorized as Level 3 in the fair value hierarchy, described above.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

21 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (CONTINUED)

The fair value of short-term natural gas derivative contracts involving the physical delivery of natural gas and likewise contracts used for the price risk management and delivery optimization is determined based on available futures quotes in the active market (mark-to-market analysis) (Level 1).

The amounts recognized by the Group in respect of the natural gas derivative contracts measured in accordance with IAS 39, *Financial instruments: recognition and measurement*, are as follows:

Commodity derivatives	**At 30 June 2015**	**At 31 December 2014**
Within other non-current and current assets	3,223	4,629
Within other non-current and current liabilities	(1,073)	(2,023)

	Three months ended 30 June:		**Six months ended 30 June:**	
Included in other operating income (loss)	**2015**	**2014**	**2015**	**2014**
Operating income from natural gas foreign trading	215	131	385	232
Change in fair value	(352)	1,861	(865)	1,130

The table below represents the effect on the fair value estimation of natural gas derivative contracts that would occur from price changes by 10 percent by one megawatt-hour:

Sensitivity summary (RR million)	**From price decrease**	**From price increase**
Market shift from 1 July 2016 sensitivity	958	(903)
Market shift from 1 July 2019 sensitivity	1,128	(1,196)

Recognition and remeasurement of the shareholders' loans to joint ventures. Terms and conditions of the shareholders' loans provided by the Group to its joint ventures Yamal LNG and Terneftegas contain certain financial (benchmark interest rates adjusted for the borrower credit risk), and non-financial (actual interest rates on the borrowings of shareholders, expected free cash flows of the borrower and expected maturities) variables and in accordance with the Group's accounting policy were classified as financial assets at fair value through profit or loss.

The following table summarizes the movements in the carrying amounts of shareholders' loans provided to Yamal LNG and Terneftegas and related interest receivable:

	Six months ended 30 June:	
	2015	**2014**
At 1 January	**88,726**	**46,718**
Loans installments	17,437	12,884
Repayment of the loans	(623)	(12,045)
Initial remeasurement at fair value allocated to increase the Group's investments in joint ventures (see Note 6)	(2,686)	(2,222)
Subsequent remeasurement at fair value recognized in profit (loss) as follows:		
– Interest income (using the effective interest rate method)	4,090	1,381
– Foreign exchange gain (loss)	(5,543)	1,368
– Remaining effect from changes in fair value (attributable to free cash flows of the borrowers and interest rates)	2,296	-
At 30 June	**103,697**	**48,084**

21 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (CONTINUED)

The fair value of the shareholders' loans is sensitive to benchmark interest rates changes. The table below represents the effect on fair value of the shareholders' loans that would occur from one percent changes in the benchmark interest rates.

	Six months ended 30 June:	
	2015	**2014**
Increase by one percent	(6,128)	(2,729)
Decrease by one percent	6,609	2,967

Financial risk management objectives and policies. In the ordinary course of business, the Group is exposed to market risks from fluctuating prices on commodities purchased and sold, prices of other raw materials, currency exchange rates and interest rates. Depending on the degree of price volatility, such fluctuations in market prices may create volatility in the Group's financial results. To effectively manage the variety of exposures that may impact financial results, the Group's overriding strategy is to maintain a strong financial position.

The Group's principal risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to these limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Market risk. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices, will affect the Group's financial results or the value of its holdings of financial instruments. The primary objective of mitigating these market risks is to manage and control market risk exposures, while optimizing the return on risk.

The Group is exposed to market price movements relating to changes in commodity prices such as crude oil, oil and gas condensate refined products and natural gas (commodity price risk), foreign currency exchange rates, interest rates, equity prices and other indices that could adversely affect the value of the Group's financial assets, liabilities or expected future cash flows.

(a) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various exposures in the normal course of business, primarily with respect to the US dollar and Euro. Foreign exchange risk arises primarily from future commercial transactions, recognized assets and liabilities when assets and liabilities are denominated in a currency other than the functional currency.

The Group's overall strategy is to have no significant net exposure in currencies other than the Russian rouble or the US dollar. Foreign currency derivative instruments may be utilized to manage the risk exposures associated with fluctuations on certain firm commitments for sales and purchases, debt instruments and other transactions that are denominated in currencies other than the Russian rouble, and certain non-Russian rouble assets and liabilities.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

21 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (CONTINUED)

The carrying amounts of the Group's financial instruments are denominated in the following currencies:

At 30 June 2015	Russian rouble	US dollar	Euro	Other	Total
Financial assets					
Non-current					
Long-term loans receivable	9,748	68,730	26,683	-	105,161
Trade and other receivables	902	6,807	945	25	8,679
Commodity derivatives	-	-	1,448	-	1,448
Long-term deposits	-	-	-	8	8
Current					
Trade and other receivables	18,261	20,877	2,688	772	42,598
Short-term loans receivable	8,107	-	-	-	8,107
Commodity derivatives	-	-	1,775	-	1,775
Cash restricted in the form of guarantee (recognized within other current assets)	-	-	462	-	462
Cash and cash equivalents	3,297	13,751	20,002	675	37,725
Financial liabilities					
Non-current					
Long-term debt	(13,970)	(142,320)	-	-	(156,290)
Commodity derivatives	-	-	(581)	-	(581)
Current					
Current portion of long-term debt	(19,995)	(58,805)	-	-	(78,800)
Short-term debt	(1,619)	(689)	(4,715)	-	(7,023)
Trade and other payables	(24,774)	(9,244)	(2,589)	(240)	(36,847)
Commodity derivatives	-	-	(492)	-	(492)
Net exposure	**(20,043)**	**(100,893)**	**45,626**	**1,240**	**(74,070)**

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

21 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (CONTINUED)

At 31 December 2014	Russian rouble	US dollar	Euro	Other	Total
Financial assets					
Non-current					
Long-term loans receivable	5,254	66,835	16,278	-	88,367
Trade and other receivables	578	4,938	234	25	5,775
Commodity derivatives	-	-	1,871	-	1,871
Long-term deposits	-	-	-	7	7
Current					
Trade and other receivables	19,273	11,884	2,782	653	34,592
Short-term loans receivable	8,107	-	-	-	8,107
Short-term bank deposits	-	2	-	-	2
Commodity derivatives	-	-	2,758	-	2,758
Cash restricted in the form of guarantee (recognized within other current assets)	-	-	1,098	-	1,098
Cash and cash equivalents	14,854	11,663	14,191	610	41,318
Financial liabilities					
Non-current					
Long-term debt	(13,956)	(190,743)	-	-	(204,699)
Other non-current liabilities	-	(2,194)	-	-	(2,194)
Commodity derivatives	-	-	(192)	-	(192)
Current					
Current portion of long-term debt	(19,991)	(19,370)	-	-	(39,361)
Short-term debt	(1,619)	-	-	-	(1,619)
Trade and other payables	(13,005)	(7,021)	(3,159)	(109)	(23,294)
Commodity derivatives	-	-	(1,831)	-	(1,831)
Net exposure	**(505)**	**(124,006)**	**34,030**	**1,186**	**(89,295)**

(b) Commodity price risk

The Group's overall commercial trading strategy in natural gas and liquid hydrocarbons is centrally managed. Changes in commodity prices could negatively or positively affect the Group's results of operations. The Group manages the exposure to commodity price risk by optimizing its core activities to achieve stable price margins.

Natural gas supplies on the Russian domestic market. As an independent natural gas producer, the Group is not subject to the government's regulation of natural gas prices, except for those volumes sold to residential customers. Nevertheless, the Group's prices for natural gas sold are strongly influenced by the prices regulated by the governmental agency of the Russian Federation that carries out state regulation of prices and tariffs in oil and gas, power and transportation industries.

There were no changes in regulated natural gas prices on the domestic market (excluding residential customers) since 1 January 2014 until 30 June 2015. From 1 July 2015 natural gas prices were increased on average by 7.5 percent.

In accordance with the basic parameters of the Forecast of Socio-economic Development of the Russian Federation published the Ministry of Economic Development of the Russian Federation in May 2015, the wholesale natural gas prices on the domestic market (excluding residential customers) in July 2016, 2017 and 2018 will be increased on average by 7.5 percent, 7.0 percent and 6.2 percent, respectively. Currently the Russian Federation government is discussing various scenarios for the growth rate of natural gas prices on the domestic market for the subsequent years.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

21 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (CONTINUED)

Management believes it has limited downside commodity price risk for natural gas in the Russian Federation and does not use commodity derivative instruments for trading purposes. All of the Group's natural gas purchase and sales contracts in the domestic market are entered to meet supply requirements to fulfil contract obligations or for own consumption and are not within the scope of IAS 39, *Financial instruments: recognition and measurement*. However, to effectively manage the margins achieved through its natural gas trading activities, management has established targets for volumes sold to wholesale traders, end-customers and to the natural gas exchange.

Natural gas trading activities on the European market. The Group purchases and sells natural gas on the European market under long-term and short-term supply contracts, as well as purchases and sells different derivative instruments based on formulas with reference to benchmark natural gas prices quoted for the North-Western European natural gas hubs, crude oil and oil products prices and/or a combination thereof. As a result, the Group's results from natural gas foreign trading and derivative instruments foreign trading are subject to commodity price volatility based on fluctuations or changes in the respective benchmark reference prices.

Natural gas foreign trading activities and respective foreign derivative instruments are executed by Novatek Gas & Power GmbH, the Group's wholly owned subsidiary, and are managed within the Group's integrated trading function.

Liquid hydrocarbons. The Group sells its crude oil, stable gas condensate and gas condensate refined products under spot contracts. Naphtha and stable gas condensate volumes sold to the Asian-Pacific Region, European and USA markets are based on benchmark reference crude oil prices of Urals, Brent IPE and Dubai and/or naphtha prices of Naphtha Japan and Naphtha CIF NWE or a combination thereof, plus a margin or discount, depending on current market situation. Other gas condensate refined products volumes sold mainly to the European market are based on benchmark reference jet fuel prices of Jet CIF NWE, gasoil prices of Gasoil 0.1 percent CIF NWE and fuel oil prices of Fuel Oil 1 percent CIF NWE, plus a margin or discount, depending on current market situation. Crude oil sold internationally is based on benchmark reference crude oil prices of Brent dated, minus a discount, and on a transaction-by-transaction basis for volumes sold domestically.

As a result, the Group's revenues from the sales of liquid hydrocarbons are subject to commodity price volatility based on fluctuations or changes in the crude oil and gas condensate refined products benchmark reference prices. All of the Group's liquid hydrocarbons purchase and sales contracts are entered to meet supply requirements to fulfill contract obligations or for own consumption and are not within the scope of IAS 39, *Financial instruments: recognition and measurement*.

(c) Cash flow and fair value interest rate risk

The Group is subject to interest rate risk on financial liabilities with variable interest rates. To mitigate this risk, the Group's treasury function performs periodic analysis of the current interest rate environment and depending on that analysis management makes decisions whether it would be more beneficial to obtain financing on a fixed-rate or variable-rate basis. In cases where the change in the current market fixed or variable interest rates is considered significant management may consider refinancing a particular debt on more favorable interest rate terms.

Changes in interest rates impact primarily debt by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new debts management uses its judgment to decide whether it believes that a fixed or variable rate would be more favorable over the expected period until maturity.

The interest rate profiles of the Group's interest-bearing financial instruments are as follows:

	At 30 June 2015		At 31 December 2014	
	RR million	Percentage	RR million	Percentage
At fixed rate	165,568	*68%*	161,741	*66%*
At variable rate (LIBOR-linked)	76,545	*32%*	83,938	*34%*
Total debt	**242,113**	***100%***	**245,679**	***100%***

21 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (CONTINUED)

The Group centralizes the cash requirements and surpluses of controlled subsidiaries and the majority of their external financing requirements, and applies, on its consolidated net debt position, a funding policy to optimize its financing costs and manage the impact of interest rate changes on its financial results in line with market conditions. In this way, the Group is able to ensure that the balance between the floating rate portion of its debt and its cash surpluses has a low level of exposure to any changes in interest rates over the short-term. This policy makes it possible to significantly limit the Group's sensitivity to interest rate volatility.

Credit risk. Credit risk refers to the risk exposure that a potential financial loss to the Group may occur if a counterparty defaults on its contractual obligations.

Credit risk is managed on a Group level and arises from cash and cash equivalents (including short-term deposits with banks), as well as credit exposures to customers (including outstanding trade receivables and committed transactions). Cash and cash equivalents are deposited only with banks that are considered by the Group at the time of deposit to have minimal risk of default.

The Group’s trade and other receivables consist of a large number of customers, spread across diverse industries and geographical areas. The Group has developed standard credit payment terms and constantly monitors the status of trade and other receivables and the creditworthiness of the customers.

Most of the Group’s international liquid hydrocarbons sales are made to customers with independent external ratings; however, if the customer has a credit rating below BBB, the Group requires the collateral for the trade receivable to be in the form of letters of credit from banks with an investment grade rating. Most of domestic sales of liquid hydrocarbons are made on a 100 percent prepayment basis.

As a result of the domestic regional natural gas trading activities, the Group is exposed to the risk of payment defaults of small and medium-sized industrial users and individuals. To minimize credit risk the Group monitors the recoverability of these debtors by analyzing ageing of receivables by type of customers and their respective prior payment history.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

In addition, the Group provides long-term loans to its joint ventures for development, construction and acquisitions of oil and gas assets. Required amount of loans and their maturity schedules are based on the budgets and strategic plans approved by the shareholders of the joint ventures.

Liquidity risk. Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group’s approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation. In managing its liquidity risk, the Group maintains adequate cash reserves and debt facilities, continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

The Group prepares various financial plans (monthly, quarterly and annually) which ensures that the Group has sufficient cash on demand to meet expected operational expenses, financial obligations and investing activities for a period of 30 days or more. The Group has entered into a number of short-term credit facilities. Such credit lines and overdraft facilities can be drawn down to meet short-term financing needs. To fund cash requirements of a more permanent nature, the Group will normally raise long-term debt in available international and domestic markets.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

21 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (CONTINUED)

The following tables summarize the maturity profile of the Group's financial liabilities, except for natural gas derivative contracts, based on contractual undiscounted payments, including interest payments:

At 30 June 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Debt at fixed rate					
Principal (*)	54,933	14,000	-	91,615	160,548
Interest	8,531	5,924	14,516	8,522	37,493
Debt at variable rate					
Principal (*)	25,626	25,626	25,626	-	76,878
Interest	1,392	860	331	-	2,583
Trade and other payables	36,847	-	-	-	36,847
Total financial liabilities	**127,329**	**46,410**	**40,473**	**100,137**	**314,349**
At 31 December 2014					
Debt at fixed rate					
Principal (*)	21,619	33,755	14,000	92,826	162,200
Interest	9,451	6,886	15,251	11,086	42,674
Debt at variable rate					
Principal (*)	19,474	25,965	38,948	-	84,387
Interest	1,577	1,120	689	-	3,386
Trade and other payables	23,294	2,194	-	-	25,488
Total financial liabilities	**75,415**	**69,920**	**68,888**	**103,912**	**318,135**

(*) – differs from long-term debt for transaction costs (see Note 11).

At 30 June 2015 and 31 December 2014, the amount of the financial guarantee issued by the Group to the bank in relation to the obligations of its joint venture OOO Yamal Development, maturing in December 2015, totaled USD 400 million at both dates.

The following table represents the maturity profile of the Group's commodity derivatives based on undiscounted cash flows:

At 30 June 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Cash inflow	26,155	19,301	67,249	48,400	161,105
Cash outflow	(28,086)	(22,269)	(61,456)	(44,995)	(156,806)
Net cash flows	**(1,931)**	**(2,968)**	**5,793**	**3,405**	**4,299**
At 31 December 2014					
Cash inflow	29,665	25,140	69,644	62,758	187,207
Cash outflow	(33,575)	(23,654)	(65,336)	(57,717)	(180,282)
Net cash flows	**(3,910)**	**1,486**	**4,308**	**5,041**	**6,925**

21 FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (CONTINUED)

Capital management. The primary objectives of the Group's capital management policy are to ensure a strong capital base to fund and sustain its business operations through prudent investment decisions and to maintain investor, market and creditor confidence to support its business activities.

At 31 December 2014, the Group had investment grade credit ratings of Baa3 (stable outlook) by Moody's Investors Service, BBB- (stable outlook) by Fitch Ratings, and BBB- (negative) by Standard & Poor's. In February 2015, following the decrease of the sovereign credit rating of the Russian Federation by both Standard & Poor's and Moody's Investors Service, the Group's investment grade credit rating was also downgraded to non-investment level BB+ (negative) and Ba1 (negative), respectively. In addition, in January 2015 Fitch Ratings changed the outlook of the Group's investment grade rating BBB- from stable to negative. To maintain its credit ratings, the Group has established certain financial targets and coverage ratios that it monitors on a quarterly and annual basis.

The Group manages its liquidity on a corporate-wide basis to ensure adequate funding to sufficiently meet the Group's operational requirements. All external debts are centralized at the parent level, and all financing to Group entities is facilitated through inter-company loan arrangements or additional contributions to share capital.

Historically, the Group had a stated dividend policy that distributes at least 30 percent of its parent company's non-consolidated statutory net profit determined according to Russian accounting standards. However, in April 2014, the Board of Directors of NOVATEK approved the new dividend policy that distributes not less than 30 percent of the Group's consolidated net profit determined according to IFRS, adjusted for one-off profits (losses). The dividend payment for a specific year is determined after taking into consideration future earnings, capital expenditure requirements, future business opportunities and the Group current financial position. Dividends are recommended by the Board of Directors and approved by the shareholders of NOVATEK.

The Group defines the term "capital" as equity attributable to OAO NOVATEK shareholders plus net debt (total debt less cash and cash equivalents). There were no changes to the Group's approach to capital management during the six months ended 30 June 2015. At 30 June 2015 and 31 December 2014, the Group's capital totalled RR 651,162 million and RR 589,116 million, respectively.

22 CONTINGENCIES AND COMMITMENTS

Operating environment. The Russian Federation continues to display some characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is in practice not convertible in most countries outside of the Russian Federation, and relatively high inflation. The tax, currency and customs legislation is subject to varying interpretations, frequent changes and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in the Russian Federation. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory, and political developments.

The Group's business operations are primarily located in the Russian Federation and are thus exposed to the economic and financial markets of the Russian Federation.

Developments in Ukraine during the last year period and subsequent negative reaction of the world community have had and may continue to have a negative impact on the Russian economy, including difficulties in obtaining international funding, devaluation of national currency and high inflation. These and other events, in case of escalation, may have a significant negative impact on the operating environment in the Russian Federation.

Sectoral sanctions imposed by the U.S. government. On 16 July 2014 the Office of Foreign Assets Control (OFAC) of the U.S. Treasury included OAO NOVATEK on the Sectoral Sanctions Identification List (the "List"), which prohibits U.S. persons or persons within the United States from providing new financing to the Group for longer than 90 days, whereas all other transactions, including financial, carried out by U.S. persons or within the United States with the Group are permitted. The inclusion on the List has not impacted the Group's business activities, in any jurisdiction, nor does it affect the Group's assets, listed shares and debt.

22 CONTINGENCIES AND COMMITMENTS (CONTINUED)

Management has reviewed the Group's capital expenditure programs and existing debt portfolio and has concluded that the Group has sufficient liquidity, through internally generated (operating) cash flows, to adequately fund its core oil and gas business operations including finance of planned capital expenditure programs of its subsidiaries, as well as to repay and service all Group's short-term and long-term debt existing at the current reporting date and, therefore, inclusion on the List does not adversely impact the Group's operational activities.

The Group together with its foreign partners is currently looking for opportunities of raising necessary financing for their joint ventures from non-US debt markets and lenders. Currently, the Group and its foreign partners are providing debt financing to their joint ventures in Euros.

Capital commitments. At 30 June 2015, the Group had contractual capital expenditures commitments aggregating approximately RR 23,750 million (at 31 December 2014: RR 27,767 million) mainly for development at the Yarudeyskoye field (through 2017), the East-Tarkosalinskoye (through 2018), the Salmanovskoye (Utrenneye) (through 2017), the Yurkharovskoye (through 2018), the Khancheyskoye (through 2016), the North-Khancheyskoye and Khadyryakhinskoye (through 2015), North-Russkoye (through 2016) fields all in accordance with duly signed agreements.

Non-financial guarantees. The aggregated amount of non-financial guarantees in respect of the Yamal LNG Project issued by the Group to a number of third parties (LNG Plant constructors, LNG-vessels owners, LNG-terminal owners and foreign banks) in favor of the Group's joint venture OAO Yamal LNG and the joint venture's subsidiary with various maturities depending on the commencement of external project financing, loading of certain number of LNG-vessels and other events related to commencement of commercial production, totaled USD 1,703 million and EUR 103 million at 30 June 2015 and USD 1,703 million at 31 December 2014. The outflow of resources embodying economic benefits required to settle the obligation under these non-financial guarantees is not probable, therefore, no provision for these liabilities was recognized in the consolidated financial statements.

In December 2014, the Government of the Russian Federation approved the allocation of RR 150 billion from the National Wealth Fund for financing the Yamal LNG Project through the purchase of interest bearing bonds of OAO Yamal LNG, the joint venture of the Group. In February 2015, the Ministry of Finance of the Russian Federation subscribed to the first tranche of the OAO Yamal LNG bonds in the amount of RR 75 billion. Subsequent to the balance sheet date, in July 2015, the Group signed a guarantee to the Ministry of Finance of the Russian Federation in respect to its 60 percent share in the obligations of OAO Yamal LNG relating to the bonds issued. The guarantee is valid until achieving full production capacity at all three trains of the LNG plant under construction and passing certain technical, logistic and financial tests proving that the construction is successfully completed. The outflow of resources embodying economic benefits required to settle the obligation under this non-financial guarantee is not probable.

Taxation. Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Correspondingly, the relevant regional and federal tax authorities may periodically challenge management's interpretation of such taxation legislation as applied to the Group's transactions and activities. Furthermore, events within the Russian Federation suggest that the tax authorities may be taking a more assertive position in its interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Management believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Group's tax, currency and customs positions will be sustained. Where management believes it is probable that a position cannot be sustained, an appropriate amount has been accrued in the consolidated financial statements.

22 CONTINGENCIES AND COMMITMENTS (CONTINUED)

Mineral licenses. The Group is subject to periodic reviews of its activities by governmental authorities with respect to the requirements of its mineral licenses. Management cooperates with governmental authorities to agree on remedial actions necessary to resolve any findings resulting from these reviews. Failure to comply with the terms of a license could result in fines, penalties or license limitation, suspension or revocation. The Group's management believes any issues of non-compliance will be resolved through negotiations or corrective actions without any material adverse effect on the Group's financial position, results of operations or cash flows.

The Group's oil and gas fields and license areas are situated on land located in the YNAO. Licenses are issued by the Federal Agency for the Use of Natural Resources of the Russian Federation and the Group pays unified natural resources production tax to produce crude oil, natural gas and unstable gas condensate from these fields and contributions for exploration of license areas.

Environmental liabilities. The Group has operated in the oil and gas industry in the Russian Federation for many years. The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations and, as obligations are determined, they are recognized as an expense immediately if no future benefit is discernible. Potential liabilities arising as a result of a change in interpretation of existing regulations, civil litigation or changes in legislation cannot be estimated. Under existing legislation, management believes that there are no probable liabilities, which will have a material adverse effect on the Group's financial position, results of operations or cash flows.

Legal contingencies. The Group is subject of, or party to a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which could have a material effect on the result of operations or financial position of the Group and which have not been accrued or disclosed in the consolidated financial statements.

23 RELATED PARTY TRANSACTIONS

Transactions between NOVATEK and its subsidiaries, which are related parties of NOVATEK, have been eliminated on consolidation and are not disclosed in this Note.

For the purposes of these consolidated financial statements, parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or joint control over the other party in making financial and operational decisions. Management has used reasonable judgments in considering each possible related party relationship with attention directed to the substance of the relationship, not merely the legal form. Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be affected on the same terms, conditions and amounts as transactions between unrelated parties.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

23 RELATED PARTY TRANSACTIONS (CONTINUED)

	Three months ended 30 June:		Six months ended 30 June:	
Related parties – joint ventures	**2015**	**2014**	**2015**	**2014**
Transactions				
OOO SeverEnergia and its subsidiary:				
Purchases of natural gas and liquid hydrocarbons	(19,347)	(2,327)	(34,157)	(4,117)
ZAO Terneftegas:				
Interest income on loans issued	55	40	127	107
Purchases of natural gas and liquid hydrocarbons	(1,413)	-	(1,413)	-
OAO Yamal LNG:				
Interest income on loans issued	1,844	695	3,962	1,274
Other revenues	78	49	139	54
ZAO Nortgas:				
Purchases of natural gas and liquid hydrocarbons	(5,280)	(5,227)	(10,320)	(8,538)
OOO Yamal Development:				
Interest income on loans issued	389	73	716	123

Related parties – joint ventures	**At 30 June 2015**	**At 31 December 2014**
Balances		
OOO SeverEnergia and its subsidiary:		
Trade payables and accrued liabilities	8,158	1,819
ZAO Terneftegas:		
Long-term loans receivable	3,790	4,288
Interest on long-term loans receivable	532	441
Trade payables and accrued liabilities	1,218	-
OAO Yamal LNG:		
Long-term loans receivable	91,623	78,825
Interest on long-term loans receivable	7,752	5,171
ZAO Nortgas:		
Dividends receivable	-	1,850
Trade payables and accrued liabilities	5,310	2,165
OOO Yamal Development:		
Long-term loans receivable	9,748	5,254
Interest on long-term loans receivable	1,324	608
Current portion of long-term loans receivable	8,107	8,107

The terms and conditions of the loans receivable from the joint ventures are disclosed in Note 7.

The Group issued financial and non-financial guarantees in favor of its joint ventures as described in Notes 21 and 22.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

23 RELATED PARTY TRANSACTIONS (CONTINUED)

Related parties – parties under control / joint control of key management personnel	Three months ended 30 June: 2015	2014	Six months ended 30 June: 2015	2014
Transactions				
PAO Pervobank:				
Interest income	112	51	310	86
PAO SIBUR Holding and its subsidiaries:				
Sales of natural gas and liquid hydrocarbons	3,652	1,859	6,315	3,760
Other revenues	5	132	6	135
Purchases of natural gas and liquid hydrocarbons	(3,491)	(3,967)	(6,620)	(7,433)
Materials, services and other	(434)	(201)	(867)	(281)
Liquid hydrocarbons transportation by rail	(983)	(519)	(1,996)	(519)
OOO Transoil:				
Liquid hydrocarbons transportation by rail	(1,995)	(990)	(3,947)	(1,855)
Gunvor Group Ltd (under joint control until March 2014):				
Liquid hydrocarbons sales	-	-	-	2,023
Liquid hydrocarbons transportation (transshipment services)	-	-	-	(266)
OOO Nova:				
Purchases of construction services (capitalized within property, plant and equipment)	(1,014)	(1,451)	(2,011)	(2,900)

Related parties – parties under control / joint control of key management personnel	At 30 June 2015	At 31 December 2014
Balances		
PAO Pervobank:		
Cash and cash equivalents	1,218	9,365
PAO SIBUR Holding and its subsidiaries:		
Trade and other receivables	1,358	940
Prepayments and other current assets	216	184
Trade payables and accrued liabilities	228	201
OOO Transoil:		
Prepayments and other current assets	413	397
Trade payables and accrued liabilities	388	67
OOO Nova:		
Advances for construction	170	341
Trade payables and accrued liabilities	381	360

On 19 March 2014, a member of the Board of Directors of NOVATEK sold its shares in the Gunvor Group to a third party and as the result, the Gunvor Group ceased to be a related party of the Group from that date.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

23 RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel compensation. The Group paid to key management personnel (members of the Board of Directors and the Management Committee) short-term compensation, including salary, bonuses and excluding dividends the following amounts.

	Three months ended 30 June:		Six months ended 30 June:	
Related parties – members of key management personnel	2015	2014	2015	2014
Board of Directors	78	49	97	68
Management Committee	741	727	1,350	1,192
Total compensation	**819**	**776**	**1,447**	**1,260**

Such amounts include personal income tax and are net of payments to non-budget funds made by the employer. Some members of key management personnel have direct and/or indirect interests in the Group and receive dividends under general conditions based on their respective shareholdings. Starting from April 2015, the Board of Directors consists of eight members (earlier – nine members). Starting from March 2015, the Management Committee consists of nine members (earlier – eight members).

24 SEGMENT INFORMATION

The Group's activities are considered by the chief operating decision maker (hereinafter referred to as "CODM", represented by the Management Committee of NOVATEK) to comprise one operating segment: "exploration, production and marketing".

Segment information is provided to the CODM in accordance with Regulations on Accounting and Reporting of the Russian Federation ("RAR") with reconciling items largely representing adjustments and reclassifications recorded in the consolidated interim condensed financial statements for the fair presentation in accordance with IFRS.

The CODM assesses reporting segment performance based on profit before income tax, since income tax is not allocated. No business segment assets or liabilities (except for capital expenditures for the period) are provided to the CODM for decision-making.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

24 SEGMENT INFORMATION (CONTINUED)

Segment information for the three months ended 30 June 2015 is as follows:

For the three months ended 30 June 2015	References	Exploration, production and marketing	Segment information as reported to CODM	Reconciling items	Total per consolidated interim condensed financial statements
External revenues		112,232	112,232	12	112,244
Operating expenses	*a, d*	(80,599)	(80,599)	1,058	(79,541)
Other operating income (loss)	*c*	111	111	(269)	(158)
Interest expense	*b, d*	(1,478)	(1,478)	(242)	(1,720)
Interest income	*d*	1,923	1,923	746	2,669
Change in fair value of non-commodity financial instruments		-	-	(95)	(95)
Foreign exchange gain (loss)		1,501	1,501	(225)	1,276
Segment result		**33,690**	**33,690**	**985**	**34,675**
Share of profit (loss) of joint ventures, net of income tax					13,004
Profit before income tax					**47,679**
Depreciation, depletion and amortization	*a*	6,089	6,089	(1,408)	4,681
Capital expenditures	*b*	13,890	13,890	1,361	15,251

Reconciling items mainly related to:

a. different methodology in calculating depreciation, depletion and amortization for intangible assets and for oil and gas properties between IFRS (units of production method) and management accounting (straight-line method), which resulted in reversal of RR 1,360 of million in operating expenses under IFRS;

b. different methodology in interest capitalization policy and certain recognition policy differences in capital expenditures between IFRS and management accounting, which resulted in additional recognition of capital expenditures of RR 1,361 million under IFRS;

c. different methodology in valuation of commodity derivatives under IFRS and management accounting, which resulted in the reversal of other operating income of RR 353 million under IFRS; and

d. other differences relating to recognition of natural gas storage expenses, employee compensation, bad debt provisions, exploration expenses, valuation of inventory balances, effect of the present value discount unwinding of long-term financial assets and asset retirement obligations, borrowing transaction costs.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

24 SEGMENT INFORMATION (CONTINUED)

Segment information for the three months ended 30 June 2014 is as follows:

For the three months ended 30 June 2014	**References**	**Exploration, production and marketing**	**Segment information as reported to CODM**	**Reconciling items**	**Total per consolidated interim condensed financial statements**
External revenues		88,381	88,381	(11)	88,370
Operating expenses	*a, b, e*	(58,097)	(58,097)	2,427	(55,670)
Other operating income (loss)	*c*	(218)	(218)	2,009	1,791
Interest expense	*d, e*	(1,704)	(1,704)	357	(1,347)
Interest income	*e*	786	786	216	1,002
Foreign exchange gain (loss)		1,216	1,216	(63)	1,153
Segment result		**30,364**	**30,364**	**4,935**	**35,299**
Share of profit (loss) of joint ventures, net of income tax					3,768
Profit before income tax					**39,067**
Depreciation, depletion and amortization	*a*	5,455	5,455	(1,288)	4,167
Capital expenditures	*d*	17,307	17,307	2,269	19,576

Reconciling items mainly related to:

a. different methodology in calculating depreciation, depletion and amortization for intangible assets and for oil and gas properties between IFRS (units of production method) and management accounting (straight-line method), which resulted in reversal of RR 1,290 of million in operating expenses under IFRS;

b. different methodology in recognizing expenses relating to employee compensation (including pension obligations, discounting loans to employee and bonus accruals) between IFRS and management accounting, which resulted in reversal of payroll expenses of RR 1,031 million recorded in operating expenses under IFRS;

c. different methodology in valuation of commodity derivatives under IFRS and management accounting, which requires additional recognition of other operating income of RR 1,967 million;

d. different methodology in interest capitalization policy and certain recognition policy differences in capital expenditures between IFRS and management accounting, which resulted in additional recognition of capital expenditures of RR 2,269 million under IFRS; and

e. other differences relating to recognition of natural gas storage expenses, employee compensation, bad debt provisions, exploration expenses, valuation of inventory balances, effect of the present value discount unwinding of long-term financial assets and asset retirement obligations, borrowing transaction costs.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

24 SEGMENT INFORMATION (CONTINUED)

Segment information for the six months ended 30 June 2015 is as follows:

For the six months ended 30 June 2015	References	Exploration, production and marketing	Segment information as reported to CODM	Reconciling items	Total per consolidated interim condensed financial statements
External revenues		225,937	225,937	49	225,986
Operating expenses	*a, f*	(155,262)	(155,262)	1,825	(153,437)
Other operating income (loss)	*e*	345	345	(702)	(357)
Interest expense	*c, f*	(3,707)	(3,707)	(214)	(3,921)
Interest income	*d*	4,433	4,433	1,422	5,855
Change in fair value of non-commodity financial instruments	*b*	-	-	2,296	2,296
Foreign exchange gain (loss)		(9,333)	(9,333)	(13)	(9,346)
Segment result		**62,413**	**62,413**	**4,663**	**67,076**
Share of profit (loss) of joint ventures, net of income tax					17,278
Profit before income tax					**84,354**
Depreciation, depletion and amortization	*a*	11,559	11,559	(2,363)	9,196
Capital expenditures	*c*	26,781	26,781	2,964	29,745

Reconciling items mainly related to:

a. different methodology in calculating depreciation, depletion and amortization for intangible assets and for oil and gas properties between IFRS (units of production method) and management accounting (straight-line method), which resulted in reversal of RR 2,344 million in operating expenses under IFRS;

b. different methodology in valuation of shareholders' loans provided by the Group to its joint ventures classified as financial assets at fair value through profit or loss between IFRS and management accounting, which requires additional gain recognition of RR 2,296 million under IFRS;

c. different methodology in interest capitalization policy and certain recognition policy differences in capital expenditures between IFRS and management accounting, which resulted in additional recognition of capital expenditures of RR 2,964 million under IFRS;

d. different methodology in recognizing effect of the present value discount unwinding of long-term financial assets under IFRS and management accounting, which requires additional recognition of interest income of RR 1,233 million under IFRS;

e. different methodology in valuation of commodity derivatives under IFRS and management accounting, which resulted in the reversal of other operating income of RR 865 million under IFRS; and

f. other differences relating to recognition of natural gas storage expenses, employee compensation, bad debt provisions, exploration expenses, valuation of inventory balances, effect of the present value discount unwinding of asset retirement obligations, borrowing transaction costs.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

24 SEGMENT INFORMATION (CONTINUED)

Segment information for the six months ended 30 June 2014 is as follows:

For the six months ended 30 June 2014	References	Exploration, production and marketing	Segment information as reported to CODM	Reconciling items	Total per consolidated interim condensed financial statements
External revenues		177,064	177,064	(18)	177,046
Operating expenses	*a, d*	(113,501)	(113,501)	3,956	(109,545)
Other operating income (loss)	*b*	2,495	2,495	1,878	4,373
Interest expense	*c, d*	(3,664)	(3,664)	881	(2,783)
Interest income	*d*	1,382	1,382	410	1,792
Foreign exchange gain (loss)	*d*	(2,744)	(2,744)	223	(2,521)
Segment result		**61,032**	**61,032**	**7,330**	**68,362**
Share of profit (loss) of joint ventures, net of income tax					2,046
Profit before income tax					**70,408**
Depreciation, depletion and amortization	*a*	10,731	10,731	(2,508)	8,223
Capital expenditures	*c*	28,628	28,628	4,675	33,303

Reconciling items mainly related to:

a. different methodology in calculating depreciation, depletion and amortization for intangible assets and for oil and gas properties between IFRS (units of production method) and management accounting (straight-line method), which resulted in reversal of RR 2,525 million in operating expenses under IFRS;

b. different methodology in valuation of commodity derivatives and recognition discounting effect on financial assets under IFRS and management accounting, which requires additional recognition of other operating income for RR 1,337 million and RR 648 million, respectively, under IFRS;

c. different methodology in interest capitalization policy and certain recognition policy differences in capital expenditures between IFRS and management accounting, which resulted in additional recognition of capital expenditures of RR 4,675 million under IFRS; and

d. other differences relating to recognition of natural gas storage expenses, employee compensation, bad debt provisions, exploration expenses, valuation of inventory balances, effect of the present value discount unwinding of long-term financial assets and asset retirement obligations, borrowing transaction costs.

Geographical information. The Group operates in the following geographical areas:

- *Russian Federation* – exploration, development, production and processing of hydrocarbons, and sales of natural gas, stable gas condensate, liquefied petroleum gas, crude oil and gas refined products;
- *Countries of the European Union (primarily, Denmark, Belgium, Netherlands and Poland)* – sales of naphtha, liquefied petroleum gas, stable gas condensate, gas condensate refined products and crude oil;
- *Countries of the Asia-Pacific region (primarily, Singapore, China, South Korea and Taiwan)* – sales of naphtha and stable gas condensate;
- *Countries of North America (primarily, the USA)* – sales of naphtha and stable gas condensate.

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

24 SEGMENT INFORMATION (CONTINUED)

Geographical information for the three months ended 30 June 2015 and 2014 is as follows:

For the three months ended 30 June 2015	**Natural gas**	**Stable gas condensate and naphtha**	**Other gas and gas condensate refined products**	**Liquefied petroleum gas**	**Crude oil**	**Total oil and gas sales**
Russia	50,534	5,334	756	4,098	1,907	62,629
The European Union	-	10,266	14,540	2,867	2,068	29,741
The Asia-Pacific region	-	25,466	-	-	-	25,466
North America	-	1,050	-	-	-	1,050
Other	-	-	1,233	99	423	1,755
Less: export duties	-	(6,251)	(2,057)	-	(759)	(9,067)
Total outside Russia	-	30,531	13,716	2,966	1,732	48,945
Total	**50,534**	**35,865**	**14,472**	**7,064**	**3,639**	**111,574**

For the three months ended 30 June 2014	**Natural gas**	**Stable gas condensate and naphtha**	**Other gas and gas condensate refined products**	**Liquefied petroleum gas**	**Crude oil**	**Total oil and gas sales**
Russia	53,846	607	104	2,391	1,893	58,841
The European Union	-	6,751	5,877	3,392	2,053	18,073
The Asia-Pacific region	-	19,041	-	-	-	19,041
North America	-	3,312	-	-	-	3,312
Other	-	1,933	413	-	-	2,346
Less: export duties	-	(10,508)	(1,722)	(471)	(1,031)	(13,732)
Total outside Russia	-	20,529	4,568	2,921	1,022	29,040
Total	**53,846**	**21,136**	**4,672**	**5,312**	**2,915**	**87,881**

Geographical information for the six months ended 30 June 2015 and 2014 is as follows:

For the six months ended 30 June 2015	**Natural gas**	**Stable gas condensate and naphtha**	**Other gas and gas condensate refined products**	**Liquefied petroleum gas**	**Crude oil**	**Total oil and gas sales**
Russia	104,155	8,508	1,296	6,888	4,361	125,208
The European Union	-	23,804	35,086	5,917	4,302	69,109
The Asia-Pacific region	-	45,176	-	-	-	45,176
North America	-	4,670	-	-	-	4,670
Other	-	-	1,716	322	423	2,461
Less: export duties	-	(14,850)	(5,151)	(289)	(1,536)	(21,826)
Total outside Russia	-	58,800	31,651	5,950	3,189	99,590
Total	**104,155**	**67,308**	**32,947**	**12,838**	**7,550**	**224,798**

(in Russian roubles, [tabular amounts in millions] unless otherwise stated)

24 SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2014	Natural gas	Stable gas condensate and naphtha	Other gas and gas condensate refined products	Liquefied petroleum gas	Crude oil	Total oil and gas sales
Russia	112,560	1,051	179	5,081	3,568	122,439
The European Union	-	11,034	11,960	7,677	3,842	34,513
The Asia-Pacific region	-	38,787	-	-	-	38,787
North America	-	5,275	-	-	-	5,275
Other	-	1,933	413	-	-	2,346
Less: export duties	-	(20,026)	(3,461)	(1,539)	(1,920)	(26,946)
Total outside Russia	-	37,003	8,912	6,138	1,922	53,975
Total	**112,560**	**38,054**	**9,091**	**11,219**	**5,490**	**176,414**

Revenues are based on the geographical location of customers even though all revenues are generated from assets located in the Russian Federation. Substantially all of the Group's operating assets are located in the Russian Federation.

Major customers. For the six months ended 30 June 2015, the Group had two major customers to whom individual revenue exceeded 10 percent of total external revenues, which represented 11 percent and 10 percent (RR 24.6 billion and RR 23.1 billion) of total external revenues, respectively. For the six months ended 30 June 2014, the Group had one major customer to whom individual revenue exceeded 10 percent of total external revenues, which on an individual basis represented 15 percent (RR 27.2 billion) of total external revenues. All of the Group's major customers reside within the Russian Federation.

25 NEW ACCOUNTING PRONOUNCEMENTS

The following new and amended standards and interpretations became effective for the Group from 1 January 2015:

Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014). Adoption of the following amendments has no material impact on the Group's consolidated interim condensed financial statements:

- IFRS 3, *Business Combinations*, was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11, *Joint Arrangements*. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

- The amendment of IFRS 13, *Fair Value Measurement*, clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39, *Financial Instruments: Recognition and Measurement*, or IFRS 9, *Financial Instruments*: *Classification and Measurement*.

25 NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2016, and which the Group has not early adopted:

IFRS 15, *Revenue from Contracts with Customers* (issued on 28 May 2014 and effective for annual periods beginning on or after 1 January 2017). The new standard introduces the core principle that revenue must be recognized when the goods or services are transferred to the customer, at the transaction price. Any discounts on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognized if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalized and amortized over the period when the benefits of the contract are consumed. The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption by the Group.

IFRS 9, *Financial Instruments: Classification and Measurement* (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018). The standard reflects all phases of the financial instruments project and replaces all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption by the Group.

Amendments to IFRS 10, *Consolidated financial statements,* and IAS 28, *Investments in associates and joint ventures* (issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments stipulate that a full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Group is currently assessing the impact of the amendments on its consolidated interim condensed financial statements.

Amendments to IAS 1, *Presentation of Financial Statements* (issued in December 2014 and effective for annual periods on or after 1 January 2016). The Standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Standard also provides new guidance on subtotals in financial statements. The Group is currently assessing the impact of the amendments on its consolidated interim condensed financial statements.

OAO NOVATEK was incorporated as a joint stock company in accordance with the Russian law and is domiciled in the Russian Federation.

The Group's registered office is:

Ulitsa Pobedy 22a
629850 Tarko-Sale
Yamal-Nenets Autonomous Region
Russian Federation

The Group's office in Moscow is:

Ulitsa Udaltsova 2
119415 Moscow
Russian Federation

Telephone:	7 (495) 730-60-00
Fax:	7 (495) 721-22-53

www.novatek.ru