

PAO SIBUR Holding

**International Financial Reporting Standards
Consolidated Interim Condensed
Financial Information (unaudited)**

As of and for the three and nine months ended 30 September 2014



Report on Review of Interim Financial Information

To the Shareholders and Board of Directors of PAO SIBUR Holding

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of PAO SIBUR Holding and its subsidiaries (the "Group") as of 30 September 2014 and the related consolidated interim condensed statements of profit or loss and comprehensive income for the three and nine months then ended, and cash flows and changes in equity for the nine months then ended. Management is responsible for the preparation and presentation of this consolidated interim condensed financial information set out on pages 2 to 35 in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

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

Conclusion


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

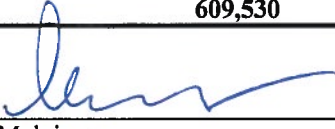
ZAO PricewaterhouseCoopers Audit

02 December 2014
Moscow, Russian Federation

PAO SIBUR HOLDING
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF
FINANCIAL POSITION (UNAUDITED)
(In millions of Russian roubles, unless otherwise stated)

Notes		30 September 2014	31 December 2013
	Assets		
	Non-current assets		
5	Property, plant and equipment	305,001	282,198
3, 6	Goodwill	11,959	9,480
6	Intangible assets excluding goodwill	118,484	4,553
7	Investments in joint ventures and associates	31,921	27,521
	Deferred income tax assets	8,172	7,956
8	Advances and prepayments for capital construction	19,315	11,126
9	Loans receivable	1,783	-
10	Trade and other receivables	627	455
11	Other non-current assets	2,601	1,598
	Total non-current assets	499,863	344,887
	Current assets		
12	Inventories	26,935	24,440
	Prepaid current income tax	6,973	4,011
9	Loans receivable	491	1,735
10	Trade and other receivables	16,931	14,561
13	Prepayments and other current assets	14,733	14,743
14	Restricted cash	665	1,106
14	Cash and cash equivalents	12,368	7,948
	Total current assets	79,096	68,544
4	Assets classified as held for sale	30,571	5,885
	Total assets	609,530	419,316
	Equity and liabilities		
	Non-current liabilities		
15	Long-term debt	108,632	57,731
16	Grants and subsidies	40,064	34,966
	Deferred income tax liabilities	28,784	5,606
17	Other non-current liabilities	7,087	4,379
	Total non-current liabilities	184,567	102,682
	Current liabilities		
18	Trade and other payables	77,504	36,458
	Income tax payable	714	252
19	Short-term debt and current portion of long-term debt	36,307	42,743
20	Taxes other than income tax payable	2,406	2,027
	Total current liabilities	116,931	81,480
4	Liabilities, associated with assets classified as held for sale	1,710	-
	Total liabilities	303,208	184,162
	Equity		
21	Ordinary share capital	21,784	21,784
	Share premium	9,357	9,357
29	Equity-settled share-based payment plans	17,588	7,894
	Retained earnings	256,672	195,269
	Total equity attributable to the Group's shareholders	305,401	234,304
	Non-controlling interest	921	850
	Total liabilities and equity	609,530	419,316


D.V. Konov
Chief Executive Officer
02 December 2014


P.N. Malyi
Chief Financial Officer
02 December 2014

The accompanying notes on pages 7 to 35 are an integral part of this consolidated interim condensed financial information.

PAO SIBUR HOLDING

IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

(In millions of Russian roubles, unless otherwise stated)

Notes		Three months ended		Nine months ended	
		30 September		30 September	
		2014	2013	2014	2013
22	Revenue	92,140	67,568	263,852	197,598
	Operating expenses before equity-settled share-based payment plans	(76,065)	(51,873)	(209,638)	(149,170)
29	Equity-settled share-based payment plans	(1,885)	(4,127)	(9,694)	(4,127)
	Operating profit	14,190	11,568	44,520	44,301
24	Finance income	509	960	756	1,141
24	Finance expenses	(22,840)	(558)	(23,627)	(6,009)
3	Gain on acquisition of subsidiary	-	-	52,773	-
3	Gain on deconsolidation of subsidiary	-	-	-	2,413
	Gain on disposal of subsidiary	-	-	18	-
	Share of net (loss)/ income of joint ventures and associates	(452)	130	313	279
	(Loss)/profit before income tax	(8,593)	12,100	74,753	42,125
25	Income tax gain/(expense)	758	(3,236)	(6,896)	(7,715)
	(Loss)/profit for the reporting period	(7,835)	8,864	67,857	34,410
	(Loss)/profit for the reporting period, including attributable to:	(7,835)	8,864	67,857	34,410
	Non-controlling interest	60	(26)	27	(22)
	Shareholders of the parent company	(7,895)	8,890	67,830	34,432
	Basic and diluted (loss)/earnings per share (in RR per share)	(3.6)	4.1	31.1	15.8
21	Weighted average number of shares outstanding (in thousands)	2,178,479	2,178,479	2,178,479	2,178,479

The accompanying notes on pages 7 to 35 are an integral part of this consolidated interim condensed financial information.

PAO SIBUR HOLDING
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF
COMPEHENSIVE INCOME (UNAUDITED)

(In millions of Russian roubles, unless otherwise stated)

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
(Loss)/profit for the reporting period	(7,835)	8,864	67,857	34,410
Total comprehensive (loss)/income for the reporting period	(7,835)	8,864	67,857	34,410
Total comprehensive (loss)/income for the reporting period, including attributable to:	(7,835)	8,864	67,857	34,410
Non-controlling interest	60	(26)	27	(22)
Shareholders of the parent company	(7,895)	8,890	67,830	34,432

The accompanying notes on pages 7 to 35 are an integral part of this consolidated interim condensed financial information.

PAO SIBUR HOLDING
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
(In millions of Russian roubles, unless otherwise stated)

Notes		Nine months ended 30 September	
		2014	2013
	Operating activities		
26	Cash from operating activities before income tax payment	71,552	65,710
25	Income tax paid	(11,140)	(8,535)
26	Net cash from operating activities	60,412	57,175
	Investing activities		
	Purchase of property, plant and equipment	(49,293)	(52,605)
	Loans issued	(3,794)	(787)
14	Transfers from restricted cash for investing activities	538	24
	Repayment of loans and notes receivable	1,691	273
	Proceeds from sale of property, plant and equipment	1,253	1,448
	Proceeds from disposal of subsidiaries, net of cash disposed	138	-
3	Acquisition of interest in subsidiaries, net of cash acquired	(20,666)	(1,742)
7	Additional contribution to the share capital of joint ventures	(5,176)	(3,200)
	Interest received	418	513
	Dividends received	969	600
	Purchase of intangible assets and other non-current assets	(2,260)	(92)
	Net cash used in investing activities	(76,182)	(55,568)
	Financing activities		
	Proceeds from debt	106,618	48,325
	Repayment of debt	(82,406)	(48,761)
	Repayment of promissory notes	-	(633)
	Proceeds from sale of non-controlling interest	-	439
	Interest paid	(4,566)	(3,045)
	Dividends paid	(6,383)	(7,625)
	Payment of bank fees	(159)	(283)
	Grants and subsidies received	6,569	2,315
	Net cash from/(used in) financing activities	19,673	(9,268)
	Effect of exchange rate changes on cash and cash equivalents	517	(63)
	Net increase/(decrease) in cash and cash equivalents	4,420	(7,724)
	Cash and cash equivalents, at the beginning of the reporting period	7,948	13,570
	Cash and cash equivalents, at the end of the reporting period	12,368	5,846

The accompanying notes on pages 7 to 35 are an integral part of this consolidated interim condensed financial information.

PAO SIBUR HOLDING
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF
CHANGES IN EQUITY (UNAUDITED)
(In millions of Russian roubles, unless otherwise stated)

	Attributable to Group's shareholders						Non- control- ling interest	Total equity
	Share capital	Equity- settled share- based payment plans	Share premium	Retained earnings	Total			
Balance as of 31 December 2012	21,784	-	9,357	163,624	194,765	991	195,756	
Total comprehensive income/(loss) for the reporting period	-	-	-	34,432	34,432	(22)	34,410	
Equity-settled share-based payment plans	-	4,127	-	-	4,127	-	4,127	
Sale of non-controlling interest	-	-	-	337	337	102	439	
Dividends paid	-	-	-	(7,625)	(7,625)	-	(7,625)	
Balance as of 30 September 2013	21,784	4,127	9,357	190,768	226,036	1,071	227,107	
Balance as of 31 December 2013	21,784	7,894	9,357	195,269	234,304	850	235,154	
Total comprehensive income for the reporting period	-	-	-	67,830	67,830	27	67,857	
Redemption of treasury shares of subsidiaries	-	-	-	(44)	(44)	44	-	
Equity-settled share-based payment plans	-	9,694	-	-	9,694	-	9,694	
Dividends paid	-	-	-	(6,383)	(6,383)	-	(6,383)	
Balance as of 30 September 2014	21,784	17,588	9,357	256,672	305,401	921	306,322	

The accompanying notes on pages 7 to 35 are an integral part of this consolidated interim condensed financial information.

1 NATURE OF OPERATIONS

PAO SIBUR Holding (hereinafter, the “Company”) and its subsidiaries (together referred to as the “Group”) form a vertically integrated gas processing and petrochemicals business. The Group purchases and processes raw materials (primarily associated petroleum gas and natural gas liquids), produces and markets energy and petrochemical products, both domestically and internationally.

The Group’s overall sales have no material exposure to seasonal factors. The Group’s production facilities are located in the Russian Federation.

Since September 2011, Mr. Leonid V. Mikhelson has been the Group’s ultimate controlling shareholder. PAO SIBUR Holding’s parent company is Sibur Limited.

In the third quarter of 2014 OOO Yauza 12 (a company wholly owned by Mr. Kirill N. Shamalov, Deputy Chairman of the Management Board of the Company) effectively acquired a 17% stake in the Company, which had previously been beneficially owned by entities under the control of Mr. Gennady N. Timchenko. Following this transaction, Mr. Kirill N. Shamalov’s ownership stake in SIBUR Holding increased to 21.3%.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation. This consolidated interim condensed financial information has been prepared in accordance with International Accounting Standard No. 34, Interim Financial Reporting (IAS 34). This consolidated interim condensed financial information should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2013, prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations.

Most of the Group’s companies maintain their accounting records in Russian roubles (RR) and prepare their statutory financial statements in accordance with the Regulations on Accounting and Reporting of the Russian Federation (RAR). This consolidated interim condensed financial information is based on the statutory records of Group companies, with adjustments and reclassifications recorded to ensure fair presentation in accordance with IFRS. The principal accounting policies applied by the Group are consistent with those disclosed in the Group’s consolidated financial statements for the year ended 31 December 2013, except for income tax expense recognised based on the Group management’s best estimate of the weighted average annual income tax rate expected for the full financial year (see Note 25).

3 ACQUISITION AND DECONSOLIDATION OF SUBSIDIARIES

OOO Yugragazpererabotka

In 2007, SIBUR and the TNK-BP Group, which was subsequently acquired by the Rosneft Group, established a joint venture, OOO Yugragazpererabotka, in which SIBUR owned a 51 percent, while TNK-BP’s share was 49 percent. In March 2013, the Group and the TNK-BP Group signed several agreements regarding their joint venture OOO Yugragazpererabotka. Under these agreements, the duration of the joint venture arrangement, which was previously set to expire in 2016, has become indefinite and the call options that had entitled the Group to purchase TNK-BP’s share in OOO Yugragazpererabotka have been terminated. Therefore, since 12 March 2013, the Group has started accounting for its investment in OOO Yugragazpererabotka in accordance with IFRS 11, Joint Arrangements, as a joint venture in its financial statements as opposed to the previously used approach, wherein OOO Yugragazpererabotka had been consolidated as a wholly owned subsidiary of the Group and TNK-BP’s contribution was accounted for as interest-bearing long-term loans.

3 ACQUISITION AND DECONSOLIDATION OF SUBSIDIARIES (CONTINUED)

The carrying amounts of assets and liabilities at the deconsolidation date are summarised in the table below:

	Carrying amounts as of 31 March 2013
Property, plant and equipment (see Note 5)	7,688
Deferred income tax asset	92
Inventory	558
Cash and cash equivalents	1
Trade and other receivables	1,262
Other assets	407
Loans and borrowings	(2,602)
Trade and other payables	(1,800)
Deferred income tax liabilities	(288)
Other liabilities	(142)
Net assets deconsolidated	5,176

The post-tax gain recognised upon the deconsolidation of OOO Yugragazpererabotka, and included as a gain on deconsolidation/acquisition of a subsidiary in the consolidated statement of profit or loss, was calculated as follows:

Income from derecognition of the Rosneft Group's (formerly TNK-BP's) share previously recognised as long-term debt	4,949
Share of net assets recognised as an investment in a joint venture (based on net assets of RR 5,176 and 51 percent ownership)	2,640
Total income from deconsolidation of subsidiary	7,589
Less: Net assets deconsolidated	(5,176)
Post-tax gain on deconsolidation of subsidiary	2,413

On 6 March 2014 the Group acquired the remaining 49 percent stake in OOO Yugragazpererabotka from the Rosneft Group (formerly, the TNK-BP Group) for a cash consideration of RR 55,733 (equivalent to USD 1,567 million). As a result, the Group has acquired control over OOO Yugragazpererabotka and its production subsidiaries. In March 2014 under the terms of the share purchase agreement, the Group paid RR 20,547 (equivalent to USD 567 million). The remaining amount is payable within one year from the acquisition date at a nominal interest rate of nil.

In addition to the share purchase agreement the Group and the Rosneft Group have agreed to increase guaranteed supplies of associated petroleum gas from the Rosneft Group's oil fields to OOO Yugragazpererabotka's processing facilities to the level of 10 billion cubic metres per annum for the period through 2032. Furthermore, the parties agreed that the Group will sell to the Rosneft Group all dry gas produced at the Nizhnevartovskiy, Belozerniy and Nyagan gas processing plants from associate petroleum gas received from the Rosneft Group. Accordingly, the gas processing arrangement between OOO Yugragazpererabotka and the Rosneft Group that had been in effect before 6 March 2014 was cancelled. As a result, the Group recognised intangible assets related to the relevant associated petroleum gas supply contracts of RR 115,816.

3 ACQUISITION AND DECONSOLIDATION OF SUBSIDIARIES (CONTINUED)

The carrying amounts of assets and liabilities at the acquisition date are summarised in the table below:

	Fair values
Property, plant and equipment (see Note 5)	23,934
Deferred income tax assets	577
Intangible assets (see Note 6)	115,816
Other non-current assets	41
Inventories	440
Trade and other receivables	1,837
Prepayments and other current assets	769
Cash and cash equivalents	1
Short-term and long-term debt	(2,559)
Deferred income tax liabilities	(26,096)
Trade and other payables	(5,808)
Other current liabilities	(271)
Net assets of the acquired subsidiary	108,681
Less:	
Fair value of interest previously held	55,427
Total purchase consideration	55,733
Goodwill arising on acquisition	2,479

As of the acquisition date, the Group remeasured its previously held interest in OOO Yugragazpererabotka at fair value. As a result, a RR 52,773 gain was recognised in the consolidated statement of profit and loss.

During the reporting period, OOO Yugragazpererabotka's subsidiaries were involved in litigation with OAO Tyumenenergo, an electrical utility. Based on Russian electricity market regulations, OAO Tyumenenergo had assumed that power supply services should be provided by the owner of electricity transmission assets based on an operating lease agreement ("last mile"). But, because the regulations do not clearly define what constitutes the "last mile" holder, OOO Yugragazpererabotka's subsidiaries claimed in court that they were not obligated to sign such an agreement with Tyumenenergo. Instead, based on favourable court precedent, these subsidiaries concluded a service contract directly with FGC UES, another electrical utility, for the period from 1 August 2012 to 31 December 2014. In turn, OAO Tyumenenergo has counter-claimed that the joint venture and its subsidiaries were legally obligated to conclude this contract with them. The Group's management has assessed the risk of an unfavourable outcome from this litigation as probable based on court rulings handed down in May 2014. The potential impact of an unfavourable outcome would be that OOO Yugragazpererabotka's subsidiaries may be ordered to pay RR 4,272 to OAO Tyumenenergo, including value added tax, penalties and fines. However, the Group may be able to offset this impact with a contingent receivable of RR 1,062 (including value added tax) from FGC UES as reimbursement for the consideration already paid for power supply services provided in the relevant period. OOO Yugragazpererabotka's subsidiaries have not recognised any contingent assets, but have recognised RR 4,272 in liabilities as part of the purchase price allocation exercise as of the date of acquisition of the remaining 49 percent stake in OOO Yugragazpererabotka. As of 30 September 2014, the Group's, liabilities related to this litigation increased by RR 243 to RR 4,515 as a result of additional penalties expected to be paid and recognised in the Group's statement of profit or loss.

The acquired subsidiary contributed RR 483 in revenue and RR 10 in loss to the Group for the period from the acquisition date until 30 September 2014 and RR 12 in revenue and RR 3 in loss to the Group for the three-month period ended 30 September 2014. If the acquisition had occurred on 1 January 2014, Group revenue and profit for the nine-month period ended 30 September 2014 would have been RR 264,773 and RR 68,125, respectively.

3 ACQUISITION AND DECONSOLIDATION OF SUBSIDIARIES (CONTINUED)

The Group's management believes that the acquired goodwill of RR 2,479 mainly represents expected cost savings and utilisation of the Group's feedstock advantage.

Total purchase consideration	55,733
Less:	
Cash and cash equivalents of acquired subsidiary	(1)
Payables for acquisition of subsidiary	(35,185)
Outflow of cash and cash equivalents on acquisition	20,547

Transactions during the period until the consolidation date with OOO Yugragazpererabotka are disclosed in Note 29.

4 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Sibur-Portenergo LLC

As of 30 September 2014 assets and liabilities classified as held for sale included the assets and liabilities of the Ust-Luga liquefied petroleum gas and naphtha transshipment facility (Group subsidiary: Sibur-Portenergo LLC), amounting to RR 24,856 in assets and RR 1,475 in liabilities, which are expected to be sold within next 12 months as non-core business of the Group.

Assets and liabilities of the Ust-Luga transshipment facility classified as held for sale

Assets	
Property, plant and equipment (see Note 5)	24,711
Other intangible assets	6
Inventories	60
Advances and prepayments for capital construction	37
Trade and other receivables	42
Total assets	24,856
Liabilities	
Trade and other payables	815
Taxes other than income tax payable	45
Income tax payable	117
Deferred income tax liabilities	498
Total liabilities	1,475

ZAO Spetstransoperator

As of 30 September 2014 and 31 December 2013 assets and liabilities classified as held for sale included part of the Group's rail car fleet worth RR 5,715 and related deferred tax liabilities of RR 235 expected to be sold within the next 12 months as a non-core business of the Group.

OAO OKA-Polimer

As of 31 December 2013, the Group classified RR 170 of property, plant and equipment related to OAO OKA-Polimer as assets held for sale. In January 2014, the Group sold a 100 percent stake in OAO OKA-Polimer.

5 PROPERTY, PLANT AND EQUIPMENT

Movements in the net book value of property, plant and equipment were as follows:

	Buildings	Facilities	Machinery and equipment	Transport	Assets under construction	Other	Total
Net book value as of 31 December 2012	23,553	38,814	37,813	6,958	96,725	3,792	207,655
Depreciation charge	(568)	(2,600)	(4,712)	(504)	-	(183)	(8,567)
Additions	36	370	15	6	85,186	714	86,327
Deconsolidation of subsidiary (see Note 3)	(1,203)	(3,008)	(2,948)	(1)	(386)	(142)	(7,688)
Reclassifications	-	(1,740)	1,740	-	-	-	-
Transfers	1,695	26,706	47,678	138	(76,272)	55	-
Disposals	(157)	(33)	(121)	(94)	(732)	(29)	(1,166)
Impairment	(132)	(32)	(13)	(4)	-	-	(181)
Historical cost as of 30 September 2013	29,700	73,734	107,247	10,080	104,521	5,267	330,549
Accumulated depreciation	(6,476)	(15,257)	(27,795)	(3,581)	-	(1,060)	(54,169)
Net book value as of 30 September 2013	23,224	58,477	79,452	6,499	104,521	4,207	276,380
Net book value as of 31 December 2013	28,937	66,415	90,537	561	91,557	4,191	282,198
Depreciation charge	(979)	(5,789)	(8,823)	(144)	-	(961)	(16,696)
Additions	-	-	-	-	41,483	839	42,322
Acquisition of subsidiary (see Note 3)	4,693	16,438	2,192	3	482	126	23,934
Transfers	5,821	47,390	20,108	290	(73,715)	106	-
Disposals	(115)	(74)	(372)	(33)	(464)	(3)	(1,061)
Reclassification to assets held for sale (see Note 4)	(2,162)	(11,297)	(9,188)	(9)	(2,050)	(5)	(24,711)
Reclassifications to intangible assets	-	-	-	-	(985)	-	(985)
Historical cost as of 30 September 2014	43,328	135,401	132,265	2,563	56 308	6,923	376,788
Accumulated depreciation	(7,133)	(22,318)	(37,811)	(1,895)	-	(2,630)	(71,787)
Net book value as of 30 September 2014	36,195	113,083	94,454	668	56 308	4,293	305,001

Transfers for the nine-month period ended 30 September 2014 include the construction of a natural gas liquids pipeline connecting the Purovsky Gas Condensate Plant, the Yuzhno-Balykskaya Main Pumping Station and the southern part of the section between the Yuzhno-Balykskaya Main Pumping Station and the Tobolsk production site in the Tyumen Region, a second gas fractionation facility at Tobolsk-Neftekhim which were completed and put into operation and a reconstruction of ethylene oxide production capacity in Dzerzhinsk.

For the nine-month periods ended 30 September 2014 and 30 September 2013, the Group capitalized borrowing costs of RR 3,516 and RR 3,514, respectively. Borrowing costs included foreign exchange losses from financing activities in the amount of RR 1,361 and RR 1,106 for the nine-month periods ended 30 September 2014 and 30 September 2013, respectively. The capitalization rates, excluding the effects of capitalized foreign exchange losses from financing activities, were 3.7 percent and 3.4 percent, respectively.

PAO SIBUR HOLDING
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED)
(In millions of Russian roubles, unless otherwise stated)

6 GOODWILL AND INTANGIBLE ASSETS EXCLUDING GOODWILL

The net book value of intangible assets was as follows:

	Goodwill	Customer relationships	Supply contract	Software and licences	Development costs	Total
Net book value as of 31 December 2012	9,480	680	-	835	-	10,995
Additions	-	-	-	516	-	516
Amortisation charge	-	(107)	-	(128)	-	(235)
Historical cost as of 30 September 2013	9,480	680	-	1,690	-	11,850
Accumulated amortisation	-	(107)	-	(467)	-	(574)
Net book value as of 30 September 2013	9,480	573	-	1,223	-	11,276
Net book value as of 31 December 2013	9,480	556	-	3,997	-	14,033
Transfer from PP&E to intangible assets	-	-	-	-	995	995
Additions (see Note 3)	2,479	-	115,816	894	369	119,558
Disposals	-	-	-	-	(208)	(208)
Amortisation charge	-	(53)	(3,584)	(298)	-	(3,935)
Historical cost as of 30 September 2014	11,959	680	115,816	5,490	1,156	135,101
Accumulated amortisation	-	(177)	(3,584)	(897)	-	(4,658)
Net book value as of 30 September 2014	11,959	503	112,232	4,593	1,156	130,443

Amortisation of intangible assets is recorded as operating expenses in the consolidated interim condensed statement of profit or loss. Intangible assets other than goodwill are presented in a separate line in the consolidated interim condensed statement of financial position.

7 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	30 September 2014	31 December 2013
OOO RusVinyl	20,432	16,990
OOO Yuzhno-Priobsky GPZ	4,783	1,955
OOO NPP Neftekhimia	3,631	3,743
ZAO Sibgazpolimer	2,134	1,416
OOO ITSK	760	586
Reliance Sibur Elastomers Private Limited	180	175
OOO SNHK	1	1
OOO Yugragazpererabotka (see Note 3)	-	2,655
Total investments in joint ventures and associates	31,921	27,521

OOO RusVinyl. In June 2007, the Group formed a joint venture, OOO RusVinyl, with SolVin Holding Nederland B.V. (which is ultimately controlled by Solvay SA) for the construction of a polyvinyl chloride production complex in the Nizhny Novgorod Region. During the nine months ended 30 September 2014, the Group and SolVin Holding Nederland B.V. each additionally contributed RR 4,050 to the share capital of OOO RusVinyl, the Group's ownership share remained unchanged. In September 2014 OOO RusVinyl was put in operation.

The Group has issued a finance guarantee for 50 percent of a loan obtained by OOO RusVinyl and pledged its share in the joint venture as security for the financial obligations of OOO RusVinyl. As of 30 September 2014 and 31 December 2013, the maximum credit risk exposures due to financial guarantees issued for the OOO RusVinyl loan were RR 16,683 and RR 16,446, respectively.

7 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

ZAO Sibgazpolimer. In 2013, the Group established a joint venture with OAO Gazprom Neft Group to invest in OOO Poliom, an independent producer of polypropylene located in the Omsk Region.

In May 2014 ZAO Sibgazpolimer acquired 50 percent stake in OOO Poliom from Titan Group for a cash consideration of RR 2,297 and contingent consideration of RR 2,131. Also, ZAO Sibgazpolimer acquired accounts receivable from OOO Poliom, with a nominal value of RR 1,344 and a fair value of RR 888, from Titan Group.

Contingent consideration as of transaction date included a working capital price adjustment of RR 281 and production capacity price adjustment of RR 1,850. The production capacity price adjustment relates to the increase in production capacity at OOO Poliom polypropylene plant from 180,000 to 210,000 tonnes, which should be confirmed within a one year after the transaction date. Based on an assessment by the Group's management it is highly probable that ZAO Sibgazpolimer will pay this contingent consideration. Accordingly, the Group recognised its 50 percent share in ZAO Sibgazpolimer's contingent liability as short-term other payables of RR 1,065.

In September 2014 a contingent consideration for working capital price adjustment of RR 281 was repaid to Titan Group.

The table below provides information on the fair values of OOO Poliom's assets and liabilities as of the transaction date:

	Fair values
Property, plant and equipment	10,566
Deferred income tax assets	352
Other non-current assets	264
Inventories	711
Trade and other receivables	271
Prepayments and other current assets	263
Cash and cash equivalents	34
Short-term and long-term debt	(12,305)
Deferred income tax liabilities	(702)
Trade and other payables	(2,512)
Other current liabilities	(11)
Net liability of OOO Poliom	(3,069)

The table below provides a reconciliation of ZAO Sibgazpolimer's investment in OOO Poliom as of 30 September 2014:

ZAO Sibgazpolimer's investment in OOO Poliom as of 30 September 2014	4,380
ZAO Sibgazpolimer's share in OOO Poliom's loss from the transaction date to 30 September 2014	45
Goodwill	(5,960)
ZAO Sibgazpolimer's share in net liability of OOO Poliom's net liability as of the transaction date	(1,535)

7 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

The table below provides information on the carrying values of ZAO Sibgazpolimer's assets and liabilities as of 30 September 2014:

	Carrying values
Investment in OOO Poliom	4,380
Accounts receivable from OOO Poliom	517
Other	168
Loans payable to shareholders	(797)
Contingent consideration payable for acquisition of OOO Poliom	(1,850)
Net assets of ZAO Sibgazpolimer	2,418

The table below provides reconciliation of the Group's investment in ZAO Sibgazpolimer as of 30 September 2014:

The Group's investment in ZAO Sibgazpolimer	2,134
Contingent consideration payable to Titan Group by the Group	(925)
ZAO Sibgazpolimer's share in net liability of OOO Poliom's net liability	1,209

OOO Yuzhno-Priobsky GPZ. In September 2014, Gazprom Neft Group, the second shareholder in OOO Yuzhno-Priobsky GPZ, made an additional contribution to the enterprise's share capital of RR 4,800 as agreed upon by the investors. As a result, the Group's nominal ownership temporarily decreased to 27.3 percent but, based on an agreement between investors, it was to be restored to 50% upon the transfer of a portion of shares currently owned by Gazprom Neft Group, which is expected to take place by 1 January 2016. According to the current shareholders' agreement, a unanimous decision is required in order to approve key financial and operating policy decisions with respect to OOO Yuzhno-Priobsky GPZ's business activities. Thus, joint control continues to exist. In addition, according to the joint venture agreement, shareholders are obliged to finance OOO Yuzhno-Priobsky GPZ on a parity basis. Therefore, the contribution made by Gazprom Neft Group generates an obligation on the part of SIBUR to equalise its involvement in the joint venture by making a repayment to Gazprom Neft Group equal to 50% of the contribution made rather than a dilution of SIBUR's interest in the project. Thus, as of the date when the contribution to the share capital of OOO Yuzhno-Priobsky GPZ was made, a related liability in the amount of 50% of the contribution made by Gazprom Neft Group was recognised on 30 September 2014 in the condensed interim financial results with a corresponding entry with respect to investments in joint ventures. The Group's economic interest in the parties remained unchanged and the Group continues to calculate its investment in OOO Yuzhno-Priobsky GPZ as a joint venture under the equity method.

As of the same date, the Group paid RR 2,053 in cash to Gazprom Neft Group. This was recognised as a loan as of 30 September 2014 in the condensed interim financial results. A further loan of RUB 400 should be granted to Gazprom Neft Group in February 2015, thus making the total amount of loans equal to the liability resulting from the Group's obligation to equalise its involvement in the joint venture. In September 2014, the Group signed several agreements, under which its liability for making a contribution to the share capital of OOO Yuzhno-Priobsky GPZ should be settled no later than 1 July 2016, or upon the completion of the investment project if earlier than that date. At the same time, the loan receivable will also be settled. Although the loans advanced and the liability to invest into the joint venture are linked, there is no right in place to offset these amounts and, thus, they have been presented separately as receivable and payable, respectively (see Note 9 and Note 17).

7 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

The table below summarises information about the Group's major investments in joint ventures and associates.

	Country of incorporation	Nature of operations	Interest held (percent) as of	
			30 September 2014	31 December 2013
<i>Joint ventures:</i>				
OOO RusVinyl*	Russia	Polyvinyl chloride production	50	50
OOO NPP Neftekhimia	Russia	Polypropylene production	50	50
ZAO Sibgazpolimer**	Russia	Investments in Omsk polypropylene plant OOO "Poliom" (50 percent share)	50	50
OOO ITSK	Russia	IT and metrology services	50	50
OOO Yuzhno-Priobsky GPZ*	Russia	Associated petroleum gas processing	27.3	50
OOO SNHK	Russia	Production of plastics and synthetic resins	50	50
OOO Yugragazpererabotka (see Notes 3, 29)	Russia	Associated petroleum gas processing	-	51
<i>Associates:</i>				
Reliance Sibur Elastomers Private Limited*	India	Butyl rubber production	25	25

*Investment projects

**Special purpose vehicle formed for investing in production entities.

The voting and ownership percentage in joint ventures and associates are the same, except for OOO Yuzhno-Priobsky GPZ (see Note 7).

8 ADVANCES AND PREPAYMENTS FOR CAPITAL CONSTRUCTION

As of 30 September 2014 and 31 December 2013, the most significant advances and prepayments for capital construction were paid to the Group's contractors for the construction of a ZapSibNeftekhim (ZapSib-2) project, natural gas liquids pipeline connecting the Purovsky Gas Condensate Plant, the Yuzhno-Balykskaya Main Pumping Station and the Tobolsk production site in the Tyumen Region and gas infrastructure assets in the St Petersburg area. The Group's most significant advances and prepayments related to capital construction projects were paid to the following contractors: Linde AG Engineering Division, OOO Lennihimmash, OOO NGSK (Moscow), and ZAO Stroytransgaz as of 30 September 2014 and OOO Lennihimmash, OOO NGSK (Moscow), and ZAO Stroytransgaz as of 31 December 2013.

9 LOANS RECEIVABLE

	30 September 2014	31 December 2013
OOO Gazpromneft (see Note 7)	1,783	-
ZAO Sibgazpolimer	387	-
OOO Yugragazpererabotka (see Note 3)	-	1,288
OOO Yuzhno-Priobskiy GPZ	-	414
Other	104	33
Total loans receivable	2,274	1,735
Less: non-current portion	(1,783)	-
	491	1,735

The fair value of loans receivable approximates its carrying value.

10 TRADE AND OTHER RECEIVABLES

	30 September 2014	31 December 2013
Trade receivables (net of impairment provisions of RR 239 and RR 199 as of 30 September 2014 and 31 December 2013, respectively)	16,037	13,552
Other receivables (net of impairment provisions of RR 387 and RR 205 as of 30 September 2014 and 31 December 2013, respectively)	1,521	1,464
Total trade and other receivables	17,558	15,016
Less non-current portion: other receivables	(627)	(455)
	16,931	14,561

The fair value of trade receivables approximates its carrying value.

11 OTHER NON-CURRENT ASSETS

	30 September 2014	31 December 2013
Raw natural gas liquids in pipelines	1,473	488
Advances issued	936	949
Recoverable VAT related to assets under construction	22	33
Other	170	128
Total other non-current assets	2,601	1,598

12 INVENTORIES

	30 September 2014	31 December 2013
Refined products and work in progress	14,758	14,482
Materials and supplies	9,672	8,398
Goods for resale	2,505	1,560
Total inventories	26,935	24,440

As of 30 September 2014 and 31 December 2013 inventory write-downs amounted to RR 536 and RR 661, respectively. No significant reversals of previous inventory write-downs were made during the nine-month periods ended 30 September 2014 and 30 September 2013.

13 PREPAYMENTS AND OTHER CURRENT ASSETS

	30 September 2014	31 December 2013
Non-financial assets		
Prepayments and advances to suppliers	6,208	4,103
VAT receivable	3,880	5,289
Recoverable VAT	3,821	3,295
Other prepaid taxes and custom duties	352	1,510
Recoverable excise	340	354
Other current assets	154	225
Total prepayments and other current assets	14,755	14,776
Less:		
Non-current portion of recoverable VAT related to assets under construction	(22)	(33)
	14,733	14,743

14 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents include deposits held with banks, which are readily convertible to cash and have an original maturity of less than three months, of RR 3,399 and RR 3,374 as of 30 September 2014 and 31 December 2013, respectively.

Restricted cash included OAO Vnesheconombank letters of credit worth RR 665 and RR 1,106 as of 30 September 2014 and 31 December 2013, respectively. These letters of credit were opened to finance capital expenditures for the construction of a polypropylene plant in Tobolsk.

15 LONG-TERM DEBT

Long-term debt payable to	Currency	Due	30 September 2014	31 December 2013
<u>Variable rate</u>				
Vnesheconombank	USD	2013-2023	17,577	15,729
UniCredit Bank Group	EUR, USD	2013-2019	12,528	871
Promsvyazbank	USD	2017	9,820	-
Nordea Bank	USD	2015-2016	7,877	7,359
Raiffeisen Bank	USD	2017	5,836	-
ING Bank Group	EUR, USD	2008-2021	3,821	3,088
Citibank	USD	2013-2023	1,784	1,542
HSBC Bank	USD	2013-2014	844	2,805
Deutsche Bank	EUR	2015-2022	723	-
<u>Fixed rate</u>				
Eurobonds	USD	2018	39,270	32,585
Sberbank of Russia	RR	2014-2016	26,909	9,000
Gazprom Mezhhregiongaz	RR	2011-2014	603	573
Other	USD	2031	19	16
Total long-term debt			127,611	73,568
Less: current portion			(18,979)	(15,837)
			108,632	57,731

OAO Vnesheconombank. In July 2010, the Group signed an agreement with OAO Vnesheconombank for project financing for the construction of polypropylene production facilities in the Tobolsk area. The financing was primarily secured by OOO Tobolsk-Polymer shares and property, plant and equipment.

In April 2014 OAO Vnesheconombank and the Group signed an additional agreement to decrease the nominal interest rate. In accordance with this additional agreement, OOO Tobolsk-Polymer share and property, plant and equipment were released from the pledge in July and August 2014.

Eurobonds. On 31 January 2013, the Group issued notes worth USD 1 billion on the Irish Stock Exchange, bearing 3.914 percent annual interest and maturing in 2018. The Group used the aggregate net proceeds from the notes issue for refinancing of short-term debt and general corporate purposes. The fair value of issued notes was RR 36,615 and RR 31,645 as of 30 September 2014 and 31 December 2013, respectively.

Long-term RR-denominated debt bore average interest rates of 8.8 percent and 7.7 percent as of 30 September 2014 and 31 December 2013, respectively. Long-term USD-denominated debt bore average interest rates of 3.1 percent and 3.8 percent as of 30 September 2014 and 31 December 2013, respectively. Long-term EUR-denominated debt bore average interest rates of 1.6 percent and 1.7 percent as of 30 September 2014 and 31 December 2013, respectively.

15 LONG-TERM DEBT (CONTINUED)

The scheduled maturities of long-term debt as of 30 September 2014 and 31 December 2013 are presented below:

	30 September 2014	31 December 2013
Due for repayment:		
Between one and two years	35,313	6,344
Between two and five years	64,364	42,454
After five years	8,955	8,933
Total long-term debt	108,632	57,731

The carrying amounts of long-term fixed-rate borrowings approximate their fair value as of 30 September 2014, except for credit facility from OAO Sberbank of Russia with fair value of RR 26,346 as of 30 September 2014. The carrying amounts of long-term debt with variable interest rates linked to LIBOR or EURIBOR, except issued notes, approximate their fair value. The Group had no subordinated debt and no debt that may be converted into an equity interest in the Group.

As of 30 September 2014 and 31 December 2013, the Group had the following committed long-term credit facilities:

	Credit limit	Undrawn amount
As of 30 September 2014		
EUR-denominated (in millions of EUR)	101	18
RR-denominated (in millions of RR)	32,000	32,000
As of 31 December 2013		
EUR-denominated (in millions of EUR)	81	37
RR-denominated (in millions of RR)	28,000	19,000

As of 30 September 2014 and 31 December 2013, the total rouble equivalent of the Group's undrawn committed long-term credit facilities were RR 32,899 and RR 20,674, respectively.

16 GRANTS AND SUBSIDIES

As a major investor in infrastructure and social projects in the regions where it operates, the Group signed cooperation agreements with a number of regional authorities, including investment and financial support agreements, under which the Group is entitled to a partial refund of capital expenditures and finance expenses incurred in the respective regions subject to certain conditions, including amounts of regional investments in business and social infrastructure and local income taxes paid. Such refunds are made after supporting documents have been submitted to the relevant authority either in the form of an income or property tax rebate or a direct grant of public funds.

	2014	2013
Balance as of 1 January	34,966	31,080
Less: current portion	-	(578)
Non-current portion of grants and subsidies as of 1 January	34,966	30,502
Grants and subsidies received	6,569	2,315
Recognised in profit or loss	(1,471)	-
Balance as of 30 September	40,064	33,395
Less: current portion	-	(578)
Non-current portion of grants and subsidies as of 30 September	40,064	32,817

17 OTHER NON-CURRENT LIABILITIES

	30 September 2014	31 December 2013
Financial liabilities		
Payables for acquisition of subsidiaries and joint ventures	3,677	1,596
Accounts payable to contractors and suppliers of production licences	254	-
Promissory notes payable	17	5
Total financial non-current liabilities	3,948	1,601
Non-financial liabilities		
Post-employment obligations	1,909	1,741
Payables to employees	1,186	1,035
Other liabilities	44	2
Total non-financial non-current liabilities	3,139	2,778
Total other non-current liabilities	7,087	4,379

As of 30 September 2014 payables for acquisition of subsidiaries and joint ventures included payables for the acquisition of OAO Polief of RR 1,546 and OOO Yuzhno-Priobsky GPZ of RR 2,089 (see Note 7). As of 31 December 2013 payables for acquisition of subsidiaries and joint ventures included payables for the acquisition of OAO Polief of RR 1,555.

The Group maintains a cash-settled, long-term incentive (LTI) plan. Among other factors, remuneration under the LTI plan is contingent upon the contribution that management makes toward increases in the Group's business fair value, which is measured by changes in the Group's business fair value divided by the median change in the business fair values of certain other international corporations operating in the petrochemicals industry. The LTI plan requires that participants provide services to the Group within a specific time period. Remuneration granted is vested to each participant on an annual basis and in separate tranches. Each tranche equals 33.3 percent of the total remuneration granted, provided that the participant is continuously employed by the Group from the grant date until the applicable vesting date. Each tranche is accounted for as a separate arrangement and expensed, together with a corresponding increase in other non-current liabilities. The current portion of liabilities under the long-term incentive plan is classified within trade and other payables. For the nine-month periods ended 30 September 2014 and 30 September 2013, the Group recognised RR 89 and RR 312, respectively, as expenses under the LTI plan.

The carrying amounts of other non-current liabilities approximate their fair value.

18 TRADE AND OTHER PAYABLES

	30 September 2014	31 December 2013
Financial liabilities		
Payables for acquisition of subsidiaries and joint ventures	39,943	819
Trade payables	14,553	14,883
Accounts payable to contractors and suppliers of property, plant and equipment	6,895	10,424
Interest payable	485	982
Other payables	-	102
Total financial trade and other payables	61,876	27,210
Non-financial liabilities		
Payables to employees	5,859	5,313
Advances from customers	4,928	3,902
Other payables	4,841	33
Total non-financial trade and other payables	15,628	9,248
Total trade and other payables	77,504	36,458

18 TRADE AND OTHER PAYABLES (CONTINUED)

As of 30 September 2014 and 31 December 2013, payables to employees included provisions for annual bonuses, other bonuses and vacation reserves (including provisions for social taxes) of RR 5,210 and RR 5,313, respectively.

As of 30 September 2014, payables for acquisition of subsidiaries and joint ventures included payables for the acquisitions of OOO Yugragazpererabotka of RR 38,899 (see Note 3), ZAO Sibgazpolimer of RR 925 (see Note 7) and OAO Polief of 119 RR. As of 31 December 2013, payables for the acquisition of subsidiaries and joint ventures included payables for the acquisitions of ZAO Sibgazpolimer of RR 700, and OAO Polief of RR 119.

As of 30 September 2014, other payables included contingent liabilities related to the litigation involving OOO Yugragazpererabotka's subsidiaries, which were consolidated by the Group in March 2014, with electrical utility OAO Tyumenenergo (see Note 3).

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

	30 September 2014	31 December 2013
Short-term debt:		
RR-denominated debt	850	1,697
USD-denominated debt	16,478	25,091
EUR-denominated borrowings	-	118
Total short-term debt	17,328	26,906
Current portion of long-term debt	18,979	15,837
	36,307	42,743

Short-term RR-denominated debt bore average interest rates of 8.0 percent and 7.7 percent as of 30 September 2014 and 31 December 2013 respectively. Short-term USD-denominated debt bore average interest rates of 1.7 percent and 1.6 percent as of 30 September 2014 and 31 December 2013, respectively. Short-term EUR-denominated debt bore average interest rates of 1.7 percent as of 31 December 2013.

The carrying amount of short-term debt approximates its fair value.

As of 30 September 2014 and 31 December 2013, the Group had no committed short-term credit facilities.

20 TAXES OTHER THAN INCOME TAX PAYABLE

	30 September 2014	31 December 2013
VAT	1,475	1,345
Social taxes	424	292
Property tax	304	277
Other taxes	203	113
Total taxes other than income tax payable	2,406	2,027

21 SHAREHOLDERS' EQUITY

Share capital. The share capital of OAO SIBUR Holding (authorised, issued and paid-in) was RR 21,784 as of 30 September 2014 and 31 December 2013, and consisted of 2,178,479,100 ordinary shares, each with a par value of ten Russian roubles.

Dividends. Dividends in the amount of RR 6,383 for the six months ended 31 December 2013 and RR 7,625 for the six months ended 31 December 2012 were paid during the nine-month periods ended 30 September 2014 and 30 September 2013, respectively.

Equity-settled share-based payment plans for directors and key management. On 28 June 2013, a company beneficially owned by Mr. Mikhelson and Mr. Timchenko granted equity-settled share-based payment plans to certain current and former members of the Group's key management (see Note 29). For the nine-month period ended 30 September 2014, the Group recognised RR 9,694 within equity reserves and a corresponding increase in operating expenses.

Earnings per share. The basic and diluted earnings per share ratio has been calculated by dividing the profit for the reporting period attributable to equity holders by the weighted average number of shares outstanding during the period.

22 REVENUE

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
Energy products:				
Liquefied petroleum gas	17,994	15,015	57,365	42,113
Naphtha	19,754	6,793	53,973	18,677
Natural gas	9,772	6,614	27,361	19,350
MTBE	4,996	4,441	13,995	14,117
Raw natural gas liquids	2,456	2,144	7,663	6,635
Other fuels and fuel additives	1,091	943	3,100	2,277
Petrochemical products:				
Plastics and organic synthesis products	11,661	10,613	33,012	31,350
Basic polymers	9,440	6,050	26,135	16,605
Synthetic rubbers	6,636	8,030	20,124	24,908
Intermediates and other chemicals	5,183	4,814	13,579	14,628
Total energy and petrochemical products (net of excise tax, customs duties and VAT)	88,983	65,457	256,307	190,660
Sales of processing services	188	9	784	1,379
Trading and other sales	2,969	2,102	6,761	5,559
Total revenue	92,140	67,568	263,852	197,598

PAO SIBUR HOLDING
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED)

(In millions of Russian roubles, unless otherwise stated)

23 OPERATING EXPENSES BEFORE EQUITY-SETTLED SHARE BASED PAYMENT PLANS

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Feedstock and materials	20,483	15,119	59,362	48,376
Goods for resale	15,437	1,742	37,403	4,829
Transportation and logistics	10,131	9,119	30,778	28,479
Energy and utilities	7,629	6,130	22,623	19,142
Staff costs	6,390	6,270	19,461	19,177
Depreciation and amortisation	7,579	3,173	18,926	8,376
Repairs and maintenance	2,757	2,017	6,378	5,168
Rent expenses	2,209	1,395	5,882	4,084
Services provided by third parties	1,542	1,196	4,182	3,634
Processing services of third parties	163	1,606	1,723	3,238
Taxes other than income tax	461	445	1,195	1,356
Charity and sponsorship	183	347	678	928
Marketing and advertising	56	65	246	296
Impairment of property, plant and equipment	-	-	-	181
Gain on disposal of property, plant and equipment	(90)	(279)	(136)	(742)
Change in WIP and refined products balances	703	2,608	(276)	1,129
Other	432	920	1,213	1,519
Total operating expenses before equity-settled share based payment plans	76,065	51,873	209,638	149,170

24 FINANCE INCOME AND EXPENSES

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Foreign exchange gain from non-financing activities	-	12	-	417
Foreign exchange gain from financing activities	-	795	-	-
Interest income	150	153	419	645
Other income	359	-	337	79
Total finance income	509	960	756	1,141
Foreign exchange loss from financing activities	(16,024)	-	(17,610)	(4,502)
Foreign exchange loss from non-financing	(5,214)	-	(2,653)	-
Interest expense	(997)	(477)	(2,403)	(1,136)
Unwinding of discount on borrowings and non-current accounts payable	(335)	(77)	(691)	(364)
Other expense	(270)	(4)	(270)	(7)
Total finance expenses	(22,840)	(558)	(23,627)	(6,009)

PAO SIBUR HOLDING
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED)
(In millions of Russian roubles, unless otherwise stated)

25 INCOME TAXES

The Group incurred current income tax of RR 8,774 and RR 1,175 for the nine and three months ended 30 September 2014, and RR 8,215 and RR 3,488 for the nine and three months ended 30 September 2013, respectively.

The Group paid current income tax of RR 11,140 and RR 8,535 for the nine-month periods ended 30 September 2014 and 30 September 2013, respectively.

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year adjusted for non-recurring items.

26 CASH GENERATED FROM OPERATIONS

Notes	Nine months ended	
	2014	2013
	74,753	42,125
	74,753	42,125
	74,753	42,125
23	18,926	8,376
29	9,694	4,127
	278	584
24	2,403	1,136
23	-	181
23	(136)	(742)
	(313)	(279)
3	(52,773)	-
	(18)	-
3	-	(2,413)
	48	(597)
24	(419)	(645)
24	691	364
24	20,263	4,085
	164	478
	73,561	56,780
	(929)	3,251
	715	4,655
	(2,013)	1,519
	(49)	(27)
	267	(468)
	(2,009)	8,930
	71,552	65,710
25	(11,140)	(8,535)
	60,412	57,175

PAO SIBUR HOLDING
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED)

(In millions of Russian roubles, unless otherwise stated)

27 SEGMENT INFORMATION

The Group operates as a vertically integrated business, gathering and processing hydrocarbon feedstock, which it obtains from major Russian oil and gas companies, and producing and selling energy products as well as a wide range of petrochemical products.

The Group's chief operating decision-makers are the chief executive officer, two executive directors and the chief financial officer. These executives review the Group's internal reporting in order to assess performance and allocate resources.

The Group's management has determined two operating and reportable segments:

- Feedstock & Energy – processing of associated petroleum gas and other hydrocarbon feedstock to produce energy products, including natural gas, raw natural gas liquids and naphtha, which are marketed and sold externally and are also used as feedstock by the Petrochemicals segment. In addition, the Feedstock & Energy segment produces fuel additives, including methyl tertiary butyl ether (MTBE), 100 percent of which is sold externally; and
- Petrochemicals – the production of basic polymers, synthetic rubbers, plastics, organic synthesis products and other petrochemical products.

The Group's management assesses the performance of each operating segment based on their respective EBITDA contributions. The revenues and expenses of some of the Group's subsidiaries, which primarily provide energy supply, transportation, processing, managerial and other services to other Group entities, are not allocated into the operating segments. Other information provided to management, except as noted below, is measured in a manner consistent with that in this consolidated interim condensed financial information.

	Feedstock & Energy	Petroche- micals	Total reportable segments	Unallocated	Total
Three months ended 30 September 2014					
Total segment revenue	64,453	35,389	99,842	3,482	103,324
Inter-segment transfers	(7,124)	(2,858)	(9,982)	(1,202)	(11,184)
External revenue	57,329	32,531	89,860	2,280	92,140
EBITDA	20,610	4,586	25,196	(1,542)	23,654
Nine months ended 30 September 2014					
Total segment revenue	189,813	100,131	289,944	10,126	300,070
Inter-segment transfers	(22,357)	(7,475)	(29,832)	(6,386)	(36,218)
External revenue	167,456	92,656	260,112	3,740	263,852
EBITDA	67,981	10,491	78,472	(5,332)	73,140
Three months ended 30 September 2013					
Total segment revenue	42,615	33,016	75,631	3,515	79,146
Inter-segment transfers	(7,126)	(2,611)	(9,737)	(1,841)	(11,578)
External revenue	35,489	30,405	65,894	1,674	67,568
EBITDA	20,680	1,251	21,931	(3,063)	18,868
Nine months ended 30 September 2013					
Total segment revenue	123,681	97,002	220,683	9,910	230,593
Inter-segment transfers	(20,466)	(6,627)	(27,093)	(5,902)	(32,995)
External revenue	103,215	90,375	193,590	4,008	197,598
EBITDA	53,869	8,865	62,734	(5,749)	56,985

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27 SEGMENT INFORMATION (CONTINUED)

A reconciliation of EBITDA to profit before income tax is provided as follows:

	Feedstock & Energy	Petroche- micals	Total reportable segments	Unallocated	Total
Three months ended 30 September 2014					
EBITDA	20,610	4,586	25,196	(1,542)	23,654
Depreciation and amortisation	(4,536)	(2,568)	(7,104)	(475)	(7,579)
Equity-settled share-based payments plans for key management	-	-	-	(1,885)	(1,885)
Impairment of property, plant and equipment	-	-	-	-	-
Operating profit/(loss)	16,074	2,018	18,092	(3,902)	14,190
Finance income	-	-	-	509	509
Finance expenses	-	-	-	(22,840)	(22,840)
Share of net income/(loss) of joint ventures and associates	-	-	-	(452)	(452)
Total profit/(loss) before income tax	16,074	2,018	18,092	(26,685)	(8,593)

	Feedstock & Energy	Petroche- micals	Total reportable segments	Unallocated	Total
Nine months ended 30 September 2014					
EBITDA	67,981	10,491	78,472	(5,332)	73,140
Depreciation and amortisation	(10,042)	(7,302)	(17,344)	(1,582)	(18,926)
Equity-settled share-based payments plans for key management	-	-	-	(9,694)	(9,694)
Impairment of property, plant and equipment	-	-	-	-	-
Operating profit/(loss)	57,939	3,189	61,128	(16,608)	44,520
Finance income	-	-	-	756	756
Finance expenses	-	-	-	(23,627)	(23,627)
Gain on acquisition of subsidiary	-	-	-	52,773	52,773
Share of net income/(loss) of joint ventures and associates	-	-	-	313	313
Gain on disposal of subsidiary	-	-	-	18	18
Total profit/(loss) before income tax	57,939	3,189	61,128	13,625	74,753

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27 SEGMENT INFORMATION (CONTINUED)

	Feedstock & Energy	Petroche- micals	Total reportable segments	Unallocated	Total
Three months ended					
30 September 2013					
EBITDA	20,680	1,251	21,931	(3,063)	18,868
Depreciation and amortisation	(1,123)	(1,529)	(2,652)	(521)	(3,173)
Equity-settled share-based payment plans for key management	-	-	-	(4,127)	(4,127)
Operating profit/(loss)	19,557	(278)	19,279	(7,711)	11,568
Finance income	-	-	-	960	960
Finance expenses	-	-	-	(558)	(558)
Share of net income/(loss) of joint ventures and associates	-	-	-	130	130
Total profit/(loss) before income tax	19,557	(278)	19,279	(7,179)	12,100

	Feedstock & Energy	Petroche- micals	Total reportable segments	Unallocated	Total
Nine months ended					
30 September 2013					
EBITDA	53,869	8,865	62,734	(5,749)	56,985
Depreciation and amortisation	(3,463)	(3,977)	(7,440)	(936)	(8,376)
Equity-settled share-based payment plans for key management	-	-	-	(4,127)	(4,127)
Impairment of property, plant and equipment	-	(181)	(181)	-	(181)
Operating profit/(loss)	50,406	4,707	55,113	(10,812)	44,301
Finance income	-	-	-	1,141	1,141
Finance expenses	-	-	-	(6,009)	(6,009)
Gain on deconsolidation of subsidiary	-	-	-	2,413	2,413
Share of net income/(loss) of joint ventures and associates	-	-	-	279	279
Total profit/(loss) before income tax	50,406	4,707	55,113	(12,988)	42,125

Geographical information. All of the Group's production facilities are located in the Russian Federation.

The breakdown of revenues by geographical regions is as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
Russia	45,535	38,974	125,449	115,029
Europe	33,684	16,014	100,682	44,589
Asia	6,348	6,353	19,443	20,677
CIS	5,599	5,926	16,061	15,579
Other	974	301	2,217	1,724
Total revenue	92,140	67,568	263,852	197,598

The change in comparative figures for the three and nine months ended 30 September 2013 is explained by change in the accounting policy regarding the allocation of revenue to geographical segments. Sales to Europe mainly cover the following countries: the Netherlands, Belgium, Sweden, Poland, Estonia, Hungary, France, the United Kingdom, Finland and Germany. Sales to Asia mainly cover the following countries: Turkey, China, India and Korea. Sales to the CIS mainly cover the following countries: Ukraine, Belarus and Kazakhstan.

28 PRINCIPAL SUBSIDIARIES

Principal wholly owned operating subsidiaries of the Group

OOO Biaxplen	OOO SiburTyumenGaz
OOO Siburenergomenedgment	OOO Tobolsk-Neftekhim
OOO SIBUR GEOSINT	OOO Tobolsk-Polymer
SIBUR International GmbH	OOO Togliattikauchuk
ZAO Sibur-Khimprom	OOO Tomskneftekhim
OOO Sibur-Neftekhim	OOO Uralorgsintez
OOO Sibur-PETF	AO Voronezhsintezkauchuk
OOO SIBUR-Portenergo	
ZAO SIBUR-Trans	

Other principal operating subsidiaries of the Group:

	Effective percent of share capital held by the Group as of	
	30 September 2014	31 December 2013
OOO NIPIgazpererabotka	89	90
OOO Polief	83	83
OOO Krasnoyarskiy ZSK	75	75
OOO PlasticGeosintetika	67	67

As of 30 September 2014 and 31 December 2013 the voting and ownership percentage in the Group's subsidiaries with a non-controlling interest are the same.

Operating subsidiaries of the Group are incorporated and located in the Russian Federation, except for SIBUR International GmbH, an export trading company of the Group which is incorporated in Austria.

29 RELATED PARTIES

For the purposes of this consolidated interim condensed financial information, parties are generally considered to be related if one party is part of the Group's key management or Board of Directors, has the ability to control or jointly control the other party, they are under common control, or if one party can exercise significant influence over the other party in the financial and operational decision-making process. In considering each possible related-party relationship, attention is paid to the substance of the relationship, not merely the entities' legal form. Related parties may enter into transactions that unrelated parties may not enter into, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The nature of the related-party relationships for those related parties with whom the Group entered into significant transactions during the nine-month periods ended 30 September 2014 and 30 September 2013, or had significant balances outstanding as of 30 September 2014 and 31 December 2013, are presented below.

29 RELATED PARTIES (CONTINUED)

a) Significant transactions with parties under Mr Mikhelson's control, joint control or significant influence

During the nine and three months ended 30 September 2014 and 30 September 2013, the Group engaged in transactions with OAO NOVATEK and its subsidiaries (jointly the "NOVATEK Group"). The Group's transactions and balances with the NOVATEK Group during the relevant periods are set out below:

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
Operating activities				
Purchases of natural gas	737	598	2,353	1,849
Purchases of liquefied petroleum gas	381	76	625	270
Purchases of raw natural gas liquids	1,591	-	3,496	-
Purchases of services	305	-	436	-
Natural gas sales	3,851	3,079	11,147	9,554
Liquid hydrocarbons sales	662	-	758	-
Sales of processing services	185	-	300	-
Sales of other work and services	501	61	946	66
		30 September 2014	31 December 2013	
Trade and other receivables		292		265
Advances and prepayments		5		16
Trade and other payables (including payables for the acquisition of subsidiaries)		572		117
Advances received		190		14

During the nine and three months ended 30 September 2014 and 30 September 2013, the Group engaged in transactions with OOO Nova related to the construction of a natural gas liquids pipeline connecting the Purovsky Gas Condensate Plant, the Yuzhno-Balykskaya Main Pumping Station and the Tobolsk production site in the Tyumen Region.

The Group's transactions and balances with OOO Nova as of the end and during the relevant periods are set out below:

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
Investing activities				
Purchases of other goods and services	-	769	14	3,759
Sales of other goods and services	2	-	6	-
		30 September 2014	31 December 2013	
Advances and prepayments for capital construction		3		8
Trade and other payables		-		454

As of 30 September 2014 and 31 December 2013, the Group had contractual capital expenditure commitments with OOO Nova of RR nil and RR 448, respectively.

During the nine and three months ended 30 September 2014, the Group deposited cash in OAO Pervobank.

29 RELATED PARTIES (CONTINUED)

The Group's transactions and balances with OAO Pervobank as of the end and during the relevant periods are set out below:

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
Finance income				
Interest income on cash and cash equivalents	66	25	131	106
	30 September 2014		31 December 2013	
Cash and cash equivalents	819		2,516	

b) Significant transactions with parties under Mr. Timchenko's control or joint control

In October 2011, the Gunvor Group, which is jointly controlled by Mr Gennady N. Timchenko, became a related party of the Group. The Group's primary transactions with the Gunvor Group entailed sales of energy products. In March 2014 it was announced that Mr Timchenko had sold his share in the Gunvor Group and, as a result, it ceased to be a related party of the Group.

The Group's transactions and balances with the Gunvor Group during the relevant periods are set out below:

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
Operating activities				
Sales of energy products	-	540	1,139	1,227
	30 September 2014		31 December 2013	
Trade and other receivables	-		6	

During the nine and three months ended 30 September 2014, the Group entered into transactions with OAO Sroytransgaz and its subsidiary, OOO Sroytransgaz-M (jointly, the "Sroytransgaz companies"). The transactions primarily included purchases by the Group from the Sroytransgaz companies of construction, repair and maintenance services.

The Group's transactions and balances with the Sroytransgaz companies as of the end and during the relevant periods are set forth below:

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
Operating and investing activities				
Purchases of construction and repair and maintenance services	527	604	1,771	2,696
Sales of other goods and services	-	-	19	-
	30 September 2014		31 December 2013	
Advances and prepayments for capital construction	388		210	
Trade and other payables	140		224	

As of 30 September 2014 and 31 December 2013, the Group had contractual capital expenditure commitments with Sroytransgaz Group of RR 1,117 and RR 1,621, respectively.

29 RELATED PARTIES (CONTINUED)

c) Remuneration of directors and key management

The Group's Board of Directors comprised nine individuals, including shareholder representatives. Members of the Board of Directors are entitled to annual compensation, as approved by the Annual General Shareholders' Meeting.

During the nine-month and three-month periods ended 30 September 2014 and 30 September 2013, the Company accrued RR 60 and RR 20, and RR 60 and RR 20, net of social taxes, respectively, to Board of Directors members as part of their compensation for the years ended 31 December 2014 and 2013.

Key management personnel comprised 16 individuals during the first nine months of 2014 and 2013. Key management personnel are entitled to salaries, bonuses, voluntary medical insurance and other employee benefits (see Note 17). Remuneration for key management personnel is determined by the terms set out in the relevant annual employment contracts. Remuneration of key management personnel amounted to RR 645 and RR 212, and RR 671 and RR 130, net of social taxes, for the nine-month and three-month periods ended 30 September 2014 and 30 September 2013, respectively.

d) Equity-settled share-based payment plans for directors and key management

On 28 June 2013, a company beneficially owned by Mr. Mikhelson and Mr. Timchenko granted equity-settled share-based payment plans to certain current and former members of the Group's directors and key management. Consequently, the indirect interest beneficially owned by Mr. Mikhelson and Mr. Timchenko in the Company's share capital decreased from 94.5 percent to 82.5 percent. Furthermore, the total combined equity interest held by the current and former members of the Group's management increased from 5.5 percent to 17.5 percent.

The transactions resulting in this change in ownership were made through companies that are not under the control of the Group but, rather, through a company jointly and beneficially held by the Group's majority shareholders. Thus, at the Group level, there are no current or future cash payments or liabilities under both plans to be discussed below. However, under IFRS 2, Share-Based Payment, the Group must recognise current and past service costs in its statement of profit or loss with corresponding amounts recorded in the statement of changes in equity.

The final terms of the plans, which cover certain members of the directors and key management (hereinafter, the "Participants") of the Group, were approved by the Group's shareholders in July 2013. These plans' terms and conditions vary for different Participants.

The First Plan. The plan for one group of Participants (the "First Plan") requires that the Participants provide services to the Group within a certain time period. If the services are terminated before the vesting date, First Plan Participants retain their rights under the First Plan pro rata to the period of service provided. The granted shares are vested to each participant annually in tranches. Each tranche equals 20 percent of the total shares granted provided that the participant is continuously employed by the Company from the grant date until the applicable vesting date. Each tranche is accounted as a separate arrangement and expensed, together with a corresponding increase in shareholders' equity, on a straight-line basis over the vesting periods.

For the nine-month periods ended 30 September 2014 and 30 September 2013, the Group recognised RR 9,694 and RR 3,787, respectively, as expenses under the First Plan and a corresponding increase in other equity reserves.

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29 RELATED PARTIES (CONTINUED)

The Second Plan. The plan for the other Participants (the “Second Plan”) was immediately vested. Second Plan Participants partially paid for the shares granted with the remainder to be paid for at a later date with interest. For the nine-month period ended 30 September 2013, the Group recognised RR 340 as past service costs under the Second Plan and a corresponding increase in the equity reserves.

e) Joint ventures and associates

The Group’s transactions and balances with its joint ventures as of the end and during the relevant periods are set forth below:

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
Operating and investing activities				
Purchases of materials, goods and services	2,904	1,924	7,354	5,466
Purchases of processing services	-	1,534	1,079	2,993
Sales of materials	772	371	1,458	916
Interest income	32	70	78	169
Interest expense	16	13	61	42
Other income (expense)	3	(5)	24	(3)
		30 September 2014		31 December 2013
Loans receivable		387		1,703
Short-term debt		850		1,697
Trade and other receivables		429		279
Trade and other payables		2,659		2,585

Balances outstanding as of 31 December 2013 and transactions for the nine-month period ended 30 September 2014 included OOO Yugragazpererabotka, a subsidiary that was deconsolidated and had been disclosed as a joint venture since March 2013 (see Note 3) and was then reconsolidated following its acquisition by the Group in March 2014 (see Note 3), as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013
Operating and investing activities				
Purchases of materials, goods and services	-	1	4	54
Purchases of processing services	-	1,534	1,079	2,993
Sales of materials, goods and services	-	273	120	638
Interest income	-	27	17	52
Other income (expense)	-	-	2	-
		30 September 2014		31 December 2013
Loans receivable		-		1,288
Trade and other receivables		-		192
Trade and other payables		-		1,231

The Group has issued a short-term finance guarantee for the value-added tax liabilities of OOO Yugragazpererabotka as of 31 December 2013, the maximum credit risk exposures as of 31 December 2013 due to financial guarantees issued for OOO Yugragazpererabotka were RR 1,290.

30 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS

Operating environment. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretations.

The ongoing uncertainty and volatility in financial markets, particularly in Europe, and other risks could have significant negative effects on the Russian financial and corporate sectors. The future economic and regulatory situation may differ from management's current expectations.

Recent developments in Ukraine have had and may continue to have a negative impact on the Russian economy, including difficulties in obtaining international funding. These and other events, in case of escalation, may have a significant impact on the operating environment in the Russian Federation.

Russia's future economic development is dependent upon both external factors and government measures to sustain growth and change the tax, legal and regulatory environment. Management believes it is taking all necessary measures to support the sustainability and development of the Group's business in the current business and economic environment.

Legal proceedings. During the reporting period, the Group was involved in a number of lawsuits (as both plaintiff and defendant) arising in the ordinary course of business. Management believes there are no current legal proceedings or other outstanding claims that could have a material adverse effect on the Group's operational results or financial position, and which have not been accrued or disclosed in the consolidated financial statements.

Certain agreements under which the Group has disposed of various businesses and assets contain warranties and indemnities in favour of purchasers related to title, environmental and other matters. Although the Group's potential obligations under such warranties and indemnities may be material, the scope of such potential obligations cannot be accurately assessed until a specific claim is filed.

Taxation. Russian tax, currency and customs legislation is subject to varying interpretations and frequent changes. The Group management's interpretation of such legislation, as applied to the Group's transactions and activity, may be challenged by the relevant federal and regional authorities.

The Russian tax authorities may take a more assertive position in their interpretation of the law and assessments, and it is possible that transactions and activities that have not been challenged in the past may now 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 the three calendar years preceding the year under review.

Recent amendments to Russian transfer pricing legislation took effect on 1 January 2012. These new transfer pricing rules appear more technically elaborate and, to a certain extent, better aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). This new legislation allows the tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length. The Group's management exercises its judgment about whether or not the transfer pricing documentation that the relevant entity has prepared, as required by the new legislation, provides sufficient evidence to support the entity's tax positions and related tax returns. Given that the practice of implementing the new Russian transfer pricing rules has not yet fully developed, the impact of any challenge to an entity's transfer prices cannot be reliably predicted; however, it may be significant to the financial condition and/or overall operations of the entity.

30 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (CONTINUED)

The Group includes companies incorporated outside of Russia. The Group's tax liabilities are determined on the assumption that these companies are not subject to Russian income tax, if they are not permanently established in Russia. Russian tax law does not provide detailed rules on the taxation of foreign companies. With the evolution of the interpretation of these rules and changes in the Russian tax authorities' approach, it is possible that the non-taxable status of some or all of the Group's foreign companies in Russia may be challenged. The impact of any such challenge cannot be reliably assessed; however, it may be significant to the financial condition and/or overall operations of the entity.

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

Environmental matters. The enforcement of environmental regulations 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. Obligations are recognised as soon as they are determined. Potential liabilities that could arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated, but could be material. Management believes that there are no likely liabilities for environmental damage, that would have a materially adverse impact on the Group's financial position or operating results.

Social commitments. The Group contributes to the maintenance and upkeep of the local infrastructure and the welfare of employees in those areas where it has production operations, including contributions to the construction, development and maintenance of housing, hospitals, transport services, recreational facilities and other social infrastructure. Such funding is expensed as incurred.

Compliance with covenants. The Group is subject to certain covenants primarily related to its debt. Non-compliance with such covenants may result in negative consequences for the Group, i.e. increased borrowing costs. Management believes that the Group is in compliance with its covenants.

Operating lease commitments. Where the Group is a lessee in a lease that does not substantially transfer all risks and rewards incidental to ownership from the lessor to the Company, the total lease payments (as specified in a lease contract) are charged to profit or loss for the year on a straight-line basis over the lease term. The Company has two types of lease contracts in place: fixed-term agreements and continuous contracts. The vast majority of fixed-term contracts are non-cancellable before the expiry date and only a few of them may be terminated by the lessee at its sole discretion. The continuous contracts may be terminated by either party by giving proper notice of termination. The lease term is the non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option. Lease payments include payments for non-lease elements in the arrangement such as scheduled maintenance expenses, insurance expenses, pollution charges and related taxes. Payments for the non-lease elements are not specifically predetermined in the contracts and may vary depending on the level of servicing required. Accordingly, it would not be practicable to disclose them separately.

	30 September 2014	31 December 2013
No later than 1 year	6,698	5,652
Later than 1 year, but no later than 5 years	22,947	18,766
Later than 5 years	9,162	10,507
Total operating lease commitments	38,807	34,925

30 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (CONTINUED)

Capital commitments. In the normal course of business, the Group has entered into contracts for the purchase of property, plant and equipment. On 11 September 2014, the Company's Board of Directors voted to expand the 2014 capital expenditures budget by including the ZapSib-2 investment project budget in the overall capex budget. As a result a capital expenditure budget for 2014 has increased to RR 73,582 (2013: RR 73,694).

As of 30 September 2014, the Group had contractual capital expenditure commitments of RR 89,275 (31 December 2013: RR 28,660).

31 EVENTS AFTER THE REPORTING DATE

On 13 October 2014, the Company's General Meeting of Shareholders voted to pay out a dividend of RR (Russian roubles) 3.53 per ordinary share to Company shareholders, for a total distribution of RR 7,690. As of 31 October 2014, the dividends had been fully paid out.

In 2013, the Group established a joint venture with Gazprom Neft Group to invest in OOO Poliom (see Note 7), an independent producer of polypropylene located in the Omsk Region. On 16 October 2014, ZAO Sibgazpolimer repaid a contingent consideration of 1,850 to Titan Group, representing a production capacity price adjustment resulting from an increase in production capacity at OOO Poliom's polypropylene plant from 180,000 to 210,000 tonnes.

On 28 November 2014, the Company has entered into new five years committed credit facility of RR 42,000 with OAO Sberbank payable on 27 November 2019.

In October 2014 the Company changed its registered office and its form of incorporation to a Public Joint Stock Company. After the re-registration, the Group's holding company will be located at the Tobolsk production site (Block 1, Number 6, Bldg. 30, Vostochny Promyshlenny Raion, Tobolsk, Tyumen Region). In accordance with recent amendments to the Russian Federation Civil Code, which have introduced a new classification of legal entities, the Company has become a Public Joint Stock Company (PAO). Effective 10 November 2014, the Company's official name in English is Public Joint-Stock Company SIBUR Holding (abbreviated as: PJSC SIBUR Holding).

32 NEW ACCOUNTING DEVELOPMENTS

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2014 or later, which have not had a material impact on the Group's financial position or operations:

- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014);
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities (issued on 31 October 2012 and effective for annual periods beginning 1 January 2014);
- IFRIC 21, Levies (issued on 20 May 2013 and effective for annual periods beginning 1 January 2014);
- Amendments to IAS 36, Recoverable Amount Disclosures for Non-Financial Assets (issued on 29 May 2013 and effective for annual periods beginning 1 January 2014; earlier application is permitted if IFRS 13 is applied for the same accounting and comparative period);
- Amendments to IAS 39, Novation of Derivatives and Continuation of Hedge Accounting (issued on 27 June 2013 and effective for annual periods beginning 1 January 2014).

32 NEW ACCOUNTING DEVELOPMENTS (CONTINUED)

The Group is considering the implications of the following amendments, the impact on the Group and the timing of their 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);
- Amendments to IAS 19, Defined Benefit Plans: Employee Contributions (issued in November 2013 and effective for annual periods beginning 1 July 2014);
- Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below);
- Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014);
- IFRS 14, Regulatory Deferral Accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016).
- Amendments to IFRS 11, Accounting for Acquisitions of Interests in Joint Operations (issued on 6 May 2014 and effective for periods beginning on or after 1 January 2016).
- Amendments to IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation (issued on 12 May 2014 and effective for periods beginning on or after 1 January 2016).
- IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for periods beginning on or after 1 January 2017).
- Amendments to IAS 27, Equity Method in Separate Financial Statements (issued on 12 August 2014 and effective for annual periods beginning 1 January 2016).
- Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016).
- Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016).

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